

o marimek



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Marimekko in brief

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. Marimekko is renowned first and foremost for its original patterns and colours. 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. Marimekko products are manufactured in the company's own textile printing factory in Finland as well as by subcontractors in both Finland and abroad.

When Marimekko was founded in 1951, its unparalleled printed fabrics gave

it a strong and unique identity. The company's products are sold in about 40 countries. In 2013, brand sales of Marimekko products worldwide amounted to EUR 191 million and the company's net sales were EUR 94 million. The number of Marimekko stores totalled 133 at the year end. The key markets are Northern Europe, North America and the Asia-Pacific region. The Group employs around 500 people. The company's head office is in Helsinki, Finland and its share is quoted on NASDAQ OMX Helsinki Ltd. The Marimekko Group also has subsidiaries in Finland, Sweden, Germany, Great Britain, the United States and Australia.

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From the CEO

Marimekko. Finnish roots. Sustainability. Three concepts which we habitually associate with each other. For Marimekko, sustainability means in particular that ethical and environmentally friendly operations and sustainability thinking have always been a part of Marimekko's DNA.

As a result of accelerating globalisation and Marimekko's growth and internationalisation, the importance of, for example, working conditions in the supply chain and product's ecological qualities, has increased significantly. This is why we have set a strategic objective to be more sustainable in everything we do - whether it's design, sourcing or communications. All this work we will do even more systematically in the future.

You are now reading Marimekko's first more comprehensive sustainability review. We are telling you more extensively than before what sustainability means to us and how we are taking forward the sustainability issues that are important for Marimekko, our stakeholders and the whole industry. Sustainable design, responsible sourcing, environmental impacts of production and the employees' wellbeing were some of the themes we focused on in 2013. We learned many things last year. We

learned, for example, how important transparency and documentation of a creative process together with the designers are. You will see some achievements regarding the objectives we have set in this report, but a lot of work still lies ahead of us. Practical sustainability work is a long-term task and it is every Marimekko employee's responsibility.

I am glad that Marimekko's design is sustainable - our products are designed to be used for a long time and our customers appreciate the quality, timelessness and uncomplicated functionality of our products. There is more talk than ever about the challenges of the global textile industry, such as working conditions and wage levels. The group of aware consumers is getting bigger and the significance of responsible production and value-based consumption is getting stronger. There are an ever-growing number of people who, when making a decision to buy, are considering whether the product deserves its place in their home. Will it bring joy to their life for years to come? These questions are constantly present also in Marimekko's design.

The majority of Marimekko products - almost 80 per cent - are manufactured in Europe, which is unusual in our industry. Our in-house production focuses now on

our printing factory in Helsinki. Marimekko's interior fabrics and some of the clothing and bag fabrics are printed by our own printing factory. Printed fabrics are Marimekko's soul, and our own printing factory supports our strong know-how in pattern design. I am proud that we can still maintain our own production plant in Finland. Local production is important to us, but it is good to remember that manufacturing know-how also exists elsewhere in the world.

The quality of products and competence of employees does not depend on the country of origin. Regardless of which country our products are manufactured in, we are careful with the manufacturing conditions. We want to cooperate only with partners who share the same strong set of values. Industry initiatives such as the Business Social Compliance Initiative, of which we have been a member since 2011, help us to monitor our suppliers' working conditions. More important, however, is the careful selection of partners, raising awareness and building capacity. At the same time, we must see to it that our own sourcing practices are reasonable also from our supplier's perspective.

The influence of an individual company is sometimes limited, and changes require long-term efforts.



Cotton traceability and development of production conditions are common, significant challenges for the industry. In the autumn of 2013, we became the first Finnish company to join the international Better Cotton Initiative, which aims to make global cotton production better for the people and the environment. In addition, we continuously encourage Marimekko designers to search for new more sustainable material alternatives. In 2013, we had the pleasure to get to know a Finnish material innovation, domestic Ioncell fibre made of birch, and we unveiled a dress made of it at a fashion show held in Helsinki.

For me it is important that at this time of economic uncertainty and highlighted sense of urgency Marimekko can, with its positivity, energy and genuineness, bring joy to people's lives. Marimekko represents bold thinking and attitude - the Marimekko Spirit that we need

more in this increasingly complex world. Global challenges regarding sustainable development and economy are great, but they must be seen as opportunities to create something new, to make things in better and more sustainable ways - each of us in their own way.

Marimekko is well positioned to be one of the world's most attractive design brands and to work at the same time for a more sustainable future. For these objectives we work every day. I'm pleased by the good work that we have done with a large group. So thank you, Marimekko employees, our customers and our partners. I encourage the readers of this review to give us feedback so that we can build and develop further. What do you think of Marimekko's sustainability?

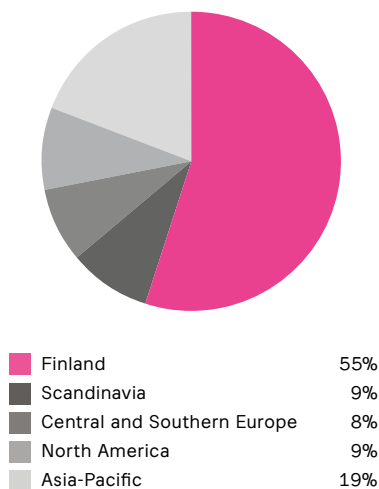
Mika Ihamuotila

2013 in figures

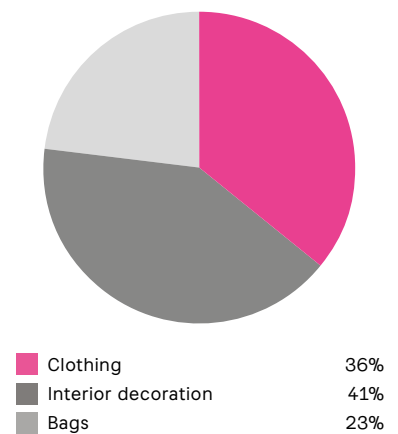
MARIMEKKO

- design company established in 1951
- three product lines: clothing, interior decoration, bags
- net sales of EUR 94 million
- brand sales¹ of Marimekko products worldwide of approximately EUR 191 million
- 133 Marimekko stores² at the year end, of which 51 were company-owned
- key markets: Northern Europe, North America and the Asia-Pacific region
- products sold in approximately 40 countries
- employs around 500 people

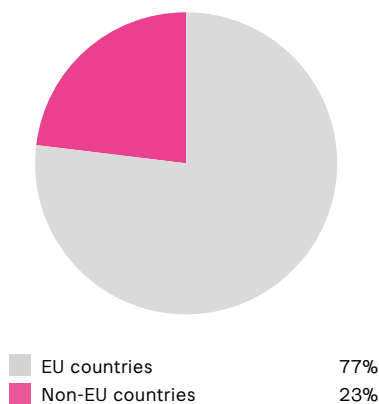
Net sales by market area 2013



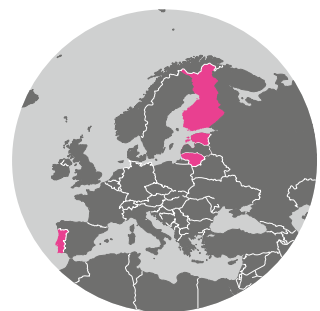
Net sales by product lines 2013



Geographical breakdown of manufacturing 2013



Main manufacturing countries 2013



The main manufacturing countries were Finland (30%), Estonia (19%), Lithuania (14%) and Portugal (11%). The main non-EU manufacturing countries were China (8%), Thailand (7%) and India (5%).

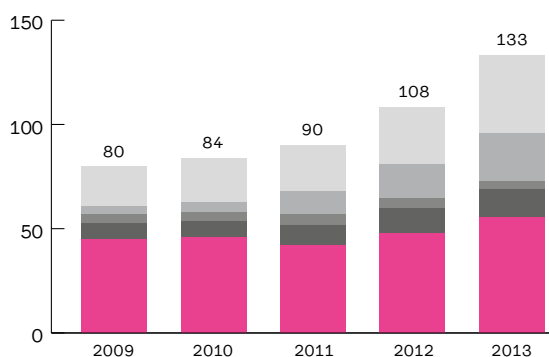
KEY FIGURES

	2013	2012	Change, %
Net sales, EUR 1,000	94,007	88,471	6
share of international sales, %	45	41	
Operating profit, EUR 1,000	82	2,019	-96
Operating profit margin, %	0.1	2.3	
Net result for the financial year, EUR 1,000	-955	1,100	
Earnings per share, EUR	-0.12	0.14	
Dividend per share, EUR	0.25	0.25	0
Cash flow from operating activities, EUR 1,000	5,424	8,605	-37
Return on equity (ROE), %	-3.4	3.5	
Return on investment (ROI), %	-1.1	4.1	
Equity ratio, %	55.5	54.6	
Personnel at year end	502	535	-6
outside Finland	124	103	20
Brand sales ¹ , EUR 1,000	191,098	187,184	2
share of international sales, %	60	54	
Number of stores ²	133	108	23

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.

MARIMEKKO STORES



	2009	2010	2011	2012	2013
Finland	45	46	42	48	56
Scandinavia	8	8	10	12	13
Central and Southern Europe	4	4	5	5	4
North America	4	5	11	16	23
Asia-Pacific	19	21	22	27	37
Total	80	84	90	108	133

DO YOU NEED MORE INFORMATION?

Comprehensive information about Marimekko's business development can be found in a separate report, Financial Statements 2013. You can read and order the report on our website company.marimekko.com under Releases/Annual Reports.

Sustainability at Marimekko

Marimekko's sustainability thinking is based on our view of Marimekko as a house that respects people and the environment they live in around the world. We bring joy to people's lives with our colourful, long-lasting products and we are a responsible employer and a trustworthy partner for both our customers and our suppliers.

VISION, VALUES, MARIMEKKO SPIRIT

Marimekko's vision is to be the world's most prestigious pattern designer and one of the most fascinating design brands. Our strengths are the uniqueness and inherent interest of the brand, the diversity of the patterns, and the originality of the design idiom. Leadership in Marimekko is based on shared values that we hold to be important and that we live and work by every day. Six basic values 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.

Our value "fairness to everyone and everything" crystallises the core of Marimekko's sustainability thinking. We treat other people fairly, and we create products that bring joy for a long time with minimal environmental impacts.

Marimekko's growth and internationalisation emphasise the importance of clear, common rules of operation. Everyday work and decision-making become easier, when every Marimekko employee knows how to do things the right way. In 2013, we recognised a need to establish a more detailed common code of conduct for Marimekko personnel. The Marimekko Code of Conduct for personnel is planned to be completed during 2014, and training will be held for the staff to explain what the Code means in practice. The Code of Conduct will also help us in communicating the importance

of ethical business practices to our external stakeholders.

STRATEGY AND SUSTAINABILITY MANAGEMENT

Marimekko has a long-term international growth strategy; our goal is to grow and succeed in the international arena as a Finnish design company that has a strong identity. In business development, there is a focus on controlled growth in Finland and selected export markets. The key markets are North America, Northern Europe and the Asia-Pacific region.

We develop the sustainability of our operations on a long-term basis. The Marimekko Board of Directors approved the general principles of Marimekko's corporate social responsibility in 2008. The priority areas of sustainability work are, in particular, sustainable design and responsible sourcing, without neglecting the product's entire value chain. The main objective of Marimekko's corporate responsibility strategy for 2011-2015 is to make sustainability based on common values and goals an even more systematic part of everything we do.

Marimekko's steering group for corporate responsibility follows the changes and essential trends in the company's operating environment, plans the sustainability work, evaluates progress against the targets set, sets new targets and monitors projects promoting sustainability. Overall responsibility for sustainability issues lies with the CEO and the

Marimekko spirit

Living, not pretending

Fairness to everyone and everything

Common sense

Getting things done –together

Courage, even at the risk of failure

Joy



results of the sustainability work are reported regularly to the Management Group and annually to the Board of Directors. The business units and functions of the company are each in charge of their own sustainability targets and results. Design, sourcing, production and communications have especially important roles in putting sustainability into practice. At Management Group level, responsibility for sustainability issues lies particularly with the Chief Product Officer and the Creative Director in addition to the CEO. Practical implementation of the sustainability work is coordinated by the Sustainability Manager together with different functions.

In addition to the steering group for corporate responsibility, specific working groups develop sustainability-related policies and approaches. Employees are engaged in development work so that everyone working at Marimekko understands what sustainability means in everyday work. Sustainability is a common issue at Marimekko and we are all responsible

for continuous development.

In 2014, we will begin drawing up our sustainability strategy from 2016 to 2020. The world is changing fast and consumer expectations for Marimekko's sustainability work, in particular, have changed significantly since 2011 when we last conducted a broader stakeholder survey on responsibility at Marimekko. In 2014, we plan on engaging in even closer dialogue with our stakeholders. In this way we ensure that we develop our business taking stakeholder expectations into account.

MATERIAL SUSTAINABILITY THEMES

The material sustainability issues for Marimekko were defined for the first time in 2010 together with an external expert. Employees representing all significant functions from the sustainability perspective, such as sourcing, product design and communications, participated in the process.

The material themes and their significance for our business and

stakeholders were updated in 2011 while drawing up the corporate responsibility strategy for 2011 to 2015. The update was based on a survey of the members of the Management Group and other key persons. Results from a survey conducted among loyal customers and employees were also used in updating the themes.

The material themes were updated again in 2013 based on feedback received from stakeholders and an industry review. Identified material aspects were categorised into five main themes: sustainable design, responsible sourcing, environmental impacts of production, employee wellbeing and expertise, and responsible business practices. In our sustainability work, we focus on these five themes and the specific issues related to them.

The theme-specific issues are presented in the following table.

In conjunction with the 2011 corporate responsibility strategy work, we defined theme-specific strategic objectives for continuous improvement and targets up until 2015.

MATERIAL SUSTAINABILITY THEMES

SUSTAINABLE DESIGN

- Timeless, high quality, functional products
- Sustainable and durable design and continuous product development
- Design integrity
- More sustainable materials and fairly produced raw materials
- Use and disposal of products

RESPONSIBLE SOURCING

- Responsible business partners
- Working conditions in manufacturing
- Product safety
- Human rights in supply chain
- Environmental impacts of production and distribution in supply chain

ENVIRONMENTAL IMPACTS OF PRODUCTION

- Climate change mitigation and energy efficiency
- Material efficiency
- Chemicals
- Water use

EMPLOYEE WELLBEING AND EXPERTISE

- Fair employer and responsible employment
- Capacity building
- Well-being at work
- Health and safety

RESPONSIBLE BUSINESS PRACTISES

- Financial profitability, managed growth and internationalisation
- Good corporate governance and risk management
- Charity and donations
- Stakeholder engagement

MARIMEKKO'S STRATEGIC SUSTAINABILITY OBJECTIVES

- eliciting the commitment of strategic suppliers to developing their own sustainability
- increasing the proportion of more sustainable materials in the collections
- improving the durability of products through product development and quality control
- constant monitoring of the chemicals used in the manufacturing of products
- absolute user-safety of products in all circumstances
- continuous reduction of the environmental impacts of in-house manufacturing relative to the volume of operations
- educating customers in caring for products and the impacts during use
- employee satisfaction with Marimekko and the company's sustainability work



MARIMEKKO'S SUSTAINABILITY TARGETS 2011–2015

Sustainable design	Responsible sourcing	Environmental impacts of production	Employee wellbeing and expertise
<p>Target: the share of more sustainable materials in the collections 20 per cent by the end of 2015*</p> <p>The use of organic cotton was increased in the interior decoration collections, and more linen and lyocell, a regenerated cellulose fibre, were used in the clothing collections than in previous years.</p> <p>Marimekko joined the international Better Cotton Initiative (BCI). The share of BCI cotton used in the collections will be increased in stages, starting with the 2015 collections. In 2013, the share of more sustainable materials in the textile products sold was 10 per cent.</p> <p>We collaborated with Aalto University, as a result of which a cellulose-fibre dress made of the new, ecological loncell fibre, designed by Marimekko was showcased at Marimekko's fashion show in March 2014.</p>	<p>Targets: assessment of suppliers from the sustainability perspective and eliciting their commitment to developing sustainability; strategic suppliers in risk countries covered by Business Social Compliance Initiative audits by the end of 2015</p> <p>Sustainability assessment criteria and detailed scoring guidelines for suppliers were drawn up for Marimekko's buyers. The first round of assessment will be performed in 2014. In the future, assessments will be carried out on a regular basis.</p> <p>We gave sustainability aspects a larger role in connection with supplier factory visits. A factory visit checklist for buyers was introduced to assist them in assessing sustainability perspectives.</p> <p>We began discussions with the main suppliers of cotton products for interior decoration and clothing on the introduction of BCI cotton and on the importance of cotton traceability.</p> <p>BSCI audits of non-EU suppliers were carried out according to plan.</p> <p>At the end of 2013, 60 per cent of Marimekko's purchases from suppliers outside the EU were covered by BSCI audits. In addition to BSCI audits, suppliers outside the EU are also audited within the framework of other social auditing systems. BSCI and other social audits cover a total of 83 per cent of purchases from outside Europe.</p>	<p>Targets: continuous reduction of the environmental impacts of in-house manufacturing and the Helsinki head office in proportion to the volume of business; figuring environmental aspects into machinery and equipment investments; regular environmental training and Green Office campaigns for the personnel</p> <p>In Marimekko's own premises, we switched to using fully renewably generated electricity, which substantially reduced the indirect carbon dioxide emissions subject to monitoring.</p> <p>No major investments were made in the machinery and equipment for manufacturing in 2013, but new water meters were installed for manufacturing, which allow the monitoring of water consumption on a printing-line-specific basis in the future.</p> <p>The quantity of mixed waste sent to landfill was reduced significantly compared with the previous year, and was only 5 per cent of the waste generated (12).</p> <p>Green Office campaigns were held for the personnel to reduce energy consumption and paper usage. Waste sorting training was also held for the personnel.</p> <p>We increased Green Office communications on the intranet, took part in a competition to encourage commuting by bicycle, and we organised a week of seasonal food with the personnel cafeteria to increase awareness.</p>	<p>Targets: better personnel survey results than from similar companies and a good standard of overall results; training the personnel in sustainability-related matters</p> <p>Marimekko's personnel survey is carried out every two years. The survey was performed last time in 2012 and the next will follow in 2014.</p> <p>Personnel, particularly those working in sourcing, sales and design, were trained in sustainability-related matters. The training focused on Marimekko's sustainability work and its targets, and information was provided, for example, on BSCI, BCI and the life-cycle impacts of materials.</p> <p>To support in-store customer service, a product-line- and product-category-specific summary of manufacturing countries was prepared for the stores to provide background on the countries where Marimekko products are made.</p> <p>A checklist on sustainable design was prepared for designers, and tools were introduced for assessing the environmental impacts of materials.</p>

* Products defined as made of more sustainable materials contain 45 per cent or more of fibres in classes A–C within the MADE-BY organisation's environmental benchmark of fibres. E.g. organic cotton, linen and lyocell and blends of these are included in these categories.





STAKEHOLDER ENGAGEMENT

Marimekko's principal stakeholders are the customers, personnel, shareholders, suppliers and the media. These are all stakeholders who Marimekko's operations have a significant impact on or who can have a significant impact on Marimekko's business. Non-governmental organisations (NGOs) are also increasingly interested in Marimekko's operations, especially the manufacturing conditions of Marimekko products and the origin of raw materials.

Stakeholders' interest in sustainability issues, such as the origin, ecological aspects and manufacturing of products, continues to grow. In 2013, the responsibility and sustainability aspects of the textile and apparel industry were actively discussed in the

media and social media. At Marimekko, this also resulted in an increased amount of customer and media inquiries relating to responsibility issues.

Marimekko has well-established practices for stakeholder engagement, for example for conducting customer and employee surveys. In 2013, we collected a group of representatives from different functions to form a stakeholder team which gets together regularly to deal with sustainability-specific stakeholder expectations, concerns and questions and to plan stakeholder engagement.

In 2011, we carried out, in collaboration with an external expert, a survey to determine the attitudes of our customers and employees to sustainability issues. According to the survey, stakeholders expect Marimekko

to integrate sustainability into 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 loyal 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 loyal customers were also interested in more moderate consumption. The survey results have been taken into account in the planning of Marimekko's sustainability work.

STAKEHOLDERS, ENGAGEMENT, EXPECTATIONS

Most important stakeholders	Forms of engagement	Stakeholder expectations for Marimekko	Actions taken by Marimekko to meet expectations
Customers	Daily interaction in stores Customer service Loyal customer events Customer newspapers Marimekko Village customer programme Social media (over 170,000 Facebook fans) Customer surveys	Finnish, timeless, ecological and durable quality products Information on the country of manufacture Transparent supply chain No child labour in production Product and chemical safety Environmentally friendly and ethical production and distribution Open communications	Training sales personnel Responding to customer feedback “Made in” labelling Sustainability communications Product development and quality assurance Increasing the use of more sustainable materials Increasing energy efficiency of production Monitoring the supply chain and committing suppliers to responsible operations (BSCI) Improving conditions for cotton production (BCI)
Employees	Daily interaction Development discussions Personnel events Personnel survey Intranet	Responsible and encouraging employer Adherence to company values Stable employment Product safety No child labour in production Environmentally friendly and ethical production Transparent supply chain	Review of personnel survey results; subsequent measures Increasing the use of more sustainable materials Sustainability communications and training Responding to inquiries List of chemicals restricted in production Öko-Tex certificates Preferring certified suppliers BSCI, BCI, RSN
Investors, shareholders, analysts	General meetings Investor meetings Interim reports Annual financial statements Annual yearbooks Stock exchange releases	Responsible business practices Sales growth and development Profitability Store openings Risk management Cost efficiency	Store openings according to strategy Marketing Pricing Partnerships Cost management and budgeting Risk assessment and action plans
Suppliers	Supplier meetings Factory visits Supplier audits BSCI training BCI training Continuous communication	Stable long-term business relationships Responsible sourcing practices Order management Code of conduct compliance Sufficient order volumes Information sharing and compliance with regulations Sustainable price level	Close collaboration with suppliers and regular factory visits Development of sourcing Sourcing agreements Supplier code of conduct BSCI audits Continuous communication
Society, media, authorities, NGOs, trade unions	Press releases Website Surveys, inquiries, interviews and participation in studies Press conferences Meetings Memberships (BSCI, BCI, The Federation of Finnish Textile and Clothing Industries Finatex, Textile and Fashion Industries TMA, Confederation of Finnish Industries EK: responsible business working group)	Transparent supply chain Decent working conditions in supply chain Product safety Environmentally friendly and ethical production Respecting human rights in supply chain Sufficient wages paid in supply chain	Sustainability communications and reporting Responding to inquiries Chemical management Preferring certified suppliers Risk assessment in supply chain BSCI audits

VALUE CHAIN AND IMPACTS OF OPERATIONS

Marimekko is a design house that designs, manufactures and sources products and sells them in its own Marimekko stores and through retailers around the world. Our value chain is broad and diverse, as in many consumer product companies.

Marimekko is a very small player in the global market, but the overall impacts of the industry on stakeholders, society and the environment are significant. The global textile industry is a major employer, especially for women. Despite the progress of technology and the automation of production, the majority of apparel and home furnishing products are still sewn with machines operated manually by individual seamstresses. Working conditions and human rights in production – the right of free association, adequate pay and safe working conditions, for example – are important aspects of social responsibility in the global supply chain, both in manufacturing the final product and in the production of raw materials, such as cotton. The environmental impacts of the textile industry relate, in particular, to energy and water consumption, material efficiency and the chemicals used in production.

As a company with a strong brand, we can promote more sustainable consumption and help our customers reduce their environmental impact by designing durable products from sustainable raw materials and educating the customers about the environmental impacts that occur during the use of a product. Marimekko's influence at different stages of the value chain varies depending on the product and the work phase. Therefore, collaboration with suppliers and other players in the industry is of utmost importance.

RISKS AND OPPORTUNITIES

Marimekko's internationalisation and goal of promoting sustainable development bring new challenges

and risks that we need to address and respond to. At the same time, many opportunities are opened up for ensuring sustainable business operations. In 2013, we updated our sustainability risk assessment. We identified the following risks as the most significant:

- changing consumer expectations
- working conditions in the supply chain and violations of the supplier code of conduct
- violations of human rights, in particular in cotton cultivation
- impacts of climate change on the availability and price of raw materials such as cotton
- use of prohibited and restricted chemicals in production
- environmentally harmful production processes in the supply chain
- lack of transparency in the supply chain.

Towards moderate and sustainable consumption

Marimekko products are designed to withstand time. We do not do quickly rotating fast fashion. Instead our design is guided by timelessness, quality and functionality. The challenge of growing consumption provides an opportunity for more sustainable consumption. At a time when the global population and consumption are growing rapidly, we can work with our customers to challenge this development: slow down and try to reduce over-consumption. Satisfied customers valuing quality and longevity help us in creating profitable business.

Transparency is responsibility

As customer awareness grows, the amount of conscious consumption choices also increases. We are continually working to make our operations more transparent and to provide our customers with more detailed information about our products, their origin and the manufacturing conditions. Increasing openness and transparency is long-term work that we do together with our supply chain partners, and we hope

that our stakeholders will be patient with this. We are looking at how to increase the transparency of the supply chain as part of a wider development of our sourcing. We plan to publish details of factories manufacturing Marimekko products by the end of 2015.

New markets, new expectations

Through Marimekko's international expansion, we have the opportunity to conquer the hearts of new customers. Our customers in different markets have different expectations for us, for example regarding the collections and the materials used. Consumer attitudes and expectations about the ecological qualities of products and materials or manufacturing countries, for example, also vary by location. What all markets have in common, however, is that consumers want to know the origin of products and require fair manufacturing conditions.

Taking into account market-specific needs and expectations in collection planning and store concept development is important. On the other hand, we must hold on to Marimekko's distinctive look and design. So we have to know our customers better – wherever we operate.

Climate change – a challenge and an opportunity

Climate change brings many challenges – the threat of energy, water and raw-material scarcity and of narrowing biodiversity. Climate change has a direct impact, for example, on the production of Marimekko's main raw material, cotton, and thereby on its price and availability. Cultivation conditions are also affected by an increase in extreme weather conditions.

We see these challenges also as opportunities that we can take advantage of in business development. We can improve energy, water and material efficiency with technology that already exists, for example with digital printing. New business models and production technologies also offer opportunities. For example, new energy

sources and material innovations reduce our dependence on fossil fuels and traditional natural fibres and therefore lessen the environmental impacts of the production chain.

Dear, challenging cotton

Cotton is Marimekko's most traditional and most widely used material – a natural fibre that is comfortable on the skin but has proved to be challenging to trace through its multistage production chain. We want that the cotton we use has been produced under fair conditions and that the farmers have received appropriate remuneration for their work.

The challenge is common to the industry. Child labour and forced labour still exist in certain cotton-growing areas. In some cases, it is also possible that cotton from different countries is mixed together to conceal the true origin.

Currently information on the origin of raw cotton does not necessarily flow well enough from the farmer to the ginnery, the trader, the spinning mill, the weaving mill and the end user of the fabric. With thousands of products and many links in the supply chain, as is the case with Marimekko, it is practically impossible to accurately trace the origin of the cotton used for every product.

Organic cotton and Fairtrade cotton, for example, provide solutions to the problem through certification. On the other hand, the consumer pays a higher price for the certification and the traceability chain. We want to take a more holistic approach to the cotton traceability challenge. In 2013, we took an important step towards better cotton by joining the international Better Cotton Initiative (BCI), which aims to make global cotton production more sustainable by training farmers in more efficient cultivation methods using less water and chemicals. BCI cotton will be systematically introduced into Marimekko's collections starting in 2015. Together with the other BCI members, we can have a wider influence on global cotton production than by acting alone.

Sustainability risk management

Marimekko's sustainability risk management is aligned with the company's overall risk management process. Risks are assessed systematically on an annual basis and measures to respond to the risks identified are defined. The implementation of the measures is regularly monitored. The Management Group annually reviews the identified risks and the measures to respond to them.

SUSTAINABILITY COMMUNICATIONS AND TRAINING

Marimekko's sustainability reporting is developed to meet the expectations of our most important stakeholders – customers, employees, shareholders, suppliers and the media – as well as other parties interested in Marimekko.

Customers' and other stakeholders' interest in sustainability issues is increasing year by year, and we have identified a need to enhance both our internal and external sustainability communications and reporting. In 2013, for example, we received feedback from the non-governmental organisation Finnwatch relating to the development of our reporting, and now we want to increase transparency by expanding our reporting further.

In 2013, we set ourselves the goal of taking sustainability communications closer to the consumer via customer newspapers, social media and stores. We train store personnel in sustainability issues on a regular basis so that customers get answers to their questions directly in the store. The most recent training for sales associates was held in October 2013, and at the end of the year the stores were provided with a summary of Marimekko's sourcing and manufacturing countries to support personnel in answering customer inquiries. Sustainability issues are also communicated internally via the company intranet, staff training sessions and separate newsletters.

In December 2013, we organised a chat on Marimekko's Facebook page with our Chief Product Officer and received encouraging feedback on using social media in stakeholder dialogue. Direct feedback and questions from stakeholders support us in developing our operations.

In 2013, we added some new indicators to our supply-chain reporting, updated the material sustainability themes and revamped our sustainability communications to serve our readers even better. In our Annual Report, we summarise the past year's events, goals and actions to achieve them. This sustainability review published only on our website is a more comprehensive review of Marimekko's sustainability work, its management, objectives and results.

For the first time, we use the GRI G4 guidelines in our reporting. The GRI content index at the end of this review and a more detailed one on our website improve comparability and facilitate finding relevant information. In addition to the GRI G4 guidelines, we have to some extent used the pilot version of GRI's sector-specific guidance for the apparel and footwear industry.

Sustainable design

Marimekko products are designed to withstand time and stay beautiful. When properly cared for, they will bring joy for a long time. Product design is the core of Marimekko's business and one of the most important aspects of sustainable development for Marimekko.

The choices made in design and product development have a significant effect on the use of a product and the environmental impacts of its life cycle. A well-designed, timeless, high-quality and functional product brings joy to its user for a long time and is therefore a sustainable choice.

Durability is a key measure of a product's ecological quality, and it is our aim that Marimekko products, if properly cared for, last from one generation to another.

Intellectual property, such as copyrights, plays an increasingly vital role in the global business environment. For Marimekko, a company on the path of growth and internationalisation, this means that the integrity of design is of special significance. Transparency and the documentation of the creative process together with the designers are important aspects of our design work.

TIMELESSNESS, QUALITY AND FUNCTIONALITY

To Marimekko's designers, sustainable design is self-evident. Marimekko products must be of high quality and must withstand time. Much is happening in the field of sustainable design – new perspectives on design are emerging and alternative materials as well as more energy-, water- and material-efficient processes are being developed. Marimekko's designers are offered new perspectives on sustainable design through training and lectures, for example. However, the most important thing is that the designers themselves have an interest in and

enthusiasm for sustainable, meaningful design.

In 2013, a workshop dealing with the environmental impacts of products and materials and with sustainable design strategies was held for Marimekko's in-house and freelance designers. A checklist for sustainable design has been developed to help the designers to take the environmental impacts of the product's life cycle into account in the design process. The designers can, for example, use the checklist to score a garment based on environmental factors and make more sustainable choices during the design work.

Instead of a new product, a new service can be designed. Marimekko has been involved in the Helsinki-based clothing rental service Vaatelainaamo since 2012. Through the service, products from Marimekko and other designers can be borrowed for a monthly fee, and there is no need to purchase the product. Services like Vaatelainaamo are a good choice for environmentally conscious consumers.

THE IMPORTANT ROLE OF PRODUCT DEVELOPMENT IN CHOOSING MATERIALS

Marimekko has three product lines and a number of product categories: interior products, clothing, bags and accessories. Due to the wide range of products, the range of raw materials used is also wide. Although cotton is the most traditional and most widely used raw material for Marimekko, the designers are constantly looking for

new materials. In addition to cotton, for example flax, wool, merino wool, lyocell, modal, viscose, silk and leather are used in the collections.

Each material has its own environmental and social life-cycle impacts, and there is no simple answer to which fibre is the most ecological. When selecting materials, the intended use of the product and the suitability of the material for this purpose must be taken into account. Research in this area is ongoing and a variety of tools are available to the designers for assessing environmental impacts. At Marimekko we have, for example, used the fibre benchmark created by the MADE-BY organisation and have acquainted ourselves with the Sustainable Apparel Coalition's Higg Index and Materials Sustainability Index which allow the comparison of different materials in terms of energy, water, waste and chemicals.

Marimekko's designers and product developers are in a key position in exploring and testing various alternative materials. Our goal is to increase the share of more sustainable materials in our collections to 20 per cent by the end of 2015. Several factors affect the distribution of materials in the collections. For each product, its intended use and prospects of commercial success must be considered, which is why not all products make it into production. Some of the more sustainable materials come in a limited range of colours, for example, or the materials do not meet Marimekko's strict quality criteria. Targets guide operations in the desired direction and



Design process at Marimekko

An inspiration day is the starting point for each Marimekko collection. Clothing and pattern designers, design assistants and the creative management meet twice a year in the Marimekko house to bring together ideas and to share current interests.

Based on the discussions of the inspiration day, a colour chart is drawn up. In addition to the main colours, patterns – both old and new – are selected and the teams begin to plan the structure of the collection and choose the materials to be used.

Every year Marimekko brings dozens of new fabrics to the market. Each designer is allowed to work as freely as possible – Marimekko relies on the creativity of its designers. The inspiration and the sketches for every pattern are discussed and closely reviewed with the designer in order to create meaningful products and share the story of the pattern with Marimekko's friends. The journey from the designer's sketch to ready printed fabric or garment in the store takes about a year as the patterns and clothing styles pass through the hands of many professionals.

Decisions made at the design stage also affect the ecological qualities of the product. These include, for example, the timelessness and versatility of the product, the quality and durability of the material, pattern layout and the amount of cutting waste, the structure of the product, the amount and type of care the product needs, and the recyclability of the product. To support the designers in their decision-making, a checklist for sustainable design was drawn up in 2013. With the help of the checklist, the designers can make more environmentally sustainable choices in their design work.

The finished product sketches move from the designers to the hands of the assistant designers who help turn the sketches into more detailed drawings. Depending on the product, professionals from both Marimekko and its partners are involved in the design process: product developers, pattern makers and seamstresses who turn the designers' ideas into prototypes. Once the prototypes have been approved, the products take their place in the new collection and later in production.

The interior fabrics and part of the fabrics used for clothing, bags and accessories are printed in the heart of Marimekko, at our own printing factory in Helsinki. Around forty people work in two shifts at different workstations in the printing hall: in the colour kitchen, at the printing machines, the steamer, the washing machine, or the finishing and fabric inspection stages. The factory's two printing machines turn out over a million metres of fabric annually.

encourage the search for new solutions. In the 2013 collections, the proportion of more sustainable materials was about 10 per cent. The share of more sustainable materials in the collections is increased systematically, and also based on customer demand.

We actively monitor the results of research and development related to new materials. We are particularly excited about projects in which textile fibres are manufactured from wood pulp. At the end of 2013, we were introduced to Ioncell, a domestic wood-pulp fibre developed by a research team at the Finnish Aalto University, and we wanted to present a garment made from the new material in our first fashion show for 2014. The research team at Aalto University took on the challenge to produce the fibre, and Tuula Pöyhönen designed a multi-functional and ecological dress which was featured in Marimekko's fashion show at Helsinki Railway Station in March 2014. Ioncell is not yet industrially produced, but further development of the material is in progress and we hope to have products made from Finnish birch in Marimekko's collections in the future.

LEFTOVER FABRICS PUT TO GOOD USE

Material efficiency has a central role to play in preventing and minimising waste generated in Marimekko's production. Off-cut waste can be reduced already in the print design phase by taking into account the end use of the pattern and its positioning on the fabric. The stage of making patterns for an interior product or a garment is also essential when aiming to reduce cutting waste. The patterns are laid out with the help of software, which keeps waste to a minimum. Sometimes the generation of cutting waste is unavoidable, but in such cases the use of off-cuts for example as material for another product can be considered already in the initial

design phase.

Marimekko's design and product development teams closely monitor the percentage of off-cut waste. Minimising waste is in everyone's interest since, after all, it is also economically beneficial. Our printed fabrics undergo a rigorous inspection before they continue their journey to the store. Second-quality fabrics are used to make shopping bags and we also have other products in the pipeline for 2014.

It sometimes happens for one reason or another that fabrics are left over for example from a clothing collection. These leftovers are usually used to make special products for our biannual Friendship Sale or to reproduce popular items. Leftover fabrics are also sold in our outlet stores to people who like to sew, and sometimes they are donated for example to nearby kindergartens for children's arts and crafts.

In 2013, an internal project to further increase the reuse of leftover materials and fabric off-cuts was launched. Marimekko designers took on the challenge and designed products utilising leftover materials and second-quality fabrics. The first new products made within the framework of the project – Marimekko garment bags – were introduced in Friendship Sales in Marimekko's outlet stores in spring 2014. The objective is that the project becomes a continuous and firm part of the collection work so that the utilisation of any leftover fabrics and off-cut waste is taken into consideration already when the collection is being built. A Marimekko employee is also working on a Master's thesis on the subject, and we are hoping to be able to utilise the results of the study in our operations in the future.

USE AND DISPOSAL OF PRODUCTS

Marimekko products are designed to withstand time and stay beautiful.

When properly cared for, they will bring joy for a long time, and at their best they will last from generation to generation. Proper care is also important for the environment, as up to two-thirds of the emissions and energy consumption during a textile product's life cycle occur during washing and maintenance. So customers can help to make their Marimekko product an even more sustainable choice by caring for it properly according to the instructions and by using environmentally friendly detergents.

Every product will, however, eventually reach the end of its useful life – either due to the user or the product itself. The colour of the product may no longer be appealing or the size is not right. According to a customer survey conducted in 2011, Marimekko products are passed on to friends or acquaintances, sold at a flea market or used as material for other purposes. Only about six per cent of the customer survey respondents said that their Marimekko product ended up in a landfill as mixed waste. However, in Finland, for example, nearly four kilos of textile waste per capita end up in landfills every year, and about six kilos are burned to produce energy. These are significant amounts. Reducing textile waste is not only Marimekko's responsibility; it is the responsibility of consumers as well. Everyone can change their buying behaviour and aim to purchase high-quality and durable products.

As regulations change, the recyclability of products becomes increasingly important. From the beginning of 2016, clothing and other textile products cannot be taken to a landfill in Finland. Recyclability after the end of a product's useful life needs to be taken into account already when designing the product. However, it is more important that the product itself is durable and functional and brings joy to its user for a long time. That is sustainable design at Marimekko.



Marimekko dress woven from a new, Finnish birch pulp fibre

Marimekko closely monitors the product development of materials so that it can provide its customers with new and more sustainable materials. Marimekko got introduced to a new cellulose fibre innovation at a seminar held by Finnish Bioeconomy Cluster FIBIC in autumn 2013 and promptly contacted its developers. Collaboration between Marimekko and the Aalto University resulted in the Allu dress made from the new loncell fibre. The dress was showcased at a Marimekko fashion show in Helsinki Central Railway Station in March 2014. The dress was designed by Tuula Pöyhönen.

The more ecological loncell fibre comes from a Finnish raw material of birch-derived dissolving pulp obtained from Finnish pulp mills. The production method for the fibre was developed by the research team of Aalto University Professor Herbert Sixta, and it is based on ionic solvents developed at the University of Helsinki under the leadership of Professor Ilkka Kilpeläinen. loncell fibre is stronger than cotton and viscose; it shines beautifully and has a soft feel to it. If all goes well, the fibre can begin to be produced on an industrial scale in 3–5 years.

"If this new manufacturing method can be made into a commercial success, it can be used to replace cotton and the oil-based synthetic fibres that now dominate the global market, like polyester. Demand for new, more ecological materials is growing all the time, and consumers around the world want more ecological and sustainable products. Also, appreciation of Finnish know-how is very high around the world, so it would be really great if this kind of innovation were to start from Finland. It was great to get involved at this early stage in this development work by the Aalto University," says Mika Ihmuotila.

Responsible sourcing

In addition to in-house manufacturing, Marimekko products are also manufactured by subcontractors in Finland and abroad. Marimekko's wide product range often demands special skills and manufacturing capacity for many products, which Marimekko does not possess or which is not available in Finland or even in the neighbouring countries. A skilled and diverse supply chain allows us to offer our customers a wider product range and high quality products.

The majority of Marimekko products are made in EU countries and only about a fifth comes from outside the EU. Wherever the products are made, special attention is paid to the manufacturing conditions. Our responsible sourcing is guided by the Principles of Responsible Sourcing and Marimekko's Code of Conduct for suppliers. Marimekko is also a member of the European Business Social Compliance Initiative (BSCI), which aims at promoting monitoring of working conditions and to improve working conditions in global supply chains.

WE CHOOSE OUR PARTNERS CAREFULLY

Good and competent suppliers play a key role in Marimekko's competitiveness. The 30 largest subcontractors manufacture 80 per cent of subcontracted products. Several of the subcontractors used by the company are long-term partners.

Every year we start to cooperate also with some new suppliers, for

example, when a completely new range of products is introduced in the collection. When selecting a new supplier, a comprehensive evaluation is conducted taking into account, for example, the supplier's competence and quality, production capacity, delivery times and production costs. Sustainability aspects considered include working conditions, safety practices and any social or environmental certifications and audits. Marimekko buyers have been provided with guidelines for assessing sustainability aspects when selecting new suppliers. When screening new suppliers in non-EU countries, Marimekko prefers SA8000 certified or BSCI audited suppliers. On a case-by-case basis, suppliers audited within other social audit systems may also be accepted.

Purchase agreements signed with the suppliers bind the supplier to comply with the International Labour Organisation Conventions and Marimekko's Supplier Code of Conduct. Adherence to the Code of Conduct is enforced with our own factory visits and, outside Europe, also by independent auditors specialized in factory audits.

COOPERATION SUPPORTED BY SUPPLIER ASSESSMENTS

Responsible business practices have traditionally been one of the things required from our suppliers. In 2013 we developed a supplier assessment tool to support the sourcing team. Within the tool, responsibility

aspects form one performance area to be assessed in addition to quality, service and price level.

Both new and existing suppliers are evaluated on an annual basis. In evaluation suppliers of responsibility practices, attention is paid to the social compliance audit results, environmental targets, the supplier's own supply chain management, and how proactive the supplier is in sustainability issues. In addition, the supplier's potential offering of more sustainable materials is taken into account. Regular evaluations help us to identify areas of improvement and to plan action.

In addition to the supplier evaluation, Marimekko's own sourcing practices play an essential role in responsible sourcing. We need to ensure that our sourcing is financially sustainable from also the supplier's point of view and that they enable the supplier's responsible operations. We need to ensure, for example, that the required delivery times and order changes permit production within a reasonable time and with a reasonable workload.

FACTORY AUDITS SUPPORT IN DEVELOPING OPERATIONS

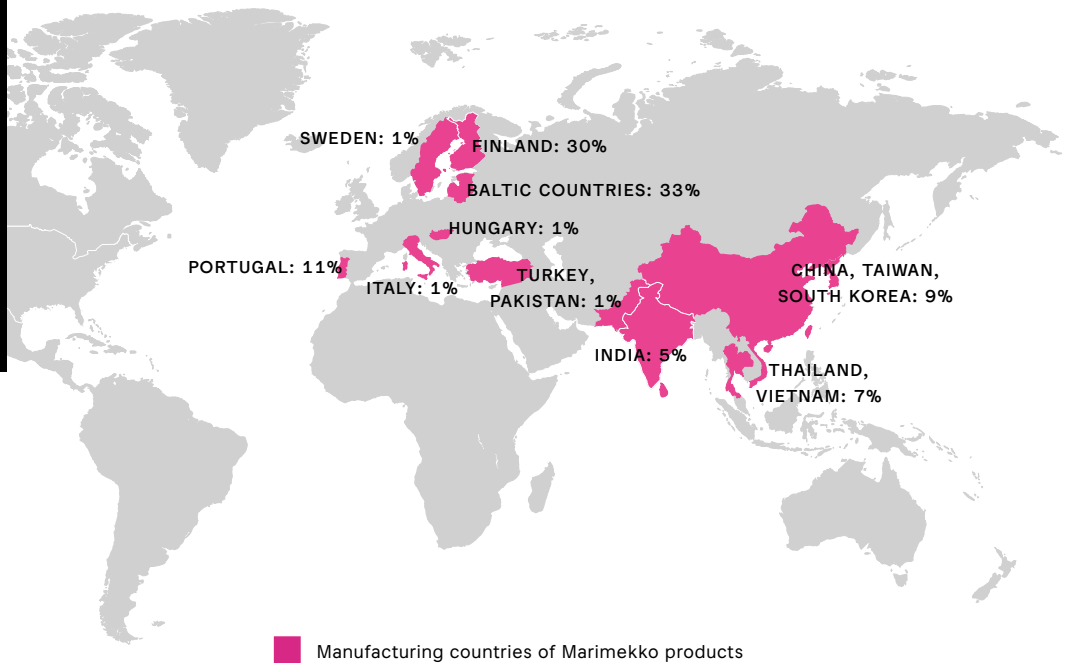
As a member of BSCI, Marimekko has committed itself to social audits of suppliers operating outside the EU in risk countries, as defined by BSCI. Among Marimekko's sourcing countries, for example, China, Thailand and India have been classed by BSCI as risk countries where the local authorities' monitoring is seen as inadequate in ensuring

IN 2013...

...77% of products manufactured in EU countries.

...80% of products manufactured by 30 suppliers.

Fabrics to be printed in Helsinki printing factory were sourced from Germany, Peru, Turkey and the Baltic countries.



operating according to law.

In 2013, 60 per cent of non-EU purchases were covered by BSCI audits and a total of 83 per cent were covered by BSCI audits and other, similar social audits. The target is, by the end of 2015, for 90 per cent of non-EU purchases to be covered by BSCI audits. 67 per cent of the target has been achieved.

BSCI audits are carried out by independent BSCI authorized auditors, and in the audits the auditor checks whether the company being audited complies with the BSCI code of conduct. Attention is drawn to, for example, to employees freedom of association, working hours, wages and occupational safety. Audits include interviews with factory managers and workers, and in addition a sufficient sample of documents is reviewed to enable verification of, for example, working hours and wages.

Of Marimekko's BSCI-audited suppliers, 72 per cent have passed the audit acceptably. If the audit finds room for improvement, the results are examined closely, the necessary corrective measures are decided on together with the supplier, and compliance with these is monitored actively. The points for improvement detected most often relate to working

KEY INDICATORS FOR RESPONSIBLE SOURCING

	2013	2012	2011
Manufacturing in the EU countries, % of sales	77	79	81
ISO 14001 certified suppliers	17	18	18
SA 8000 certified suppliers	4	4	4
BSCI audited suppliers	22	13 ¹	9 ¹
Share of purchases from BSCI audited suppliers			
in non-EU countries, %	60	29	18 ²
Share of BSCI audited suppliers			
with an acceptable result ³ , %	72	92	88
Violations of Code of Conduct			
relating to use of child labor, nr	0	0	0

¹ Figure corrected based on more detailed information.

² Marimekko joined the BSCI initiative in November 2011.

³ Audit result "good" or "improvements needed".

hours and work safety practices.

Some of the points for improvement such as installing exit signs are relatively easy and quick to implement. Some improvement needs require long-term cooperation between the factory management and employees. For example, in building an improved safety culture, personal habits and customs sometimes change slowly. Marimekko follows up with the suppliers on the progress of corrective actions as they are being done. Finally, a follow-up audit is carried out.

In BSCI audits of Marimekko suppliers, no evidence has been found of child or forced labour, restrictions on workers' freedom of association or payment of wages lower than the legal minimum wage.

Supplier audits are just one tool for ensuring fair working conditions. A single audit is a snapshot at a given time and the audits alone are not enough to improve working conditions. Longer-lasting results are achieved through long-term capacity building and training, by raising awareness and cooperation between suppliers, local authorities, trade unions and other stakeholders. The audits increase awareness and help to identify, for example, supplier-specific training needs.

TRACEABILITY OF COTTON IS A COMMON CHALLENGE FOR THE INDUSTRY

Cotton is by far the most widely used raw material for Marimekko and it's a globally important natural fibre, which provides a livelihood for a large number of small-scale farmers in developing countries.

Although cotton itself is a renewable raw material, it burdens the environment because of the fertilizers, pesticides and irrigation used in cultivation. Consumers are also interested in the origin of cotton and the production conditions. The cotton for Marimekko products is sourced around the world: from the United States, Africa, Asia and South America. Marimekko is committed to improving the traceability of cotton. The task

is challenging, as Marimekko does not deal directly with cotton farmers. Improving traceability is long-term work that we are doing together with other industry actors.

We survey the origin of the cotton used in our products on a country level with our suppliers every year. Traceability beyond country level is not currently possible since the supply chain for our cotton products is long and multilayered. Around 40 suppliers supply cotton products for Marimekko annually – cotton fabrics, finished products or supplies. Some Marimekko suppliers source raw cotton fibre, spin the yarn and weaving the fabric. Others buy finished fabric or yarn from their suppliers and in these cases the supply chain has a number of players between the cotton farmer and Marimekko.

Up until now, we have not wanted to set restrictions on where our suppliers source their cotton from, with the exception of Uzbek cotton, which we do not accept in our products. Uzbek cotton is linked to human rights abuses such as use child labour and forced labour. Tracing individual products through a multilayered supply chain is a tedious, resource-intensive process which does not in itself help in developing cotton production conditions. However, in collaboration with other actors, through the Better Cotton Initiative for example, we can have an impact on cotton production conditions by creating demand for better traceable cotton.

PRODUCT SAFETY AND QUALITY CONTROL

Marimekko needs to be able to guarantee the quality and safety of its products in all conditions. This is why the quality of the products is monitored constantly by Marimekko's own quality team and by external testing laboratories. Marimekko has its own textile laboratory in Helsinki. Textiles are tested in the laboratory according to international standards. Tests are carried out, for example with regard for shrinkage, colour fastness and abrasion resistance. External testing services are used when needed for example

THE PRINCIPLES OF BSCI CODE OF CONDUCT

- The rights of freedom of association and the right to collective bargaining
- No discrimination
- Fair remuneration
- Decent working hours
- Occupational health and safety
- No child labour
- Special protection to young workers
- No precarious employment
- No bonded labour
- Protection of the environment
- Ethical business behaviour

The BSCI Code of Conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain.

Business Social Compliance Initiative – getting more done together

Marimekko has been a member of the European Business Social Compliance Initiative (BSCI) since 2011. BSCI membership became topical for Marimekko when the share of sourcing from emerging markets began to gradually increase for example, due to new product categories. BSCI provides Marimekko with tools for monitoring and developing the working conditions of suppliers outside of Europe.

The objective of BSCI has been to respond to the challenges posed for the supplier factories by the different customer requirements, codes of conduct, varying audit procedures and practices. Often the different requirements and procedures have led up to subjecting the factories to multiple overlapping audits, which in turn leads to unnecessary work, blurred responsibilities and added costs for both the customers and the suppliers. BSCI provides its members with development-oriented approach and a collaboration platform for improving the monitoring of working conditions.

Along with the BSCI membership, Marimekko has committed itself to audits of risk country supplier factories. The audit results are shared in a common BSCI database available for all the members, so all audits common to members create synergies and save the suppliers from duplicate audits. In addition to the audits, BSCI organizes country and issue-specific trainings for the factories. In 2013, BSCI organized trainings relating to fire safety, working hours, remuneration and occupational safety.

In 2013, the BSCI celebrated its 10-year anniversary and currently the initiative has more than 1,300 members. BSCI has defined its principles for factories in high-risk countries in a Supplier Code of Conduct document. The Code of Conduct which has been in force since 2009 was updated in 2013 and the revised Code of Conduct came into force at the beginning of 2014.



©MARIMEKKO OYJ SUOMI-FINLAND AINO-MAIJA METSOLA 2013: "AKANKAALI"

for testing dry cleaning, light fastness or chemical residues. The products are always tested in use. Comfort of use, durability of materials, colour fastness and fitting is tested with users and based on feedback received the necessary changes are made to further improve the quality of the product.

Marimekko's quality team also supports the customer service in dealing with customer complaints regarding the quality and safety of products. Quality manuals set the requirements and guide the subcontractors in quality assurance for subcontracted products. In addition all product suppliers are required by contractual obligations to adhere to European REACH chemical legislation and to all regulation applicable for Marimekko's customer markets. Suppliers are provided with a list of banned and restricted chemicals in production.

HUMAN RIGHTS IN THE SUPPLY CHAIN

We are committed to respecting human rights in all our operations. At the same time we recognize that we are also operating in areas where values, practices, and conditions for the realization of human rights can vary. Our approach to human rights is based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), according to which, in addition to governments' obligation to protect human rights, companies have a responsibility to respect human rights and to avoid the violation of human rights in all its operations.

Respect for human rights is included in Marimekko's Supplier Code of Conduct which includes principles for example against child labour and forced labour, the right for the workers to organize and the right to equal treatment. We monitor the realization of human rights in the supply chain both ourselves and with the help of third party audits. We also recognize that the risks of human rights violations in their supply chain extend from the suppliers with whom we have a business relationship, further, to raw

material producers. We assess the risks of human rights violations in our value chain based on for example product or material to be sourced, country of origin and type of production process. In 2014 we will continue to develop the process of risk assessment and responding to risks identified.

Marimekko does not accept the use of child labour. We recognise that, for example, in certain cotton cultivation areas use of child labour still exists. For this reason, we joined the international Cotton Pledge initiative by Responsible Sourcing Network and we do not currently accept Uzbek cotton in our products. It is challenging to ensure that human rights are fully respected through our value chain, but we are determinedly and persistently working on the transparency of our sourcing and on developing the production conditions together with our suppliers. We also collaborate with others through initiatives such as the Business Social Compliance Initiative (BSCI) and the Better Cotton Initiative (BCI).

ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Marimekko takes care of energy, water and material efficiency of its own production and recycles waste. With regard to climate change, it is also important that environmental impacts are also reduced in the supply chain. The environmental impacts of our sourcing are greater than in Marimekko's own production. Marimekko is often only one of a supplier's many customers. Therefore the impacts of the suppliers are a part of a number of customer companies supply chain.

For factories where products are sewn, energy consumption and cutting waste are the most significant environmental impact. At factories making and dyeing fabrics and knits, water consumption and the use of chemicals are the main environmental impacts, and appropriate waste water treatment is particularly important in terms of reducing environmental impacts.

We require our suppliers to comply

with local environmental regulations, and to have appropriate environmental permits, and waste management organized according to local laws and regulations. Adherence to laws and regulations is monitored for example in connection with the BSCI audits. The audits examine the validity of environmental permits, proper storage, handling and labelling of chemicals, and proper waste management practices. In assessing new potential suppliers, attention is also paid to whether the supplier has set targets to reducing energy consumption, and if the supplier uses renewable energy sources.

Respect for the environment reaching beyond the regulatory requirements is also economically viable, for example, the energy efficiency perspective. Many of our suppliers have already switched to using energy-efficient lighting for example.

In 2013, the Foreign Trade Association (FTA) introduced the Business Environmental Performance Initiative (BEPI) along the BSCI. BEPI aims to support factories operating in developing countries in improving their environmental responsibility, such as energy efficiency. The initiative is still in the pilot phase, but we are actively following the development of the project and assessing its applicability to our suppliers.

In 2014 we will survey our suppliers' environmental responsibility practices more comprehensively with a separate environmental survey directed to a limited group of suppliers. This way we will get an even better understanding of the environmental challenges of our suppliers and their measures to respond to these challenges.



Better Cotton Initiative – for a better cotton industry

Cotton is Marimekko's most important material – about 80 per cent of Marimekko's textile products are made from cotton or cotton blends. Cotton is also a globally significant material – renewable and comfortable natural fibre which is used by almost every one of us in some form on a daily basis. Global cotton production employs nearly 300 million people just in the early stages of production. For millions of people in especially many of the world's poorest countries cotton provides a vital link to the global economy.

A number of challenges are linked to cotton production from sustainability stand point - land use, irrigation and the environmental impacts of pesticides, the risks of child and forced labour in the plantations and for example the level of remuneration for small-scale farmers from their work. Challenges can be responded to in many ways: by building capacity, increasing the amount of scientific research and influencing market demand. Different measures can be taken to achieve better crops, cost savings resulting in higher financial yields and of course, a smaller environmental impact.

In November 2013, Marimekko became the first Finnish company to join the international network aiming to improve conditions for cotton production, Better Cotton Initiative (BCI). It is BCI's objective to make global cotton production more sustainable by training cotton farmers and by creating demand for better cotton throughout the supply chain.

For Marimekko, membership of BCI is a step towards our goal of increasing the proportion of more sustainable materials in our collections and improving the transparency of our supply chain. Our goal with the membership is to start using and gradually increase the amount of cotton produced in accordance with BCI criteria in our collections.

Read more about BCI on the website bettercotton.org

Environmental impacts of production

Taking care of the environment is one of the basic pillars of Marimekko's operations. The main environmental aspects of Marimekko's in-house manufacturing concern the operations of the Herttoniemi textile printing factory. We can mitigate climate change with the help of energy efficiency and the use of renewable energy sources, by minimising water consumption, and minimising, recycling and reusing waste. A large part of the monitoring of Marimekko's environmental activities is based on legislation and other official regulations, but we want to do more than that. Our objective is to continuously reduce our environmental impacts. Results are obtained through close collaboration between design, product development and manufacturing.

MITIGATING CLIMATE CHANGE

In 2013, Marimekko switched over to using fully renewably generated electricity in all of its own premises. The adoption of fully renewable electricity had a significant effect on reducing Marimekko's carbon footprint, although electricity consumption fell only slightly. Compared to 2010, the emissions of Marimekko's in-house manufacturing and the Herttoniemi head office were down by 42 per cent. In addition to almost emission-free electricity consumption, efforts are made to mitigate climate change by conserving energy, for example by developing production methods, by investing in energy-efficient machinery

and equipment, and by carefully monitoring energy consumption.

The energy used for the production of the Helsinki textile printing factory is generated with natural gas. Natural gas consumption in 2013 declined by 14 per cent compared to the previous year. The operations of the printing machines were given particular attention and operations were optimised to avoid unnecessary energy consumption.

Marimekko's head office in Helsinki has a Green Office label granted by WWF Finland. The aim of the Green Office environmental programme is to reduce the environmental impacts of offices and to increase their personnel's environmental awareness. Within the framework of the Green Office environmental programme, Marimekko employees are continuously encouraged to energy efficiency by for example turning off monitors and computers whenever they are not being used.

In 2014, an energy review by an external specialist will be made at the Helsinki printing factory, which will help improve the manufacturing energy efficiency even further.

MATERIAL EFFICIENCY AND WASTE

The Marimekko printing factory in Helsinki prints more than one million metres of fabric per year. When printing new patterns, and in the beginning and end of the printing process and when changing the base fabric or changing the printing screens, some waste material is always generated. Material

efficiency plays a key role in prevention and minimizing waste creation in Marimekko's production. Some of the waste material is sold in the factory outlet by the kilo and some pieces are utilized in the production process.

All waste generated at Marimekko printing factory is properly managed and sorted. The generation of waste, recycling and sorting is monitored regularly and the amount of mixed waste is minimized by recycling. A continuous objective has been set at the Helsinki printing factory and head office that no mixed waste will be generated and all the waste can be sorted for recycling.

Growth in recent years has demanded several expansions and renovations in Marimekko house in Helsinki. These have had an impact on the environmental footprint of the premises especially due to the construction waste generated. In 2013, renovation work started on the previous year was reduced which resulted a 14 per cent reduction in waste generated in Helsinki head office and printing factory compared to the previous year. The amount of mixed waste decreased to five per cent (12 per cent).

In 2013, Marimekko signed an agreement with a new waste management partner. With the new partner training was held for Marimekko employees regarding the different types of waste and waste recycling.

The majority of the waste generated at the Helsinki printing factory is classified as energy waste. Options for utilising the textile waste



generated for other than as energy is constantly explored, but so far we have not been able to find a suitable reuse for the textile waste from the printing process, as an industrial raw material for example. In 2014, we will continue internal investigations to further utilize material surpluses and cutting waste and we will also map out suitable partners for utilizing of surplus and waste material.

WATER CONSUMPTION

Water plays a significant role at Marimekko's printing factory in Helsinki. Every year, dozens of prints – new and old – make their way from the designers sketching board through the artwork studio to the printing process. Most of the patterns are printed in several colours. For each fabric, 1–12 printing screens are used, depending on the number of colours in the pattern – one for each colour. Printing screens are washed after printing so just washing the screens consumes a lot of water. In addition, water is used for finishing the printed fabric – for example, dyes are attached with hot water vapour, and in the final stages of the process the fabric is washed once more.

The printing capacity in Helsinki printing factory increased in 2011, with a new printing machine. The increased printing capacity had a direct impact on the water consumption of printed fabrics. The washing machine used at the printing factory is planned to be replaced within the next few years. The new machine would use less water than

KEY ENVIRONMENTAL INDICATORS

	2013	2012	2011
Textile printing factory output, million metres	1.3	1.2	1.5
Electricity consumption ¹ , MWh	2,184	2,208	2,305
Heating energy consumption ² , MWh	2,370	2,235	2,696
Natural gas consumption ² , MWh	3,672	4,200	4,373
Natural gas consumption ² , kWh / metre of fabric printed	2.9	3.4	3.0
Direct carbon dioxide emissions (scope 1), tonnes (natural gas)	727	832	866
Indirect carbon dioxide emissions (scope 2), tonnes (electricity and heating)	256	701 ³	456
Direct carbon dioxide emissions (scope 1), kg / metre of fabric printed (natural gas)	0.58	0.67	0.60
Water consumption ² , m ³	35,195	44,301	37,947
Water consumption, litres / metre of fabric printed	28	36	26
Waste generated from operations, tonnes	162	184	228
Share of waste sent to landfill from waste generated, %	5	12	15
Share of products sold made from more sustainable materials ⁴ , %	10	4	5

¹ Applies to the Helsinki textile printing factory and office building as well as the factories in Kitee and Sulkava.

² Applies to the Helsinki textile printing factory.

³ Figure reported earlier corrected based on recalculation with an updated emission factor.

⁴ Calculated from sales in terms of units sold. Products defined as made of more sustainable materials contain 45 per cent or more of fibres in classes A-C within the MADE-BY organisation's environmental benchmark of fibres. E.g. organic cotton, linen and Lyocell and blends of these are included in these categories. The share for 2011 has been calculated based on product weight and is not comparable.

the one currently in use.

More precise monitoring of water consumption was started in 2013 with the aid of water consumption measuring devices connected to various stages of the printing process. This enables us to focus attention on the stages of the process which use the most water, and to decrease the consumption where possible.

In 2013, water consumption was substantially lower than in the previous year. In 2012, water consumption was increased in particular by the start-up of a new rotation press and the washing of screens in test runs of the machine.

CHEMICALS

In textile manufacturing processes such as bleaching, dyeing, printing and finishing chemicals are used, which are important for the appearance and properties of the textiles. Apart from finishing treatments, the majority of the chemicals are washed off after the dyeing or printing. The use of chemicals in production is strictly regulated at the European level within the framework of the REACH chemicals legislation. Marimekko's other customer markets such as Japan and the United States have their own stringent chemical regulations. Legislation helps to restrict the use of substances found to be harmful to people and the environment. It is Marimekko's responsibility to ensure that all Marimekko products comply with chemical requirements of both European legislation and the legislation and regulations in Marimekko's other customer markets.

Chemicals used in Marimekko's own textile printing factory include printing dyes, finishing agents and detergents. Chemicals are also needed in making the printing screens. In accordance with regulations, there are detailed chemical information sheets available for all the chemicals used. All employees working with chemicals are trained in the health and safety impacts of chemicals and in the use of proper protective equipment. In 2013, new software for managing chemical information was implemented at the

printing factory.

Majority of the products printed at Marimekko's own textile printing factory's are Oeko-Tex 100 certified, which means that the chemicals used in the manufacture of the products is limited more than the law requires. Oeko-Tex certification guarantees that the product is proven not to contain harmful chemical residues. Our customers can find the Oeko-Tex label on most of Marimekko's interior fabrics and products made from these, and towels and bed linen manufactured by subcontractors. A high proportion of the clothing fabrics are also Oeko-Tex 100 certified.

Marimekko's suppliers are obliged to comply with chemical legislation in purchase agreements. In addition, we use a list of prohibited and restricted substances based on the European chemicals legislation REACH. The list contains specified substances of high concern and other chemicals harmful for people or the environment commonly used in textile production which we do not accept in our products. We monitor supplier compliance with the chemical restrictions with the help of regular product or material-specific testing. Testing is done in outside laboratories.

PRODUCT AND TRANSPORT PACKAGING

In order for Marimekko products to be transported from the manufacturing facilities to the stores and available for customers in high quality and in good condition, it is important that the products are packed well and appropriately for the transportation. Regarding packaging materials imported to Finland, Marimekko takes care of the recovery and utilization of the packaging according to the EU Packaging Directive. In Finland, we have an agreement with the local organization, the Environmental Register of Packaging PYR Ltd who takes care of our recovery and utilization responsibilities for local producer organizations. We report annually the amount of packaging materials imported to Finland to PYR.

Marimekko's product packages pay special attention to ecological aspects. In the stores, customers purchases are packed into plastic bags made of 45 per cent recycled material. Alongside plastic bags, also the FSC (Forest Stewardship Council) certified paper bags and organic cotton fabric bags are offered. When purchasing a Marimekko product, the customer can choose the bag best suited for them.

In 2013, a survey was carried out on Marimekko's main market areas regarding the packaging options offered to the customers in order to support the packaging material development work. Feedback was requested from each market area with an online survey regarding the current packaging and aspirations for future development. In addition, views on ecological packaging were surveyed.

We also have an environmental policy regarding materials used in communications and marketing. All paper products need to be printed on either FSC or PEFC certified paper. In addition, many of our printed products such as our collection catalogues and our yearbook have the Nordic Ecolabel – the Swan.



Employee wellbeing and expertise

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 committed. These ingredients create a strong corporate culture and team spirit which are important pillars in the company's strategy.

MARIMEKKO SPIRIT, UNIQUE CORPORATE CULTURE AND GETTING THINGS DONE

Our success has been born of a strong staff commitment and the ability to get every individual's skills and creativity to use in daily work. Marimekko spirit, incorporating the company's values, guides us in our work.

Marimekko has a unique atmosphere and unpretentious, open corporate culture that is based on creativity and entrepreneurship. A low hierarchy and caring work community allow informal interaction and a spirit of getting things done.

The rapidly changing business environment and the world require the ability to predict the future and to change ways of doing things, which requires us even stronger insight and skills. Common sense and courage help us on our way in change.

INTERNATIONAL AND VERSATILE OPPORTUNITIES

A staff of about 500 professionals work at Marimekko. The company is going through an international growth phase, and the amount of Marimekko employees has steadily increased in recent years as the business and store network has expanded. In particular, the store openings outside of Finland and the strengthening of sales, marketing and product development has increased the number of employees. The vast majority of employees still work in Finland.

At the end of 2013, 124 employees worked abroad.

Marimekko's growth requires stronger knowledge of international business from Marimekko employees. In recent years, Marimekko has offered more and more opportunities to work in a multicultural environment and to move to a new position within the company. Job rotation increases the understanding of business as a whole and builds employees' capacity.

Marimekko offers a wide variety of positions in design, product development, production, sourcing, sales, marketing and administration. Marimekko's advantage in the job market is the strong, attractive brand. Our goal is to be the most desirable and valued employer in the industry with the best employees.

FAIR, HIGH-QUALITY MANAGEMENT WORK

Management and leadership in Marimekko strongly rely on values and are based on a fair and equal leadership. Good leadership and management work are the foundation of the company's success. Employees in management positions are supported in strengthening their leadership skills so that they can serve as inspiring mentors of their teams and create the conditions for the smooth operations. Good leadership strengthens employees' well-being, commitment and performance. A manager is successful in their work when each team member knows what their roles are and what is expected

of them and the team works in good cooperation.

The continuous development of leadership with a long-term training for managers and offering support for managers in many different ways aims at high-quality leadership in the Marimekko way.

Managers are continuously trained at Marimekko. The managerial leadership training programme that started in 2012 was continued in 2013. Store managers were trained in the international Successful Store Manager training programme and in a special training programme for retail managers. In addition, some store employees continued in the vocational qualification programme for sales. In 2013, 15 employees completed the vocational qualification for sales and 11 employees completed the retail manager special qualification. In 2013, Marimekko's sales personnel were also trained in sustainability issues such as responsible sourcing, manufacturing countries and the environmental impacts of a product's life cycle.

HEAVY DECISIONS IN ORDER TO ENSURE COMPETITIVENESS

In the spring of 2013, Marimekko started consultative negotiations at Sulkava and Kitee at production facilities and in the stores operating in connection with the facilities. The negotiations concerned a total of 60 people. After the end of the negotiation process, the heavy news of ending the operations and closing the production facilities at Kitee and



Marimekko employees

Average age

37

Gender ratio,
women

91%

Women in
management team

67%

Employees with
regular employment

82%

(in Finland)

Full-time employees

61%

(in Finland)

Sulkava was announced.

Broad support together with a healthcare service provider was offered to personnel within the scope of the negotiations both during and after the negotiations. Training to support employees in searching for a new job was arranged. Some of the laid-off employees from the production facility in Kitee were employed by an established company in Kitee which continued as a subcontractor the production of products such as purses previously manufactured by Marimekko.

By enhancing the efficiency of production, Marimekko aims to create conditions for manufacturing more profitable products and to ensure business competitiveness in the future.

HEALTHY AND SAFE WORKING ENVIRONMENT

All Marimekko employees – in stores, at the office, in production – have the right to a healthy and safe working environment. Ensuring a safe working environment means the prevention of injuries and identification and avoidance of near-misses and hazardous situations. For preventing hazardous situations, employees are trained in safety-related issues and safety risks are regularly reviewed.

Occupational safety in Marimekko is guided with common operational guidelines, set objectives and measured indicators. For example, safety and first aid training is organized for employees on a regular basis. Injuries and accidents are recorded according to agreed procedures. In 2013, 26 accidents occurred for Marimekko employees, of which 11 happened in the workplace, and 15 while commuting.

CONTINUOUS DEVELOPMENT OF EMPLOYEE WELLBEING

Employee wellbeing is reflected in coping, motivation, and the quality and productivity of work. In Marimekko, wellbeing is supported by promoting employees' health, ability

KEY FIGURES, PERSONNEL

	2013	2012	2011
Average number of employees ¹	526	497	402
Employees at year end ¹	502	535	434
New employees	71	93	106
Leavers ²	52	64	65
Leaving turnover rate, %	10.4	11.9	13.8
Average age of employees, years	37	37	40
Employee gender ratio, Women/men, %	91/9	91/9	88/12
Women in Board of Directors, %	17	17	17
Women in Management Group, %	67	67	67
Sick leave absences ³ , %	3.4	3.4	3.8
Work and commuting accidents	26	23 ⁴	18
Healthcare expenses / person ⁵ , EUR	902	758	518
Overall result of personnel survey, scale 1–5 ⁶	-	3.78	3.70

¹ FTE (full-time equivalent)

² Including voluntary leavers and retirements. Not including ended fixed-term employment or layoffs in Finland due to production-related or financial reasons (55 FTE).

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

⁴ The figure for 2012 have been adjusted after specified information.

⁵ Marimekko employees in Finland

⁶ The personnel survey is conducted every two years.

and functional capacity to work and quality of life in different ways. We work closely with the healthcare service provider and occupational health and safety organization to develop employees' wellbeing. Among other things, the continued development of management work, supporting the work-family life balance, recreational activities, and encouraging staff to sporting activities contribute to employee well-being and satisfaction in the workplace.

Marimekko has implemented an early intervention model, a tool for detecting problems, talking about them and finding a resolution. The model aims to promote wellbeing at work, ability to work and wellbeing in the workplace. We work for example on identifying the reasons for absences due to illness, and strive to prevent them. The objective is to improve the working conditions and prevent prolonged absenteeism and early disability retirements.

An employee survey measuring of job satisfaction and development is conducted every two years. Based on the results, members of each team develop their methods of working together and aim to find the best practices for maintaining an inspiring working environment.

The previous employee survey was conducted in 2012 and the overall study results were very positive. According to the results, employee's confidence in management's vision and the company's future was still exceptionally high compared with other service-provider organizations. Respondents felt that the greatest need for improvement was in the even-handedness of manager's work and in opportunities for maintaining skills and expertise. The results of the survey are reviewed together with the personnel and taken into account when making the units' development plans. The next personnel survey is carried out in 2014.



Responsible business practises

Marimekko is a major employer in the Finnish textile and clothing sector – one of the few remaining. For us it is important that we are able to promote Finnish design know-how's journey to the world and create a profitable business at the same time. The task is not easy in the middle of a difficult market situation with intensifying global competition, but we believe that we are on the right track. International growth enables us to build a more profitable and more interesting company.

For Marimekko, like any company, financial viability is a responsible and sustainable business requirement. It is also important that a good financial result is achieved in a responsible way. Responsible business practices help to ensure the company's competitiveness and long-term profitability. With its finances on a solid foundation, Marimekko is able to provide its shareholders with steady returns and to meet its obligations as a responsible company and employer.

MANAGED GROWTH AND INTERNATIONALISATION

During the past five years, Marimekko has invested strongly in internationalisation – the number of Marimekko employees has increased by almost two hundred due to international store openings. In 2013, we managed to increase our revenue by 6 per cent from the previous year, despite the challenging market environment in all our main markets and our industry. In particular international markets acted

as the engine of growth: Net sales outside of Finland increased by 16 per cent, and the Asia-Pacific region, growth was 37 per cent compared to previous year. The challenging market situation was shown in particular as a fall in wholesale sales in Scandinavia, Central and Southern Europe and North America, which reduced the operating profit for 2013. Also our stores in the U.S., still in the launch phase and operating at a loss, affected negatively our profitability.

We continued the implementation of our long-term international expansion strategy: during the year a total of 34 Marimekko stores were opened, 25 of which were outside Finland. The store network expanded particularly in the Asia-Pacific region,

where we took important steps when the first Marimekko stores were opened in mainland China and Taiwan.

You can read more about the financial targets and their achievement in our separate Annual Report, which you can read and order on our website at company.marimekko.com under Releases / Annual Reports.

ECONOMIC WELLBEING FOR STAKEHOLDERS

Marimekko employs, directly and indirectly through resellers and the supply chain, a large number of people and generates economic wellbeing for many stakeholders, in Finland and abroad. Although Marimekko has become more international in recent

KEY FIGURES, FINANCIAL RESPONSIBILITY

	2013	2012	2011
Net sales, EUR 1,000	94,007	88,471	77,442
Profit before taxes, EUR 1,000	-804	1,413	3,715
Return on investment, %	-1.1	4.1	11.4
Dividends paid, EUR 1,000	2,022	2,022	4,422
Gross investments, EUR 1,000	2,353	7,582	9,220
Equity ratio, %	55.5	54.6	67.2
Salaries, wages and bonuses paid, EUR 1,000	21,487	19,646	16,413
Pension and other indirect social expenditure, EUR 1,000	5,649	4,738	3,617
Income taxes, EUR 1,000	151	313	889
Purchases from suppliers of goods and services ¹ , EUR 1,000	52,233	49,956	49,908

¹ Including materials, supplies and other operating expenses excluding leases.

years, the majority of Marimekko employees, around 75 per cent still work in Finland.

GOOD CORPORATE GOVERNANCE AND RISK MANAGEMENT

Marimekko is a public limited liability company which applies the Finnish Companies Act, other regulations concerning public listed companies and Marimekko's Articles of Association and NASDAQ OMX Helsinki Ltd's rules and regulations in its decision-making and administration. Marimekko also complies with the Finnish Corporate Governance Code for listed companies, effective as of 1 October 2010, in accordance with the 'comply or explain' principle.

Marimekko's risk management is based on the risk management policy confirmed by the company's Board of Directors, which defines the principles, objectives and responsibilities of risk management, as well as the organisation and control of the risk management process.

RISK MANAGEMENT PRINCIPLES

Marimekko's risk management aims to safeguard the smooth continuity of business operations and ensure stable profit development for the Group. Comprehensive risk management is an ongoing, systematic process which involves identifying and evaluating risks associated with the company's operations and operating environment. The company's key risks comprise risks which could prevent Marimekko from exploiting business opportunities or jeopardise or prevent the achievement of the strategic objectives of the Group or a Group company, or the continuity of operations or would otherwise have significant consequences for the company, its personnel or stakeholders. Risk management is an integral element of the company's management and decision-making process, covering all of the Group's functions.



A more detailed description of Marimekko's risk management process can be found on our website at company.marimekko.com under Risk management and risks.

CHARITY AND SUPPORTING LOCAL COMMUNITIES

Marimekko participates annually in selected charitable projects. Traditionally, women and children have been at the centre of Marimekko's charity work.

In 2013, Marimekko continued to support the Finnish Children and Youth Foundation's nationwide Storm project. The project supports of young people aged 12-29 in difficult life situations through art. In the Storm projects, 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 two specialty products. Part of the proceeds from sales was donated to the Cancer Society to support breast cancer research. Donations linked with the sales provide also Marimekko customers the opportunity to do good with Marimekko through their purchases.

In addition, Marimekko makes individual product donations for example to neighbouring daycare centres. In 2013, Marimekko participated in a campaign, organised by the Junior Chamber International Finland, to collect Christmas presents for children and young people under 18 years under child welfare services in Helsinki.

Reporting principles

This is Marimekko's first sustainability review that applies GRI G4 sustainability reporting guidelines. The review is based on the G4 guidelines reporting level "Core" and the most relevant indicators for Marimekko's operations have been selected for the review to the extent that information has been available. The review has not been prepared fully in accordance with the GRI G4 Guidelines, which means that not all GRI's indicator protocols have been applied at a detailed level. We believe that reporting according to the GRI reporting guidelines provides stakeholders with comparable information on sustainability performance, but our reporting is in a development phase. Our goal is to continually expand and improve our reporting to better meet the expectations of our stakeholders. Access to information such as environmental impacts of our supply chain is still limited, and therefore reporting is currently focusing mainly on Marimekko Corporation's own operations.

The environmental data presented in the review is mainly related to the Helsinki printing factory. In the electricity consumption data, also the production facilities in Kitee and Sulkava which were closed down in spring 2013 are included. Energy consumption of Marimekko stores in Finland or abroad is not included in the figures. Environmental key figures have been calculated based on information provided by the service providers or separately measured consumption.

Personnel related information for Finland is derived from an HR data and information system. Separate data collection has been conducted for international organizations.

Financial data is derived from Marimekko's audited financial statements complying with the IFRS standards and from internal accounting.

The shares of manufacturing by countries are calculated based on the sales of products in euros by country of origin.

The share of products made from more sustainable materials is calculated based on the number of items sold products.

Any changes to previously reported information have been specified with the reported information.

Boundaries of material issues

The material issues relevant to Marimekko's sustainability are presented in the table on page 8. From the aspects of G4 reporting guidelines, we have identified all aspects at the "Core" level to be relevant. Some of the aspects concern Marimekko's own operations and some have been identified relevant, for example, at particular stage of Marimekko's supply chain, or only for certain activities or in certain countries. Aspects concerning only certain suppliers, functions, or operating countries are detailed in with the reported indicator or in the comments of the GRI content index.

Assurance practices

This sustainability review has not been verified by a third party. The information based on the statutory financial statements has been audited by PricewaterhouseCoopers Oy.

Feedback and contact information

When it comes to sustainability reporting and communications, one can and should always improve, and this is our objective as well. We hope to receive feedback from all our stakeholders regarding our sustainability communications and reporting to be able to develop it further. Please send us feedback at sustainability@marimekko.com or contact us:

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Below you can find the GRI content and indicators fully or partially included in this sustainability review. Some of the aspects that have been defined as material are reported in narrative and measurable performance indicators

have not been reported for all aspects. In addition some of the GRI content is reported in the comments field of the more detailed GRI content index. Reporting is based on the GRI G4 "Core" level.

DO YOU NEED MORE INFORMATION?

You can read a more detailed GRI content index on our website at company.marimekko.com under Corporate Responsibility / Sustainability review.

GRI CONTENT INDEX

Section	GRI content	Included	Page / section
Strategy and analysis	G4-1, G4-2	Yes	2, 6 / From the CEO, Sustainability at Marimekko
Organizational profile	G4-3-11, 12-13, 15-16	Yes	1, 4 / inner cover, 2013 in figures
Report profile	G4-17-27	Yes	36, 6 / Reporting principles, Sustainability at Marimekko
Governance, commitments, stakeholder engagement, ethics and integrity	G4-34, G4-56,	Yes	6 / Sustainability at Marimekko
Economic responsibility	DMA, G4-EC1-2, EC8-9	Partly	34 / Responsible business practises
Environment	DMA, G4-EN1, EN3, EN5-6, EN8, EN15-16, EN-18, EN23, EN27-29, EN33	Partly	26-27 / Environmental impacts of production
Social responsibility	DMA, G4-LA1, LA4, LA6, LA10-12, LA15, HR1, HR3-6, HR9, HR11, SO2, SO4, SO8, SO10, PR2, PR5, PR7,	Partly	20-25, 30-33 / Responsible sourcing, Employee wellbeing and expertise
Apparel and footwear sector supplement contents	DMA, AF1-3, AF5-6, AF8, AF9-10, AF12-17, AF20-21, EN26	Partly	20-25 / Responsible sourcing

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