Bold and true to life

Marimekko is a Finnish design company. The core of its business is the design and manufacture of timeless and individual, practical and beautiful consumer goods. The array of Marimekko design embraces clothing, bags and accessories as well as home décor items ranging from textiles to tableware.

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

One of the themes of Marimekko design in 2014 was to explore what interesting things can emerge from encounters between different cultures and different industries. The theme was visible in collections as well as various partnership schemes embracing summer fashion, contemporary art, fibre research, and aviation.

Anna Teurnell, who started work as Creative Director in July, is taking Marimekko’s design in new directions. The first sight of the new course will be in autumn 2015.

The Marimekko store network continued to grow in 2014. The most new stores were opened in Asia. In June, a partnership contract was signed to take Marimekko into the Middle East, with the first stage being Dubai in the UAE.

The unquestioned star of the eventful year was perhaps the most popular and best known of all of Marimekko’s innumerable classics: the 50-year-old Unikko pattern.

marimekko.com
company.marimekko.com
facebook.com/marimekkoglobal
instagram.com/marimekkoglobal
twitter.com/marimekkoglobal
pinterest.com/marimekkoglobal
youtube.com/marimekkovideo
“To me, 50-year-old Unikko symbolises the heart of Marimekko at its best: it is timeless, positive and bold, and it contains nothing unnecessary.”

From the President and CEO

Marimekko has a year behind it in which we celebrated internationally what is perhaps our most iconic pattern, Unikko, designed by Maija Isola 50 years ago. We took Unikko to places including fashion shows, the side of an aircraft and a pop-up café in Tokyo, and we stirred an online debate about courage. When I look at Unikko, I can only marvel at how it has gone on to become just as radical and contemporary as it was in the year when it was designed, 1964. To me, Unikko symbolises the heart of Marimekko at its best: it is timeless, positive and bold, and it contains nothing unnecessary.

Digital matters played an important part in our work in 2014. I am pleased that we got started in time. In today’s world, consumers demand multichannel service, and in order to succeed, corporate players like us have to make shopping as simple and as pleasant for the consumer as possible, regardless of the channel in question. The trend in our online sales was promising last year, and we devoted great effort to digital marketing communications and the social media. I am convinced that digitisation will transform retail trade from top to bottom. I see this largely as an opportunity for Marimekko – not a threat.

In 2014, we continued to invest boldly in international expansion and in boosting our brand profile. Of the 19 Marimekko stores opened during the year, 13 are outside Finland. The main thrust of our expansion was the Asia-Pacific region, where the number of our stores has doubled to 46 in the past three years alone. I am delighted that we entered this growing market in time. Now that we have a fairly strong position and recognition factor there, it is natural to continue the expansion in the region.

In many of our traditional markets – particularly Finland and the rest of Europe – last year was very difficult. This shows in our overall net sales, which were on a par with the previous year’s figure. However, it was positive that there was an increase in our online sales in Finland.

In spite of difficult market conditions, we achieved good results and a very strong cash flow. Contributory factors in the strong results included operational reorganisations and cost-cutting as well as the royalty income from Banana Republic’s Marimekko collection. In the course of the reorganisations, we unfortunately had to engage in consultative negotiations which affected all our operations in Finland with the exception of the textile printing factory in Helsinki.

Sustainability has always been part of Marimekko’s core, and we did a lot to promote this in 2014 as before. Ethics and ecological aspects, respect for nature and people in everything we do, are the cornerstones of our philosophy of sustainability. I believe Marimekko acts as a counterweight to the short-termist, disposable culture – Marimekko design should be long-lasting. One of the most striking results of our work on sustainable development is the Alu dress, produced in collaboration with Aalto University, which is made of renewable Finnish birch cellulose. A great deal is expected of this award-winning material innovation in the future.

Another important step forwards in 2014 was the recruitment of the new Creative Director, Anna Teurnell. Our goal is, with Anna’s leadership, to create even more attractive products and especially in the early stage to underpin our position as a maker of fashion internationally.

And what of the future? The year 2015 has started quite gloomily in Finland and the rest of Europe, and because of this we are under pressure...
In terms of both our net sales and our bottom line. However, I am confident that our international growth will continue, particularly in Asia, and indeed we intend to progress far-sightedly along our chosen path. Our target this year is to open 10–20 stores, some of which will be in what are for us totally new markets: Dubai, Singapore and Bangkok.

As of the Annual General Meeting in spring, the duties of Marimekko’s President will be the responsibility of Tiina Alahuhta-Kasko. I am very happy that we are able to appoint one of our own as President. I believe Tiina is an extraordinary person and leader – a visionary, an achiever, inspiring and fair. I myself will continue as CEO and I am also a candidate for chairman of the Board of Directors. Pekka Lundmark, who has chaired our Board of Directors since 2008, has declared that he is no longer available for the post, and I would like to thank him for his truly excellent handling of the job.

I am enormously enthusiastic about advancing our company together with Tiina and all the rest of our personnel. I believe we are now superbly placed to make Marimekko an even more attractive brand and an even more international and profitable company.

“In spite of difficult market conditions, we achieved good results and a very strong cash flow.”

Mika Ihmuotila
The international growth of Marimekko has been built consistently during the past eight years. The first stage involved laying the foundations for the development of a global company.

The aim of the current four-year period is to make Marimekko a profitable, global fashion and home brand with strong digital operations.

### New stage in strategy

**2008–2012**

**FOUNDATIONS**

- crystallisation of the brand
- building a professional organisation
- corporate culture
- new categories in home products
- store concept
- new stores and teams in Asia and the Americas

**2010–2014**

**GLOBAL COMPANY**

- development of fashion
- launch of a global network of stores
- launch of US e-comm and focus on digital communication
- efficiency improvements
- successful global collaborations
- launch of a sustainability and CSR organisation

**2014–2018**

**PROFITABLE AND GLOBAL FASHION & HOME BRAND WITH STRONG DIGITAL OPERATIONS**

- from a "niche design cult brand" to a much broader appeal for selected target customers
- fashion to an entirely new level
- translating recent growth into stronger profitability
- strong store growth with special focus on Asia
- new generation steps in digital and collaborations
Anna Teurnell started for Marimekko as Creative Director and member of the Management Group in July 2014. She leads Marimekko’s design team and is responsible for the design strategy of all the product lines – fashion, home, and bags and accessories.

Teurnell came to Marimekko after serving as Director of Design for the & Other Stories brand, which sells clothing and accessories. She worked in various key positions related to brand-building and design for the Hennes & Mauritz Group for a long time. Teurnell graduated from the Beckmans College of Design in Stockholm, and she also has job experience of print design for clothes.

Anna Teurnell aims to make sure that Marimekko continues to look like Marimekko in the years ahead. The strong brand is a good basis for updating the collections: among the things in sight are new materials, new silhouettes and new patterns to accompany the treasures in the archives. The objective is to create the classics of tomorrow, products which people will still want to use decades from today. The autumn 2015 collections already show signs of the direction in which Teurnell wants Marimekko design to advance. The spring 2016 collection will be the first started from scratch under her leadership.

"I am enormously happy that I am able to take Marimekko forward. In my hands is a unique, timeless heritage, and I aim to dive deep into the company archives but also to create new and unexpected things. Together with my great team, I want to make Marimekko ever more inspiring," says Teurnell, who has been familiar with Marimekko since childhood.
Vision, goals and strategy

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

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

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

FINANCIAL GOALS

Securing profitable growth
- annual growth in consolidated net sales over 10%
- operating profit margin 10%
- return on equity (ROE) over 15%
- equity ratio 60%

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

ACHIEVEMENT OF FINANCIAL GOALS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in net sales, %</td>
<td>0</td>
<td>6</td>
<td>14</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Operating profit margin, %</td>
<td>*) 5.9</td>
<td>**) 0.1</td>
<td>2.3</td>
<td>4.6</td>
<td>11.1</td>
</tr>
<tr>
<td>Return on equity (ROE), %</td>
<td>14.7</td>
<td>-3.4</td>
<td>3.5</td>
<td>8.4</td>
<td>18.4</td>
</tr>
<tr>
<td>Equity ratio, %</td>
<td>61.6</td>
<td>55.5</td>
<td>54.6</td>
<td>67.2</td>
<td>78.8</td>
</tr>
<tr>
<td>Dividend per share, EUR</td>
<td>***) 0.35</td>
<td>0.25</td>
<td>0.25</td>
<td>0.55</td>
<td>0.55</td>
</tr>
<tr>
<td>Dividend per profit, %</td>
<td>***) 68.6</td>
<td>neg.</td>
<td>178.6</td>
<td>157.1</td>
<td>72.8</td>
</tr>
</tbody>
</table>

*) Includes a nonrecurring expense of EUR 0.7 million connected with downsizing resulting from the consultative negotiations completed in March 2014.

**) Includes EUR 1.3 million in nonrecurring expenses due to arrangements arising from the consultative negotiations concluded during the second quarter of 2013. Of these expenses, EUR 1.0 million are included in EBITDA.

***) The Board of Directors’ proposal to the AGM.
### The Cornerstones of the Strategy

<table>
<thead>
<tr>
<th>Unique design and a strong brand</th>
<th>Product assortment based on a lifestyle concept</th>
<th>Long-term international growth strategy with a focus on Marimekko stores</th>
<th>Unique Marimekko spirit and corporate culture that emphasises creativity and internal entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>The brand is built to be more international and the profile is raised with the help of Marimekko’s unique and fascinating design.</td>
<td>Growth is sought with new customer groups and with product innovations.</td>
<td>Geographically, the focus is on areas in which the Marimekko brand is already known or where there is a natural demand.</td>
<td>Leadership is based on shared values which inspire and motivate the personnel, guide decision-making and help achieve the company’s vision.</td>
</tr>
<tr>
<td>Marimekko’s skills as an expert in colours and patterns are accentuated more clearly as a factor of differentiation.</td>
<td>All products must be functional and timeless.</td>
<td>Awareness of Marimekko is raised mainly through PR in earned and digital media by utilising the strength of the brand. PR plays a strategic role especially when the company is establishing itself in new markets.</td>
<td>A corporate culture that emphasises creativity and internal entrepreneurship is encouraged.</td>
</tr>
<tr>
<td>High-quality and innovative design expertise is maintained and enhanced as a factor boosting competitiveness.</td>
<td>The extent of the lifestyle concept will be utilised in launching new product categories.</td>
<td>A flagship store will be opened in the most important markets. The flagships carry all of Marimekko’s product lines and serve as a showcase to the buyers of major department stores, for example.</td>
<td>Expertise required particularly in the internationalisation of the company will be reinforced.</td>
</tr>
<tr>
<td>An unpretentious attitude to life and the fascinating history of the company are a significant part of the brand.</td>
<td>The share of in-house product design in the collections will be stepped up and it will be integrated better with Marimekko’s strong expertise in patterns.</td>
<td>The distribution network will be expanded in a controlled manner by opening new company-owned stores, retailer-owned Marimekko stores and shop-in-shops.</td>
<td>Operational efficiency will be improved along with systematic working and coordination in all business areas.</td>
</tr>
<tr>
<td></td>
<td>The number of accessories and small utensils in the ranges will be increased to enhance profitability.</td>
<td>More profitable retail store and distribution concepts will be built, which will reinforce the brand’s competitiveness and attractiveness in the different distribution channels.</td>
<td>A personnel survey will be carried out every two years.</td>
</tr>
<tr>
<td></td>
<td>More attention will be paid to product coordination when building the collections.</td>
<td>E-commerce and selected other distribution will increase sales and improve the availability of products.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In-house production has a central role in product development.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The product assortment is complemented with selective co-branding and licensing.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2014 in figures

MARIMEKKO

• design company established in 1951
• three product lines: fashion, home, bags & accessories
• net sales of EUR 94 million
• brand sales¹ of Marimekko products worldwide of approximately EUR 187 million
• 144 Marimekko stores² at the year end, of which 54 were company-owned
• key markets: Northern Europe, North America and the Asia-Pacific region
• products sold in approximately 40 countries
• employs an average of 500 people

Net sales by market area 2014

Brand sales¹ by market area 2014

Number of stores by market area 2014

---

Trend in net sales and operating profit 2010-2014

Trend in international sales 2010-2014

- Net sales, EUR million
- Operating profit margin, %
- 2013 and 2014 operating profit margin excluding nonrecurring items

- International sales, EUR million
- International sales, % of net sales

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1. Brand sales
2. Marimekko stores
3. EMEA

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Net sales, EUR million
Operating profit margin, %
International sales, EUR million
International sales, % of net sales

Finland  55%
Scandinavia  9%
EMEA³  8%
North America  9%
Asia-Pacific  19%

Finland  39%
Scandinavia  6%
EMEA³  9%
North America  12%
Asia-Pacific  34%

Finland  62
Scandinavia  10
EMEA³  3
North America  23
Asia-Pacific  46
## NET SALES BY MARKET AREA

<table>
<thead>
<tr>
<th>(EUR 1,000)</th>
<th>2014</th>
<th>2013</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>52,034</td>
<td>52,159</td>
<td>0</td>
</tr>
<tr>
<td>Scandinavia</td>
<td>8,452</td>
<td>8,152</td>
<td>4</td>
</tr>
<tr>
<td>EMEA⁴</td>
<td>7,554</td>
<td>7,702</td>
<td>-2</td>
</tr>
<tr>
<td>North America</td>
<td>8,584</td>
<td>8,534</td>
<td>1</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>17,527</td>
<td>17,460</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94,150</strong></td>
<td><strong>94,007</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

## BRAND SALES¹ BY MARKET AREA

<table>
<thead>
<tr>
<th>(EUR 1,000)</th>
<th>2014</th>
<th>2013</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>72,192</td>
<td>76,037</td>
<td>-5</td>
</tr>
<tr>
<td>Scandinavia</td>
<td>11,975</td>
<td>12,203</td>
<td>-2</td>
</tr>
<tr>
<td>EMEA⁴</td>
<td>17,050</td>
<td>16,581</td>
<td>3</td>
</tr>
<tr>
<td>North America</td>
<td>21,468</td>
<td>21,282</td>
<td>1</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>64,102</td>
<td>64,995</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>186,787</strong></td>
<td><strong>191,098</strong></td>
<td><strong>-2</strong></td>
</tr>
</tbody>
</table>

## KEY FIGURES

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, EUR 1,000</td>
<td>94,150</td>
<td>94,007</td>
</tr>
<tr>
<td>share of international sales, %</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Operating profit, EUR 1,000</td>
<td>5,592</td>
<td>82</td>
</tr>
<tr>
<td>operating profit margin, %</td>
<td>5.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Net result for the financial year, EUR 1,000</td>
<td>4,114</td>
<td>-955</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.51</td>
<td>-0.12</td>
</tr>
<tr>
<td>Dividend per share, EUR</td>
<td>* 0.35</td>
<td>0.25</td>
</tr>
<tr>
<td>Cash flow from operating activities, EUR 1,000</td>
<td>9,851</td>
<td>5,424</td>
</tr>
<tr>
<td>Return on equity (ROE), %</td>
<td>14.7</td>
<td>-3.4</td>
</tr>
<tr>
<td>Return on investment (ROI), %</td>
<td>15.6</td>
<td>-1.1</td>
</tr>
<tr>
<td>Equity ratio, %</td>
<td>61.6</td>
<td>55.5</td>
</tr>
<tr>
<td>Personnel at year end</td>
<td>479</td>
<td>502</td>
</tr>
<tr>
<td>outside Finland</td>
<td>129</td>
<td>124</td>
</tr>
<tr>
<td>Brand sales¹, EUR 1,000</td>
<td>186,787</td>
<td>191,098</td>
</tr>
<tr>
<td>share of international sales, %</td>
<td>61</td>
<td>60</td>
</tr>
<tr>
<td><strong>Number of stores</strong>²</td>
<td><strong>144</strong></td>
<td><strong>133</strong></td>
</tr>
</tbody>
</table>

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.

³ The market area of Central and Southern Europe previously referred to in Marimekko’s financial disclosures has changed to EMEA (Europe and Middle East Area) as a result of the partnership initiated in the Middle East during the second quarter of 2014.

⁴ Previously reported comparison figures for sales by market area have been adjusted because the market area of Central and Southern Europe referred to in Marimekko’s financial disclosures has changed to EMEA (Europe and Middle East Area).

*) The Board of Directors’ proposal to the AGM.
In 2014, the main thrust in expansion was on openings of retailer-owned Marimekko stores. During the year, 19 new Marimekko stores were opened, which are distributed as follows: four company-owned and seven retailer-owned stores plus eight shop-in-shops.

*) The market area of Central and Southern Europe previously referred to in Marimekko’s financial disclosures has changed to EMEA (Europe and Middle East Area) as a result of the partnership initiated in the Middle East during the second quarter of 2014.
Asia, with its dynamically growing consumer market, has long played a central role in Marimekko’s internationalisation.

The most important country in the region is Japan, where Marimekko design first landed in the 1970s. Consolidating this foothold took a major step forwards in 2006 when Marimekko’s present partner embarked determinedly on building a nationwide network of Marimekko stores. At the end of 2014, the stores numbered 28.

Expansion into totally new markets began in 2010 with South Korea. The same year, Marimekko started to make its brand known in China, where demand for new brands kept growing and growing. A Marimekko store opened in Hong Kong in 2012, and a year later mainland China got its first stores. The next new market to be opened up was Taiwan, and in spring 2015 this is followed by Singapore and Bangkok in Southeast Asia.

All the Marimekko stores in Asia are retailer-owned, but they comply with the same concept as Marimekko’s own stores. This business model has proven itself highly functional and fruitful, as it provides strong local knowledge of the market. The selected partners have solid experience of retailing international brands and they are poised to build a store network systematically and far-sightedly. It is also important that partners understand the special traits of the Marimekko design philosophy and corporate culture and share the same set of values.
The most colourful event of the year for Marimekko in 2014 was the 50th anniversary of the Unikko pattern, designed by Maija Isola, which was celebrated around the world: there were pop-up shops and cafés, shows and exhibitions, new colours in the sky, prize travel and shared stories about bold decisions.

The year also saw many store openings, new collections and unveilings at fashion shows and fairs as well as fascinating partnerships in Finland and abroad.

Highlights of the year

During the spring, a prize draw was held at Marimekko stores in different countries, with a weekend trip to Helsinki as the prize. In late August, Marimekko welcomed 12 lucky winners from Australia, Hong Kong, mainland China, Taiwan, South Korea, the United States, the UK, Germany, Denmark, Norway, Sweden and Finland. During their long weekend, the winners and their companions were able to tour the Marimekko textile printing factory and meet designers, along with much else.

Finnair’s first Unikko-livery passenger plane took to the air in 2012 and at the end of 2014 it was joined by another: the Anniversary Unikko plane, which flies from Helsinki to Finnair’s long-haul destinations. The flowers are bigger and the colouring unique on the new plane, designed specially for Finnair. Passengers can also enjoy textiles and tableware with Marimekko patterns on all Finnair flights.

In the now traditional summer show in Helsinki’s Esplanadi Park, the spotlight this year was on Unikko’s anniversary. The sunny show attracted hundreds of onlookers.

The pop-up café at the Higashiya Ginza sweet shop in Tokyo served Unikko confectionery made in the traditional Japanese way. Unikko also took over a popular café in Hong Kong for a couple of weeks and another one in Sydney for a whole month.
In Stockholm, a pop-up Unikko shop brought colour to the Kungsträdgården park in May. In Taipei, Taiwan, a pop-up Unikko shop gave joy throughout the summer.

In Beijing, Unikko parasols and seats decorated the plaza at the Taikoo Li Sanlitun South mall.

On a special Finnair flight from Helsinki to Seoul and back, you could see Unikko not only on the sides of the aircraft but also inside in the cabin.

At the Milan Design Week in April, an installation of Unikko reflected the panoply of hues seen in the more than 80 colourways that the pattern has blossomed in during the past fifty years.

An exhibition at the Finnish embassy in Washington in May and June featured the many faces of Unikko.

The Marimekko store in Sydney held a colourful party in honour of Unikko.
Partnership with the US company Paperless Post resulted in a wide range of Marimekko-pattern e-invitations and virtual greeting cards for sending worldwide. In the United States, they can also be ordered in printed form.

In 2014, Marimekko also signed a licensing contract for stationery with the North American publisher Chronicle Books. The first Marimekko collection to hit the market comprised postcards and notebooks. Chronicle Books has worldwide rights to the English version of the book In Patterns: Marimekko, published in 2012.

Marimekko unveiled its autumn and winter 2014 clothing collection in March in the ticket hall of Helsinki Central Railway Station. The collection was inspired by encounters between different cultures, art and design, and so the venue for the first showing was a natural choice – Helsinki, meeting point of East and West.
Marimekko’s clothing collection for spring and summer 2015 was premiered in Helsinki in September. The fashion show was held in an old oil silo that had been converted into a light art installation. The patterning of the collection adds natural elements to urban life, creating breathing spaces in the everyday hustle and bustle.

The Allu dress made of birch cellulose fibre, which was presented by Marimekko in its fashion show in March 2014, has attracted massive interest. The manufacturing process for this loncell fibre, which is more ecologically benign than cotton, was developed by researchers at Aalto University and the University of Helsinki. The raw material for the fibre is extracted from birch cellulose obtained from pulp mills in Finland. The research team estimates that manufacturing the fibre could be started on an industrial scale in 3–5 years if all goes according to plan. Marimekko is keeping a close watch on the progress of the research, and hopes that the new fibre can be used in its collections as it has promise in terms of strength as well as its ecological benefits.
Marimekko’s sustainability thinking is based on the view of Marimekko as a company which respects people and the environment they live in around the world. Marimekko brings joy with its colourful and long-lasting products and it is a fair employer and a reliable partner. The strategic objective of Marimekko’s corporate responsibility is to integrate sustainability based on the common values and goals as a systematic part of everything we do. The priority areas of sustainability work are sustainable design and responsible sourcing – without neglecting the entire value chain of the product.

In 2014, Marimekko took many steps in developing the sustainability of its operations: planning was started for the next stage of the sustainability strategy, sustainability-related dialogue with stakeholders was enhanced, procurement of Better Cotton was initiated, and new environmental targets were set.

Towards the year 2020
Marimekko began in 2014 to plan its sustainability strategy for the period 2016–2020. As background work to this, information was gathered on the sector’s general trends, megatrends and consumer trends. Representatives of stakeholders important to Marimekko were also interviewed. In response to the stakeholders’ expectations it was decided, for example, to publish information on the factories manufacturing products for Marimekko in the course of 2015. In spite of the competitive risks, Marimekko believes it is important to be as open as possible about manufacturing locations, as stakeholders’ expectations for business transparency are growing all the time.

Sustainable Design
Marimekko products are designed to last. When properly cared for, they will stay beautiful and bring joy for a long time. Product design is the core of Marimekko’s business and one of the main aspects of sustainable development for Marimekko. The choices made in design and product development significantly affect the environmental impacts of a product’s lifecycle. In 2014, particular attention was paid in work on Marimekko’s collections to moderation and functionality. The structure of the collections was modified to allow coordinated ensembles with fewer items.

New materials for collections
Anna Teurnell started as Marimekko’s Creative Director in 2014, and she intends to introduce new materials into the collections. Marimekko’s designers and buyers constantly seek to find materials that best meet the needs of today’s consumers and are also more sustainable from an environmental perspective. The aim is to expand the share of more sustainable materials in the collections to 20 percent by the end of 2015. Of the textile products sold in 2014, more sustainable materials accounted for roughly 11 percent. During the current year, the proportion of more sustainable materials will increase significantly due to the sourcing of Better Cotton.

Proper care increases the life of products
In 2014, Marimekko added the international Clevercare symbol to the care labels for its products. On the Clevercare.info website, customers will find care guidelines to conserve the environment while saving effort, money and the product itself. The guidelines recommend, for example, that products should not be washed too often or at too high temperatures.
Better Cotton Initiative – towards better cotton production

Cotton is Marimekko’s most-used material and a globally important natural fibre, providing innumerable smallholders in developing countries with a living. Some 80 percent of Marimekko’s textile products are made of cotton or cotton blends. Cotton is a challenging raw material in environmental terms as its cultivation stresses the environment and requires the use of pesticides. Cotton is also a fibre that is difficult to trace because of its multistage production chain.

Marimekko was the first Finnish company to become a member of the Better Cotton Initiative (BCI), starting in 2013. It is BCI’s aim to make global cotton production more sustainable by training cotton farmers and by boosting demand for better cotton throughout the supply chain. In 2014, Marimekko purchased BCI cotton for some of its home products for the first time, and in 2015 the sourcing will be increased significantly.

Through its membership of BCI, Marimekko has opportunities to make direct contacts with cotton farmers who have been trained in the BCI system. In early 2015, Marimekko signed a partnership contract with the international NGO Solidaridad to support a training programme for women farmers in Senegal. The project started in March 2015, and the intention is to reach a total of 9,000 farmers through training, 1,800 of them women.
Marimekko has always believed in genuineness, rectitude, courage and the power of doing things together. Marimekko’s personnel are capable, creative and extremely committed. These are the ingredients of a strong corporate culture and team spirit, which are important pillars in the company’s strategy. In recent years, Marimekko employees have been offered ever-increasing opportunities to work in a multicultural business environment. At the same time, a change in the business environment has also demanded operational streamlining and reorganisations.

Consultative negotiations and reorganisation
In spring 2014, consultative negotiations took place at Marimekko’s head office and at stores in Finland, involving 378 employees. At the outset of the negotiations, the total permanent reduction requirement was estimated at a maximum of 55 personnel. Operational reorganisation and business streamlining ultimately led to the termination of 28 posts. The personnel affected by the negotiations were offered, both during the process and after the negotiations were concluded, a broad range of support together with occupational healthcare. Coaching for job-seeking was also arranged for those who lost their employment.

The operational reorganisation is aimed to reinforce Marimekko’s competitiveness in the long term and to develop operations in such a way that the challenges posed by the changing business environment and the needs of an international customer base can be responded to more effectively than before.

Goals worth reaching for
Carried out every two years, the Marimeter personnel survey is for Marimekko an important benchmark of job satisfaction and a development tool in addition to daily interaction and feedback. The results of the 2014 Marimeter were slightly down on the previous survey results, dating from 2012. The response rate for the survey was 84 percent and the overall result was good, 70.6/100. On average, the results were better than those for the comparison organisations. It was seen as the most positive point that supervisors give recognition for good performance. The respondents also saw Marimekko’s values and objectives as worthy of aiming for. The respondents felt the greatest room for improvement was in tools, definition of responsibilities, and decision-making. The supervisors go through the results with their team and the results are figured in when development plans are drawn up.

Philanthropy and support for local communities
Marimekko participates annually in selected philanthropic projects. Women and children have traditionally been the main beneficiaries of Marimekko’s charitable work. In 2014, Marimekko joined forces with a number of partner stores to donate part of the proceeds from the February sales of Marimekko’s children’s collection to Save the Children Finland for its work on protecting children and disaster aid. Marimekko also took part in the Cancer Society of Finland’s Pink Ribbon campaign, which supports Finnish research into breast cancer. In addition, Marimekko supported the campaign for funding for Helsinki children’s hospital together with many other companies by participating in a fashion show where the box office proceeds were donated in their entirety to the children’s hospital.

Marimekko employees

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Average age</td>
<td>36 years</td>
</tr>
<tr>
<td>Women employees</td>
<td>91%</td>
</tr>
<tr>
<td>Women in Management Group</td>
<td>67%</td>
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<tr>
<td>Permanently employed</td>
<td>84%</td>
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<tr>
<td>of personnel (in Finland)</td>
<td></td>
</tr>
<tr>
<td>Full-time staff</td>
<td>57%</td>
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<td>(in Finland)</td>
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Personnel
Marimekko spirit

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

Living, not pretending

Fairness to everyone and everything

Common sense

Getting things done – together

Courage, even at the risk of failure

Joy