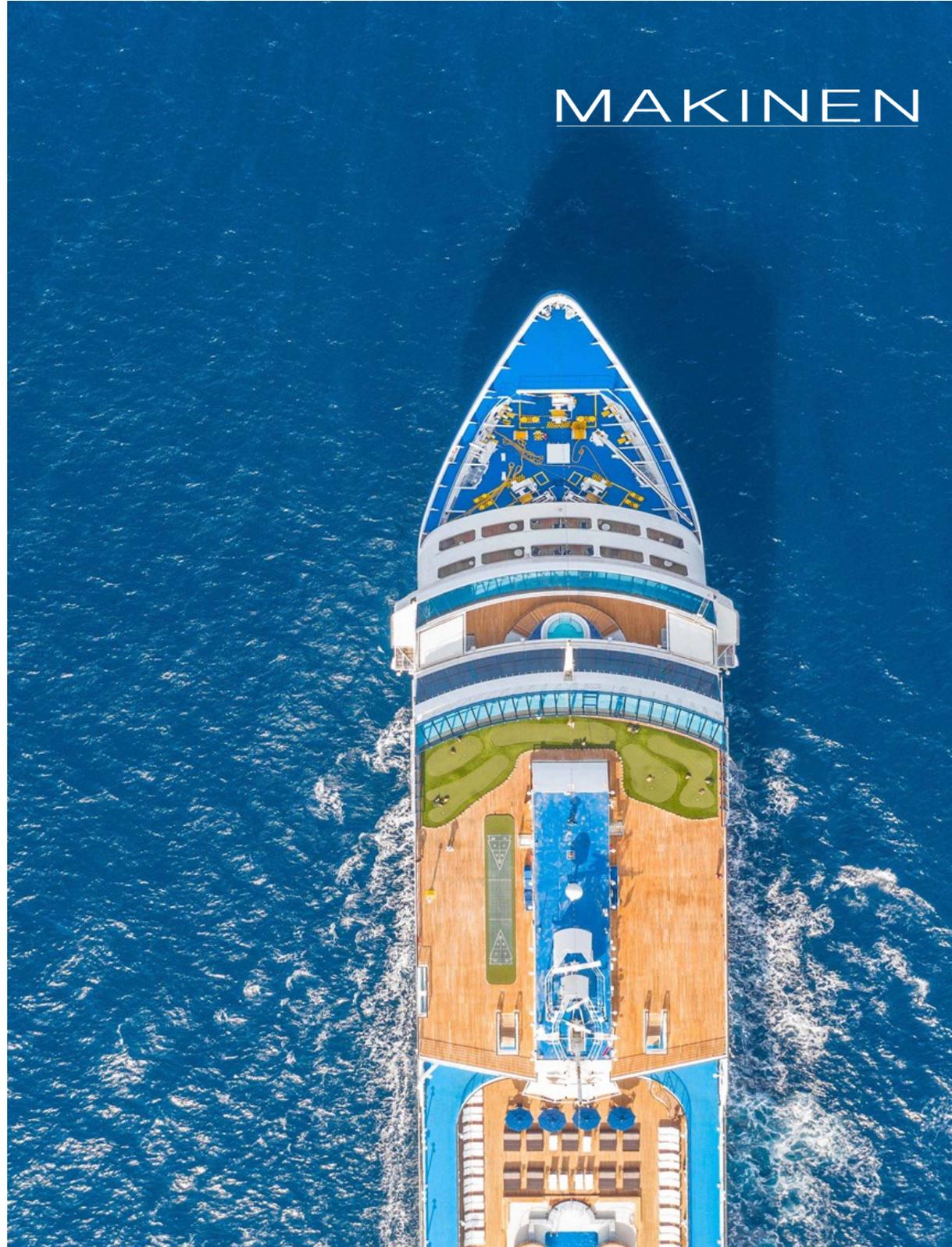


Sustainability Report
2020–2021



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This MAKINEN 2020–2021 Sustainability Report is the corporation’s second sustainability report that offers transparency for our social and environmental impacts to our stakeholders. The reporting period for this report is our previous fiscal year, from July 1, 2020, to June 30, 2021. We use an annual reporting cycle. MAKINEN Sustainability Report is based on the GRI Sustainability Reporting Standards, and it has been prepared according to the Core information requirements. The organization has not applied the precautionary principles or external initiatives defined in the GRI standards in this reporting period. For questions concerning the report, please contact VP Sustainability & Brand Management, Mrs. Kirsi Orava, kirsi.orava@ismakinen.com.

MESSAGE FROM THE MANAGEMENT



The COVID-19 pandemic has continued to heavily impact the cruise industry and our business lines: refurbishment, furniture production, and new build projects. Based on the recent market update, we have been pleased to notice a positive trend in the cruise industry over the past few months. Nearly half of the global cruise fleet is expected to be in guest operation by the end of September 2021, which is a strongly positive sign for our business.

Our Corporate Social Responsibility (CSR) agenda encompasses our operations' social, environmental, and economic responsibility throughout the value chain. We care for all our people and conduct ethical business. Our priority is to provide a safe and secure working environment for our employees and external workers. After this challenging time, pandemic, and layoff periods, employee engagement is a vital topic in our company.

One of our key focus areas is responsible procurement and production. We assess our new suppliers and subcontractors, and we audit our suppliers regularly. We will also develop a Code of Conduct during this fiscal year for our employees and suppliers.

Corporate social responsibility and its continuous development are a part of our everyday work, and they are reflected in our operations and services. During this reporting period, we have put an extra effort into improving our CSR management system. As a result of this work, we are currently applying for DNV certification for CSR Performance Ladder. The certification will be the first to be awarded in Finland and among the first ones in the global shipbuilding industry. The central part of this progress towards making this possible is due to our employees' dedication. We firmly believe that socially responsible business practices are a requirement for long-term growth and success.

In Lieto, Finland, 24 September 2021

Jaakko Mäkikalli

CEO

COMPANY PROFILE

MAKINEN corporation is one of the leading interior turnkey project contractors specializing in cabin refurbishments for cruise ships and passenger ferries operating worldwide. We provide full service for modernization and new building of cabins and public spaces.

Our responsibilities in new building and refurbishment turnkey projects are the same, although every project is unique and highly customized according to the particular client’s needs. We are responsible for project management and offer engineering and design support. We handle the procurement of interior materials and, depending on the project, actually produce some of the interior products. Our responsibilities also include logistics, installation, and supervisory work.



Our responsibilities in newbuild and refurbishment turnkey projects

The turnkey project can cover the ship’s public areas, crew areas, and cabins. Our primary focus is on cabin refurbishment projects, and during the past fifteen years, we have refurbished over 40,000 cabins.

In our furniture production, we manufacture sofas, headboards, and other custom-made furniture. Over the years, we have also delivered tens of thousands of drapery, sheers, bed skirts, decorative pillows, headboards, and other interior products for our clients worldwide.

CORPORATE & GOVERNANCE STRUCTURE

MAKINEN corporation, I.S. Mäkinen Oy, is the parent company of Florida-based Makinen Inc. and Haimen-based Makinen China Ltd.

I.S. Mäkinen Oy has two key owners, of which the Makinen Group is the major owner with 79.92 % ownership.

<u>I.S. MÄKINEN OY (%)</u>	
Granholm Invest Oy	17.07
Makinen Group Oy	79.92
<u>MAKINEN INC. (%)</u>	
I.S. MÄKINEN OY	100
<u>MAKINEN CHINA LTD. (%)</u>	
I.S. MÄKINEN OY	100



THE LOCATIONS OF OUR OFFICES

- I.S. MÄKINEN OY Vanhalinna, FINLAND
- MAKINEN CHINA LTD. Haimen, CHINA
- MAKINEN INC. Pompano Beach, Florida, USA

THE LOCATION OF OUR PRODUCTION SITE

- I.S. MÄKINEN OY Vanhalinna, FINLAND

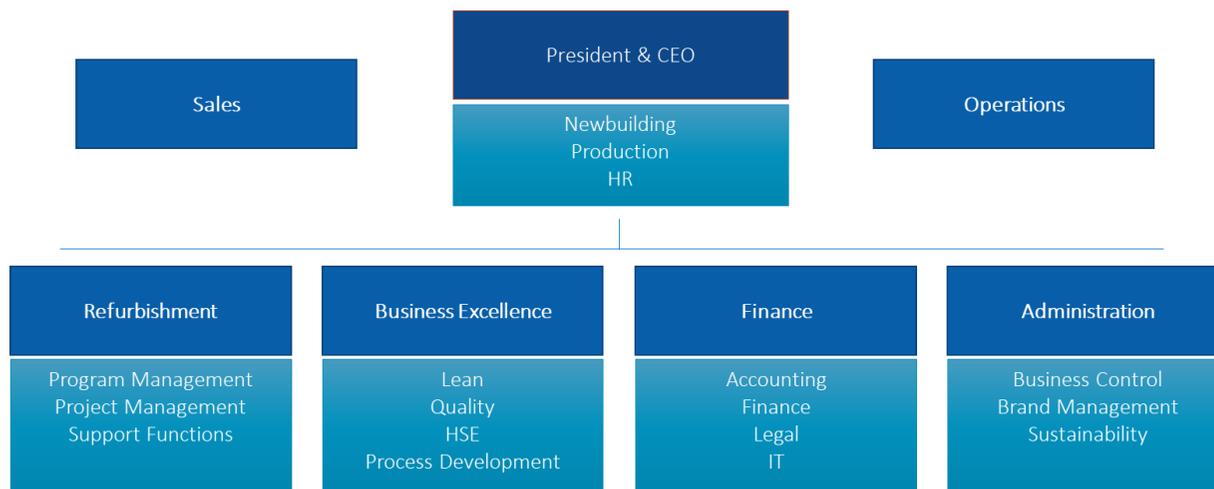
Key financials

During the fiscal year 2020–2021, the corporation turnover was 29 million euros. The net sales of the projects were 25.5 million euros and the net sales of production 2.8 million euros. The corporation has equity of 7.1 million euros and debt of 4.6 million euros.

In the reporting period, our Executive Management Team consisted of seven people, two of whom are women and five are men. Four members are in the age group of thirty to fifty years old, and three members are over fifty years.

Our management and supervisors ensure that our employees are familiar and comply with the legislation, regulations, and internal operating guidelines of their respective areas of responsibility.

THE ORGANIZATION STRUCTURE AS OF JUNE 2020



VALUES & PRINCIPLES

Our organization’s values, principles, standards, and norms of behavior are developed by the MAKINEN Executive Team, and they set the guidelines that we strictly follow.

We help our clients execute projects in the marine industry with reliability, efficiency, and high-quality standards. We will grow together with our clients by carrying out increasingly demanding projects. We implement and develop lean processes. With a responsible and efficient way of working, we continue building our reputation as the leading operator in the global marine industry. The corporate vision is to be the most trusted partner in the industry.

Information on values, principles, standards, and norms of behavior is communicated to employees in internal meetings, on the intranet, and through info screens. The stakeholders outside the organization can receive the information upon request.

LOCATIONS OF OUR PROJECT OPERATIONS

Our team offers turnkey project services and interior products for marine industry clients globally. In our major business of refurbishment turnkey projects, the client chooses the project’s operational location, the drydock. Drydock is where MAKINEN carries out the ship’s repair, demolition, and installation work. The drydocks and the newbuilding project shipyards are widely spread all over the world. The most significant ones for MAKINEN corporation are listed below.

<u>SHIPYARD</u>	<u>LOCATION</u>
MEYER TURKU	FINLAND
NAVANTIA	SPAIN
TUAS	SINGAPORE
SEMBAWANG	SINGAPORE
GRAND BAHAMA SHIPYARD	BAHAMAS
DAMEN SHIPREPAIR	FRANCE
CHANTIER NAVAL DE MARSEILLE	FRANCE
CMHI CHINA MERCHANT HEAVY INDUSTRIES	CHINA

The markets for our interior products are global. We deliver our sofas and other interior products to different segments: shipowners and brands, turnkey contractors, and other marine industry companies.

The corporate supply chain consists of interior material manufacturers, suppliers, and subcontractors. The supply chain companies are located in Europe, the USA, and Asia. Our operations are heavily based on the workforce, which has a significant role in customer value creation and customer satisfaction.

RISK MANAGEMENT & CHANGES

Our internal working guidelines instruct us to choose work solutions that are environmental, social, and economically sustainable. In our production and projects, we choose the solutions that maximize sustainability in the project frames of our clients. Optimizing the sustainability of our operations includes the proper selection of interior material solutions, production, logistics, storage planning, people flow, accommodation, and operational work at the dry dock/shipyard.

Our LEAN system guarantees that sustainability is at the highest possible level in cabin refurbishment projects. This customized system minimizes the waste from our work processes and brings environmental and cost-saving benefits.

I.S. Mäkinen Oy Finland was granted ISO 9001:2015 Quality Certification in September 2019. The certification covers design, project management, and management of the ship interior installation projects and manufacturing of related furniture.

In addition, we have developed a customized project planning and cabin planner system (IS Master) to minimize risks and improve sustainability in our refurbishment projects. To maintain our position as an industry forerunner in the future, we’re continuously developing our own operations and processes and encouraging our material suppliers and subcontractors to generate more sustainable solutions. We are pleased to notice that new interesting innovations are continually introduced into the markets, and we are very excited to present these to our clients. With the latest innovations and the right material choices, we can also significantly reduce the cabins’ weight. The lighter cabin weight equals a reduction in the total weight of the entire ship, which results in less fuel costs and emissions.

MANAGING SUSTAINABILITY

In this reporting period, the Executive Team decided to follow the CSR Performance Ladder to improve MAKINEN's societal impact. The CSR Performance Ladder is a certifiable management system standard for corporate social responsibility, and it supports the Sustainable Development Goals of the United Nations. We are applying for Performance Level 3 and will be audited by DNV in the next reporting period (September 2021).

Sustainability Policy

Our Sustainability Policy describes our overall approach to sustainability. Social responsibility is fundamental to our business and everyday work throughout the company. Our social responsibility work is based on the strategy, as follows:

"We will grow together with our customers by carrying increasingly demanding projects. We implement and develop lean processes. With the responsible and efficient way of working, we continue building our reputation as the leading operator in the marine industry."

Through our efforts in social responsibility, we aim at best customer and employee satisfaction in the industry. We believe that sustainable development will bring us a competitive advantage, and we will be the most attractive business partner in the industry. Our company's core values, *Responsibility* and *Continuous development* are the key drivers of our sustainability work.



SUSTAINABILITY GOVERNANCE & STAKEHOLDERS

Sustainability is the key element of MAKINEN's corporate governance, promoted by the Board of Directors, the CEO, and the Executive Team (JORY). The Executive Team determines the company's strategy, on which they create the Corporate Social Responsibility (CSR) Policy defining the framework for CSR objective setting.

The CEO has the ultimate responsibility for the successful implementation of our sustainability agenda. The VP, Sustainability, is a member of the Executive Team, leads the Sustainability Program, and reports directly to the CEO.

MAKINEN's operational sustainability work is steered by our Sustainability Steering Group (SSG), which includes members from our business units and Project HR, Sourcing, and Logistics functions. The chair of the SSG is the VP, Sustainability, who reports the sustainability performance to the Executive Team in the Management Review. The Sustainability Steering Group was formed in the spring of 2021, and it has held one meeting during this reporting year.

LISTENING TO OUR STAKEHOLDERS

Our key stakeholder groups are our customers, employees, subcontractors, and suppliers, and they form the core of our operations.

An open dialogue with our key stakeholders is essential if we wish to identify stakeholder concerns and customer expectations successfully. We assess how well our agenda aligns with the expectations of our key stakeholders. We build our stakeholder engagement through both structured and ad hoc interactions and surveys on topics such as customer and employee satisfaction.

We held two internal sustainability workshops in the reporting period: the first focused on employees and the second on suppliers and subcontractors. We also launched a MAKINEN Idea Tool that helps us gather our employees' ideas and suggestions related to HSE (Health, Safety, and Environment). We met with our key customer to present our existing sustainable offering and plans for future products and services. After the meeting, we requested their feedback on our sustainability program with a questionnaire. In addition, we asked our customers to rank the aspect of MAKINEN's Sustainability topics (CSR issues) they considered to be most important.

Before the COVID-19 pandemic, we actively communicated with the local colleges and educational institutions in the maritime industry in Finland. We offered exciting work opportunities and an entryway to our industry for both new graduates and students. We aim to resume this collaboration with colleges in the next reporting period.

Our team plays an active role in the Finnish Marine Industries Association. In this way, we are also strongly connected with the Finnish Maritime Cluster. The companies associated with the Finnish Marine Industries Association and the Finnish Maritime Cluster hold regular gatherings to discuss and share the industry's views on current topics.

Makinen has also committed to the Finnish Marine Industries' ResponSea initiative. Being a part of the ResponSea, we have joined The Finnish Society's Commitment for Sustainable Development (Commitment2050). In the Commitment2050, the association defines the marine industry's objectives for sustainable development and encourages the companies in the industry to develop in sustainability.

Stakeholders



*Collaboration partners include architects, design and engineering offices, and shipyards.

Our commitments are:

- Cabin weight savings for fuel-efficiency – an objective to decrease the weight of cabins
- Improve the safety of cabin refurbishment projects—decrease the amount of work-related incidents/injuries

Sustainability is a strong influencer in today's traveling industry. In the cruise industry, the passengers expect more sustainable traveling, and the shipowners and brands are developing operations and ships to answer this need. The shipowners and brands, together with the architects, require more sustainable ship operating and shipbuilding. They expect to have more environmentally friendly vessels built by sustainable shipbuilding companies and the network. This requirement spread through the shipyards and turnkey project contractors to the global supply chain. Sustainable shipbuilding is a future industry that the local authorities, municipal administrations, financing organizations, and educational institutions are interested in supporting.

SUSTAINABILITY FOCUS AREAS & MATERIAL ISSUES

Our Sustainability Agenda encompasses our operations' social, environmental, and economic responsibility throughout the value chain. The Agenda is based on the CSR Performance Ladder. The CSR Performance Ladder addresses the seven core CSR subjects, of which six subjects we have identified as material to MAKINEN and our key stakeholders: Organizational governance, Labor practices, Human rights, Fair operating practices, Circular economy and climate change, and Societal involvement and development.

In this reporting period, we conducted a materiality assessment to update our sustainability focus areas and issues. When developing sustainability reporting content and choosing topics, the driver has been the materiality to MAKINEN's operations. We ranked the issues identified in regards to their impact, business implications, and stakeholder interest. The consolidated results were examined in the Sustainability Steering Group and approved in the Management Review.

Adopting the Sustainable Development Goals

MAKINEN supports the Sustainable Development Agenda and its goals. We have selected the objectives on which MAKINEN has the most significant impact through its operations and mapped them to our own CSR topics.



People Agenda

We care for all our people, respect local communities, and conduct ethical business. We play fair, and our priority is to provide a safe and secure working environment for employees and contractors.

- Health & Safety
- Training and education
- Equal treatment
- Child and forced labor
- Relationship between employer and employee
- Corruption\Business ethics



Environmental Agenda

We contribute towards a low-carbon economy, and we use natural resources with care and respect for the environment. Responsible procurement and production are some of the main focus areas in sustainability for us.

- Transport
- Emissions, wastewater & residual waste
- Raw materials



Economic Agenda

By innovating new and better products and services and changing the current ways of operating, we help create a more sustainable future.

- Contribution to the economic system: sustainable offering and sustainable procurement
- Positive contribution to local economy and community

In line with our sustainability focus areas, we have set objectives and defined performance measures and indicators for our sustainability work. Progress is regularly monitored by Our Sustainability Steering Group and annually in the Management Review. The consolidated results on our sustainability performance are reported in our annual Sustainability Report.

MAKINEN Sustainability Policy, Governance Model, and Agenda are available to our employees on our company intranet.

The required sustainability development work is a part of our daily routines; additional resources for the material topics have not been arranged.

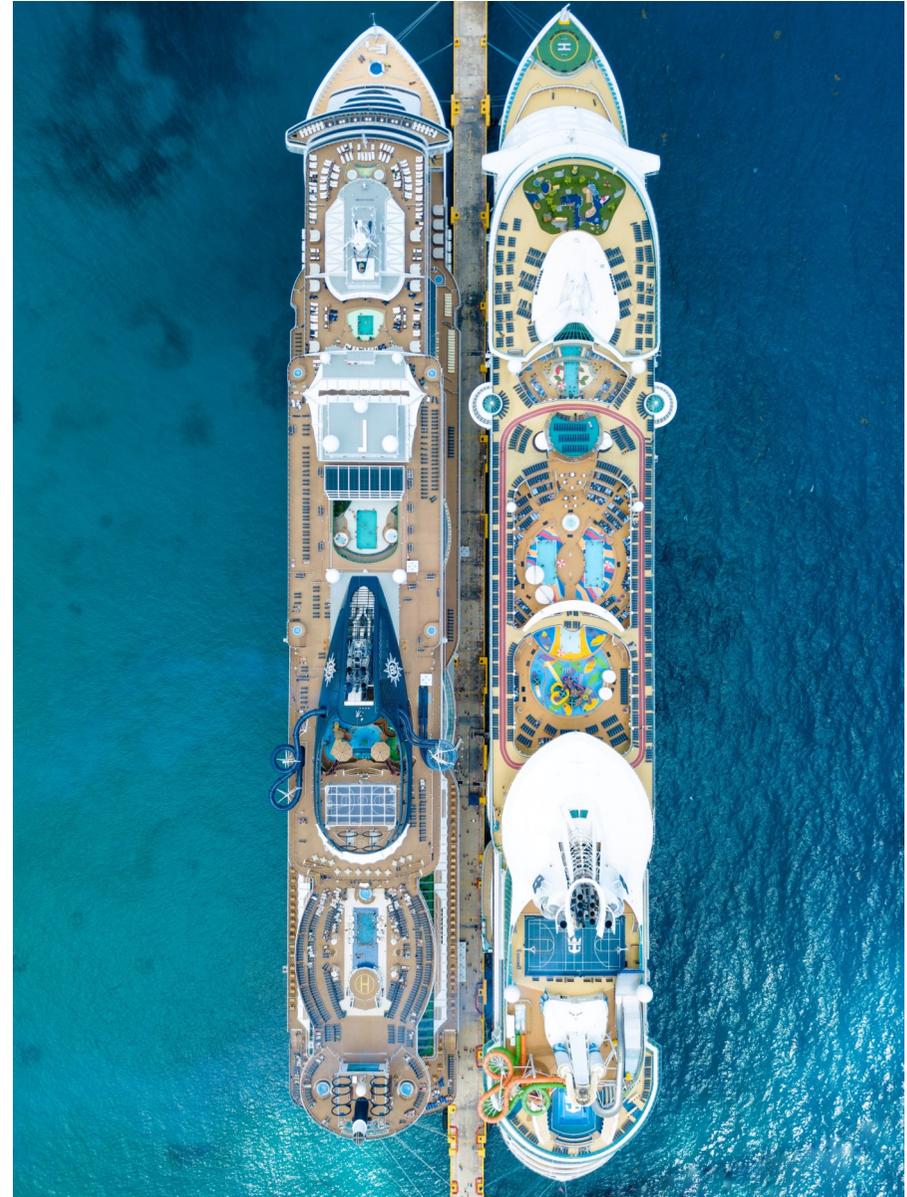
As we are talking about a very complex construction environment and outcome, it is evident that the change will not happen overnight. The cruise ships have been compared to small towns, with their capability to accommodate even over ten thousand people and offer services that a small town provides. Building these impressive constructions is not a “one-company show”: it is an outcome of seamless collaboration between numerous companies, vendors, and contractors.

To us and our client network, our operation must be socially sustainable. In compliance with the laws, regulations, and our team’s instructions, we guarantee our capability to offer a safe workplace to our current and future employees and a workplace where employees can develop their skills and maintain high employee satisfaction.

The same applies to our supply chain, and we aim to employ subcontractor companies that share equal values. One way to ensure supplier compliance and continuous improvement is to conduct supplier audits. In this reporting period, we conducted five supplier audits.

Our goal is to offer more advanced, sustainable solutions in our interior products and turnkey project solutions. We aim to promote awareness of the importance of sustainability within our stakeholder groups and the entire subcontractor network in the industry.

We hope that our actions will also show an example to other companies to focus on their social responsibility and increase awareness of its importance.



ENVIRONMENTAL AGENDA

OUR ROLE & BOUNDARIES

During shipbuilding projects, our client works closely with the architects to determine the interior design of the areas. The collaboration includes defining the materials and furniture specifications for each interior space. Today, we are delighted to notice that clients and architects are choosing more and more solutions provided by companies promoting environmental, social, and economic responsibility.

Our role is to support our clients and architects in selecting sustainable solutions by offering our strong knowledge and experience of materials and supplier companies. Whenever possible, we offer our consulting support in the product design phase. We help our clients to make the right choices within the frames of the architect's requirements and the rules and regulations of this industry. With the right decisions, the weight of the products can be reduced, which contributes to the decrease in the total weight of the interior area in the ship: less weight means less fuel consumption and cost savings. We keep the environmental impacts of production low and encourage our clients to choose materials produced by sustainable companies.

LIFECYCLE OF OUR PRODUCTS

We manufacture sofas, headboards, and other custom-made furniture in our furniture production facility in Lieto, Finland. We use our local supplier network as much as possible in our production. The furniture is delivered from Lieto or our second warehouse in Turku, Finland, to the shipyards for installation onboard ship.

Depending on the shipowner, if the ship's space is to be refurbished, the old furniture and products will be sold or collected for reusing or recycling purposes.

IMPACTS ON THE TEXTILE INDUSTRY

In passenger ships' interiors, fabrics play a significant role in creating the visual atmosphere and feeling of the space. They also have many functional purposes, e.g., privacy protection, space partition, and acoustics.

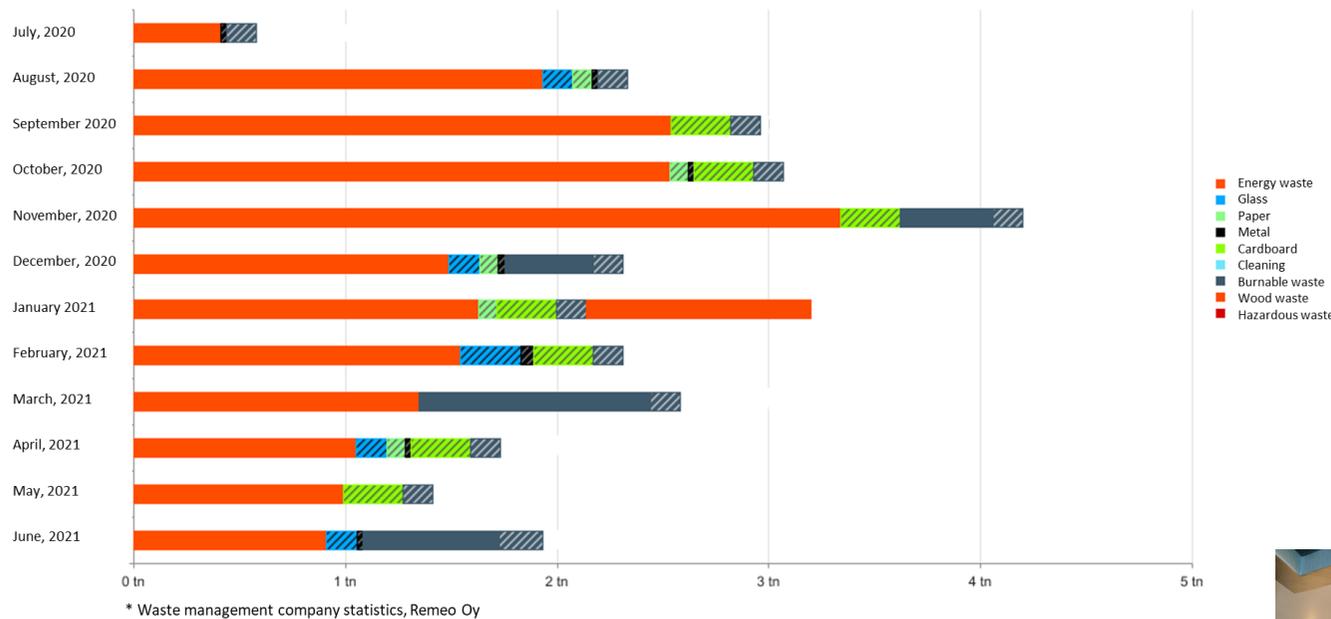
In general, the global textile industry continues to harm the environment. The main factors are high water consumption and the presence of various pollutants in the wastewater. Wastewater treatment lacks or includes only physical treatment in underdeveloped and developing countries due to installation and operating costs. Due to improper wastewater treatment, various hazardous and toxic substances (e.g., dyes, heavy metals, acids, soda, and aromatic hydrocarbons) pollute precious clean water sources, in which untreated water is discharged. The only solution for this could be developing treatment processes to optimize and reduce the amount of water and chemicals, thus reducing treatment costs.



MATERIALS AND WASTE IN OUR PRODUCTION

In our production, we use materials for two purposes: producing interior products and packing. Our production total waste amount in this reporting period was 28,589 tons (in the previous reporting period, 29,976 tons). This amount includes waste materials such as fabrics, foams, metal, wood, plastics, cardboard, aerosols, solvents, paints, varnishes and glues, and small amounts of glass and paper.

Trend, the monthly waste amount (tons) / waste type*



The project’s requirements (material specifications as defined by the client) and timings determine a substantial part of the total waste amount. As we keep the stock as small as possible, the waste amount can remarkably differ when comparing the production time of large interior product deliveries and the time between the projects. The largest portion of the total waste generated is energy waste (mixed waste).

The leftover items and materials from our production and project sites are offered to our employees for private use. In this reporting period, we organized the first structured Leftover Giveaway event in our warehouse in Finland.

The clients select the materials that meet the authorities’ strict requirements and visual and technical functionality. Until today, the possibility of using recycled material is minimal, causing the need to use non-recycled raw materials.

The non-hazardous waste of our production consists of pieces of fabrics, plastics, and foams. This non-recyclable waste is collected and handled by the waste management supplier. The waste will be made into recycled fuel for co-incineration

plans, replacing fossil fuels. Due to this process, carbon dioxide emissions are reduced by 50-90%. The only hazardous waste generated in our production facility is the glues. Our waste management company offers the proper collecting bins and takes care of the appropriate disposal of the glue waste.

In our daily operations and projects, we follow the environmental laws and regulations strictly. During the reporting period, nor in our corporate history, no concerns of non-compliances have been raised. By our actions, we want to show an example to our global network and encourage other organizations to develop and implement their own environmentally friendly ways of working even further.



EMPLOYEES & WORKERS

Our operations employ a significant number of employees from our subcontractor and supplier companies.

Most of the subcontractor and supplier employees are working on projects, installation, and repair works. The projects are executed intermittently, significantly changing the ratio of employees and subcontractors when comparing periods during and between the projects. During the projects, only 10-20 % of all project team members are our employees, while the rest are employed by our subcontractors.

In MAKINEN corporation, we respect and strictly follow employment laws, rules, and regulations. All of our employees are covered by the required bargaining agreements, and they are all working as full-time employees. During the reporting period, we employed 66 people. I.S. Mäkinen Oy employed nearly all of them, 63 people (95 %), and our Florida-based company, Makinen Inc, employed the rest three people (5 %). Some of these employees were also working at our China office.

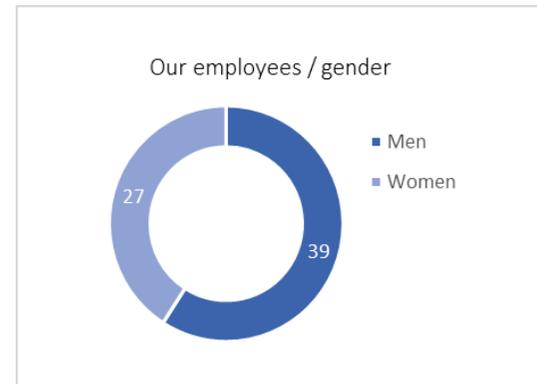


NEW HIRES & EMPLOYEE TURNOVER

The COVID-19 pandemic continued to impact our business in this reporting period, and most of our employees were laid off. Also, we did not hire new employees.

Five of our employees resigned; three were in the age group of 30–50 years and two over 50 years old.

It is important to note that among our employees, we also have several independent workers who work as freelancers or under their own company. These people are working in administration and project operations.



Parental leave and training

In the reporting period, two of our employees have taken parental leaves. To secure the data protection for these employees (General Data Protection Regulation), we cannot provide detailed information in this report.

We aim to keep our employees' skills and knowledge at a high level through regular training. Due to layoffs, we have offered only a few training opportunities. Two of our team members are conducting an MBA program, and three employees participated in Emission Reduction training organized by the Finnish Chamber of Commerce. MAKINEN is a member of the Turku Chamber of Commerce.

OUR HSE

We have zero tolerance for harming people, the environment, and the community. This policy applies to all our businesses. The entire organization makes determined and systematic efforts to prevent any possible damage and maintaining the working environment safe and inspiring.

We have created instructions for occupational Health, Safety, and Environment (HSE). These instructions were prepared by the Corporation’s HSE Committee, and they define three primary focus areas:

INCREASING OCCUPATIONAL SAFETY AND ZERO TOLERANCE FOR OCCUPATIONAL INCIDENTS

SUPPORTING PHYSICAL AND MENTAL WELL-BEING IN THE WORKPLACE

DEVELOPING OCCUPATIONAL HEALTH AND SAFETY BY MANAGEMENT AND COMMUNICATION

The HSE Committee consists of representatives from our HSE organization, including Occupational Safety & Health representatives.

HSE ORGANIZATION



* Chaired by HSE Manager

The HSE Manager and the governing body are responsible for compliance with the obligations. The entire team and all our employees are required to follow the HSE instructions. Our team takes HSE issues seriously and follows the guidelines strictly, which also our records indicate:

WORK-RELATED ILLNESSES, INCIDENTS, AND INJURIES 2018–2021.

	2020-2021	2019-2020	2018-2019
All work-related illnesses	0	0	0
All work-related incidents/injuries	1 incident	3 minor incidents	2 minor incidents

The HSE Committee members discuss all of the workplace’s safety and health issues. Together with the HSE Committee, the HSE Manager draws up an action plan for two years at a time. The action plan covers the main HSE issues and resolutions and is available on the company intranet.

Due to the COVID-19 pandemic, the HSE Committee has only held one meeting in this reporting period. The meeting was held between interim participants only, as some of the HSE Committee members were unavailable to attend due to layoffs.

We maintain the HSE knowledge of our HSE group members on a high level by organizing regular training. The HSE Manager is responsible for HSE cooperation and development, and the Manager also communicates HSE rules and legislation across the entire company. Occupational Safety Representatives keep their HSE knowledge updated, represent the employees in the HSE cooperation, and participate in occupational safety assessments and inspections.

Prevention and minimizing risks at work

In the MAKINEN corporation, we identify hazards and report all incidents and near-miss situations. These events are reported immediately after their occurrence. According to the corporation's HSE instructions, all the team members (corporate's own employees and workers working under the corporation's supervision) are responsible for keeping the working environment safe (with respect to physical and mental health). The superiors are especially obligated to monitor the working environment constantly. If the team members notice any deficiencies or safety and health hazards, they must report these to superiors. The superiors bring the concerns to the HSE Manager, and they will take the corrective actions to eliminate deficiencies and possible hazards.

We monitor our team members' well-being and safety in different workstations with regular risk assessment and workplace inspections. These inspections and surveys are defined in a separate action plan. In addition to this, the Occupational Health Care Provider in Finland, Mehiläinen, sets up regular visits of an occupational physiotherapist, who performs an ergonomic mapping of the office and production facilities.



In our corporation, maintaining order, cleanliness, carefulness, and cautiousness is the responsibility of everyone. All team members should follow the instructions strictly and use appropriate protective equipment on the production site. The visitors are also obligated to comply with our corporation rules.

To increase the well-being of our employees, we have set the

Early Support Model to tackle potential problems in working ability, restore work capacity, and preventing disability. We have provided this in close collaboration with the Occupational Health Care Provider Mehiläinen in Finland.

EQUALITY & NON-DISCRIMINATION

All our employees, workers, and anyone working for MAKINEN corporation are obligated to follow the Equality and Non-Discrimination Plan. The plan sets the guidelines for appropriate behavior and conduct at work and maintaining well-being and work satisfaction at a high level. In the reporting period, there did not rise any incidents of discrimination nor negative social impacts in our operations.

The fundamental principles of the Equality and Non-discrimination Plan are described below:

SALARY

is always based on the job's requirement level and the results of the work. There should be no unjustified pay differentials for the same or similar work.

RECRUITMENT AND CAREER OPPORTUNITIES

are equal. Women and men are encouraged to apply for open positions and to develop the balanced position of women and men in different levels and units of the organization.

DEVELOPMENT OPPORTUNITIES

are available for all our employees to maintain and learn new skills.

WORK CULTURE

supports the balance of work and life outside of work and promotes well-being in the workplace

ZERO TOLERANCE

There is no form of misconduct, bullying, or harassment. The corporation has zero tolerance for any inappropriate conduct or behavior.

CHILD AND FORCED LABOR

When working in the heavily international shipbuilding industry, child and forced labor risks are always present. The supply and value chains can be strongly branched, and each branch can extend to several locations in the world. The further we go on tracking the value chain, the less transparency there is.

SUPPLY CHAIN EXAMPLES

WORKFORCE



MATERIALS



Generally, there is more transparency in the workforce supply chain: the chain isn't very branched, and the actual work happens under our direct supervision. Transparency can be significantly weaker in the material supply chain, as it can be heavily and globally branched. The complexity of the chain brings challenges in supervision.

Screening & auditing our suppliers

According to our subcontractor obligations and liability policy, we ask our subcontractors and suppliers to fulfill the Contractor's Obligations Act requirements. This way, we can ensure that contract partners have registered for tax prepayment and with employer and VAT registers. We also investigate the main terms and conditions of employment, possible collective agreements applied to the job, or whether contractors have paid taxes or taken out pension insurance. The organization of the partner's occupational health care also needs to be reported. We also require this information from foreign companies.



GRI CONTENT TABLE

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