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CEO's review

The prolonged pandemic put the marine and cruise industry to the test where it has never been. In the fiscal year 2021–2022, the crisis impacted our business lines, refurbishment, furniture production, and newbuilding projects financially and logistically. Approaching the year 2023, we are finally seeing some signs of resuming normal cruise operations: The cruise lines have continued their efforts for a successful return to full service, and we are eagerly looking forward to the recovery of the refurbishment sector.

Despite the challenges, our focus on sustainable development has not shifted. The importance of sustainability is widely recognized and acted upon across all industries. Sustainability is no longer a separate function, effort, or program but an integral part of being and doing in many companies. At MAKINEN, sustainability is embedded in our organizational culture and reflected in our values, vision, and purpose: MAKINEN's strategic focus is to develop our corporate responsibility and be a pioneer in sustainable development in the marine industry.

For MAKINEN, this reporting period 2021–2022 has been delightfully eventful:

In the fall of 2021, we launched our company's comprehensive brand renewal project. We updated our vision and purpose, setting the strategic goal of becoming "the benchmark and first-class supplier in the marine industry by 2030". We redefined our company's values and operating principles and included our entire team in this project in various workshops. We also launched a training program for supervisors and the whole personnel to implement new values and ways of working as part of everyday activities.

We invested in our company's HSE function by appointing an HSE manager to develop, implement and supervise our HSE activities throughout the company. This is a new position that has not been resourced similarly in our organization before. With the lead of our HSE Manager, we have significantly initiated processes that increase our personnel's occupational safety and well-being.

In late 2021, we became the first organization in Finland to receive the DNV-certified

sustainability management system certificate, CSR (Corporate Social Responsibility)

Performance Ladder Standard 3rd level Certificate. This is also the first accredited sustainability certificate issued to a company operating in the global shipbuilding industry. The certification process introduced us to a new way of operating and an approach to consider the requirements set by sustainable development and responsibility standards. The CSR certificate also directs us to evaluate the activities of our partners, e.g., subcontractors & suppliers, and thus ensure that they follow the same high standards of sustainable business operations as we do.



With the help of our Sustainability Report 2021–2022, we want to communicate to our customers, suppliers, employees, and other stakeholders about our commitment to the progress of our sustainability work at MAKINEN. We believe the report and results will also work as an example and encourage other companies to make a difference.

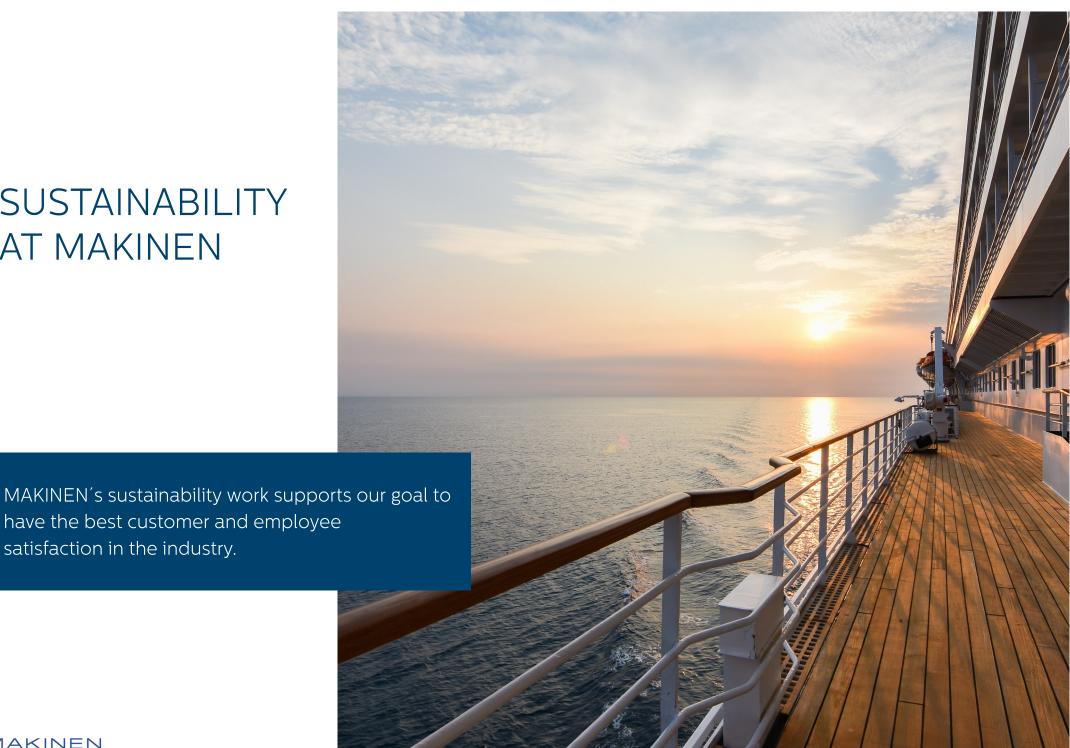
I am grateful to our entire MAKINEN team for your tenacity, adaptability, and excellent performance. I also wish to thank our customers and shareholders for your continued trust and support of our business. We welcome you to join us on our journey toward sustainable marine interiors!

In Lieto, Finland, 11 October 2022 Jaakko Mäkikalli CEO



SUSTAINABILITY AT MAKINEN

satisfaction in the industry.



MAKINEN IN BRIEF

OUR PURPOSE IS TO BUILD THE BEST WITH PASSION AND COURAGE

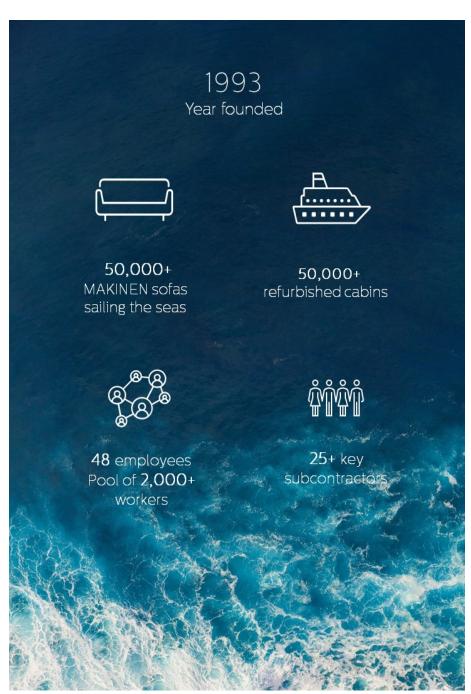
OUR VISION IS TO BE THE BENCHMARK OF THE CRUISE **INDUSTRY BY 2030**

We offer first-class marine interiors for cruise ships, passenger ferry companies, and shipyards.

Refurbishment

Newbuilding of cabins and public spaces

Furniture production



OUR CORE VALUES WE FIND BETTER WAYS WE GET THE JOB DONE WE KEEP OUR PROMISES

WE ARE MAKINEN



MAKINEN Finland is certified according to the CSR Performance Ladder level 3

Locations

MAKINEN Finland, I.S. MÄKINEN OY Lieto, **FINLAND**

MAKINEN, INC. Pompano Beach, Florida, USA MAKINEN CHINA LTD. Haimen, CHINA

The MAKINEN Way

In the fall of 2021, we started a major branding and strategy reform to update and clarify the company's vision and to reshape our values and purpose. Our redefined values are based on the essential principles that guide our company's actions and lay our business's foundations. Our purpose is shaped through our work ethics as we strive for excellence, and it defines our ambition to contribute to our customers' success. Our vision sets the bar for us to reach: we aim to be the benchmark and the first-class supplier in the marine industry by the year 2030. Our work methods, integrity, and reliability ensure that we only deliver the best for our customers. The MAKINEN name guarantees the quality of our services and products. It is called the MAKINEN Way.

What we do

MAKINEN corporation is a privately-owned company that was established in 1993 with a focus on serving the international cruise business with material deliveries, furniture installations, and interior technical solutions. The history of the company and its owners covers about five decades of supplying furniture and services to the international cruise and shipbuilding community.

MAKINEN corporation is one of the leading interior turnkey project contractors. Our operations are divided into three business lines: cabin refurbishment, newbuilding of cabins, public spaces, and galleys, and furniture production for cruise ships, shipyards, and passenger ferries operating worldwide.

We offer full-service project management with engineering and design support for newbuilding and refurbishment turnkey

projects. A turnkey project can cover the ship's public areas, crew areas, and cabins. Since every project is unique, we will customize and tailor our services according to our customer's needs and requirements.

We also take care of the procurement of interior materials. Our in-house Furniture Production is a marine-grade supplier of custom-made furniture, with 30 years of experience in the production of sofas, sofa beds, and numerous other furniture items. such as armchairs, ottomans, nightstands, chairs; textiles, like pillowcases, bed skirts. curtains, sheers, Roman shades, valances, shower curtains – and not to forget fixed furniture, wardrobes, window seats, and decorative panels.



Locations of our project operations

MAKINEN offers turnkey project services and interior products for marine industry customers globally. For refurbishment and newbuilding turnkey projects, the customer chooses the project's operational location. Drydock based on the workforce, which plays a is where MAKINEN carries out the ship's repair, demolition, and installation work in refurbishment projects. The drydocks and the newbuilding project shipyards are widely spread all over the world.

Our supply chain consists of interior material manufacturers, suppliers, and subcontractors. The supply chain companies are in Europe, the USA. and Asia. Our operations are heavily significant role in customer value creation and satisfaction.



During the reporting period, our Executive Management Team consisted of nine people, four women and five men. One member is below thirty years, three are in the age group of thirty to fifty, and five are over fifty.

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

Sustainability is the key element of MAKINEN's corporate governance, promoted by the Board of Directors, the CEO, and the Executive Team. The VP, Sustainability is a member of the Executive Team, leads the Sustainability Program, and reports directly to the CEO.

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 is ultimately responsible for successfully implementing our sustainability agenda.

MAKINEN's operational sustainability work is steered by our Sustainability Steering Group (SSG), which includes members from our business units, 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. During the reporting period, the SSG had four meetings.

In the fall of 2021, MAKINEN Finland became the first organization in Finland to receive the DNV-certified Sustainability Management System Certificate, CSR (Corporate Social Responsibility) Performance Ladder Standard 3rd Level Certificate. This is the first accredited sustainability certification issued to a company in the global shipbuilding industry. Combining the principles of ISO 26000, ISO 14001, ISO 45001, AA1000, and GRI, the standard supports setting understandable goals, milestones, and metrics, making our operations and reporting consistent and transparent. During the preparations for the certification, MAKINEN's operating models, processes, and responsibilities became clear and concrete

MAKINEN's Sustainability Governance Model

Board of Directors	CEO	Executive Team	Sustainability Steering Group (SSG) - the Business Area Directors,	VP, Sustainability
Promotes the long-term sustainable success of MAKINEN	Presents the sustainability targets to the Board of Directors Is responsible for the achievement of the approved objectives Approves the Sustainability Report	Approves the sustainability targets Ensures the MAKINEN's CSR management system's continuing suitability, adequacy, and effectiveness	Is responsible for the achieve- ment of the sustainability objec- tives	Leads and prepares sustainability initiatives with the SSG Is responsible for monitoring and reporting on MAKINEN's sustainability objectives.



Stakeholder engagement and memberships

Our key stakeholder groups are our customers, employees, subcontractors, and suppliers, forming the core of our operations. In addition, we are active members of the industry associations and work closely with our other stakeholders, such as local communities, schools, and non-governmental organizations.

An open dialogue with our key stakeholders is essential if we wish to identify stakeholder concerns and customer

expectations successfully. We continuously assess how well our agenda aligns with the key stakeholders' objectives. Our team plays an active role in the Finnish Marine ResponSea, we have joined The Finnish Society's Com-Industries Association, and we are also strongly connect- mitment for Sustainable Development ed with the Finnish Maritime Cluster. The Finnish Marine Industries Association and Finnish Maritime Cluster member companies organize regular events 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 (Commitment2050). In Commitment2050, the association defines the marine industry's objectives for sustainable development and encourages the companies in the industry to take action to reach the ESG goals.

STAKEHOLDERS	CHANNELS OF ENGAGEMENT	ASSESSMENTS
Customers	Customer meetings, project quotations, website, social media channels, exhibitions, campaigns	Project feedback questionnaires and discussions
Employees	Development discussions, continuous face-to-face dialogue between employees and managers, Employee Days, breakfast events, training events, training sessions for leadership culture and manager coaching, Idea Tool, Intranet, and Info-TV screens, We are MAKINEN development teams: Remote work at MAKINEN; Get to know your co-workers; Office space improvement; Information	Employee satisfaction survey (Varma), Workplace survey (Mehiläinen), Project feedback surveys, Internal audits, Other surveys.
Subcontractors and suppliers	Continuous dialogue & day-to-day operational topics, exhibitions, project meetings, training events	Project feedback surveys, Supplier audits
Finnish Maritime Cluster / Finnish Marine Industries	Board membership; event participation, representation (spokesperson) in the communications team for Finnish Marine Industries, social media channels, ResponSea reporting	
Universities, vocational schools, and research centers	Cooperation with educational institutions, participation in recruitment fairs and educational career events, social media channels, and other social outreach	Project feedback surveys, Supplier audits
Local communities - A member of the Turku Chamber of Commerce	Company website & social media channels, direct contacts to local associations	
Non-governmental organiza- tions - Baltic Sea Action Group	Social media channels, direct contacts	



Sustainability focus areas

MAKINEN's sustainability work is strongly connected to the UN Sustainable Development Goals (SDGs). We have selected the objectives on which MAKINEN has the most significant impact through its operations and mapped them to our CSR topics.

When developing sustainability reporting content and choosing topics, the relevance to MAKINEN's operations is the driver. In this reporting period, we conducted a materiality assessment to review and update our

sustainability focus areas and issues. We ranked the issues identified based on their impact, business implications, and stakeholder interest. The consolidated results were examined in the Sustainability Steering Group and approved in the Management Review. During the reporting period, nor in our corporate history, no concerns of non-compliances have been raised.

Our Sustainability Agenda encompasses our opera-

tions' social, environmental, and economic responsibility throughout the value chain. In line with our sustainability focus areas, we have set objectives and defined performance measures and indicators for our sustainability work. The progress of the objectives is regularly monitored by the Sustainability Steering Group and annually in the Management Review. The consolidated results of our sustainability performance are reported in our annual Sustainability Report.



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



Environmental Agenda

We contribute towards a low-carbon economy and use natural resources with care and respect for the environment.

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



Economic Agenda

By innovating new and better products and services and changing the current operating methods, we help create a more sustainable future. Responsible procurement is one of the main focus areas in sustainability for us.

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



PEOPLE AGENDA



People agenda

Our business leans and depends on the competence and expertise of our employees and workers in our network. At the center of MAKINEN Furniture Production is the quality created as a result of the craftsmanship of our employees. For Refurbishment and Newbuilding projects, on-time delivery and quality depend on people's commitment and devotion to our purpose and values. Therefore, social responsibility and employee satisfaction are fundamental aspects and priorities in our operations.



OBJECTIVE	TARGET	RESULT
Employee and subcontractor safety, zero severe work-related injuries (>30 days away from work)	0	0
A high response rate for the annual employee satisfaction survey	> 60 %	53 %
Achieve a Code of Conduct training coverage of 100 % to ensure commitment to the Code of Conduct	100 %	Delayed, Code of Conduct ready by January 2023



The well-being at work, workplace safety, and support of employees' work-life balance have always been important to our company. We continuously work to maintain an environment where employees can develop their skills and grow with the company. During this reporting period, we have also developed safety functions for all operations to improve and guarantee the safety of our people, our most valuable asset. In compliance with the laws, regulations, and policies, we guarantee our ability to offer a safe workplace to our current and future employees.

To us and our client network, our operation must be socially sustainable throughout our supply chain; we are careful only to employ subcontractor companies that share our values and work ethics. One of the best ways to ensure supplier compliance and continuous improvement is to conduct supplier audits. We review our annual audit plan to prioritize and schedule audits according to our business needs. We completed five supplier audits in this reporting period: no material concerns were raised in any audits.

At MAKINEN, we respect and strictly follow employment laws, rules, and regulations. Our employees are employed fulltime and are covered by the required bargaining agreements. During the reporting period, we employed 48 people. The majority, 46 people (96 %), worked in Finland for I.S. Mäkinen Oy, and our Flori- Campaign, promoting their career paths da-based company, Makinen Inc, employed the rest two people (4 %). Some of these employees were also working at our China office. We have an almost equal number of female employees (22 people, 46 %) and males (26 people, 54 %).

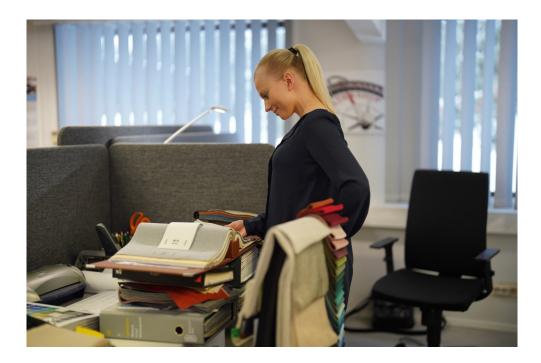
MAKINEN is committed to promoting the



recruitment and sustained employment of women in the maritime sector, raising women's profile, and supporting work to address the current gender imbalance in the maritime industry. As a part of this commitment, our female employees participated in the #WomanInMaritime in the marine industry, and observed the International Day for Women in Maritime.

The COVID-19 pandemic continued to impact the cruise industry, especially the refurbishment business. Most of our employees were laid off long term in the previous reporting period. Some of these employees have been recruited elsewhere during the layoff period. Altogether 16 of our employees left; twelve were in the age group of 30–50 years, and four were over 50 years old. Four of them were females, and twelve were males. One employee worked for Makinen Inc., and the rest in Finland. Also, we did not hire new employees.

In the reporting period, three of our employees took parental leaves, two females and one male, who returned to work after his parental leave ended.



For our projects, we employ many workers from our subcontractor and supplier companies. Most subcontractor and supplier employees work on projects, installation, and repair. The most typical roles are technicians, electricians, logistics workers, carpenters, installers, helpers, painters, and wallcovering workers. 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 our subcontractors employ the rest. In the reporting period, we had 580 subcontractor workers who were not on the MAKINEN payroll and whose work was controlled and supervised by us.

We aim to keep our employees' skills and knowledge at a high level through regular training. In the work community development plan, we identified the development needs and determined the goals and measures to maintain and build up the personnel's skills and competence.

In early 2022, we launched the new company brand and vision framework. We integrated the reformed vision framework into our everyday work and company strategy. Using the framework as a guiding principle, we began the process of enhancing our company culture. We improved our internal communications and organized workshops to discuss and integrate the values, vision, and purpose into the everyday work of each employee, team, and company. Together with our employees, we initiated the "We are MAKINEN" workgroups, where we actively grasped action points to improve our culture and redefine company policies and practices. We also established an internal communication framework and guidelines for open communication and business culture, with teamwork, employee safety, and well-being as the core focus.

As a part of this reform, we also introduced a training program for improving the management culture and leadership

skills of our team members in collaboration with an external coaching company. This program included tailored sessions for the Executive Team and line managers, including participants from the subcontractor side and employees with managerial duties. We also organized training sessions targeted at all employees.

Safety training is one of our top priorities. Emergency first aid training was held twice during this reporting period, which increased our first aid trained personnel percentage to 62.5 %. In connection with the training, we acquired a defibrillator for our Lieto premises and provided training on how to use the AED.

	Female	Male
Average training hours per year per employee	14	8

We have also organized and offered training sessions on Lean manufacturing and other individual training based on yearly performance and career development discussions. The coverage of these was 100 %.

Health and safety



Safe work and the workplace are one of the most significant factors in our social responsibility. According to the corporation's HSE instructions, all the team members (the corporation's employees and workers working under the corporation's supervision) are responsible for keeping the working environment safe (concerning physical and mental health). The supervisors are especially obligated to monitor the work environment constantly.

For MAKINEN Finland operations, Occupational Safety Committee, chaired by HSE Manager, holds its meeting at least once every quarter during a fiscal year. The Committee fulfills the statutory occupational health and safety cooperation by monitoring the implementation of the occupational health and safety plan and

occupational health care, as well as making proposals for the development of occupational health and safety for the employer. In May 2022, we published our HSE Policy statement, which is a commitment to improving our HSE processes continually.

During spring 2022, the Committee members have influenced the company's health and safety awareness by sharing information and actively participating in development work. The Occupational Health and Safety Plan is usually created for two years at a time. Because of the impact of the COVID-19 pandemic on the business operations in the previous reporting period, the organization continued fulfilling the tasks of the 2019 plan as it was still valid.

HSF awareness

Our Safety observation system is maintained by HSE Manager together with supervisors, occupational health, and safety representative. In November 2021, we upnel for well-being and psychosocial isvations and makes corrective actions together with the supervisors. It is our will and responsibility to acknowledge threats that affect our employee well-being in all aspects.

In January 2022, we expanded our reporting system for safety observations to all Finland operations. The system now makes it easy for everyone to report their observations on their mobile devices. All incidents, near-miss situations, and hazard identifications are reported using the same system. As a result, and as we expected, we saw a positive increase in the number of entries. The update was also a booster for safety awareness, and the observations evoked fruitful conversation and actions toward a healthier and safer. workplace.

Reported safety observations

2021–2022	88
2020–2021	12
2019-2020	28

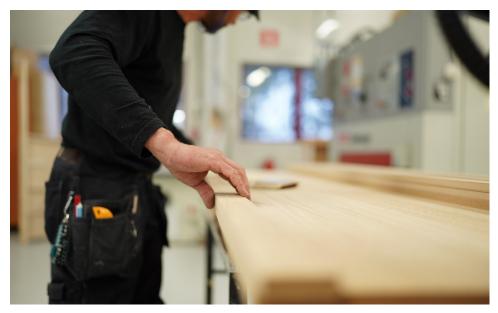
7ero harm

SUSTAINABILITY AT MAKINEN

Our long-term goal is zero work-related injuries and accidents. We have streamlined and updated the accident reporting criteria, and the figures from the previous dated the system with an additional chan- reports are not comparable. We have also introduced the Accident frequency rate sues. The Committee monitors the obser- (LTA, lost time injury). When compiling the statistics on occupational accidents that occurred to our employees, we have included all such accidents that have resulted in more than one day of sick leave. There were no occupational injuries or accidents resulting in a long-time recovery (>30 days).

> In the reporting period 2021–2022, there occurred one (1) accident that led to a short sick leave. We take all accidents seriously: the organization investigated the incident to find the root causes and improve our operations. We continue taking measures to create a safer working environment. The total number of recordable accidents is three (3) among all employees. No occupational diseases were reported.

At MAKINEN, our employees receive occupational health care as required by law. Our long-term occupational health care provider, Mehiläinen, offers basic health checks (such as pre-employment and periodic medical examinations) and supports our personnel in health concerns



and minor accidents. In cooperation with the service provider, we have identified the ability to work as our focus area, which and coverage of occupational health serwe especially want to ensure. According to our plan with the service provider, we arranged training lessons on ergonomics during this reporting period.

ENVIRONMENTAL AGENDA

Our occupational health care provider prepared a report on workload factors in November 2021. The survey results were used in the risk evaluation of the workplace. Among other things, we made an effort to increase the well-being of the employees and reduce the burden factors by clarifying the etiquette rules for open office working and by reforming the work clothes and footwear policy on the pro-

duction side. We campaigned and informed our employees about the offerings vices on the company intranet and at the personnel event in March 2022.

Accident frequency 2021–2022 LTA 8.68

(>1 days absences / hours worked *1,000,000)



Workload factors vary greatly in the different functions of our organization. Repetitive movements and work phases cause production load; however, the mental load can be a more significant factor in office work. In project work, the shipyard as a work environment brings various challenges, which we prepare for with targeted, precise instructions and training. Awareness of physical and psychosocial stress factors has increased in our organization during the past fiscal year, thanks to various work groups and operational development work.

At MAKINEN, maintaining order, cleanliness, carefulness, and cautiousness is everyone's responsibility. The comprehensive update on our safety rules and



cleanliness instructions started in spring 2022 and will continue in fall 2022. All team members are expected to follow the instructions and use appropriate protective equipment on the production site. The visitors are also obligated to comply with our company's safety policy. The comprehensive update on our safetv rules and cleanliness instructions started in spring 2022 and will continue in fall 2022.

Code of Conduct

MAKINEN's Supplier Code of Conduct requires all of our suppliers to protect the health and safety of their employees. We expect full compliance with our safety policies from every person who works on a MAKINEN site. In the refurbishment projects, we carefully follow our HSE processes, including training sessions, safety orientations, and documentation such as Safety Guidelines and Worker's Manual, which everyone must read, learn and comply with. MAKINEN is determined to promote the importance of personal safety, safe behavior, and environmentally sustainable ways of working, as they are crucial factors in creating a secure work environment for every person associated with MAKINEN operations.

Well-being & equity

ENVIRONMENTAL AGENDA

We have significantly invested in increasing open dialogue and employee engagement opportunities during the reporting period.

The Idea Tool, launched in 2021, is a platform where any organization employee can propose and share their ideas, for example, on improving company operations and employee well-being. The Idea Tool allows employees to comment and vote on their colleagues' ideas. We have implemented many excellent ideas and rewarded our employees for their active use of the tool.

Employees can substantially impact wellbeing at work through the "We are MAKINEN" workgroup. The group serves as an employee council, with representatives from all business lines and functions. The group is divided into five teams, each focusing on its individual development goal. Based on feedback collected directly from all employees, the teams have worked on the initiatives that have led to tangible changes in the workplace.

We have started actively using the Info TV Screens in the Finland offices to communicate and spread information to all sites and locations. The Info Screens have been used for campaigning and distributing information on occupational safety, recycling, and other HSE topics.

To maintain and increase the well-being of our employees, we have set forth practices and operational models, such as the Equality and Non-Discrimination Plan, Prevention of Harassment and Bullying, and Early Support Model for Work Ability.

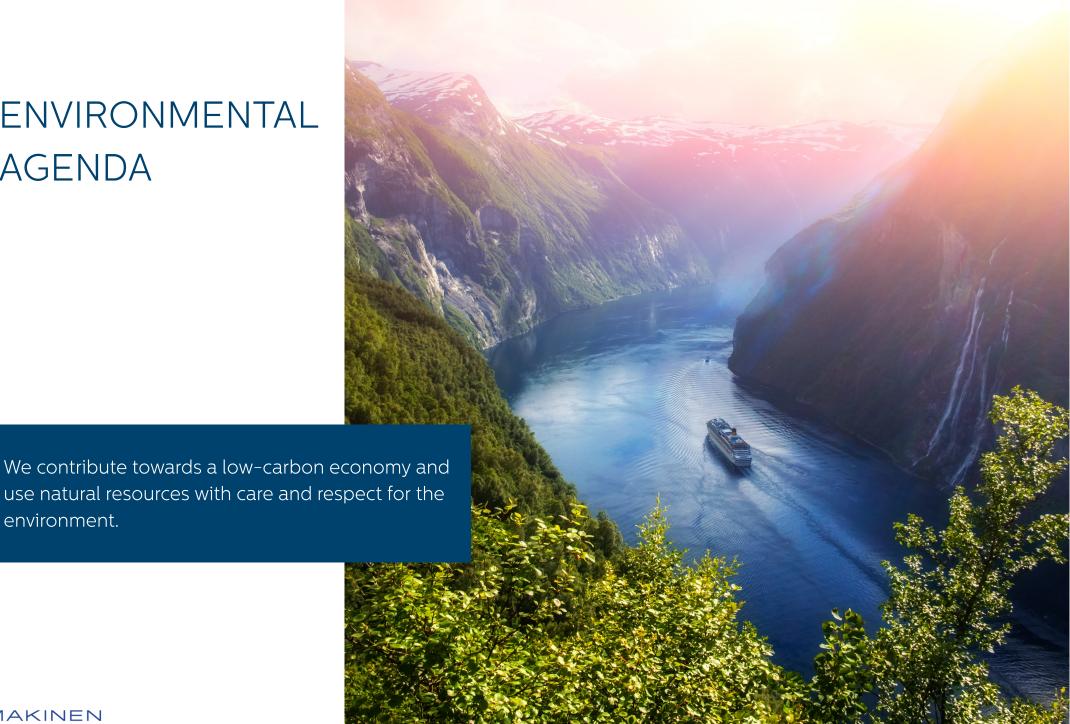
All our employees and those employed by MAKINEN Finland must comply with the Equality and Non-Discrimination Plan. The plan provides instructions for appropriate work behavior and maintaining a high level of work well-being and job satisfaction. During the reporting period, no incidents of discrimination or negative social impacts occurred in our operations.

With the help of the Early Support Model, potential issues concerning the ability to work can be tackled, restoring the ability to work and preventing incapacity for work. We have developed the Model in coordination with the occupational health care provider Mehiläinen in Finland.

Whistleblower, an anonymous notification channel for reporting possible violations, or unethical conduct, was implemented in the summer of 2021. Employee Code of Conduct will be released during the next reporting period, 2022-2023.

We conducted the employee satisfaction survey in June 2022; the previous survey was conducted in May 2021. The response rate increased by 20 % compared to 2021, with the total rate being 53 %.

ENVIRONMENTAL **AGENDA**



environment.

Carbon footprint

In the reporting period, we calculated our carbon footprint for the first time for the period Jan 1, 2021 – Dec 31, 2021. We will use the calculation results as a comparison in future calculations. The calculation period, the calendar year of 2021, differs from the period of this Sustainability Report, which is prepared for the fiscal year Jul 1, 2021 – Jun 30, 2022. The carbon footprint calculation period, tied to the calendar year, aligns better with the annual cycle and schedule of refurbishment projects.

The calculation of our greenhouse gas emissions follows the guidelines of the GHG protocol. The greenhouse gas emissions generated are classified into Scope 1, Scope 2, and Scope 3 emissions, as per the protocol guidelines.

Scope 1	covers the organization's direct emissions from sources owned or managed by the company, own energy production, and fuel consumption of company-owned or managed vehicles
Scope 2	covers the organization's indirect emissions, such as electricity and heating/cooling energy purchased by the company
Scope 3	includes all other indirect emissions that occur in the organization's entire value chain



OBJECTIVE	TARGET	RESULT
Reduce CO2 emissions, GHG Protocol Scopes 1 & 2	CO2e baseline calculated and target set	Completed, baseline calculated, and target set: carbon-neutral within Scopes 1 & 2 by 2028



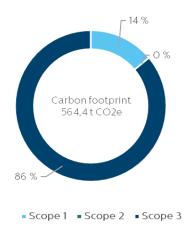


To achieve our goal of being carbon-neutral within Scope 1 by 2028, we will focus on replacing oil heating with renewable energy and using bio-based fuels.

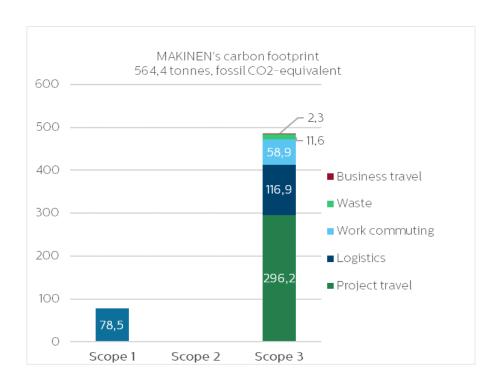
From Scope 3 emissions, we only included the most significant emission sources in the calculations: project travel, logistics, waste, employees' work trips, and business travel. MAKINEN's business is essentially a project business, and the company's Scope 3 emissions vary annually depending on the size and geographical location of the executed projects.

Ten electrical charging stations were installed at MAKINEN premises in Lieto, Finland, for employees to charge their electric or hybrid cars and to support low-emission commuting. The Housing Finance and Development Centre of Finland provides investment support for electrical charging stations.

	tCO2e
Scope 1	78.5
Scope 2	0
Scope 3	485.9



Fuel consumption	l (liters) or kg (kilograms)
Oil (for heating)	21,200 l
Petrol	5,730 l
Diesel	3,920 l
Gas (fossil)	44 kg



The calculation of project travel and ex- The calculation of business trips has port transport is based on the number of been made based on a business trip people and cargo. The calculation considers the number of people, the depar- ing the business trip emissions, we inture location of the people and the cargo, the cargo weight, and the method of trips, train and bus tickets, and hotel transport. The project traveling generates the largest share of emissions: approximately 1.5 million passenger kilometers by airplane. To reduce the carbon dioxide emissions of project travel. we are committed to acquiring new qualified subcontractors closer to the project site locations.

survey of our personnel. When calculatcluded the mileage allowances, taxi stays. During the year, remote work recommendations and gathering restrictions due to the pandemic significantly reduced emissions generated by travel.



Optimizing material use and minimizing waste

We keep the environmental impacts of production low, and our internal working guidelines instruct us to choose environmental, social, and economically sustainable solutions. In our production and proiects, 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 or shipyard.

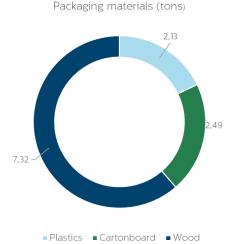
MAKINEN is the only company that has successfully implemented the Lean approach to ship cabin refurbishment. The term originates in the automotive industry and refers to a highly efficient operating method encompassing just-in-time processes. This accuracy leads to a more optimized, sustainable, and safer work environment and less waste overall. Waste removal. is also part of the detailed schedule, so waste is not neglected and does not end up in the wrong location.

We manufacture custom-made sofas, sofa beds, headboards, and other custommade furniture in our furniture production facility in Lieto, Finland. We also deliver drapes, sheers, bed skirts, decorative pillows, and other textiles. In our production, we use materials for two purposes: pro-

ducing interior products and packing. This generates waste materials such as fabrics, foams, metal, wood, plastics, cardboard, aerosols, solvents, paints, varnishes and glues, and small amounts of glass and paper. Our total waste amount in this reporting period was 39.06 tons (in the previous reporting period, 28.59 tons). The amount of utilized waste was 19.05 tons, and the amount of hazardous waste was 20.01 tons. We had to dispose of a significant amount of expired, hazardous waste, such as paint, glue, varnish, and sealing compounds, for the projects canceled due to COVID-19.

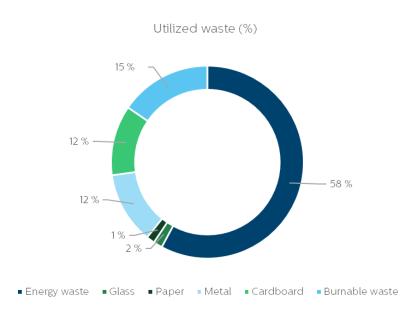
Packaging

The furniture is delivered from Lieto, or our second warehouse in Turku, Finland, to the shipyards for installation onboard the ship. We only use the smallest amount of furniture packaging materials needed to secure the goods' quality during transport. We choose materials that are recyclable, reusable, and as light as possible. The most used materials are cardboard, plastic, and wooden pallets. All materials are used multiple times, if possible, and all residue is recycled or utilized as energy waste.



With all material use, the aim is to minimize waste as much as possible. For example, by optimizing carpet roll width instead of the standard width for all carpets, we could decrease the amount of carpet sqm by 14.4 %.

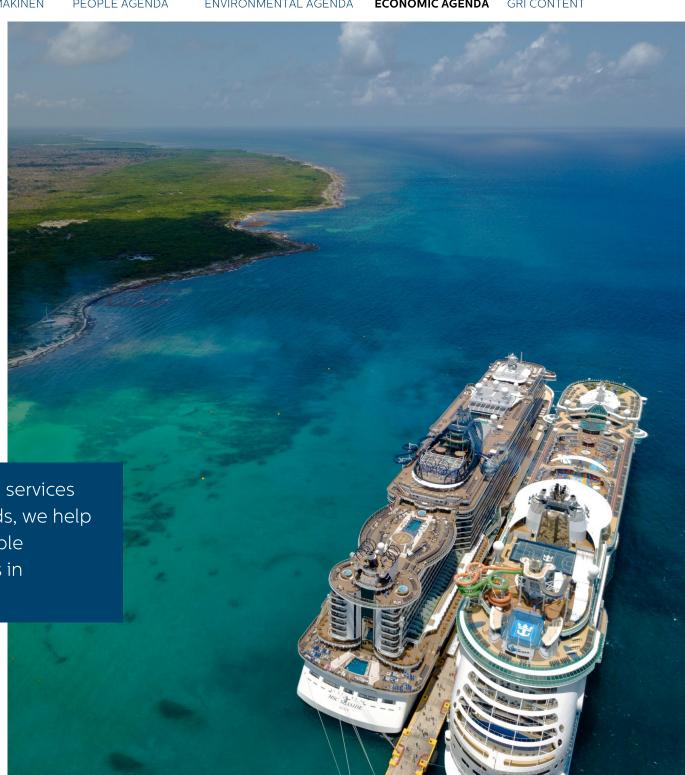
We donated the surplus fabrics and fabric samples from Furniture Production to local kindergartens, schools, and the 4H club. In addition, the leftover items and materials from our production and project sites are offered to our employees for private use. We also organize leftover giveaways for our employees once or twice a year.





ECONOMIC AGENDA

By innovating new and better products and services and changing the current operating methods, we help create a more sustainable future. Responsible procurement is one of the main focus areas in sustainability for us.



Responsible sourcing

We recognize that our company can only be as sustainable as its supply chain. In spring 2022, we launched the MAKINEN Supplier Code of Conduct which sets out the ethical business practice requirements that we expect from our suppliers. It covers areas such as legal compliance, ethical conduct, and the standards we require from our suppliers regarding the environment. We expect our suppliers to comply with the Supplier Code of Conduct requirements in all their dealings with MAKINEN and with their employees, suppliers, and third parties. Since the beginning of March 2022, when we started collecting the signatures for compliance, 50 % of our key suppliers have signed the MAKINEN Code of Conduct. The target for the next reporting period is 65 %, and the overall target is 80 % during the reporting

period 2023-2024.

Child and forced labor risks are often present in global industries. In international shipbuilding, the supply and value chains can be strongly branched, and each branch can extend to several locations around the globe. The further we track the value chain, the less transparency there may be. Generally, there is more transparency in the workforce supply chain, as the chain is very short, and the work happens under our direct supervision. The material supply chain, however, can be globally branched and, therefore, less transparent. The complexity of the chain brings challenges to supervision.

We assess supplier sustainability with background checks and on-site audits. During the reporting period,

we conducted five supplier audits. Non-conformities were not reported or found in these audits.

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

OBJECTIVE	TARGET	RESULT
Supplier Code of Conduct signed by key suppliers & subcontractors	80 % Target in the next reporting period: 65 %	In progress, 50 %
Cabin weight savings for fuel efficiency. The weight of cabin furniture decreased compared to the level in 2018 (Millennium class).	30 %	In progress, 20 %





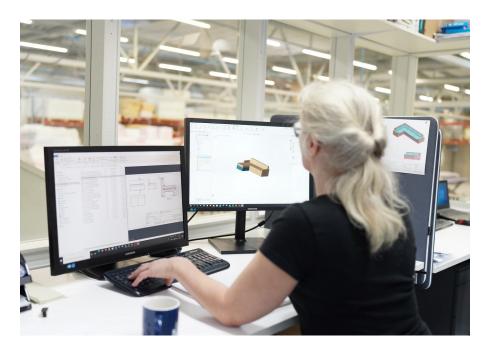


Local support

Our production facility, where we manufacture sofas, headboards, and other custom -made furniture, is located in Lieto, Finland. We also aim to make our purchases from local suppliers whenever possible.

We collaborate with universities, colleges, and other educational institutes to offer career opportunities at MAKINEN for new graduates and traineeships and thesis opportunities for students.

We donate leftover materials and fabrics to local schools and daycare centers. In the reporting period, we also supported the local ice hockey team TuTo by offering game tickets and discounts for our employees for recreation.



Sustainable materials & solutions

The shipbuilding industry is working on major sustainability gains like carbon emissions and biodiversity loss. On the interior side, there are many things that we could do and add up to these important topics. The amount of furniture and interior materials used in the refurbishment business is enormous. The good thing is the offering of sustainable materials and products has significantly increased in the past few years. Innovations are developed and introduced to the market all the time. End-of-life plans a weight reduction of up to 30 %. This for interior materials are needed, especially regarding how to refurbish, reuse and recycle materials effectively.

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. 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 the industry.

The lighter cabin weight equals a reduction in the total weight of the entire ship, which results in less fuel and emissions. With the latest innovations and the right material choices, we can significantly reduce the cabins' weight. The weight of the fixed furniture of one standard passenger cabin is about 600-700 kg when traditional interior materials are used. With lighter material choices for fixed furniture, we can now achieve a 20 % reduction in weight, and we aim to reach means that in a refurbishment project with a scope of 2,000 cabins, the cruise ship's weight will decrease by approximately 400,000 kg.

Our goal is to offer more advanced, sustainable solutions in our interior products and turnkey project solutions. We strive to be a forerunner in building sustainable marine interiors and promote awareness of sustainability's importance within our stakeholder groups and the entire subcontractor network in the industry.



GRI CONTENT TABLE

Reporting scope

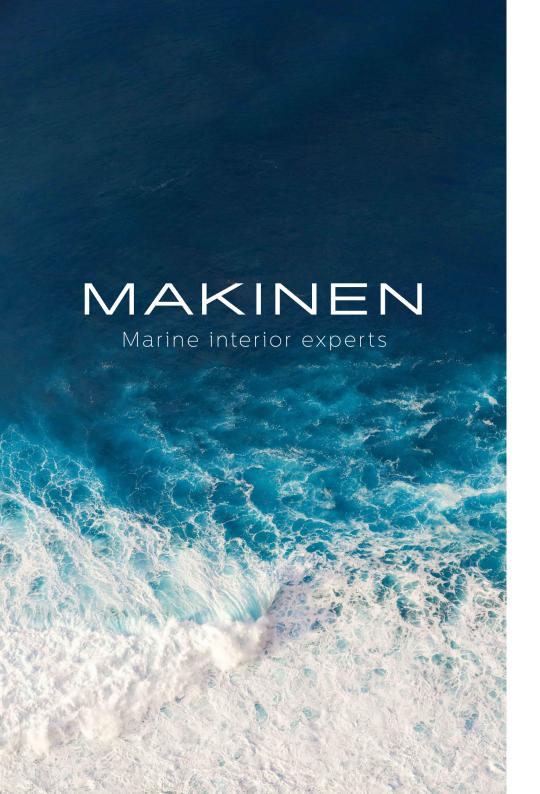
This MAKINEN 2021–2022 Sustainability Report is the corporation's third sustainability report that offers transparency for our social and environmental impacts to our stakeholders. The reporting period for this report is our previous fiscal year, from July 1, 2021, to June 30, 2022. We use an annual reporting cycle. MAKINEN's Sustainability Report 2021–2022 has been prepared according to the Global Reporting Initiative (GRI) Standard. Material topics have been selected based on a materiality analysis. This table specifies where you will find more information on the GRI disclosures.

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.

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