

An aerial photograph of a large body of water, likely a fjord or a large lake, under a clear blue sky with scattered white clouds. In the foreground, a white ferry boat with a dark hull is moving from left to right, leaving a white wake. The water is a deep blue. In the middle ground, there is a large, irregularly shaped island covered in dense green forest. Several smaller, similarly forested islands are scattered in the background. In the far distance, a range of blue mountains is visible on the horizon.

SUSTAINABILITY REPORT 2023–2024

MAKINEN

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MAKINEN in brief

MAKINEN is a privately-owned company established in 1993, specializing in refurbishing cabins and public spaces, constructing new vessel interiors, and providing furniture installations and interior technical solutions for the international cruise industry.

We provide comprehensive project management services, including engineering, design support, and procurement of interior materials for both newbuilds and refurbishment projects.

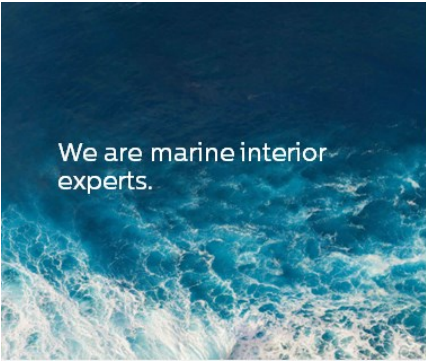
Our in-house Furniture Production supplies a wide range of custom-made marine-grade furniture, including, but not limited to, sofas, sofa beds, armchairs, ottomans, nightstands, chairs, and textiles. Bringing three generations of experience, we deliver exceptional marine interior solutions.

Divisions

- Refurbishment
- Newbuilding
- Furniture production

Locations

- MAKINEN Finland, I.S. MAKINEN OY, Lieto & Turku, Finland
- MAKINEN, INC. Pompano Beach, Florida, USA
- MAKINEN CHINA LTD, Haimen, China



We are marine interior experts.

Safety and the overall well-being at work is a priority for us.

We continuously strive to reduce the environmental impacts caused by our operations.

Our purpose

To build the best with passion and courage.

We do our utmost to ensure that all our suppliers operate responsibly in line with our requirements.

60,000+ refurbished cabins

6 expedition vessels delivered

Pool of 2,000+ workers

3
GOOD HEALTH AND WELL-BEING


12
RESPONSIBLE CONSUMPTION AND PRODUCTION


13
CLIMATE ACTION


Heritage

| | | | | | | | | |
|---|---|--|--|--|--|---|--|--|
| 1960s Mr. <u>Auvo Makinen</u> began upholstering sofas in a garage. | 1980s Making furniture deliveries to all shipyards in Finland (Turku, Rauma, Helsinki). | 1992 The ownership of the company transfers to <u>Auvo Makinen's</u> son, <u>Ismo Makinen</u> , who takes over the business. | 1998 The first deliveries were made abroad for projects at major shipbuilding shipyards. | 2000s The collaboration with RCCL begins, leading to the establishment of MAKINEN Inc., creating a local presence in Florida, USA. | 2012 LEAN project execution implemented in cabin refurbishment projects, being the first in the world. | 2019 MAKINEN Ltd established in China; the first newbuild vessel delivered for the <u>SunStone Ship</u> series. | 2023 Sixth Infinity-class vessel, Ocean <u>Albatros</u> , delivered. MAKINEN celebrates its 30th anniversary. | 2024 New office location opened in Turku, Finland. |
|---|---|--|--|--|--|---|--|--|

Reviewing the past year and sustainability priorities

We spoke with Jaakko Mäkikalli, CEO, to gain his perspective on the past financial year and the development of sustainability initiatives. We also discussed the key priorities for 2025.

It's been an interesting year for MAKINEN and the entire sector. How would you sum it up?

This past year has been one of growth and learning as we expanded our capabilities and built new partnerships. We contributed to *Icon of the Seas*, the world's largest cruise ship, and at Meyer's Papenburg shipyard, we completed suites for *Silver Ray* and cabins for *Carnival Jubilee*. In China, *Ocean Albatros*, the sixth ship in SunStone's *Infinity* series, was delivered. Our Furniture Production was busy, supplying furniture for most *Icon of the Seas* cabins and others. In the refit sector, we completed an 800-cabin refurbishment for the *Margaritaville Islander* in Belfast, demonstrating our ability to manage complex projects in new environments.

The market is active, with new partners, projects, and cruise ships being built. This brings more opportunities for us to showcase our expertise, expand our network, and continue growing alongside the industry.

How is sustainability integrated into company's business strategy

Sustainability, along with HSE influences all aspects of our operations. One of the main focus areas is increasing local sourcing within our supplier network. This optimizes logistics, reducing unnecessary transportation and emissions while improving efficiency. In procurement, and particularly furniture production, we actively seek materials with lower environmental impact, such as lightweight, recycled, and sustainably produced options that meet the demand for marine interiors. The key is that we do our part in every aspect – minimizing waste, reducing emissions, improving sourcing efficiency, and lowering our carbon footprint. At the same time, we support our customers in meeting their sustainability goals by offering services and products that align with their standards and objectives.

What have been MAKINEN's key sustainability focus areas, and what progress has been made towards the objectives?

These include safety, health, responsible business practices, and reducing the environmental impact of our operations. In health and safety, our goal of "Zero work-related injuries" is on track. We are increasing training hours and monitoring employee well-being through annual surveys to drive improvements. Our Code of Conduct ensures ethical standards across our supply chain, covering quality, environmental responsibility, and fair labor practices for all partners. To reduce emissions, we have transitioned from oil-based heating to hybrid systems as part of our efforts to reduce the environmental impact of our operations.

What are your expectations and priorities for 2025 and beyond?

Our priority is our people. We focus on supporting our skilled marine interior experts by maintaining a safe and rewarding work environment. We are committed to providing continuous training, supporting personal growth, and ensuring their well-being within our team. In the coming years, we anticipate steady growth in the refurbishment market, aiming to connect with new clients and gain experience in ambitious, yet demanding shipbuilding projects. With a positive outlook, our team is ready to seize new opportunities and take on the exciting challenges that lie ahead.

In Lieto, Finland
8, November 2024

Jaakko Mäkikalli
CEO



Sustainability governance and stakeholders

SUSTAINABILITY GOVERNANCE

MAKINEN's strategic focus is on developing social responsibility, a key element of MAKINEN's corporate governance. This commitment is promoted by the Board of Directors, the CEO, and the Executive Team. The VP of Sustainability, HSE & Quality, who is a part of the Executive Team, leads the sustainability efforts and reports directly to the CEO.

The Executive Team defines the company's strategy, guiding the development Corporate Social Responsibility (CSR) Policy, which establishes the framework for setting sustainability objectives. Our management and supervisors ensure that employees are informed of and adhere to the legislation, regulations, and internal operating guidelines relevant to their areas of responsibility. The CEO is ultimately responsible for implementing the sustainability agenda. MAKINEN's annual Sustainability Report is reviewed by management and approved by the CEO.



STAKEHOLDER ENGAGEMENT

MAKINEN's stakeholder engagement work is based on both structured and informal interactions, along with regular surveys on topics such as employee satisfaction. Our primary stakeholders – customers, employees, subcontractors, and suppliers – form the core of our operations.

Customers

MAKINEN has expertise to understand customers' expectations, with everything starting from their needs. Our goal is to be our customers' most trusted partner. We maintain ongoing dialogue with our customers through meetings, trade fairs, and other means, and share information via marketing materials, our website, and social media.

Employees

MAKINEN's business success relies on the competence and expertise of our employees. We aim to attract new talent and build a team of highly capable and engaged professionals. Managers maintain continuous face-to-face dialogue with their team members and hold annual development discussions. We also share information with employees through the intranet, Info-TV screens, and events, such as "Ask CEO", and other personnel gatherings. Development ideas are invited through the Idea Tool, and feedback on health and safety is encouraged via the Safety Observation Tool.

Subcontractors and suppliers

We aim to maintain a reliable, stable, and predictable supplier network. In addition to continuous discussions about day-to-day operational topics, we meet with suppliers at trade fairs and project meetings. We support our suppliers in their commitment to responsible and sustainable business practices, including human rights, safety, quality, and environmental practices.

Local support

Our production facility, where we manufacture sofas, headboards, and other custom-made furniture, is located in Lieto, Finland. Whenever possible, we aim to source materials and make purchases from local suppliers. We also actively participate in local business collaboration events. Additionally, we collaborate with universities, colleges, and other educational institutes to offer career opportunities at MAKINEN for new graduates, as well as traineeships and thesis opportunities for students.



Sustainability reporting focus areas and targets

Sustainability is an essential part of MAKINEN’ strategy, and we are constantly striving to enhance the sustainability of our operations. . With the help of this Sustainability Report, we aim to communicate our commitment to our customers, suppliers, employees, and other stakeholders regarding the progress of our sustainability efforts.

For our sustainability development, we have identified focus areas where we have the most significant impact through our operations. We have divided our material topics into three reporting areas: promoting safety and overall well-being at work; reducing the environmental impacts of our operations; and ensuring that all our suppliers operate responsibly while adhering our social responsibility requirements.

In line with our sustainability focus areas, we have set objectives and defined performance measures and indicators for our sustainability work. The progress of these objectives is regularly monitored by the the Executive Team. Our sustainability focus areas are closely aligned with the UN Sustainable Development Goals (SDGs). MAKINEN’s sustainability reporting follows the Global Reporting Initiative’s (GRI) guidelines. This sustainability report encompasses MAKINEN Finland, I.S. MAKINEN OY, MAKINEN, INC. USA, and MAKINEN CHINA LTD, Haimen, China.

Safety and overall well-being at work is a priority for us, which includes the following key areas:

- Health and Safety
- Equal Treatment and Ethical Business Practices
- Employee Engagement
- Continuous Development Opportunities

We continuously strive to reduce the environmental impacts of our operations through the following key initiatives:

- Optimizing Material Use and Minimizing Waste
- Sustainable Materials and Solutions
- Reducing Emissions

We do our utmost to ensure that all our suppliers operate responsibly in line with our requirements through the following measures:

- Supplier Code of Conduct
- Supplier Audits



SUSTAINABILITY PERFORMANCE INDICATORS AND TARGETS

| Sustainability topic | Key performance indicator (KPI) | Target | 2023 – 2024 | 2022 – 2023 | 2021 – 2022 | Progress comment |
|----------------------|--|---|-------------|--------------|-------------|---|
| Health and safety | Work-related injuries or accidents leading to long-term sick leave | Zero severe work-related injuries (>30 days away from work) | 0 | 0 | 0 | Achieved |
| | Work-related injuries or accidents leading to short-term sick leave | Zero work-related injuries (1 – 30 days away from work) | 1 | 0 | 1 | On track |
| Employee engagement | Response rate for annual employee satisfaction survey | Response rate of 80% for annual employee satisfaction survey | 71% | 65% | 53% | Not achieved – performance impacted by limited participation of one business unit. |
| Business ethics | Employee Code of Conduct coverage | 100% of Code of Conduct web course coverage | 96% | – | – | On track – Code of Conduct web course was launched in May 2024. |
| Talent development | Average training hours per employee | Target for 2024 – 2025: > 20 hours per year Overall target > 30 hours per year | (7.6) | | | New performance indicator |
| Reducing emissions | Reduction of (absolute fossil) CO2 equivalents (CO2e) emissions – Scope 1 | Scope 1 – decreasing trend from 2022 baseline (78.5 t CO2e) | 20.8 | Not measured | 78.5 | On track – Oil heating systems was changed to hybrid heating in 2023 |
| | Reduction of (absolute fossil) CO2 equivalents (CO2e) emissions – Scope 2 | Scope 2 – target 0 | 0 | Not measured | 0 | Achieved |
| | Reduction of (absolute fossil) CO2e emissions in the value chain – Scope 3 | Scope 3 – performance indicator will be set in 2025 | | | | |
| Responsible sourcing | % of key suppliers who have signed Supplier Code of Conduct (SCoC) | Maintain a minimum coverage level of 85% | 50% | Not measured | 50% | Behind – No major development during the reporting period due to the resourcing constrains. |

Promoting safety and overall well-being at work

Our business relies on the competence and expertise of our employees and the workers in our network. For Refurbishment and Newbuilding projects, timely delivery and quality are contingent upon the commitment and dedication of our team to our purpose and values. The quality of MAKINEN Furniture Production is founded on the craftsmanship of our employees. Therefore, employee engagement, health, and safety are fundamental priorities in our operations.

We respect and strictly adhere to employment laws, rules, and regulations. Our employees are employed full-time and are covered by the required bargaining agreements. During the reporting period, we employed 44 individuals. The majority, 41 people (93%), worked in Finland for I.S. Mäkinen Oy, while our Florida-based company, Makinen Inc, employed the remaining three individuals (7%). Some of these employees also worked at our China office. We have 18 female employees (41%) and 26 male employees (59%).

When divided by age group, the largest group is employees aged 30–50, with 27 individuals (61%). Two employees (5%) are under 30 years old, and 15 employees (34%) are over 50 years old.

Our Executive Management Team consisted of six people – two women and four men. Three members are aged thirty to fifty, while three are over fifty.

Only two of our employees left during the reporting period; one was in the age group of 30–50 years, and the other below 30. One of the departing employees was female, and the other was male.

We hired six new employees. Also, three employees took parental leaves in the reporting period: one female and two males, all of whom returned to work after their leave ended.

HEALTH AND SAFETY

Protecting the health, safety, and well-being of our team members has always been our top priority. Our HSE Policy statement outlines our commitment to continually improving our HSE processes. The Occupational Health and Safety Plan details the safety measures and objectives that will help us minimize key risks.

For operations in MAKINEN Finland, the Occupational Safety Committee, chaired by the HSE Manager, meets at least once each quarter during the financial 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. It also makes proposals for the development of occupational health and safety for the employer. The minutes of Occupational Safety Committee meetings are posted on the company’s intranet.

| Diversity, number of employees & share | | |
|--|----|-----|
| Female | 18 | 41% |
| Male | 26 | 59% |
| Under 30 years old | 2 | 5% |
| 30 - 50 years | 27 | 61% |
| Over 50 years old | 15 | 34% |

According to the corporation's HSE instructions, all team members – including the corporation's employees and workers under its supervision – are responsible for maintaining a safe working environment. Supervisors have a particular obligation to continuously monitor the work environment.

Workload factors vary greatly across different functions of our organization. Repetitive movements and tasks contribute to physical strain, while mental load can be a more significant concern in office settings. In project work, the shipyard environment presents various challenges, which we address with targeted, precise instructions and training.

At MAKINEN, our employees receive occupational health care as mandated by law. Our long-term occupational health care provider, Mehiläinen, conducts basic health checks, including pre-employment and periodic medical examinations, and provides support for health concerns and minor accidents. In collaboration with the service provider, we have identified work ability as a key focus area that we particularly aim to ensure.

MAKINEN provides ergonomic workspaces and appliances, along with on-site first aid for employees. Emergency first aid training is offered to employees every three years, as the training remains valid for this duration. We have an AED defibrillator at our Lieto premises and personnel have practiced using it during emergency first aid training.

MAKINEN promotes employee's physical and mental well-being by encouraging them to stay active and engage in cultural activities during their free time. We offer vouchers (Edenred) as a wellness benefit. Our Lieto location has a gym, and employees also have access to sports services, including a gym, tennis, and badminton, at a local sports center (Jarkko Nieminen Areena).

Zero harm

Our long-term goal is zero work-related injuries and accidents. When compiling the statistics on occupational accidents involving our employees, we included all incidents that resulted in more than one day of sick leave. There were no occupational injuries or accidents leading to long-time recovery (over 30 days).

During the 2023–2024 reporting period, there was one (1) accident that led to a short sick leave. We take all accidents seriously and systematically analyze performance to identify lessons learned from incidents and near misses. Safety incidents and near misses are thoroughly investigated to uncover any underlying causes, and corrective actions, along with effective control measures, are taken to prevent similar incidents from recurring.

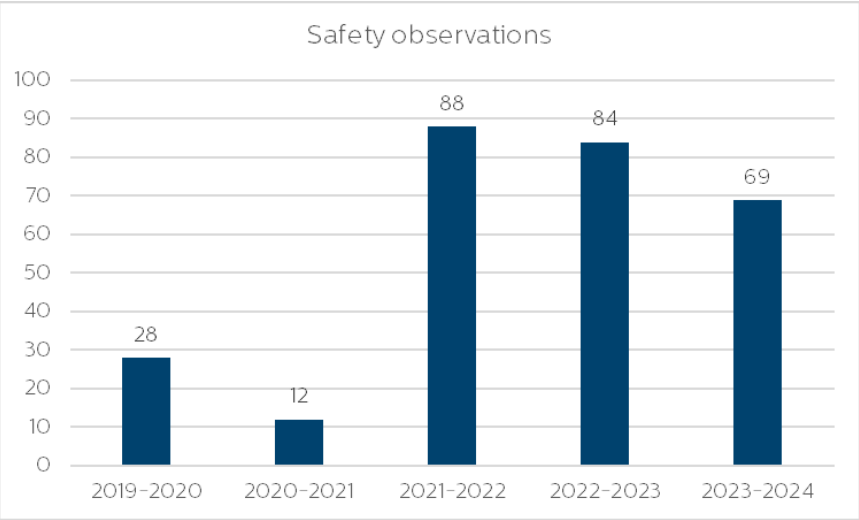
HSE awareness

We are committed to creating a safer working environment through various measures. Our Safety Observation System is managed by the HSE Manager in collaboration with supervisors and the Occupational Health and Safety Representative. All incidents, near misses, and hazard identifications are reported through this system.

In addition to safety observations, the system has a channel for addressing well-being and psychosocial issues. The Occupational Safety Committee monitors these observations and works with supervisors to implement corrective actions. It is our responsibility to recognize and address threats that impact our employees' well-being in all aspects.

Reported safety observations

We carry out regular risk assessments to gain insight and understand our risks and opportunities, which helps us improve and optimize our safety efforts. These assessments are done by teams that are experienced in the relevant tasks or activities. Any identified risks are addressed with appropriate control measures, and risk assessments are reviewed periodically or whenever new information arises.



At MAKINEN, we encourage employees to report near misses and incidents to improve safety. The Safety Observation System, risk assessments, and monthly safety walks, have greatly increased safety awareness. This has led to meaningful discussions and actions to create a healthier and safer workplace.

EQUAL TREATMENT & ETHICAL BUSINESS PRACTICES

We aim to foster an equal, open, and inspiring work environment where everyone can excel. To improve and support the well-being of our employees, we have established practices and operational models, including our Equality and Non-Discrimination Plan, Prevention of Harassment and Bullying Policy, and Early Support Model for Work Ability.

All our employees must adhere to the Equality and Non-Discrimination Plan. The plan provides guidelines 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. The MAKINEN Code of Conduct was launched and distributed to our personnel in fall 2023. Development continued and we released a MAKINEN Code of Conduct web source in May 2024, which 96% of our active employees completed.



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

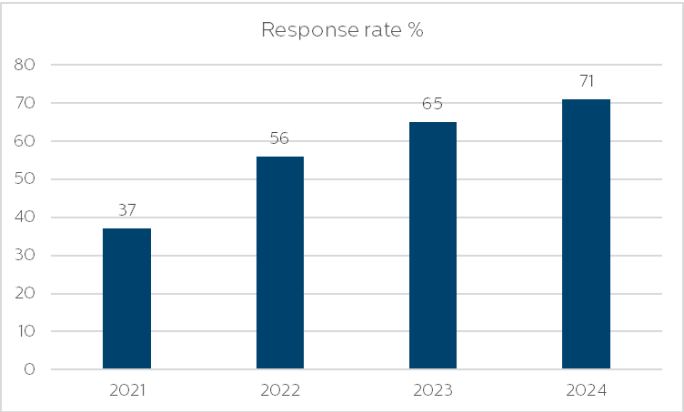
MAKINEN complies with the EU Whistleblowing Directive. An anonymous reporting platform, the Whistleblower channel, is available to enable our team

EMPLOYEE ENGAGEMENT

At MAKINEN, we believe that employee engagement is strengthened through honest and open dialogue. We regularly hold Ask CEO events to share information about the company’s status and current topics. News is also shared with employees during team meetings, on the intranet, and through Info TV screens. During the reporting period, the Info Screens were utilized to promote and distribute information on occupational safety, recycling, and other HSE topics. The Idea Tool serves as a platform for all employees to propose and share their ideas, such as improving company operations and enhancing employee well-being.

We conduct our Employee Satisfaction Survey annually, serving as a key channel for feedback and a tool for measuring employee engagement. The survey is completely anonymous, providing valuable insights into employee well-being. Results are presented to employees, and based on these findings, we develop an annual action plan.

The response rate has shown a continuous increase, with a 71% participation rate in the spring 2024 survey. Our goal for 2025 is to achieve a response rate of 80% or higher



CONTINUOUS DEVELOPMENT OPPORTUNITIES

We aim to maintain a high level of skills and knowledge among our employees at through consistent and diverse training initiatives. In our Work Community Development Plan, we have identified development needs and established clear goals and measures to continuously enhance our personnel’s skills and competence. We encourage our employees to take responsibility for their own development by expressing their aspirations. Individual training needs are discussed during annual performance and career development discussions between employees and their line manager. In the reporting period, the coverage of these discussions was 100%.



In this reporting period, the average training hours were notably low due to ongoing customer projects and resourcing constraints. The average training hours per year were 7.6 hours overall, with 11.1 hours for females and 4.8 hours for males. For the next reporting period, we have established a new performance indicator specifically for training hours: average learning hours per employee. Our overall target is to exceed 30 hours, with a specific target of 20 hours for the next reporting period.

We have also launched a training program aimed at enhancing management culture and leadership skills among our team members, in collaboration with an external coaching company. This program featured tailored sessions designed specifically for the Executive Team and line managers.

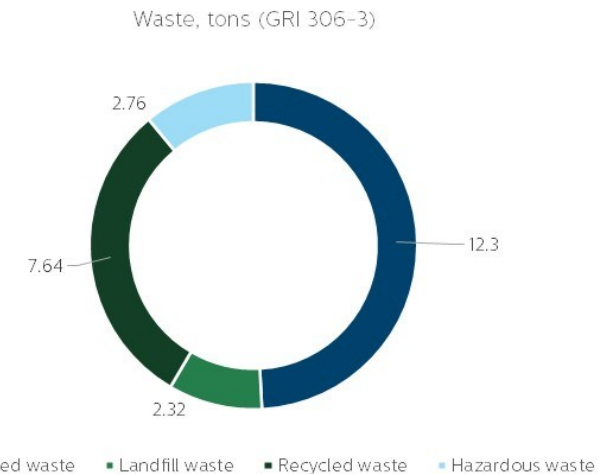
Reducing the environmental impacts caused by our operations

OPTIMIZING MATERIAL USE AND MINIMIZING WASTE

We aim to keep the environmental impacts of production low, guided by our internal working guidelines emphasize choosing environmentally, socially, and economically sustainable solutions. In our production and projects, we select options that maximize sustainability within our clients' project frameworks. This optimization involves careful selections of interior materials, as well as considerations for 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 in ship cabin refurbishment. Originally developed in the automotive industry, this operating method emphasizes high efficiency through just-in-time processes. This creates a more sustainable and safer work environment while minimizing waste. Waste removal is integrated into detailed schedules, ensuring that waste is managed properly and does not end up in the wrong locations.

We manufacture custom-made sofas, sofa beds, headboards, and other furniture at our facility in Lieto, Finland. We also provide drapes, sheers, bed skirts, decorative pillows, and various textiles. In our production process, materials are used for both creating interior products and packaging. This results in waste materials such as fabrics, foams, metals, wood, plastics, cardboard, aerosols, solvents, paints, varnishes and glues, and small amounts of glass and paper. In this reporting period, our total waste amounted to 26 tons.



SUSTAINABLE MATERIALS AND SOLUTIONS

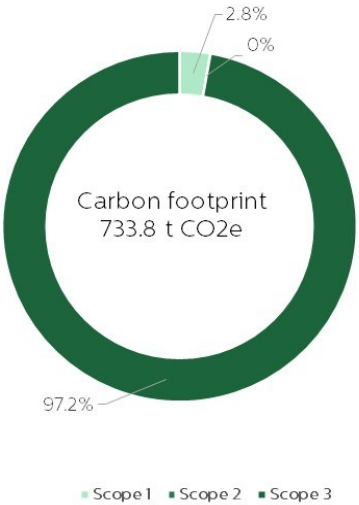
The shipbuilding industry is working on major improvements toward sustainability, particularly in fuel consumption, emissions, and energy efficiency. In the interior sector, there are many opportunities to contribute to these critical areas. Lighter materials and solutions can lead to reduced emissions for end users, as there is a direct correlation between cabin weight savings and fuel efficiency.

The amount of furniture and interior materials used in the refurbishment business is substantial. Fortunately, the availability of sustainable materials and products has increased significantly in recent years. However, the need for end-of-life plans for refurbishment materials is emerging, emphasizing effective refurbishment, reuse, and recycling strategies.

During shipbuilding projects, our client collaborates closely with architects to define the interior design of different areas. This involves specifying materials and furniture for each interior space. We support our clients and their architects in selecting sustainable solutions by leveraging our extensive knowledge and experience with materials and supplier companies. Whenever possible, we provide consulting support during the product design phase, helping clients to make informed choices that align the architect’s requirements and the industry regulations.

REDUCING EMISSIONS

MAKINEN reports its direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions from purchased energy production (Scope 2), and other indirect greenhouse gas emissions (Scope 3) in accordance with the Greenhouse Gas Protocol. During this reporting period, we calculated our carbon footprint for the second time.



| Emission Source | t CO2e | Share |
|-----------------|--------|-------|
| Scope 1 | 20.8 | 2.8% |
| Scope 2 | 0 | 0% |
| Scope 3 | 713 | 97.2% |
| Total | 733.8 | 100% |



The total carbon footprint of our company is 733.8 tons of CO2e. Our operations (Scope 1 and 2) have a relatively minor impact on emissions compared to the generated throughout our value chain.

MAKINEN’s direct Scope 1 emissions result from the use of heating oil and company cars. The company cars use both diesel and gasoline. in the re-
porting period, the consumption of car fuels was as follows: diesel 2,648 li-
ters and gasoline 770 liters. The property is heated with heating oil, which
had a consumption of 4,402 liters during the same period.

| Emission Source | t CO2e | Share |
|-----------------|--------|-------|
| Company cars | 9.3 | 44.7% |
| Heating oil | 11.5 | 55.3% |
| Total | 20.8 | 100% |

MAKINEN does not have Scope 2 emissions. All electricity used by the com-
pany is 100% emission-free, and there is no district heating. Our electricity
consumption includes that of the office and the warehouse, with the ware-
house’s consumption estimated based square meterage. Our total electricity
consumption was 351,995 kWh.

The calculation of value chain emissions includes business emissions from
subcontracting to customers. As a project business, MAKINEN’s Scope 3
emissions vary annually depending on the size and geographical location of
the projects executed. In this reporting period, the calculation of MAKINEN’s
Scope 3 emissions includes purchased raw materials for furniture production,
inbound and outbound logistics related to these materials, waste and water,
business travel, and employee commuting.

51.8% of Scope 3 emissions consist of procurements, which are limited to
purchases for our furniture production. This calculation includes the pur-
chases of raw materials for sofas and other furniture. It is based on the
weights and materials reported by the company, along with general emission
factors.



| Scope 3, Emission Source | t CO2e | Share |
|---------------------------|--------|-------|
| Procurements | 369.6 | 51.8% |
| Business & project travel | 255 | 35.8% |
| Inbound logistics | 52.5 | 7.4% |
| Employee commuting | 19.6 | 2.7% |
| Waste | 10 | 1.4% |
| Outbound logistics | 6.2 | 0.9% |
| Water | 0.1 | 0% |
| Total | 713 | 100% |

Metal parts account for the largest share of procurement emissions at 44.4%, representing 36% of the total weight. The second-largest category is upholstery fabrics, which make up 34% of procurement emissions and 9.3% of the total weight. The emission factor used for fabrics is that of polyester.

Wooden parts represent the largest category by mass (37%); however, they only account for 1.5% of raw material emissions, as wood has lower carbon emissions compared to other materials. We use the minimal amount of furniture packaging necessary to ensure quality of goods during transport. We select materials that can be recycled, reused, and are as light as possible. The most commonly used materials include cardboard, plastic, and wooden pallets. All materials are reused multiple times, whenever possible, and any residue is either recycled or repurposed as energy waste.

| Material | Amount (kg) | Share | Emissions (t CO2e) | Share from Emissions |
|---------------------|-------------|-------|--------------------|----------------------|
| Metal parts | 58,840 | 35.9% | 164.2 | 44.4% |
| Upholstery fabrics | 15,215 | 9.3% | 125.8 | 34% |
| Paddings | 20,603 | 12.6% | 66.5 | 18% |
| Packaging materials | 7,525 | 4.6% | 5.7 | 1.5% |
| Wooden parts | 60,494 | 37% | 5.4 | 1.5% |
| Glues | 1,008 | 0.6% | 2 | 0.6% |
| Total | 163,685 | 100% | 369.6 | 100 |

Business travel is the second largest source of emissions, accounting for 35.8% of Scope 3 emissions. This includes project travel, covering both flights and hotel stays. The emissions from flights are based on reports provided by our travel agency, with flights making up 98% of business travel emissions. During the reporting period, a total of 2.1 million kilometers were flown, and there were 401 hotel nights. To reduce the carbon footprint of project travel, we are committed to engaging qualified subcontractors closer to project locations.

Inbound and outbound logistics cover the transportation of raw materials for our furniture production and the transportation of finished products. Emissions are calculated based on ton-kilometers.

Employee commuting emissions are based on a survey with a 55% response rate, and the results were scaled to reflect the entire personnel. The average commuting distance was 12.3 km, and 45% of respondents used combustion engine cars, which accounted for 89% of commuting emissions. To support low-emission commuting in our locations in Finland, we have ten electric charging stations at MAKINEN premises in Lieto and two stations at Lemminkäisenkatu premises in Turku, for employees with electric or hybrid vehicles.

Waste and recycling data were provided by our waste management company, categorized by waste fraction. The total waste generated was 26 tons. Water missions are based on consumption, which totaled 275 m³.

We are continuously seeking ways to reduce greenhouse gas emissions. Our goal is to establish a performance indicator for Scope 3 emissions in the next reporting period.

Ensuring responsible supplier operations

For our projects, we employ a substantial workforce from our subcontractor and supplier companies. Most of these employees are involved in project execution, installation, and repair, holding roles such as technicians, electricians, logistics workers, carpenters, installers, painters, and wallcovering specialists. Due to the intermittent nature of our projects, the ratio between our employees and subcontractors may vary significantly during and between projects. During active projects, only 10–20% of the total project team are MAKINEN employees, with the majority employed by our subcontractors.

SUPPLY CHAIN TRANSPARENCY

In passenger ship interiors, fabrics play a crucial role in shaping the visual atmosphere and ambiance of the space. They also serve functional purposes, such as privacy, space partitioning, and acoustic management. However, the global textile industry continues to pose significant environmental challenges. The main concerns are the high water consumption and the pollutants released in the wastewater. In many underdeveloped and developing countries, wastewater treatment is inadequate or limited to basic physical treatment, primarily due to the costs associated with installation and operation. This results in untreated water containing hazardous substances like dyes, heavy metals, acids, soda, and aromatic hydrocarbons being discharged into valuable clean water resources. The only potential solution for this is the development of optimized treatment processes that reduce the water and chemical use, ultimately lowering treatment costs.

The supply and value chains in the international shipbuilding industry can extensively branched, with each branch often extending to multiple locations worldwide. The further we explore into tracking the value chain, the less transparency exists, making it harder to ensure ethical practices. Risks of child and forced labor are always present, and the complexity of these chains poses challenges for effective oversight.



WAYS OF WORKING

MAKINEN Supplier Code of Conduct is fundamental to our responsible sourcing strategy. It addresses legal compliance, ethical conduct, and environmental standards expected from our suppliers. We require our suppliers to comply with the Code of Conduct in all their dealings with MAKINEN and their employees, suppliers, and third parties.

Our Supplier Code of Conduct mandates that our suppliers protect the health and safety of their employees. We expect full compliance with our safety policies from everyone working on a MAKINEN site. During refurbishment projects, we strictly follow our HSE processes, which include training sessions, safety orientations, and essential documentation such as Safety Guidelines and the Worker's Manual. All personnel are required read, learn, and comply with these documents.

For us and our client network, our operations must be socially sustainable throughout the entire supply chain. We are careful to employ subcontractor companies that share our values and work ethics. One of the best ways to ensure supplier compliance and continuous improvement is through supplier audits.

We review our annual audit plan to prioritize and schedule audits according to our business needs. In the reporting period, we were only able to complete two supplier audits due to resourcing constraints. No material concerns were raised during these audits.

In compliance with our subcontractor obligations and liability policy, we require MAKINEN subcontractors and suppliers to meet the requirements of the Contractor's Obligations Act. This ensures that our contract partners are registered for tax prepayment, as well as in the employer and VAT registers. We also verify employment's main terms and conditions of employment, any applicable collective agreements, and whether taxes and pension insurance have been duly paid. Additionally, partners must provide information regarding their occupational health care organization.



GRI CONTENT TABLE

Reporting scope

This MAKINEN 2023–2024 Sustainability Report is the corporation's fifth sustainability report, offering transparency regarding our social and environmental impacts to our stakeholders. The reporting period for this report is our previous fiscal year, from July 1, 2023, to June 30, 2024. We use an annual reporting cycle. MAKINEN's Sustainability Report 2023–2024 has been prepared according to the Global Reporting Initiative (GRI) Standard (GRI Standards 2021). Material topics have been selected based on a materiality analysis. This table specifies where you can 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 the VP of Sustainability, HSE & Quality, Mrs. Kirsi Orava, at kirsi.orava@ismakinen.com.

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