



MAKINEN

SUSTAINABILITY REPORT  
2024 – 2025



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# CEO's Review

The past year has been active for both the cruise industry and MAKINEN. The market has continued to grow, and cruise lines are investing in their fleets through refurbishment, upgrades, and newbuilds. For us, this has meant a steady flow of projects across our core business areas and further strengthening of our long-term customer relationships. At the same time, projects are becoming more demanding, particularly in terms of schedules and supplier requirements.

Sustainability is closely tied to how we run our business. It is not a separate function, but part of everyday decisions related to safety, materials, production, logistics, and supplier management. Our focus is on doing things in a practical and controlled way, balancing quality, reliability, and environmental responsibility. As a contractor, we work based on our customers' specifications. Our task is to find the right materials and solutions that meet their requirements and at the same time support their sustainability goals.

Our sustainability work is built around people, the environment, and responsible operations in the supply chain. Health and safety remain a clear priority, together with employee engagement and skills development. On the environmental side, we focus on material use, emissions related to our operations and projects, and practical ways to reduce our footprint where possible. In the supply chain, we work to promote responsible operating practices together with our partners and to improve transparency step by step.



Looking ahead, the outlook for the next fiscal year is positive. Several upcoming large-scale projects allow us to pilot and test new sustainability improvements in real project execution. The focus remains on taking care of our people, safe and efficient project deliveries, responsible sourcing, and steady progress on environmental topics relevant to our operations.

In Turku, Finland  
15 December, 2025

Mikko Mäkinen  
CEO

# MAKINEN in Brief

MAKINEN is a privately owned Finnish company established in 1993. Since the beginning, the company has focused on serving the global cruise industry with material deliveries, furniture installations, and interior technical work.

Over decades, MAKINEN has grown into a project house with expertise across all areas of cruise ship interiors. We offer turnkey delivery that covers engineering, design support, procurement, logistics, project management, and final installation from planning to delivery. MAKINEN’s strongest expertise is in large-scale cabin refurbishment projects and in delivering turnkey interiors to newbuild expedition vessels.

Alongside refurbishment and newbuild project operations, MAKINEN produces marine-grade furniture at its own facility in Lieto, Finland. The production focuses on custom furniture for cruise lines, including sofas, sofa beds, armchairs, ottomans, chairs, nightstands, and soft furnishings such as drapes and textiles.

With three generations of experience in marine interiors, MAKINEN continues to deliver reliable, high-quality interiors for the world’s leading cruise lines.



### OUR VALUES

We find better ways  
We get the job done  
We keep our promises  
We are MAKINEN

### OUR VISION

By 2030, MAKINEN is the benchmark of the cruise industry

### OUR PURPOSE

To build the best with passion and courage.

### KEY NUMBERS

60,000+ refurbished cabins  
7 expedition vessels completed  
65,000+ sofas delivered

### DIVISIONS

Furniture Production

Refurbishment

Newbuilding

### LOCATIONS

I.S. Mäkinen Oy. Lieto and Turku, Finland

Makinen, Inc.  
Pompano Beach, Florida, USA

Makinen Ltd. Haimen, China

MAKINEN MILESTONES								
1960's	1980's	1992	1998	2000's	2012	2019	2023	2024–2025
Auvo Makinen started a sofa reupholstery business in his garage.	Furniture deliveries to all shipyards in Finland (Turku, Rauma, Helsinki).	The company ownership transferred from Auvo Makinen to Ismo Mäkinen.	The first deliveries were made abroad for projects at major shipyards.	The collaboration with RCCL begins, leading to establishing Makinen, Inc. in Florida, USA	The LEAN project execution method applied in refurbishment projects, first in the world.	Makinen Ltd. established in China; the first expedition vessel delivered for SunStone Ships Infinity-series.	MAKINEN celebrates its 30 <sup>th</sup> anniversary.  6 <sup>th</sup> Infinity-class vessel delivered.	New office location opened in Turku, Finland.  In 2025, Infinity-class expedition vessel series is completed.



# Sustainability Governance and Stakeholders

## SUSTAINABILITY MANAGEMENT

MAKINEN’s sustainability work is guided by corporate governance and integrated into daily operations. The work is promoted by the Board of Directors, the CEO, and the Executive Team. Sustainability, health, safety, and quality topics are coordinated through defined roles and responsibilities within the organization.

The Executive Team defines MAKINEN’s strategy and oversees the development of policies that guide sustainability, health, safety, and quality across all operations. Management and supervisors ensure that employees are informed of and comply with applicable legislation, regulations, and internal guidelines. The CEO holds the final responsibility for the sustainability agenda and the approval of MAKINEN’s annual Sustainability Report.

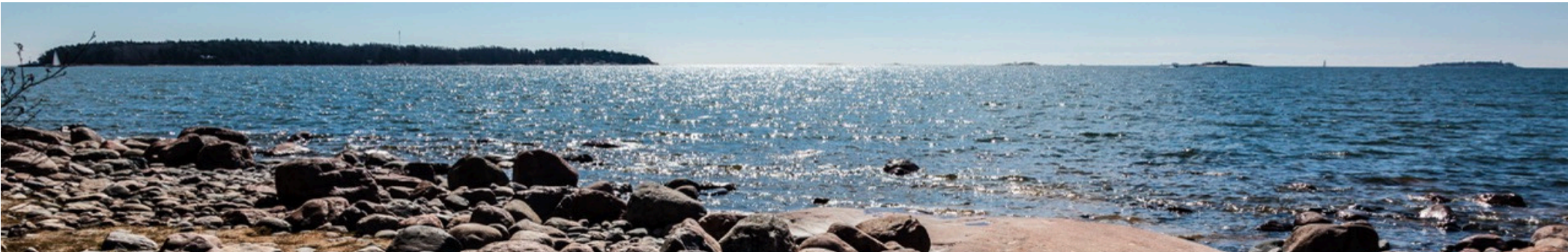
Operational sustainability work is coordinated by the Sustainability Steering Group (SSG), which includes representatives from key functions such as HSE and HR & Legal. The SSG meets regularly and supports the implementation and follow-up of sustainability actions across the organization.

## STAKEHOLDER ENGAGEMENT

MAKINEN’s stakeholder engagement is based on both structured and informal interaction, supported by regular surveys on topics such as employee satisfaction and well-being. Our primary stakeholders are our customers, employees, subcontractors, and suppliers, who together form the core of our operations.

### Customers

Every project MAKINEN takes on starts with understanding customer needs and expectations. Our goal is to be a trusted and reliable turnkey contractor partner for cruise lines and shipyards. We stay in contact with our customers through daily communication, meetings, trade fairs, and other professional settings, and share information through marketing materials, our website, and social media. We also collect feedback and conduct satisfaction surveys to support continuous improvement in our work.





## Employees

MAKINEN's success relies on the competence and commitment of its employees. We aim to attract new talent and maintain a team of skilled and engaged professionals. Managers keep ongoing face-to-face dialogue with their teams and hold annual development discussions. Information is shared through the intranet, Info-TV screens, internal email lists, and events such as We Are MAKINEN and Ask CEO informative sessions, as well as other gatherings. Employees are encouraged to share development ideas through the Idea Tool and to provide feedback on health and safety via the Safety Observation Tool.

## Subcontractors and Suppliers

We work to maintain a reliable, stable, and predictable supplier and subcontractor network. In addition to continuous day-to-day interactions on operational topics, we meet with suppliers at trade fairs and project meetings, and often either visit their locations as a team or invite them to our premises. We support our suppliers in their commitment to sustainable and responsible business practices, including human rights, safety, quality, and environmental responsibility.



## Local support

MAKINEN's production facility, where we manufacture sofas, headboards, and other custom-made furniture, is located in Lieto, Finland. By working with nearby suppliers, we support the local economy and keep logistics practical and efficient. We also take part in local business collaboration events and maintain cooperation with universities, colleges, and other educational institutes to offer career opportunities for new graduates, as well as traineeships and thesis projects for students. In addition, MAKINEN supports local junior sports teams through sponsorships and donations.



# Sustainability Focus Areas and Targets

For our sustainability work, we have identified focus areas where our operations have the most significant impact. The material topics are based on internal assessments and the work of the Sustainability Steering Group (SSG). These topics are divided into three reporting areas: promoting safety and well-being at work, reducing the environmental impacts of our operations, and ensuring that our suppliers operate responsibly and meet our social responsibility requirements.

Our sustainability focus areas are closely aligned with the UN Sustainable Development Goals (SDGs). MAKINEN's sustainability reporting follows the Global Reporting Initiative (GRI) guidelines. With this report, we aim to communicate our commitment to sustainability and responsible business practices to our customers, suppliers, employees, and other stakeholders.

The reporting period is MAKINEN's fiscal year from July 1, 2024, to June 30, 2025. This report covers MAKINEN Finland (I.S. Mäkinen Oy), which is the headquarters of the MAKINEN Group and where operations, including HR, supplier relations, procurement, and other central activities, are directed and managed. This represents a change from previous years, when selected subsidiaries were included in the reporting scope.

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GOOD HEALTH  
AND WELL-BEING

Safety and well-being at work matter to us.

We focus on:

- Health and safety in everyday work
- Fair treatment and ethical ways of working
- Employee involvement
- Opportunities to grow and develop

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RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

We expect our suppliers to operate responsibly and in line with our requirements:

- Supplier Code of Conduct
- Regular supplier audits

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CLIMATE  
ACTION

We work to reduce the environmental impact of our operations by:

- Using materials efficiently and keeping waste to a minimum
- Choosing more sustainable materials where possible
- Lowering emissions



## SUSTAINABILITY PERFORMANCE INDICATORS AND TARGETS

Sustainability topic	Key performance indicator (KPI)	Target	2024 - 2025	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	0		Achieved
	Work-related injuries or accidents leading to short-term sick leave	Zero work-related injuries (1 - 30 days away from work)	1	1	0	1		On track
Employee engagement	Response rate for annual employee satisfaction survey	Response rate of 80% for annual employee satisfaction survey	74%	71%	65%	53%		On track
Business ethics	Employee Code of Conduct coverage	100% of Code of Conduct web course coverage	-	96%	-	-		Course not administered during the 2024–2025 reporting period.
Talent development	Average training hours per employee	Target for 2024 - 2025: > 20 hours per year Overall target > 30 hours per year	8.2	7.6				KPI introduced in the previous period. Further improvement needed to reach the target.
Reducing emissions	Reduction of (absolute fossil) CO2 equivalents (CO2e) emissions - Scope 1	Scope 1 - decreasing trend from 2022 baseline (78.5 t CO2e)	19.7	20.8	Not measured	78.5		On track
	Reduction of (absolute fossil) CO2 equivalents (CO2e) emissions - Scope 2	Scope 2 - target 0	4.7	0	Not measured	0		Increase due to mixed electricity at leased office space.
	Reduction of (absolute fossil) CO2e emissions in the value chain - Scope 3	Scope 3 - Baseline year set (No reduction target yet due to project-based variability).	1,956.6					New performance indicator.
Responsible sourcing	% of key suppliers who have signed Supplier Code of Conduct (SCoC)	Maintain a minimum coverage level of 85%	50%	50%	Not measured	50%		Behind - No major development during the reporting period due to the resourcing constraints.

# PEOPLE

Our business relies on the competence and expertise of our employees and the contractors in our network. For refurbishment and newbuilding projects, timely delivery and quality depend on the commitment and dedication of our team to our purpose and values. The quality of MAKINEN Furniture Production is built on the craftsmanship of our employees. Therefore, employee engagement, health, and safety remain fundamental priorities in our operations. We respect and strictly adhere to employment laws, rules, and regulations. All employees are employed full-time and are covered by the required bargaining agreements.

During the reporting period, we employed a total of 45 individuals, of whom 41 worked in Finland for I.S. Mäkinen Oy and four for Makinen Inc. in the United States. Of the total, 19 employees were women and 26 were men. In terms of age distribution, three employees were under 30 years old, 23 were between 30 and 50 years, and 19 were over 50 years old. The Executive Management Team consisted of six members – two women and four men.

We hired four new employees in Finland during the reporting period, while four employees left the company. In addition, one new employee joined our U.S. operations. Several employees took parental leave during the year, and all returned to work after their leave ended.

Diversity, number of employees & share		
Female	19	42%
Male	26	58%
Under 30 years old	3	7%
30 – 50 years	23	51%
Over 50 years old	19	42%

# HEALTH, SAFETY, AND WELL-BEING

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

In 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 the Occupational Safety Committee meetings are posted on the company’s intranet.

According to the corporation’s HSE instructions, all team members, including MAKINEN 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. All employees in Finland have valid first aid training, which is renewed regularly according to the required cycle.

Workload factors vary 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 are addressed with targeted instructions and training.



MAKINEN promotes physical and mental well-being by encouraging employees to stay active and participate in cultural activities during their free time. Our Lieto location has a gym, and employees also have access to sports services, including a gym, tennis, and badminton, at the local sports center Jarkko Nieminen Areena.



We Are MAKINEN is a group of employees who arrange leisure activities and informal gatherings for colleagues. The company supports the group as part of its commitment to maintaining a positive work community. The group was formed during the reporting period, with activities such as laser tag, indoor karting and other social events that encourage team spirit across different departments.

Zero Harm

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

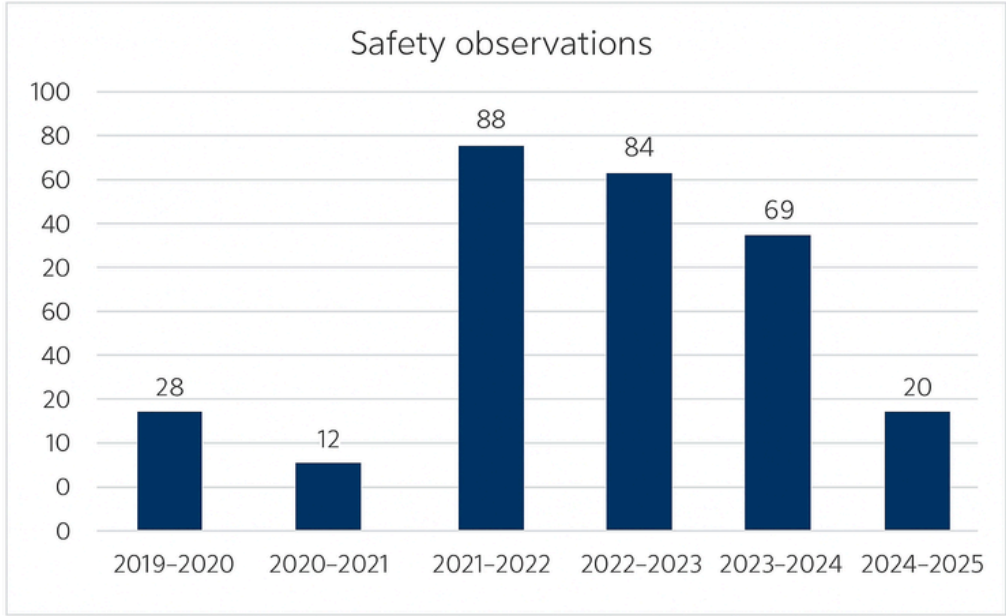
During the 2024–2025 reporting period, there was one accident that led to a short sick leave, the same as in the previous year. All incidents are taken seriously and systematically reviewed to identify lessons learned from both accidents and near misses. Each case is investigated to determine root causes, and corrective measures are implemented to prevent recurrence.



**HSE Awareness**

We are committed to maintaining a safe and healthy working environment through active measures and continuous improvement. Our Safety Observation System is managed by the HSE Manager in cooperation with supervisors and the Occupational Health and Safety Representative. All incidents, near misses, and identified hazards are reported through this system.

Employees are encouraged to actively use the system as part of everyday safety work. Together with risk assessments and monthly safety walks, the Safety Observation System has strengthened safety awareness across the company and supported concrete actions to improve workplace safety.



In addition to safety observations, the system includes a channel for reporting well-being and psychosocial concerns. The Occupational Safety Committee monitors these observations and collaborates with supervisors to ensure that corrective actions are implemented. It is a shared responsibility to recognize and address any factors that may affect employees’ well-being at work.

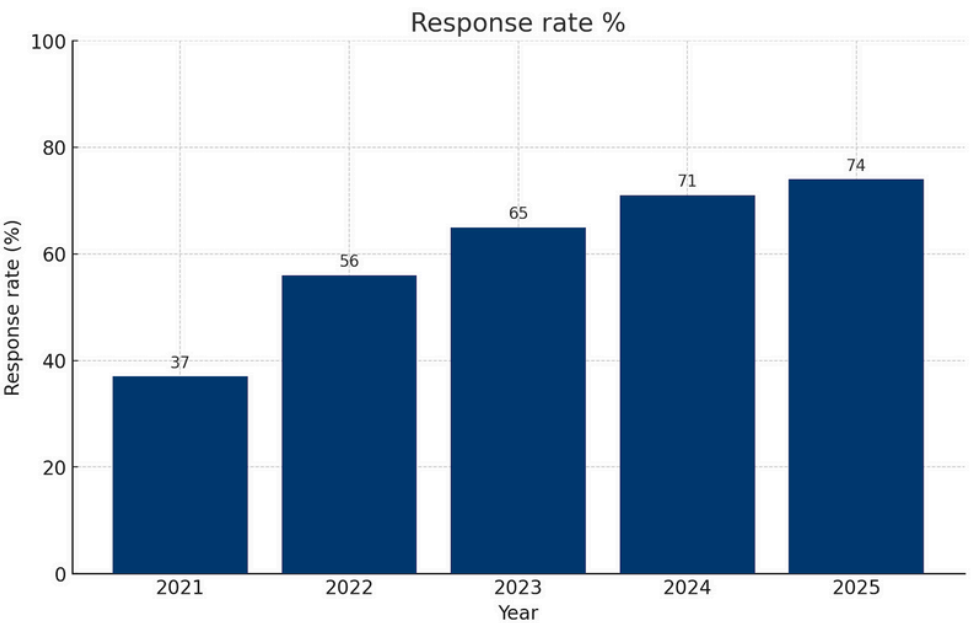
We also carry out regular risk assessments to better understand risks and opportunities and to support the development of our safety practices. These assessments are conducted by teams with experience in the relevant tasks or activities. Any identified risks are addressed with appropriate control measures, and the assessments are reviewed periodically or when new information becomes available.



# EMPLOYEE ENGAGEMENT

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

In the 2024–2025 reporting period, the satisfaction component was included as part of a broader workplace assessment carried out together with our occupational health care provider. This anonymous assessment provided insight into well-being, working conditions, and day-to-day factors affecting employees.



The response rate has continued to grow over recent years. The most recent assessment, completed in spring 2025, reached a participation rate of 74%. Our target for the 2025–2026 reporting period is to reach a response rate of 80% or higher.

At MAKINEN, we believe that employee engagement is strengthened through 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.

EQUAL TREATMENT AND ETHICAL BUSINESS PRACTICES

We aim to maintain an equal, open, and supportive work environment where everyone can succeed. To promote well-being at work, we have established several practices and policies, including our Equality and Non-Discrimination Plan, the Prevention of Harassment and Bullying Policy, and the Early Support Model for Work Ability.

All employees follow the Equality and Non-Discrimination Plan, which outlines expectations for appropriate work conduct and supports a healthy and respectful work community. The MAKINEN Code of Conduct was introduced in fall 2023. Development continued with the launch of a digital Code of Conduct learning resource in May 2024, completed by 96% of active employees.

The Early Support Model helps identify and address potential work ability concerns at an early stage. The model was developed together with our occupational health care provider, Mehiläinen, to ensure that support is available when needed.

MAKINEN also complies with the EU Whistleblowing Directive. An anonymous reporting channel is available for employees to report suspected violations or unethical conduct.



CONTINUOUS LEARNING AND DEVELOPMENT

Training supports skills and knowledge development across the company through practical, ongoing learning. The Work Community Development Plan defines development needs and competence goals, and employees are encouraged to express their own training interests. Individual development needs are discussed in annual performance and career discussions with line managers, which were completed with full coverage during the reporting period.



Training activity remained modest due to customer projects and resourcing constraints. The average number of training hours was 8.2 hours per employee, an increase from the previous period. Men averaged 6.7 hours and women 9.7 hours. Work to improve access to training and support steady growth in learning hours continues. The target for the next reporting period remains 20 learning hours per employee. The long-term goal is to reach an average of 30 hours per employee.



# ENVIRONMENT

## MATERIAL EFFICIENCY AND WASTE REDUCTION

We aim to keep the environmental impacts of production low, guided by our internal guidelines that emphasize choosing environmentally, socially, and economically sustainable options. In our production and projects, we select materials and methods that support sustainability within our clients' project frameworks. This covers interior material choices as well as production planning, logistics, storage, worksite flow, accommodation, and practical arrangements 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 focuses on efficiency through just-in-time processes. This supports a more sustainable and safer work environment while reducing waste. Waste removal is included in detailed project schedules to ensure that materials are handled correctly and do 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 produce drapes, sheers, bed skirts, decorative pillows, and various textiles. In our production process, materials are used for both interior products and packaging, generating waste streams such as fabrics, foams, metals, wood, plastics, cardboard, aerosols, solvents, paints, varnishes, glues, and small amounts of glass and paper.

Waste emissions are calculated based on reports from waste company Ekopartnerit. Total waste generated during the calculation period was 75.3 tons. 1.5% of the total weight of waste was hazardous waste, and which corresponds to 13% of total waste emissions, due to higher emission factors.

## 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 support these developments. Lighter materials and solutions can contribute to reduced emissions for cruise lines, as cabin weight has a direct impact on fuel efficiency. We have continued development work with our manufacturing and customer partners on lighter furniture solutions. The work progressed during the reporting period, and we expect to install selected pieces in specific projects next reporting period to see how they perform in real operating conditions.

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.

# CARBON FOOTPRINT AND EMISSION REDUCTION

## Calculation basis

MAKINEN reports its direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions from purchased energy (Scope 2), and other indirect greenhouse gas emissions (Scope 3) in accordance with the Greenhouse Gas Protocol. During the reporting period, we calculated our carbon footprint for the third time. Greenhouse gas emissions are categorized into fossil-based Scope 1, Scope 2, and Scope 3 emissions, as well as out-of-scope biogenic emissions.

Scope 1 emissions are direct emissions generated by business activities, such as fuel used in company vehicles and heating, as well as other greenhouse gases released directly from company processes.

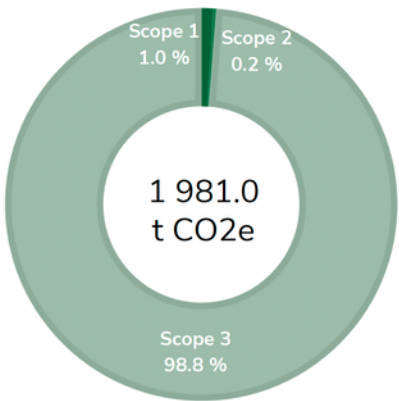
Scope 2 emissions are indirect emissions from business activities and include purchased electricity and district heating. In this report, Scope 2 emissions are reported using the market-based method, which applies the emission factor provided by the energy producer according to the contract type. A location-based total, which reflects the national grid average, would therefore differ from the figures presented here.

Scope 3 emissions are other indirect emissions from business activities. They are divided into upstream and downstream emission sources. Upstream emission sources include, among others, purchased products, waste, business travel, and employee commuting. Downstream emission sources arise after the sale of the company’s products or services and include emissions from product use and end-of-life treatment. In this report, only upstream Scope 3 emissions are included.

Biogenic emissions are generated from bio-based materials or fuels and are part of the natural carbon cycle. These emissions are not included in Scope 1, 2, or 3 totals but are reported separately from fossil emissions.

## Our carbon footprint

The total carbon footprint of our company is 1,981 t CO<sub>2</sub>e. Emissions from our own operations (Scope 1 and Scope 2) represent a small share of the total, with the majority generated in Scope 3.



Carbon footprint. Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.

Emission sources	t CO2e
Scope 1	19.7
1.1 Stationary combustion	11.8
1.2 Mobile combustion	7.9
Scope 2, market-based	4.7
Scop2 2, location-based	14.2
2.1 Electricity, market-based	4.7
2.1 Electricity, location-based	14.2
Scope 3	1,956.6
Upstream	
3.1 Procurement	619.2
3.3 Energy related activities	12.4
3.4 Upstream logistics	111.5
3.5 Waste and wastewater	17.1
3.6 Business travel	1,176.4
3.7 Employee commuting	20.0
Total, market-based	1,981.0
Total, location-based	1,990.5

Emissions breakdown. Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.



Scope 1 – Direct emissions

MAKINEN’s Scope 1 emissions arise from heating oil and company cars using diesel and gasoline. During the reporting period, diesel consumption was 2,962 liters and gasoline consumption 742 liters. Heating oil use totaled 4,711 liters.

Emission source	t CO2e	Share
Company cars	7.9	40.1 %
Heating oil	11.8	59.9 %
Total	19.7	100.0 %

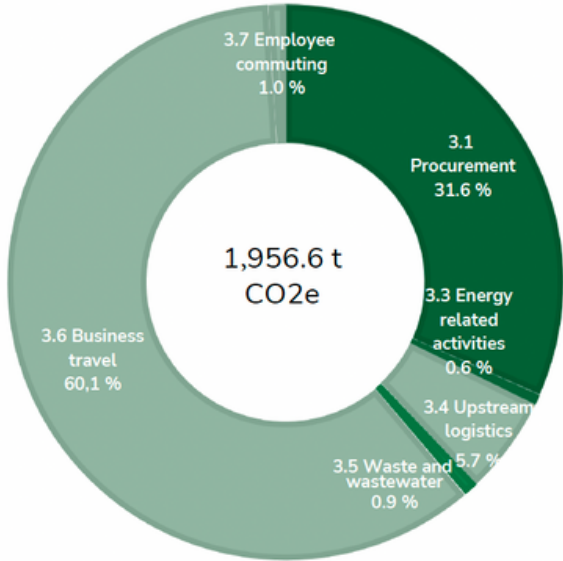
Scope 2 – Indirect emissions

I.S. Mäkinen Oy’s Scope 2 emissions come solely from electricity use in offices and the warehouse. The warehouse consumption is estimated based on floor area, using the same method as in the previous calculation. Total electricity use during the reporting period was 360.7 MWh. The Tammitie office uses carbon-free electricity (72% nuclear) from Fortum/Veni Energia, while the Lemminkäisenkatu office uses mixed electricity from Turku Energia. In total, 48% of purchased electricity is renewable. Market-based emissions are calculated using Finland’s residual mix emission factor. Biogenic CO<sub>2</sub> emissions from electricity production amount to 6.0 t CO<sub>2</sub>e and are reported separately from fossil emissions, originating from the bio-based share of the electricity mix.

Scope 3 – Value chain emissions

Value chain emissions include indirect emissions from our project work as a subcontractor. As a project-based business, Scope 3 emissions vary by year with project location and scale. In this report, Scope 3 covers purchased products and raw materials for our own manufacturing, upstream logistics, waste and wastewater, business travel, and employee commuting.

Scope 3 emissions breakdown



Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.

Emission source	Emissions [t CO2e]	Share [%]
3.1 Procurement, own production	619.2	31.6 %
3.3 Energy related activities	12.4	0.6 %
3.4 Upstream logistics	111.5	5.7 %
3.5 Waste and wastewater	17.1	0.9 %
3.6 Business travel	1,176.4	60.1 %
3.7 Employee commuting	20.0	1.0 %
Total	1,956.6	100 %

Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.

Business travel is the largest source of Scope 3 emissions, accounting for about 60% of the total. It includes both flights and hotel nights. Flight emissions are based on reported flight routes, which were used to calculate total flight kilometers with the help of artificial intelligence. During the reporting period, more than 9.2 million kilometers were flown (2.1 million kilometers in the previous year). The number of hotel nights was 154, resulting in 1.7 t CO<sub>2</sub>e (0.2% of business travel emissions).

Upstream logistics covers both inbound and outbound transportation under the company’s contracts for raw materials used in our own manufacturing. Logistic emissions are based on data from the previous calculation and scaled to match the increased amount of materials transported this year. Emissions are calculated using tonne-kilometers and general emission factors.

Employee commuting emissions are based on a commuting survey with a 60% response rate, and the results were scaled to represent the entire personnel. Of the respondents, 42% commute by combustion engine cars, 21% by electric or hybrid cars, and 8% walk or cycle to work. Total emissions from employee commuting amount to 20 t CO<sub>2</sub>e, with combustion engine cars making up the largest share. To support low-emission commuting, MAKINEN provides thirteen electric charging stations at our locations in Finland, for employees using electric or hybrid vehicles.

Waste emissions are calculated based on waste reports from our waste management company, Ekopartnerit. Total waste generated during the calculation period was 75.3 tons. Of this amount, 1.5% was classified as hazardous waste, representing 13% of total waste-related emissions. Water consumption data was obtained from the water company Liedon Vesi, and the calculation is based on the amount of water used during the reporting period. Wastewater emissions are 0.08 t CO<sub>2</sub>e, which accounts for 0.5% of Scope 3 emissions.

Procurements make up 31.6% of Scope 3 emissions and are the second-largest emission source after business travel. The calculation covers raw materials used in our own manufacturing, such as components for sofas and other furniture, and excludes other procurements. Material weights are based on data from the previous calculation (2023–2024) and scaled to reflect a 90% increase in material flows. Emissions are calculated using general factors from the CO<sub>2</sub>Data and Ecoinvent databases.

Procurement	Amount [kg]	Emissions [t CO <sub>2</sub> e]	Share [%]
Metal parts	111,796	324.2	52.4 %
Upholstery fabrics	28,909	144.8	23.4 %
Paddings	39,146	126.3	20.4 %
Packaging materials	14,298	10.9	1.8 %
Wooden parts	111,939	9.2	1.5 %
Glues	1,915	3.9	0.6 %
Total	311,002	619.2	100 %

Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.

Metal parts account for the largest share of procurement emissions at 52.4%, followed by upholstery fabrics at 23.4%, based on polyester emission factors. Wooden parts represent the largest category by mass but account for only 1.5% of raw material emissions because wood has lower carbon intensity than other materials.

We use the minimum amount of packaging needed to protect products during transport and choose materials that can be reused or recycled whenever possible. Common packaging materials include cardboard, plastic and wooden pallets, all of which are reused multiple times, with remaining material recycled or used as energy waste.

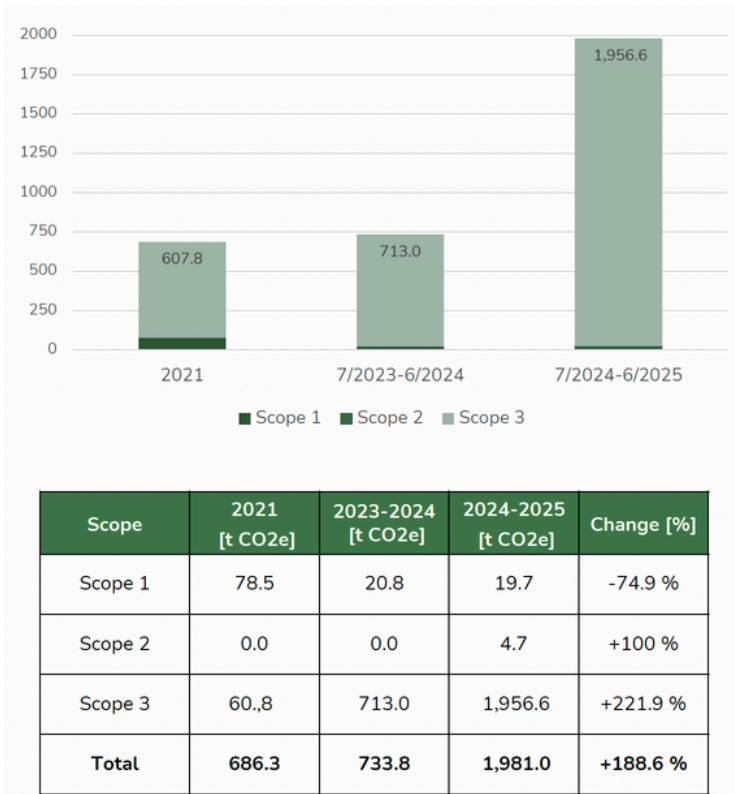


Comparison

The results for the reporting year are compared with the selected reference year to monitor emission trends consistently. At this stage, the base year has not been recalculated to cover structural or methodological changes; however, previous calculations have been reviewed and adjusted where needed, and these changes have been documented in this report.

I.S. Mäkinen Oy’s total emissions have increased by 1,294.7 t CO<sub>2</sub>e (+188.6%) since 2021. The scope of the calculation has changed, especially within Scope 3, which means the results cannot be compared directly.

Annual Comparison – All emissions



Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.

Several factors explain the changes between reporting periods. Reduced use of fossil fuels has lowered Scope 1 emissions. Previously, all purchased energy was carbon-free, but one office now uses mixed electricity, resulting in 4.7 t CO<sub>2</sub>e in Scope 2. Emissions from energy-related activities are included for the first time, and upstream logistics now combines inbound and outbound transport, which were previously reported separately. Procurement emissions are based on scaled data, which affects precision, but the increase in own production supports the overall direction of the result. The largest increase comes from business travel due to a significant rise in flown kilometers.

Annual Comparison – Scope 3 emissions

Emission source	2021 [t CO <sub>2</sub> e]	2023-2024 [t CO <sub>2</sub> e]	2024-2025 [t CO <sub>2</sub> e]	Change [%]
1.1 Stationary combustion	55.6	11.5	11.8	-78.8 %
1.2 Mobile combustion	22.9	9.3	7.9	-65.5 %
2.1 Electricity, market-based	0	0	4,7	+100.0 %
3.1 Procurement	121.9	369.6	619.2	+408.0%
3.3 Energy related activities *)	-	-	12,4	
3.4 Upstream logistics *)	116.9	58.7	111.5	-4.6 %
3.5 Waste and wastewater	11.6	10.1	17.1	+47.1%
3.6 Business travel	298.5	255	1,176.4	+294.1 %
3.7 Employee commuting	58.9	19.6	20.0	-66.0 %
Total	686.3	733.8	1,981.0	+188.6 %

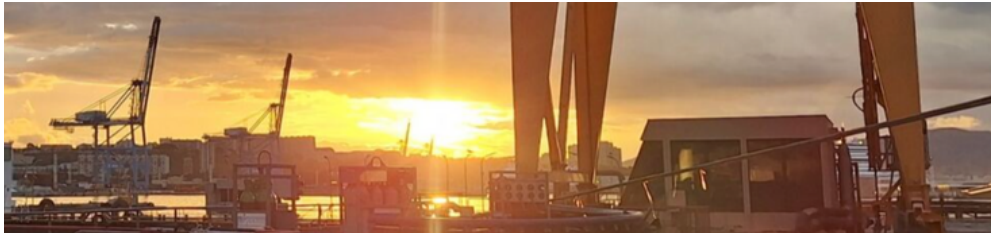
\*) Changes in calculation method

Source: I.S. Mäkinen Oy Carbon Footprint Report 7/2024–6/2025, prepared by Reforest.

As our operations grow and the coverage of Scope 3 expands, absolute emissions naturally increase. Looking at emissions in relation to the scale of activity gives a more useful basis for comparison over time and supports setting realistic reduction targets. We continue to improve the accuracy of our Scope 3 data and follow the development of our main emission sources. At the same time, we focus on practical ways to reduce emissions where we have influence, such as travel practices, material choices, and logistics planning. These actions guide our long-term emission reduction work.

# ECONOMIC

For our projects, we employ a substantial workforce through our subcontractor and supplier companies. Most of these employees work in project execution, installation, and repair, in roles such as technicians, electricians, logistics workers, carpenters, installers, painters, and wallcovering specialists. Because project volumes vary, the ratio between MAKINEN's own employees and subcontractors can change significantly during and between projects. During active projects, only 10 to 20 percent of the total project team are MAKINEN employees, with the majority provided by subcontractors.



## SUPPLY CHAIN TRANSPARENCY

In passenger ship interiors, fabrics play an important role in both design and function. However, the global textile industry presents notable environmental challenges, including high water consumption and wastewater pollution. In many developing regions, wastewater treatment capacity is limited, leading to untreated water containing dyes, chemicals, and other substances being discharged into the environment. More efficient and less resource-intensive treatment processes will be needed to address these impacts in the long term.

Supply and value chains in the international shipbuilding industry can be complex and widely dispersed across multiple countries. The deeper one goes into the value chain, the more transparency becomes a challenge. This increases the risk of issues such as child or forced labor, and makes consistent oversight more difficult.

## RESPONSIBLE SUPPLIER OPERATIONS

The MAKINEN Supplier Code of Conduct sets the legal, ethical, and environmental requirements for our suppliers and forms the basis of our responsible sourcing practices. It applies to both material and equipment suppliers and workforce suppliers providing subcontracted labor. Workforce suppliers are also required to ensure that their employees follow all MAKINEN site rules.

The Code of Conduct requires suppliers to safeguard the health and safety of their employees. Everyone working on a MAKINEN site must follow our safety procedures. During refurbishment projects, our HSE practices are applied consistently, including safety training, site orientations, and the use of mandatory documents such as the Safety Guidelines and Worker's Manual. All on-site personnel are required to follow these documents, and compliance is 100%. At the end of the reporting period, 50 percent of our key suppliers had signed the Supplier Code of Conduct. Our target is 85 percent.

We work with subcontractors who share our values and operating practices. Supplier audits support performance monitoring and continuous improvement. The annual audit plan is updated based on business needs and available resources. During the reporting period, two material supplier audits were completed, and no significant findings were identified.

In line with the Contractor's Obligations Act, subcontractors and suppliers must provide up-to-date information on registrations, tax prepayment status, and employer and VAT registers. We also verify key employment terms, applicable collective agreements, tax payments, pension insurance coverage, and occupational health care arrangements.



# GRI Content Table

## Reporting scope

This MAKINEN 2024–2025 Sustainability Report is our sixth report and provides transparency on the social and environmental impacts of our operations. The reporting period covers our financial year from July 1, 2024, to June 30, 2025, and follows an annual reporting cycle. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standard 2021, with material topics selected through a materiality assessment. The GRI Content Index indicates where information related to each disclosure can be found.

The organization has not applied the precautionary principles or external initiatives referred to in the GRI Standards during this reporting period. For questions regarding the report, please contact CEO Mikko Mäkinen at [mikko.makinen@ismakinen.com](mailto:mikko.makinen@ismakinen.com)

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409-1	Operations and suppliers at significant risk for incidents of	19
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