Sustainability

Corporate responsibility is a key element of our business. Our Corporate Social Responsibility (CSR) priorities are based on our core values of customer focus, profitability, responsibility and employee satisfaction.

Finnlines takes into account its social responsibilities and economic and environmental aspects in all its activities.

Finnlines has reported on its responsible management of the environment and human resources since 1999. Finnlines' sustainability reporting has been part of the Grimaldi Group's Sustainability Report since 2015. Reporting includes, in addition to financial figures, key indicators related to the employees and the environment. Grimaldi Group's Sustainability Report follows the GRI (Global Reporting Initiative) guidelines.

Finnlines' responsibility to report on company operations under the Corporate Sustainability Reporting Directive (CSRD) will start in 2025 and the first report will be published in 2026.

Commitment to global goals

We are committed to providing services that are economically sustainable and environmentally friendly. We continuously reduce our environmental footprint and Finnlines is well aligned with the IMO's (UN's International Maritime Organization) target to reduce ships' carbon intensity by 40 per cent by 2030. Finnlines has already reduced its fleet carbon intensity by 32 cent compared to the 2008 baseline and is committed to an annual reduction of 2 per cent.

Sustainable travel with Finnlines

Finnlines was awarded the Sustainable Travel Finland label by Visit Finland in 2021, and the certification was renewed last year. The label recognises Finnlines' long-term work for sustainable values.

Highlights in 2023

- In autumn 2023 the first Superstar series ro-pax vessel, Finnsirius entered traffic. Equipped with many energy saving technologies and hybrid function with a shore power connection, Finnsirius provides transportation between Finland and Sweden with a much smaller carbon footprint per transport work than the older fleet.
- We reduced the carbon intensity of our vessels by nearly 8 per cent compared to 2022.
- The schedule change for three ro-pax vessels operating between Finland and Germany resulted in significantly reduced emissions.
- Installation of shore power connection in the Ports of Naantali and Kapellskär.

UN Sustainable Development Goals and Finnlines

Finnlines has identified five priority UN Sustainable Development Goals that are most relevant to our activities.

Grow together with customers

- We create value for our customers
- We develop and expand our network
- We have optimal fleet utilisation and performance

Involved and skilled people

- The delivery of safe, high-quality services requires skilled people
- Competence development
- We treat employees equally and fairly

We invest sustainably to develop responsible services

- We constantly renew and develop our fleet using the latest technology and innovations
- We improve the energy efficiency of our fleet
- We have constant dialogue with our customers, employees and stakeholders to create effective cooperation

Environment and safety

Environmental aspects have a pivotal role in Finnlines' operations. We produce safe and first-class services in a manner that aims to minimize environmental effects.

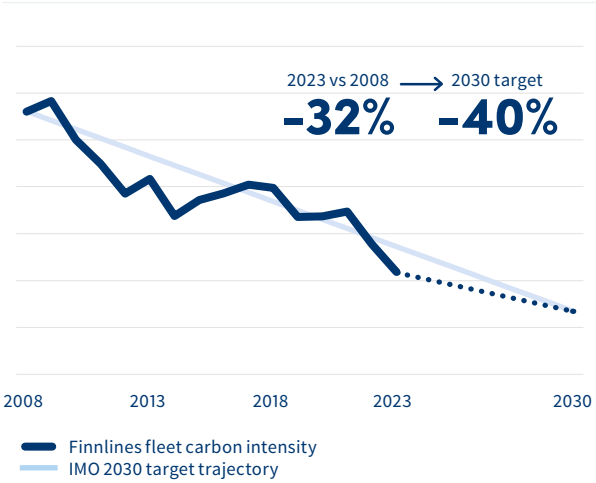
Shipping, which transports around 90 per cent of global trade, provides the principal mode of transport for the supply of raw materials, consumer goods, essential foodstuffs and energy to the global population. The vast majority of these products could not be transported any other way than by ship. The Covid-19 pandemic demonstrated the essential role played by transport and the social, health and economic costs when free movement of people, goods and services was severely constrained. Finnlines has an essential role in securing Finland's security of supply and providing connections to Europe.

Green transition

In summer 2023 the IMO revised its greenhouse gas strategy and raised the ambition level to reach net-zero GHG emissions from international shipping around 2050. The target also includes the commitment to ensure an uptake of alternative zero or near-zero GHG fuels by 2030. CO_2 emissions per transport work should decrease by 40 per cent by 2030. All target figures are compared with the 2008 level. The target is now aligned with the European Commission's target for Europe to become a climate-neutral continent by 2050.

Both globally and within the European Union, numerous proposals are being discussed and already finalized to combat the climate change. To reach the ambitious goals, the shipping sector will have to make the transition to alternative fuels and adopt new technologies.

CARBON INTENSITY
Finnlines fleet vs. IMO target
(based on g CO_2/GT*nm figures)



The EU Commission has adopted a "Fit for 55" package where some of the items are maritime related.

- The Commission has decided to include maritime transport in the emissions trading system (ETS), which has covered energy-intensive industries and flights within EU for nearly two decades. The system covers CO_2 emissions from ships of at least 5,000 GT trading in EU. Unlike other industries, the shipping industry does not receive any so called free allowances but has a phase-in period which covers 40 per cent of the annual emissions in 2024, 70 per cent of the emissions in 2025 and from 2026 onwards all emissions within the scope. Ice-strengthened vessels may deduct 5 per cent of their CO_2 emissions as they consume more fuel than other vessels due to their structure. Finnlines' ro-pax vessels providing services between Åland Islands and Finnish mainland may deduct the emissions from these voyages due to so called island exemption.
- The FuelEU Maritime regulation was finalized in the autumn 2023. It will set a maximum limit on the greenhouse gas intensity of energy used by ships. From 2025 the GHG intensity of the fuel used onboard should be reduced by 2 per cent. After that the GHG intensity reduction requirement will increase gradually every five years. Consequently the shipping companies are obligated to start using gradually increasing volumes of alternative fuels onboard ships. From 2030 onwards, passenger ships and container ships will be required to use onshore power supply at berth unless they can demonstrate the use of an alternative zero-emission technology.
- The revision of Energy Taxation Directive aims to promote clean technologies and discourage the use of fossil fuels. The discussion to introduce taxes on fuels over a 10-year transitional period is still ongoing in the EU institutions.

The IMO, in line with the 2023 GHG strategy, is developing mid-term measures for delivering the reduction targets. The basket of candidate measures comprises of:

- a technical element of a fuels standard regulating the reduction of marine fuel's GHG intensity
- an economic element establishing a GHG emissions pricing mechanism

After impact assessments of the candidate measures and legislative process, the chosen measures are planned to be approved in 2026.

Meeting the targets set by the IMO and the EU and complying with the regulations requires shipping companies to continue improving the ships' energy efficiency and to start adopting alternative fuels. Certain alternative fuels, like biofuels may be used without any modifications, but most of the future fuels

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is always taken ashore. The limit for the oil content of water that may be discharged into the sea is 15 ppm but many of our ships have more efficient separators. Some bilge water is also pumped ashore.

MARPOL contains restrictions concerning black water, i.e. toilet water. Finnlines' ro-pax vessels land black and grey water to onshore municipal sewage systems. Cargo ships are equipped with sewage treatment plants, which have been certified by the administration. The target is to gradually reduce and stop discharging also treated waste water into the Baltic Sea. When technically feasible, some of the cargo ships are already delivering their treated waste waters into shore facilities.

Finnlines operates in ecologically sensitive sea areas, mainly in the Emission Control Areas, i.e. the Baltic Sea, the North Sea and the English Channel, where the sulphur content limit for fuel oil has been 0.10 per cent from 2015 in accordance with the MARPOL Convention, whereas globally, the sulphur limit decreased from 3.5 per cent to 0.5 per cent at the beginning of 2020. Finnlines has installed exhaust gas cleaning systems on 24 vessels since 2015.

Ballast water is used to trim and stabilise ships, but it may carry harmful aquatic species and out-compete native species, disrupting fragile marine ecosystems. In accordance with the IMO Ballast Water Management Convention, all Finnlines ships are fitted with treatment equipment and all ballast water is treated accordingly.

Environmental aspects in port operations

Port and stevedoring operations are an important part of overall efficiency and performance of the Group. Finnsteve companies continue to invest in modern equipment and vehicles, which will take the environmental programme to the next level. NOx emissions from new tug masters, which will replace the old Tier 1 equipment, will reduce by 96 per cent and particles by 97 per cent. New electric vans and minibuses will be emission free.

Finnsteve companies hold a valid ISO 14 001 environmental certificate and an ISO 9001 quality certificate.

In 2023, the fuel consumption of the port operations totalled 1,029,863 litres, which includes the operations in Helsinki, Turku and Naantali, a decrease of nearly 12 per cent compared with the previous year.

Safety and security

The land-based ship management organisation and all the ships are certified in accordance with the International Safety Management Code (ISM). All ships and port facilities also comply with the requirements of the ISPS Code (International Ship and Port Facility Security Code).

Technical progress, such as digitalisation, integration and automation, brings a risk of malicious attacks to ships' control systems. Shipowners have therefore identified cyber security objectives relevant for the safe operation of the ship.

The ships are regularly inspected and audited by the maritime administration, classification societies and by inhouse auditors. Regular drills are held both internally and with authorities, such as the border guard, police and local city rescue departments.

In ports, stevedoring companies have safety systems, including communication and contingency plans in case of an accident. Ports are equipped to respond to fires and oil and chemical spills.

Legislation

Shipping is highly regulated by the IMO, EU and national legislations. The IMO regulates environmental and safety matters of international shipping via various conventions, codes and resolutions. MARPOL 73/78 Convention regulates prevention of pollution of the marine environment by ships from operational or accidental causes. SOLAS Convention regulates maritime safety and security, including ship construction, life-saving arrangements and navigation. Port operations comply with national and international legislation.

To ensure safe and environmentally sound recycling of ships, the Hong Kong Convention has been ratified within IMO and will enter into force in June 2025. The EU has also adopted a regulation on ship recycling and inventory of hazardous materials, like mercury, cadmium and lead. Hazardous materials experts have identified the presence of hazardous material contained in the equipment and systems onboard. An inventory shall be maintained throughout the operational life of the ship.

Environmental certification

The environmental management system, which complies with the ISO 14001:2015 standard, was audited in the office and onboard ships during 2023 and a new certificate was issued. A surveillance visit was carried out in autumn 2023. Certification covers management and manning of all ships sailing under the Finnlines flag as well as purchasing, newbuildings, and cargo and ship operations.

Stakeholders

In environmental and safety matters, Finnlines' most important stakeholders are the flag and port state administration, owners, customers, personnel, port operators, classification society and contractors, as well as the inhabitants of harbour and fairway areas.

Finnlines is represented at the technical, safety and environmental committees under the Swedish and Finnish Shipowners' Associations and co-operates with maritime colleges and research centres.

During 2023 Finnlines has supported various research projects such as MEPTEC (Comparison of maritime emission control technologies by XAMK), IHATEC (Propeller slip stream induced erosion phenomena, project led by the Universities of Braunschweig and Hamburg in cooperation with WK Consult and the BAW) and Alg@line (Realtime algal monitoring project by SYKE) by providing data from the ships for environmental research use. Alg@line project has been ongoing in Finland–Germany route for over 20 years, where Finnlines has provided space on its vessels for research purposes.