

# SUSTAINABILITY

Corporate responsibility is a core element of our business. Operating in ecologically sensitive areas, the objective of our safety and environmental policy is to provide safe, top-quality services while making efforts to minimise the environmental impacts in every aspect of operations. Finnlines complies with the UN principles of sustainable development and takes its social responsibility as well as economic and environmental aspects into consideration in all operations.

Our corporate responsibility focus areas are based on our most important values, which are customer focus, profitability, responsibility and employee satisfaction. Corporate responsibility includes social and environmental responsibility as well as financial profitability.

## Top priorities

- Building an open, permanent dialogue and closer cooperation with our customers, employees and stakeholders.
- Measures related to energy efficiency and emission

reduction include schedule and route planning, speed and load optimisation and resistance reduction. Our professional personnel play a very important role in reaching our environmental targets.

- Safety is one of the most important environmental aspects of shipping and we take safety issues into consideration in all our operations.
- Financial profitability, which includes financial performance, corporate governance and risk management, is the main operating condition and enables, for example, significant and consistent investments in our fleet.

Economic profitability fosters social responsibility and conservation of the environment. Environmental and social responsibility is part of our day-to-day operations.

## SUSTAINABLE DEVELOPMENT GOALS AND FINNLINES

Finnlines complies with the principles of sustainable development and takes its social responsibility as well as economic and environmental aspects into consideration in all operations. In order to strengthen and clarify its responsible work, Finnlines has introduced the UN principles of sustainable development to its operations and is committed to supporting these goals.

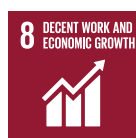
### Ambitious goals

Finnlines is committed to long-term efforts for the environment, investing in energy efficiency and sustainable services. The Company has worked consistently, setting short-term goals to reach excellent long-term results and, consequently, Finnlines has reduced its carbon dioxide emissions by more than 30% compared to 2008.

In line with the strategy of the UN's International Maritime Organization (IMO), the Company aims to reduce its absolute carbon dioxide emissions by at least 50% by 2050.

### Key actions for sustainable future

- We are enhancing our fleet with five new eco-efficient ships, which will reduce the carbon footprint further.
- We are installing ballast water treatment equipment to prevent the spread of harmful aquatic species.
- We have invested over EUR 1 billion in our fleet and operations during the past decade. Investments have included many new installations, such as emission abatement systems, change of propeller blades and rudders, and ballast water treatment equipment.
- We have lengthened six of our ro-ro vessels and the achieved capacity increase of 30% reduces energy consumption, as well as emissions, per transported cargo unit.



**Profitability enables sustainability.** To achieve economic growth and profitability, Finnlines promotes safe and secure working environment where all employees are treated equally and with respect irrespective of gender, age or background. By optimising our operations and by focusing on cost control, we are able to improve our efficiency. To operate technically more advanced ships, investments in education and training of personnel are a top priority.



**Environmentally friendly transport mode.** Sea transport is an efficient way to carry all types of goods, particularly large volumes. Moving the carriage of goods from road to sea reduces congestion and noise on roads. The Finnlines ro-pax concept combines cargo and passenger traffic and ensures a high utilisation rate even during seasonal ups and downs.



**Sustainable consumption and production.** The economy and society depend on natural resources and Finnlines makes efforts to use resources in a responsible manner. We want to do more and better with less energy, reducing environmental effects on cargo and passenger operations. Increasing digitalisation and automation will reduce our material footprint. Ecological choices of commodities range from materials used in ships' interior design to food assortment and chemicals.



**Continuous development.** To combat climate change and its impacts, Finnlines will continue to invest in clean technologies and emission-free port calls. Our professional personnel play a key role in the transition to clean energy.



**Ecologically and socially responsible business** is crucial to sustainable development and to a company's success in today's world. Seas and oceans make the Earth habitable and since we operate in ecologically sensitive sea areas, we aim to produce safe and high-quality services, which take the environmental effects into account in the whole transport chain throughout a ship's life-cycle. By continuously investigating and testing energy-saving innovations and improving processes, we at Finnlines do our part in protecting the marine environment of the Baltic Sea.



A man and a woman are standing on the deck of a ferry, looking out over a large body of water. The man is wearing a bright blue puffer jacket and black pants, and the woman is wearing a black coat and black pants. They are standing behind a white metal railing with a wooden handrail. In the background, there is a large island covered in trees, and the sky is overcast with grey clouds. The water is a calm, light blue-grey color.

Our aim is to use technology that provides the best technical and economic performance with the lowest environmental impact. Finnlines takes part in energy saving and research & development in environmental field to safeguard our planet.



# ENVIRONMENT AND SAFETY

Shipping, which transports around 90% 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 has demonstrated the essential role played by transport and the social, health and economic costs when free movement of people, goods and services is severely constrained.

## Air emissions

Shipowners have had to report on ships' fuel consumption, subsequent CO<sub>2</sub> emissions and transport work to the European Commission as from 2018 in accordance with an EU directive. Globally, a similar system, IMO's Data Collection System, started in 2019. An accredited, impartial verifier validates the data in both systems.

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% from 2015 in accordance with the MARPOL Convention, whereas globally, the sulphur limit decreased from 3.5% to 0.5% at the beginning of 2020. Finnlines has installed exhaust gas cleaning systems on 21 vessels since 2015.

The IMO has set the target to cut greenhouse gas emissions from shipping by 50% by 2050. Fuel consumption per cargo tons carried and nautical miles sailed should decrease by 40% by 2030 and by 70% by 2050. All target figures are compared with the 2008 level. The European Commission has raised the stakes even higher by setting the goal for Europe to become a climate-neutral continent by 2050.

Finnlines has optimised its schedules and routes to

achieve the highest possible capacity utilisation, which minimises the environmental stress per transported cargo unit. Ships run on optimal speed, load, and trim. The underwater hull is brushed regularly during the open-water season to remove micro organisms, which have attached to the ship's hull, increasing fuel consumption.

All ships have a Ship Energy Efficiency Management Plan, the purpose of which is to identify energy-saving measures and to establish practices to improve energy efficiency.

Finnlines invests in sustainability in many ways on its new vessels. Main engines with low specific fuel consumption have been chosen. Installation of solar panels, a high-powered battery bank, an air lubrication system, and shore-side electricity are included in the Green Newbuilding Programme. Installation of a shore-side connection on several existing ro-pax vessels is also being prepared. Moreover, gradual transition to carbon-free and renewable fuels is being investigated.

In 2021, Finnlines' vessel traffic consumed 330,732 tons of heavy fuel oil and diesel oil, representing an increase of 4% compared with 2020. However, the Company operated an average of 21 vessels compared with 19 in 2020.

>>





## Environment and safety (continued)

### **A leap to a sustainable and smart future**

Both globally and within the European Union, numerous proposals are being discussed to combat the climate change. To reach the ambitious goals, the shipping sector will have to consider transition to alternative carbon-neutral fuels and to adoption of new technologies.

The EU Commission has adopted a “Fit for 55” package where four proposals are maritime-related.

- The Commission has proposed to include maritime transport in the emissions trading system, which has covered energy-intensive industries and flights within EU for nearly two decades. The system only concerns CO<sub>2</sub> emissions from ships of at least 5000 GT and allowances may be bought and sold between industries. One of Finland’s major targets is to include compensation for navigation in ice in the proposal as fuel consumption increases in winter conditions. Today, the proposal does not take account of any compensation.
- The planned FuelEU Maritime Initiative will set a maximum limit on the greenhouse gas content of energy used by ships.
- 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. Member states should ensure availability of onshore power by 1 January 2030.
- The Energy Taxation Directive aims to promote clean technologies and discourage the use of fossil fuels. The EU plans to introduce taxes on fuels over a 10-year transitional period.

# A sustainable transport system must be smart, flexible and adaptable to ever-changing transport patterns and needs.

The carbon levy, i.e. a tax, which the International Chamber of Shipping has put forward to the IMO in September 2021, is intended to expedite the creation of a market that makes zero-emission shipping viable.

To reach the ambitious goal of becoming carbon neutral, it may be necessary to modify existing ships with new tanks and engines so that they can run on new types of fuel. However, at current rates of production, zero-carbon fuels are not commercially available at the scale needed for the global fleet.

## 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 in-house 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.

## Environmental certification

The environmental management system, which complies with the ISO 14001:2015 standard, was audited in the office and on-board ships during 2021. 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. The company is an associated organization in the EU flagship project COMPLETE (Completing management options in the Baltic Sea Region to reduce risk of invasive alien species introduction by shipping). Finnlines has also been in-

involved in the real time algal monitoring project, Alg@line, on its Finland–Germany route for over 20 years, providing vessels for research purposes.

## Legislation

IMO manages international legislation on safety and environmental matters. The MARPOL 73/78 Convention contains regulations on the disposal of waste and sewage and on the prevention of air emissions. The 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 adopted within IMO, but the Convention has not yet been ratified. This is why EU has 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.

## Ballast water management

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, ships must be fitted with treatment equipment during a transitional period. Finnlines has proceeded with installations, which will be completed in 2023.

## Other environmental aspects

Oily wastewater, 'bilge water', is generated in engine rooms. Bilge water is separated in separators and the remaining sludge 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.

Finnlines co-operates with waste management companies to reuse, recycle or recover waste in an efficient manner and waste is reprocessed into material or recovered as energy. The main waste types generated on board include plastics, bio waste, glass, paper, cardboard, wood, and metal. Hazardous waste is separated and taken to a designated container in the port.

## 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% and particles by 97%. 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 2021, the fuel consumption of the port operations totalled 1,205,412 litres, which includes the operations in Helsinki, Turku and Naantali, an increase of 8% compared with the previous year, but the number of cargo units had also increased.