

### SUSTAINABLE SHIPBUILDING

Sustainability Report







Mayer Turku Oy's shipyard specializes in the construction of very demanding, innovative, and environmentally efficient cruise ships, car ferries, and special vessels. Together with Mayer Werft in Papenburg, Germany, and Neptun Werf in Rostock, Mayer Turku is one of the world's leading cruise shipbuilders. Our largest customers are Royal Caribbean International, Carnival Cruise Lines, TUI Cruises, Costa Cruises, and Tallink-Silja. At the end of 2020, the company's order backlog was approximately EUR 6.6 billion. Mayer Turku's share of the global cruise construction market is about 15%.

All of Mayer Turku Oy's operations take place at the Turku shipyard, where ships have been built since 1737. Mayer Turku's subsidiaries are Piikkiö Works Oy, a cabin factory located in Piikkiö, Shipbuilding Completion Oy, which offers complete deliveries to public spaces, and ENG'nD Oy, a shipbuilding and offshore design company based in Rauma.

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# New perspectives of responsibility in shipbuilding



Year 2020, with its corona crises, was an exceptional year for all of us. For Meyer Turku and the Turku shipyard, the work community crisis was twofold. Very quickly, cruise operators ended up in a situation where ships were standing in ports, and the start of cruises had to be postponed over and over again. This also had a direct impact on Meyer Turku's production and future. On the other hand, at the outset of the crisis, we realized that a close-knit international community of several thousand people was at considerable risk for the spread of the virus.

During the summer, we managed to negotiate with our customers to stretch our existing order book until 2026. This was necessary for job continuity after 2025, as we estimate that there will be no new cruise ship orders coming to market in the coming years. Getting the negotiations to a satisfactory conclusion, taking into account the circumstances, was an important step for us towards a new kind of future. At the same time, however, we had to adjust our production and investments to the pace of the new order book. This also meant the necessary collective negotiations with our employees.

Related to the corona crises, we took immediate action in the spring to secure our work community and production. In addition to restrictions and prohibitions, we distributed a wealth of information to shipbuilders working at the Turku shipyard and monitored the implementation of our regulations effectively. Directing a work community of more than five thousand employees to always follow renewable corona guidelines is not a simple matter. It is also not easy to track those who have been exposed in cases of infection, especially within a semi-finished ship with cramped spaces. Our strength in this tracking work has been speed as well as cooperation with the authorities. Despite occasional threatening situations, we have managed to avoid large chains of infection and the yard's production has not had to close at any stage.

Turku Shipyard, and perhaps the entire cruise shipbuilding industry, are in many ways in the new era. As the travel market slowly recovers from the crisis, we will certainly see responsibility issues become even more important than before. So it is appropriate that we also present our new responsibility strategy in this responsibility report. For our part, we are responding to the need that we see arising from nature, the surrounding society and also from the cruise market. Our goal of carbon neutrality by 2030 is not easy, and still requires further definitions and clarifications. Fortunately, difficult challenges are nothing new here at the shipyard - we meet and overcome difficult challenges every day in shipbuilding.

### Tapani Pulli

Vice President Meyer Turku

# GENERAL INFORMATION ABOUT THE COMPANY

Meyer Turku Oy is specialized in the construction of very demanding, innovative and environmentally friendly cruise ships, ferries and specialty ships. Together with Meyer's other shipyards operating in Germany, Meyer Turku is one of the world leaders of cruise ship manufacturing.

Meyer Turku Oy's share of the global cruise ship construction market was approximately 15%. The company's biggest customers are Costa Crociere S.p.A, Carnival Corporation, Royal Caribbean Cruises Ltd and TUI Cruises GmbH.

Meyer Turku Oy's operations are focused on the Turku shipyard. The three subsidiaries of the company work closely in collaboration; the cabin factory Piikkio Works Oy, Shipbuilding Completion Oy, which is a turnkey supplier of public spaces , as well as the ship construction and offshore sector design company, Technology Design and Engineering ENG'nD Oy.

The company has one series of shares, which consists of 9,200 shares. The company's share capital at the end of the accounting period was 143,053,830.78 euros.

### Financial status and result

The international cruise market came to an abrupt stop due to the Covid-19 pandemic. This together with the general restrictions of the movement of labor, combined with the challenges of availability of material, had a negative impact on the Meyer Turku operations and result of 2020.

Meyer Turku managed to renegotiate with its customers the current contracts and stretch the current order book until year 2026. Ship projects are financed by advance payments from customers, with external bank financing and by the company's own equity and funds. During the financial year the company negotiated additional construction financing for the new financing needs caused by the change of the delivery date of Carnival Mardi Gras. This additional construction loan was repaid in full upon the delivery of Carnival Mardi Gras in December 2020. In March 2021 new construction financing agreement was signed by the company and agreed changes to the terms and conditions related to the existing construction financing taking into account the new delivery dates of the ships under construction. Company is planning to finalize the next construction financing by August 2021 based on the financing needs.

### Significant events during the financial year

Worldwide Covid-19 pandemic affected significantly the company's operations from February 2020 onwards. Meyer Turku established already at an early stage an emergency team to meet the potential challenges caused by the situation, to draw up prevention plans and to protect the health of those working at the shipyard. The team consists of higher management, HR-organization, production, HSE, health care and communication. They are constantly following the corona-situation and take the necessary steps for securing the health of employees.

During these exceptional times, the company's goal has been to ensure continuity of operations. The Corona situation has however affected both company's production schedules and productivity.

Spreading of corona pandemic stopped all cruise market world widely by spring 2020. In August Meyer Turku agreed with its customers on stretching the already negotiated order book of cruise ships until year 2026, which ensures a long and

### Order Book

#### Situation as of 31 December 2020

Customer	Vessel type	Gross tonnage	Delivery
Costa Crociere S.p.A	Cruise ship	182 700	Syksy 2021
Carnival Corporation	Cruise ship	180 000	Syksy 2022
Royal Caribbean Cruises Ltd.	Cruise ship	200 000	Syksy 2023
TUI Cruises GmbH	Cruise ship	111 500	Kevät 2024
Royal Caribbean Cruises Ltd.	Cruise ship	200 000	Kevät 2025
Royal Caribbean Cruises Ltd.	Cruise ship	200 000	Kevät 2026



steady view in to the future.

Stretching activities also included the postponement of the delivery of Carnival Mardi Gras –ship under construction from August 2020 to the end of the year. Company delivered the ship to Carnival Corporation in December 2020. Steel construction of Costa Toscana started in February and ship will be delivered by the end of 2021.

Meyer Turku has during the previous years been investing strategically in tremendous output and increase aiming for a 20% year-on-year growth. Reorganization of the order book meant at the same time adapting to the new output needs, re-sizing the production and capacity of the company and also adjusting the cost structure to meet the production of one large cruise ship per year instead of two large cruise ships as aimed before. As a result of this the company had to stop its growth-program and investments and recruitments related to that. During the financial year the company's cost level to the forecasted annual 1.3 billion euros turnover. As a part of the profitability program the company's future investments were re-evaluated.

Despite of the challenging circumstances the company's operations continued, in overall, well during the financial year. Meyer Turku managed to mitigate part of the risks caused by the restrictions related to foreign labor, by acquiring alternative resources for the production. However due to restrictions on labor, availability issues with materials and components, the operational level of the company decreased some.

Meyer Turku took several actions for securing its operations and to prevent the coronavirus from spreading in the company. Movement of personnel was restricted at the shipyard area and both own and network personnel were instructed to corona-safety working at the shipyard. Additionally business travelling was restricted and remote work was recommended, if possible. These strict and proactive corona-actions were effective in preventing infections.

To adapt to the changed market situation and to ensure shipyard's future in the long term the company had to have, with representatives of the employees, cooperation negotiations covering the whole personnel. Negotiations were finalized in November 2020. Originally in the beginning of the negotiations in April it was estimated that the amount of persons of under notice would be 450, but as a result of the negotiations, together with the reductions executed already in the autumn employment terminated with 250 persons. Part of the employments will end by retirement or other arrangements. Persons under notice were offered a possibility to personalized guidance, support and education.

Besides the reductions in personnel, temporary lay-offs were done during the second half of the year. The shipyard was also closed during a three-week production break at the end of year 2020 and beginning of the year 2021. Lay-offs and closure aim for financial savings and are also based on lower production volumes due the changes in the order book schedule.

The workload situation of own personnel was in average good during the financial year. The total number of employees is expected to remain at the current level, around 2,000 persons for the next few years.

As a part of the profitability program the investment plans

Meyer Turku	2018	2019	2020
Turnover, million EUR	969,7	1141,8	1035,9
Profit for the period, million EUR	29,0	-109.7	7,8
Profit for the period, %	3,0	-9,6	0,8
Investments, million EUR	71,3	65,2	30,8
Personnel, average	2 205	2 386	2359

### Key financial figures, Meyer Turku group 2019 (includes subsidiaries)

Source: Financial audit report for Meyer Turku Oy 2019. PricewaterhouseCoopers Oy

were was reviewed. The planned office building investment was postponed and the planned second investment wave was limited to a total of 100 million euros. The company continued to complete the ongoing investments. The Group's investments during the financial year were lower than planned, 30.8 million euros (65.2 million euros in 2019). The most significant of these investments are the logistics center (6000m2) and the new health centre. No significant new investment decisions was made during the financial year.

The results of Meyer Turku's 100% owned subsidiaries Piikkio Works Oy, Shipbuilding Completion Oy and Technology Design and Engineering ENG'nD Oy reflected the situation of their parent company and their financial results fell short of their targets. Also the subsidiaries had to have cooperation negotiations during the financial year. As a result employment ended totally with 276 persons within the group.

Company's CEO changed according to plan in the beginning of autumn. Jan Meyer, who acted as CEO in Meyer Turku since year 2014, returned to Meyer Werft as CEO in Germany Papenburg. At the same time Tim Meyer who has acted as CEO in Meyer Werft, transferred to Meyer Turku as CEO. Tim Meyer started in this position first of September 2020.

### Significant events after the end of the financial year

Costa Toscana ship for Costa Crociere S.p.a. was launched in January 2021.

### An evaluation of future development

The future development of the shipyard will be affected by both the situation of its customers and the recovery of the cruise market from the effects of the pandemic.

Uncertainty caused by corona situation on the cruise market continues in the future. Recovering of the cruise industry is depending on the success in taking control of the worldwide pandemic and there is no view in the end of financial year, when it will happen.

However company's order backlog until 2026 ensures, that the company and its relevant network of partners are able to develop their operations in the long term even in this exceptional situation.

Together with several different cruise lines the company has developed technical solutions related to infection prevention and control from which can be mentioned as an example the infirmary, quarantine areas and ventilation, which are now implemented in the design of vessels in the order book.

Royal Caribbean Group (RCG) and Norwegian Cruise Lines (NCL) have together with the Cruise Line International Association (CLIA) developed and implemented rigorous protocols for mitigating risks of infections during cruises and these have evolved over time as conditions change, addressing prevention, detection and response. These protocols are based on the recommendations of world-class experts in public health and science, as well as the experiences of cruise lines who have resumed operating successfully in Europe and other parts of the world with the guidance and support of local and regional governments. Especially in Europe the cooperation between the European Centre for Disease Prevention and Control (ECDC), cruise lines and local governments has allowed several cruise lines (e. g. TUI, AIDA, Costa, MSC) to resume operations effectively, resulting in no major outbreaks.

All these prevented measures and introductions of Covid-19 vaccinations has led to a great increase of bookings in 2022, indeed bookings for 2022 are stronger than they were for 2019 at the same point in time.

Additionally the Centre for Disease Control and Prevention (CDC), a component of the U.S. Department of Health and Human Services (HHS), announced its' framework for a phased resumption of cruise ship passenger operations. After expiration of the CDC's No Sail Order (NSO) on October 31, 2020, the CDC will take a phased approach to resuming cruise ship passenger operations in U.S. waters.

For the above reasons, the cruise line companies operations are recovering, which will have a positive effect on the future development of the company.

### An evaluation of the most significant risks and uncertainly factors

The company faces the ordinary market risks of the international shipbuilding industry, but the impact of coronavirus pandemic is currently the main risk for the company and its customers. The main foreseen disturbances to the regular shipyard operations and project schedules are due to the restrictions on movement of people between countries, which affect the availability of foreign labor and other specialists at the shipyard. There can also still be challenges with the availability of material and components, affecting to the operations of both the shipyard and its suppliers.

Based on various market analysis and customer negotiations the understanding of the management is that its cruise ship customers has secured their financing until end of 2021, hence it is unlikely that they would not respect the current contracts and make their payment instalments accordingly. Significant, but unlike risk according to the management is that the customers could not respect the contractual obligations. This kind of situation could jeopardize the continuity of the company's operations, if the company is not able to compensate this by alternative or additional funding sources.

The company needs external financing during the construction process of its ships. After the end of financial year the company has signed new construction financing agreement in March 2021 and agreed to extend the validity of the previous agreed construction financing agreement based on the new delivery schedule of the ships. Next construction financing agreement is finalized by the August 2021. The company is confident that above-mentioned financing will also be concluded and ensure sufficient liquidity for the company to finance its operations also in the future with the support of banks having a long-term relationship with Meyer companies and with the support of Finnvera. Taking these factors into account the financial statement of the company has been prepared on the going concern basis.

As the company has not yet arranged financing for the



whole financial year 2021 at the date of financial statements is signed, but some of the required financing will be negotiated according to plan and financing needs of the company later in 2021 and if the necessary financing for the rest of the year 2021 is not arranged, the adequacy of funding constitute a material uncertainty that may cast significant doubt upon the ability of the company to continues as a going concern.

The financing agreements of the company include terms and conditions which, if not complied with, may lead to the termination of agreements.

The competition in the cruise ship market has remained tough, because of new shipyards, in Europe, in China and in South Korea have entered the market during last years. Main competitors of the company in the cruise ship market are fully or partially state owned, which may affect the competitive situation unevenly, especially in the corona-situation and the recovery after that.

Company's risks are mitigated carefully through a risk management process. Management is responsible for the risk management, and reviews the risks regularly and submits quarterly risk reports to the Board of the company. A separate risk management plan is made for each ship project, through which the successful implementation of the projects will be ensured. On the operative level, the most significant risks at the shipyard are related to accidents and fires on ships. Significant efforts are being made to prevent and manage safety risks. Completion of the investment program may result disruptions or interruptions in production.

The company practically purchases all ship devices, materials and a large part of design work from its network, and the network companies' share of the value of the ship is approximately 80 percent. Close cooperation with the network will continue to be in an important role and will be part of the risk management.

### Personnel

Ensuring sufficient and skilled personnel is a prerequisite for the shipyard's operations. Personnel is trained for the needs of the company and its network at the shipyard's shipbuilding school. In parallel with this training is on-the-job learning, which is in a key position in the training and of the technical skills required of future shipbuilders.

As a result of the cooperation negotiations, the number of the company's personnel decreased during 2020. At the end of the financial year, 49% of personnel were white-collars and 51% were blue-collars.

# The main responsibility issues

The content of Meyer Turku's corporate responsibility reporting and the selection of economic indicators is guided by the sustainability strategy completed at the beginning of 2021. The strategy sets the top-level goals from which we lead the practical action programme and the projects under it. In practice, our first action is to calculate the shipyard's carbon footprint and to create a plan for achieving our target of being carbon-neutral by 2030.

The strategy will be widely implemented throughout Meyer Turku's operations, including in our partner and shipbuilding network. Prioritisation of measures is essential

Key topics identified	Key themes
Environmental aspects in ship design	A ship's most significant environmental impacts arise during its long lifespan, which is why we design <b>world-class ships</b> which give an absolutely central place to energy-efficient operations.
Reducing the environmental impacts of shipbuilding	In addition, <b>sustainable production</b> is at the core of the shipyard's operations. We curb the environmental impacts of shipbuilding by using low-emission working methods that also prevent littering of marine areas.
Safety and security of the shipyard area	Thousands of people work at the shipyard, including both our own personnel and employees of our network companies. Working at the shipyard involves exposure to certain safety risks, which is why <b>shipyard</b> <b>risk management and safety</b> receive continual attention and are extremely important to us.
Competence development and education	The design and construction of ships and the management of such a large and complex shipyard require <b>world-class expertise</b> , and we are in constant need of additional highly-skilled workers.
Employee job satisfaction	Within our own Shipbuilding School, we our continuously training new experts and ensuring that knowledge and skills are transferred to the younger generation. We also care about our employees' work satisfaction and seek to give them work tasks which are of interest to them.
Employment	Our operations generate extensive added value and <b>positive impacts for society</b> . The shipyard is a very large employer and we have a significant economic impact, especially in the Turku economic area and Southwest Finland.
	We also contribute to increasing the attractiveness of education in marine and technological fields.
Fair procurement practices and network cooperation.	We grow and develop <b>together with our network</b> and take the Finnish maritime industry onwards and upwards. Our strong growth requires an extensive supplier network both within Finland and abroad.
	We ensure at the procurement stage that our suppliers can handle their delivery commitments and we always require responsible operating methods from our network partners.

### Description of the report

This is Meyer Turku Group's fourth corporate responsibility report. In addition to the parent company Meyer Turku Oy, the report covers all of the company's subsidiaries (Piikkio Works Oy, Shipbuilding Completion Oy and Technology Design and Engineering ENGnD Oy).

With regard to training and occupational safety, the calculation scope of the report extends beyond Meyer Turku Group. Training provided at the shipbuilding training academy and accidents at work in the shipyard are also reported for the personnel of Meyer Turku's network companies.

## Goals related to responsibility

We have set out our responsibility-related goals in a working group consisting of representatives of the shipyard's various organisations. The strategy takes into account the three main themes of responsibility: social, economi and environmental. The responsibility-related targets we set are either related to the activities that are relevant to us or are relevant based on risk assessments.

The preparation of our new responsibility strategy began at the end of 2020, and the goal is to develop Meyer Turku's responsibility efforts, goals and data collection in accordance with the new strategy during 2021.

#### At Turku Shipyard, we are building the most sustainable ships in a way that future generations can be proud of We will achieve this by concentrating on four main objectives: 1. 2. 3. 4. Turku Shipyard Meyer engineers a We drive our We are a good regional industrial fully buildable aims to be supply chain to carbon neutral carbon neutral example of active be at least as cruise ship concept by 2030.\* responsibility. responsible as by 2025. we are. **Measures:** • We will create a roadmap for achieving the yard's carbon neutrality and promote it in a targeted manner. • Together with our network, we are building a carbon-neutral cruise ship concept. • We promote the cleanliness and biodiversity of the yard's environment. • We are industrial pioneers in circular economy. • Responsibility is a precondition for procurement decisions. • We commit our network companies to responsible practices. • We are in close contact with the communities around the yard. • Responsibility is part of the daily lives of our employees. • We communicate openly about our sustainability topics.

\* GHD Protocol scope 1 & 2, scope 3:a will be defined.



## **UN Sustainable Development Goals**

The United Nations' 2030 Agenda for Sustainable Development is aimed at promoting sustainable development in terms of the economy, human wellbeing and the environment. Agenda 2030 contains 17 global sustainable development goals, of which we have identified six goals that are particularly relevant to our operations. We can make a special impact in these areas in our operations and in partnership with our partners and customers.

### Clean water and sanitation



#### Objective:

Improve water quality by reducing pollution, minimising emissions of hazardous chemicals and materials, and significantly increasing global recycling and safe re-use.

#### This is what we do:

We do not use significant amounts of water in our production processes, but we can improve the quality and efficient use of water by improving the treatment of ships' waste and water in cooperation with equipment manufacturers and shipping companies. We are also continuing to develop the safe storage and handling of chemicals in the shipyard area.

### Decent work and economic growth



#### **Objective:**

Achieve higher levels of economic productivity and improve resource efficiency in consumption and production. Protect human and labour rights and ensure a safe working environment for all employees.

#### This is what we do:

Through new investments and operating methods, our aim is to boost the efficiency and productivity of shipyard operations and resource use. We create new jobs both directly through our own recruitment and indirectly through our growing supplier network. We have drawn up a Code of Conduct for Suppliers, and our suppliers have also committed to complying with this. This code of conduct includes requirements for our suppliers to comply with human rights treaties, working time legislation, and prohibitions on child labour. We improve personnel well-being and occupational safety and provide training for both our own personnel and our network.

### Sustainable industry, innovations and infrastructures



### Objective:

Develop high-quality, reliable and sustainable infrastructure, renew infrastructure in line with sustainable development, improve the efficiency of resource use and increase the use of clean andenvironmentally-friendly technologies and production processes.

#### This is what we do:

New investments in production facilities promote energy efficiency and circular economy thinking. Together with shipping companies and equipment and material suppliers, we are developing more sustainable solutions and promoting the deployment of environmentally sustainable technologies.



### Responsible consumption



#### **Objective:**

Ensure environmentally sustainable processing of chemicals and waste throughout their life cycle. Significantly decrease waste generation through reduction, recycling and reuse.

#### This is what we do:

We continue to improve the efficiency of waste management in production, the reduction of waste and the safe use of chemicals and hazardous substances. We also highlight opportunities to reduce, for example, the amount of food waste produced by ship operations.

### Climate action



#### Objective:

Improve the ability to adapt to climate-related risk factors and natural disasters and integrate climate change measures into strategies and planning.

#### This is what we do:

We can make a significant contribution to the fight against climate change through both our own production processes and the future impact of the ships we build. The carbon footprint of our production activities derives primarily from energy consumption. Through our operations, we can also reduce both local and global climate emissions by minimising the energy consumption of our ships, improving energy efficiency and exploring the options for using alternative fuels.

### Underwater Life



#### Objective:

Prevent and significantly reduce marine pollution, with a focus on pollution resulting from land-based operations, such as waste that ends up in the sea.

#### This is what we do:

Preventing marine litter and protecting the seas is one of our key objectives. We can have an impact in this area primarily by implementing technical solutions and by influencing the attitudes and outlook of our own personnel and partnering companies. The most important tools for this work are education, guidance and instructions on the impacts of marine litter and the preventive measures that can be taken.

# Working with stakeholders

### Maritime industry as the driver of development

We have an extremely important and responsible social role, as Meyer Turku is regarded as a leader in the maritime industry in Finland, and above all as a pioneer in shipbuilding. Every new ship completed at the shipyard contributes to the development of Finnish maritime industry technology and responsibility.

### Active interaction

Our most significant role is in connecting the customers ordering our ships with our extensive network of suppliers in development work. We also have an important role as a testing ground for new technology. We work closely with various equipment and material manufacturers, and are constantly in dialogue with our customers regarding how the ships of the future should be developed.

We participate in Finnish and international projects aimed at making the maritime industry and shipbuilding more responsible. We also work closely with other operators in the Finnish maritime cluster and research and educational institutions.

We interact and collaborate extensively with various parties in the Turku economic area, such as the City of Turku and regional development companies.

### ResponSea – for a responsible maritime industry

With the aid of the Finnish Marine Industries' ResponSea initiative, we are involved in making the Finnish maritime industry increasingly responsible. Launched in 2018, Respon-Sea defines common sustainable development goals for the maritime industry and encourages companies in the sector to develop responsibly.

This is an extremely important matter for the maritime industry, as the industry is characterised by an extensive supply network and the responsibility of the end product is the cumulative result of the operation of the entire network.

ResponSea's focus areas are:

- Reducing the environmental impact of maritime transport
- Ensuring that maritime companies are fair places to work
- Monitoring responsibility in the supply chain
- Circular economy and life cycle efficiency in all activities.







## Energy-efficient and low-emission cruisers

The design and construction of energy-efficient and low-emission ships are at the heart of Meyer Turku's operations, and are important to us for many reasons.

We want to do our part in the fight against climate change. In addition, the construction of energy-efficient ships and the introduction of low-emission forms of energy in ships give us a competitive edge. This is because our customers, mainly cruise companies, consider these features to be particularly important for new ships.

The Paris Agreement on climate change does not apply to international shipping, but the European Union and many ports have already set emission limits for maritime transport, for example for sulfur oxide emissions. The International Maritime Organization (IMO), which regulates and guides shipping worldwide, has also set energy-efficiency requirements for ships. These are gradually being made more stringent until 2025. In addition, according to a decision by the IMO, greenhouse gas emissions from international shipping must be halved by 2050. After this, the aim is to phase out CO<sub>2</sub> emissions completely.

Strict international regulation is a wholly positive thing for us. Ships designed and built at our yard are the result of pioneering work in the industry, and often exceed the established requirements for energy efficiency and ship emissions.

### Continuous development together

The most important themes of our research and development are responsibility, low emissions, operating efficiency, reliability, safety and digitalisation. For example, with the Covid-19 pandemic that broke out in 2020, the biosafety of ships became a new research topic.

Whenever we begin designing a new class of ship, we set ambitious emissions and energy targets for it. In the spring of 2020, we began construction of the first ship in the lcon series, which aims to be 30 per cent more efficient in terms of energy consumption than the nearest comparable ship.

However, we cannot not succeed in our ambitious goals alone. That is why we are continually working with our customers, equipment manufacturers and suppliers, as well as research institutes, universities and universities of applied sciences. We are also involved in various research projects, such as the Ecoprodigi project for the maritime industry. The aim of this project is to increase the eco-efficiency of the maritime industry and maritime transport in the Baltic Sea region through digitalisation. In 2020, we began participating in the recently launched NOVUM research project, which investigates the possibilities of 3D printing for the industrial production of lighter and less environmentally damaging parts, including for shipyard needs.

The autumn of 2020 also saw the beginning of the SusCon development project, which aims to understand and promote sustainable aspects of ships throughout the value chain.

### Energy-efficient ships, alternative fuels

We have improved the energy efficiency of our ships by making increasing use of waste heat, optimising the operation of systems and introducing alternative fuels. We also focus intensively on monitoring the operating energy efficiency of our ships and on continuous development during the ship's operational lifespan.

Heavy fuel oil, which is mainly used as fuel for ships, is being replaced by alternative fuels, including liquefied natural gas (LNG). This contains no sulfur, and when it burns, it generates significantly less nitrogen oxides and particulate emissions than heavy fuel oil.

We have already introduced liquefied natural gas on several ships. The Costa Smeralda, delivered from the Meyer shipyard in 2019, was one of the world's first LNG-powered cruise ships. An increasing proportion of the ships in our order book are LNG-powered.

We are researching and developing ways to use bioliquids and gases as marine fuels, and in collaboration with refineries we are involved in projects to explore the use of biofuels on ships in the near future. We are also exploring alternative energy production technologies, such as fuel cells that use hydrogen.

### Responsible cruise ships from start to finish

The responsibility of ships is a holistic issue and is being emphasised more than before, for example in the choice of materials. We are currently assessing the responsibility and carbon footprint of our ships throughout their lifespan, which due to the very complex nature of ships is a difficult and long-lasting project.

The environmental impact of cruise ships arises not only from emissions from fuel and electricity consumption but also from water consumption, waste and wastewater, as well as underwater noise and wave formation. In addition, both the responsibility and durability of the materials and the safe dismantling of the ship at the end of its lifespan must be taken into account already at the design stage, as it guides the choice of materials to be used.

An enormous amount of different materials are used in building ships. For instance, in the Mein Schiff ships built at our shipyard we used 2,000 km of electric cable, 180 km of pipes, 8,500 m<sup>2</sup> of windows, 335,000 litres of paint, 30,000 m<sup>2</sup> of carpets – and much more.

The choices of materials aim to take into account the life-cycle effects of materials, from the procurement of the raw materials to their longevity, serviceability and recyclability.

Shipbuilding Completion, a subsidiary of Meyer Turku, is responsible for the overall delivery of general areas of cruise ships, including the design of facilities and the management and installation of the materials used. Shipbuilding Completion carries out continuous development work to improve the traceability and responsibility of the procured materials. In addition to durability, an essential criterion that the materials for shipbuilding must meet is lightness, as the ship's weight has an effect on its fuel consumption. Meyer Turku subsidiary Piikkio Works designs and manufactures all the cabin and bathroom modules to be installed on ships at our shipyard. The cabins are always designed to be as light as possible and are made using the best available technical solutions to save energy and water, for example.

An essential part of documenting the materials used in shipbuilding is the Inventory of Hazardous Materials document

(IHM). Under the EU Ship Recycling Regulation, all ships of more than GT 500 sailing under an EU flag must have an upto-date and certified IHM, and it must cover all the equipment and materials permanently installed on board.

The IHM document describes what parts of the ship contain certain harmful materials, and how much of these they contain, and which may pose occupational safety or environmental risks during the ship's modification or dismantling phase. Since 2009, certified IHM reports have been issued for all ships completed at our yard.



### Aiming for increasingly responsible ships

We are determined to remain actively involved in reducing the environmental impact of ships, and to this end we are participating in the Sustainable Shipbuilding Concepts (SusCon) research project, which began in the autumn of 2020 and is coordinated by the University of Turku. Our goal is to create an innovation platform, a virtual concept ship for new types of solutions related to matters such as waste management, energy efficiency, alternative fuels and sustainably produced materials.

The SusCon project continues the work already started in previous Sustainability and Transparency in Shipbuilding Networks (SUSTIS) projects. The aim is to create new comparable indicators for the sustainability of cruise ships, such as carbon footprint calculations. Improvements can be concretely demonstrated with a concept ship.

The concept ship can be used even before the actual

ship order has been placed, as it allows the solutions and the space reservations and other requirements set for them to be presented in an understandable way. At the same time, it facilitates the entry of innovations into the market. The concept ship is based on ship projects to be implemented in the near future, while also serving as a benchmark for further improvements.

Ensuring the responsible production of cruise ships requires careful scrutiny of the entire value chain. The third goal of the project is to analyse the chain of ship sales, design and procurement in order to more effectively identify, take into account and compare the environmental impact of material choices. At the same time, in order to support procurement decisions we want to increase awareness of and guidance on sustainably produced materials and equipment.

# Sustainable shipbuilding

Energy consumption and waste generated are the most significant environmental issues related to shipbuilding. Energy is used at the shipyard and in the cabin factory to run production and equipment as well as to heat the properties. A large amount of waste is generated due to the great deal of materials needed in shipbuilding.

### Energy-efficient and low-emission production

In all investment projects, we favour energy-efficient solutions and have carried out several projects aimed at saving energy and improving efficiency. Among such measures are the renewal of heat recovery systems and the use of waste heat for heating premises. The energy efficiency of cabin production has also improved through the opening of the new Piikkio Works plant.

All the electricity used at the shipyard comes from renewable sources. In 2020, the solar power plant built for the shipyard generated approximately 420 MWh of electricity in our distribution grid. The area of the solar plant is 4,000 m<sup>2</sup>.

Atmospheric emissions at the shipyard are caused by the fuel consumption of the work machines and portable fuel oil-fired heaters. Emissions of volatile organic compounds from solvent paints in the pre-treatment phase account for a significant share of the shipyard's emissions. Emissions of volatile organic compounds from painting can mainly be recovered and incinerated in the pre-treatment line. Indirect emissions are caused by the production of the heating we purchase and in the materials of our procurement chain, especially the production of steel and the related logistics. We are constantly striving to reduce the in-service emissions of our products – that is, our ships – already at the design phase.

### Controlling wastage

Our shipyard and our cabin factory generate a large amount of waste. The amount of this has increased in proportion to the increased size of the ships built. We strive to make efficient use of materials in our own operations, and work closely with partners to find ways to reduce the amount of waste as identifying new recovery opportunities. 82 per cent of the shipyard waste was diverted for recovery or energy, and 92 percent of the waste generated at the cabin factory was diverted for these purposes.

The Turku shipyard is located right on the shore of the Archipelago Sea, part of the Baltic Sea. Because the shipyard operates by the windy sea and much of the activities take place outdoors, one problem has been debris carried away by the wind. We strive to prevent littering of the shipyard envi-

#### Shipyard's power consumption/MWh



Energy consumption in 2019 (Meyer Turku and Piikkio Works)



ronment and sea areas, for example by hooding ships under construction and placing fences and booms in the quay area. Also important in this regard are guidance and training on procedures, as well as the continuous reduction of packaging materials. We regularly clean the shore and the waters close to the shipyard.

The main impacts of the shipbuilding process and potential risks to the environment are the loss of material from the shipyard, littering of nearby areas and the storage and handling of chemicals. We will update the environmental risk assessment for the yard in early 2021.

Our certified management systems:

- ISO 14001 environmental management system (Meyer Turku and Piikkio Works)
- ISO 9001 quality system (Meyer Turku)
- ISO 45 001 occupational safety system (Meyer Turku) =



# New environmental permit for the shipyard

The operations of the shipyard are subject to an environmental permit. With the significant investments that have already been made, the shipyard's production processes have changed and operations have expanded. This made it necessary to update the previous environmental permit, issued in 2008. The shipyard's new environmental permit came into force in the summer of 2020.

Amongst other things, the new environmental permit requires the development of litter management, active monitoring of the use of equipment that reduces the environmental load, and the development of management systems for chemical storage and chemical spills. In addition, the company must update the yard's environmental risk assessment, which will be done in early 2021.

In order to deliver future ships, our goal is to dredge the seabed in the shipping lane and quay area in the next few years. In the spring of 2020, we submitted an environmental permit application in accordance with the Water Act to the authorities for dredging. The dredging will begin as soon as possible after the sediment dumping area has been determined and the environmental permit has been issued.

# Environmental indicators

The following tables show the energy, electricity and water consumption data and waste volumes for Meyer Turku shipyard and Piikkio Works.

### Meyer Turku, energy, electricity and water consumption

	2018	2019	2020
District heating MWh	45 952	46 684	37 380
Electricity MWh	66 950	69 723	67 043
Water consumption m <sup>3</sup>	182 000	211 704	144 500

### Piikkio Works, energy, electricity and water consumption

	2018	2019	2020
Electricity MWh	1 176	1 144	1 135
Water consumption m <sup>3</sup>	1 544	1 817	1 852
Light fuel oil kg	63 925	23 829	32 808
LPG L	102 249	145 000	121 548

### Meyer Turku, waste by fraction (tonnes)

	2018	2019	2020
Metal waste	13 248	19 381	14 676
Mixed shipbuilding waste	3 645	4 508	5 880
Wood waste	1 401	2 086	2 409
Slags	925	1 834	1 697
Energy waste	559	630	493
Sludges	633	752	197
Recyclable materials (paper, cardboard, plastic, biowaste)	314	391	295
Hazardous waste	190	292	316
Total	22 933	31 892	25 963
Contaminated soil and concrete	1 274	12 104	1 039
Clean soil and concrete		149 298	2 223
Grand total	22 189	191 275	29 225

The amount of contaminated soil and concrete grew significantly in 2019 as a result of the earth construction investments. Pure soil and concrete were mainly generated by excavation work carried out at the shipyard.

### Piikkio Works, waste by fraction (tonnes)

	2018	2019	2020
Metal waste	98	177	103
Waste-to-energy	83	104	122
Construction waste	64	68	25
Cardboard and paper	63	87	92
Mixed wood	3	3	2
Paint waste	0	0	0
Incinerable waste	0	0	0
Other waste	7	5	3
Total	318	444	347

### Meyer Turku, waste recycling and disposal (tonnes)

	2018	2019	2020
Recycling	12 743	18 846	14 210
Composting	18	9	22
Utilisation (incl. use for energy)	6 293	157 268	9084
Burning	146	292	337
Landfill	2 199	13 992	4 880
Reuse	789	868	691

Utilisation includes rock excavations (149,000 t), which are used for earthworks.

### Piikkio Works, waste recycling and disposal (tonnes)

	2018	2019	2020
Recycling	161	264	195
Utilisation	86	107	124
Landfill	64	68	25
Other	7	5	3
Burning	0	0	0





## RISK MANAGEMENT AND SAFETY AT THE SHIPYARD

### **Risk prevention**

A shipyard is an extremely demanding location in terms of safety. We need to consider all the hazards associated with the metal and construction industries, as well as the fact that work is also done on ships under construction, both at height and on the water, where, amongst other hazards, a ship fire could cause major personal and material damage.

During 2020, the management of the Covid-19 crisis and related measures were a key part of the shipyard's safety and risk management operations.

#### **Risk prevention**

The minimisation of health and safety risks and prevention of accidents is essential to us. The aim is to prevent risks through a careful risk management process, and the success of this process is constantly monitored by the company's management. The shipyard's safety regulations are strict, and we take compliance with them very seriously. Violation of the regulations may result in a ban from the shipyard area.

Our strict safety policies contributed to a rapid response to the spread of the Covid-19 pandemic in the spring of 2020, and to very effective prevention of Covid-19 infections in the shipyard's operations.

We set up a steering group at an early stage to draw up prevention plans and to protect the health of shipyard workers. The group includes representation from the company's top management, human resources, production, HSE, occupational health and communications. The steering group has closely monitored the Covid-19 situation as well as the recommendations issued by the authorities, and sets out stricter requirements as necessary. For example, the use of masks at the shipyard has been mandatory since the autumn of 2020.

Continuous communication between employees, supervisors and network companies has also played an important role. We hold regular webinars on the Covid-19 situation and guidance at the shipyard. In addition, constant instruction has been provided at the shipyard on the restrictions and operating methods in place, and compliance with them is monitored. There is also an on-call occupational health Covid-19 helpline to provide advice when falling ill with the infection, exposure to the virus, testing and travel.

Strict and proactive measures related to the Covid-19 pandemic have been effective in preventing infections.

### Exceptional measures for the Covid-19 crisis

Numerous measures have been taken to safeguard the shipyard's operations and prevent the spread of Covid-19 infections, in accordance with the developing current situation. The movement of people in the dock area is restricted, and our own personnel and those of our network are continuously instructed in safe working so as to avoid Covid-19 infections. In addition, business travel has been significantly restricted and remote working is recommended for all clerical employees.

Accident rate\* Accident rate\* Accident rate\* Absences due to sickness\*\* Absences due to sickness\*\* Absences due to sickness\*\* Absences due to sickness\*\* Absence due to sickness\*\* Absence due to sickness\*\* Absence due to sickness\*



hours, Meyer Turku Group

\*LTIR (lost time injury rate) = accidents causing an absence of LTIR /million working hours

Accident rate and absences due to sickness





The shipyard's permit office has an important role to play in preventing infections. Employees arriving at the shipyard for the first time must present a certificate of a negative Covid-19 test result before obtaining a pass. Since the autumn of 2020, there has been a test station next to the shipyard gate where Covid-19 tests can be performed quickly. The shipyard was closed for three weeks during the Christmas period in 2020. During the closure period, all employees' passes were deactivated and those who had spent time outside Finland were reissued with a pass only after presenting a negative Covid-19 test result on their return to the shipyard. With the help of Covid-19 testing, those with the virus can be denied access already at the shipyard gate, and consequently they and those who have been exposed to the virus have been quarantined quickly.

Not all infections are detected before arriving at the shipyard, however, and 26 cases of infection were detected at the shipyard during 2020. Each Covid-19 infection that is detected is traced in cooperation with the permit office of the shipyard's own occupational health unit and the authorities, regardless of whether the infection was detected by our own staff or by an employee of a network company. Due to the strict and effective measures, the number of infection chains at the yard has been very low considering the circumstances.

In early 2021, we introduced refinements to the health and safety plans of network companies to promote the network's own preventive practices in the fight against Covid-19 infections. Special attention has been paid to matters such as shared accommodation and transportation. In addition, the aim is to systematise the reporting of cases of Covid-19 infection to Meyer Turku.

#### Mardi Gras completed in difficult conditions

In December 2020, we handed over the Mardi Gras cruise ship to Carnival Cruise Lines, the world's largest cruise line. The delivery of the ship was an extremely important step for the shipyard, particularly in view of the Covid-19 crisis and the difficulties it presented.

The shipyard's production requires very extensive knowhow and labour, both Finnish and foreign. The basic work in shipbuilding is carried out by a large number of professionals, such as plumbers, welders and electricians. Restrictions on the movement of foreign labour imposed by the authorities have made it more difficult for workers to access the shipyard during the pandemic. On the other hand, there was an improvement in the availability of Finnish labour at the shipyard.

The new ships consist of complex systems that will be delivered to the shipyard from around the world. The presence of their suppliers' own specialists in the implementation of the systems and equipment is essential. In particular, we have been in active contact with various authorities to ensure access to land and to the shipyard for specialists through separate permit and testing practices.

Despite there being staff shortages of about 10 to 15 per cent and problems with the availability of materials and components, the shipyard's production and activities continued throughout the year.



# Safety

### Occupational safety considered from the beginning

Although the Covid-19 crisis received a great deal of attention during 2020, we also continued our work to prevent other safety risks and be prepared in the event of accidents. We pay careful attention to safety and the risks facing our employees at every stages of a ship's construction, and a safety plan is drawn up for each ship before construction begins.

Everyone working in the shipyard, including both our own and network companies' employees, must undergo training on safety and environmental risks before entering the shipyard. We offer an electronic HSE induction programme in 18 languages to reduce the risk of misunderstanding safety instructions.

### Constant safety observations

In 2020, a total of 57 accidents resulting in absences from work occurred at the shipyard (involving employees of both Meyer Turku and network companies), with an accident frequency of one per 6.5 million per working hours, which is considerably less than the general level of construction and industry . The accident rate at the Piikkio Works cabin factory was 24.1.

We take all accidents and near-misses very seriously. We investigate the causes of each accident and decide on corrective action. Thanks to systematic efforts to promote safety, the accident rate at the shipyard has clearly improved over the last 10 years. However, we make no compromises on our safety goals – we continually train employees, provide reminders and monitor safety very closely.

We encourage everyone working at the shipyard to report any safety findings and suggestions for development. We use a mobile MeyerEYE system, which enables quick reporting of all safety-related observations and images directly from the observation site. Nearly 1,300 safety observations were reported through the system during 2020.

### Strict monitoring of fire safety

In terms of risk management and safety, one of the most important issues for the shipyard is fire safety. Extinguishing a fire on a ship is in many ways more difficult than on other kinds of properties, and the greatest risk in case of a ship fire involves evacuation from an unfinished ship. Evacuation, locating the scene of a fire and access to the scene by the fire brigade in cramped and convoluted spaces is very demanding. For this reason, the shipyard has its own fire brigade, which is on call 24 hours a day, every day of the year.

Ship fires also present the risk of significant material damage. The cost of a ship fire is between EUR 300,000 and 400,000 per minute, and can cost tens of millions of euros.

In the spring of 2020, a fire occurred that started with a stray spark from welding. The ship had to be completely evacuated. The fire was extinguished quickly, however, and the damage was relatively minor. In addition, there were 10 fires that required the use of fire extinguishers on ships under construction. Most of these fires were caused by welding or flame cutting.

Rubbish and packaging materials are the commonest cause of fires spreading. Maintaining the neatness of construction sites is one of the key means of preventing fires, but also presents difficulties for our shipyard. We also improve fire safety through employee training and by adopting new manufacturing techniques and working methods. For example, large units are brought onto the ship having being ready-made elsewhere.

The shipyard has an electronic hot work permit system



### Number of fires started



### Successful test voyage of the Mardi Gras

We test each ship carefully in both berth and sea tests before handover to the customer. The final tests of the equipment are carried out at sea during the test voyage, and the equipment is adjusted to the optimal settings. At sea, the coordinated functioning of the equipment is also tested and the ship's personnel practise their tasks.

Despite the difficult conditions during the Covid-19 pandemic, we managed to make conduct two test voyages of the Mardi Gras cruise ship in the autumn of 2020 as planned. The test voyages, which naturally involved large numbers of people in enclosed spaces far from any hospital, presented risks that we considered and anticipated very carefully.

The first test voyage lasted ten days, and the second three days. In total, almost 1,300 people took part in the test voyages.

We instructed each participant individually and conducted a screening study for each of them. The persons involved in the test voyages remained in voluntary quarantine until the voyage, and all persons exposed to the virus remained ashore.

Other challenges during the test voyages were presented by outsiders who were not part of the shipyard's ongoing message chain, such as various inspectors, authorities, machine commissioners and equipment testers. In addition, the arrival of the ship's crew on board required strict safety measures to which everyone had to commit.

The test voyages were very successful, and no Covid-19 infection was detected during them. The success required developing a considerable number of new instructions and procedures, special arrangements, Covid-19 testing and careful planning.

### **Occupational safety risks** at the shipyard



Unguarded machinery



Fire



**Tripping** / slipping



Unsafe electrical equipment and connections

Falling

objects



**Danger of** 

getting crushed



Confined spaces



**Excessive** strain



**Unsafe lifting** operations



**Overloaded** vehicles and forklifts



Stuck by foreign body



Unsafe working at height

Handling of

chemicals



Internal traffic



Unsafe loading bays



**Open shafts** and edges



**Unsafe working** platforms



Poorly supported structures



Unfinished scaffolding





and precisely defined risk levels for the various areas. We use these to guide and delimit the performance of hot work. At the highest risk level is an almost completed ship, where hot work is generally prohibited and hot work permits can only be obtained in exceptional situations. In these cases, the hot work is supervised on site by the shipyard's fire brigade.

The shipyard, and in particular the ship under construction, is an exceptional site, and in our view conventional hot work training does not take sufficient account of the special conditions of shipyards. That is why we have developed our own hot work permit training for the shipyard, which is mandatory for all those who carry out such work. Hot work permit training began in early 2020, and in the future only persons trained by Meyer Turku will be allowed to perform hot work at the shipyard.

### Safe traffic at the shipyard

The safety of the shipyard's logistics requires special attention on our part. Our shipyard area is like a small town, with thousands of workers passing through every day in addition to a wide variety of traffic, such as lorries, cranes, forklifts and even trains. Cruise ships built at the shipyard are tall structures where mobility and working require special vigilance and knowhow. Everyone working at the shipyard must understand the risks associated with lifting and follow the marked routes. To improve training in the operation of radio-controlled bridge cranes, we introduced new crane training in the simulator in 2020. In this case, production cranes do not have to be taken out of production use during training, and the training environment remains safe.

To improve safety, we have identified problem areas and hazards in shipyard traffic. In the most hazardous areas, traffic has been restricted and lane markings have been improved. Forklift training for work at the shipyard has also been developed and the number of forklifts at the shipyard has been reduced. These changes contribute to reducing the safety risks associated with their use. In addition, area lighting at the shipyard has been significantly improved and the use of high-visibility clothing or reflective vests is mandatory from the parking area to the person's own workstation.





### World-class expertise

Today's cruise ships are essentially smart cities at sea, and cruise ship production has become a demanding technology industry. Building cruisers requires not only skilled metal industry professionals, but also cutting-edge design, project management, technology and product development expertise. Therefore, it is important for us to maintain the skills of our employees at the highest level and to ensure their wellbeing.

### A quick leap into new working methods

Meyer Turku's operating capacity is based on the skill and wellbeing of our employees, which we support in many different ways both at work and outside of it. The shipyard's own occupational health station supports the comprehensive management of working capacity, so that all our employees remain able and fit for work until retirement age. The shipyard's own training academy takes care of the continuous development of our expertise.

In the spring of 2020, the Covid-19 pandemic caused rapid changes in the shipyard's operations, work practices and training. Many of the employees of Meyer Turku and its subsidiaries switched to remote working during March, and it is continuing. Naturally, some of the work at the shipyard also continued despite the exceptional circumstances, because production work, for example, cannot be done remotely.

At the same time, the rapid and extensive transition to remote working brought a major change in our accustomed ways of working, which were based heavily on face-to-face interaction and presence. Faced with the new situation, we quickly learned to use and take advantage of new types of online systems and communication channels, and we also transferred the operations of the shipyard's training academy online.

In the spring of 2020, we began to organise webinars for the entire staff for reviewing current matters and operating instructions as the exceptional circumstances brought about by the Covid-19 crisis continued. The webinars have proven to be a very popular meeting channel where staff can ask questions and discuss matters with management. For this reason, we continue to organise them regularly.

In late 2020, we conducted a survey of shipyard personnel on the effects of remote working on operating methods and occupational wellbeing. The general view of remote working was quite positive. In particular, the calm work environment and flexibility of work were perceived positively. On the other hand, the most frequently mentioned drawbacks of remote working were the feeling of detachment and distance from one's own team and the lack of daily coffee room conversations. Work ergonomics in home offices is also a common problem. The clearest development that has taken place regarding working practices during the Covid-19 crisis is that almost everyone hopes for at least partial remote working in the future as well. We have responded to this wish, and are developing a remote working model that will be suitable for the shipyard once the Covid-19 pandemic has passed.

Consistent and high-quality leadership is important to us. To this end, we have created a strategy for supervisors' work that will guide us in systematically coaching supervisors. The new training will be widely introduced during 2021.

### Support for major changes

For several years, we had been preparing for significant annual growth of about 20 per cent in the shipyard's operations. At the same time, the reorganisation of the company's order book due to the Covid-19 pandemic has led to the resizing of production and capacity.

To enable us to adapt quickly and in a meaningful way to the changed situation and to safeguard the long-term future of the shipyard, we had to suspend our growth programme and related recruitments and begin employer/employee negotiations for all our personnel.

As a result of the negotiations, 250 employees were laid off, which was considerably fewer than initially estimated. In addition, the termination of some of the employment relationships took the form of retirements and other arrangements. We offered all those who lost their jobs the opportunity for personal guidance, support and training.

Initially, a support point was set up in the shipyard area, offering low-threshold support and assistance for coping with the changed situation, as well as information on matters such as benefits, registering as unemployed, and a change security programme.

### Activation and motivation

In addition to immediate support, another important goal was to promote the re-employment of those who lost their jobs and to reduce the length of periods of unemployment. Due to the large number of people in need of support, the support programme and related coaching were carried out with an external partner.

People were encouraged to undergo re-employment coaching immediately after being laid off. The content of the





Number of employees at year-end

coaching and support was tailored to each person's situation and wishes. The main goal was to motivate and activate the persons concerned so that their period of unemployment would be as short as possible. In collaboration with the local Centre for Economic Development, Transport and the Environment and the TE public employment and business services, special training related to the maritime industry will be implemented in the spring of 2021. This involves areas such as project and design expertise, the aim of which is to continue to support the employment of individuals in maritime cluster companies.

Participation in support programmes is voluntary, and more than 70 per cent of the employees who were laid off took advantage of the programmes. By the end of February 2021, more than 40 per cent of participants in the support programme had taken their next career step in a new job or study. The support programme will continue throughout spring 2021. The workers who have been made redundant have also been provided with the shipyard's occupational healthcare services for six months after being made redundant.

Support and training were also provided at an early stage for supervisors in order to manage the change situation as a whole. Our aim was to ensure a high standard and uniform handling of redundancy situations in such a way as to respect the individual. In situations of major change, it is also important to support and attend to the wellbeing of those who continue to work. Supervisors were trained separately for this task.

### The training academy moves online

The shipyard has its own training academy, which helps us ensure that we always have skilled and trained personnel in ship design and construction. We also train the staff of our subsidiaries and network.

We have previously developed internet-based training, for example for all those working at the yard with a mandatory health, safety and environment (HSE) orientation programme. The Covid-19 crisis accelerated this change considerably, and during 2020 most of our training was carried out online.

The number of training participants decreased slightly in 2020 compared to the previous year. However, even in the exceptional circumstances, almost 2,900 people participated in short-term training, of which about 20 per cent were employees of our network companies.

Number of employees at year-end	2017	2018	2019	2020
Meyer Turku Oy	1 854	2 007	2 139	1 869
Piikkio Works Oy	131	145	153	150
Technology Design and Engineering Eng'nD Oy	59	58	76	73
Shipbuilding Completion Oy	47	50	53	49
Total	2091	2260	2421	2 141
Average during the year	2 009	2 205	2 387	2 067
New recruitments	359	297	287	115
Employee turnover	6,1%	7,7%	4,7%	5,3%



200

Short-term training, number of participants



Labour political recruitment training, number of trainees













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# AS A PART OF THE SOCIETY

# Financial added value, together with our partners

Our ship projects are very large. The value of each of our ship deliveries can be as much as one per cent of the total annual value of Finnish exports, and the economic and employment effects of our operations are also significant.

We do not build ships alone. About 80 per cent of the value of each ship consists of the work of network companies, and the remainder of the shipyard's own work. In 2020, along with our network companies we directly and indirectly employed about 9,500 employees. When the employment of foreign companies and the network's own suppliers are taken into account, the full employment impact is even greater.

### A skilled and extensive network is vital to us

In the past, shipyards built ships almost entirely themselves. Nowadays, however, ships are assembled from more and more refined components and modules in collaboration with several operators. Above all, the role of the shipyard is to lead and coordinate all the activities.

Our extensive network consists of many actors, such as design agencies, equipment, material and system suppliers, general contractors and providers of subcontracting and services. Not only do we purchase ship equipment and materials from our network, but also most of the design and equipment work. The latter is mostly procured as turnkey deliveries.

### Continuous network monitoring

The shipyard employs about 2,000 companies every year. Some are employed for just a few days and others for the entire year. We familiarise the employees of our network to ensure that they operate safely at the shipyard, and we closely monitor the operating methods and performance of our suppliers.

It is extremely important to us that our suppliers operate ethically and sustainably. All our contracts require every supplier to commit to our code of conduct for suppliers.

In selecting suppliers, we consider not only price, quality and delivery security, but also factors such as how the supplier takes care of its social, occupational safety and environmental obligations. We require all the companies in our network to draw up their own occupational health and safety plans.

We monitor all companies working at the shipyard, including monitoring for compliance with the Act on the Contractor's Obligations and Liability when Work is Contracted Out, and the Occupational Health Care Act, as well as compliance with collective agreements – including those concerning employees who do not have a direct contractual relationship with Meyer Turku. The shipyard has its own network monitoring team, the main tasks of which are to combat the grey economy and the associated informal workforce, and to monitor suppliers' compliance with social obligations such as paying taxes and social security contributions and relating to working hours.

### Safety cooperation with the monitoring authority

We cooperate continuously with the regional government agency and other authorities: The authorities also carry out their own inspections at the shipyard, for example related to occupational safety.

In the summer of 2017, we began cooperating with the Regional State Administrative Agency for Southwestern Finland in carrying out occupational safety inspections for companies in our network. The cooperation enhances and benefits not only occupational safety conditions in the shipyard but also the supervisory work of the authorities.

We organise inspection sessions at the shipyard and assist the authorities in targeting inspections of selected companies in our network . Both Finnish and foreign companies operate at the shipyard, which can be effectively inspected within the framework of the cooperation regardless of the domicile of the companies in question.

In addition to workplace inspections, the inspections cover preventive measures such as risk assessments and orientations. The shipyard has its own occupational safety orientation programme, which is mandatory for everyone working in the shipyard area. In addition, each network company must provide its own induction and job guidance for its employees.

We also support the work of the authorities in monitoring deviations. In the case of minor occupational safety deviations, the company is given instructions on how to rectify the matter. We monitor the implementation of these corrections as agreed, and report to the Regional State Administrative Agency for Southwestern Finland. More serious shortcomings may result in a demand for improvements, in which case the authority will itself monitor the corrective action to be taken by the given deadline.

Joint supply chain management is conducted at Meyer's shipyards, which improves the monitoring of our suppliers. Joint supplier management allows us to set similar requirements for all network companies, and information on non-compliances and other deviations is available to all our shipyards.



### A responsible way to act

We do not accept unethical or illegal practices under any circumstances.

In our business principles (Code of Conduct), we have defined the generally accepted operating methods of Meyer Turku. Our policies cover, for example, anti-corruption, conflicts of interest, fair competition and procurement, employee rights, occupational safety and environmental protection. We require that all of our employees and supervisors exercise good judgment, adhere to our ethical principles and act honestly in all transactions.

Our expectations to our partners are described in the Code of Conduct for Suppliers. Each of our suppliers must commit to these principles in writing.

### Communication channel for abuse prevention

We have a reporting system in place that allows both our own staff and anyone, such as a member of our network, to report an abuse they notice or suspect, anonymously if they wish. The system also allows for the exchange of information and the submission of follow-up questions anonymously.

The system helps us to detect potential misbehaviours, such as corruption or theft, more easily and we are able to

### "We do not accept unethical or illegal practices under any circumstances"

address grievances more quickly. The anonymous channel also lowers the notification threshold and the system is provided in 10 languages so that a lack of language skills does not prevent notifications.

The use of a common system improves the processing of notifications, as notifications always come directly to the compliance function, which is responsible for clarifying matters. The company's top management is responsible for any measures or sanctions.

### GRI Table

The reference framework for the report has been the GRI standard and the report corresponds in most parts to the basic level GRI requirements.

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