

YEAR 2021

STRATEGY AND OPERATIONAL ENVIRONMENT

CORPORATE GOVERNANCE CORPORATE RESPONSIBILITY

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FINNPILOT IN BRIEF

Pilotage is a vital part of the chain of logistics required for Finland's international trade and security of supply. Pilotage ensures navigational safety and efficiency within Finland's rocky fairways. The added safety that pilotage provides within Finland's narrow archipelago fairways is pivotal in terms of preventing accidents.

In Finland, pilotage services are the responsibility of the state-owned special assignment company Finnpilot Pilotage Ltd. Finnpilot provides pilotage services in accordance with Finland's Pilotage Act and assumes responsibility, as prescribed by the Pilotage Act, for other tasks and obligations related to pilotage within the coastal waters and Saimaa region in Finland. The costs accrued by the organisation of pilotage activities and maintenance of the national service network are covered by charged pilotage fees. The provision of pilotage activities in the Saimaa region is governed by Finnpilot's obligation to provide financially unprofitable services.

Pilotage services have been provided in Finland already for 325 years. The core of our activities remains the same: The pilot is a vital local advisor to the shipmaster who provides navigational assistance to vessels along the fairways and increasingly ensures the safe guidance of ships into port. However, pilotage also evolves and changes along with other developments in the field of navigation. This report describes our work, the essential events of 2021 and our CSR work from the perspectives of the environments, our personnel, our customers, society and safety.

Finnpilot's annual report includes the annual review, a description of the company's strategy, operational environment and corporate governance as well as our Corporate Responsibility Report. Additionally, we publish the financial statements and the annual review of the Board of Directors as separate PDF documents on our website.



During 2021, pilots boarded vessels a total of 21,410 times. Piloted vessels represented 33.2% of all vessels visiting Finland's coastal ports.



REVIEW OF THE CEO

LONG-TERM DEVELOPMENT AMID THE CORONAVIRUS CRISIS

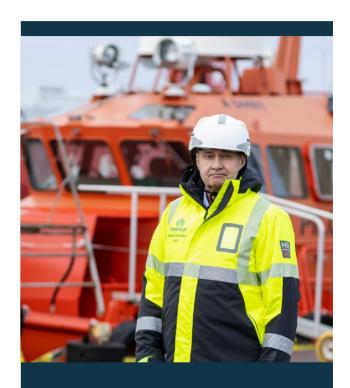
The COVID-19 pandemic had a strong impact on Finnpilot's operations in 2021. Despite the financially difficult year, we were able to sustain the availability of pilotage services at a near normal level, continue strong development in aspects of responsibility and sustainability, and protect our personnel from COVID infections right up until the end of the year.

The year 2021 continued, in terms of the coronavirus pandemic, where 2020 left off. The responsible approach of our personnel played a decisive role in ensuring the success of our actions to prevent the spread of coronavirus infections. With the help of our guidelines, drafted in collaboration with the Finnish Institute for Health and Welfare, and our effective protective measures, we avoided coronavirus transmission at work up until the end of the year. In the end, however, the omicron variant of the virus managed to penetrate even our strong defences.

Voluntary and doctor-mandated isolation and quarantines presented a challenge for our personnel resources around the

end of the year. As a national actor, we were able to cover these personnel needs by temporarily transferring staff from one pilot station to another. Even in this exceptional situation, we maintained the availability of pilotage services as our number one priority, in addition to safety. According to surveys, these two factors are also at the top of our customers' list of priorities. Despite occasional resource challenges, we ensured that the availability of pilotage services remained at a normal level throughout the entire year.

In terms of traffic, the past year was weak. In coastal waters, there was a drop of 1.9% in the number of pilotage assignments



The availability of pilotage services remained at a normal level throughout the entire year.



STRATEGY AND OPERATIONAL ENVIRONMENT

CORPORATE GOVERNANCE CORPORATE RESPONSIBILITY PRINCIPLES OF REPORTING AND GRI

and 8.1% in nautical miles compared to the previous year. In the Saimaa region, the number of pilotage assignments increased by 5.3% and nautical miles by 8.9% over the previous year.

During 2021, our business activities were met with multiple significant challenges. Cruise ship traffic was already, for the second summer in a row, nearly non-existent as a result of the halt in travel caused by the COVID-19 pandemic. Our traffic volume was further reduced by production stoppages caused by scheduled maintenance work in industrial facilities and the closing of Neste's refinery in Naantali at the beginning of the year. As a result of the refinery shutdown, we were forced to initiate co-operation negotiations concerning 16 employees working in the Archipelago Sea region. The result of the negotiations was that we were able to compensate for the reduction in traffic in the Archipelago Sea through the reorganisation of internal resources in the Archipelago Sea and Bothnian Sea regions.

In terms of costs, the dramatic rise in the price of fuel put a strain on our activities. During the year, we sought savings by prioritising investments and reducing operating costs. Throughout the two-year pandemic, we have managed to cut our costs by altogether more than half a million euro.

We have engaged in long-term work to advance the aspects of responsibility and sustainability in our operations and to assure our service reliability. As a state-owned special assignment company, we couldn't compromise these even during a period of pandemic. Despite significant savings measures, the considerable decline in traffic and simultaneous increase in costs meant that our result ended up being unprofitable at EUR -1.2 million.



Throughout the two-year pandemic, we have managed to cut our costs by altogether more than half a million euro.

At the start of the year, we received the results of our broad customer and stakeholder survey. We were, of course, pleased to see that satisfaction with our services remained at a high level and our reputation remained strong. The feedback confirmed that we are on the right path. Development is still needed, for example, in terms of the consistency of communications. In response, we worked together with our key stakeholders to establish methods and forums to facilitate more intense dialogue.

Our role as a key actor assuring Finland's security of supply was strengthened in spring 2021 when we joined the Maritime Transport Pool of the National Emergency Supply Agency. The objective of the Maritime Transport Pool is to maintain the continuity of transport availability in Finland, also during times of serious disturbances or exceptional circumstances in society. As a member of the Pool, we participate, together with organisations and authorities in the field, in the securing of Finland's operational capacity.

Responsibility is a fundamental part of our daily activities and a natural aspect of all we do, as it is our core task to ensure that ships manoeuvre safely and smoothly through the fragile maritime environment. We continued our active CSR work with the drafting

of Finnpilot's Responsibility Programme, which detailed our goals, indicators, responsibilities and monitoring methods. The programme enables us to monitor our short and long-term CSR goals with a more systematic approach. We report further on the results of our CSR work in our annual report and Corporate Responsibility Report.

As I am writing this, at the beginning of February 2022, the Finnish Government has just announced that the restrictions related to the coronavirus pandemic will be significantly lifted within the next two weeks. We would like to believe that this decision will set the trend for the coming year. I want to thank our personnel, customers and other stakeholders for their patience and excellent co-operation throughout the COVID-19 crisis. Hopefully we will soon transition from this exceptional situation to more normal times.

I wish everyone a safe year in 2022!

KARI KOSONEN

CEO

Finnpilot Pilotage Ltd

KEY FIGURES 2021

TURNOVER

35.2 м€

OPERATING PROFIT

-1 2 M€

PERSONNEL

332



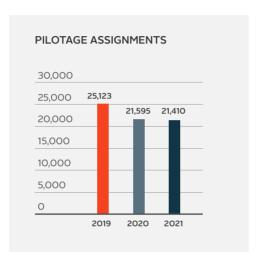
In our personnel survey, the personnel gave the employer an overall rating of 4.6 on a scale of 1–6 (2020: 4.7). The response rate was 78% (84.5%).

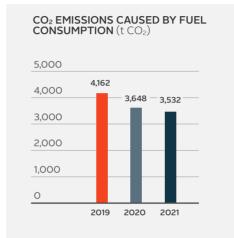
PILOTAGE ASSIGNMENTS

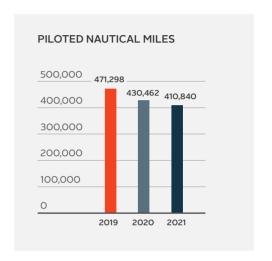
21,410

Finnpilot's reputation was given an average rating of 3.97 (scale of 1–5) in the Reputation & Trust survey conducted by T-Media. This result was very close to excellent. The average rating for the sub-areas of customer experience was 4.08 (on a scale of 1–5), which is an excellent result.









KEY FINANCIAL FIGURES

	2021	2020	2019
Number of pilotages	21,410	21,595	25,123
Piloted nautical miles	410,840	430,462	471,298
Turnover	35,215,811	35,830,972	40,922,795
Operating result	-1,183,278	-635,270	2,638,004
% of turnover	-3.4%	-1.8%	6.4%
Profit/loss of the financial year	-792,613	-422,540	2,121,312
% of turnover	-2.3%	-1.2%	5.2%
Return on equity %	-11.9%	-5.8%	17.2%
Return on investment %	-11.9%	-5.7%	21.6%
Solvency ratio %	57.4%	63.0%	63.4%

	2021	2020	2019
Net gearing	-36.4%	-32.8%	-35.5%
Quick Ratio	0.7	0.8	0.9
Gross investment	2,068,886	2,369,690	2,467,328
% of turnover	5.9%	6.6%	6.0%
Average number of personnel in person-years	325	333	336
Personnel at the end of the financial year	332	337	346
Wages, salaries and other short-term benefits	21,943,072	22,220,087	22,901,270

The calculation models for the key figures are presented in the notes to the financial statements.



STRATEGY AND OPERATIONAL ENVIRONMENT

STRATEGY 2021-2025

SETTING THE COURSE



CORNERSTONES OF OUR SUCCESS

Inclusive operational culture

Value generation for customers

Competence development

Socially responsible and sustainable operations

We are a customer-focused and highly competent partner within the field of navigation.

VALUES

SHARED LEARNING



 \Diamond MISSION

We help guide ships safely and smoothly through the fragile maritime environment.



- Prompt service
- · Activities based on collaboration
- · Local expertise and the latest
- Good customer experience
- Internationally competitive price



INTERNAL PROCESSES

- Development of current and new services
- Inclusion of personnel
- · Development of work ability and occupational safety
- · Reduction of environmental and climate impacts



STRATEGIC PERSPECTIVES

FINANCES

- Value for the owner and
- · Cost efficiency without compromising on safety
- Long-term planning
- · Sufficiency of financing and working capital



- Development of top expertise in all task areas
- Effective learning as an organisation
- · Satisfied personnel
- · Minimal absences



STRATEGY 2021-2025

The global COVID-19 crisis that has overshadowed the field for more than two years continues to hinder the predictability of changes in our operational environment. Amid the pandemic, we carried on with the long-term development of operations in accordance with our established strategy.

From a navigational perspective, the conditions of the Finnish archipelago are among the most challenging in the world. A pilot who is familiar with local conditions provides a shipmaster with invaluable assistance to guarantee safe fairway navigation. Finnpilot's mission is to help ships manoeuvre safely and smoothly through the fragile maritime environment.

Our vision involves us being a customer-focused and highly competent partner within the field of navigation. Our strategic choices correspond to identified factors within the operational environment and steer the development of our activities. Our strategy defines the broad change and development projects that the company will undertake as a means of achieving our vision:

- **Inclusive operational culture:** Our personnel resolve matters concerning their own work environment and participate actively in the development of those matters.
- Value generation for customers: We offer field expertise, strong local knowledge, the latest information and the best customer experience.
- Competence development: We generate the best operational methods by learning as an organisation, and we define and set the framework that enables the achievement of top expertise.
- Socially responsible and sustainable operations: We develop our services and processes to correspond to the demands for responsibility and sustainability.

Finnpilot examines its own operations through the four strategical perspectives of the Balanced Scorecard model: customers, finance, learning and growth, and internal processes. The content of the perspectives is described further in our strategy visualisation. We examine the realisation of our strategy via designated strategic indicators (see figure on the next page).

Our values – trust, shared learning and safety – are portrayed in the shape of a propeller. Trust enables us to express our thoughts and experiences, even when we are uncertain. We learn new things together, as trust provides the foundation for the exchange of important information. Safety develops when shared information allows for the mutual development of best practices. Functional practices and highly developed safety increase trust in our operational approach, which further promotes shared learning.

Our strategy covers the years 2021–2025 and was last updated during spring 2021.



Finnpilot examines its own operations through the four strategical perspectives of the Balanced Scorecard model: customers, finance, learning and growth, and internal processes.

STRATEGIC KEY FIGURES

Perspective	Objective	Indicator	Target 2021	Achieved 2021
Customer	Prompt service	Realisation of service terms and conditions	≥ 99	99.8%
	Customer satisfaction	Stakeholder's overall grade for reputation (1–5)	new scale 1–5, previous scale (1–7) target 5.9	3.97, previous scale: 5.9
		Customer satisfaction ships (1–7)	≥6	on hiatus because of COVID-19
	Internationally competitive pricin	g International price comparison	< 0.74	0.76
Internal	Effective use of resources	Piloted nautical miles / person-workday	> 20	20.8
		Cost/pilotage (euros)	< 1,700	1,700
		Transport cost / pilotage (euros)	< 720	756
	Climate target	CO ₂ -emissions / pilotage (tonnes CO ₂)	< 0.16	0.165
	Occupational health and safety	Occupational accidents / year	< 10	5
		Accident frequency / one million working hours (all)	< 16.7	5.1
Finances	Good profitability	Operating result %	> 0	-3.4
		Operating margin %	> 6.0	4.0
		Return on investment %	> 0	-11.9
	Financial solidity	Eqyity ratio	> 50	57.4
	Good liquidity	Quick ratio	> 0.7	0.7
Learning and growth	Satisfied personnel	Result of work satisfaction survey (1–6)	> 4.8	4.6
	Minimal absences	Absences as % of total working hours	< 5.0	5.6
	Promotion of competence	Training days, person/year (excl. simulations runs)	> 1.0	1.6
		Simulation runs (days/pilot)	> 1.5	1.2

OPERATIONAL ENVIRONMENT

In 2021, as with the previous year, our operational environment was characterised by uncertainty. In addition to the COVID-19 pandemic, operational planning was hindered by the shutdown of production facilities, the near non-existent cruise ship traffic for the second summer in a row, the renewal of the sluice gates along the Saimaa Canal and issues related to timber customs.

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2021

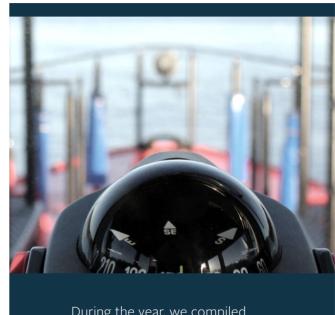
COVID-19 PANDEMIC: PRIORITISING OPERATIONAL CONTINUITY

As the pandemic continued, concerns about health security became the focus of our activities (read more under Responsibility: Personnel). As a critical actor for the security of supply, our primary goal during the COVID-19 pandemic was to ensure the continuity of our operations, thereby also safeguarding

Finland's foreign trade. Amid a sea of uncertainties, we continued steadfastly with our development projects. The most important of these being the reduction of our environmental impact, the reform of pilot training and the development of our services through co-operation with our customers and stakeholders. Read more about this in the corporate responsibility section of the report.

EMPHASIS ON RESPONSIBILITY AND INCREASED REGULATION

The IMO strategy for the reduction of GHG emissions guides international maritime climate work, and the prevention of climate change is also a strong megatrend for navigation. New environmentally friendly energy sources are rapidly being sought for sea transports that currently rely on the use of fuel oil and diesel. In 2021, we stated our target out loud: Finnpilot endeavours to halve the overall emissions from its activities by 2030 (read more: Responsibility: Environment). Furthermore, we continuously map out solutions that would enable us to cover an even greater portion of the energy needs of our stations and



During the year, we compiled Finnpilot's first ever Responsibility Programme, which is further detailed under the Responsibility section.

READ MORE



Our most important goal during the pandemic was to assure the continuity of Finland's foreign trade.

equipment with our own renewable energy production. In addition to environmental issues, our responsibility work encompasses responsibility for our personnel, responsibility to our customers, social responsibility and our responsibility for safety in all the aforementioned areas. We continuously investigate the possibility to develop our services in a way that might also help our customers to minimise their own carbon footprint.

A DEMAND FOR MORE ADVANCED PROFESSIONAL COMPETENCE

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The varying competence levels and turnover rate of international onboard crews place even more demands on the professional skills of pilots. In addition to fairway navigation, pilots are increasingly being tasked with guiding ships into and out of port. This situation calls for further training, competence development and shared learning. This development in the field has also been taken into consideration as part of the reform of the Pilotage Act, which is currently underway. In 2021, we established the Training Path for New Pilots as support for pilot education. The work of pilot boat operators is also evolving, as boat equipment, technological developments and their related systems, and



In 2021, we established the Training Path for New Pilots as support for pilot education. changing weather conditions are reshaping the work environment. In 2022, we will begin to develop a training path for pilot boat operators. There are also specific areas of development that need to be addressed within the work of pilot coordinators and administration. Read more about our training development under Responsibility: Personnel and Responsibility: Society.

The development of our observation reporting culture and, through that, the strengthening of shared learning, is reflected in the number of reported observations. Our new observation reporting system, which has received a great deal of positive feedback from the personnel, has been in use for one full year. The observations and efficient processing thereof enabled us to make concrete improvements in terms of, for example, occupational safety. Read more about this topic under Responsibility: Safety.

DIGITALISATION IS REINVENTING THE FIELD OF NAVIGATION WORLDWIDE

The future of maritime transport is being developed through networks, in co-operation with actors in the field. We contribute our pilotage expertise to multiple digital development projects. One such project is the Sea for Value - Fairway (S4VF) programme initiated by DIMECC for the purpose of, for example, developing future fairway services and their suitability for remote pilotage. The aim of developing remote pilotage is to further improve the scalability and cost efficiency of the services, which, for our customers, will signify an alternative to line pilotage, for example. During 2021, we prepared a trial that would enable us to assess how well the technical arrangements of the fairway and vessel would suit remote pilotage. We discuss this digital development further in the section Responsibility: Society.



The development of digitalisation raises the need to examine our cyber security capacity more critically. We describe our digitalisation projects further in the Society chapter of our Responsibility section.

READ MORE



CORPORATE GOVERNANCE

Finnpilot Pilotage Ltd is a special assignment company entirely owned by the State. The governance of state-owned companies is regulated by the State Holdings and Ownership Steering Act. The Government Resolution on the State Ownership Policy, issued in April 2020, states that, in managing its corporate assets, the State seeks to maximise overall social and financial benefits.



The governance of Finnpilot is based on the Limited Liability Companies Act, and the company's operations are regulated by the Pilotage Act and Pilotage Decree. The company's activities are guided and supervised by the Government Ownership Steering Department. Finnpilot's principles of corporate governance are defined in the Corporate Governance Guidelines. The Guidelines reflect the general norms of Corporate Governance, the Corporate Governance Code of the Securities Market Association, the Agenda for Improving the Corporate Governance of Unlisted Companies published by the Finland Chamber of Commerce and the ownership steering guidelines of the Prime Minister's Office.

The State as owner exercises its power of decision at annual general meetings. The annual general meeting decides on issues that are relevant by virtue of the Limited Liability Companies Act. The annual general meeting elects the chair and other members of the Board of Directors. The annual general meeting for 2021 was held on 25 March 2021.

Finnpilot owns 60% of Ice Advisors Ltd, which provides maritime operators with ice navigation services. The related parties of Finnpilot include its subsidiary, the company's Board of Directors, the CEO and the Executive Committee. Finnpilot does not conduct business activities that depart from normal commercial conditions with any of its related parties.

BOARD OF DIRECTORS

The Board of Directors oversees the administration of the company and the appropriate arrangement of the company's activities. In addition, the Board of Directors guides and supervises the company's activities, elects the CEO and top management,



supervises the management and issues decisions on key matters in terms of the company's business activities.

The annual general meeting elects the chair and other members of the Board of Directors. The members of the Board shall have expertise in Finnpilot's field of activities, management or business economics, and they shall be independent in the manner required with regards to competition.

The Chair of the Board of Directors is the immediate supervisor of the CEO. In 2021, the Board comprised seven members, two of which were personnel representatives (personnel representative and deputy personnel representative).

The Board of Directors has established committees to support its activities. The task of the committees is to prepare those matters

assigned to them as support for the decisions of the Board. In 2021, the Personnel Committee was renamed the Personnel and Corporate Responsibility Committee. The Board is also supported by the company's Audit Committee. The members of the committees are presented in the annual review of the Board of Directors.

The Board of Directors and committees convened eight times during 2021. Due to the COVID-19 pandemic, all meetings except one were conducted online. The attendance rate at the Board meetings was 100 per cent.

EXECUTIVE COMMITTEE

The Executive Committee bears responsibility for the impacts of our company's activities on society, the environment and the stakeholders. The Executive Committee assists the CEO in the implementation of operational tasks. The members of Finnpilot's Executive Committee include the Human Resources Director and Leading Legal Counsel, the Transport Director, the Pilotage Director and the Financial Director. The Communications Manager participates in the work of the Executive Committee. The Executive Committee convenes every two weeks.

The CEO heads and develops the activities of Finnpilot, oversees its daily administration and ensures that the accounting is carried out as prescribed by law and asset management is carried out in a trustworthy manner. The CEO oversees the execution of the decisions made by the Board of Directors and adheres to the instructions of the Board. The CEO reports on the activities of the company to the Board of Directors and is responsible for achieving the objectives set for the business activities in accordance with the principles set by the Board of Directors.



ANNUAL REPORT

SEIJA TURUNEN
Chair of the Board of Directors

b. 1953, M.Sc. (Economics and Business Administration), administrative professional Board member since 2015

Finnlines Plc, Deputy CEO, CFO 2007–2013

Finnsteve Companies (part of the Finnlines Group), Managing Director 2010–2013

Finnlines Plc, Chief Financial Officer 1992–2007

Fintraffic Ltd, Board member

Elisa Plc. Board member

Pihlajalinna Plc, Board member



MARKUS KATARA
Member of the Board

b. 1982, M.Sc. (Econ.), LL.M. Board member since 2018

Government Ownership Steering Department, Ministerial Adviser 2018–

Castrén & Snellman Attorneys Ltd, Associate Lawyer, 2014–2015, 2016–2018

Ministry of Economic Affairs and Employment, Senior Specialist, 2015–2016

Outokumpu Plc, specialist and administrative duties 2008–2014

Gasonia Ltd, Chairman of the Board of Directors

Kemijoki Ltd, Board member



TUULA-RIITTA MARKKANEN
Member of the Board

b. 1958, Ph.D., International Business and Strategy, M.A. (Marketing) Board member since 2017

Krita Corporate Identity Ltd, Senior partner; organisational transformation and change management, sustainable develpoment

Adviser and Interim Director



PETRI PELTONEN

Member of the Board

b. 1962, Licentiate of Science (Technology)

Board member since 2018

Ministry of Economic Affairs and Employment, Under-Secretary of State, 2016–

Ministry of Economic Affairs and Employment, Director General, 2008–2016

Ministry of Trade and Industry, Director General, 2007

Tekes, Executive Director, 1999–2006

Business Finland, Board of Directors, Vice-Chair

Finnish Climate Fund, Vice Chairman of the Board of Directors

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Finnish Innovation Fund Sitra Board member



HILPPA RAUTPALO
Member of the Board

b. 1974, LL.M. trained on the bench Board member since 2020

Lassila & Tikanoja, Director of Human Resources 2020–

Arctia Ltd, Senior Vice President for Human Resources and Legal Affairs 2018-2019

Unisport-Saltex Group, General Counsel and SVP for HR 2017–2018

Ekokem Ltd, General Counsel and SVP for HR 2013-2017

Metsä Group, Group Legal Counsel 2000-2007



KAJ HAHTONEN
Personnel representative

b. 1975, Pilot, Baltic Sea Pilot, Bachelor of Marine Technology (Master Mariner) Board member since 2019

State Pilotage Enterprise Finnpilot/ Finnpilot Pilotage Ltd, Pilot 2007-

Neste Ltd / Fortum Oil & Gas Ltd / Neste Shipping Ltd / Aker Yards Ltd: various duties at sea (primarily deck officer), 1996–2007

European Maritime Pilots' Association, Vice president 2021–

Finnpilot Pilotage Ltd, safety representative 2012–

Finnish Maritime Pilots' Association, Board member and Vice-Chairman 2010–2021

Netplaza Ltd, Board member 2009–2014

Suomen Laajakaistapalvelu Ltd, Board member 2008–2009

••••••••••••



AKI SAARTIA
Deputy personnel
representative

b. 1975, Pilot Boat Operator Board member since 2017

Finnpilot Pilotage Ltd, Pilot boat operator 2011–

Finnish State Pilotage Enterprise Finnpilot, Pilot boat operator 2006–2010



EXECUTIVE COMMITTEE 31.12.2021



KARI KOSONEN Chief Executive Officer

b. 1965, M.Sc. (Technology), Master Mariner Executive Committee member since 2010

Finnpilot Pilotage Ltd, CEO 2017-.....

Finnpilot Pilotage Ltd, Pilotage Director 2011-2017

Finnish State Pilotage Enterprise Finnpilot, Pilotage Director 2010

Finnish Maritime Administration, Manager of VTS Centre, Senior Inspector, Division Manager, Deputy Director 1996-2010

Various duties at sea (primarily deck officer) 1987-1996

.....

Ice Advisors Ltd. CEO 2014-2017

Ice Advisors Ltd, Chairman of the Board 2017-......



AKI MARJASVAARA **Transport Director**

b. 1978, Master of Engineering (Industrial Management), Master Mariner Executive Committee member since 2014

Finnpilot Pilotage Ltd. Transport Director 2014-

Port of Loviisa, Port Director 2008-2014

Port of HaminaKotka Ltd. Safety Inspector 2004-2005

Various duties at sea (primarily deck officer) 1999-2007



OLLINURMINEN Human Resources Director and Leading Legal Counsel

b. 1965, Master of Laws, LLM with Court Training, Law Executive Committee member since

Finnpilot Pilotage Ltd, Director of Human Resources and Leading Legal Counsel 2021-.....

Service Sector Employers Palta, Labour Market Advisor, Negotiations Director 2012-2021

Union of Professional Engineers in Finland, Legal Counsel (energy sector), Supervisor for Legal Services 2010-2011

..... STUL - The Electrical Contractors' Association of Finland, Lawyer 2006-2009

Heinola District Court, Court Notary 2005-2006

Legal Office & Consulting LOC Oy, Lawyer 2003-2005

Numerous jobs in the banking sector as well as in sales and marketing positions



TIMO SIREN **Financial Director**

CORPORATE

GOVERNANCE

b. 1966 M.Sc. (Economics and Business Administration) **Executive Committee member** since 2012

Finnpilot Pilotage Ltd, Financial Director 2011-

Finnish State Pilotage Enterprise Finnpilot, Business Controller 2010 •••••

Tyco Electronics Finland Ltd. Nordic Finance Manager 1996-2010

Haka Autorent Ltd, Head of Administration 1993-1994

Ice Advisors Ltd. Board member



SANNA SONNINEN Pilotage Director

b. 1970, M.Sc. (Technology), Master Mariner Executive Committee member since 2017

Finnpilot Pilotage Ltd, Pilotage Director 2017-

Finnish Transport Safety Agency (Trafi), Head of Department, Director 2010-2017 •••••

Finnish Maritime Administration, Director, Development Manager, Senior Officer 2007-2009

VTT. Research Scientist 2001-2007

Finnish Maritime Administration, VTS Centre, Operator 2001

Neste Shipping, Finnlines, different duties at sea (primarily deck officer) 1990-2000

Ice Advisors Ltd, CEO 2017-

ANNUAL REPORT



Remuneration is utilised to support and promote Finnpilot's strategic areas of focus. We endeavour to offer a competitive remuneration package to both the management and the company's employees. The remuneration should be fair and just and in proper relation to the attainment of goals and the financial result achieved by the company. Our remuneration policy and profit bonus systems comply with the policy put forth by the Ministerial Committee on Economic Policy as a decision-in-principle concerning the State's ownership policy (8 April 2020).

Finnpilot's personnel are covered by the company's profit bonus system. The profit bonus system is used to support Finnpilot's strategic objectives and to encourage the personnel to act in a manner that would ensure the production of high-quality and efficient navigation and safety services. The profit bonus item is primarily determined on the basis of the company's profit in accordance with the Act on Personnel Funds and is transferred to the personnel fund. The threshold condition for payment is that the company has achieved its set profit, safety and service level objectives. The achievement rate concerning the profit objective determines the amount of the profit bonus.

All unit directors and the CEO fall within the scope of the profit bonus system for the management. The threshold conditions for the payment of the bonus are primarily the same as those for the profit bonus system of the personnel. In addition to the general objectives, the amount of the profit bonus of the management is



Paid salaries and fees in 2021

Board EUR 94,000 (2020: EUR 98,000) CEO EUR 184,540 (2020: EUR 198,269) Other Executive Committee members EUR 457,159 (2020: EUR 474,216)

These figures include wages as well as the car and phone benefit of the CEO and the phone benefit granted to members of the Executive Committee.

reliant on, among other things, the achievement of responsibility and sustainability goals, the international price comparison of pilotage fees, the development of personnel satisfaction and the achievement of the personal goals set for the unit directors.

Upon the decision of the Board, a profit bonus system for middle management was taken into use during 2021. The threshold conditions for the payment of the bonus are primarily the same as those for the profit bonus system of the personnel. In addition to the general objectives, the amount of the profit bonus of the middle management is reliant on the achievement of personal objectives, including a financial target. In 2021, there were eight employees within the scope of the profit bonus system for middle management.

The profit bonus systems comply with the policy put forth by the Ministerial Committee on Economic Policy as a decision-in-principle concerning the State's ownership policy (8 April 2020). The threshold conditions of the profit bonus systems are confirmed by the Board of Directors of Finnpilot and they are valid for one year at a time.

No profit bonus provision was recognised in the financial statements, because the company did not achieve the profit target required as the threshold for payment. No profit bonuses were paid in 2021.



RISK MANAGEMENT

Risk management represents an essential component of Finnpilot's overall management and other business activities. It facilitates decision-making and operations in which risks are identified and managed. The objective of risk management at Finnpilot is to guarantee the achievement of the company goals and the provision of safe, high-quality services.

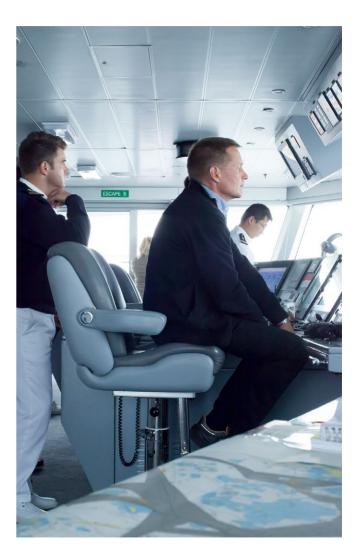
Risk management ensures compliance with laws and regulations, supports the achievement of goals and safeguards the continuity of business activities. In keeping with Finnpilot's strategy, our risk management is a continuously developing, systematic and comprehensive process that covers the activities and all risk areas of the entire company. The goal is to assure balance between business risks and profit, to secure the responsible and sustainable development of business activities with consideration for environmental perspectives and to ensure that Finnpilot's activities and services continue to be safe.

Finnpilot only pursues business risks related to the implementation of its strategy if they can be managed to an acceptable level or would only have a moderate impact if realised. Risk-taking cannot fundamentally compromise the company's success or continuity of activities in the short or long term. The company's risk-bearing capacity is assessed annually as part of the annual planning process. The assessment is affected by, among other things, the company's future outlooks and the prevailing situation in the sector. Risks that potentially threaten the achievement of our goals and measures to manage them are identified and analysed

as part of the operational planning and strategy process. The sufficiency of the measures is also assessed at the same time. A summary of the company's most significant risks is presented to Finnpilot's Board of Directors at least once each year. The action error analysis and occupational safety risk assessments for pilotage are reviewed and updated at least once each year and in connection with any possible near miss situations or accidents.

The development of Finnpilot's action model for risk management is ongoing. The Executive Committee assesses the realisation of risk management and reports on its findings to the Audit Committee. The Board monitors and assesses the sufficiency and effectiveness of the risk management system. Risk management training, guidance and information provide support for the implementation of risk management and increase risk awareness within the company itself.

The Board of Directors at Finnpilot approves the risk management policy and any changes thereto. The risk management policy was most recently approved on 24 January 2019. The next update will be implemented during spring 2022.





Corporate responsibility is a fundamental aspect of Finnpilot's primary task: our mission is to guide ships safely and smoothly through the fragile maritime environment. We take social and environmental impacts into account in all our decision-making in addition to financial factors. Through compliance with our ethical principles, every employee of Finnpilot can assure that they are working in a responsible and ethical manner.



INTRODUCTION TO CORPORATE RESPONSIBILITY

Last year, Finnpilot published its first separate Corporate Responsibility Report. This year, we are reporting on corporate responsibility as a part of our annual report, but as its own, expanded section. For the development and management of CSR issues, we took a determined step towards more systematic planning and monitoring processes in the form of a new Responsibility Programme.



WE COMPILED OUR FIRST RESPONSIBILITY PROGRAMME

The year 2021 largely involved systemising the development and monitoring of CSR issues. Our objective was to complement our environmental performance and energy efficiency programme by creating a more comprehensive development programme for our operations based on essential themes of responsibility and sustainability. The new Responsibility Programme would be utilised to guide our CSR work with an even more systematic approach.

We manage and monitor responsibility in terms of five separate themes: environment, personnel, customers, society and safety, although safety is also a component of the first four as well. Our responsibility themes were selected on the basis of the viewpoints of our stakeholders and the internal CSR work carried out in autumn 2020 under the leadership of an independent





In 2021, we compiled our first Responsibility Programme.

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corporate responsibility consultant. The topics were surveyed on the basis of issues that arose within, for example, CSR reporting guidelines, the reporting of comparison companies, legislation, the owner's expectations and stakeholder co-operation. The viewpoints identified by the Executive Committee were compared to those of our stakeholders. We review the expectations of our stakeholders each year in connection with our strategic updates (see our website) and every other year as part of our stakeholder survey (read more about this under Customers). The themes are reviewed annually by Finnpilot's Executive Committee, the Personnel and Corporate Responsibility Committee, and the Board of Directors to ensure that they are up to date and their content is relevant.

Finnpilot's Responsibility Programme was developed during the spring and summer through collaboration between the management, experts and communications. Within the programme, we assigned each sub-area of responsibility its own objectives, content and indicators by which we will measure our success. The programme format was finalised at the turn



of 2021–2022 and was presented to the Board of Directors of Finnpilot in January 2022.

RESPONSIBILITY IS PART OF OUR DAILY WORK

The responsibility work at Finnpilot is steered and supervised by the Board of Directors. The CEO, with the help of the Executive Committee, is responsible for the management, setting of objectives and measuring of success related to the company's areas of responsibility.

The orientation and motivation of employees as concerns responsible activities is a vital part of our risk management. We operate responsibly and with respect for others. We comply, in all our activities and duties, with the principles and instructions of

our Code of Conduct. The Code of Conduct applies to all Finnpilot personnel, regardless of the type and duration of the employment relationship. It defines how we work with consideration for our shared values.

In our internal communications and training, we highlighted responsibility themes during the year, with a focus on environmental work and safety. Responsibility and environmental issues were the themes for the supervisor training held in March for the purpose of reviewing our overall responsibilities with the additional help of an external expert. During the spring, we also reported on the initial progress of the wind turbine erected in Hanko. The first all-electric vehicle purchases at Emäsalo and Lappeenranta were unveiled at the start of the summer. At the



same time, we also shared news about initiating the use of HVO biofuel in Emäsalo's boats. During the autumn, we reported the results of these trials and confirmed our participation in SeaFocus' Intelligence Hunt competition, through which we will seek innovative solutions to reduce our emissions (read more Responsibility: Environment). Towards the end of the year, we discussed, in training for chief pilot boat operators and Intranet articles, what environmental and energy efficiency means for us in practice.

According to our most recent customer and stakeholder survey, our customers would like us to more actively share information about our actions related to social responsibility and sustainability. During 2021, we added a separate section on responsibility to our website and raised at least one topic related to responsibility along with other news in each customer and stakeholder newsletter. In our year-end newsletters, we publicly stated our



We intend to cut our CO2 emissions in half by 2030.



own sustainable development target: we intend to cut our overall emissions by 50% by the year 2030.

We invested in CSR expertise through the training of our experts. For example, our Communications Manager and HSEQ Manager participated in CSR management and carbon footprint calculation

courses. Within the HSEQ Suomi forum, we have shared examples of our own success regarding improvements to safety and, in return, have learned good methods to promote responsibility as used in other fields.

At the end of the year, we were invited to be part of the informal climate change adaptation group for the administrative sector of the Ministry of Transport and Communications.

All our activities respect and comply with the internationally recognised CSR guidelines and principles, such as the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental

Principles and Rights at Work. We have also determined the UN Sustainable Development Goals that we primarily endeavour to advance through our activities (see page 23).

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PRINCIPLES OF REPORTING AND GRI

I	ENVIRONMENT	PERSONNEL	CUSTOMERS	SOCIETY
OVERALL RESPONSIBILITY	We prevent environmental damage, minimise the environmental impacts of our activities and safeguard biodiversity.	We support the work ability and well-being at work of our personnel.	We ensure reliable and timely pilotage services.	We secure Finland's security of supply and the provision of pilotage services in all Finnish fairways that require pilotage.
GOALS FINNPILOT PILOTAGE LTD	We reduce our overall emissions by 50% by 2030.	We develop the competence of our personnel and ensure shared learning.	We offer homogeneous and uniform pilotage services.	We act with a cost-efficient and long-term approach, even during economically challenging times.
	We increase our own renewable electricity production and take energy-efficient technologies into use.	We continuously advance our occupational safety.	We innovate and develop our activities through active interaction with our customers.	We respond to the needs of an evolving society through dynamic RDI activities and by developing our CSR work.
				_
SAFETY	We protect the well-being of nature and the environment.	We assure a safe working environment.	We safeguard the business activities of our customers.	We ensure safe and uninterrupted navigation at sea.

OUR ACTIVITIES PRIMARILY SUPPORT THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS:



UN SUSTAINABLE DEVELOPMENT GOALS



DECENT WORK AND ECONOMIC GROWTH

Finnpilot is a responsible employer that ensures the safety and well-being of its personnel.Our activities meet the expectations of the owner and support sustainable financial growth. Weutilise resources efficiently andgenerate new practices aimed atfurther enhancing our activities.



CLIMATE ACTION

Finnpilot ensures the energy efficiency of its activities and minimises the emissions generated by its vessels and facilities.

Ouractivities help our customers to adapt to the changes brought on by climate change.





INDUSTRY, INNOVATION AND INFRASTRUCTURE

We use environmentally-friendly technologies in our activities. We invest in innovations that improve safety and environmental friendliness. These innovations benefit our customers, the State as owner and the environment. We utilise resources efficiently and sustainably.

•••••



PEACE, JUSTICE AND STRONG INSTITUTIONS

Our activities comply with the principles of good corporate governance and we involve our personnel in all decision-making. We prevent corruption and bribing through transparent procurement and other practices. We are active participants in international collaboration for the benefit of maritime safety and to enhance sustainable development practices.

.....



LIFE BELOW WATER

By helping ships to navigate safely and smoothly, we do our part to prevent accidents and environmental hazards. Our activities protect the fragile marine environment of the Baltic Sea and Saimaa waterways and prevent water pollution.

.....



LIFE ON LAND

By securing maritime traffic and preventing environmental accidents, , we protect the ecosystems of the coastal areas as well as the natural biodiversity.



RESPONSIBLE CONSUPTION AND PRODUCTION

We ensure the sustainable use of natural resources. We invest in the responsible use of chemicals and ways to minimise waste generation. Our transparent procurement practices emphasise longterm social responsibility.

.....



PARTNERSHIPS FOR THE GOALS

We actively co-operate with our domestic and international stakeholders. We are a vital part of the Finnish security of supply system. We share information about environmentally-friendly solutions and technologies



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SAFETY PERVADES ALL OUR ACTIVITIES

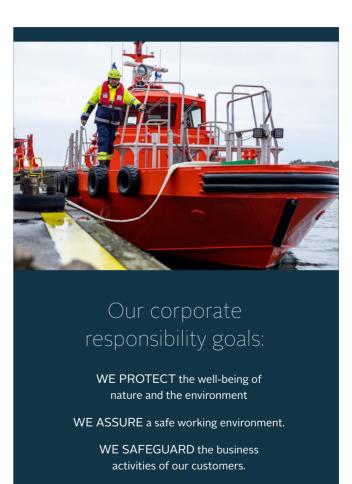
Safety is a priority for our activities and pervades all other areas of responsibility. In 2021, we worked, for example, on the classification of accidents, the improvement of climbing safety and the determination of condition limits.

In 2021, we completed the accident specification work in which we classified different kinds and sizes of accidents in accordance with their type (damage to personnel/the environment/property) and the degree of severity (o = no damage – 5 = catastrophic accident). The specification work was approached from the perspectives of pilotage activities and our own transport equipment, as well as those of Finnpilot's values, but the model was also influenced by international and national guidelines and accident classification methods. The classification system will enable us to measure and report on our achievements in safety work and to learn from possible damages in a more efficient way.

As a result of our project to improve climbing safety, helmets became mandatory safety equipment as of January 2022.

Climbing safety was considered and discussed extensively with the personnel through the organisation of related training and testing as well as possibilities to try out different helmets. As of 1 January 2022, safety personnel on pilot boats must wear a helmet that meets the standard requirements when moving about on the deck to assist a pilot who is being picked up or dropped off. The pilot must wear a helmet when climbing between levels while embarking or disembarking a vessel. A helmet is also used during other duties which involve a height difference of more than one metre and in closed areas, where the use of the helmet is regulated by other guidelines.

We campaigned strongly on the importance of internal observations. Our new observation reporting system was perceived as being easy to use and altogether 978 incidents were reported during the year (859 in 2020). We paid special attention to the safety of pilot ladders. Ladders that are in poor condition or do not meet the standard requirements are a significant problem in navigation and pose a danger for embarking pilots and safety personnel on pilot boat decks. During the year, a total of 60 observations concerning ladders were reported to Finnpilot.



WE ENSURE safe and uninterrupted navigation at sea.

These observations were forwarded to the shipping companies. The measures enacted on the basis of pilot observations significantly improved the ladder safety on vessels.

We continued to define the operational condition limits for pilot stations and pilot boarding positions. The aim is to determine clear condition limits for each station to facilitate possible interruptions to pilotage service when these conditions are exceeded. The limits were validated, as necessary, through the use of simulation testing. The station-specific limits help assure operational predictability for both customers and Finnpilot.

We compiled uniform guidelines and practices for the safety inspections of the stations by uploading our inspection list into the observation reporting system and by actively communicating the significance of safety inspections in general. The inclusion of inspection documentation in the observation reporting system helps us to learn more effectively from one another.

Additionally:

- We organised training on boat and damage stability for our personnel. The training complements Finnpilot's boat stability inspection process. We will conduct self-righting tests on all new pilot boats.
- We planned and launched a new tug training course that all Finnpilot pilots will be taking over the next three years. Three courses were held in 2021.
- We consolidated the repair and maintenance of all fire safety equipment under one service provider. The goal is to standardise the operational methods and use of devices and equipment in different areas.
- We carried out a tendering procedure in accordance with the Act on Public Procurement and Concession Contracts (1397/2016) for the leasing of life rafts for boats.
- We updated our cyber security preparedness (read more: Responsibility: Society).

The plan for 2021 was to continue the project initiated in 2020 to build management systems in accordance with the International Standard for Maritime Pilot Organizations (ISPO) and the Occupational Health and Safety Standard (ISO 45001). Unfortunately, the resource challenges that arose as a result of the COVID-19 pandemic delayed the further development of the project until 2022.

During 2021, no environmental damage or accidents classified as accidents occurred involving piloted vessels. No serious occupational accidents, in accordance with the specifications of the Regional State Administrative Agency, took place in Finnpilot (read more: Responsibility: Personnel). No environmental damage or accidents, other than minor fuel leakage, was caused by our equipment (read more: Responsibility: Environment).



Finnpilot's Safety group, whose members are selected from different personnel groups to serve for a term of one year, focuses on the analysis of everyday observations, discusses safe operational methods, identifies possible risks and prevents dangerous situations. The group is led by the HSEQ Manager.



I ENVIRONMENT

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FNVIRONMENTAL PROTECTION IS A PRIORITY

We protect the fragile Baltic Sea from the risks related to vessel traffic and possible environmental accidents. At the same time, however, our own activities have an impact on the nature of the archipelago. We strive to minimize our environmental impacts.

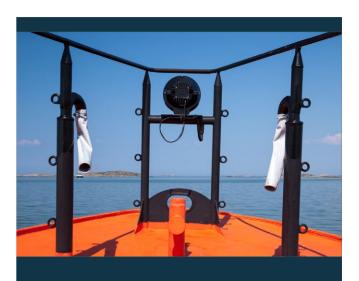
WE ENDEAVOUR TO HAI VE OUR OVERALL **EMISSIONS BY 2030**

Climate change has rapidly risen to become one of the biggest challenges of the traffic and transportation industry. The field of navigation is committed to reducing emissions caused by navigation and its logistics chains as required by the Paris Agreement. In accordance with the International Maritime Organisation (IMO) resolution, there shall be a reduction of CO2 emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050. These figures are based on the level of the comparison year of 2008. The total annual GHG absolute emissions from international shipping should be reduced by at least 50% by 2050. Moving forward, we shall continue with our endeavour to completely eliminate CO2 emissions.

The State requires its companies to take into account the target of a carbon neutral Finland by 2035 and the targets of

the Paris Agreement, aimed at limiting global warming to 1.5 degrees Celsius. According to the recommendations issued in October 2020 by the working group on fossil-free transport, as commissioned by the Ministry of Transport and Communications, we have set a target to halve the absolute amount of our overall emissions by 2030. Our target encompasses Scope 1 (direct GHG emissions), Scope 2 (GHG emissions from the generation of purchased energy) and Scope 3 (indirect emissions, e.g., waste maintenance) of the Greenhouse Gas Protocol. During 2022, we will calculate the carbon footprint for our overall emissions in 2021, and therefore, the carbon footprint for 2021 will serve as the reference level for our emissions reduction. In 2022, we will report the overall emissions from 2021 and 2022.

Furthermore, our goal is to halve relative carbon dioxide emissions from fuel consumption (tCO2 per pilotage assignment) by the year 2030. In order to get closer to the IMO reference level from 2008, we set our reference level to that of 2013, which was the first year for which we have emissions data.



Our Responsibility Programme targets:

WE PREVENT environmental damage, minimise the environmental impacts of our activities and safeguard biodiversity.

WE REDUCE our own overall emissions by 50% by the year 2030 (using the level in 2021 as the reference).

WE INCREASE our own renewable electricity production and take energy-efficient technologies into use.

Number of vehicles and properties



27

Fast pilot boats (y. 2020: 28)



Pilot cutters (y. 2020: 31)



Hydrocopters (y. 2020: 11)



Cars (y. 2020: 44)



Pilot stations



Substations



Finnpilot operates using steel-framed pilot cutters for icy conditions, aluminium fast pilot boats, hydrocopters that travel over the ice, and cars. Our station network is comprised of continuously manned pilot stations and substations that do not have permanent personnel.



Finnpilot's pilotage areas and station network are presented on our website.

READ MORE



OUR MOST SIGNIFICANT ENVIRONMENTAL IMPACTS

We regularly update the assessment of environmental impacts caused by our activities. The previous assessment was carried out in autumn 2020. The management's review in 2021 stated that Finnpilot's most significant environmental impacts had remained unchanged:

- fuel consumption and emissions
- electricity consumption of vessels
- anomaly reporting to the authorities on deficiencies observed on piloted ships (positive impact)

We regularly review the compliance of our activities with legislation and regulations in connection with our internal auditing and annual management review. Our key acquisitions include environmental and energy-efficiency requirements as part of the technical standards, and we communicate these to our suppliers already during the invitation to tender phase.



USERS REMARK ON THE DESIGN OF THE L248 PILOT BOAT: "A POSITIVELY ENGAGING PROJECT"

During 2021, we prepared for two boat projects that will be completed during 2022. Our new L248 pilot boat is being built by Marine Alutech. Along with that project, we also hoisted our existing L135 pilot vessel into the shipyard to be the first boat to take part in our life cycle upgrade project. In the future,

the L248 pilot boat concept may make it possible to replace pilot cutters with interseasonal boats at some of the stations. The heating solutions on the boat are more environmentally friendly and the level of occupational safety is high.

Future boat users also actively participated in the planning projects. "Participation in the L248 planning project was fun as well as positively engaging. I have tried to look as far and broadly into the future as possible to ensure that the new properties of the boat might be serviceable for as many stations as possible. I believe that the expertise of the users is beneficial for both Finnpilot and the shipyard, which has listened closely to the input of those of us who actually use these vessels. I'm especially grateful for that. The L248 will be a great boat!", says Olli Huutera, who works as chief pilot boat operator in Uusikaupunki.

2021





We measure how well we have met expectations through A CUSTOMER AND STAKEHOLDER SURVEY conducted every second year. In the previous survey, we received a rating of

(scale 1–5) for the statement "Finnpilot endeavours to reduce its own environmental and climate impacts".

As part of our environmental impact assessment, we have also extensively identified the environmental viewpoints and expectations of our stakeholders.

STAKEHOLDER	PERSPECTIVE	
LEGISLATOR AND OWNER	prevention of vessel accidents and related environmental imp smooth flow of maritime traffic	eacts through pilotage
OWNER	environmental awareness in connection with procurement, en	nvironmental reporting
PORTS	 prevention of vessel accidents and related environmental imp prevention of seabed erosion during the berthing process life cycle of quays and prevention of damage 	acts in ports
SHIPPING COMPANIES	prevention of vessel accidents and related environmental imp smooth flow and energy efficiency of winter navigation	acts
USERS OF FINNISH WATERWAYS, SMALL VESSEL OWNERS, COASTAL RESIDENTS, FISHERMEN, NATURE	limitation of wave height fromo piloted vessels and pilot boats prevention of fuel emissions prevention of excessive energy noise, sound absorption limitation of excessively large prop washes	prevention of the release of toxic paint into nature tretment to remove nutrients from property wastewater prevention of excessive water consumption
RESCUE AUTHORITIES	 mutual assistance for the prevention and control of environment immediate prevention and containmentr of own oil spills observations of oils spills in the sea 	ental accidents
SOCIETY	energy-efficient use of engines; climate change and air quality safe pilotage of damaged or possibly sinking vessel to a place of refuge emission class and condition of engines; air quality avoidance of ennecessary electricity consumption when warming pilot boat engines, external railings and pilot bridges; climate change	energy efficiency of properties and lightning; climate change use of renewal energies for properties and vehicles waste sorting, limitation of waste amount, recycling, use of recovered materials

DIRECT EMISSIONS FROM OUR TRANSPORT EQUIPMENT AND PROPERTIES IN 2021

We monitor and report on the amount of fuel consumption and CO2 emissions for each pilotage assignment. The calculations take the consumption of all boats, buildings and vehicles into account. Due to the decrease in the number of pilotage assignments, our overall emissions were also reduced, but the consumption per pilotage assignment increased by three per cent in comparison to 2020. According to our estimates, the majority of the growth is due to the decrease in combined pilot transports, which is the result of the decline in traffic frequency.

The emission figures from different years are not entirely comparable, since the fluctuations in weather and winter conditions have a considerable impact on the electricity and fuel consumption of our vessels. The overall emissions are also affected by the varying need for services along different fairways. We will continue the development work concerning our methods of measuring environmental and energy efficiency, so that, in the future, we might be able to take the fluctuations in conditions into account more critically in our calculations.

FUEL CONSUMPTION AND CO2 EMISSIONS

	2017	2018	2019	2020	2021
Consumption (litres/pilotage)	72.51	71.96	70.93	72.35	74.50
Change in consumption per pilotage	-0.1%	-0.8%	-1.4%	2.0%	3.0%
Change in CO₂ emissions per pilotage	-0.1%	-0.8%	-1.4%	2.0%	-2.4%
CO₂ emissions / pilotage (tCO₂)	0.170	0.168	0.166	0.169	0.165
Consumed fuel (litres)	1,759,193	1,843,250	1,781,934	1,562,416	1,595,117
Total CO₂ emissions (tCO₂)	4,118	4,305	4,162	3,648	3,532

VTT Lipasto 2017 was used as the basis for the calculation of CO_2 emissions. The fuel consumption and CO_2 emissions are calculated on the basis of annual fuel deliveries and the actual distance driven by cars. The figures include the fuel consumed by vessels, properties and vehicles. Changes in the fuel depots have been taken into consideration in the fuel consumption figures. Our CO_2 emission figures for 2021 are based on the assumption that the use of HVO reduces CO_2 emissions by 90%.

The safety properties of the new boats are far more advanced than those of their predecessors. The safety equipment and the self-righting capabilities have, however, increased the weight of the new boats. Although this increases their fuel consumption, the energy efficiency in proportion to the weight is slightly better in the new boats. With the help of the additional data provided by our equipment management system, the boats have been able to operate in a more energy-efficient manner than earlier.

The carbon footprint of the fleet increases relatively over time. The acquisition of new boats and overhaul of existing vessels is decided on each year on the basis of long-term plans. Equipment investments are made at a constant rate so that the aging of the vessels that are in heavy use will not result in a cumulative need for repairs and renewals. We strive to recycle our old equipment as far as possible. During 2021, we sold one fast pilot boat, built in 2001, to a new owner.



All operational locations of Finnpilot have been granted ISO 14001 and ETJ+ certification. Our environmental and energy efficiency development programme extends to all of Finnpilot's activities, including pilotage and transport activities, our property management as well as the company's administration.

OUR EFFORTS TO PROMOTE OUR ENVIRONMENTAL AND ENERGY EFFICIENCY GOALS DURING 2021

The measures included in our environmental and energy efficiency development programme are determined to enable us to achieve our environmental and energy goals. The content of the programme also mirrors the Responsibility Programme we compiled during 2021. Responsibilities, targets, operational methods and timetables for the measures included in the programme are decided on as part of the annual management

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review. In this chapter we describe, how we advanced our environmental and energy-efficiency targets in 2021.

We updated our service terms and conditions (read more: Responsibility: Customers) and renewed our ERP system to be able to determine the reasons for delays more efficiently. On the basis of positioning data from our vessels, starting and ending data on pilotage assignments and data on the working hours of our pilot boat operators, we were able to develop a screen view that provided a clear picture of the transport system activities. In the future, we can utilise the more precise arrival and departure data from ships efficiently in our own transport planning. The development of the pilotage timetable information also provides us with information on how, for example, we might affect the carbon footprint of our customers with the choice of route and speed for piloted vessels.

At the Emäsalo pilot station, we conducted a trial in which we began to use renewable fuel (HVO) in two fast pilot boats, as it seemed, during the manufacturing phase, to be the most efficient alternative in our endeavour to reduce emissions. The CO2 emissions caused by the fuel consumption of our boats were reduced by approximately five per cent on the corporate level. The use of HVO, however, increased the relative fuel consumption of the pilot boats by about ten per cent. The increase in consumption was double that of the assessment conducted during the manufacturing phase. Upon conducting trials, we found that the use of HVO was not as effective as expected in terms of reducing emissions. In the future, we must find new ways to achieve our emission reduction targets. Read more about the HVO trials and our participation in the Intelligence Hunt competition on our website (only in Finnish).

Step by step, we have been building a spill-proof fuelling network for Finnpilot. In 2021, the network was taken into use at six stations in the Bay of Bothnia area. In 2022, the system will be taken into use at stations in the Archipelago Sea area and in Hanko, after which all stations where we refuel from our own tanks will be spill-proof.

The utilisation of wind and solar energy is one step closer to a reduced carbon footprint. Our goal is to increase our own renewable electricity production annually with at least one power station that produces at least enough electricity to power the station equipment during the summer season. A wind turbine was erected in Hanko in 2021 and our goal was to build the next turbine at the Port of Ajos in Kemi. Pouring the foundation at Ajos turned out to be, in terms of costs, unrealistic under the prevailing circumstances. A turbine will be built at the Emäsalo station during 2022. Another goal for 2022 is to take solar panels into use at the Harmaja station.

Over the next few years, we will renew our equipment by acquiring all-electric vehicles for those stations where it makes sense with regard to their location. Our first all-electric vehicles were taken into use at the Emäsalo and Lappeenranta pilot stations in June 2021. Our goal, as we move forward, is for 40% of the vehicles we acquire during the year to be fully electric.

We initiated three trials, in which we installed remote control technology for boat engine and deck heating. We also took the first heat pumps for boats into use. The trials will tell us how much we can reduce the energy consumed for heating by controlling the heating to correspond with actual need and situation. At the same time, we will gather data to determine which energy-efficient

solutions we expand to our entire fleet in the future.

We added electricity and water measurements to the Properties workspace of our equipment management system for several different stations and initiated the active collection of data. To support our objective, we established a Podio support group, whose work is led by the Applications Manager. The aim of the work is to collect indicator data across the entire field during 2022.

We undertook lighting renovations to improve the energy efficiency of the internal lighting at the Ajos pilot station, and we planned similar renovations for the Kokkola and Raahe stations. This work will continue during 2022 at a rate of two stations per year, starting with our larger stations.

Throughout the entire station network, we paid special attention to the storage of chemicals and, for example, to the checking and, if necessary, the renewal of the collection sumps. We facilitated access to our electronic chemical register using QR codes found on the doors of the chemical warehouses. The codes allow you to access the chemical catalogue of a specific station conveniently using a phone camera.

We looked into the possibility of using environmentally certified waste management companies for those stations at which we are responsible for waste management. By standardising the services, we aim not only for cost-effectiveness, but also for better data on the quantities and types of waste as well as on our emissions from waste management. One challenge for waste management is the scope of our station network and the location of the stations in sparsely populated areas. This work will continue during 2022

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with the aim of being able to report the waste volume of as many Finnpilot locations as possible.

Due to the resource challenges presented by the pandemic and the turnover in the work tasks of the Fleet Manager, some of the goals of our environmental and energy efficiency programme were not completed or not met:

- Despite the data collection and development work related to heating, we did not complete the energy-efficiency guidelines for railing, engine and bridge heating. The completion of the guidelines was moved to 2022.
- Within the Carbon-neutral Finnpilot programme, we defined and scheduled the critical steps to reach our emission reduction targets. This development work continued, but the deadline for completion of the programme was moved to 2022.
- Our aim was to initiate environmental card training for our personnel during 2021. During the year, significant changes were made by the organisers to the structure of the training, so the initiation of the training at Finnpilot was postponed until 2022.

OBSERVATIONS AND CLASSIFICATION OF ENVIRONMENTAL ACCIDENTS

At the end of the previous year, the new observation category "Environmental matters and energy efficiency", which was added to our observation reporting system, had been in use for one whole year. The observations reports help us to develop our own environmental activities internally across the entire company and to bring forth anomalies in station-specific auditing. As far as the observed deficiencies or anomalies concern piloted

vessels, they will be reported forward to the authorities. Since the new category was taken into use, seven observations have been reported. Six of these concerned our own activities and one concerned an external operator. In three cases, the observation concerned the risk of a potential spill and a report was drawn up for repair measures. Three incidents concerned a minor fuel overflow. In all cases, action was immediately taken to minimise the damage caused by the overflow and the proper notifications and reports were drawn up. One case reported an observed oil film upon arrival into port.

In 2021, we completed the accident specification work to classify the severity of accidents and one essential classification category concerned the environment. In our work, we determined the size of accidents in relation to our own operations, including chemical and fuel emissions. You can read more about the accident specification work under Responsibility: Safety.

INTERNAL ENVIRONMENTAL AUDITING

During the year, we conducted three internal ISO14001 and ETF+ environmental audits. The audited stations were located in Maarianhamina, Pietarsaari and Vuokala. The personnel's familiarity with responsibility and environmental issues on the everyday level was good and they have the right attitude towards environmental considerations. Any observed deficiencies, for example, concerning the labelling of chemicals and fire extinguishers, were documented in the necessary reports and corrective measures were implemented. One area for development was the need to communicate more information on the content of the environmental and energy-efficiency



During the year, we conducted three internal ISO 14001 and ETF+ environmental audits.



certifications on the local level, for example, in connection with station meetings or safety tours.

SECURING OF BIODIVERSITY

We protect coastal ecosystems and natural biodiversity by making maritime traffic safe and preventing environmental accidents. In addition to these tasks, it is important for us to clarify the negative impacts that pilotage might have on biodiversity. In 2021, we began to survey the environment surroundings of our pilot stations in terms of endangered species. We want to see whether there are species within our area of impact whose living environment we should be aware of, for example, when planning new wind turbines or choosing boating routes. Our goal for 2022 is to compile a list of endangered species in all station areas and decide on the practical measures that may possibly be required based on the results of the survey.



PERSONNEL

ANNUAL REPORT

2021

WE TAKE CARE OF OUR PERSONNEL

At the start of 2021, we had been facing the COVID-19 pandemic for nearly a year. As was the case the previous year, our biggest priority for our personnel was to safeguard their health safety during the pandemic, thereby securing the continuity of our activities.

INFORMATION ABOUT THE PERSONNEL AND EMPLOYMENT RELATIONSHIPS

At the end of 2021, Finnpilot employed 332 persons, 308 of whom were in permanent and 24 in fixed-term employment relationships. The mean person-years worked in 2021 was 325. Finnpilot's personnel is primarily comprised of experienced seafarers, with the average age being 51 at the end of the year. A total of 91 per cent of the personnel are men. This figure reflects

the general gender distribution among commanding officers in general. Pilot's duties require extensive navigation experience and there are very few female applicants. In our co-operative work with educational institutions, we endeavour to encourage all young people, regardless of gender, to pursue careers in navigation. Navigational careers are long and most employments end with retirement. The average retirement age for Finnpilot employees in 2021 was 64.1 years.

2017	2018	2019	2020	2021
143	148	151	147	140
141	145	145	143	145
19	20	21	21	21
8	6	6	5	5
19	21	23	21	21
330	340	346	337	332
315	324	336	333	325
	143 141 19 8 19 330	143 148 141 145 19 20 8 6 19 21 330 340	143 148 151 141 145 145 19 20 21 8 6 6 19 21 23 330 340 346	143 148 151 147 141 145 145 143 19 20 21 21 8 6 6 5 19 21 23 21 330 340 346 337



Our Responsibility Programme Targets:

WE SUPPORT the work ability and well-being at work of our personnel.

WE DEVELOP the competence of our personnel and ensure shared learning.

WE CONTINUOUSLY IMPROVE occupational safety.

YEAR 2021

STRATEGY AND OPERATIONAL ENVIRONMENT

CORPORATE GOVERNANCE



PRINCIPLES OF REPORTING AND GRI

NO. OF OPERATIONAL PERSONNEL BY AREA *

	2017	2018	2019	2020	2021
Bay of Bothnia	65	64	63	62	60
Archipelago Sea-Bothnian Sea (combined since year 2021)	95	93	89	94	74
Hanko-Helsinki (combined since year 2021)	54	56	59	54	69
Kotka-Saimaa (combined since year 2021)	78	86	91	85	87
Total	292	299	302	295	290

^{*} The numbers have been combined in accordance to new pilotage area division

TYPE OF EMPLOYMENT, PERMANENT/FIXED-TERM

	2017	2018	2019	2020	2021
Permanent	303	310	322	315	308
Fixed-term	27	30	24	22	24
Total	330	340	346	337	332

NATURE OF EMPLOYMENT, FULL-TIME/PART-TIME

	2017	2018	2019	2020	2021
Full-time	316	325	340	328	322
Part-time	14	15	6	9	10
Total	330	340	346	337	332

PERSONNEL DISTRIBUTION, MALE/FEMALE

	2017	2018	2019	2020	2021
Male	299	310	313	307	304
Female	31	30	33	30	28
Total	330	340	346	337	332

BOARD OF DIRECTORS (INCL. PERSONNEL REPRESENTATIVE AND DEPUTY PERSONNEL REPRESENTATIVE), MALE/FEMALE

	2017	2018	2019	2020	2021
Male	4	4	4	4	4
Female	3	3	3	3	3
Total	7	7	7	7	7

EXECUTIVE COMMITTEE, MALE/FEMALE

	2017	2018	2019	2020	2021
Male	4	3	3	3	4
Female	1	2	2	2	1
Total	5	5	5	5	5

AVERAGE AGE OF PERSONNEL BY FUNCTION AT THE END OF THE YEAR

	2017	2018	2019	2020	2021
Pilots (incl. district managers)	52.0	52.0	51.7	52.2	52.1
Pilot boat operators	52.0	51.0	50.1	51.5	50.5
Pilot Order Centre	43.0	42.0	42.5	42.0	43.0
Hostesses and houskeepers	60.0	60.0	60.0	60.0	60.4
Administration	48.0	48.0	48.9	49.9	51.0
All personnel	51.3	50.6	50.5	51.0	51.0

REASONS FOR TERMINATION OF EMPLOYMENT AND RETIREMENT AGE

	2017	2018	2019	2020	2021
Retired	9	14	11	17	16
Cancelled employment contract	5	7	4	5	3
Terminated employments in total	14	21	15	22	19
Average retirement age, in years	62	62	63	64	64.1





The most significant changes related to personnel were discussed in Co-operation Committee meetings chaired by the CEO. The committee discussed company-related matters and other matters that were fundamental in terms of principle and far-reaching in terms of impact. In the meetings, the employer is represented by the CEO as well as members of the Executive Committee and experts. The employees are represented in the meetings by shop stewards and other personnel representatives. The Committee convened four times during 2021.

Finnpilot's Occupational Safety Committee is comprised of the Occupational Safety Manager as chair and eight regionally selected members who are occupational safety and health representatives in their own area. The aim of occupational safety co-operation is to advance the dialogue between the employer and employees and to facilitate the participation and influence of employees in matters related to safety and health within the workplace. The Occupational Safety Committee annually reviews and discusses the follow-up summary detailing the realisation of the occupational safety and health plan.

We want to uphold a work culture that facilitates the flexible harmonisation of work and personal life. At Finnpilot, we encourage employees to make use of the possible family leaves. In those positions where it is possible, we can adapt to situations using flexible working hours and remote working. Finnpilot and its personnel do not accept any illegal benefits or bribes. We are not affiliated with any political party nor do we prevent our employees from participating in societal activities, with consideration for the provisions on disqualification.



OCCUPATIONAL HEALTH AND WELL-BEING AT WORK AMID THE COVID-19 PANDEMIC

Finnpilot's occupational health service includes the statutory preventive occupational health care and voluntary medical care for the treatment of acute illnesses. The aim of our comprehensive occupational health service is to offer all our employees a healthy and safe work environment and to ensure the well-being of the entire work community. We encourage our personnel to contact their own occupational health physician as soon as they notice any changes in their health situation. By immediately addressing problems that threaten work ability, we can, in the best-case scenario, completely avoid sick leaves and the need to wait for exceptional permits to the medical certificate.

OCCUPATIONAL HEALTH CARE COSTS, %

	2017	2018	2019	2020	2021
Medical care	53.1	40.8	47.3	45.5	41.0
Preventive care	46.9	59.2	52.7	54.5	59.0
Total	100.0	100.0	100.0	100.0	100.0

The majority of our personnel worked at their workplaces despite the pandemic. Remote working was only possible for administrative personnel (21 employees) and, to a limited extent, for pilot coordinators (21 employees). The effectiveness of our protective measures was primarily put to the test at pilot stations whose personnel did not have the possibility to work remotely. Even a single case of COVID-19 posed a threat to the activities of an entire shift. As during the previous year, we piloted numerous ships which had a suspected case or confirmed cases of infection into and out of Finnish ports. These assignments were handled using the proper protection and during daylight hours, as specified in the guidelines drawn up the previous year and updated as necessary.

We updated our instructions related to COVID-19 whenever new information arose in the course of our close co-operation with health authorities and our occupational health care provider.

The COVID-19 management team, led by the Pilotage Director, met once a week, on average, with the exception of the summer. Additionally, the situation was tracked in regional COVID-19 groups. Discussions and the exchange of information with other Nordic pilotage organisations also helped us to maintain a current situational picture. Information was provided on the COVID-19 pages of our Intranet and through internal weekly newsletters. The role of supervisors as conveyors of COVID-19 information was vital to their teams.

Due to the exemplary actions of our personnel, we managed to avoid any coronavirus transmissions occurring during work until the end of 2021, when the omicron variant arrived. Thanks to the experience gained over the previous near two years, we were also able, after this time and despite occasional resourcing challenges, to maintain a normal service level.

The abilities to physically cope at work were put to the test, when, for example, the use of respirator masks during long pilotage assignments made things more challenging than usual. On the mental side, the restrictions on social interactions and everyday living amid the constant in-flow of uncertain information from society were taxing. The prolonged period of remote working for administration and some pilotage coordination required adaptation. In order to support the mental capacities of our personnel, we expanded the mental services available from the occupational health care provider by allowing access to, for example, the Terveystalo Mielen Chat online service.

ABSENCES

	2017	2018	2019	2020	2021
Days of work	4,032	3,697	3,439	3,266	4,038
Days/employee	12	11	10	10	12
Share of full-time working hours, %	5.0	4.8	4.3	4.4	5.6
Health precentage, % (of personnel who were healthy for the entire year)	42	44	42	43	51

Along with the special COVID-19 measures, we have also maintained and developed our standard support measures for work ability and well-being at work. Work at the pilot stations and the Pilot Dispatch Centre is carried out through irregular shifts,

which places a physical and mental strain on the employees. The work at the pilot stations is carried out using a week on/week off system and pilot coordinators work in three shifts over each 24-hour period. We monitor the working hours systematically and endeavour to provide quality conditions to ensure regular periods of rest.

As support for coping, particularly during long work careers, one of our strategic undertakings was to develop a model for maintaining work ability throughout one's career. The purpose is to identify ways to support work ability at the different phases of working life. The work takes place in a working group assigned to the project that includes personnel and representatives of the occupational health care provider and insurance company. Due to the pandemic and changes in the leadership of the personnel unit, the work of the project was delayed and will be continued during 2022.

During their work weeks, our personnel primarily resides at the pilot stations. On the basis of personnel feedback, gym equipment and mountain bikes were acquired for use at the stations. Finnpilot supports well-being at work and exercise by paying the participation fees for its personnel to take part in different sporting events and by providing an annual recreational benefit to help encourage the physical activity of the personnel.

TRAINING: WE DEVELOPED A TRAINING PATH FOR NEW PILOTS

Shared learning is one of our values. We exchange information within the organisation, utilise our skills and establish the best operational methods together. The framework for shared learning is our own internal training system, Finnpilot Academy,

the development of which continued in 2021 in keeping with our strategy.

Generally, pilots are experienced master mariners, whom Finnpilot has trained to serve as pilots. In addition to every day pilotage operations and piloted voyages executed specially for the purpose of maintaining the validity of a pilot license, pilots maintain their vocational expertise through, for example, simulator exercises, escort towage training and training courses on areas of competence required by the authorities. The qualification requirements for pilots are defined in the Pilotage Act. An initiative to reform the Act was put forth in 2021. Read more about the process concerning the reform of the Pilotage Act under Responsibility: Society.

In 2021, Finnpilot launched its Training Path for New Pilots. The path is one that leads from the initiation of work as a pilot to the training and learning path that carries throughout one's entire career. The path was designed by a working group, comprised of pilots, whose goal was to create a model that would facilitate a smooth introduction of new pilots to work and the workplace. The pilot students are assigned their own tutor, who provides orientation and helps with the acquisition of necessary work equipment, programme and software introductions and surveying of necessary additional training. During the training period, the students engage in interim discussions with a supervisor and a final assessment prior to the pilot demonstration for their qualification. After working as a pilot for about one year, they navigate a fairway with their supervisor and have a discussion for the purposes of ensuring that the practices are consistent and dealing with any unclear issues. Read more about the Training Path for New Pilots on our website (only in Finnish).

During 2022, we intend to expand our training path model to cover the work of pilot boat operators. A working group will be established for the purpose of considering how to develop the requirements for pilot boat operators with a more goal-directed approach.

A navigational training series was initiated for the employees of Pilot Dispatch Centre, the first part of which focused on ships and their operation, and the second on official matters that are crucial for pilotage. The training was led by, among others, representatives from the Finnish Meteorological Institute, Traficom and the Finnish Transport Infrastructure Agency. This training will continue in 2022.

Through co-operation with Meriturva, we organised station-specific rescue training for pilots and pilot boat operators as well as individual safety and rescue courses held at the Meriturva Maritime Safety Training Centre. All Finnpilot employees were offered first aid training by work units, basic and further training for occupational safety personnel, work-related information system training and other work-related training opportunities.

The development of Finnpilot Academy will continue during 2022. The aim is a system that addresses the needs of the different personnel groups at the different phases of their career and reinforces the competence of the personnel within a changing operational environment. Training information will be updated in our Human Resources Management System, which was taken into use in 2021. The system provides the possibility to monitor the development of the personnel with a more goal-directed approach. In order to support the development of the Finnpilot Academy, we will build a system in 2022 that will facilitate the

organisation of training and monitoring of progress on the individual level.

SUPERVISORS PLAY A VITAL ROLE AS DEVELOPERS OF THE WORK COMMUNITY

Finnpilot's pilot stations are located along the coastline and in the Saimaa region. In addition to our centralised training, local training and development opportunities play a significant role in the learning of our work community. On the local level, the responsibility for the development of the work community often falls on the shift supervisors, the chief pilots. Successful supervisory work is one of the most important ways to affect well-being at work on the work unit level.

During 2021, our new supervisors took part in the vocational qualification programme for supervisory work for the purpose of developing their supervisory skills. Through Teams, we held four supervisory training sessions for supervisors under the themes of development discussions, data protection and data security, equipment and occupational safety, and budgeting. The aim of the development discussion training session was to improve the abilities of supervisors to conduct discussions and to motivate their own teams to engage in discussions. According to the personnel survey conducted in the autumn, ever more Finnpilot employees find the development discussions useful.

Supervisor seminars were held during the spring through Teams and in person during the autumn, when the pandemic situation temporarily improved. The themes of the seminars were responsibility, Finnpilot's environmental targets, observation reporting, the results of the personnel survey, responsibility in a safety organisation, the job descriptions of supervisors

and success factors in supervisory work. The chief pilot boat operators met in the autumn to discuss, for example, environmental issues, new boat projects, information visualisation and the use and possible problem areas of new applications.

SYSTEM REFORMS PRESENTED EVERYDAY CHALLENGES

The year involved significant reforms and projects related to our daily work methods. A major part of the reforms concerned the applications and systems we use. During 2020–2021, we launched several applications related to, for example, data collected on the use of vehicles and boats, the updating of personal information, transmission of receipts and working hour monitoring. The applications were primarily for the use of pilots and pilot boat operators. The purpose for increasing the collection of data is to develop our operations and, for example, to strengthen our reporting on responsibility issues. Personnel representatives were closely involved in the development, but the completion and deployment of multiple applications on the company level resulted in a lot of new things to be absorbed at the same time. The personnel justifiably provided feedback on the abundance of new systems and, therefore, efforts will be made to space system reforms out in 2022 in order to ensure the efficient implementation of previous applications and systems in everyday life.

The development of the performance-based pay system and related data already negotiated in the context of the collective agreement continued in 2021. During the spring, previously agreed increases were added to the system. The performance-based pay is based on automatically generated driving time data from boats. The precise driving and working hour data generated as

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PRINCIPLES OF REPORTING AND GRI

a result of the development project was combined with pilotage data, thereby providing a better situational picture of transport activities.

The more specific use and deployment of the vehicle tracking system was discussed by the Co-operation Committee in autumn 2021. Any excessive speeding using Finnpilot vehicles is documented in the vehicle tracking system in the manner specified by the Co-operation Committee. The practice was communicated to the personnel with a reminder that we bear responsibility not only for safe navigation at sea but also for the safety of road traffic.

The shift in communications from paper to electronic format saves both time and money. During spring 2021, Finnpilot introduced a new Human Resources Management System that will compile all training information in a single system and provide the possibility to track the development of personnel with a more goal-directed approach. All Finnpilot employees can access the system to update, for example, their own contact and bank information. Additionally, the system is used to manage the company's Active Directory and has interfaces with, among other things, the company's payroll system. Supervisors can now, for the most part, retrieve the information they need independently and in real time. The maintenance of other education and training data as well as, for example, pilot licence information was transferred to the new system. The development discussion round in 2021 was the first one in which the discussions were documented. directly into the Human Resources Management System. Job applications for open positions are also centralised through the HR system, for which Finnpilot's supervisors have expressed their appreciation.

In March 2021, we published Finnpilot's new Intranet, Finntra. Finntra was built using the SharePoint service. The idea was to offer a modern, easy-to-use and real-time intra environment that is compatible with other M365 software and works well in mobile use. Brief training sessions were organised for the personnel to teach them how to use the new Finntra system. The sessions were recorded and published in video format as well.

A SLIGHT DROP IN PERSONNEL SURVEY RESULTS

WORK SATISFACTION OF PERSONNEL AND SURVEY RESPONSE RATE

	2017	2018	2019	2020	2021
Response rate	62%	74%	81%	85%	78%
Overall rating for the					
employer	4.7	4.7	4.6	4.7	4.6

Well-being at work is measured at Finnpilot each year through a personnel survey. The survey serves as the foundation for improving and developing well-being at work through co-operation with the personnel, supervisors and management. The survey for 2021 was conducted during autumn by an external service provider.

The response rate was 78.5% (2020: 84.5%). The overall rating for the employer was 4.6 on a scale of 1–6 (2020: 4.7). The decline is not concerning, but the long-held positive trend in development took a downward turn.

Positive ratings on the overall company level were given, in particular, to support for the well-being at work, equitable remunerations and meaningfulness of own work. Areas for improvement included, in particular, opportunities to influence

the development of the company's operations. A drop was also observed in terms of how well the company values are complied with in the everyday work of the respondent's work unit.

On the basis of the survey results, we noted the need for more frequent shared discussions. Due to the pandemic and strict protective measures, the possibilities for the management to meet with personnel in person were highly limited. During autumn 2021, we were, however, able to arrange five 'Alueporinat' (regional meetings) in which the CEO visited separate pilotage areas. The purpose of the meetings was to review the results of the personnel survey on the company level and more deeply on the regional level. The personnel had the opportunity to present questions in advance for the CEO or, if necessary, other member of the management team to answer. Comments and concerns from the regional meetings were highlighted in Intranet articles, and they will be dealt with further in station-oriented survey result discussions held in spring 2022. The key areas for development for 2022 will be selected on the basis of the stationoriented discussions.

EQUALITY SURVEY

Finnpilot has zero tolerance for all forms of discrimination and harassment. Our principles of equality and non-discrimination are included in our annually updated personnel and training plan.

The equality survey conducted in June 2021 endeavoured to determine how well equality and non-discrimination are realised in Finnpilot. The survey included questions related to workplace procedures used in recruitment, task distribution, access to training, decisions concerning pay and other benefits related to the employment relationship, the determination of obligations





related to the work and employment relationships, and within management. Altogether 82 employees responded to the survey. The corresponding number for the previous survey in 2016 was 71. The results of the latest survey cannot be directly compared to those from 2016, due to the different formulation of the questions.

Of the respondents, 79.8% stated that they had not experienced any discrimination at Finnpilot during the last year, while 20.2% stated that they had. Altogether 76.2% stated that they had not witnessed others being treated in a discriminating way at Finnpilot. A total of 23.8% said that they had witnessed incidents of discrimination. For both witnessed and experienced incidents of discrimination, it was considered that an opinion was the most

common ground for discrimination. No one experienced gender discrimination.

The respondents felt that the cases of discrimination had not been addressed. Of those who experienced discrimination, 88.9% stated the incident originated from a supervisor or other party in a supervisory position. The corresponding figure for those who witnessed discrimination was 85.7%. It must be noted, however, that the survey did not ask whether the individual who witnessed or experienced the discrimination reported it to anyone. This question will be added to the next survey.

The results of the equality survey were discussed during 2021 by the Executive Committee, the Co-operation Committee, the Occupational Safety Committee and the Personnel and Corporate Responsibility Committee. The results of the survey were also taken into consideration as part of the update of the equality and non-discrimination plan included in the overall personnel and training plan for 2022. During 2022, the results will also be reviewed with the supervisors for the purpose of planning further measures.

Finnpilot has a Whistleblowing channel that enables personnel to confidentially report, for example, any experienced or witnessed incidents of discrimination.

FOCUSED INVESTMENTS IN OCCUPATIONAL SAFETY

We are committed to the continuous improvement of safety. During 2021, Finnpilot employees experienced a total of seven occupational accidents, of which three were during work, two during the work commute and two minor accidents that required first aid.

OCCUPATIONAL ACCIDENTS

	2017	2018	2019	2020	2021
No. of accidents (incl. first-aid cases)	8	5	16	11	7
Absences due to accidents, days of work	177	143	265	385	842
Accident frequency, accidents per million working hours (occurring at work)	7	5	20	10	5

In Finnpilot, accidents are generally minor, bruising caused by falls and impacts, sprains occurring while embarking or disembarking pilot ladders or while lifting heavy objects. Moving about on a boat or ship deck, or on quays and outdoor fields in slippery and dark conditions presents a heightened risk of occupational accidents.

We regularly communicate the fact that the prevention of occupational accidents is everyone's collective responsibility and each person is individually responsible for addressing dangerous conditions and risks. We are members of the Nolla tapaturmaa (zero incidents) forum coordinated by the Finnish Institute of Occupational Health and we actively discuss the forum themes. Our goal is to achieve a zero incident rate.

During the year, we conducted 37 occupational safety and health inspections at our pilot stations and on our vessels. Any deficiencies noted during the inspections were communicated with the stations and a final summary of them was drawn up for the Intranet at the end of the year. Although there were some noted issues, the overall feedback from the inspections was that the work is being carried out well and safely.



CUSTOMERS

ANNUAL REPORT

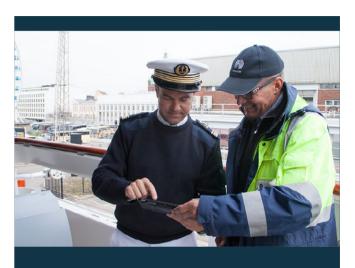
2021

WE DEVELOP OUR SERVICES **TOGETHER WITH OUR CUSTOMERS**

The availability and predictability of pilotage services is of great financial significance to our shipping company customers. In addition to shipping companies, of which 90% are foreign shipping companies, Finnpilot's customers are shipmasters and shipbrokers representing the shipping companies. Indirectly, our customers also include industry and ports, as the cargo must reach ports and depart from ports reliably and without delays.

Our pilotage services help to safeguard a smooth and costeffective logistical transport chain for Finland. We develop our operations together with our customers and with consideration for their needs. We want to offer the best customer experience and a uniform customer service, regardless of the pilotage area or individual providing the customer's service. The cornerstones of our customer service are expertise, safety and reliability.

We monitor the punctuality of our service and realised waiting times. Altogether 99.8% of all pilotage requests (2020: 99.9%) were carried out within the limits for the waiting times specified in our service level objectives – a maximum of three (3) hours in coastal waters and six (6) in the Saimaa region - despite the occasional resource challenges caused by the pandemic.



Our Responsibility Programme targets:

WE ENSURE reliable and timely pilotage services.

WE OFFER homogeneous and uniform pilotage services.

WE INNOVATE and develop our activities through active interaction with our customers.

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Finnpilot serves its customer 24 hours a day, every day of the year. We pilot into 62 ports or berths through 42 pilot boarding points. There are more than 1,100 compulsory pilotage fairways and route combinations.

REPUTATION AND CUSTOMER EXPERIENCE

We monitor and measure the level of satisfaction among our customers and stakeholders through our customer and stakeholder survey carried out every second year. The satisfaction of shipmasters with regard to our service is monitored using an electronic questionnaire that is completed using a terminal device at the end of each pilotage assignment. As a result of the ongoing coronavirus pandemic, these questionnaires were not completed over the past two years.

Our previous customer and stakeholder survey was conducted at the turn of the year 2020–2021 and its results were utilised in the development of our activities during 2021.

Finnpilot's reputation was given an average rating of 3.97 (scale of 1–5) in the Reputation&Trust survey conducted by T-Media. This result was very close to excellent. We earned the highest ratings in the areas of Financial Performance, Governance and Responsibility. Our customers pointed out the need for development in the areas of Dialogue, Innovation and Products and Services. A weaker rating in the Products and Services category is quite usual for monopoly businesses, but it challenges us to develop our pilotage services continuously and through collaboration with our customers.

The development of our customer experience is one of our strategic projects. In the T-Media survey, customer experience

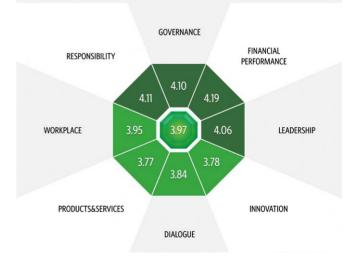
was measured using statements tailored especially to Finnpilot. The average rating for the sub-areas of customer experience was 4.08 (on a scale of 1–5), which is an excellent result. The best ratings for the customer experience indicators were given to the knowledge and professional competence of Finnpilot's personnel as well as to Finnpilot's central role in promoting navigational and environmental safety and efficiency. Respondents also gave an excellent rating to the functioning and reliability of our activities as well as to the pleasantness of working with us.

From the customer experience section, we highlighted the statement "The service quality is consistent" as a special area for development, as its rating of 3.91 (scale 1–5) was the weakest, albeit still good, in the quality section. Our goal is to standardise our service processes for pilotage to ensure that the basic cornerstones of the customer experience are always the same, regardless of the pilotage area or individuals carrying out the service process. For 2021, our goal was to ensure that disruptions to the service caused by weather conditions can be communicated to customers as quickly and uniformly as possible, regardless of the region or person responsible for providing the information. The process was prepared during 2021 and, in early 2022, we are launching an internal tool to facilitate and harmonise the provision of information on exceptional conditions.

Finnpilot's reputation was given an average rating of 3.97 (scale of 1–5) in the Reputation & Trust survey conducted by T-Media. The average rating for the sub-areas of customer experience was 4.08. The best ratings for the customer experience indicators were given to the knowledge and professional competence of Finnpilot's personnel as well as to Finnpilot's central role in promoting navigational and environmental safety and efficiency.

According to indicators related to our reputation and customer experience, our customers and stakeholders would like more intense interaction and the strengthening of partnerships. The development in recent years has been positive: the ratings for interaction and customer-orientation were at a good level. In the interview comments, however, a need was expressed for even more frequent shared discussions





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CONSISTENT COMMUNICATIONS AND DEVELOPMENT WITH CUSTOMERS

Together with the Finnish Shipbrokers Association, we established a regular meeting forum in 2021 in response to the feedback given in our customer survey. The forum met five times during the year. The topics of the discussions included the current COVID-19 situation, the impacts of the N2000 map reform on pilotage, the process for communicating exceptional conditions, the reform of the Pilotage Act and matters related to winter navigation. An annual meeting forum was also established with the Finnish Shipowners' Association. On the basis of the feedback from research and discussions, we will, in 2022, move up the starting point of the annual discussion with customers on the pricing of pilotage, thereby making it easier for the customers to handle the matter in their own internal forums.

Our new service terms and conditions entered into force on 1 January 2021. The biggest change concerned the provision of advance notices for pilot orders. With these changes, we endeavour to clarify Finnpilot's service terms and conditions and the pilotage order process, so that we would be better able to forecast the need for pilotage services. With advance information provided in accordance with our service terms and conditions and updated as necessary, and with good information exchange, we will be able to provide pilotage services that are even more punctual. Improvements to the process will save both the customer and Finnpilot money, since we can avoid unnecessary waiting and excess trips. At the same time, it provides us with more detailed information about how the pilot order process has succeeded and where further developments might be needed.

Anomaly observations occurring within the pilot order process are reported, as with other incidents, in our observation reporting system, whereby they can be more easily monitored and utilised more effectively for learning purposes. We also integrated our customer feedback channel into the observation reporting system, which will make it easier to monitor the processing of customer feedback and enable for customers to receive a faster response.

Despite the COVID-19 pandemic, navigational stakeholder events, the Call the Agent event for shipbrokers and the Maritime Day (Sjöfartens Dag) event in Mariehamn were held in person. Finnpilot had abundant representation at both events and a stand that provided the opportunity for participants to use VR glasses to experience the everyday process of pilotage as filmed using a 360 camera. At the Call the Agent event, a Finnpilot representative served as a speaker and talked about the challenges and extensive preparation work related to remote pilotage.

In 2021, we increased the number of customer and stakeholder newsletters from two to four.

OUR QUALITY SYSTEM IS ISO 9001 CERTIFIED

Customer management is part of our quality system, which covers the pilotage process at all stations, in pilot coordination and in administration.

During 2021, we conducted four internal quality audits, at the pilot stations in Vuokala. Hanko. Kokkola and Kaskinen. Positive



All operational locations of Finnpilot have been granted ISO 9001 certification.

observations were made concerning, for example, the effective co-operation between the pilots and pilot boat operators throughout the pilotage process, the review of the route plan, proper equipment that complies with company guidelines, and the efficiency of the transport arrangements. Areas of development included the language used during port manoeuvring and the signal range of older AIS plug transmitters in terms of transmitting data to the bridge.

The results of the internal audits were processed and the subsequent measures were scheduled at the end of the year as part of the management's review and further in connection with external ISO 9001 auditing. In addition to customer relationship management, the external auditing of the quality system assessed, for example, the overall quality policy, the applicability of strategic indicators (read more: Strategy and operational environment), the satisfaction of personnel (read more: Responsibility: Personnel), observation reporting and procurement (read more: Responsibility: Society).



2021

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WE CONTRIBUTE TO THE SECURITY OF SUPPLY

The COVID-19 pandemic has further increased the significance of pilotage service reliability and, through that, the safeguarding of Finland's foreign trade. At the start of the pandemic, the Government named pilotage a critical field in terms of the security of supply for Finnish society. Through its activities, Finnpilot serves the entire Finnish society.

We develop our operations and Finnish navigation through close co-operation with our extensive network. In addition to our personnel and customers, other notable stakeholders include Finnpilot's Board of Directors, the Prime Minister's Office which is responsible for ownership steering, the authorities, media and multiple co-operative partners, such as icebreakers, tugboats, maritime traffic centres, research facilities and institutes providing education in the field of navigation.

We endeavour to influence society as a responsible actor and active participant in discourse within our field. We closely co-operate with the authorities and other stakeholders. We are members on, among others, national advisory boards for SAR activities and the prevention of oil spills and chemical spills from ships as well as on the collaborative working group for winter navigation led by the Winter Navigation Unit of the Finnish

Transport Infrastructure Agency. We also collaborate with the Finnish Transport Infrastructure Agency in regional transport infrastructure groups.

During 2021, we joined the Maritime Transport Pool of the National Emergency Supply Agency. The purpose of the pool is to support and advance the preparedness of critical companies for security of supply within their own industry and their important partners in case of disruption and emergency situations.

FINANCES 2021: THE PANDEMIC AFFECTED THE NUMBER OF MARITIME TRANSPORTS

Finnpilot upholds its responsibility to the surrounding society in the form of jobs, tax revenue and increasing expertise. As a state-owned special assignment company, the owner and society expect us to conduct cost-efficient activities and long-term



Our Responsibility Programme targets:

WE SAFEGUARD the security of supply for Finnish society.

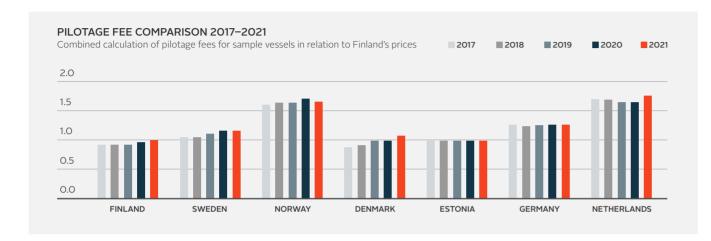
WE ACT in a cost-efficient way and develop with a long-term approach, even during economically challenging times.

WE RESPOND to the needs of an evolving society through dynamic RDI activities.

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planning, even during economically challenging times. We plan and monitor the economic development closely and predict factors that might have an impact on our activities in the future. We ensure the profitability and efficiency of our activities as well as the international competitiveness of our pilotage fees.

During 2021, the coronavirus pandemic continued to have a strong impact on the number of maritime transports. Finnpilot's turnover for the financial period of 2021 was EUR 35.2 million (EUR 35.8 million in 2020). This represented a 1.7 per cent decrease from the previous year. The decline in turnover is the result of the decrease in nautical miles piloted in coastal areas. From the start of 2021, the pilotage fees were increased by an average of 3 per cent. The increase was realised by raising the basic pilotage fee. No changes were realised in any other part of the pilotage pricing structure. The price of pilotage in Finland is internationally competitive.

NUMBER OF PILOTAGE ASSIGNMENTS*

	2017	2018	2019	2020	2021
Bay of Bothnia	4,920	5,069	5,080	4,503	4,888
Archipelago Sea-Bothnian Sea	5,401	5,622	5,252	4,829	4,631
Hanko-Helsinki	6,496	6,797	7,100	5,058	4,828
Kotka	4,498	5,031	5,284	4,199	3,898
Saimaa	2,946	3,097	2,407	3,006	3,165
Total	24,261	25,616	25,123	21,595	21,410

PILOTED NAUTICAL MILES*

	2017	2018	2019	2020	2021
Bay of Bothnia	81,122	78,826	79,736	69,788	72,663
Archipelago Sea-Bothnian Se	ea 105,021	118,392	111,058	106,926	87,779
Hanko-Helsinki	82,021	84,526	91,195	66,781	61,841
Kotka	103,458	114,494	119,564	97,959	91,619
Saimaa	88,049	88,721	69,745	89,008	96,938
Total	459,671	484,959	471,298	430,462	410,840

KEY FINANCIAL FIGURES

EUR 1,000	2017	2018	2019	2020	2021
Turnover	38,083	40,292	40,923	35,831	35,216
Operating result	2,634	3,649	2,638	-636	-1,183
Profit/loss of the financial year	2,201	2,971	2,121	-423	-793
Operating profit, % of turnover	6.9%	9.1%	6.4%	-1.8%	-3.4%
Return on investment, %	16.7%	26.5%	21.6%	-5.7%	-11.9%
Solvency ratio, %	69.4%	66.1%	63.4%	63.0%	57.4%
Quick ratio	1.2	1.0	0.9	0.8	0.7

COST-EFFICIENCY OF ACTIVITIES

	2017	2018	2019	2020	2021
Yeald/pilotage assignment	1,570	1,573	1,629	1,659	1,645
Yeald/piloted mile	83	83	87	83	86
Cost/pilotage assignment	-1,450	-1,430	-1,524	-1,689	-1,700
Cost/piloted mile	-77	-76	-81	-85	-89
Profit/loss/pilotage assignment	120	142	105	-29	-55
Profit/loss/piloted miles	6	8	6	-1	-3

PILOTAGE SUBSIDY FOR SAIMAA

	2017	2018	2019	2020	2021
State subsidy (MEUR)	3,446	3,478	3,951	3,687	4,022

^{*} Due to the support policy for pilotage in the Saimaa region, the figures for the pilotage assignments of Kotka and Saimaa are presented as their own entities rather than together with the other pilotage areas of Finnpilot.

TAX FOOTPRINT

Finnpilot's tax footprint was a total of EUR 12.8 million in 2021. Of the total amount, altogether EUR 6.6 million were personnel-related charges comparable to taxes, and EUR 6.4 million were payroll taxes from employees. The company's share of statutory pension insurance contributions was EUR 3.7 million and other social security expenses amounted to EUR 0.9 million.

Finnpilot complies with Finnish legislation as it concerns the payment, collection and accounting of taxes. Finnpilot has no operations in any countries classified as tax havens, nor does the company utilise any international dimensions in its tax planning for the purpose of minimising its taxation. The company's taxes



are paid in their entirety to Finland. Finnpilot also does not pay any profits, dividends or interest outside of Finland.

TAX FOOTPRINT

EUR 1,000	2017	2018	2019	2020	2021
Share of taxes	515	413	298	-81	-208
Personnel-related	6,209	6,406	6,554	6,184	6,584
Withheld taxes	6,159	6,367	6,651	6,595	6,437
Total tax footprint	12,883	13,186	13,503	12,698	12,813
Tax burden	-599	-709	-820	-1,155	-1,204

PAYABLE TAXES

EUR 1,000	2017	2018	2019	2020	2021
Employer's contributions	4,470	4,472	4,537	4,173	4,567
Income tax, computational	1,114	1,122	1,118	1,074	996
Income tax	530	639	534	0	0
Energy taxes	48	50	47	47	55
Real estate taxes	27	29	25	25	24
Vehicle tax	15	14	13	12	12
Insurance premium tax	14	14	13	14	15
Asset transfer tax	0	0	0	0	0
Total	6,218	6,340	6,287	5,345	5,669

REPORTED TAXES

EUR 1,000	2017	2018	2019	2020	2021
Value added tax, net	-1,232	-1,455	-1,452	-1,253	-1,310
Withheld tax from salaries	6,159	6,367	6,651	6,595	6,437
Employee's social security contributions	1,739	1,934	2,018	2,012	2,017
Total	6,666	6,846	7,217	7,354	7,144

CASH FLOW TO STAKEHOLDERS

EUR 1,000	2017	2018	2019	2020	2021
Customers					
Turnover	38,083	40,292	40,923	35,831	35,216
Other income from					
operations	108	160	26	0	85
ncome in affiliated					
companies	0	0	0	0	0
Good suppliers					
Material and service					
acquisitions	-2,353	-2,433	-2,745	-2,206	-2,368
Other operating cost	-4,832	-5,332	-5,609	-5,068	-4,965
Personnel					
Salaries and fees	-20,729	-22,095	-22,901	-22,220	-21,943
Pension costs	-3,565	-3,732	-3,867	-3,426	-3,709
Social security expenses	-885	-810	-722	-807	-910
Total	-25,180	-26,637	-27,491	-26,453	-26,562
Taxes (income tax)	-530	-639	-534	-4	0
Support and donations	0	-8	-2	-3	-2
Dividends to shareholders	-4,000	-4,700	-3,500	-500	-500
Financing costs	-6	-2	-1	-4	-2
Funds set aside for the					
development of activities	1,289	702	1,067	1,594	902
nvestments	2,147	2,312	2,467	2,370	2,031

DIGITAL DEVELOPMENT PROJECTS FOCUS ON REMOTE PILOTAGE

In November 2021, the Finnish Government issued a resolution on promoting transport automation. Trials and testing play a vital role in the development of automation. According to the resolution, the deployment of remote pilotage in selected areas would support the advancement of automation.

The development of remote pilotage is included in the current Government Programme. Finnpilot has taken an active role in developing its own activities to further the digitalisation of navigation. The legislative amendment that facilitated permitbased remote pilotage (1 February 2019) gave Finnpilot the possibility to realise pilotage without needing a pilot to be physically present on the piloted vessel. The development of ePilotage, the digitalisation of the pilotage process, which includes the development of remote pilotage, continued actively during 2021.

Remote pilotage must fulfil the same elements and requirements for safe pilotage as for traditional pilotage. Remote pilotage must, therefore, be at least as safe as pilotage is today. In terms of fairway navigation, a remote pilot must be able to offer the shipmaster the same support that, according to law, pilots currently offer when working on the bridge.

The realisation of remote pilotage will require new technology or at least the comprehensive utilisation of existing technologies. This applies to the piloted vessel, the fairway and the physical location from which the remote pilotage is being carried out. Other relevant actors, such as tugs, icebreakers and the Vessel Traffic Service (VTS), will also need to possess the capacity to exploit new technologies. Furthermore, the process calls for



The foundations for automation are established by increasing the intelligence of fairways and transport chains. The key is to realise the physical and digital infrastructure, data services and governance model required for an intelligent fairway. The deployment of remote pilotage in selected areas would also support the advancement of automation."

Resolution on promoting transport automation issued by the Finnish Government on 25 November 2021

competence development, new operational models and entirely new ways to share information.

The development work related to remote pilotage is being carried out with consideration for the current needs within pilotage activities and improvements thereto. In the spring, we selected three pilots to bring their pilotage expertise to different remote pilotage projects and, at the same time, to develop themselves to serve as Finnpilot's experts on the subject. These developer pilots participate in active discourse within Finnpilot and encourage the input of other personnel, when necessary, for tasks related to remote pilotage.

As part of the One Sea ecosystem's S4V/F project, we prepared a demonstration for implementation in 2021 that would enable us to test how well the technical arrangements of the fairway and vessel would suit remote pilotage. The implementation of the demonstration was delayed until spring 2022 for reasons unrelated to the project.

The realisation of remote pilotage and its incorporation in everyday activities are still far in the future, but the results of the development work will benefit pilotage already before that. As a result of the development work, the availability of condition data will improve, we will receive VTS information for our use, and the needs of pilotage will be taken into account when planning intelligent fairways.

In addition to remote pilotage projects, we developed and published applications that were developed in-house. As vessel sizes increase, it is more important than ever to determine a safe draught for ships. Changes in the under-keel-clearance (UKC) policy for waterways and port fairways were taken into consideration with the initiation of the company's independently developed Load Calculator application for the calculation of a safe UKC. The application helps pilots to assess the impact of wind load and squat on a specific vessel. The Load Calculator, verified by Aalto University, was also presented to authorities for its possible expansion to other uses.

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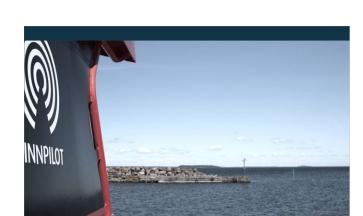
CORPORATE GOVERNANCE



PRINCIPLES OF REPORTING AND GRI

WE ARE GENERATING THE FUTURE OF NAVIGATION TOGETHER with the technology and maritime industries, research organisations, shipping companies and relevant authorities. Finnpilot's role in the projects is to contribute navigational and pilotage expertise and, in particular, to provide viewpoints on how remote pilotage might be carried out safely in the future. Some of the projects that support the development of remote pilotage are being funded by Business Finland.

PROJECT	CONTENT AND GOAL	PARTICIPATING PARTIES IN ADDITION TO FINNPILOT	TIMETABLE
ECAMARIS: Enablers and Concepts for Automated Maritime Solutions	The goal is to facilitate autonomous maritime solutions, such as the development of electronic lookout for boats sailing in open sea conditions. Finnpilot focuses particularly on how the future technologies might affect pilotage.	Project leaders: ABB and VTT. Supporting contributors and partners: Aalto University, AILiveSim and GIM Robotics.	2021– 2023
ISTLAB: Intelligent Shipping Technology Test Laboratory	The project created a low-threshold laboratory environment that allows for rapid failures and focuses on solutions that have true potential to produce added value for maritime actors. The project's simulator environment will enable the development of future remote pilotage processes and operations with a relatively low threshold, and, from the remote pilotage standpoint, the simulator environment also allows critical operations to be tested.	Project leader: Satakunta University of Applied Sciences. Main partners: Finnish Meteorological Institute and the Finnish Geospatial Research Institute (National Land Survey of Finland). Participants: WinNova, Fintraffic, Wärtsilä, Port of Rauma, the Finnish Transport and Communications Agency Traficom and the Finnish Transport Infrastructure Agency Väylä.	2019– 2021
MasterSIM	The project developed the Aboa Mare Remote Operation Center (AMOC) that can be connected to a simulator and to real vessels. Data about the different phases of the remote pilotage process was also generated.	Project coordinator: Novia UAS. Funding provided by the Ministry of Education and Culture. Research partners: Konsberg Marine Finland, Finferries.	2018– 2021
Sea for Value – S4V Fairway	The goal is to create the foundations for autonomous maritime transport and data flows for the deployment of advanced autonomous operations and navigation. The Fairway project focuses on developing and testing future fairway services including remote pilotage.	Project leader: DIMECC. Partners (among others): Awake.ai, Brighthouse Intelligence, Ericsson, Meyer Turku, Tietoevry, Aalto University, the universities of Turku, Tampere and Jyväskylä, Novia University of Applied Sciences, the Finnish Transport and Communications Agency Traficom, Väylävirasto, Finnish Border Guard, ESL Shipping, Neste, Finnish Meteorological Institute, Finnish Shipowners' Association, ports of Rauma, Turku and Helsinki and Business Finland.	2020- 2022



As a state-owned special assignment company, Finnpilot serves the entire Finnish society. We have identified the following expectations of the State and society as regards our activities:

promotion of navigational safety

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- · safeguarding the security of supply, including the assurance of cyber
- generation of value for the owner, cost efficiency, long-term planning
- · consideration of aspects of responsibility in all our activities, including socially responsible acquisitions
- ongoing development and renewal, active co-operation within networks
- · open and transparent reporting
- good corporate citizenship: assurance of conformity, ethical activities

Read more about the expectations of our stakeholders on our website (in Finnish).

READ MORE -



CYBER SECURITY: AUDITING, TRAINING AND UPDATED GUIDELINES

During 2021, the state as owner published a Cyber Security Development Programme for the purpose of creating a cyber security ecosystem in Finland that will provide vitality and growth and improve the sustainability of the digital society. As part of our risk management, we continuously develop our data security so as to have the capability to react rapidly to possible cyber security threats.

During spring 2021, we conducted a comprehensive cyber security audit to determine Finnpilot's level of cyber security. The development proposals based on the results were prioritised to be implemented immediately. Data security measures and documentation improvements increased the level and management of cyber security at Finnpilot.

During spring 2021, Finnpilot conducted a phishing test for the purpose of surveying the personnel's reaction to deceptive e-mail messages. The results of the phishing test were communicated to the personnel on the company's Intranet and in an internal newsletter along with instructions on how to handle similar password inquiries in the future.

During the year, we updated the documentation and guidelines for Finnpilot's data security and data protection. The guidelines were reviewed in training sessions for the entire personnel. Additionally, company experts participated in a cyber security exercise arranged by the National Cyber Security Centre Finland.

One extensive data security anomaly occurred at Finnpilot during 2021. The anomaly was noticed quickly and measures to minimise

damage were initiated immediately. Finnpilot's customers were promptly informed about the anomaly. The investigation showed that the attacker was likely an independent actor who did not, however, manage to gain access to any important personal or other information. Information about the anomaly was communicated internally and discussed as part of the data security training. Technical improvements were made to our systems as a result of this anomaly.

CO-OPERATION WITHIN FINNISH AND NORDIC **NETWORKS**

As part of our co-operation with Traficom and the Finnish Transport Infrastructure Agency, we participated closely in fairway planning and guidance and implementation of the change to the N2000 reference system and the new authorised draught. Together with the Finnish Transport Infrastructure Agency, we established the practice of holding station-specific fairway meetings. Working with the Finnish Meteorological Institute, we further developed the weather services required for pilotage and participated in the planning of the R&D project aimed at improving the availability of marine condition data. Co-operation with local rescue services continued. We participated actively in different exercises to improve navigational safety, such as oil spill response and rescue exercises.

We advanced pilotage safety and the monitoring of vessel conformity during winter navigation by initiating the supervision of the ice class draught of vessels. The supervision increased the safety of pilotage in icy conditions as well as the efficiency of pilotage and icebreaking activities.



2021

As part of the work to determine our carbon footprint, we took Hansel's Procurement Pulse tool into use during 2021. The carbon footprint data in Procurement Pulse links information on CO2 and purchase invoice data for those customers whose information is available. We will utilise the data provided by the tool in our emission calculations during 2022.

Through Fintraffic's interfaces, we provided other navigational actors with access to segments of our pilotage information. The accessible information includes vessel traffic timetables and other current information about pilotage. The purpose of providing access is to advance the timeliness, safety and environmentalfriendliness of navigational traffic.

We expanded our co-operation with pilotage organisations in other Nordic countries. The topics of the joint discussions included the current COVID-19 situation, the development of remote pilotage, occupational safety, training and recruitment.

The overall reform of the Pilotage Act was initiated on the basis of areas of the current legislation that were earmarked for development through co-operation with authorities. Finnpilot participated actively in the necessary research and specification work carried out to support the legislative reform. This work proceeded smoothly and will continue during 2022. The need to develop training, as defined by the Pilotage Act reforms, will be advanced within Finnpilot Academy during 2022. The new Pilotage Act is expected to enter into force in 2023.

WE ARE DEVELOPING OUR RESPONSIBLE APPROACH TO PROCUREMENT

As a state-owned special assignment company, Finnpilot's acquisitions are realised in compliance with the Act on Public Procurement and Concession Contracts (1397/2016). Finnpilot endeavours to organise its procurement activities in a way that enables the acquisitions to be carried out in the most economic, high-quality and systematic manner possible, making use of existing competitive conditions and taking into account environmental and social considerations. All participants in the procurement procedure are treated in an equitable and nondiscriminatory manner, and Finnpilot acts transparently and with regard to the requirements of proportionality. We examine the business activities of suppliers already when drafting our invitations to tender, and our aim is always to draft tender documentation that is easy to understand. We reject the abuse of a dominant market position and do not act in a way that violates competitive neutrality.

Our procurement guidelines cover the requirements for environmental and energy efficiency that are applicable to our subcontractors and suppliers. The elements of social responsibility that we require from our other suppliers are identified and specified in connection with each specific acquisition. The requirements extend to the subcontractors of our suppliers as well. As part of our vessel acquisitions, we publish a separate responsibility requirement appendix. The appendix defines, for example, the requirements for a safe working environment, environmental protection and the ban on the use of child labour. Furthermore, we have expanded the requirements of the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006) to apply to the majority of our acquisitions.

As part of the work to determine our carbon footprint, we took Hansel's Procurement Pulse tool into use during 2021. The carbon footprint data in Procurement Pulse links information on CO2 and purchase invoice data for those customers whose information is available. We will utilise the data provided by the tool in our emission calculations during 2022.

PRINCIPLES OF REPORTING

Finnpilot's annual report for 2021 will be published in electronic format on its website. Corporate responsibility will also be included as part of the annual report. In reporting on responsibility and sustainability, Finnpilot focuses on the essential economic, social and environmental impacts of its own activities.

The reporting covers all of Finnpilot's activities, excluding those of its subsidiary, Ice Advisors Ltd. The sustainability reporting for 2021 complies with the international Global Reporting Initiative (GRI), which is based on the scope of the GRI core standard. The requirements for the CSR reporting of state-owned companies have also been taken into consideration.

The reported financial information is based on our audited financial statements and accounting. We present more detailed information about our financial performance and turnover in the statutory financial statements. The financial statements and annual review of the Board of Directors for 2021 was published on 17 March 2022.

Information concerning the personnel is based on our HR systems. Environmental data has been compiled from Finnpilot's own data collection systems.

Our Corporate Responsibility Report has not been verified by an independent third party.

The Corporate Responsibility Report is published annually in connection with Finnpilot's annual report and information about it is included in stakeholder communications, such as personnel and customer newsletters.



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GRI CONTENTS	STANDARD	LOCATION IN THE ANNUAL REPORT / ADDITIONAL INFORMATION
102 - GENERAL DISCLOSURES		
DESCRIPTION OF ORGANISATION		
Name of the organisation	102-1	Finnpilot Pilotage Ltd
Activities, brands, products and services	102-2	Finnpilot in brief
Location of headquarters	102-3	The headquarters of Finnpilot are located in Helsinki, Finland.
Location of operations	102-4	Finnpilot in brief
Ownership and legal form	102-5	Corporate Governance
Markets served	102-6	Finnpilot in brief
Scale of the organisation	102-7	Key figures 2021
Information on employees and other workers	102-8	Responsibility: Personnel
Supply chain	102-9	Responsibility: Society
Significant changes to the organisation and its supply chain	102-10	The reporting (personnel, pilotage assignments) has now been done for the first time in accordance with the new pilotage area division that entered into force in October 2020.
Precautionary Principle or approach	102-11	The precautionary principle is included in Finnpilot's operational principles.
Principles or initiatives of external actors approved or promoted by the organisation'	102-12	Introduction to corporate responsibility
Membership of associations and supervisory organisations	102-13	Helsinki Region Chamber of Commerce, Intelligent Transportation Society of Finland – ITS Finland ry, Finnish Maritime Society, Kotka Maritime Research Centre, One Sea ry, Palvelualojen työnantajat PALTA ry, Vastuu Group, Association of Finnish Waterways, Finnish Information Processing Association, Nolla tapaturmaa forum of the Finnish Institute of Occupational Health, Taxpayers Association of Finland.
STRATEGY		
Review of the CEO	102-14	Review of the CEO
Key impacts, risks and opportunities	102-15	Strategy and operational environment Introduction to corporate responsibility
ETHICS AND INTEGRITY		
Values, principles, standards and norms of behavior	102-16	Strategy and operational environment Introduction to corporate responsibility
Mechanisms for advice and concerns about ethics	102-17	Responsibility: Personnel Finnpilot has a whistleblowing channel that enables personnel to report possible wrongdoings or unethical activities.

STRATEGY AND OPERATIONAL ENVIRONMENT

CORPORATE GOVERNANCE

CORPORATE RESPONSIBILITY



GRI CONTENTS	STANDARD	LOCATION IN THE ANNUAL REPORT / ADDITIONAL INFORMATION
BOARD OF DIRECTORS		
Governance structure	102-18	Corporate Governance
Delegating authority	102-19	Corporate Governance
Executive-level responsibility for economic, environmental and social topics	102-20	Corporate Governance
Composition of the Board	102-22	Corporate Governance
Chair of the Board	102-23	Corporate Governance
Nominating and selecting the Board	102-24	Corporate Governance
Conflicts of interest	102-25	Corporate Governance
Role of the Board in setting purpose, values and strategy	102-26	Corporate Governance
Evaluating the performance of the Board	102-28	The Board annually evaluates its own activities and productivity.
Role of the Board in identifying and managing social impacts and risks	102-29	Risk management
Assessment of the effectiveness of risk management	102-30	Risk management
Frequency of risk assessments	102-31	Risk management
Approval of CSR reporting	102-32	The Board of Directors approves the Corporate Responsibility Report.
Remuneration of the Board of Directors and upper management	102-35	Remuneration
STAKEHOLDERS		
List of stakeholder groups	102-40	Responsibility: Environment, Society
Personnel within the sphere of the negotiated collective bargaining agreements	102-41	Finnpilot's entire personnel falls within the sphere of the collective bargaining agreement for the field of pilotage.
Identifying and selecting stakeholders	102-42	Responsibility: Environment, Customers, Society
Principles of stakeholder engagement	102-43	Responsibility: Environment, Customers, Society
Key topics and concerns raised by stakeholders	102-44	Introduction to corporate responsibility
REPORTING PRACTICE		
Entities included in the consolidated financial statements	102-45	Finnpilot Pilotage Ltd and its subsidiary, Ice Advisors Ltd, together form a single group. The financial statements do not include consolidated accounts, because the activities of the subsidiary do not have a significant impact on the financial result or position of the company.
Defining report content	102-46	Finnpilot in brief
List of material topics	102-47	Introduction to corporate responsibility
Restatements of information	102-48	Possible changes to the information reported earlier is presented in connection with the information in question.
Significant changes from previous reporting periods in the list of material topics and topic boundaries	102-49	No significant changes.
Reporting period	102-50	The reporting period is the financial year of 1 January–31 December 2021.
Date of most recent report	102-51	The previous annual report was published on 25 March 2021.
Reporting cycle	102-52	The reporting is published annually.

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CORPORATE GOVERNANCE

CORPORATE RESPONSIBILITY



GRI CONTENTS	STANDARD	LOCATION IN THE ANNUAL REPORT / ADDITIONAL INFORMATION
Contact information for questions regarding the report	102-53	Feedback and questions regarding the report and responsibility can be sent to info@finnpilot.fi.
Extent of reporting in accordance with the GRI Standards	102-54	Principles of reporting and GRI
GRI content index	102-55	Principles of reporting and GRI
External assurance	102-56	Principles of reporting and GRI
103 - MANAGEMENT APPROACH		
General description of the management approach	103	Introduction to corporate responsibility
200 - ECONOMIC IMPACTS		
ECONOMIC PERFORMANCE		
Direct economic value generated and distributed	201-1	Responsibility: Society
Financial assistance received from government	201-4	Responsibility: Society. Pilotage subsidy for Saimaa
ANTI-CORRUPTION		
Confirmed incidents of corruption and actions taken	205-3	None to report
ANTI-COMPETITIVE BEHAVIOUR		
Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	206-1	None to report
300 - ENVIRONMENTAL IMPACTS		
ENERGY		
Energy consumption within the organisation	302-1	Responsibility: Environment. The aim is to collect indicator data for all operational locations of Finnpilot during 2022.
Reduction of energy consumption	302-4	Responsibility: Environment
BIODIVERSITY		
Operational sites situated in protected areas and areas of high biodiversity value	304-1	Finnpilot's pilot stations are located in the archipelago and along coastlines.
Significant impacts of activities, products and services on biodiversity	304-2	Responsibility: Environment
EMISSIONS		
Direct and indirect GHG emissions (Scope 1)	305-1	Responsibility: Environment
Reduction of GHG emissions	305-5	Responsibility: Environment
EMISSIONS IN WATERWAYS AND WASTE		
Emissions in waterways	306-1	Responsibility: Environment
ENVIRONMENTAL COMPLIANCE		
Non-compliance with environmental laws and regulations	307-1	None to report

STRATEGY AND OPERATIONAL ENVIRONMENT

CORPORATE GOVERNANCE

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A00 - SOCIAL IMPACTS EMPLOYMENT
Parental leaves LABOR/MANAGEMENT RELATIONS Minimum notice periods regarding operational changes 402-1 In Finland, we act as stipulated by the Act on Co-operation within Undertakings (334/2007). Depending on the matter the minimum time for negotiations is from one day to six weeks. OCCUPATIONAL HEALTH AND SAFETY Representation of employees in official occupational health and safety committees 403-1 The company's occupational safety management system has been developed in co-operation with employees. Elected protection delegates represent the employees by occupational safety area. Types of accidents, frequency of accidents and occupational diseases, lost working days, days away from work and cases of death Occupational health services Employee participation, consultation, and communication on occupational health and safety 403-2 Responsibility: Personnel Employee participation, consultation, and communication on occupational health and safety 403-4 Responsibility: Safety, Personnel
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Employee training on occupational health and safety 403-5 Responsibility: Safety, Personnel
Promotion of employee health 403-6 Responsibility: Personnel
Employees covered by an occupational health and safety management system 403-8 All personnel fall within the scope of the company's occupational health and safety management systems.
TRAINING AND EDUCATION
Average training hours per employee 404-1 Strategy and operational environment
Programs for upgrading employee skills and transition assistance 404-2 Responsibility: Personnel, Society
Percentage of employees receiving regular performance and career development reviews 404-3 The development discussions and performance assessments are carried out with the entire personnel.
DIVERSITY AND EQUAL OPPORTUNITY
Diversity of administration and personnel 405-1 Responsibility: Personnel
PREVENTION OF DISCRIMINATION
Incidents of discrimination and corrective actions taken 406-1 Responsibility: Personnel. None to report.
SUPPLIER SOCIAL ASSESSMENT
Suppliers that were screened using social criteria 414-1 Responsibility: Society. Supplier assessments are being continuously developed.
PUBLIC POLICY
Political contributions 415-1 Finnpilot does not directly or indirectly contribute to political activities.
CUSTOMER PRIVACY
Substantiated complaints concerning breaches of customer privacy and losses of customer data 418-1 None to report
SOCIOECONOMIC COMPLIANCE
Non-compliance with socioeconomic factors covered by laws and regulations 419-1 None to report



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