

# 2021 Sustainability Report









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# 2021 KEY FACTS



**Passengers**  
transported

**2 961 975**  
million



**Cargo units**  
transported

**369 170**



**Revenue €**  
**476.9**  
million



**EBITDA**  
**58.3**  
million



Total number  
of shareholders  
**37 334,**  
out of whom  
**9 571**  
shareholders on  
Nasdaq Helsinki

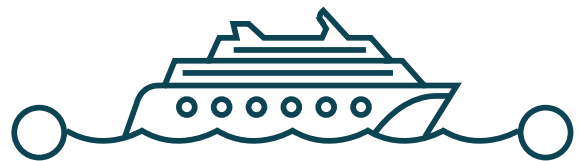


**Net loss €**  
**-56.6**  
million

## 3 SIGNIFICANT CHARTER AGREEMENTS:



**G7 Summit**  
accommodation in  
Cornwall



**Morocco-  
France**  
route operations



**COP26 Climate  
Conference**  
accommodation in  
Glasgow



**Women/men  
ratio in  
organisation**  
47% women/  
53% men



**Average  
number of  
employees**  
**4360**



**Women/men  
ratio on  
Management Board**  
40% women/  
60% men



# About the report

**„Behaving responsibly and carrying out our operations sustainably is nothing new to Tallink Grupp – we have had the best interests of the environment around us, the people we serve and work with and the overall wellbeing of the wider economies and society around us for decades. The work we do in this area is simply now much more focused.“ Paavo Nõgene, CEO of Tallink Grupp**

This is the Annual Sustainability Report of Tallink Grupp and it covers the activities of the group in the 2021 financial year. Tallink Grupp set its sustainability

strategy in late 2019 based on impact analysis and assessments, market analysis and market, customer and employee research in partnership with advisory agency





Milton. Tallink Grupp has long been guided by the principles set out in the GRI 101: Foundation Standard to determine the report content and quality in terms of materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability. Since 2019, Tallink Grupp has also included the principles of the UN Global Compact Sustainable Development Goals as a basis of its sustainability goals and reporting.

The sustainability reports from previous years can be found in the group's annual Yearbooks at: [www.tallink.com/reports](http://www.tallink.com/reports).

The Sustainability Report, except the Governance section and Financial information, has not been externally audited in 2022, but the company is putting processes in place to seek external verification of the sustainability activities and report from 2023 onwards.





## Message from our CEO on sustainability

Dear shareholders, business partners,  
customers and colleagues of AS Tallink  
Grupp,

Sustainability is not a new buzzword for Tallink Grupp. It is not something we are talking about because there is expectation of us to do so, regulations forcing us to consider it. It is actually something that has been ingrained in our business from the very start - the way we do business. And it has simply deepened and got more focused over time. Going about our everyday business in a way that guarantees we don't leave the world in a worse state than when we started, but actually ensures that we do our very best every day to make it even better for the generations to come.

Throughout our history, now spanning well over three decades, Tallink has first and foremost focused its sustainability actions on the environment, (most specifically the Baltic Sea that we depend on for our bread and butter), the safety of our people,

both customers and colleagues, and the societies around us. As the world has changed around us over the last 30 years, more things to consider, mitigate, improve have come along, considerably widening our sustainability activities' scope and actions. In recent years and months alone, significant topics that every single company and human in the world has been impacted by and urgently needs to take action on have been added to our sustainability mix - such as the preservation of resources, availability of healthcare, escalation of global security and migration crises, and of course, the emissions.

In late 2019, mere months before the break-out of the global COVID pandemic, which has now lasted for over two years, Tallink Grupp's Management Board adopted our company's sustainability strategy for the years ahead. We had done our research, analysed our greatest impact areas, set ourselves key focus areas for sustainability action for the years ahead and initial high level goals. The goals were not overly ambitious to make headlines, but instead they were raw and honest. And this is what lies at the heart of

Tallink Grupp's sustainability strategy – raw honesty about what we are focusing on and why, realistic goals and discussions on what is achievable and what isn't, when are things achievable by and transparency about both successes and set-backs along the way of us working towards our goals. We do not believe in claims like zero waste, zero emissions, zero something else by 2030, 2040 or 2050 when we know that, as things currently stand and what we have available today, these goals are already unachievable. We are therefore much more focused on working hard at and chasing goals that will definitely deliver – like knowing that with the current technologies, fuels and vessel efficiency improvement plans that we have, we are definitely able to reduce our fleet emissions annually by 2%. It is not enough to reach the targets set for shipping by 2030, but it is the truth and a realistic target at a time when there are no alternative fuels to get us to the goals set for our industry and the speed of development of new solutions and fuels hindered by the various global crises of recent years. Of course, we have already made significant headway with CO2 reductions since 2009, with the CO2 per passenger reducing by 44.5% between 2009 and 2019. But every percentage point of reduction from now on takes more effort and is harder to achieve as we have picked all the low-hanging fruits already and now have to reach further and higher to achieve results.

This does not mean that we don't push ourselves to the limits in other areas of sustainability where making a change is more in our hands. Tallink has historically aimed to pre-empt regulation and do more and sooner than expected of us. Whether it is bilge water, waste collection and recycling, reduced sulphur fuels, single-use plastics or other action that needs to be taken, our environmental and sustainability experts are continuously monitoring the horizon and assessing the opportunities to reduce our impact on the world around us, and more often than not, we have implemented changes in our operations well ahead of any new regulations introduced and taking effect.

However, as recent years have shown, it is not only the environment that needs our greater attention, but also our people. The COVID years have brought into sharp focus the role and responsibilities companies like us have as employers, service providers, vital transport providers of essential goods, essential tax payers keeping economies going at times of global crises. The last two years have forced us as an employer to

take a much closer look at the health and well-being topics concerning both our employees as well as our customers and business partners. Various changes have had to be implemented in our business processes to prioritise the safety of every person we come into contact with as a company either as an employer or service provider. We have needed to reassess the health services we provide our employees as, in addition to physical health issues, mental health well-being has needed far greater attention than before. And in addition to looking after our own people, our responsibility as a large international transport business in the Baltic Sea region, a major employer, business partner, large donor to good causes and other vital sectors, means that the circle of organisations, people, causes that depend on us has only widened over the last few years, thus increasing our responsibilities towards the wider societies in our home markets and beyond.

With all these responsibilities and expectations, it is clear that we need strong corporate governance and processes in place throughout the organisation and I am confident we have this in place at Tallink Grupp and can rise to the challenges of the current times. Our teams, comprising the top professionals in the region, are continuously working to improve on and future-proof our operations, plans and activities to ensure that Tallink Grupp continues to lead and pioneer the areas of maritime transport in the Baltic Sea region, but also does so by following the highest ESG norms and by simply continuing to do what is right for our people, our societies, our environment.

Dear friends – thank you for your support of Tallink Grupp and for continuing to use our services, for being our partners, for remaining loyal shareholders. Only with your help can we also continue to achieve our sustainability targets and continue to make a positive impact on the lives of so many.



**PAAVO NÕGENE**  
CEO  
TALLINK GRUPP





# Tallink Grupp at a glance

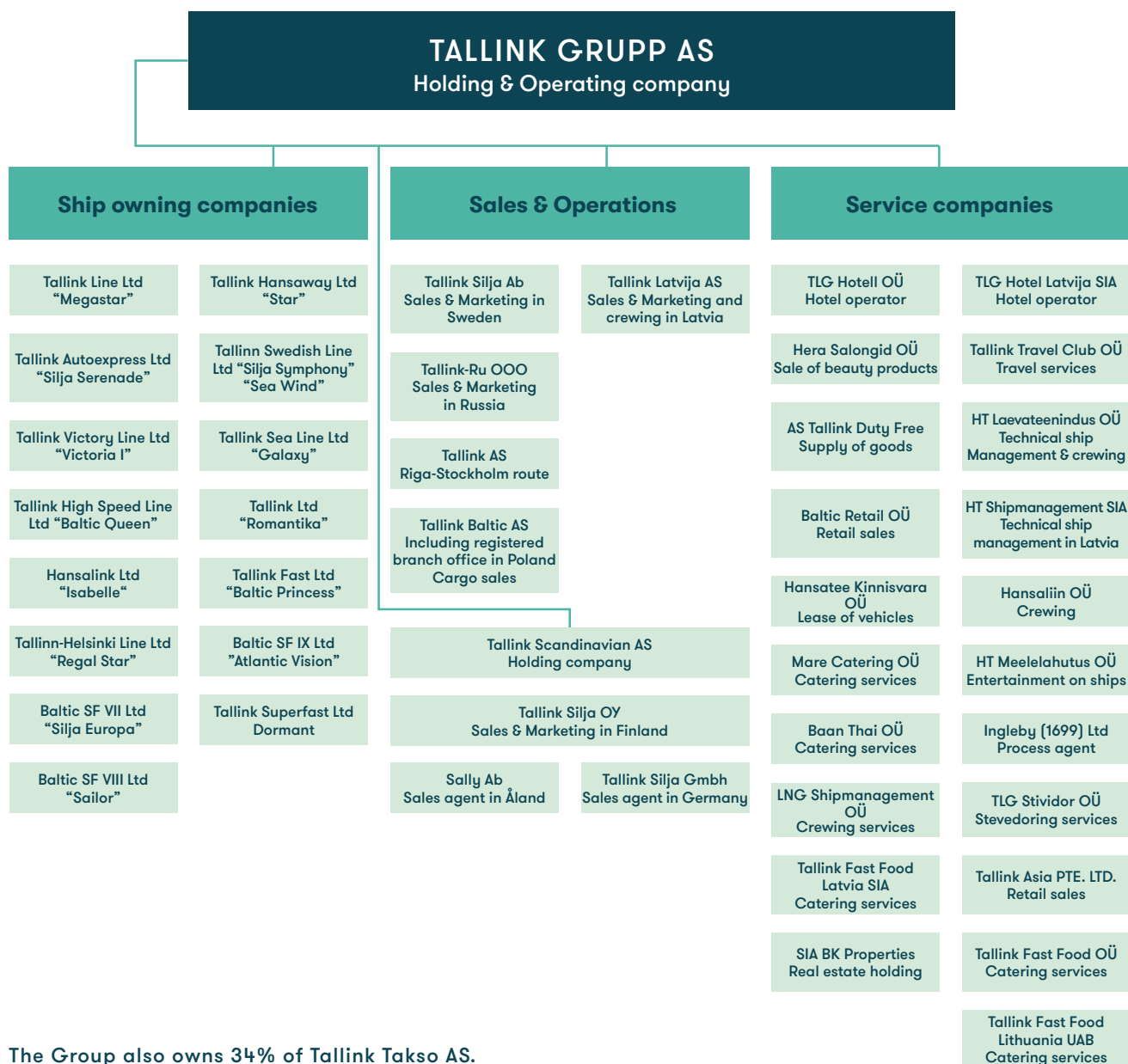
With a combined history of Tallink and Silja Line brand vessels sailing on the Baltic sea for 65 years in 2022, Tallink Grupp is the maritime giant of the Northern region of the Baltic Sea. The company, with its maritime history strongly rooted in the Finnish, Estonian and Swedish maritime traditions, is a key maritime transport

provider in the Nordic and Baltic region, connecting people and businesses in the countries surrounding the glorious Baltic sea. The company, with a workforce of thousands of professionals from around the region, today also operates a number of hotels, onboard and onshore restaurants and runs a successful travel and online retail operation.



# Group structure

At the reporting date, the Group comprised 47 companies. All subsidiaries are wholly owned by Tallink Grupp AS. The following diagram represents the Group's structure at the reporting date:



## Changes in Group structure

In August 2021, Baltic Retail OÜ, a wholly-owned subsidiary of Tallink Grupp AS, was sold. With the disposal of the shares in Baltic Retail OÜ, the Group exited from the onshore fashion retail business.

# Our fleet and routes

## ROUTEMAP 2021 & 2022





# Our fleet



## MEGASTAR

Built	2017
Length	212 m
Passengers	2800
Lane metres	3600
Ice class	1 A



## BALTIC QUEEN

Built	2009
Length	212 m
Passengers	2800
Lane metres	1130
Ice class	1 A Super



## BALTIC PRINCESS

Built	2008
Length	212 m
Passengers	2800
Lane metres	1130
Ice class	1 A Super



## STAR

Built	2007
Length	186 m
Passengers	1860
Lane metres	2000
Ice class	1 A



## GALAXY

Built	2006
Length	212 m
Passengers	2800
Lane metres	1130
Ice class	1 A Super



## VICTORIA I

Built	2004
Length	193 m
Passengers	2500
Lane metres	1030
Ice class	1 A Super



## ROMANTIKA

Built	2002
Length	193 m
Passengers	2500
Lane metres	1030
Ice class	1 A Super



## SILJA EUROPA

Built	1993
Length	202 m
Passengers	3123
Lane metres	932
Ice class	1 A Super



## SILJA SYMPHONY

Built	1991
Length	203 m
Passengers	2852
Lane metres	950
Ice class	1 A Super



## SILJA SERENADE

Built	1990
Length	203 m
Passengers	2852
Lane metres	950
Ice class	1 A Super



## ISABELLE

Built	1989
Length	171 m
Passengers	2480
Lane metres	850
Ice class	1 A Super



## ATLANTIC VISION

Built	2002
Length	203 m
Passengers	728
Lane metres	1900
Ice class	1 A Super



## REGAL STAR

Built	1999
Length	157 m
Passengers	80
Lane metres	2087
Ice class	1 A



## SAILOR

Built	1987
Length	157,7 m
Passengers	119
Lane metres	1647
Ice class	1A Super

# What we do

## Our products and services

Tallink Grupp is a key player in the Baltic region and Baltic Sea transportation infrastructure, connecting regional capitals through a high frequency shuttle service between Tallinn and Helsinki as well as overnight cruise services.

**“ We are the market leader in the Nordic and Baltic region in the maritime transport sector with the most modern fleet and a variety of routes and services,**

from various transport and leisure products to a high speed Tallink Shuttle service between Tallinn and Helsinki. Our offering also includes complete

leisure and fun-filled short cruise experiences with possible overnight hotel and spa stays at various destinations. A large proportion of our products are sold as combined services and travel packages. Travel packages are tailored to suit customer preferences in each market as to the type of vessel, length of trip, use of conference services, hotel accommodation and other leisure products. All our vessels are built to accommodate a large number of passenger vehicles as well as ro-ro cargo. We offer our customers end-to-end travel experiences, from joyful and easy cruises or transportation between top destinations to hotel accommodation and taxi services.

## Cruises

With nine cruise vessels, five cruise routes pre-COVID and one of the youngest fleets in Europe, Tallink Grupp is the leading Baltic cruise operator with two iconic brands – Tallink and Silja Line.



In a normal year, we offer a variety of short cruises on all our routes which include Helsinki-Stockholm, Turku-Stockholm, Helsinki-Tallinn, Stockholm-Tallinn and Riga-Stockholm. We also sell short day-cruises to the Åland islands from both Stockholm and Turku, and annually organise a few special cruises during the summer high season.

All our vessels are continuously renovated and upgraded to always offer our customers the best experiences onboard with expanded shopping areas, cosy restaurants and modern cabins.

## Shuttle service

The Tallink shuttle service is a critical transport link between Tallinn and Helsinki and provides regular daily departures all year round with the company's two shuttle vessels, Star and Megastar, specifically designed for this route. With 12 departures daily, the shuttle service departure slots are focused on morning and evening peak times and are thus highly convenient for commuter traffic. The service is an essential part of the Estonia-Finland transportation infrastructure, in essence, providing a „floating bridge“ between the two capital cities.

Even though the voyage only lasts 2 hours, these ships are bursting with amenities to occupy your time with during these two hours – ranging from a wide selection of restaurants, bars, cafes to top-of-the-range kids play areas and the largest floating shopping centre on the Baltic Sea. There are also Comfort and Business Lounge facilities for passengers who prefer a more quiet and relaxed atmosphere. Megastar and Star accommodate respectively 2,800 and 2,080 passengers. Tallink Shuttle ferries also accommodate cars and lorries from 2,000 lane meters on Star to 3,650 lane meters on Megastar.

## Cargo transportation

Tallink Grupp is the largest maritime cargo transportation provider in the Baltic region. Our business operates a mixed tonnage concept, which means that our vessels carry both passengers and cargo. We carry only ro-ro cargo - mainly lorries and

trailers - and do not carry any container cargo. Our vessels are equipped with separate car decks onto which private cars, buses and ro-ro cargo can drive while passengers are safely embarking. Cargo traffic is related to business logistics and its development is often linked to the overall general economic conditions and trade activities. Our customer base for cargo services consists of a wide range of clients, from large international transport companies to small and medium-sized companies. The goods carried by them vary from building materials to consumer goods. We work closely with our customers to continuously improve our efficiency and service levels offering a flexible, affordable and efficient cargo service on different routes.

## City breaks

We market and sell a variety of additional services which our customers can enjoy while taking a city break with us. Whether it is golf, opera, museums or amusement parks for children, everything we do, we do to ensure that our customers' cruise experience is a memorable one. Many of our vessels, such as Silja Europa, provide a city break experience on sea already themselves with their numerous shops, restaurants, cafes and different types of entertainment and music shows.

At the same time we can also combine our transport services with overnight stays across all our markets.

**“ We have discount agreements with leading hotel chains in Finland and Sweden to offer our customers affordable accommodation in those destinations. In Tallinn and Riga, where we operate our own hotels, Tallink Hotels is naturally the primary choice for our hotel packages.**



During the winter months we also sell hotel ski packages to popular ski resorts in Finland and Sweden.

## Tallink Hotels

**“ With 4 hotels and a total of over 1 000 rooms, Tallink operates the largest hotel chain in Estonia and the second largest hotel chain in the Baltics.**

Two trendy business class hotels – Tallink City Hotel and Tallink Spa & Conference Hotel – are situated in the centre of Tallinn. Tallink Express Hotel near the Port of Tallinn is perfect for budget travellers looking for good value. In Latvia, our Tallink Hotel Riga is located

close to the business district and shopping centres and the historic Old Town of Riga. All our hotels are operated under the hotel chain brand Tallink Hotels.

In spring 2020, at the start of the COVID-19 pandemic, Tallink Grupp temporarily closed all of its 4 hotels. Tallink Spa & Conference Hotel and Tallink Express Hotel reopened in autumn 2020, Tallink City Hotel reopened after extensive repairs in June 2021. Tallink Hotel Riga has remained suspended and will not reopen in 2022.

Tallink Hotels operate a number of popular restaurants within the hotels, such as restaurants Tempo, Nero and Tallink City Grillhouse. The restaurants draw crowds from local city workers and dwellers as well as from among hotel guests, with the Sunday brunches particularly popular among the families. In addition to the hotel restaurants, Tallink Hotels also operate two stand-alone restaurants – Ristorante Flavore and NOKNOK, both of which have already developed a loyal customer base during their many years of operation.



## Onboard services

Pre-Covid, Tallink Grupp was ranked third among ferry companies in the world in terms of travel retail revenues and fourth in Europe among the leading travel retail outlets\*. In the Nordic region, we were the number one outlet in terms of sales pre-Covid. Restaurants, bars and shops onboard normally contribute more than half (56%) of our overall revenues. All our cruise and transport passengers can dine for varying price levels, ranging from traditional à la carte and buffet restaurants to fast food dining areas and pubs to even trying our exclusive gourmet restaurants run by some of the best chefs in the region. We have developed menus suited to Nordic tastes, accompanied by culinary inspiration from other ethnic cuisines. We focus strongly on the quality of our food and service and many of our chefs and catering staff have won numerous awards reflecting our excellent onboard service. Onboard sales in restaurants and bars are tax-free on almost all our routes.

All our vessels have onboard shops where passengers can purchase consumer goods, alcohol, tobacco, cosmetics, confectionery, clothing, toys, gifts and accessories. On all our routes from Estonia and Finland to Stockholm we stop at Åland Island, which makes it possible to sell goods with no excise or VAT and, therefore, makes our products readily available to passengers at affordable prices.

\*Source: Generation Research 2018



## Tallink Duty Free

AS Tallink Duty Free is a subsidiary of AS Tallink Grupp, founded in January 1997, so the company has been operating on the market already for more than two decades. The company's field of activity is procurement and retail organization of onboard and offshore stores and a webshop operated by AS Tallink Grupp, which include purchasing,

negotiations, assortment selection, pricing, marketing, campaigns, logistics, space management and other supportive services.

New brands and partners are constantly added and shops are continuously renovated. In total, the group has 47 shops on 11 of ships which cover altogether 15 000 square meters of shopping space on the sea. On board Tallink and Silja Line ships, we have, among others, also luxury- and mono brand shops.

### Types of trade:

- ONBOARD SHOPS
- ONSHORE SHOPS
- TERMINAL SHOPS
- WEBSHOP
- PRE-ORDER: TRAVEL & PICK-UP

#### Tallink webshop

a wide range of products can also be found online at the company's webshop and can be easily viewed on a smartphone



#### Pre-Order

car passengers going from Helsinki to Tallinn or from Stockholm to Tallinn can pre-order their goods online or onboard. The pick-up station is located in Tallinn



#### Business class shopping

business class travellers can enjoy exclusive last-minute gifts from a selection of leading brands



#### Car deck shopping

available on all routes. Onboard crew helps to get passengers' purchases to the car deck



#### Bus shopping

passengers travelling on tour buses can pre-order goods. Payment takes place onboard and everything will be taken to the buses



#### Self-check-out service

this quick and efficient method can be used onboard Shuttle ships





Tallink ships are big department stores at sea that stock a wide selection of high quality brand -, perfume- and cosmetic products, spirits and other alcoholic beverages, fashion and accessories. Tallink Duty Free has more than 1 000 brands and about 800 partners, which include world-leading companies, with whom Tallink has long-term reliable and loyal business relationships.

Tallink Logistics Center was opened already in January 2016 to optimise inventory management. With the opening of the most up-to-date logistics center in the Baltic Sea Region, AS Tallink Grupp brought together

all eight logistics locations in Estonia, Finland, Sweden and Latvia into one distribution center, where the Group's fleet, hotel network, webshop's and office goods are coordinated.

Thanks to the establishment of a centralised system, Tallink's supply chain is more cost-effective and faster - creating a central logistics center will give the company better and faster access to the necessary goods and raw materials and ensure an optimal supply chain. In addition, Tallink's ultimate goal is to expand its product portfolio with new and interesting products.



#### Plenty of Payment options:





## Burger King franchise

Tallink Grupp acquired the franchise for the global fast food chain Burger King in the Baltics in the autumn of 2019, just ahead of the COVID pandemic kick-off. The roll-out of the restaurants chain and the launch of the first restaurants coincided with the start of the pandemic in spring 2020, but despite all the hurdles, we managed to open the first 8 restaurants across the Baltic states in the first year. In 2021, as the new waves of the pandemic continued to challenge the

franchise roll-out with restrictions, supply issues and a recruitment rollercoaster, our expert team battled on and managed to open a further 7 restaurants by the end of 2021, taking the total number of Burger King restaurants in Estonia, Latvia and Lithuania to 15. In 2022 and beyond, we will continue working towards the original target set for our franchise business of opening approximately 40 Burger King restaurants in the Baltics over a period of five years.



## Club One loyalty programme

Tallink Grupp's loyalty programme Club One, which celebrates 15 years in 2022, connects 2,87 million people around the Globe (2,78 million in 2020). Most of our loyalty club members come from our home markets of Finland, Sweden, Estonia and Latvia. Altogether, Club One has members from 179 different countries from around the globe.

Our loyal customers enjoy benefits both during travel and while at home. There are extensive tier level based benefits for purchasing trips, as well as on-board offers at restaurants, bars and shops. There are around 500 benefits active at any given time at all main destinations, onboard or as activity options.

Loyal customers also earn bonus points from trips, on-board purchases, Tallink Hotels services, web-shop purchases and restaurant visits at Ristorante Flavore and NOKNOK in Tallinn. All the bonus points can be used to purchase bonus trips, hotel upgrades or as part payment in the web-shop.

In 2021, we launched the Club One shopping night concept in the webshop to value our loyal customers. This opportunity was well received by the customers. The share of web-shoppers on group level compared to 2020 has stayed on a similar level, but we have more returning customers.

Land benefits tie together Tallink Grupp brands with main shareholder owned businesses, such as Tallink Hotels, Tallink Takso, Tallink Tennis & Fitness, Restaurants NOKNOK and Ristorante Flavore.

Third party partners are carefully selected to offer the best goods and services at our destinations.

The use of the digital loyalty card, launched in 2017, has been increasing steadily to 358 000 digital card only users by the end of 2021 in comparison to 300 000 at the end of 2020.

The long-term goal of Club One development sees more focus on personalised offers to Club One customers and more possibilities to use the bonus points for different services and products.

# How we do our business

Our business philosophy is based on delivering a sustainable economic, environmental, labour and ethical performance. To achieve this, we comply with legislation, regulations, best practices and ethical norms. In addition, group-wide internal policies, guidelines and standards are in place and we expect our suppliers and business partners to behave in as similarly a legal, ethical and responsible manner as we do.

**“Our business philosophy is founded on the belief that everything we do and how we do it will be, and should be, measured against the highest standards of ethical business conduct. We have set the bar so high for practical as well as aspirational reasons – our commitment to the highest standards helps us to create great products, attract loyal customers and hire the best people.**

Trust and mutual respect among employees and customers are the foundations of our success, and they are something we need to earn every day.

## **WE PROMOTE SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION**

We care about our customers, employees and the surrounding environment. We are committed to operating our business in an environmentally and socially responsible manner while ensuring the highest safety and security standards at the same time. To achieve this, we strive to comply with and, where possible, exceed all applicable rules and regulations with our best efforts in shipping operation as well as in our working and service environments to minimise any adverse impact on people and the environment.

## **WE OBEY THE LAW**

We take our responsibility to comply with laws and regulations very seriously and we are all expected to comply with applicable legal requirements and rules. While it is impossible for everyone to know all aspects of every applicable law, each employee has the responsibility to understand the laws and regulations applying to his or her work. In addition, the Group's legal teams provide support and guidance on all legal matters when needed.

## **WE RESPECT EACH OTHER**

We are committed to a supportive working environment, where employees have the opportunity to reach their full potential. We are all expected to do our utmost to create a respectful workplace culture which is free of harassment, intimidation, bias and unlawful discrimination of any kind.



## **WE ENSURE FINANCIAL INTEGRITY AND RESPONSIBILITY**

Financial integrity and fiscal responsibility are core aspects of our corporate professionalism. This goes beyond accurate reporting of our financials. Each employee in the Group has a duty to ensure that the company's money is appropriately spent, our financial records are complete and accurate and internal controls are honoured. We therefore take utmost care every time we hire a new vendor, submit expenses to the Group, sign a new business contract or enter into any deals on behalf of the Group. For this we maintain a strict process of internal controls and audits to reinforce compliance with legal, accounting, tax and other regulatory requirements in all the countries in which we operate.

## **WE ENSURE CONFIDENTIALITY AND PROTECT DATA**

As a Group, we are committed to safeguarding the confidential information of our customers, employees and business partners. We are committed to protecting the privacy of any personal data which we possess and process. We ensure that we collect, process and use personal data only to the extent which is necessary for the lawful and defined purposes and adhere to all current data protection laws and regulations, including GDPR. We have strict information security measures and processes in place to safeguard the confidentiality and privacy of data and to prevent any unauthorised use of such data.

## **WE VALUE AND SUPPORT OUR PEOPLE**

Our people are our greatest asset, so we do all we can to ensure they are happy, committed, valued and empowered to offer our customers the best service every day. Our core values apply to all our employees across the group, regardless of the brands we serve, our position or the roles within the Group. We always align our actions and behaviours according to our values.

## **WE AVOID CONFLICTS OF INTEREST**

In our work, we have an obligation to always do what is best for our customers and the Group. Therefore, we expect our staff, suppliers and business partners to conduct business in a way that avoids conflicts of interest in any form and to avoid any activities that may lead to pursuing a private benefit at the expense of the Group or our customers.

## **WE PROTECT COMPANY ASSETS**

Our assets, including financial assets, physical assets, intellectual property and confidential information, must be secured and protected in order to preserve their value. We are all personally responsible for safeguarding and using our Group's assets appropriately.

## **WE ARE HERE TO SERVE OUR CUSTOMERS**

Our motto is: "A customer is at the heart of everything we do". Every point of our customer journey, from the first steps of booking and checking-in to the trip to the final farewells at the end of the voyage should follow our Travel Experience principles, a collection of our customer service best practices.

# Our strategy

The Group's vision is to be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services. Currently, the strategic focus is on managing costs and cash flows to ensure sustainability and to bring Tallink Grupp through the global crisis.

## The Group's strategy is to:



A modern fleet, a wide route network, a strong market share and brand awareness together with high safety, security and environmental standards are the

main competitive advantages for the Group. They are the cornerstones for successful and profitable operations.

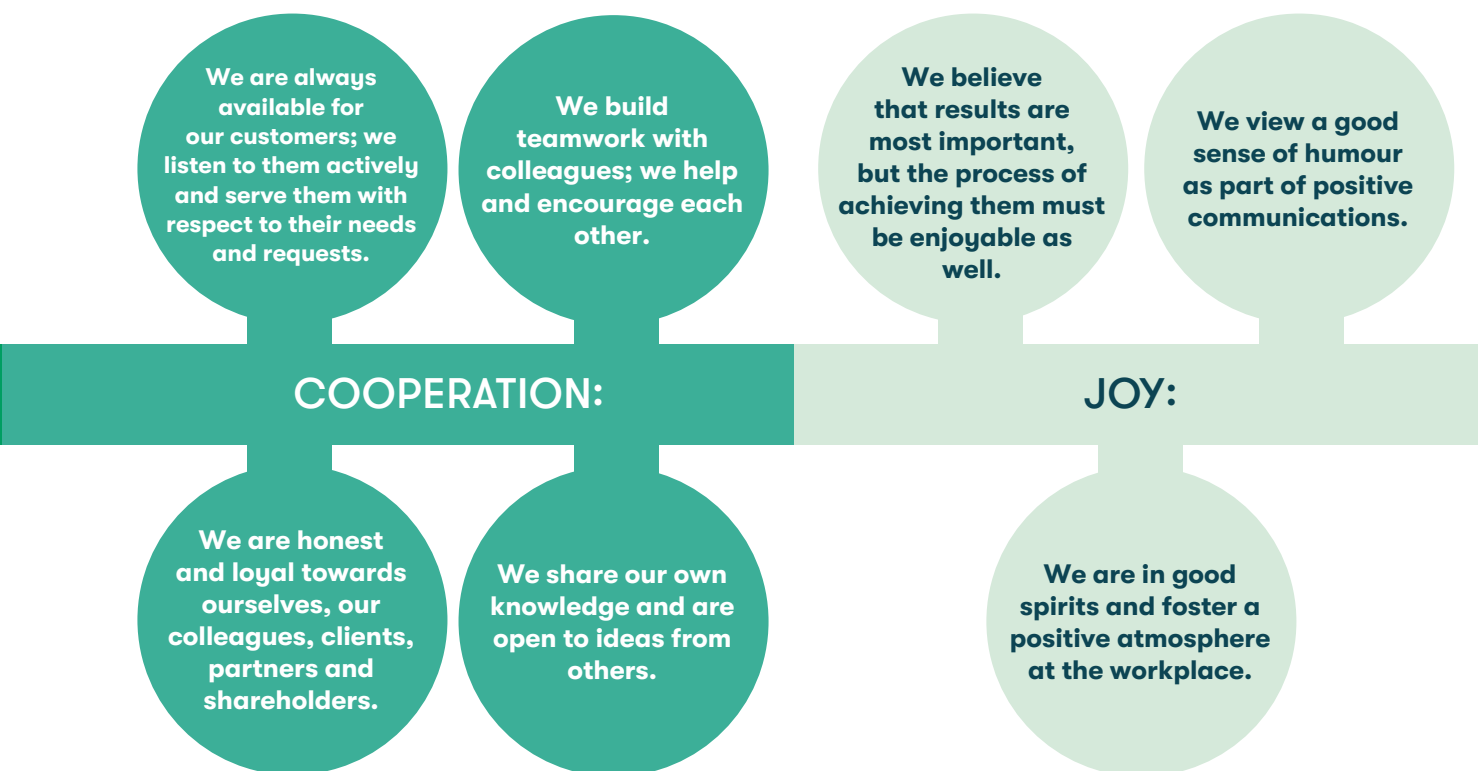
## UNRIVALLED SUITE OF COMPETITIVE ADVANTAGES





# Tallink Grupp values





**“** The Group strives for excellence in everything we do. It is impossible to spell out every possible ethical scenario we might face. Instead, in addition to having our policies, procedures and training in place to ensure ethical business conduct, we also rely on everyone’s good judgment to uphold a high standard of integrity for ourselves and our company. We expect all our employees to be guided by both the letter and the spirit of this business philosophy. And to always remember - the customer is at the heart of everything we do!



# Sustainability at Tallink Grupp

Tallink Grupp developed and agreed a group-wide sustainability strategy and goals in 2019, just months before the global COVID-19 pandemic broke out and quickly escalated. The strategy sets out key sustainability focus areas and high-level goals.

The more specific goals and a detailed action plan for delivering the goals were due to be agreed as a result of baseline current status measurements and real achievable activities in 2020. The action plan was created just before March 2020, but the global pandemic forced the company to temporarily refocus its activities on fighting the pandemic, protecting the people and ensuring the sustainability of the business for the time being.

Since March 2020 and also throughout the whole of 2021, Tallink Grupp has continued to use the principles of its sustainability strategy throughout its business operations to take the company towards achieving the goals, where possible, and the restrictions and the pandemic situation allowing.

Tallink Grupp continues to take steps towards increasing its vessels' energy efficiencies and reducing emissions, through the use of shore power, where possible, and the implementation of new technologies like Energo ProFin for increased efficiencies, as well as to cooperate and work with universities and scientists to find more far-reaching solutions to the emissions reduction challenge faced by the whole shipping industry.

In addition to emissions reductions, Tallink's environmental goals are also related to stopping the use of single-use plastics across the Group, becoming a paperless business, reducing the use of harmful chemicals and increasing reuse, recycling

and circular economy practices across the Group. Several projects were initiated at Tallink in 2021, such as the replacement of single-use toiletries in cabins across the fleet, which by the first quarter of 2022 were replaced by refillable dispensers, preventing tonnes of plastic from ending up in incinerators or landfills in the years to come. Pilot projects for reducing the volumes of paper printed by the company, plus further digital solutions to replace printed materials were also completed. The greatest strides were taken in the implementation of circular economy principles and a company-wide culture and mindset change towards reuse, with thousands of reusable items, such as furniture, bedding, soft furnishings, etc being circulated for continued use in the Estonian social care, healthcare, youth support and other sectors. The key risks include breach of regulatory norms, accidents, environmental pollution and technical malfunctions. The Group keeps track of the number of such incidents and number of defects.

Although the environment and environmental protection dominate the sustainability agenda, the ongoing COVID-19 pandemic continues to highlight the sustainability efforts needed in the area of the protection and safety of people and, as a result of increased localisation and regionalisation of operations, the cooperation with regional partners and suppliers for the support of regional economies.

Over the next pages, we will take a closer look at the specific ESG focus areas, the steps we have taken to achieve the initial goals we have set ourselves and what we managed to achieve in 2021.

## Responsibility for the sustainability programme

At Tallink Grupp, the ultimate responsibility for the company's sustainability agenda falls into the remit of the Management Board. At present, sustainability is among the areas of responsibility of Management Board Member Piret Mürk-Dubout and the day-to-day activities planning and reporting on the achievements falls into the remit of the Group Communications Director.

Since sustainability is not a stand-alone area within the company, but is ingrained in all the company's operations and areas of business, planning of the sustainability activities, goals and review of progress is carried out in the group-wide Sustainability Steering Group, which meets quarterly and comprises heads of department and experts from all the group's subsidiaries and key departments.

## TALLINK GRUPP'S SUSTAINABILITY GOALS IN A NUTSHELL

### People:

- Reduce harming behaviour
- Increase staff health & well-being
- Support our communities

### Resources:

- Use local & sustainable products
- Reduce waste
- Increase reuse & circular economy practices



### Climate:

- Reduce CO emission
- Increase energy efficiency
- Paperless operations & service

### Sea:

- No single-use plastic in service & operations
- Reduce use of chemicals & pollutants

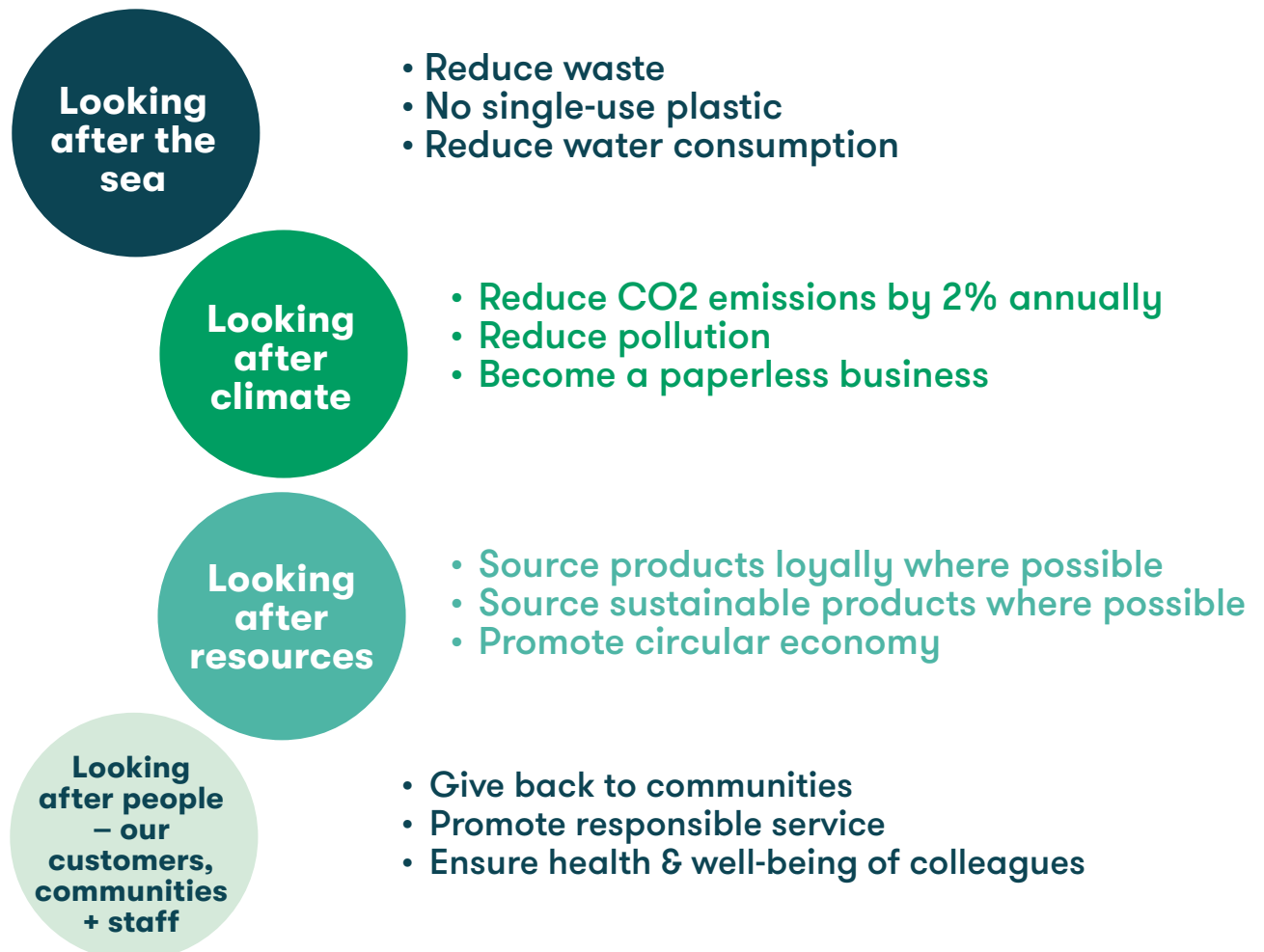


## THE GROUP'S SUSTAINABILITY GOALS' ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS



### TALLINK GRUPP CSR FOCUS AREAS

### HIGH LEVEL KPI'S



# I Environment





# LOOKING AFTER CLIMATE AND LOOKING AFTER THE SEA

Environmental protection and management remain one of the priorities for the Group with every effort made across the fleet to reduce marine and air pollution, increase energy efficiency, control the use of chemicals and other pollutants, save resources and reduce waste wherever possible. The Group's vessels are managed and operated in full compliance with MARPOL (the International Convention for the Prevention of Pollution from Ships) and its amendments.

The Group operates strictly under a zero-spill policy. The Group's objective is to avoid any pollution by maintaining the highest standards of its ship's technical condition, safety and crew competencies, and following the requirements of relevant legislation and conventions. The Group is committed to continuous improvement of its operations and achieving its objectives.

The Group continuously participates in an EU-funded project TWIN PORT 3, throughout the period 2018-2023. The project focuses on the reduction of the environmental impact of the increasing

Ro-Pax ferry traffic and continues to improve the multimodal transport link between Helsinki and Tallinn. As an example, onshore power supply systems are being installed in Tallinn Old City Harbour and in Helsinki South Harbour, where the Group's vessels are able to connect to shore power in order to reduce emissions to air and noise in the city centres of the two capitals.

During 2021, our ships and hence the traffic provided were continuously heavily influenced by the global pandemic. Several ships were in lay-up and their maintenance cut to an absolute minimum. Nevertheless, all necessary maintenance, specifically safety-related maintenance is performed in full before the ships resume their traffic.

An auto-mooring system was completed and taken into use on quay 5 in Tallinn Old City Harbour. This enabled our shuttle ships Star and Megastar to use this time and human resource saving technology in both ports. Auto-mooring enables us to save time by performing mooring operations more efficiently while reducing emissions and noise.

We have continued the cooperation with E-Marine in improving the energy efficiency of our ships despite the lay-up status of some vessels. At the same time, the solutions provided by E-Marine will provide us with considerable savings when the ships resume their traffic.

In 2021, the Group maintained its ISO 14001 certified status. The surveillance audit was successfully completed as planned.

#### **A selection of some international certificates held by Group companies and ships:**

- **ISO 14001:2015 Environmental Management System Certificate by Lloyds Register**
- **MARPOL Sewage Pollution Prevention Certificate**
- **MARPOL Air Pollution Prevention Certificate**
- **IAFS International Anti-Fouling System Certificate**
- **MARPOL Oil Pollution Prevention Certificate**
- **Document of Compliance for Anti-fouling System**
- **MARPOL Garbage Pollution Prevention Attestation**
- **Document of Compliance by Estonian Maritime Administration**
- **Document of Compliance by Finnish Maritime Administration**
- **Document of Compliance by Swedish Maritime Administration**
- **Document of Compliance by Latvian Maritime Administration**

During 2021, the COVID-19 pandemic and related travel restrictions remained in force, which influenced the company's operations negatively. Silja Europa was chartered out as an accommodation facility on two occasions to the UK. First in June for the G7 summit in Cornwall and for the second time in October-November for the UN COP26 summit held in Glasgow. During the second stay in the UK, Silja Europa was accompanied at the event by our other vessel Romantika. In the period from July to October 2021, our vessels Victoria I and Romantika were sailing on the Mediterranean Sea between Tangier, Morocco and Seté, France. Silja Symphony made some ad hoc trips during the year to Visby and Ystad as domestic voyages in July.

The route between Riga, Latvia and Stockholm, Sweden remained suspended during the whole year. We operated only one ship (Baltic Queen) on the route between Tallinn, Estonia and Stockholm, Sweden.

The Company has had an ISO 14001:2004 certificate since 01 July 2008, issued by LRQA. Since then, the certificate has been renewed, based on the requirements of ISO 14001:2015 in May 2017, and again, in two parts in 2020 (in April remote office audit and in September on ships). In May 2021, a scheduled inspection visit was performed at the company's headquarters and on-board Megastar. As a result of the inspection visit, no non-conformities or observations were identified.

Company policies, including the Environmental Policy, were last approved on in February 2021. The latest change in the policy statement was made due to the addition of the Cyber Security Policy. The Policy statement remains a separate document within the Company's Safety Management System. In early 2022, the policy statement was reviewed and found to be adequate and up-to-date, no modifications were required at this stage.

There were no environment related complaints received from external interested parties in 2021.

Two (2) procedures from the National Authorities were started during 2021. First, in November, the Estonian Environmental Board performed a visit to the Company in order to specify the company's activities related to handling and related to the limitation of different f-gases, R404A in particular. The office visit resulted in a request for additional information about the specific activities concerning replacement of R404A onboard Silja Europa. Requested information with additional clarifications were presented without any delay. Information was noted by the Estonian Environmental Board, no further feedback.

Second, the Company received notice from the Estonian Safety Investigation Bureau about the initiation of official proceedings concerning Megastar's propulsion failure on 17 December. Tallink has initiated its own investigation to establish the root causes and make the necessary arrangements to avoid similar incidents in the future.



## KEY ENVIRONMENTAL ASPECTS

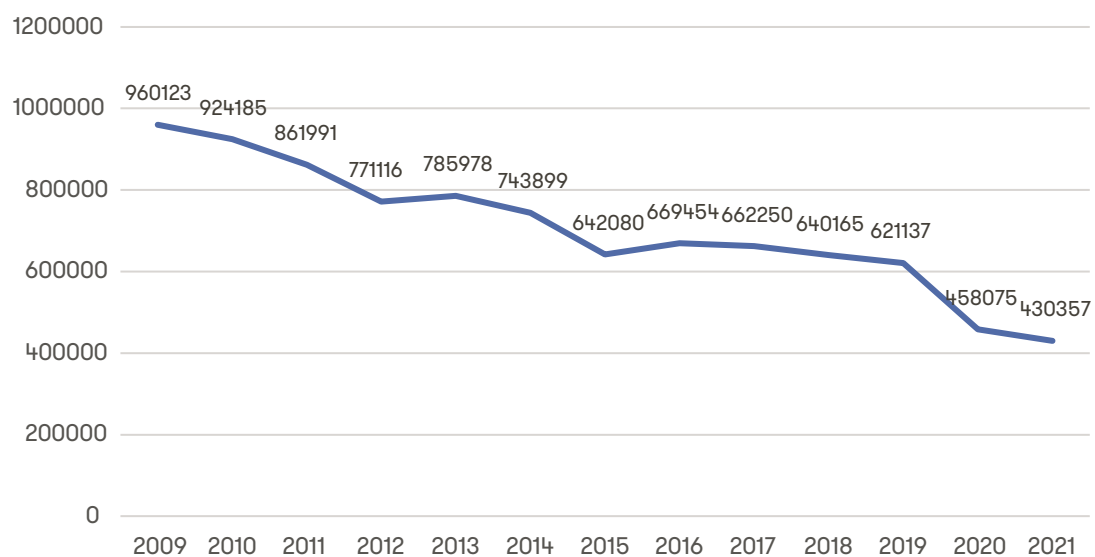
### Emissions

On 30 April 2021, the third reporting period under the EU MRV Regulation (Regulation (EU) 2015/757) ended. Ship-specific data for 2020 has been forwarded to the European Commission on CO<sub>2</sub> emissions of the fleet. The data verification was performed by Verifiavia

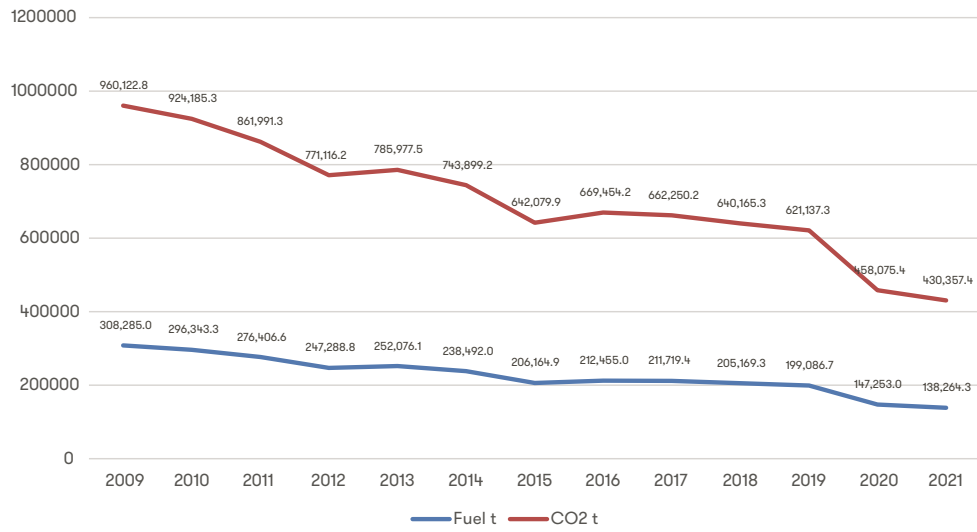
(accredited 3rd party verifier) and the process was completed in due time. Verified data for each ship was entered into THETIS MRV database and to each ship the required Document of Compliance was issued to be kept on board.

The company's CO<sub>2</sub> Reduction Plan was revised and updated in late 2021. There were several projects originally listed within the plan cancelled due to economic situation, but there are several projects added as planned activities when there will be resources allocated for those.

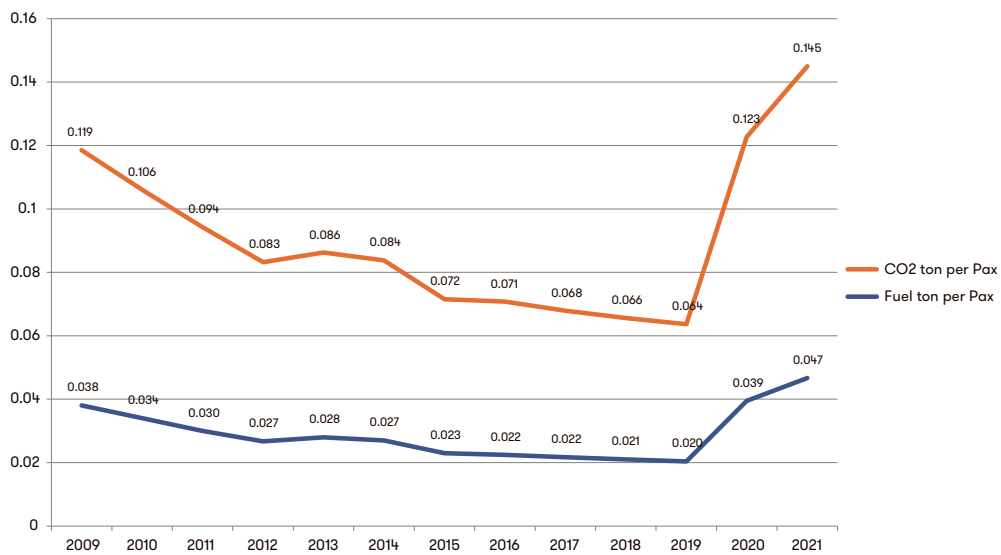
### Total CO<sub>2</sub> emission



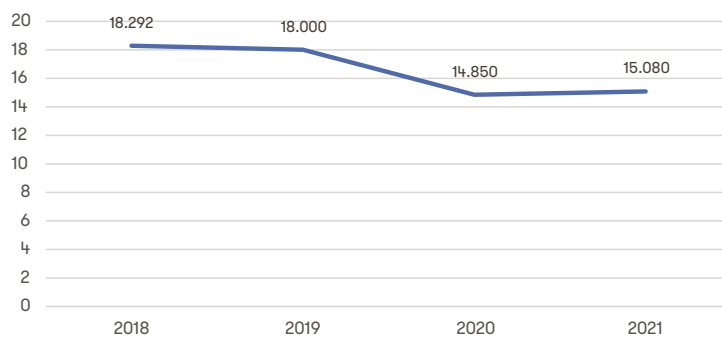
## Fleet total fuel/CO2



## Fuel/CO2 per passenger



## Fuel per trip



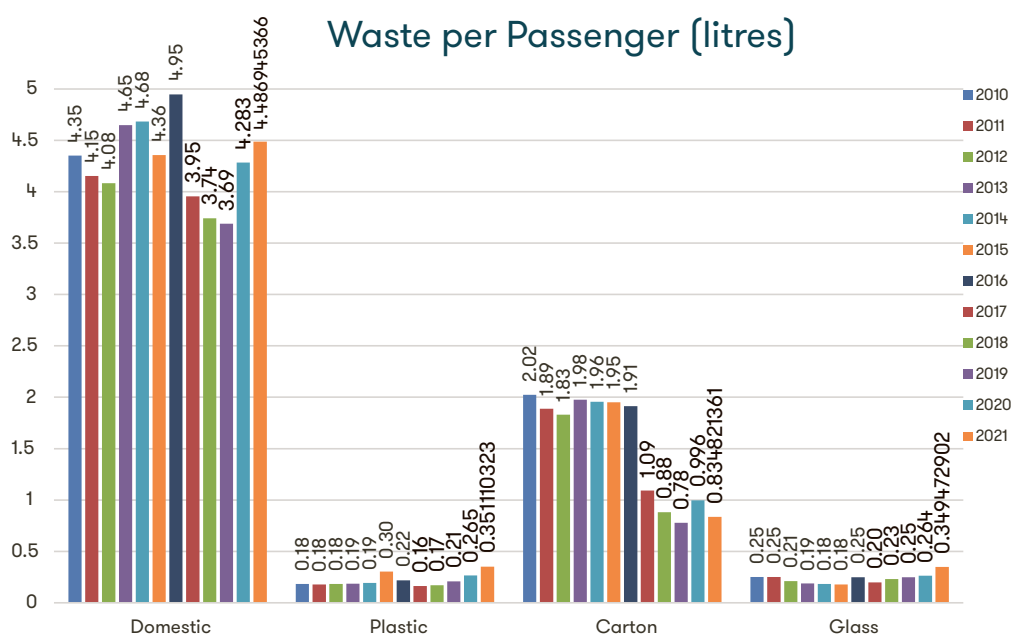
## Waste

The relative amount of waste per passenger has increased in two recent years due to the COVID-19 global pandemic, which has caused a significant decrease in passenger numbers. Some routes have been suspended (e.g. Riga-Stockholm) and some operated over a limited period of time with reduced passenger capacity in order to increase safety of passengers (Tallinn-Stockholm from summer until the end of the year with 1 ship; Helsinki-Stockholm during the summer 1 ship, in autumn-winter 2 ships. On most routes, max passenger capacities reduced throughout the year to allow greater personal distance keeping).

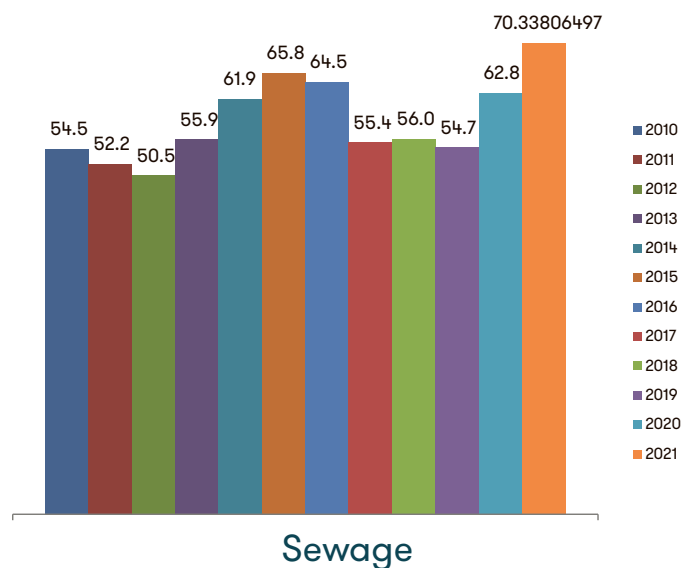
A certain amount of sewage is generated on board of the ships also during lay-up (Isabelle during the whole year, Victoria I, Baltic Queen, Silja Europa, Silja

Serenade, Silja Symphony part of the year) due to the need to maintain the fresh water and sewage systems' integrity and uncontaminated status.

Solid waste per passenger has increased as well. Even though, the increase in these metrics has been relatively moderate. This has been influenced by the fact that the total amount of waste generated on board ships has increased considerably. The biggest factors contributing to solid waste generation are packaging materials (carton, plastic) in the ships' stores and passenger generated mixed waste. The situation needs further analysis due to the forecast that the passenger numbers may take even longer to recover as predicted, hence alternative metrics may be required to be developed for monitoring the environmental performance of the ships in the future.





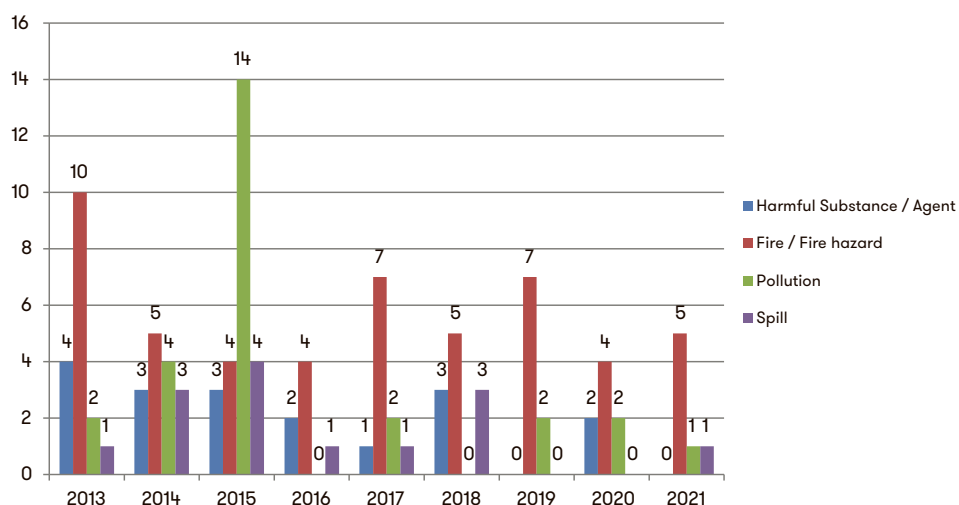


## Environment related incidents

One pollution incident occurred in 2021: Baltic Queen's accidental discharge of sewage into the sea. Circumstances were immediately ascertained, and the Flag Authority was informed accordingly. No official investigation was initiated by authorities as the result. Four Fire / Fire Hazard incidents were recorded in 2021. Three of the four incidents were relatively minor in nature. One Fire incident on board Silja Symphony proved to be quite serious with the possible implications to the ship's safety. Investigation has been performed by the company's insurers.

8 environmental incidents (harmful substance/agent, pollution, fire/fire hazard) were recorded in total in 2021, compared to 9 in 2020, 9 in 2019, 11 in 2018, 12 in 2017, 7 in 2016 and 26 in 2015.

The trend seems to be consistent, considering the limitations on ships' operations and a considerable decrease in the number of trips performed during the year.



## ACHIEVEMENTS AGAINST ENVIRONMENTAL TARGETS IN 2021

Despite the continuing pandemic in 2021, the SMS routines were fully followed on board ships as well as in the offices. Environmental aspects identified by the company were kept up-to-date. Any corrections needed (incl. provisional requirements, e.g. legislation) were implemented and reflected under relevant environmental aspects in due time. All environmental aspects are evaluated based on predefined evaluation criteria. For those categorized as significant environmental aspects, monitoring routines have been established and are strictly followed. All information about indicators based on the significant environmental aspects are recorded on a monthly basis in MSM system electronically.

The routines and procedures of collecting and analysing environmental information are fully implemented in the company. The environmental performance of our ships is monitored over the given period and compared against the previous periods. There might be a need to analyse further and revise those metrics though, as the indicators we have used until now to monitor the environmental performance of our vessels might prove to be incomparable or even misleading in the changed environment we operate in now due to COVID. As our performance has been analysed in relation to the number of passengers transported on board, we have suffered a significant decrease in this respect over the last two years due to the COVID-19 pandemic (-62% in 2020 and additional -21% on 2021). Hence, the used metrics do not reflect the performance and the comparison to previous periods would even prove to be irrelevant.

As is already a well-established routine, the relevant data collection continues in the same way as preparations for the forth monitoring period (covering 2021) have been initiated. As our operations continued to be inflicted by the global pandemic, the significant distortions within our normal routes remained. This has been making reporting the required data under EU MRV Regulation increasingly complicated and time consuming, although the routines used for collecting the relevant data proved to be sufficient with some minor modifications. Based on the summaries prepared at this point, the data provided have proved to be adequate with relatively minor obvious errors. Reporting routines have been followed in all cases, but

the comprehensive monitoring is still required in order to identify any inconsistencies as early as possible. BOQA Fleet Performance Monitoring system (by FleetRange) is working, but the data collected through this system is insufficient for full compliance with the monitoring requirements and with the level of detail required. The main objective still shall be the development of adequate fuel consumption measuring capability. Adequate measuring will form a solid base for further automation of data collection and the reporting routines as much as possible in the future. Nevertheless, even the fully automated systems will need supervision, monitoring, and correction of any errors which will inevitably occur. Extensive development and considerable investment is still required before we can start using this system as our primary reporting tool, until then, considerable human resource will need to continue to be used to meet the reporting requirements.

A surveillance visit under company's ISO 14001 certificate was performed by the auditors in May. As the new certification period started in 2020, the audits are performed once a year to cover the company's office and some ships based on a sampling plan. During the last surveillance visit Megastar was audited along with the office. No nonconformities or observations were identified, although there were a few comments and improvement suggestions made, which we took fully into account when improving our Environmental Management System.

In 2021, our ships using the ports in Stockholm, Tallinn and Helsinki (South Harbour), were connected to the High Voltage Shore Connection (HVSC) and were using shore power while berthed. This project is ongoing to develop this solution to be used by additional ships (Megastar, Silja Europa), enabling them to use HVSC in Tallinn. Some remaining technical issues have been resolved by now and the work is in its final stages.

In the autumn, the issue with the increased cost of energy, including electricity emerged like never before. Considering the obvious electricity shortage on local markets as well as all over Europe, Tallink Grupp made a decision, with agreement from the relevant port authorities, not to use shore power while berthed in these ports. Current fuel prices (especially LNG) along with the increased electricity prices, cause Tallink increased concern about future recovery scenarios of the economy, as well as the wider transport sector. The taxation policies of the use of shore power are also still to be revised, in order to provide some incentives for the shipowners to use it while berthed, instead of using the ship's auxiliary engines for power generation.

Port of Tallinn has completed the installation of an auto-mooring system on quay 5 in the Tallinn Old City Harbour, which is exclusively used by Tallink's shuttle ships Star and Megastar. Today, the auto-mooring equipment is used in both ports, Helsinki and Tallinn.

Our partnership with E-Marine continued in 2021. The optimization of HVAC systems on Silja Symphony, Baltic Princess and Galaxy are still ongoing. Preliminary assessment based on HVSC energy usage of Silja Serenade compared to Silja Symphony indicate promising results in favour of Silja Serenade. This gives us confidence that the energy efficiency improvement project with E-Marine is successful and worth rolling out wider across our fleet. The progress and verification of actual improvement will be monitored closely during the coming periods.

All incidents reported, including environment related incidents, were reviewed on a regular basis to verify the corrective and/or preventive actions. Incident categories remain unchanged during the period.

IMO DCS: The third IMO DCS monitoring period started on 1 January 2022 and ended on 31 March 2022. Aggregated ship-specific information is available already under the same routines as for EU MRV Regulation but there are specific reporting requirements to be followed. We have still partnered with RINA which is acting on behalf of all Flag State Authorities of our ships. After the data will be verified by RINA, the latter will forward the required information to IMO and will issue relevant Statement of Compliance for ships.

We managed to complete the initial surveys of Inventory of Hazardous Materials (Regulation (EU) 1257/2013, EU SRR) in due time. All ships have relevant Statements of Compliance available on board. Maintenance and updating of the IHM still proves to be a major challenge for ships. There are several activities already made in informing our suppliers about the requirements of the EU SRR. Even though the acceptance or availability of the required documents requires significant effort from our ships' officers responsible for making orders. Unfortunately, there are cases where even after several notices made, the ships are still unable to get the required documents from suppliers. The company continues to make a concerted effort to ensure full compliance with the mandatory requirements of EU SRR.

## ENVIRONMENTAL GOALS FOR 2022

Monitoring of the data, collected under identified Significant Environmental Aspects on a monthly basis, continues as before. The information will be analysed and compared against previous periods considered the specifics of those periods. Nevertheless, we will also dig deeper into the metrics we have used until now, because the same metrics might not represent adequately the new reality we find ourselves in. Hence, there may be a need for new metrics to be developed in order to measure our performance.

We continue to analyse the collected data and any deviations and incidents which might influence our environmental performance will be thoroughly investigated with relevant corrective/preventive actions taken.

We maintain and develop our Environmental Management System in order to improve continuously its performance and comply fully with all relevant legal and other obligations. The company's EMS will maintain its certified status.

MRV Regulation: The fourth reporting period had to be successfully completed by the end of April 2022. The ship-specific aggregated data for 2021 was presented to Verifavia already in January.

Few remaining modifications of the ship specific MRV MP's are to be finalized after the reporting has completed. Collection and maintaining the information required by the MRV Regulation continues as per defined routines. We have reached the understanding with Verifavia to maintain the process of reporting the ship-specific aggregated data as in previous years.

IMO DCS: the third data collection period is completed. For the third period we partnered with RINA who provide us with the data verification services on behalf of all relevant Flag Administrations. Aggregated ship-specific information has already been forwarded to RINA. Deadline for completion was end of March 2022.

There is a major work ahead of us considering the adopted IMO short-term measures in MEPC 76 in June 2021. These requirements are yet to be approved on MEPC 78 in June 2022 and the requirements are planned to enter into force in November 2022. The biggest development is related to the introduction of two separate measures which are proposed to reduce the GHG emissions from shipping. First, Energy Efficiency Design Index for Existing Ships (EEXI) is introduced as a one-off exercise to ascertain that the ship is below target value (Attained EEXI < Reference EEXI). The time frame for complying with this is extremely tight, considering that some of the ships might not achieve the required level and therefore will

require some modifications. EEXI Technical Files have to be composed and approved by RO by 1 January 2023.

In addition, to that there is an introduction of a Carbon Intensity Indicator (CII), which divides ships into classes from A to E. This requirement includes modifications to existing SEEMP and will be based on the data collected under IMO DCS. Nevertheless, the work with CII will continue year-on-year with the requirements forecasted to become stricter over the coming years. This might turn out to be increasingly challenging and can become burdensome financially as well as technically, requiring a constant reassessment of resources needed to achieve the intended results and improvement.



## TALLINK PARTICIPATES IN THE PROJECT TO REDUCE NUTRIENT EMISSIONS FROM MARITIME TRAFFIC

“ Tallink participates in the project headed by the Baltic Sea Action Group (BSAG) to reduce nutrient emissions from maritime traffic. Tallink participates in the study by providing wastewater samples from passenger ferries, which are tested for their nutrient and bacteria content.

### The project involves shuttle vessels Megastar and Star

Starting from early January 2021, wastewater samples were taken from the grey water of Megastar and Star operating on the Tallinn-Helsinki route, and taken to MetropoliLab Oy for lab testing. Over a number of weeks, numerous grey water samples were collected from both vessels to obtain a comprehensive sample of wastewater.

For years already, Tallink Grupp has been following a strict zero tolerance policy on unloading wastewater into the sea – this means that no amount of waste and grey water is unloaded into the sea.

The black water (toilet waste) and grey water (domestic and washing-up water) are collected on Tallink and Silja Line vessels and during port stays are unloaded directly into municipal sewer system from where they go on to wastewater treatment plants for treatment.

### About the project Grey waters in maritime traffic

Currently, all vessels are legally permitted to unload their grey waters, treated black waters and food waste directly into the Baltic Sea. Responsible shipping companies offering regular maritime traffic services in the region, have long been exemplary in their operations and leave their wastewater and food

waste in ports. Unfortunately, the bulk of other vessels moving through the Baltic Sea still unload their food waste and wastewaters directly into the sea.

Wastewaters and food waste are a source of excess nutrients, bacteria and microplastics in the sea. Nutrient emissions further contribute into eutrophication,



which is the paramount environmental issue of the Baltic Sea. Due to climate change, eutrophication is worsened, the most visible consequence of which is blue-green algae which plagues the sea water every summer.

The project includes a study of the bacteria and nutrient content of the vessels' grey and black waters. The study includes various shipping companies operating in the Baltic Sea, both passenger and cargo vessels.

The project promoting responsible maritime traffic led by the BSAG, entitled “Responsible Management of Grey Water and Food Waste in the Baltic Sea” is a two-year project and receives funding from the European Maritime and Fisheries Fund's Finnish Operational Program 2014–2020.

Find out more about the project: <https://www.bsag.fi/en/action/grey-waters-in-maritime-traffic/>



## LOOKING AFTER RESOURCES, PROMOTING CIRCULARITY

As a major user of resources, both in the Baltic Sea region and also wider, Tallink recognises its role in driving forward best practices and developing new principles in the area of responsible consumption and use of resources.

As set out in Tallink Grupp's sustainability strategy and goals, the company focuses on identifying and using, where possible, locally sourced and produced products, raw ingredients, produce and, additionally, where possible, sustainably sourced or produced products. The vast majority of the company's food products used on board and on shore are sourced within the home markets or as close to the home markets as possible. This serves two purposes: supporting local produces and local production, and, at the same time, reducing the transport footprint of the produce sourced.

When working with global suppliers, the company has set out in its tender invitations that in case the offers by different suppliers/offerers more or less match in price, the company will always prefer the proposal from the tenderer whose products are more environmentally friendly, sustainable and responsible. This way, gradually, Tallink is also driving a culture change among its supplier community.

In addition to a gear change in Tallink's supply chain and purchasing principles, we continued to make strides ahead in 2021 in embedding the principles of circular economy throughout the business. We are yet to put clear measurement in place regarding the reduction of waste, both overall and across the group, but anecdotal evidence across the group is abundant with everything even marginally usable being shared out to circular economy partners and contacts across Estonia, Finland and Sweden and every department in the company now having the "re-use and re-cycle before landfill" mindset.

We also continue to work closely with our partner ports around the Baltic Sea, holding regular discussions about increasing the reuse and recycling of the various types of waste collected from Tallink Grupp vessels. In Tallinn, our waste management partner via the Port of Tallinn is the port's subsidiary Green Marine, according to whose calculations the percentage of the following types of waste sent to reuse and recycling is the following:

**Paper and cardboard – 100%**

**Plastic packaging – 100%**

**Wood packaging – 95%**

**Combined material packaging – 100%**

**Metal packaging – 100%**

**Glass packaging – 100%**

**Biodegradable food waste – 100%**

**Cooking oil and grease -100%**

## EMBEDDING CIRCULAR ECONOMY PRACTISES – BALTIC SEA BLUE

Textiles from Tallink hotels and vessels that would previously have been sent to waste or used as rags, were collected in 2021 and handed over to Estonian designer and upcycling enthusiast Xenia Joost, who turned the bed sheets and duvet covers into dresses, shirts, skirts and much more, creating a new collection „Baltic Sea Blue“ as a result, which was highlighted at the Tallinn Fashion Week as one of the exemplary sustainable fashion projects of the year.



# II Social



# LOOKING AFTER PEOPLE

## Our colleagues

Number of active employees (31.12.2021)

<b>TOTAL</b>	<b>4 402</b>
<b>Service</b>	<b>2721</b>
<b>Technical</b>	<b>848</b>
<b>Sales&amp;Marketing</b>	<b>483</b>
<b>Administration</b>	<b>350</b>

**53% male / 47% female  
employees across group**



**53%**

**47%**

**133 women in a leading position,  
with Management Board  
40% female / 60% male**



**60%**

**40%**

During the year 2020, Tallink Grupp's workforce had been reduced nearly by half, as a result of severe restrictions on our operations and business, the inability to restore our operations due to the travel restrictions and the need to reorganise work for the foreseeable future. If pre-Covid, our workforce was over 7,200 colleagues, then by the end of 2020, this number had reduced to just below 4000. Throughout 2021, as operations slowly restarted even if still amid the different waves of COVID, we were able to call back to work many of our devoted colleagues who we had had to say goodbye to temporarily in 2020, and our ranks comprised just over 4400 colleagues once again at the end of the year across Estonia, Finland, Sweden, Latvia, Russia, Germany and, by now, with the addition of Burger King restaurants in the Baltics, also in Lithuania.

During 2021, our main focus from the people point of view was naturally safety from the COVID virus and its various mutations. Tallink worked closely with national authorities throughout the year, looking for opportunities to provide COVID testing and vaccination closer to its employees and passengers. In April, the company launched a COVID antigen testing service on board its Tallinn-Helsinki route shuttle vessels and later in the year the service was also brought on board its Tallinn-Stockholm route vessel. Additionally, the company supported the national vaccination drives in Estonia, making vaccination available for all its staff at the workplace and also carrying out vaccination on board its shuttle vessels Star and Megastar during the two national COVID vaccination campaigns. The result was Tallink leading the way with employee vaccination rates in Estonia with more than 90% of the company's

Estonian employees being vaccinated by autumn 2021. By providing the testing and vaccination service on its vessels, Tallink ensured safe transport between the Baltic Sea countries during 2021.

The company further supported its employees in adapting to working remotely and the changing work environment in 2021, with clear policies and communication regarding the opportunities and responsibilities of home and office work and, most importantly, safety at work, when working at offices and other company locations, such as ships, hotels, restaurants, etc.

In 2021, a mental health helpline was officially implemented in Estonia and is now in place on a continuing basis. Mental health support has been available in the company's other markets through local healthcare systems and insurance for many years already.

In November 2021, we funded the health checks of Tallink Estonia male employees as part of a national campaign "Pikema Sõpruse Päev" (The Day of Prolongued Friendships) and, in partnership with the Estonian Cancer Association, offered Tallink Estonia female workers the opportunity to get breast cancer screening free of charge.

As a multinational company, Tallink highly values and supports diversity and has zero tolerance for any form of discrimination. The Group regularly trains its employees on human rights issues and, in partnership with regional NGOs and authorities, educates its staff on diversity, equality and human rights topics.

The Group's own gender and nationality mix is a great example of diversity with a gender mix of 53% male, 47% female across the Group, and a Management Board mix of 60% male, 40% female. The remuneration of positions has been agreed in collective bargain agreements and is the same for the same position within ships' and hotels' job-families for both men and women. The same principle applies to Burger King restaurants and large job-families of the support organisation. The remaining positions are not comparable, hence no salary gap comparison is possible.

Despite an unprecedented decrease in revenues and suspension of operations, the Group honoured its support and sponsorship agreements signed in previous years in 2021 as well, providing vital lifelines to other struggling sectors, such as sports and culture. The Group continues to support environmental protection, circular economy, children and young people, and sports in all its markets.







## Training

Tallink Grupp continues to offer in-house training to its employees through Tallink Training centre, which has been licenced and operating as a training venue since 2015 and by now offers 13 different regular training courses to our colleagues. In 2021, the training modules of Safety Equipment and the Leader of the Life Raft, and trainings for vessels using LNG as ship fuel, were added to the training courses list. Additionally, the Training Centre received a further education licence from the Estonian Ministry of Education and Science to offer annual further training to the company's security personnel. A total of 250 training sessions were carried out by the Tallink Training Centre in 2021, with a total of 2005 participants. The majority of the trainings provided were the compulsory seafarers trainings required by the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, mandatory for all

maritime workers and as a result of which our maritime workers are issued with internationally recognised certificates. In addition, several trainings in the areas of customer service and other further trainings were carried out. From 2021, the Tallink Training Centre is also licenced and carries out mandatory maritime base level trainings for crew members of vessels operating under the Finnish flag. In 2021, 70 Finnish crew members took part in and completed trainings in the centre.

In addition to trainings carried out by the Tallink Training Centre, the centre mediates the certification and renewal of required certificates of all the company's seafarers with our certified training partners. More than 300 colleagues took part in training courses organised by our certified training partners in 2021. In 2021, we continued to develop also our e-learning environment with all the key training programmes, courses and modules now also available online and as a self-study option.

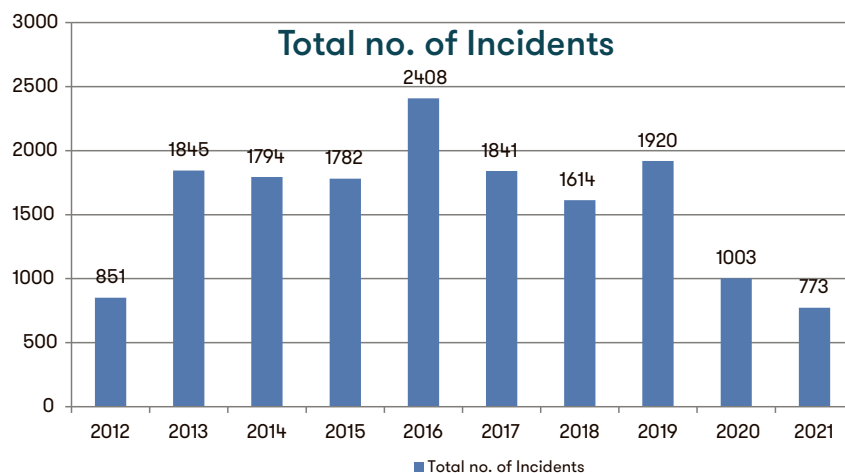




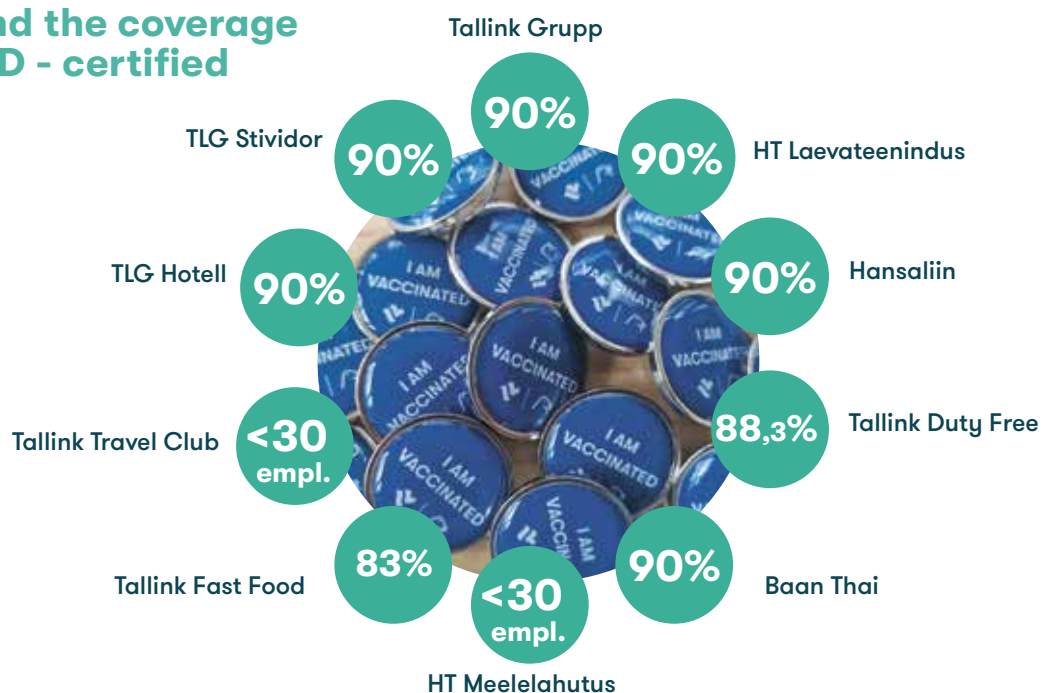
## TALLINK TALKS

In spring 2021, in order to further broaden the horizons of our colleagues, particularly at a time when many were forced to work from home or were temporarily laid off, we launched a new information and knowledge sharing series „Tallink Talks“. The series is a Ted-X style series of short online presentations from inspirational speakers from all walks of life – tourism sector leaders, futurists, coaches, sleep experts and so much more. The aim of the talks is to provide colleagues with information on what is happening in

the world, but also mental health support at a time of limited personal contacts, anxieties about the future and many personal challenges. The first series of the talks was held in spring 2021, the second in autumn 2021 and the third series in winter 2022. With hundreds of participants across the markets to date, the series is growing in popularity, is now established and will continue to provide interesting content and ideas for our colleagues also in the future.



## Employers and the coverage of their COVID - certified employees



## OUR CUSTOMERS

At Tallink Grupp, we have always said and continue to say that „Customers are at the heart of everything we do“. In the uncertain times that we live in, this is again more important than ever. Although we continue to focus on providing amazing travel experiences, an element of positive surprise and wonder with every journey and customer contact, they key area of focus in 2021 was on customer safety and well-being.

Significant efforts were made throughout the year to ensure travelling with our vessels and staying in our hotels remained safe. For this, development of contactless services, new medical services like COVID testing, more options for the customers were sought and developed and brought on board and on shore. The result – with no outbreaks of the virus despite restored services and increased passenger numbers – speaks for itself. Our crew and staff on shore have done a tremendous job keeping people and goods moving without jeopardising anyone's health and safety in the process for well over two years now in extremely challenging conditions.

## NPS

Despite all our efforts to sway customer opinions towards the positive, our overall NPS score in 2021 was lower than in 2020, with the results more similar to 2019. The impact of open-and-closed services due to intermittent travel restrictions, cancellations of services as a result, are probably behind some of the lower NPS scores, with some further disappointments resulting from services being pared back and offered on a more basic level at a time of limited passenger numbers. Overall attitudes changed in 2021 with customers' grateful attitude for possibility to travel in 2020 changing to tiredness and desire to return to 'normal life' and 'normal service' and when that didn't happen, disappointments followed.

We continue to work hard to improve the services and scores again on a daily basis now that the COVID pandemic is showing signs of retreating.



## CONTACT CENTRE AND CUSTOMER SERVICES

Lessons about handling and changing bookings during these turbulent Covid times, were already learned in 2020. Great emphasis was placed on smooth customer processes in handling changes with the main goal to continuously keep our customers' satisfaction high. As summer is the time for vacations and travelling, contact volumes peaked in July but there was a total of 20% decrease in total call volumes compared to a year before.

The last two years have been challenging for everyone in Tallink and it has been crucial to find sources of efficiency in all teams. One of the key focuses during 2021 was the transformation of customer related activities from Finland to Estonian teams. Agents in Estonia were trained to handle business customers as well as customer feedbacks in addition to private customers contacts that we already handled before. Significant time was invested in training both professional skills as well as increasing top knowledge in Finnish.

### TALLINK CONTACT CENTRE OFFERS SUPPORT TO ESTONIAN AUTHORITIES

Until April 2021 Tallink Contact Center continued our co-operation with Synlab Contact Center by adding our contribution to fighting with the corona virus. From November 2020 to April 2021 a total of 45 000 calls were received on our phone lines.

In addition to that, we had the honor to provide our service to Tallinn City Government in booking vaccination times to Sõle Sports Center and Tondiraba Icehall when mass-vaccinations started in spring 2021. A total of 9300 calls were received on our phone lines over a 4-day period alone.

## QUALITY MANAGEMENT

As the year was strongly influenced by the Covid19 restrictions, many of the traditional service monitoring and quality training programs were limited or postponed. During previous years Tallink Grupp has conducted large scale mystery shopping programs and actions in order to monitor service standards and routines onboard and in the land-based restaurants. In 2021 we conducted 33 service quality check-up cruises with our own service advisers. Focus was on the basic: greetings and noticing of customers.

Two major requirements characterized Tallink Grupp's customer service goals in 2021: greeting /noticing the customer and staff being proactive. Each of the service monitoring cruises completed with quality improvement workshops. 380 service frontliners participated in the service workshops onboard. As the very same set-up of service standards applies also for onshore services, all Tallink Grupp's Burger King restaurants were quality-observed twice during the year.

In 2021 many of the regular services were cancelled or offered with limitations. However, even during the deepest slow-downs our service philosophy was clear – we need to offer the best that we have and do it in the best way. All service quality summaries were discussed with employees and supervisors. Those service units that scored low in service quality areas were offered to set up action plans and additional workshops in order to fix shortcomings.

Tallink Grupp strongly believes – today even more than previously – that quality, and service quality in particular, is a competitive advantage. Training our staff, educating the managers and monitoring business activities onboard and onshore was and continues to be constantly in focus. The accessible customer satisfaction feedback clearly presents that the quality of service is connected not only to the higher loyalty of our customers, but also willingness to recommend Tallink Grupp and its different brands to one's friends and relatives. And most importantly – a satisfied customer usually becomes a returning customer, a loyal customer.

## TALLINK DONATES OVER 600 MATTRESSES TO LÄÄNE-HARJU COUNTY ORGANISATIONS FOR CHILDREN AND VULNERABLE ADULTS

600 mattresses left over from the COP26 Climate Conference, taking place in Glasgow, Scotland in November 2021, accommodation charter on vessel *Romantika* were donated for a good cause. The mattresses were shared between various social care establishments and children's facilities across one of our key sustainability partners, Lääne-Harju county.

„Please accept our sincerest thanks for thinking of us with this donation! Such large-scale conferences always mean using many items that are only used short-term and then left over. As a green county we strongly feel that usable items in good condition should be reused, and therefore, we are extremely grateful to you for the mattresses and will certainly find new owners and homes for all of them,“ Marju Piirsalu, Lääne-Harju county, Estonia.





## CLOTHES AND SHOES FOR THE HOMELESS FROM TALLINK SILJA OY WAREHOUSES

Tallink Silja Cargo department in Helsinki, Finland made a cloth and shoe donation together with HTG to Hietaniemenkatu service center, which provides services for the homeless. (HTG is a sister company of Tallink Silja Oy and provides stevedoring services).

In January 2021, cleaned the warehouses and found some old trousers, gloves and shoes, which were still in good shape. They were left unnecessary and the cargo department wanted to donate them

somewhere. In total, 25 pairs of summer and winter shoes, 15 pairs of trousers and 10 pairs of gloves were found and donated to the service center of the homeless.

The cargo department had made a donation to the same destination in the past. The clothes and shoes were donated to Hietaniemenkatu service center in Helsinki, where the clothes and shoes are distributed to homeless Helsinki residents. The donation is really needed, and the staff of the City of Helsinki was very grateful for the donation. Responsibility is an important part of Tallink Silja's sustainability plan, and even in challenging times, we want to do good whenever possible.







## TALLINK BRINGS COVID TESTING AND VACCINATION SERVICES ON BOARD

In 2021 Tallink Grupp worked closely with and supported the Estonian national authorities during two Covid-19 vaccination campaigns, bringing vaccinations on board its vessels in partnership with medical services providers Confido and Eldred. In addition, Tallink Grupp brought the service of Covid-19 testing on board its vessels and into terminals in partnership with medical services intermediary company Eldred, in order to make travelling easier for passengers at a challenging time.

### Vaccinations on board

Tallink Grupp shuttle vessels – in total 2675

#### Confido

17-19.06.2021	468
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#### Eldred

15.07.2021-19.07.2021	523
29.07.2021-15.08.2021	1211
03.09.2021-12.09.2021, 24.09.2021-27.09.2021	473

Farmatar covid testing on board/in terminal	TOTAL
MEGASTAR	28 095
STAR	27 620
BALTIC QUEEN	7 695
<b>TOTAL</b>	<b>63 410</b>

The Covid years have forced Tallink Grupp to think outside the box, trial new routes and destinations, create new services faster than ever. This has made the company more flexible, fast and agile than ever before.





# III Governance

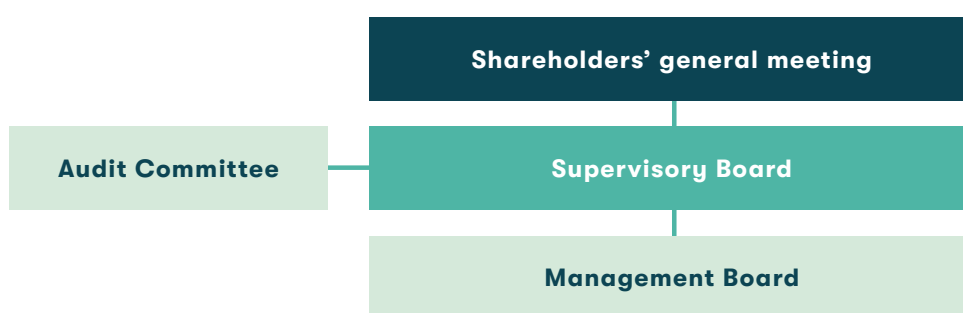
**This report is made in accordance with the Estonian Accounting Act and gives an overview of the governance of Tallink Grupp AS and its compliance with the requirements of the Corporate Governance**

**Recommendations (CGR) of the NASDAQ OMX Tallinn Stock Exchange. The Group follows most of the articles of the CGR except where indicated otherwise in this report.**



## ORGANIZATION AND ADMINISTRATION

Pursuant to the Estonian Commercial Code and the articles of association of the Company, the right of decision and the administration of the Company are divided between the shareholders represented by the shareholders' general meeting, the Supervisory Board and the Management Board. The following diagram represents the governance structure of the Group:



## SHAREHOLDERS' GENERAL MEETING

The Company's highest governing body is the shareholders' general meeting. The primary duties of the general meeting are to approve the annual report and the distribution of dividends, elect and remove members of the Supervisory Board, elect auditors, pass resolutions on any increase or decrease in share capital, change the articles of association and resolve other issues, which are the responsibility of the general meeting by law. According to the law, the articles of association can be amended only by the shareholders' general meeting. In such a case it is required that 2/3 of the participating votes are for it.

Every shareholder or his/her proxy with a relevant written power of attorney may attend the general meeting, discuss the items on the agenda, ask questions, make proposals and vote.

The Group publishes a notice of an annual general meeting and an extraordinary general meeting at least three weeks in advance in a national daily newspaper,

in the stock exchange information system and on the Company's website at [www.tallink.com](http://www.tallink.com). The notice includes information on where the meeting will be held. The agenda of the meeting, the Board's proposals, draft resolutions, comments and other relevant materials are made available to the shareholders before the general meeting on the Company's website and in the stock exchange information system. The shareholders may ask questions before the general meeting by sending an email to [info@tallink.ee](mailto:info@tallink.ee).

The Company has not made it possible to observe and attend general meetings through electronic channels as there has not been any interest in it [CGR 1.3.3].

In the reporting period Tallink Grupp AS held the annual general meeting on 15 June 2021. The meeting was attended by the Management Board members Mr Paavo Nõgene, Mr Lembit Kitter, Mrs Kadri Land, Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout and Mr Margus Schults.



The Supervisory Board members present were Mr Enn Pant, Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Kalev Järvelill and Mr Raino Paron. The meeting was also attended by the Company's auditor. The chairman of the meeting was Mr Raino Paron. The meeting was held in Estonian. The attending shareholders represented 497 278 196 votes, i.e. 74.2% of all votes. The resolutions adopted were: approval of the annual report, approval of net loss and no dividend distribution, amendment of the articles of association, extension of the terms of office of the member of the Supervisory Board, and appointment of an auditor.

## THE SUPERVISORY BOARD

The Supervisory Board engages in oversight and longer-term management activities such as supervising the Management Board and approving business plans, acting in the best interest of all shareholders. No residency requirements apply to the members of the Supervisory Board. The Supervisory Board reports to the general meeting of the shareholders.

The Supervisory Board consists of five to seven members. Members of the Supervisory Board are elected for periods of three years at a time. The Supervisory Board elects one of its members as chairman. For electing a member to the Supervisory Board, his or her written consent is needed. The general meeting of the shareholders may remove any member of the Supervisory Board without a reason. Such a decision requires 2/3 of the votes represented at the general meeting. A member of the Supervisory Board may resign without a reason by informing the general meeting of the shareholders about the resignation.

The Supervisory Board is responsible for supervising the management of the Company and organization of its operations. The Supervisory Board determines the

principles for the Company's strategy, organization, annual operating plans and budgets, financing and accounting. The Supervisory Board elects the members of the Management Board and determines their salaries and benefits.

At present, the Supervisory Board has seven members: Mr Enn Pant – chairman, Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Colin Douglas Clark, Mr Kalev Järvelill and Mr Raino Paron. The members of the Supervisory Board have the knowledge and experience necessary to fulfil their duties in accordance with the Corporate Governance Recommendations and legislation.

The meetings of the Supervisory Board are held according to need, but not less frequently than every three months. The Supervisory Board convened seven times in 2021, during which ten decisions were made, and one decision was made in writing without convening. The Company's operations, development, strategies, targets and budget were discussed.

The members of the Supervisory Board avoid conflicts of interest and observe the prohibition on competition. The Supervisory Board and the Management Board work closely in the best interests of the Company and its shareholders, acting in accordance with the articles of association.

Confidentiality rules are followed in exchanging information.

The remuneration of the Supervisory Board was decided at the shareholders' general meeting on 7 June 2012. Accordingly, the remuneration of the chairman is EUR 2 500 per month and the remuneration of other members of the Supervisory Board is EUR 2 000 per month. There are no other special benefits for the chairman and the members of the Supervisory Board.

**The shareholdings of the members of the Supervisory Board (direct holding and holding via wholly-owned legal entities) at the end of 2020 were as follows:**

NAME	SHARES
Enn Pant	17 868 562
Toivo Ninnas	3 168 770
Eve Pant	781 000
Ain Hanschmidt	3 500 000
Raino Paron	62 500
Colin Douglas Clark	0
Kalev Järvelill	0

**The expiry dates of the terms of office of the Supervisory Board members are as follows:**

NAME	EXPIRATION OF TERM
Enn Pant	14 June 2023
Toivo Ninnas	18 September 2022
Eve Pant	18 September 2022
Ain Hanschmidt	18 September 2022
Raino Paron	18 September 2022
Colin Douglas Clark	18 September 2022
Kalev Järvelill	13 June 2024

## THE MANAGEMENT BOARD

The Management Board is an executive body charged with the day-to-day management of the Company, as well as with representing the Company in its relations with third parties, for example in entering into contracts on behalf of the Company. The Management Board is independent in their decisions and acts in the best interests of the Company's shareholders.

The Management Board must adhere to the decisions of the general meeting of the shareholders and lawful orders of the Supervisory Board. The Management Board ensures, with its best efforts, that the Company complies with the law and that the Company's internal audit and risk management functions operate effectively.

The Management Board consists of three to seven members. The members and the chairman of the Management Board are elected by the Supervisory Board for periods of three years at a time. For electing a member to the Management Board his or her written consent is needed. The chairman of the Management Board may propose that the Supervisory Board also appoint a vice chairman of the Management Board, who fulfils the chairman's duties in the absence of the chairman. Every member of the Management Board may represent the Company alone in any legal and business matter.

According to the law the Supervisory Board may recall any member of the Management Board without a reason. A member of the Management Board may

resign without a reason by informing the Supervisory Board about the resignation.

At present, the Management Board has five members: Mr Paavo Nõgene – chairman, Mrs Kadri Land, Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout and Mr Margus Schults. Mr Paavo Nõgene is responsible for leading the Board and general and strategic management of the Group, additionally he is responsible for daily operations, restaurant & bar operations, communications, route operations, internal audit and control, procurements, data protection and hotel operations. Mrs Kadri Land is responsible for cargo operations, technical management, safety and security, human resources and regional offices. Mr Harri Hanschmidt is responsible for IT, operational and business development, investor relations, EU funds and new strategic projects. Mrs Piret Mürk-Dubout is responsible for the Group's sales & marketing, customer experience, retail operations, onboard services and corporate social responsibility. Mr Margus Schults is responsible for the Group's finances and regional offices.

Members of the Management Board avoid conflicts of interest and observe the prohibition on competition.

The shareholdings of the members of the Management Board (direct holding and holding via whollyowned legal entities) at the end of 2021 were as follows:

## AUTHORITY OF THE MEMBERS OF THE MANAGEMENT BOARD TO ISSUE AND ACQUIRE SHARES

According to the resolution of the general meeting of 30 July 2020, the Company was granted the right to acquire its own shares subject to the following conditions:

- 1) The Company is entitled to acquire its own shares within five years as from the adoption of the resolution.
- 2) The sum of the book values of the own shares held by the Company shall not exceed 1/10 of share capital.
- 3) The price payable for one share shall not be higher than the highest price paid on the Nasdaq Tallinn Stock Exchange for the share of Tallink Grupp AS on the day when the share is acquired.
- 4) Own shares shall be paid for from the assets exceeding share capital, then legal reserve and share premium.

The Management Board does not have the right to issue the Company's shares.

## DISCLOSURE OF INFORMATION

The Company follows the CGR in its information disclosure procedures and treats all shareholders equally. All the released information is published in Estonian and in English on the websites of the Company, the Nasdaq Tallinn Stock Exchange and the Nasdaq Helsinki Stock Exchange as well as through the OAM system managed by the Estonian Financial Supervision Authority.

Meetings with investors are arranged on an ad hoc basis as and when requested by the investors.

Following the disclosure of interim reports the Company holds public webinar meetings. The information shared at the meetings is limited to data already disclosed. The Company publishes the times and locations of significant meetings with investors. The presentations made to investors are available on the Company's website. However, the Group does not meet the recommendation to publish the time and

location of each individual meeting with investors and to allow all shareholders to participate in these events as it would be impractical and technically difficult to arrange [CGR 5.6].

## FINANCIAL REPORTING AND AUDITING

Preparation of financial reports and statements is the responsibility of the Company's Management Board. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and relevant Estonian regulations. The Company issues quarterly unaudited interim financial reports and the audited annual report.

The Company's annual report is audited and then approved by the Supervisory Board. The annual report together with the written report of the Supervisory Board is sent for final approval to the shareholders' general meeting.

The notice of the shareholders' general meeting includes information on the auditor candidate. The Company observes the auditors' rotation requirement. To the knowledge of the Company, the auditors have fulfilled their contractual obligations and have audited the Company in accordance with International Standards on Auditing.

For better risk management and control, the Company has established an Audit Committee and an Internal Audit Department. The Internal Audit Department takes part in the process of preparing the annual report. Internal audits are conducted to check that the information presented in the annual report is reliable. The consolidated financial statements for 2021 were audited by KPMG Baltics OÜ. In addition to audit services, in 2021 KPMG Baltics OÜ provided the Group with services that are permissible in accordance with the Auditors Activities Act of the Republic of Estonia.

The tender for audit services was carried out in 2020 and a request for proposals was sent to the four largest audit firms in Estonia. The main evaluation criteria were as follows:

- Time and location of the audit
- International network and competency in the economic sector
- Audit contract and payment terms
- Audited entities

Based on these criteria, the received proposals were evaluated. As a result of the evaluation process, the audit contract was signed with KPMG Baltics OÜ.

The audit fee and the auditor's responsibilities are fixed in an agreement which is concluded by the Management Board. According to the agreement, the fee to be paid to the auditor is not subject to disclosure and is treated as confidential. In the notice of the annual general meeting, the Group publishes the information required by the Commercial Code, which does not include the audit fee.

## THE AUDIT COMMITTEE

The Audit Committee is responsible for monitoring and analysing the processing of financial information, the effectiveness of risk management and internal control, the process of auditing annual and consolidated accounts, and the independence of the audit firm and the auditor representing the audit firm on the basis of the law. The Audit Committee is responsible for making recommendations and proposals to the Supervisory Board.

At present, the Audit Committee has three members: Mr Meelis Asi – chairman, Mr Ain Hanschmidt and Ms Mare Puusaag.

## SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL
Infortar AS	297 572 752	40.0%
Baltic Cruises Holding L.P.	81 971 609	11.0%
ING Luxembourg S.A. AIF Account	44 077 066	5.9%

Related party transactions are disclosed in the notes to the financial statements.

## ANTI-CORRUPTION AND HUMAN RIGHTS

The Group and its management place great emphasis on strong corporate governance principles and transparent business practises. Tallink Grupp operates on a zero tolerance for any form of corruption principle and the Group has been enforcing a clear anti-corruption policy with clear reporting and whistleblowing procedures since 2018.

The Group has adopted an anti-corruption policy describing the group-wide viewpoints for avoiding the corruptive business activities and code of conduct for potential cases of conflict of interests, declaring gifts and reporting integrity concerns. The policy applies to all subsidiaries of Tallink Grupp worldwide, members of their managing bodies and employees, both permanent and temporary ones, and to all related persons and the members of their managing bodies and employees.

### Conflict of Interest

Every employee of Tallink Grupp carrying out a transaction on behalf of the company is obliged to report upon the occurrence of a potential conflict of interest by using a specific form on the Group's insider page.

### Gift Declaration

By making, giving or taking the gift or offering hospitality and entertainment every employee should always follow that the gift is not given with the purpose or perspective to influence or determine the deciding process of the receiver or other activities.

The Anti-Corruption Policy sets a requirement to declare gifts set at the value of 50 euros. No Gifts exceeding the value of 100 euros per individual shall be offered, provided or accepted without approval from the Group's Management Board. The gifts are declared by using a specific form on the Group's insider page.

### Integrity Concern Report

Companies with more than 250 employees in the European Union shall comply with the new EU Whistleblower Protection Directive which Member

States had to implement into national law by 17 December 2021. The Directive aims to provide common minimum standards of protection across the EU to whistleblowers. The new rules require the creation of safe channels for reporting within an organisation and to public authorities. It also provides protection to whistleblowers against retaliation.

The Group is committed to and promotes honest, open and lawful conduct and invites its employees and other natural persons to report information on actual or suspected wrongdoings on incompliances in the operations of the Group that the person has learned about in relation to the performance of his work or professional duties in the Group or in relation to provision of the services to the Group. The reporting will enable the Group to take the necessary action for the elimination of any existing wrongdoings in a timely manner and for the prevention of occurring of such in the future.

The Group welcomes submission of the Integrity Concern Reports also in cases when the information about the actual or suspected wrongdoing was learned while establishing contractual relationship with the Group (such as applying for a job or a service contract etc.).

Any suspicion may be reported in free form description directly to the Head of Tallink Grupp's Internal Audit department either via the e-mail or by using a specific anonymous form on the Group's insider page.

During 2021, no material incidents of material misconduct were notified through nor were there any such investigations ongoing in the company.

### Human rights

We continue to stand up for human rights, which includes taking action to prevent modern slavery and human trafficking in our business and supply chain. We comply with high ethical business conduct in all of our business, and expect our Suppliers to commit to same standards when conducting business and when dealing with its employees, suppliers and customers. The Group's Supplier Code of Conduct reflects the values of Tallink Grupp and sets out the minimum Anti-Corruption and Human Right's requirements which the Group expects its suppliers and their sub-suppliers to adhere to when doing business with Tallink Grupp.





# KEY MANAGEMENT PERSONNEL

## SUPERVISORY BOARD



**Mr Enn Pant**

(born 1965)

**Chairman of the Supervisory Board  
since 2015**

- Chairman of the Management Board from 1996 to 2015, Chief Executive Officer
- Chairman of the Supervisory Board of Infortar AS
- Chancellor of the Ministry of Finance of Estonia from 1992 to 1996
- Graduated from the Faculty of Economics, the University of Tartu, Estonia, in 1990



**Mr Toivo Ninnas**

(born 1940)

**Member of the Supervisory Board  
since 1997**

- Chairman of the Supervisory Board from 1997 to 2016
- Member of the Supervisory Board of Infortar AS
- Served at ESCO (Estonian Shipping Company) from 1973 to 1997 in various positions, Director General since 1987
- Graduated from the Far Eastern High Engineering Maritime College (FEHEMC), maritime navigation, in 1966



**Ms Eve Pant**

(born 1968)

**Member of the Supervisory Board  
since 1997**

- Member of the Management Board of Infortar AS
- Graduated from the Tallinn School of Economics, Estonia, in 1992



## Mr Ain Hanschmidt

(born 1961)

**Member of the Supervisory Board  
since 2005, also from 1997 to 2000**

- Chief Executive Officer of AS Infortar
- For years he served as Chairman of the Management Board of AS SEB Eesti Ühispank
- Graduated from the Tallinn Polytechnic Institute (Tallinn University of Technology), Estonia in 1984



## Mr Kalev Järvelill

(born 1965)

**Member of the Supervisory Board  
since 2007**

- Member of the Supervisory Board of Infortar AS
- Member of the Management Board of Tallink Grupp AS from 1998 to 2006
- General Director of the Estonian Tax Board from 1995 to 1998
- Vice Chancellor of the Ministry of Finance of Estonia from 1994 to 1995
- Graduated from the Faculty of Economics, the University of Tartu, Estonia, in 1993



## Mr Colin Douglas Clark

(born 1974)

**Member of the Supervisory Board  
since 2013**

- Managing Director and Head of Central & Eastern Europe, Middle East and Africa for The Rohatyn Group
- Formerly a Partner of CVCI Private Equity, from 2003 to 2013 until the merger of CVCI with The Rohatyn Group in December 2013
- Director of the Supervisory Board of Prestige
- Worked from year 2000 in Citigroup Inc.'s leading emerging markets projects financing team
- Worked for the Bank of Scotland in Edinburgh in various positions
- Holds a Bachelor's degree in Accountancy and Management from the University of Dundee (Scotland)
- Member of the Institute of Chartered Accountants of Scotland



## Mr Raino Paron

(born 1965)

**Member of the Supervisory Board  
since September 2019**

- Head of Banking & Finance and EU & Competition practice groups in the law firm Raidla Ellex
- Member of the Management Board of Finance Estonia
- Member of the Supervisory Board of Inbank AS
- Partner and attorney-at-law at law firm Ellex Raidla since 1998
- Chairman of the Supervisory Board of the Arbitration Court of the Tallinn Stock Exchange
- Graduated from the University of Tartu, Estonia in 1990 (cum laude) and from Georgetown University, USA in 1993 with a LL.M degree (Master of Laws) with honours.



## MANAGEMENT BOARD



### Mr Paavo Nõgene (born 1980)

#### **Chairman of the Management Board since May, 2018**

- Secretary-General of the Ministry of Culture of the Republic of Estonia from 2013 to 2018
- General Manager of Vanemuine Theatre in Estonia from 2007 to 2012
- Chairman of the Supervisory Board of the Art Museum of Estonia
- Graduated from the University of Tartu, Estonia, in 2012 with a degree in Journalism and Communications



### Mrs Kadri Land (born 1964)

#### **Member of the Management Board since February 2019**

- Has been working for the Group since 2005 and, during that time, has held several senior positions within the organisation, including the roles of a Member of the Management Board between 2012 and 2015, and since 2016 the role of the Head of the Group's Global Operations and Logistics
- Member of the Supervisory Board of AS Tallinna Lennujaam and Chairwoman of the Supervisory Board of Tallink Silja AB
- Member of the Management Board of the Swedish Maritime Employers' Association and Member of the Management Board of the Swedish Chamber of Commerce in Estonia
- Graduated from the Faculty of Chemistry and Physics, the University of Tartu, Estonia, in 1987



### Mr Harri Hanschmidt (born 1982)

#### **Member of the Management Board since February 2019**

- Has been working for the Group since 2009 and has held positions of Head of Investor Relations and Head of the Finance Department among other roles
- Since 2015 has held the position of the Group Head of Strategic Projects
- Worked in various roles in Estonian IT sector organisations prior to joining Tallink Grupp
- Holds a Master's degree in Business Informatics from Tallinn Technical University since 2008

## **Mrs Piret Mürk-Dubout** (born 1970)

### **Member of the Management Board since April 2019**

- Prior to joining the Group, worked in Tallinn Airport where held the position of Chief Executive Officer and Chairman of the Management Board since 2016
- Worked in several senior positions in Telia Company group companies between 2010 and 2016
- Holds an Executive Master of Business Administration degree from the Estonian Business School, a diploma in Jurisprudence from the University of Tartu, and a Master's degree in Media & Communications from the University of Tartu



## **Mr Margus Schults** (born 1966)

### **Member of the Management Board since April 2021**

- Has been working for the Group since 2008, has held position of Chief Executive Officer of Tallink Silja Oy since 2009, including the roles of a member of the Supervisory Board of Sally
- AB and Managing Director of Tallink Silja GmbH
- Worked in SEB between 1994 and 2008 in leading positions, including as a member of the Management Board of SEB Estonia
- Member of the Main Council of the Helsinki region Chamber of Commerce, Deputy Chairman of Finnish-Estonian Trade Association, Member of the Board of the Finnish Shipowners' Association, Member of the Supervisory Board of WWF Finland (World Wildlife Fund)
- Holds a PhD degree in Technology, Electronics from Tallinn University of Technology





# 2021 Financial information

*The audited consolidated financial statements together with the notes, which form an integral part of the financial statements, are disclosed in the Tallink Grupp Audited Annual Report of 2021, available at [www.tallink.com/investors](http://www.tallink.com/investors).*

## KEY FIGURES

For the year ended 31 December	2021	2020	2019
Revenue (EUR million)	476.9	442.9	949.1
Gross profit/loss (EUR million)	21.7	-43.5	196.9
EBITDA (EUR million)	58.3	8.0	171.1
EBIT (EUR million)	-37.0	-92.6	74.9
Net profit/loss for the period (EUR million)	-56.6	-108.3	49.7
Depreciation and amortisation (EUR million)	95.3	100.7	96.2
Capital expenditures <sup>1</sup> (EUR million)	20.2	100.1	60.9
Weighted average number of ordinary shares outstanding	694 444 381	669 882 040	669 881 045
Earnings/loss per share	-0.08	-0.16	0.07
Number of passengers	2 961 975	3 732 102	9 763 210
Number of cargo units	369 170	359 811	379 634
Average number of employees	4 360	6 104	7 270
As at 31 December	2021	2020	2019
Total assets (EUR million)	1 585.9	1 516.2	1 533.0
Total liabilities (EUR million)	893.4	801.9	710.1
Interest-bearing liabilities (EUR million)	779.9	705.1	577.9
Net debt (EUR million)	652.4	677.3	539.0
Net debt to EBITDA	11.2	84.2	3.1
Total equity (EUR million)	692.5	714.3	822.8
Equity ratio (%)	43.7%	47.1%	53.7%
Number of ordinary shares outstanding	743 569 064	669 882 040	669 882 040
Equity per share	0.93	1.07	1.23
Ratios	2021	2020	2019
Gross margin (%)	4.5%	-9.8%	20.7%
EBITDA margin (%)	12.2%	1.8%	18.0%
EBIT margin (%)	-7.8%	-20.9%	7.9%
Net profit/loss margin (%)	-11.9%	-24.5%	5.2%
ROA (%)	-2.4%	-6.1%	4.8%
ROE (%)	-8.2%	-14.1%	6.0%
ROCE (%)	-2.8%	-7.2%	5.7%
Current ratio	0.6	0.4	0.5

<sup>1</sup> Does not include additions to right-of-use assets.

**EBITDA:** result from operating activities before net financial items, share of profit or loss of equity-accounted investees, taxes, depreciation and amortisation

**EBIT:** result from operating activities

**Earnings per share:** net profit or loss / weighted average number of shares outstanding

**Equity ratio:** total equity / total assets

**Shareholder's equity per share:** shareholder's equity / number of shares outstanding

**Gross margin:** gross profit or loss / net sales

**EBITDA margin:** EBITDA / net sales

**EBIT margin:** EBIT / net sales

**Net profit margin:** net profit or loss / net sales

**Capital expenditure:** additions to property, plant and equipment – additions to right-of-use assets + additions to intangible assets

**ROA:** earnings before net financial items, taxes 12 months trailing / average total assets

**ROE:** net profit or loss 12 months trailing / average shareholders' equity

**ROCE:** earnings before net financial items, taxes 12 months trailing / (total assets – current liabilities (average for the period))

**Net debt:** interest-bearing liabilities less cash and cash equivalents

**Net debt to EBITDA:** net debt / EBITDA 12 months trailing

**Current ratio:** current assets / current liabilities

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December, in thousands of EUR	2021	2020
Revenue	476 937	442 934
Cost of sales	-455 282	-486 388
<b>Gross profit/loss</b>	<b>21 655</b>	<b>-43 454</b>
Sales and marketing expenses	-29 262	-37 817
Administrative expenses	-45 633	-48 263
Impairment loss on receivables	-99	-128
Other operating income	16 336	37 339
Other operating expenses	-28	-298
<b>Result from operating activities</b>	<b>-37 031</b>	<b>-92 621</b>
Finance income	34	1
Finance costs	-21 921	-17 843
Share of profit/loss of equity-accounted investees	-80	-158
<b>Profit/loss before income tax</b>	<b>-58 998</b>	<b>-110 621</b>
Income tax	2 422	2 313
Net profit/loss	-56 576	-108 308
Net profit/loss attributable to equity holders of the Parent	-56 576	-108 308
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	123	-193
<b>Other comprehensive income</b>	<b>123</b>	<b>-193</b>
Total comprehensive income	-56 453	-108 501
Total comprehensive income attributable to equity holders of the Parent	-56 453	-108 501
Basic and diluted loss per share (in EUR)	-0.081	-0.162

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December, in thousands of EUR	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	127 556	27 834
Trade and other receivables	29 298	25 463
Prepayments	11 924	7 216
Inventories	34 631	28 707
<b>Current assets</b>	<b>203 409</b>	<b>89 220</b>
Investments in equity-accounted investees	165	245
Other financial assets and prepayments	555	2 233
Deferred income tax assets	21 840	20 270
Investment property	300	300
Property, plant and equipment	1 323 353	1 363 485
Intangible assets	36 293	40 448
<b>Non-current assets</b>	<b>1 382 506</b>	<b>1 426 981</b>
<b>TOTAL ASSETS</b>	<b>1 585 915</b>	<b>1 516 201</b>
<b>LIABILITIES AND EQUITY</b>		
Interest-bearing loans and borrowings	244 436	111 601
Trade and other payables	91 687	73 477
Payables to owners	6	6
Income tax liability	47	10
Deferred income	21 734	23 253
<b>Current liabilities</b>	<b>357 910</b>	<b>208 347</b>
Interest-bearing loans and borrowings	535 489	593 518
<b>Non-current liabilities</b>	<b>535 489</b>	<b>593 518</b>
<b>Total liabilities</b>	<b>893 399</b>	<b>801 865</b>
Share capital	349 477	314 844
Share premium	663	663
Reserves	67 930	69 854
Retained earnings	274 446	328 975
Equity attributable to equity holders of the Parent	692 516	714 336
<b>Total equity</b>	<b>692 516</b>	<b>714 336</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 585 915</b>	<b>1 516 201</b>









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