

# CORPORATE GOVERNANCE REPORT 2024

AS TALLINK GRUPP



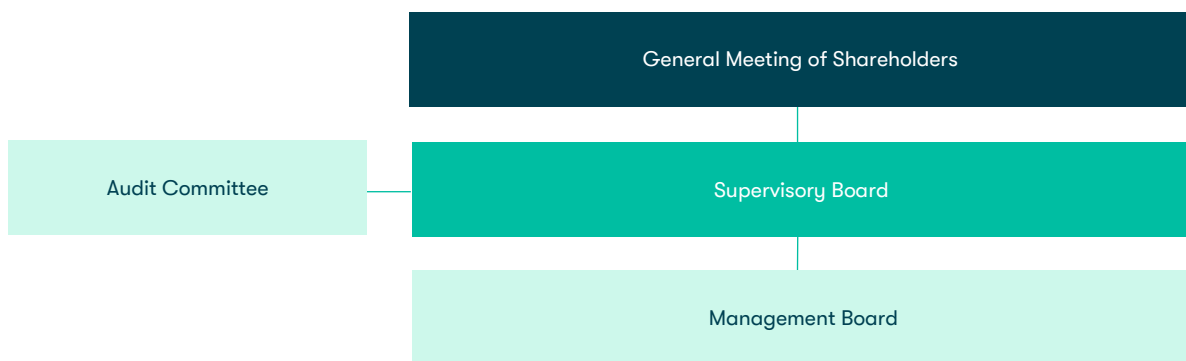
# CORPORATE GOVERNANCE REPORT

This report is made in accordance with the Estonian Accounting Act and gives an overview of the governance of AS Tallink Grupp 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.

## Organisation and Administration

Pursuant to the Estonian Commercial Code and the articles of association of the Company, the right to make decisions and the administration of the Group are divided between the shareholders represented by the General Meeting of Shareholders, the Supervisory Board and the Management Board.

The following diagram represents the governance structure of the Group:



## General Meeting of Shareholders

The Group’s highest governing body is the General Meeting of Shareholders. The primary duties of the General Meeting of Shareholders 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 of Shareholders by law. According to the law, the articles of association can be amended only by the General Meeting of Shareholders. In such a case it is required that 2/3 of the participating votes are for it.

The Annual General Meeting of Shareholders that approves the annual report no later than six months after the end of the financial year is held once a year.

Every shareholder or his/her proxy with a relevant written power of attorney may attend the General Meeting of Shareholders, discuss the items on the agenda, ask questions, make proposals and vote. A controlling shareholder refrains from unreasonably harming the rights of other shareholders, both at

the General Meeting of Shareholders and upon organizing the Group's management and shall not abuse his or her position.

The Group's Management Board determines the agenda of the General Meeting of Shareholders and prepares the draft of the resolution in respect to each item on the agenda to be voted on at the General Meeting of Shareholders. If a General Meeting of Shareholder is called by shareholders, the Supervisory Board or an auditor, the Supervisory Board or an auditor prepares a draft of the resolution of each item on the agenda and submits this to the Management Board. Shareholders whose shares represent at least one-twentieth of the share capital may submit the Company a draft of the resolution in respect to each item on the agenda to be voted on at the General Meeting of Shareholders.

The Company publishes a notice of an Annual General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders at least three weeks in advance in a national daily newspaper, in the stock exchange information system and on the Group'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 of Shareholders on the Group's website and through the information system of the Tallinn and Helsinki stock exchanges. Additionally, the notice of calling the General Meeting of Shareholders is published in daily national newspapers at least three weeks before the meeting date. The shareholders may ask questions before the General Meeting of Shareholders 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).

The Annual General Meeting of Shareholders of AS Tallink Grupp for the financial year 2023 was held on 7 May 2024. The meeting was attended by the Chairman of the Management Board Mr Paavo Nõgene, Management Board members Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout, Ms Elise Nassar and Mr Margus Schults as well as the Chairman of the Supervisory Board Mr Enn Pant and the Supervisory Board members Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Kalev Järvelill and Mr Raino Paron. The Annual General Meeting of Shareholders was chaired by Mr Raino Paron. The meeting was held in Estonian. The attending shareholders represented 571 294 959 votes, i.e. 76.83% of all votes. The Annual General Meeting of Shareholders adopted the following resolutions:

- approval of the annual report,
- approval of net profit and distribution of dividends,
- appointment of an auditor,
- extension of the term of office of a member of the Supervisory Board,
- remuneration of the Supervisory Board,
- amendment of the Articles of Association, and
- approval of the option programme.

## 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 independently 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 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 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 of Shareholders. A member of the Supervisory Board may resign without a reason by informing the General Meeting of Shareholders about the resignation.

The Supervisory Board is responsible for supervising the management of the Group and organising its operations. The Supervisory Board determines the principles for the Group's strategy, organisation, annual operating plans and budgets, financing and accounting. The Supervisory Board elects the members of the Management Board and determines their salaries and benefits.

The Chairman of the Supervisory Board determines the agenda of the meetings of the Supervisory Board, chairs meetings, monitors the efficiency of the work of the Supervisory Board, organises the transmission of information to the members of the Supervisory Board, ensures that the Supervisory Board has enough time to prepare for decisions and to examine information and represents the Supervisory Board in communications with the Management Board.

The meetings of the Supervisory Board are held according to need, but not less frequently than every three months. The Supervisory Board convened four times in 2024, during which 12 resolutions, a written resolution and an opinion of the Supervisory Board were adopted. The Group's operations, development, strategies, targets and budget were discussed and resolutions on the extension of the term of office of the Members of the Management Board were passed. All members of the Supervisory Board attended all meetings during the financial year 2024.

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 Group and its shareholders, acting in accordance with the articles of association. Confidentiality rules are followed in exchanging information. The Management Board and Supervisory Board jointly participate in the development of the operations, objectives and strategy of the Group.

During the financial year 2024, no conflicts of interests arose among the members of the Supervisory Board.

Upon determination of the remuneration of the members of the Supervisory Board, the General Meeting takes into consideration the nature and scope of the duties of the Supervisory Board and the economic situation of the Group.

The remuneration of the Supervisory Board was decided at the General Meeting of Shareholders on 7 May 2024. Accordingly, the remuneration of the Chairman is EUR 12 000 per month and the remuneration of other members of the Supervisory Board is EUR 7 000 per month. There are no other special benefits for the Chairman and the members of the Supervisory Board. No termination benefits are paid to the members of the Supervisory Board upon the termination or non-extension of the term of office.

The General Meeting of Shareholders for the financial year ended on 31 December 2022 and held on 13 June 2023 approved an option programme subject to which the members of the Supervisory Board are entitled to no more than 1 500 000 share options per each member during the option programme. The option programme has a term of 3 years plus a 3-year vesting period.

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 Group does not comply with the requirement that at least half of the members of the Supervisory Board are independent (CGR 3.2.2). An independent member is a person, who has no such business, family or other ties with the Group, an entity controlled by the Group, a controlling shareholder of the Group, an entity belonging to the same group as the Group or a member of a directing body of these entities, that can affect their decisions by the existence of conflicts of interests. Currently, one member of the Supervisory Board is an independent member.

The Supervisory Board consists of six members, elected for periods of three years at a time:



**Mr Enn Pant** (born 1965)

Chairman of the Supervisory Board since June 2015

- Chairman of the Management Board of AS Tallink Grupp (1996 – 2015)
- Chairman of the Supervisory Board of AS Infotrar
- 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 September 2016

- Chairman of the Supervisory Board of AS Tallink Grupp (1997 – 2016)
- Member of the Supervisory Board of AS Infotrar
- 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



**Mrs Eve Pant** (born 1968)

Member of the Supervisory Board since September 1997

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


**Mr Ain Hanschmidt (born 1961)**

Member of the Supervisory Board since September 2005

- Chairman of the Management Board of AS Infortar
- Member of Supervisory Board of AS Tallink Grupp (1997-2000)
- For years served as Chairman of the Management Board of SEB Eesti Ühispank AS
- Graduated from the Tallinn Polytechnic Institute (Tallinn University of Technology), Estonia, in 1984


**Mr Kalev Järvelill (born 1965)**

Member of the Supervisory Board since June 2007

- Member of the Supervisory Board of AS Infortar
- Member of the Management Board of AS Tallink Grupp 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 Raino Paron (born 1965)**

Member of the Supervisory Board since September 2019

- Head of Banking & Finance practice group in the law firm Ellex Raidla
- Member of the Management Board of Finance Estonia
- Member of the Supervisory Board of AS Inbank
- 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

The expiry dates of the terms of office, shareholdings (direct holdings and holdings via controlled legal entities) and share options of the members of the Supervisory Board at the end of 2024 were as follows:

Name	Expiration of term	Shares	Options
Enn Pant	13 June 2026	17 868 562	600 000
Toivo Ninnas	18 September 2025	3 668 770	600 000
Eve Pant	18 September 2025	781 000	600 000
Ain Hanschmidt	18 September 2025	4 719 494	600 000
Raino Paron	18 September 2025	62 500	600 000
Kalev Järvelill	13 June 2027	0	600 000

## 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 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.

To guarantee proper risk management and internal audit the Management Board:

- analyses risks connected with the purpose of the activities and financial objectives of the Group (incl. environmental, competitive and legal risks);
- establishes adequate internal control regulations;
- develops forms for drawing up financial reports and prepares instructions for drawing up these reports; and
- organises the system of control and reporting.

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 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.

Members of the Management Board avoid conflicts of interest and observe the prohibition on competition. Members of the Management Board inform the Supervisory Board and the other members of the Management Board of the existence of a conflict of interests before the conclusion of a contract of service and immediately if such a conflict arises at a later date. Members of the Management Board inform the other members of the Management Board and the Chairman of the Supervisory Board without delay of any business offer related to the Company's business activity made to them, a person close to them or a person connected with them.

The Supervisory Board approves the transactions which are significant to the Company and concluded between the Company and a member of the Management Board or another person connected/close to them and determines the terms of such transactions. During the financial year 2024, transactions concluded between the Group and the members of the Management Board or persons connected or close to them were immaterial.

The Management Board and Supervisory Board co-operate closely for the purpose of better protection of the Company's interests. The Management Board regularly notifies the Supervisory Board of any material circumstances concerning the planning and business activities of the Company, activity-based risks, and the management of such risks. The Management Board separately calls attention to such changes in the Company's business activities that deviate from set plans and purposes and indicates the reasons for such changes. The information is delivered promptly and covers all material circumstances.

The Members of the Management Board and Supervisory Board observe the rules of confidentiality upon organisation of the mutual exchange of data ensuring above all the control over the transfer of price sensitive information. The Management Board also ensures the observance of the rules of confidentiality by the employees of the Company, who have access to such information.

The principles of remuneration of the Management Board are disclosed in the Remuneration Report on page 46.

The Management Board consists of five members elected for periods of three years at a time:



**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

Mr Paavo Nõgene is responsible for leading the Board and general and strategic management of the Group. In addition, he is responsible for daily operations, route operations, administrative services, GDPR, human resources, communication services, hotel management and Tallink Travel Club.



**Mr Margus Schults** (born 1966)

Member of the Management Board since April 2021

- Has been working for the Group since 2008, Group CFO since 2022
- Has held the 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 different 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 the Finnish-Estonian Trade Association, Member of the Board of the Finnish Shipowners' Association
- Holds a PhD degree in Technology, Electronics from Tallinn University of Technology

Mr Margus Schults is responsible for the Group's finances and Finnish operations.





**Mrs Piret Mürk-Dubout** (born 1970)

Member of the Management Board since April 2019

- Managing Director of Tallink Silja AB since August 2024
- Prior to joining the Group, worked at Tallinn Airport where she held the position of Chief Executive Officer and Chairman of the Management Board since 2016
- Worked in several senior positions in Telia Company headquarters and group companies in Stockholm and in Tallinn 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. Has graduated from the Senior Executive Programme at London Business School.
- Vice President of Maritime Affairs at the European Retail Confederation (ETRC)
- Member of Board at Tallinn University of Technology TalTech.

Mrs Piret Mürk-Dubout is responsible for the Group's commercial development and business intelligence, brands development, sales and marketing strategy, customer experience management, travel retail and duty-free operations, onboard services, dining and entertainment concepts development and commercial partnership development. Mrs Piret Mürk-Dubout was responsible for ESG compliance until the end of financial year 2024.



**Ms Elise Nassar** (born 1991)

Member of the Management Board since March 2024

- Has been working in Tallink Grupp since 2018. She has held the positions of Data Protection Officer and Head of Internal Audit during that time
- Since summer 2022 she has held the position of Group Head of Legal and Head of the Internal Audit and Internal Control Departments
- Prior to joining Tallink Grupp, Elise worked as a lawyer at AS Ekspress Grupp, the largest media group in the Baltics
- President of the Estonian Shipowners Association, Member of the Board of Directors at the ECSA European Shipowners.
- Ms Elise Nassar holds a BA in Law from the University of Tartu

Ms Elise Nassar is responsible for cargo operations, logistics, stevedoring, ship management, safety, security, environment, legal services, anti-corruption and procurement. Ms Elise Nassar took over the responsibility for ESG compliance from 1 January 2025.


**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 the Estonian IT sector organizations prior to joining AS Tallink Grupp
- Holds a Master's degree in Business Informatics from Tallinn University of Technology since 2008

Mr Harri Hanschmidt is responsible for information technology, operational and business development, investor relations, EU funds and new strategic projects.

The expiry dates of the terms of office, shareholdings (direct holdings and holdings via controlled legal entities) and options of the members of the Management Board at the end of 2024 were as follows:

Name	Expiration of term	Shares	Options
Paavo Nõgene	2 May 2027	600 000	600 000
Elise Nassar	5 March 2027	10 120	360 000
Harri Hanschmidt	5 February 2028	212 648	600 000
Piret Mürk-Dubout	16 April 2028	5 000	600 000
Margus Schults	29 April 2027	15 000	600 000

## Authority of the Members of the Management Board to Issue and Acquire Shares

According to the resolution of the General Meeting of Shareholders 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 AS Tallink Grupp 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, such as monthly statistics reports, interim reports and the annual report, is published in Estonian and in English on the Group's websites, 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 subject to the financial calendar.

The Group published its 2024 financial calendar on 28 November 2023. The Company does not disclose the date of the notice of calling the General Meeting of Shareholders (CGR 5.2) in its financial calendar since it is decided by the Management Board and Supervisory Board at a later date.

Meetings with investors are arranged on an ad hoc basis as and when requested by the investors. Following the disclosure of interim reports the Group holds public webinar meetings. The information shared at the meetings is limited to data already disclosed. The Group publishes the times and locations of significant meetings with investors. The presentations made to investors are available on the Group'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 Group's Management Board. The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and relevant Estonian regulations. The Group issues quarterly unaudited interim financial reports and the audited annual report.

The Group'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 General Meeting of Shareholders.

The notice of the General Meeting of Shareholders includes information on the auditor candidate. The Group observes the auditors' rotation requirement.

To the knowledge of the Group, the auditors have fulfilled their contractual obligations and have audited the Group in accordance with International Standards on Auditing.

For better risk management and control, the Group has established an Audit Committee and an Internal Audit Department.

The consolidated financial statements for 2024 were audited by KPMG Baltics OÜ. In addition to audit services, KPMG Baltics OÜ provided services to the Group in 2024 that are permissible under the Auditors Activities Act of the Republic of Estonia. The audit fee and the auditor's responsibilities are set out in an agreement concluded by the Management Board. More information about the audit fees is disclosed the notes to the consolidated financial statements.

## 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.

The Audit Committee has three members: Mr Meelis Asi (the Chairman), Mr Ain Hanschmidt and Mrs Mare Puusaag. The members of the Audit Committee are elected for an indefinite term.

The audit committee meets as required but not less than twice a year.

## Substantial Shareholders

On 2 July 2024, AS Infortar, a shareholder of the Group, notified of making a voluntary takeover offer to acquire all shares of AS Tallink Grupp not yet belonging to AS Infortar. As of 9 August 2024, AS Infortar holds 509 092 817 shares of AS Tallink Grupp, which represent 68.5% of the aggregate votes represented by the shares of AS Tallink Grupp. Before the substantial change AS Infortar held 347 696 887 shares of AS Tallink Grupp, which represented 46.8% of the aggregate votes represented by the shares of AS Tallink Grupp.

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