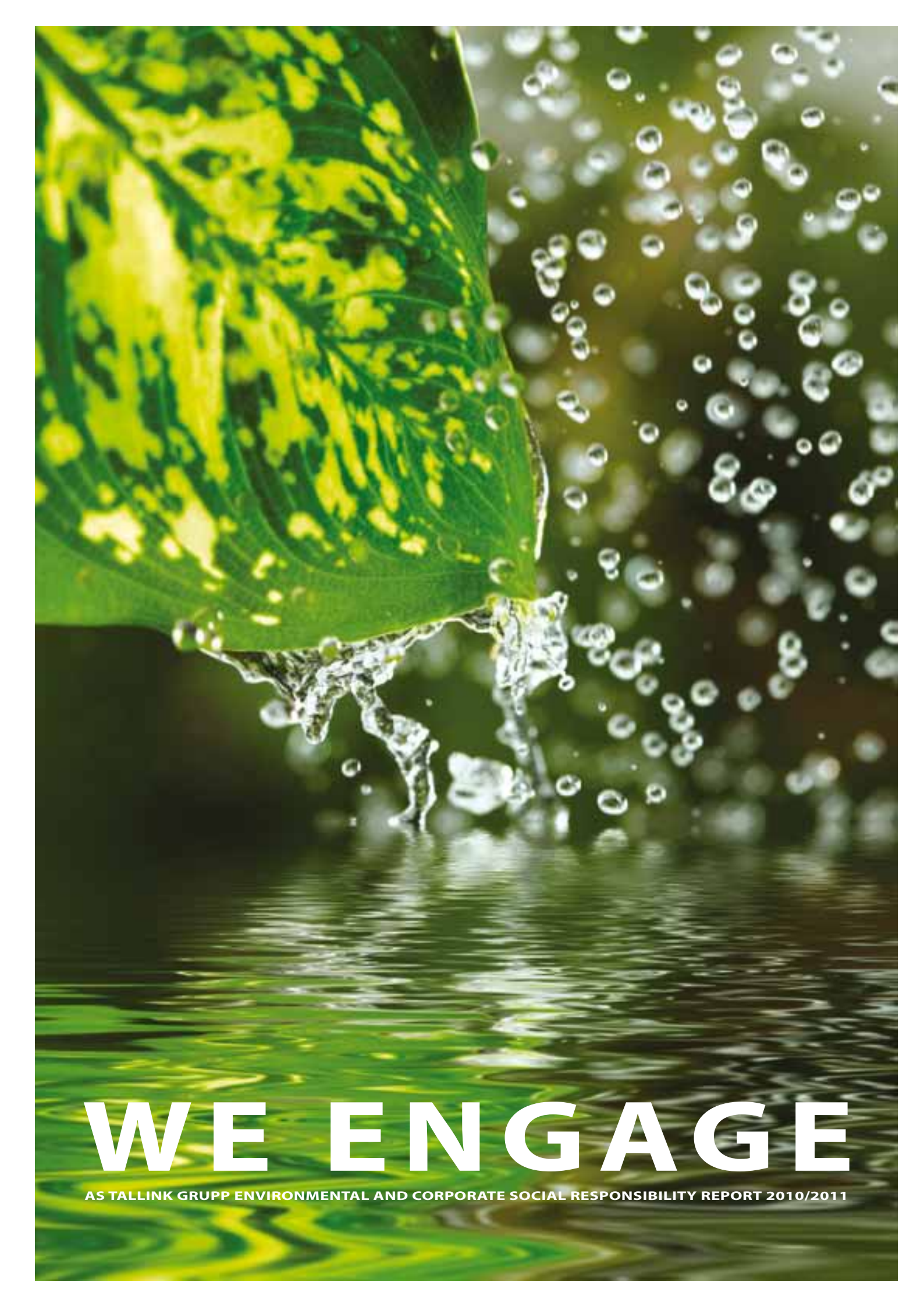




WE ENGAGE

AS TALLINK GRUPP ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY REPORT 2010/2011

WE ENGAGE

AS TALLINK GRUPP ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY REPORT 2010/2011

TABLE OF CONTENTS

CRS IN AS TALLINK GRUPP	4
--------------------------------	---

MARINE TRANSPORT & CSR

Safety and security on the highest level	7
Training exercises as important tools for securing the safety and security of our ships	8
Environmental protection	10
Customer Service	17
Employer status	21

CORPORATE GOVERNANCE

Corporate Governance – Not a Thing-in-Itself	24
Supervisory council and management board as Tallink Grupp	25

ENGAGEMENT

Cooperation	26
Initiatives	28
Charity	30
Sponsorships	32

FINANCIAL REVIEW	35
-------------------------	----

HIGHLIGHTS OF FINANCIAL YEAR 2010 / 2011	37
---	----

VESSELS AND OTHER INVESTMENTS	38
--------------------------------------	----

FLEET	39
--------------	----

CONTACT INFORMATION	42
----------------------------	----



CSR IN AS TALLINK GRUPP

CSR IN AS TALLINK GRUPP

There are many ways to describe the essence of Corporate Social Responsibility. Nevertheless the core message is the same – it is about the sustainable way of operating an organization. This is a principle that the management of AS Tallink Grupp firmly believes in. The following report includes an overview of our CSR strategy with different actions and the values and concerns related to it.

The World Business Council for Sustainable Development has published "Making Good Business Sense" by Lord Holme and Richard Watts, using the following definition:

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

The internal values cherished by our employees are the cornerstones of being a responsible business:

COMMITMENT:

- We are inspired by our common goals and work towards them with dedication and passion.
- We deliver on our promises to customers and colleagues.
- We do that little extra to positively surprise our customers and exceed their expectations.
- We strive for efficiency and economical gain in all our activities to secure sustainable profitability growth for the company.



Diagram by
Mallen Baker

CSR IN AS TALLINK GRUPP

PROFESSIONALISM:

- We serve our customers with care, confidence and integrity in all circumstances.
- We have the courage to give and take responsibility and are accountable for our actions.
- We implement decisions with discipline, follow up on results and learn from the experience.
- We value learning and development and take initiative towards better performance.

COOPERATION:

- We are always available for our customers; we listen to them actively and serve them with respect to their needs and wishes.
- We are honest and loyal towards ourselves, our colleagues, clients, partners and shareholders.
- We build teamwork with colleagues; we help and encourage each other.
- We share our own knowledge and are open to ideas from others.

JOY:

- We believe that results are most important but the process must be enjoyable as well.
- We maintain a good mood and positive atmosphere at workplace.
- We cherish good humor as our tool of communication.

Our mission **“to offer an enjoyable travel experience that exceeds customers’ expectations and makes them want to return”** is carried out by adhering to the characteristic features of the company:

- **Nordic** => environmentally responsible, modern, high quality, good citizen
- **Customer friendly** => professional and pleasant service, flexibility, providing good memories
- **Trustworthy** => committed, safe, reliable, fulfilling promises, responsible, open
- **Leader** => biggest player, innovative, successful, confident, proactive, setting standards, dynamic
- **Familiar** => local for customers on every home market, nearby, easy to reach, important employer on home markets

IMPLEMENTATION

The CSR strategy is a vital and inseparable part of the general business strategy. All units as well as external stakeholders are engaged in following the principles, which have been set as priorities.

The priorities are:

- Safety and security of the highest level
- Environmentally responsible operations
- Responsible employment
- Responsible customer service
- Ethical corporate governance
- Engagement of all stakeholders

AS Tallink Grupp was awarded the Responsible Business Quality Label in 2011.



The official Responsible Business Quality Label is awarded to the organizations whose result in the Responsible Business Index of Estonia proved their high performance in terms of strategic approach to corporate responsibility and well-planned and delivered responsible activities towards local community, natural environment, workplace and marketplace.

The Responsible Business Quality Label is issued by the Responsible Business Forum in Estonia, the Estonian Ministry of Economic Affairs, Estonian Business School and a leading business daily Äripäev.

** Responsible Business Quality Label*



MARINE TRANSPORT & CSR

SAFETY AND SECURITY ON THE HIGHEST LEVEL

The greatest priority for Tallink both on land and at sea is the safety of its passengers, and we shall not hesitate to invest money and time in increasing safety.

Tallink complies with international safety regulations and with the requirements of the ISO 14000 environmental management standard in order to prevent accidents and the presence of danger to people and the environment. Our safety management system is audited every year by the experts of the independent risk assessment organization Lloyds Register, and Estonian, Swedish and Finnish maritime administrations.

Tallink aims to comply with the regulations of the International Maritime Organization (IMO) and to guarantee that our operations are safe for passengers as well as crew members. Since our employees are the key to guaranteeing safety, we are constantly developing their skills by training them. The proper procedure for crew members in emergency situations is practiced in drills and tests which are carefully monitored by inspection authorities.

All our vessels are equipped with life-saving and survival equipment which meets all requirements and is ready for use all day, every day, and all year round. Even so, the crews of Tallink and Silja vessels use their great expertise and long-term work experience, combined with an efficient safety system, in order to prevent the need to ever use the life-saving equipment.

There are a number of very important international regulations to ensure safe and secure passenger shipping. Tallink follows these regulations with the utmost punctuality.

INTERNATIONAL LEVEL

The safety of passenger vessels is regulated by the international convention SOLAS (International Convention for the Safety of Life at Sea, 1974, as modified by the protocol of 1988 relating thereto):

(b) The Contracting Governments undertake to promulgate all laws, decrees, orders and regulations and to take all other steps which may be necessary to give the present Convention full and complete effect, so as to ensure that, from the point of view of safety of life, a ship is fit for the service for which it is intended.

The convention points out several codes that specify the regulatory areas in regards to the safety of passenger shipping, such as for instance the LSA Code, FTP Code, FSS Code and ISPS Code.

The safety of passenger ships is also the topic of the international ISPS Code (International Ship and Port Facility Security Code), with an overview of its contents provided in section A p. 1.2. (Objectives):

To ensure confidence that adequate and proportionate maritime security measures are in place.

ON THE EUROPEAN LEVEL there are a number of additional instruments securing the safety of passenger ships, such as:

- COUNCIL DIRECTIVE 96/98/EC on marine equipment, amended EC 2002/75/EC, with an overview of its contents provided in Article I of the directive:

The purpose of this Directive shall be to enhance safety at sea and the prevention of marine pollution through the uniform application of the relevant international instruments relating to equipment listed in Annex A to be placed on board ships for which safety certificates are issued by or on behalf of Member States pursuant to international conventions and to ensure the free movement of such equipment within the Community.

- COUNCIL DIRECTIVE 99/35/EC on a system of mandatory surveys for the safe operation of regular ro-ro ferry and high speed passenger craft services, with an overview of its contents provided in Article I of the directive:

The purpose of this Directive is to lay down a system of mandatory surveys which will provide a greater assurance of safe operation of regular ro-ro ferries and high-speed passenger craft services to or from ports in the Member States of the Community and to provide for the right of Member States to conduct, participate in or cooperate with any investigation of maritime casualties or incidents on these services.

On the country level safe passenger shipping is regulated by law. In Estonia it is regulated with the Maritime Safety Act, with an overview of its contents provided in Article I of the law:

(1) This Act regulates the seaworthiness of ships, recreational craft and other water craft and their navigability in navigable inland waters, the safety of ships and ensuring the safety of vessel traffic on waterways.

MARINE TRANSPORT & CSR

TRAINING EXERCISES AS IMPORTANT TOOLS FOR SECURING THE SAFETY AND SECURITY OF OUR SHIPS

The Tallink fleet complies with all international and local safety and security requirements.

As safety and security are among our top priorities, Tallink aims to be proactive and achieve the highest level possible in this area. Tallink carries out joint training exercises with the authorities of all flag states and the Russian Federation, including maritime rescue organizations. Every year numerous training exercises of sea- and air rescue, helicopter and other training exercises are carried out on our vessels.

EXERCISES ON BOARD OF OUR VESSELS:

Tallink Grupp follows the SOLAS convention strictly, which acquires the crew members on board passenger ferries to undertake and participate in various drills and exercises. Once a week, on all of our vessels fire drills, testing of operations of the watertight doors and lifeboat drills are carried out. Once every three months emergency steering drills, emergency flooding drills, SOPEP drills and MOB drills are carried out. Additionally, at least every 6 months ship-company's joint exercises take place. The accordance with the convention is additionally controlled by the designated Company, maritime authorities relevant to the ship's flag and host state regularly.

As safety and security are the most important priorities, extra exercises are organized internally and also in cooperation with external partners several times per year.

- Shipboard trainings with lifeboats and life rafts, simulating abandonment of the ship, played to be as lifelike as possible, including lowering of lifeboats to the water and operating lifeboats in water;
- Shipboard trainings in actions to be carried out in case of fire. Training scenarios include smoke diving, using artificial smoke from smoke generators, search and rescue from confined spaces, medical first aid and passenger evacuation;
- Trainings of search and rescue of persons overboard, using ship rescue boats;
- Trainings with helicopter, simulating both helicopter landing and with real helicopters in the trading area. Training scenarios include helipad preparation, preparation of fire-fighting means to be ready for helicopter landing and personal safety measures during helicopter landing;

- Trainings in oil spill prevention and cleanup, using shipboard equipment, placed on board to comply with international legislation;
- Trainings with different parts of shipboard equipment, including operation of watertight doors, operation of ship's fire alarm etc;
- Security trainings, including search and handling of potentially dangerous objects;
- Trainings with numerous shore-based services, including law enforcement, paramedics, EOD, military, rescue, customs and Company. Trainings with shore-based agencies can be divided to major exercises, which take months of preparation and planning, to make all sides, participating, work together smoothly and routine trainings, to practice either co-operation of ship's crew and agency staff in some particular activity or training of shore-based specific activity execution on board a vessel. Major exercises often involve on board Tallink fleet vessels co-operation of agencies of different nations, giving ship crews unique experience in hosting international events.

COOPERATION PARTNER RESCUE WORKS DIVISION OF THE NORTH-ESTONIAN EMERGENCY RESPONSE CENTRE:

According to the Rescue Works Division of the North-Estonian Emergency Response Centre they have had a great and highly productive partnership with Tallink Grupp AS for the past ten years. For example there have been numerous joint training exercises and drills, including introductory training organised for both parties on both older and more modern vessels introduced to the routes by Tallink Grupp AS. By organising training exercises and introductory training it has been possible to gain a better understanding of each other's viewpoints and operating principles. In the initial years it may have been necessary to state at the end of the training that everything did not turn out exactly as expected and in some respects the set objectives could not be achieved, but the current training exercises comprise a considerably wider range of cooperation methods, which combined with the competencies of both sides would enable us to find solutions to large-scale rescue problems demanding more extensive resources.

In resolving accident situations it is vital that the personnel of various response forces would know and understand each other's management structures, response principles, rules and

MARINE TRANSPORT & CSR

basic principles, and based on that information would be able to “speak a common language”, know the capabilities of all involved parties and by utilising these achieve the common aim of rescuing people and ensuring minimal property damage.

A joint training exercise was carried out on December 1, 2010 on the Baltic Queen with the aim of practicing cooperation between various governmental agencies and the crew both on the management and operational levels. The training included onboard fire fighting, rescuing large numbers of casualties, providing first aid onboard and transporting casualties to hospitals, managing evacuation operations of large numbers of panicking passengers and transferring them to the shore. The aims of the exercise were achieved and it provided an excel-

lent opportunity to practice different forms of cooperation in management and actual operations.

Based on this and previous training exercises we can state with conviction that Tallink Grupp AS is an enterprise that puts a high value to safety and activities undertaken to ensure safety in its units, deeming it important and necessary to instil in its staff a serious and responsible attitude and understanding of the issues related to ensuring safety and security.

Mart Sild

North-Estonian Emergency Response Centre
Deputy Head of Rescue Division



MARINE TRANSPORT & CSR

ENVIRONMENTAL PROTECTION

The passenger shipping companies on the Baltic Sea have been paying a great deal of attention on diminishing their environmental impact. This process has been strongly supported by

the International and local authorities and law makers. The co-operation for the sake of the (sea) environment has been based on following main regulation, which Tallink follows very strictly:

Year	Regulation	Regulatory area	Notes
1973	MARPOL 73/78	MARPOL contains 6 annexes, concerned with preventing different forms of marine pollution from ships	State that becomes party to MARPOL must accept Annex I and II. Annexes III-VI are voluntary annexes.
1987	MARPOL 73/78 Annex I	Oil	As of October 2009, 150 countries representing almost 99.14% of the world's tonnage had become party to Annexes I and II.
1987	MARPOL 73/78 Annex II	Noxious Liquid Substances carried in Bulk	
1992	MARPOL 73/78 Annex III	Harmful Substances carried in Packaged Form	As of October 2009 133 countries representing over 95.76% of the world's tonnage have become party to it.
2003	MARPOL 73/78 Annex IV	Sewage	As of October 2009 124 countries representing over 81.62% of the world's tonnage had become party to it.
1988	MARPOL 73/78 Annex V	Garbage	As of October 2009 139 countries representing over 97.18% of the world's tonnage had become party to it.
2005	MARPOL 73/78 Annex VI	Air pollution	As of October 2009 56 countries representing over 46% of the world's tonnage had become party to it. Annex VI created the concept of Sulphur Emission Control Areas (SECA's), where the sulphur content of marine fuels may not exceed 1.5 % as opposed to the 4.5 % general limit applying globally. In Europe the Baltic Sea, North Sea and the Channel are designated SECA's and restriction on fuel sulfur content is being phased in, starting from May 2006.

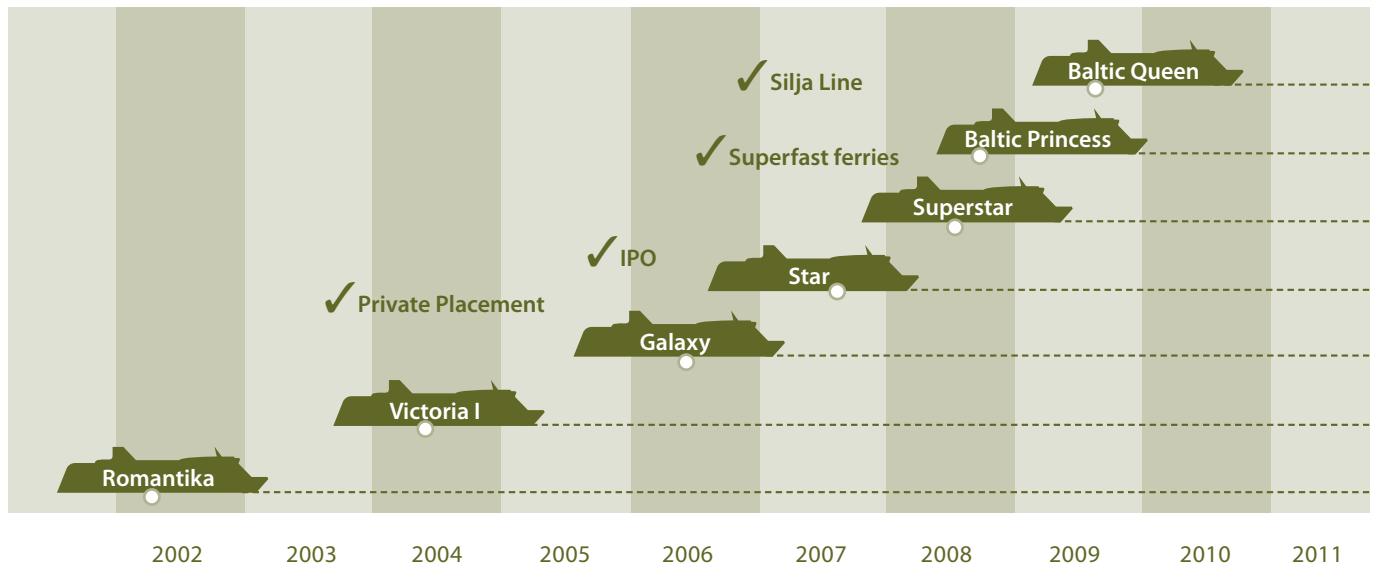
In early 2006, the IMO initiated a review of the MARPOL Annex VI Convention. As a result, in April 2008 the IMO marine environment protection committee (MEPC) decided that the sulphur content of all marine fuels will be capped at 0.5 % worldwide from 2020. The limit will fall in stages to 3.5 % in 2012 and finally to 0.5 % in 2020.

In the SECAs (also covering the Baltic Sea), where the sulphur limit is currently 0.5 - 1.5%, a limit of 1% in 2012 and 0.1% in 2015 were proposed.

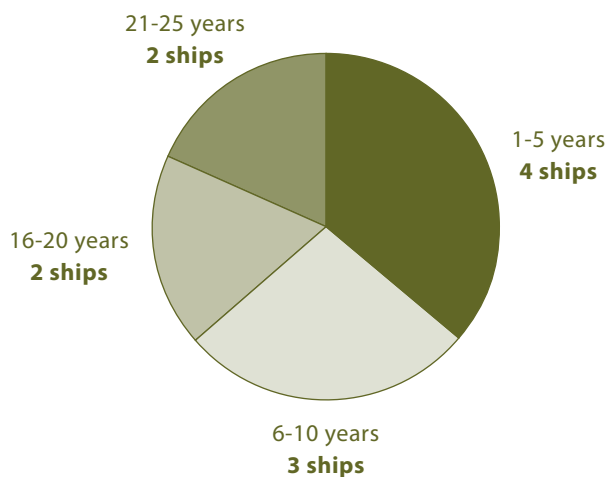
It is clear that although the potential usage of LNG is now a wider topic and there are plans to develop the infrastructure for that, today the passenger ships run on the fossil fuels like heavy fuel oil and diesel like the rest of the transportation sector. The investments made by shipping companies also during last past years into renewal of the fleet have been significant and it would be irresponsible and impossible to forget about this and leave it aside for entirely new solutions. It is crucial to keep the research and new technological solutions in mind to make the fleets of today more efficient and environmentally friendly.

MARINE TRANSPORT & CSR

TALLINK HAS INVESTED INTO RENEWAL OF THE FLEET AS FOLLOWING:



AGE OF PASSENGER SHIPS UNDER OPERATIONS



INTERNATIONAL ENVIRONMENTAL CERTIFICATES FOR AS TALLINK GRUPP

- ISO 14001:2004 environmental 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

The Age of World's fleet*:

Passenger ferries – 21.3 years

Passenger & Cargo ferries – 23.3 years

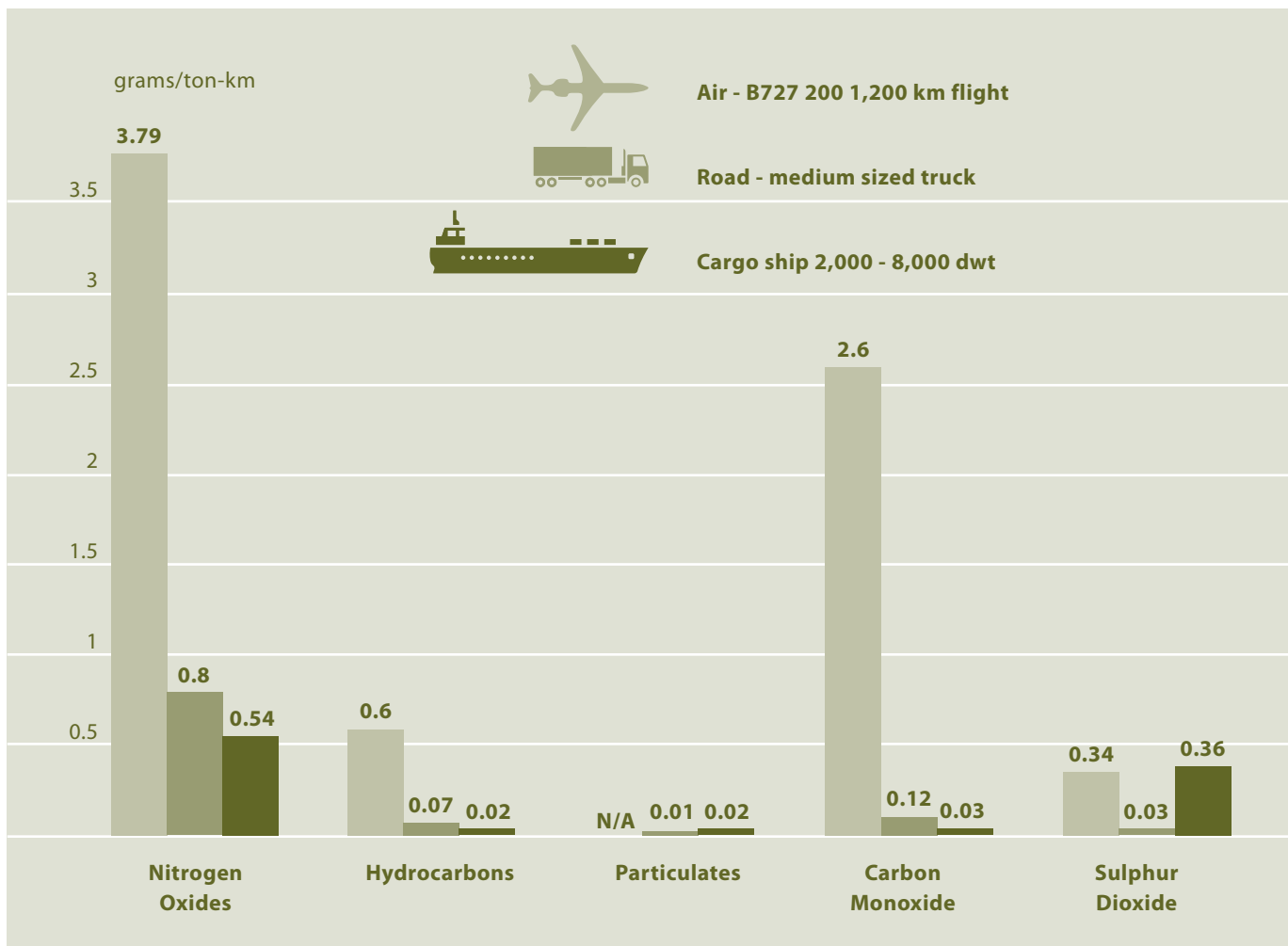
* Source: Institute of Shipping Economics and Logistics 2008

MARINE TRANSPORT & CSR

AIR EMISSIONS

The maritime transportation sector has been utmost conscious and also responsible in regards the environment, taking

especially efficient steps towards producing less air emissions and researching the additional possibilities.



The environmental performance of Tallink's fleet is currently observed and evaluated by the special monitoring program, which also includes the goals set for the near future. Naturally the aim is to further decrease the environmental impact as much as possible and the past 10 years have been very successful for the company by reaching these goals.

One of the major goals is to further decrease the amount of fuel per passenger. This results in lower exhaust gas emissions.

TONS OF FUEL PER PASSENGER HAS DECREASED SIGNIFICANTLY DUE TO RENEWAL OF THE FLEET & OPERATOWS



MARINE TRANSPORT & CSR

Usage of exhaust gas treatment systems in Tallink's fleet has been increasing rapidly due to the goal of diminishing the environmental impact in regards to the air emissions.

SHARE OF PASSENGER VESSELS IN OUR FLEET WITH EXHAUST GAS TREATMENT SYSTEMS



Future possibilities:

1. Usage of scrubbers to diminish the environmental aspect of air emissions. Tallink is in constant contact with the manufacturers to research the possibility.
2. Usage of so-called cold ironing: requires the cooperation with ports. The necessities and questions unanswered include: standards – connections, voltage, frequency; cost of electric power; ship modification costs and harbours monopoly for supply of shore power.
3. Applying of totally new technologies.

WASTE

Tallink has emphasized the importance of the recycling. The handling of the domestic waste which is produced by the ships is also a responsibility we take very seriously. We already sort domestic waste on board our ships as much as is practicable, and in port the waste is transferred into the care of certified waste handlers. That which is used also gets old and broken – that's a given fact. As much as is possible, used spare parts are handed over to certified manufacturers and most of the material is recycled and is largely used all over again in a new format. Therefore the cooperation partners which handle the waste from the ships are chosen very carefully. A good example is the cooperation partner in Port of Tallinn, Green Marine.



Fast ferry Superstar has a special unit on board to gather all catering related waste to be recycled to the bio-fuel.

Today: from general waste 50 % is going to recycling. Most of it is carton, plastic, glass and metal waste.

Dangerous waste is handled with utmost care by following all regulations. 100 % of liquid dangerous waste is going to recycling and 85 % of the solid dangerous waste.

Tomorrow: Green Marine project to separate food waste from domestic garbage to be used as compost – second half of 2012.

MARINE TRANSPORT & CSR

WASTE & OILY WATERS

Waste water is definitely also a problem for the Baltic Sea, as discharging waste water into the sea is officially permitted. Tallink is cooperating with ports to leave waste water and oily water from its ships at the harbour. The waste water is also cleaned on board with modern equipment. To prove our point in protecting the sea's environment in this way, Tallink has also joined the WWF (the World Wildlife Fund) agreement to continue this policy in the future.

CHEMICALS

The chemicals used on board ships to keep them tidy and clean are mostly biochemical and therefore also environmentally friendly.

ANTIFOULING SYSTEMS

Ships built before 2003 have been re-painted with environmentally-friendly paints; and in the case of all newer ships, the principle of environmental friendliness has already been adhered to in their construction. The hulls of Tallink's vessels are cleaned by divers who, when conducting this process, do not use chemicals that are harmful to the environment.

INITIATIVES FOR THE ENVIRONMENT

Research

MarMoni project

Project overall objective: to develop concepts for assessment of conservation status of marine biodiversity, including species and habitats and impacts of various human activities.

The project shall develop innovative monitoring and assessment approach based on joint set of marine biodiversity indicators as well as to test in practice the monitoring and assessment techniques. The project is acting in the Baltic Sea in territorial waters and EEZ of Estonia, Latvia, Finland and Sweden and it is aiming at applying a regional approach for future marine biodiversity monitoring and cross country co-operation when assessing marine biodiversity in the Baltic Sea.

More information: <http://marmoni.balticseaportal.net/wp/>

How is Tallink involved?

Finnish Institute of Marine Research as well as Estonian Marine Institute have measurement equipment units onboard of our vessels, which takes sea water samples in regular time period during sea voyage. Pump unit is connected to GPS so it knows exactly where each sample is taken. We feel it is our duty to help scientists get more information about our Baltic Sea, its miracles and problems.

Additionally we are involved in the awareness rising part of the project by intermediating materials to millions of our passengers and thousands of our employees regarding the state of the Baltic Sea and the plans to improve its environmental status.



ENVIRONMENTAL PROTECTION IN AS TALLINK GRUPP

AIR:

- Tallink is hunting down opportunities which will allow it to do more for the sake of the environment and that is why the company is using only low-sulphur fuel, investing more in using fuels which have an even lower sulphur content than that which is already required. This helps to further decrease the exhaust fumes which are produced by ships.
- The company is also using fuel supplements to decrease the soot percentage in exhaust fumes in order to make them less harmful to the environment where air quality levels are concerned.
- The catalytic converters (and other exhaust gas treatment equipment) in ships are also important tools in contributing to environmental care. Catalytic converters are the most effective means of reducing NOx levels in exhaust fumes, with an achievable reduction level of up to 90-99%.
- Tallink uses only certified spare parts in order to guarantee the best working results in combination with environmental safety.

LAND:

- Optimising energy consumption in office buildings and hotels
- Offices in harbour areas decrease the necessity for driving
- Electronic documentation system helps to diminish paper usage
- Printer cartridges are refilled
- Usage of recycled paper
- We prefer suppliers and contractors who apply environmental standards
- Sorting domestic waste on board
- Cooperation with certified and approved manufacturers
- Usage of spare parts produced by certified manufacturers
- Recycling

SEA:

- High safety standards - In Tallink's operations, securing the safety of people, the environment and property comes first. The objective of Tallink's Safety Management System is to ensure that the valid rules and requirements set out by the IMO maritime authorities (the International Maritime Organisation), various certification bodies, and other maritime organisations, as well as their applicable regulations and standards, are adhered to.



- The modern technical systems on board new ships are built in a way which allows them to contribute in providing the very safest of voyages and maintain a clean sea and air environment.
- Tallink is cooperating with ports to leave waste water and oily water from its ships at the harbour. The waste water is also cleaned on board with modern equipment.
- The chemicals used on board ships to keep them tidy and clean are mostly biochemical and therefore also environmentally friendly.
- Ships built before 2003 have been re-painted with environmentally-friendly paints; and in the case of all newer ships, the principle of environmental friendliness has already been adhered to in their construction.
- The hulls of Tallink's vessels are cleaned by divers who, when conducting this process, do not use chemicals that are harmful to the environment.



MARINE TRANSPORT & CSR

CUSTOMER SERVICE

Tallink Grupp had the record number of 9.1 million passengers this year, showing that the increase in our passenger volumes has been sustainable and strong. We value highly the trust put in us by our passengers.

TALLINK CUSTOMER CARE IN 2010/2011

Number of passengers across six countries:	9.1 million
Calls to the customer service number:	2.3 million
Total length of calls to the customer service number:	147 902:20:42 minutes
Number of e-mails handled:	180 303
Visits to the Tallink ferry booking engines:	over 11 million (3.6 mil in 2009/2010)
Visits to all Tallink Group web pages in total:	23 million (19 mil in 2009/2010)

JURISDICTION AND MARITIME BUSINESS

The tourism and transportation sector is very thoroughly regulated in order to ensure fair and good quality services to the customers. We take those regulations seriously and do even more to make our passengers feel safe and at home in our hotels and on board our ships.

Here is a selection of EU directives with guidelines to the member states about taking care of customers.

- Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive')
- Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees
- Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts
- Council Directive 90/314/EEC of 13 June 1990 on package travel, package holidays and package tours
- Pending regulation No 117/2010 of the European Parliament and of the Council concerning the rights of passengers in waterborne transport.

We have already implemented the majority of the very important rules in that regulation as this has been necessary to take care of our passengers. Some examples:

- non-discriminatory treatment and specific assistance free of charge for disabled persons and persons with reduced mobility both at port terminals and on board ships,
- minimum rules on information for all passengers before and during their journey, as well as general information about their rights in terminals and on board ships,
- establishment by carriers and terminal operators of complaint handling mechanism available to passengers.

Other, IMO regulations on the carriage of passengers include the FAL Convention (Convention on Facilitation of International Maritime Traffic) and the PAL Convention (Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974) with amendments.

At national level the legislation on consumer rights includes the following:

- Consumer protection act regulates the offering and sale, or marketing in any other manner, of goods or services to consumers by traders, determines the rights of consumers as the purchasers or users of goods or services, and provides for the organisation and supervision of consumer protection and liability for violations of this Act.
- Law of Obligations Act providing the framework applied to all contracts, focusing on certain specific types of contracts, including contracts of sale and carriage of passengers.
- Commercial Code (requirements concerning goods and services and the sale and provision of those.)
- Alcohol Act provides special requirements for the handling of alcohol, restrictions on the consumption of alcohol, the organisation of supervision over compliance with the special requirements and restrictions, and liability for violations of this Act.
- The Tobacco Act provides among others the requirements for handling tobacco products, limitations on sponsorship and restriction of sales promotion for tobacco products, and the restrictions and limitations of the consumption of tobacco products.
- Personal Data Protection Act provides the conditions and procedure for the processing of personal data ensuring the protection of personal data.
- Tourism Act (about package travel.)

MARINE TRANSPORT & CSR



- The Advertising Act establishes general requirements for advertising, restrictions on advertising and their extent, and special conditions for advertising, regulates supervision over advertising and establishes liability for violation of this Act.
- Food Act provides the basis for the handling of food, presentation of information to consumers, consumer health protection.

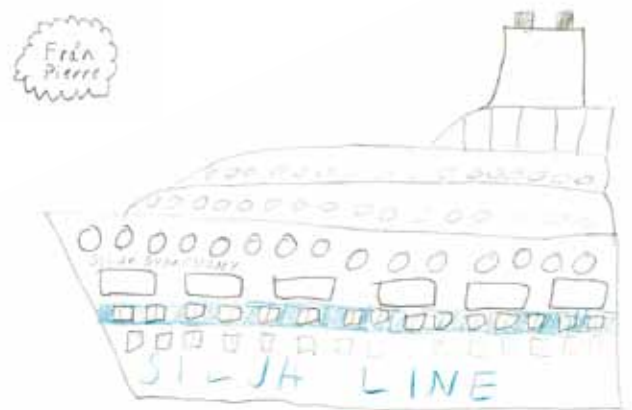
CUSTOMER SATISFACTION IS A SIGNIFICANT PRIORITY

• Why is it important to monitor customer satisfaction?

Customer satisfaction gives us important feedback on the products we offer and services we provide, but also about our marketing campaigns. By consistent monitoring of customer satisfaction we can find out which part of our offerings is more important for our customers and what are the issues we should pay more attention to. Data analysis provides the input for investment and marketing decisions, but also for managing the daily operation of our ships.

• How and for what purpose are the results used?

Ships monitor customer satisfaction surveys for their daily operations to make prompt decisions on eliminating shortcomings and improving service quality. The marketing department uses the data for monitoring consumer preferences, analysing marketing performance and as a basis for developing action plans. This also applies to other departments of our company. The management uses the data for setting long-term strategic guidelines.



MARINE TRANSPORT & CSR

• **Can you see any positive developments as a result of these?**

Customer satisfaction is an important success factor for our company, helping us to focus our activities to achieve our common aims. In cooperation with various units we have been able to offer our customers the features they value most when taking a trip by the sea: safety, the appearance and cleanliness of the ship, a pleasant atmosphere on board and the professional expertise of customer service staff.

According to the latest survey, the main strengths of our operations are:

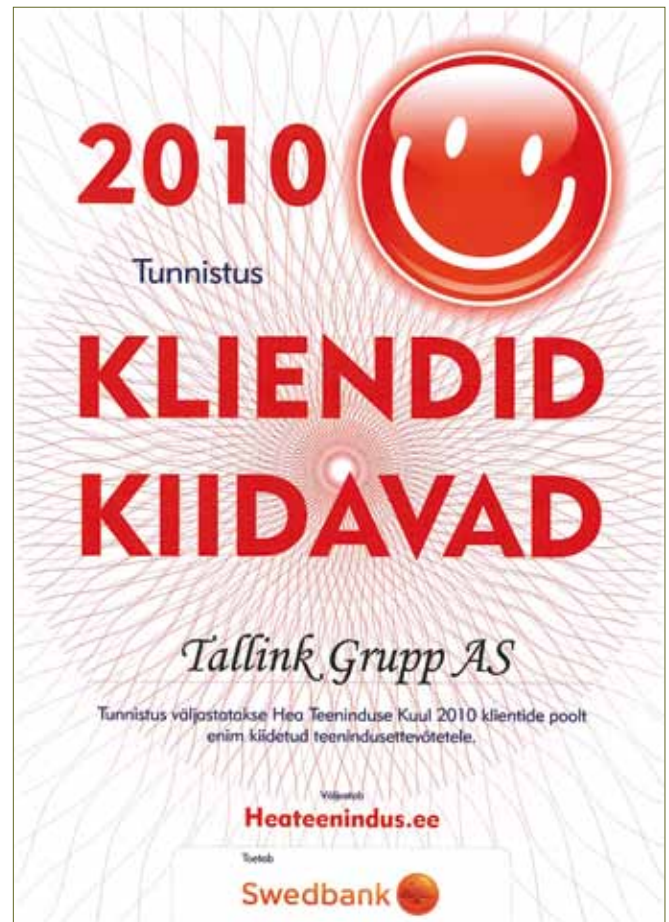
- Taking care of passenger safety
- Appearance of ships and cleanliness
- Professionalism and cheerfulness of onboard staff
- Staff service in fine dining restaurants and pubs
- Fine dining and seafood restaurants
- Overall atmosphere in entertainment places

AWARDS

- **The 2011 Top 500 report by Deloitte ranks** the 500 largest companies in Central Europe based on their turnover in 2010, including three Estonian companies. The Estonian companies included in the ranking list of the 500 largest companies in Central Europe as to their turnover were Tallink (229th place), Eesti Energia (244th place) and Baltic International Trading (326th place) operating in fuel wholesale.



- The world leading consumer magazine Reader's Digest nominated the Silja Line lines belonging to Tallink as the **most trustworthy cruise operators in Finland both in 2010 and 2011**, respectively for the seventh and eighth time consecutively.
- In Estonia Tallink was also one of the companies listed in the campaign "**Kliendid Kiidavad**" (Praise the Customer Service) in 2010.
- According to the TNS Emor brand rankings survey Tallink ranks fifth among the most popular brands in Estonia (2012).



MARINE TRANSPORT & CSR

TALLINK SILJA THE WINNER OF GRAND TRAVEL AWARD 2012

Grand Travel Award 2012 announced Tallink Silja as the winner of the award "The Best Shipping Company of the Year". Among 1200 travel agency sellers, Tallink Silja won the award for the seventeenth time in their category. Grand Travel Award was held for the twentieth year in a row and is the travel agencies yearly gala, arranged by the Swedish travel magazine Travel News.

The annual Swedish prestigious Travel Business Award Gala "Grand Travel Award" took place at the 5 star Grand Hotel in Stockholm city centre on the 22nd of February gathering several hundreds of Swedish travel business representatives from different Travel business branches.

As usual the awards were divided in different categories, whereas the best shipping company was one of them. The nominees in this category on the 20th anniversary of the Grand Travel Award Gala 2012 was Tallink Silja, Viking Line and Stena Line.

The winner is nominated by the jury members from the Travel News magazine editorial staff and eight head managers in the travel business. After that - more than 1 200 Swedish travel agency sellers give their vote and for the seventeenth time in the Grand Travel Award history, Tallink Silja was named as the best shipping company in Sweden.

The jury motivation was:

"Tallink Silja has developed the business with new ferries and destinations and is putting a lot of effort into marketing".

In a comment to the prestigious price Tallink Silja Managing Director Kadri Land said:

Grand Travel Award is a very honorable and important price among the travel business. We are very proud to be chosen for this honor for the seventeenth time in row. We see this as a strong verification of good products, strong brands and high quality. Therefore we want to thank everyone who voted for Tallink Silja.



MARINE TRANSPORT & CSR

EMPLOYER STATUS

Tallink is the largest ferry company in the world as to the number of employees. We employ almost 7,000 people in six countries. Every day all our employees do their best to earn

the trust of our customers and our company is working hard to ensure that the staff has a good working environment, high quality conditions and a smile to wear to work every day.

On 31 December 2011 the Group employed 6,610 employees (6,715 on 31 August 2010).

	31.12.11	31.08.10	Change
Onshore total	1,467	1,529	-4.1%
Estonia	776	767	1.2%
Finland	445	496	-10.3%
Sweden	172	196	-12.2%
Latvia	60	55	9.1%
Germany	6	9	-33.3%
Russia	8	6	33.3%
At sea	4,565	4,648	-1.8%
Hotel*	578	538	7.4%
Total	6,61	6,715	-1.6%

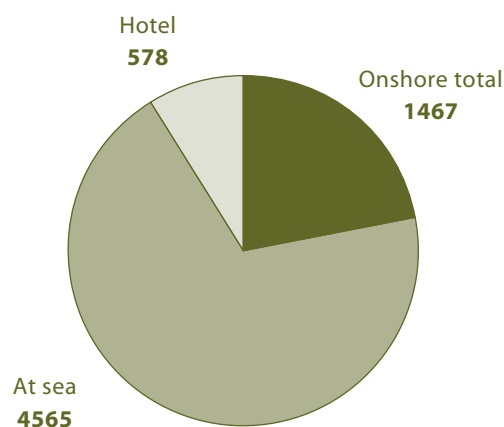
* The number of hotel personnel is not included in the total number of onshore personnel.

The most important conventions concerning working relations between employer and employee in the maritime sector are the following:

ILO conventions:

- C147 - Merchant Shipping (Minimum Standards) Convention, 1976 (No. 147) **Convention concerning Minimum Standards in Merchant Ships (Entry into force: 28 Nov 1981)**
- C108 - Seafarers' Identity Documents Convention, 1958 (No. 108) **Convention concerning Seafarers' National Identity Documents (Entry into force: 19 Feb 1961)**
- C053 - Officers' Competency Certificates Convention, 1936 (No. 53) **Convention concerning the Minimum Requirement of Professional Capacity for Masters and Officers on Board Merchant Ships (Entry into force: 29 Mar 1939)**
- C023 - Repatriation of Seamen Convention, 1926 (No. 23) **Convention concerning the Repatriation of Seamen (Entry into force: 16 Apr 1928)**

EMPLOYEES IN AS TALLINK GRUPP (2010/2011)



IMO conventions

- **1978 STCW Convention** (amended 1995) (**Standards of Training, Certification and Watchkeeping**) concerning the basic requirements on training, certification and watch-keeping for seafarers.

The convention also sets standards in regards to securing equal conditions for employees of both genders etc. Setting aside the strict requirements to the status of health of the potential employees, everybody has equal possibilities in Tallink.

MARINE TRANSPORT & CSR

Average age of personnel on board	40.5	
Average age of personnel ashore	39.4	
	% ashore	% onboard
20 or younger	0.90	2.10
21-30	13.7	19
31-40	9.5	12.8
41-50	5.97	14
51-60	4.97	12.2
61 or older	1.1	3.76
male % ashore		26.8%
male % onboard		44%
female % ashore		73.2%
female % onboard		56%

* on bases of employees in Estonia

TRAINING

The aim of organizing training courses is to offer the employees of the company new know-how and skills in accordance with the goals of the company, to shape attitudes that would correspond to the organizational culture, to promote experience in teamwork and to support the personal development of employees. The efficiency of the company's training activities is ensured by their systematic and central coordination, which guarantees their comprehensiveness. Training plans are drawn up in accordance with the company's strategy, the needs of the target groups and the feedback received from customers.

Some of the major training projects carried out in AS Tallink Grupp during the years 2009 and 2010/2011 are:

- HIV prevention seminars on Estonian-flagged ships by SA Terve Eesti. The voluntary seminars have been organized in order to promote awareness about the illness, but also to prevent prejudice and misinformation among the staff.
- Mystery shopping on ships of both brands.
- Sales and service training on ships of both brands.
- Development programmes for medium level managers, sales teams management on ships of both brands.

LIBRARIES

We pay special attention to the physical fitness of our employees by providing medical services and check-ups for the crew members as well as ensuring the availability of gyms on board our vessels and in our hotels, but in addition to that we also pay attention to their psychological fitness.

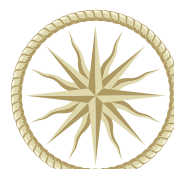
Currently there are libraries for the crews on all our passenger vessels where the crew members stay on board for up to 2 weeks in a row. The libraries for the crews are compiled by paying special attention to the interests of the employees. For relaxation fictional books are available in several languages. There are also various textbooks and reference books about leadership, bookkeeping or customer services to help our employees keep in touch with the theoretical groundwork and best case practices.

Apollo bookstore and Äripäev Book Club in Estonia have been great partners to us in compiling the libraries.

TALLINK ACADEMY

The first ever Tallink Academy programme for intendants was launched in September 2011. All intendants working on the vessels operating under Estonian and Latvian flags were offered the opportunity to sign up for this academic programme and encouraged to use it. The goal of the academic programme is to offer specific tailored training for officers with special focus on acquiring skills in leadership and organizational behavior. At the same time seamanship know-how and special maritime topics are also taken into account.

Before designing the course interviews were carried out with four intendants to get detailed feedback about their work and expectations towards the educational programme. After



TALLINK AKADEEMIA

MARINE TRANSPORT & CSR

that we contacted the Estonian Maritime Academy and the Tallinn Technical University with our offer for cooperation. The Estonian Maritime Academy offered us most suitable courses regarding the maritime education and the Tallinn Technical University supplied courses about leadership and organizational topics. All the academic points acquired during the programme will be recognized by the two universities and will be taken into account in the study programmes of the participants in case they are or will be enrolled in one of those universities in the near future.

MAJOR COOPERATION PARTNER FOR MANY SCHOOLS

As a large customer service company operating on the sea, Tallink can offer a unique internship experience both for future seamen as well as service sector employees. In order to make our contribution to the society and the future of the young people, Tallink tries to find possibilities to offer internship openings for applicants. As a result of this our company's vessels and the structures on land are at least one of the largest internship organizations in the region.

01.09.2010 - 31.12.2011

Interns on board – 533

Interns ashore – 67

TRADE UNIONS

Tallink cooperates closely with the trade unions for the employees of the maritime sector in Estonia, Finland, Sweden and Latvia – all the countries where the company employs crew members for the ships. The company also cooperates with the trade unions for onshore personnel in the countries where there are such organizations.

TEAM SPIRIT

Thanks to our long-term working relations with our employees and the general readiness to cooperate we can definitely claim that there is a real team spirit and strong ties linking all the different units on the country level and also all the countries we operate in.

Without a doubt the company training sessions, workgroup meetings and the free time spent together all help to create and maintain the team spirit among our employees. Among other things our employees often exercise and play sports together and it is no surprise that classic team games like football or basketball are especially popular. Now after a break of several years an intra-company "international" sports competition is being considered again.

Tallink has been organising various spare time events for its employees for years. It should be pointed out that the largest and most important events are carried out twice to enable people working on both ferry shifts to participate. In the summer, all employees meet at the company summer camp that has been gaining an ever more international feeling with each passing year. In addition to strengthening professional contacts, such events also prove to be a good opportunity to get to know the cultures of the employees of differing nations. That is the reason why in recent years the entertainment programmes have featured performances of folk songs, etc.

During Christmas the children of employees are also remembered in order to make the Christmas season more special for our employees. In addition to company Christmas parties there are also special Christmas parties for children where they get presents from the Tallink Santa Claus.

AWARDS

- According to the employer image study carried out by TNS Emor in 2010 Tallink ranked as high as the second most preferable employer.
- In 2011 we ranked in the top 10 of the best employers in Estonia (study by CV Online)

C O R P O R A T E G O V E R N A N C E

CORPORATE GOVERNANCE – NOT A THING-IN-ITSELF

Corporate governance at Tallink is not a thing in itself. The main objective of our entire management system is to guarantee customer satisfaction and our employees' compliance with Tallink's core values in their daily activities.

Pursuant to the Commercial Code and the Articles of Association of AS Tallink Grupp (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 council and the management board.

SHAREHOLDER'S 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 members to the supervisory council, appoint auditors, and pass resolutions on any increase or decrease in share capital and on any other changes to the Articles of Association. 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.

THE SUPERVISORY COUNCIL

The supervisory council 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 council. The supervisory council reports to the general meeting of shareholders.

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 by entering into contracts on behalf of the Company. The management board is independent in their decisions and follows the best interest of the Company's shareholders. The management board must adhere to the lawful orders of the supervisory council. The management board ensures, at its best efforts, the Company's compliance with the laws and that the Company's internal audit and risk management procedures are functional.

THE CORE VALUES OF TALLINK

For Tallink, the management system acts as a kind of backbone which guarantees that all Tallink's employees give their best and strive towards customer satisfaction, in accordance with the company's core values. As a service company, Tallink considers its values to be commitment, professionalism, cooperation and joy.

By treating customers with respect and showing maximum concern for their needs, wishes and well-being, we want to earn the esteem and respect of our customers. By striving towards reliability, we take care of the well-being and safety of our customers at all times. Reliability does not come from nowhere - it must be earned. We are committed to our job responsibilities and, through this, to professionally fulfilling customer wishes so that we can guarantee that both customers and Tallink's employees will be satisfied. At the same time, our employees must realise that there are different clients and different situations. If our employees are dynamic in their approach, we will be able to offer exactly what customers expect, want and need. And finally, with commitment professionalism, cooperation and joy we can offer our customers such an enjoyable sea trip that they will want to experience it again and again in the future.

HOW ARE TALLINK'S VALUES APPLIED IN PRACTICE?

Employees who have just joined Tallink will first receive training where they will learn about the company's goals, core values and service standards.

The Tallink service standard provides the guidelines for everyday communications with customers – from the appearance and communicative style of the service staff to team work and the solving of problem situations.

All new employees will be assigned a supervisor to help them adapt to the Tallink way of business as smoothly as possible and to learn to guarantee customer satisfaction at their job every day. Employee skills are further enhanced at regular training sessions and evaluations – passing these is the prerequisite for a successful career in the leading shipping company in the Baltic Sea region.

CORPORATE GOVERNANCE

SUPERVISORY COUNCIL AND MANAGEMENT BOARD
AS TALLINK GRUPP

From left: Ain Hanschmidt, Lauri Kustaa Äimä, Ashwin Roy, Kalev Järvelill, Lembit Kitter, Eve Pant, Janek Stalmeister, Toivo Ninnas, Andres Hunt, Enn Pant

AIN HANSCHMIDT

Member of the AS Tallink Grupp Supervisory Council
since February 5, 2005
Chairman of the Management Board, AS Infortar

LAURI KUSTAA ÄIMÄ

Member of the AS Tallink Grupp Supervisory Council
since May 16, 2002
Managing Director at Kaima Capital Oy

ASHWIN ROY

Member of the AS Tallink Grupp Supervisory Board
since 26 January 2009
Director at Citi Venture Capital International

KALEV JÄRVELILL

Member of the AS Tallink Grupp Supervisory Council
since January 17, 2007

LEMBIT KITTER

Member of the Management Board since 2006
General Director

EVE PANT

Member of the AS Tallink Grupp Supervisory Council
since October 10, 1997
Member of the Management Board, AS Infortar

JANEK STALMEISTER

Member of the Management Board since 2009
Chief Financial Officer

TOIVO NINNAS

Chairman of the AS Tallink Grupp Supervisory Council
since June 9, 1997

ANDRES HUNT

Vice Chairman of the Management Board since 2008
Member of the Management Board since 2002

ENN PANT

Chairman of the Management Board since 1996
Chief Executive Officer

ENGAGEMENT

COOPERATION

As the world's largest retail tax free shipping company, we acknowledge that it is our duty to set an example to the companies we work with as well as strive to make a positive contribution to the local and regional economy.

Tallink chooses its cooperation partners carefully and besides business priorities takes into consideration the priorities of the local communities and economy.

- We prefer reliable and good quality products and services offered by local service providers and producers whenever possible.
- We value highly high quality food products grown and produced by local communities. The majority of dishes in our restaurants on board and ashore are made of local and fresh ingredients.

- We also follow the suggestions of environmental protection organizations, for instance for several years we have not been serving eel in our restaurants on board.
- The usage of local products and services also enables us to reduce the environmental impact caused by the necessity of transportation.

Tallink's cooperation partners are also required to be responsible in their operations. Their methods of managing and developing their business operations, recruiting and managing their staff, producing and transporting goods and providing services have to be sustainable, ethical, environmentally sustainable and follow the fair trading principles. Any contracts signed with partners contain a section about sustainable business strategy as well.

THE WORLD'S TOP DUTY FREE & TRAVEL RETAIL SHOPS 2010

Ranking by actual and estimated retail sales in US\$ millions.

Rank	Location	Remarks
Sales> US\$ 1,000.0 million		
1	Dubai - Dubai International Airport, U.A.E.	AIRPORT SHOPS
2	Seoul - Incheon Int'l Airport, South Korea	AIRPORT SHOPS
3	London - Heathrow Airport, UK	AIRPORT SHOPS
4	Singapore - Changi Airport	AIRPORT SHOPS
Sales> US\$ 600.0 million		
5	Hong Kong - Hong Kong International Airport	AIRPORT SHOPS
Sales> US\$ 500.0 million		
6	Paris - Charles de Gaulle Airport, France	AIRPORT SHOPS
7	Frankfurt – Frankfurt-Main Airport, Germany	AIRPORT SHOPS
8	Tallink	FERRY SHOPS
9	Bangkok - Suvarnabhumi Airport, Thailand	AIRPORT SHOPS
Sales> US\$ 400.0 million		
10	Amsterdam - Schipol Airport, Netherlands	AIRPORT SHOPS
11	Sao Paulo - Guarulhos Int'l Airport, Brazil	AIRPORT SHOPS
12	Oslo - Gardermoen Airport, Norway	AIRPORT SHOPS
Sales> US\$ 300.0 million		
13	Taipei - Taoyuan International Airport, Taiwan	AIRPORT SHOPS
14	Beijing – Capital Airport, China P.R.	AIRPORT SHOPS
15	London - Gatwick Airport, UK	AIRPORT SHOPS
16	Tel Aviv – Ben Gurion Int'l Airport, Israel	AIRPORT SHOPS
17	Shanghai – Pudong Airport, China P.R.	AIRPORT SHOPS

Source: Generation Research 2011

ENGAGEMENT

EDUCATION

As one of the largest employers in the region we consider one of our most important assets to be people with their know-how and professional expertise. The majority of our employees have been working in Tallink Grupp for many years; some retire with 40 years of experience. This know-how combines in synergy school education, working experience and personal talent. Our customers' point of view provides another approach. One of our major goals is to provide our customers with high quality service and products, and customer service is an essential part of it. That means that cooperation with educational organizations is vital for us in many ways.

- Tallink wants to share the good practices and know-how of our great employees to support young people on their way to becoming skilled employees.
- Tallink is motivated to support educational organizations as important cornerstones of society and economy by offering internship possibilities.
- Tallink wishes that its current and future employees can gain positive experience to provide great assistance to customers.

YOUNG PEOPLE

Supporting the hobbies and the development of young people is as important for Tallink as supporting maritime education, because not everyone has to become a sailor or work at sea. Every year Tallink supports the travelling of thousands of youngsters to attend sports competitions, cultural events or student conferences. In addition to that Tallink provides prizes for various contests and competitions.

Children and education will continue to be one of the most important fields for Tallink to support. By supporting this area, we are trying to guarantee that there will be active and talented young people in the future to propel the development of both the economy and the society at large.

AIESEC Estonia

Tallink is considered one of the most valuable partners of AIESEC in Estonia, not only because of its support to AIESEC events but because of the contribution to our global vision: "Peace and fulfilment of humankind's potential" in Estonia. With the support of Tallink many young people can travel to international conferences, attend AIESEC events organized in Tallink hotels and learn from talented people working in the company who share their knowledge at AIESEC events organized for the young.

SPORTS

The largest project of the last few years has been the establishment of SEB Tallink Tennis Team. SEB Tallink Tennis Team is a privately funded non-profit association with a vision of raising world class Estonian tennis players. The objective for the next five years is to raise at least 3 male and 2 female tennis players with world top 100 rankings, who would be able to compete on the international stage.

The non-profit association aims at creating a professional preparatory system for the best young tennis players and support their participation in international tournaments. In cooperation with the Estonian Tennis Association the non-profit association is dedicated to helping widen the base of Estonian tennis and raise world class competitive players.

The training activities of the non-profit association are conducted in close cooperation with the personal coaches of the individual players.

The personal coach has a huge role to play in the training of each player. The dedication of the coach is often the stimulating force inspiring the further development of the athlete. The role of the coach is not limited to training and motivating the athlete, he must also set up training plans, including the general physical development and the psychological preparation of the player.

Within the general framework of the training action plan joint training is provided for all members of the combined team, with the specifics and schedules determined by the chief coach of the team together with the personal coaches of the players. The aim of the team training activities is to provide additional training opportunities for the players beside their basic training by involving other foreign coaches, offering general physical and mental training, etc. Changing training partners and training with other good players have a positive influence as well.

The action plan of SEB Tallink Tennis Team includes covering the costs of travelling, accommodation and participation fees of the players to take part in international competitions on the basis of the financing rules for teams A and B.

ENGAGEMENT

INITIATIVES

ENVIRONMENT

Tallink Volunteer Club (in cooperation with Estonian Fund for Nature and WWF). The Baltic Sea is regrettably one of the most polluted in the world and thus it is natural that the surrounding countries as well as international organisations have set up many strict regulations in order to protect the environment. Tallink observes them all in its operations, but has initiatives of its own to ensure a cleaner future for the Baltic Sea. By such actions we hope that the positive example of the leading shipping company of the Baltic Sea will be followed by other companies as well.

TALLINK INITIATIVE – VOLUNTEER GROUPS OF EMPLOYEES TO CLEAN UP OIL SPILLS.

Tallink established an internal volunteer group with employees as members. The members of the club have had special training to assist in clean-up operations in the case of extensive offshore oil spills threatening the natural resources of the coastal areas in Estonia and Finland. The club was founded with the wider objective of raising environmental and risk-related awareness among the employees. The main aim is to support and assist Estonian and Finnish rescue units and volunteer groups in the case of oil spills in the coastal areas of the Baltic Sea, Estonia and Finland. The members of Tallink Volunteer Club are the seamen of the Tallink ships sailing under Estonian and Finnish flags, employees of Tallink Hotels and the staff of the company's offices in Helsinki and Tallinn. The members of the club are mostly volunteers managed by the Estonian Fund for Nature and the WWF, summoned in the case of an oil spill threatening the coasts of Estonia or Finland. Tallink supports the volunteer club with the necessary equipment for field work, for example the special protective clothing.

With this initiative Tallink also joined the Baltic Sea Action Group (www.bsag.fi) that is the greatest project developed for the protection of the Baltic Sea. The BSAG roster includes national, private and non-profit organisations with the joint objective of taking action to protect the Baltic Sea as our common natural resource.

LET'S DO IT WORLD

The waste collecting campaign "Let's Do It" originating in Estonia is spreading all over the world. Actions managed by local leaders have been carried out in more than 17 countries with over 3 million participants.

"World Cleanup 2012" scheduled for this year is based on the same idea, but at the same time it is the first great joint venture of the international "Let's Do It" movement. "World Cleanup 2012" will combine the forces of active people and organisations in 100 countries to a huge day of cleanup actions everywhere in the period from March 24 to September 25. More than 85 countries have already registered as participants.

Tallink participates in the local Estonian "Let's Do It" initiative with employees and awareness raising campaigns among customers from Estonia, Finland and Sweden.

SOCIETY

European Road Safety Charter (in cooperation with European Commission).

Tallink Grupp has joined the European Road Safety Charter, which is a European participatory platform made up of enterprises, associations, research institutions and public authorities. These actors undertake to carry out concrete actions and share their good practices in order to resolve the road safety problems that they encounter in their day-to-day environments. The objective of the Charter is to help reduce road fatalities. Today the Charter has more than 1,350 signatories all over Europe.

The European Road Safety Charter is much more than a policy document. It is an invitation by the European Commission to take concrete actions, assess results and further heighten awareness about the need to reduce road accident fatalities. As our company is annually servicing over 9 million passengers, we believe that we can offer a substantial contribution to raising awareness about traffic safety.

Unfortunately one of the problems is driving under the influence of alcohol. Different international regulations about alcohol consumption and driving might also be the cause of additional confusion to our passengers. The major goal of Tallink's initiative in the framework of this Charter is to provide information about the regulations in the destination countries to the passengers on our shipping routes. Besides that we also advocate sober driving. There is now testing equipment on board all our ships available for our passengers to test their alcohol levels before sitting behind the wheel.

COOPERATION

WWF
(environment)



ELF
(environment)



MY COUNTRY INTEGRATION PROGRAM

Minu Riik

UNIVERSITIES
(society)



SCIENTIFIC ORGANIZATIONS
(environment)

INITIATIVES

TALLINK VOLUNTEER CLUB
(environment)



BALTIC SEA ACTION GROUP
(environment)



EUROPEAN ROAD SAFETY CHARTER
(society)

LET'S DO IT WORLD
(environment)



SEB TALLINK TENNIS TEAM
(society)



CHARITY

SEB CHARITY FOUNDATION

CHILDREN IN NEED



SEB Heategevusfond

SOS CHILDREN'S VILLAGE



SANTA CLAUS FOUNDATION



OFFICIAL SEACARRIER OF SANTA CLAUS
FOUNDING MEMBER OF SANTA CLAUS FOUNDATION

SPONSORSHIPS

Estonian tennis players
KAIA KANEPI
JÜRGEN ZOPP
SERGEI IVANOV



TALLINN,
European Capital of Culture 2011



TURKU,
European Capital of Culture 2011



Many sports and cultural organizations and events throughout years 2010 and 2011

ENGAGEMENT



CHARITY

COOPERATION WITH SEB CHARITY FOUNDATION

Our charity projects are clearly focused on children and young people. Our main cooperation partners are either children's shelters or organizations working to ensure the overall welfare of children or especially those in need. Our aim is not to be there for them only once a year during Christmas, but all the time throughout the year. Our cooperation partners are SEB Charity Foundation, SOS Lasteküla, Santa Claus Foundation and several children's shelters.

For this upcoming year we have even bigger plans: we wish to engage our employees as well as our customers and offer them the opportunity of sharing the good feeling that you get by helping and sharing.

But one deed is worth more than a thousand words when it comes to charity work. Here are some examples of our activities on that front.

For the fifth consecutive year Tallink Spa & Conference Hotel invited children in residential care institutions to visit its anniversary festivities. Children from nine different children's shelters, 170 all in all, took part in the water party arranged by the hotel in cooperation with the charity fund MTÜ SEB Heategevusfond. The children were greeted with lunch, a visit to the spa and an entertainment programme. Women basketball players of the teams of Eclexi, Audentes SG/Noortekoondis and Tallinna Ülikool, including the members of the Estonian women's combined team also volunteered to take part in the water party. «It was a warm and heartfelt event that was great fun and gave everybody lots of positive energy. It was a wonderful change for the children and for us a pleasant way to relax before the important play-off games start,» said Kerttu Jallai, a member of the national combined team. «We hope the water party gave the children a burst of new strength so necessary after the long winter. I am truly glad that in cooperation with so many active people and organisations we have been able to be part of an event with such a great atmosphere,» commented Taavi Tiivel, the Chairman of the Board of Tallink Hotels. «Mattress rally and water football were new sports for the professional football players and for the children, and the competition offered everybody a fun way of testing their abilities. The positive energy gained from sports helps the children unwind their great balls of grief,» added Triin Lumi, managing director of the charity fund. The fund has signed coopera-

ENGAGEMENT

tion agreements with nine children's shelters all over Estonia: Narva Children's Shelter, "Lootus" social welfare institution for children in Sillamäe, Children's Shelter of the Tallinn Children's Home in the Kopli district, Infants' Shelter of the Tallinn Children's Home, Tallinn Children's Shelter, Tartu Children's Shelter, Viljandi Social and Childcare Centre, Kiikla Children's Home and Haiba Children's Home. They have been organising such springtime water parties for the children since 2008. Children's homes and shelters offer temporary assistance and protection to children endangered due to violence or family conflicts and places to stay for children without parental care.

COOPERATION WITH CHILDREN'S SHELTERS

Enterprising members of the motoring club Elva Cars arranged a wonderful surprise to the children of Elva Infants' Home, taking them to the Sealife museum in Helsinki. Mario Teder, member of the bard of the motoring club, was the author of the idea to take the children to Finland and introduce them to the wonders of aquatic life. The fun trip was carried out in cooperation with the shipping company Tallink. "One of the objectives of our club is to provide hands-on assistance to the children in Elva children's home and offer them interesting activities. Unfortunately we did not pay enough attention to these activities last year, so we decided to arrange them a fun trip right at the beginning of this year," said Mario Teder. "I phoned the shipping company and enquired if Tallink could find a way to support us. They answered that they will make a gift to the children and provide a completely free trip, including free meals. That was a truly pleasant surprise!"

Early in the morning of January 5, a group of 21 travellers started out from Elva to Tallinn, including 13 children from the institution. The manager of the children's home Kai Raisa said that they could only take the older children who already had their ID documents. The manager waited for the group in Tallinn, holding her breath that the brisk wind would not develop into a storm. "It was windy and I was terrified that it might turn into a storm, because that would have meant cancelling the trip. I kept looking out the window and wondering what would happen in the morning," Kai Raisa recalled. "But there were no traces of a storm left in the morning; the ship was just rolling a bit." They made the crossing on Tallink's Superstar. The people from Elva were welcomed by the captain in person. They were taken on a tour of the ship and were even invited to the bridge. In Helsinki they had a great time in the Sealife aquarium won-

dering at the marvellous marine animals and the mysterious aquatic world presented there. They could also see an exhibition about the ice age and get a sense of real archaeology by carefully digging out an ancient fish skeleton. They visited the wonder of Finnish architecture and hugely popular tourism magnet in Helsinki: the church and concert hall Temppeliaukio Kirkko built inside a massive rock. At dusk they went to marvel at the monument dedicated to the famous Finnish composer Jean Sibelius. The children were fascinated by the huge steel organ pipes weighing nearly a quarter of a ton each.

It was very late by the time they got back to Elva at the end of their exciting voyage. The travellers were tired, but happy. "It was a wonderful trip and incredibly well organised. The children loved it," said the manager of the small children's home enthusiastically. "We are rather reticent and not very enterprising, but we are happy to accept any kind offers. This trip suited us perfectly, because it was a school holiday and the children had very little to do." The event organised by the Elva motoring club was supported by Priit Värvi, Sirle Alekand, Ants Prüüs, Albre Reisd OÜ and shipping company Tallink. Mario Teder said that in the future the motoring club intends to organise other joint events with the children's home. "I would rather not discuss any of our plans yet. We can talk and write more about it after we have done it," said Mr. Teder.

ENGAGEMENT

SPONSORSHIPS

The aim of sponsorship is to support good ideas or plans and help them develop and blossom. For Tallink those projects also represent the values of the company.

As for environmental projects we cooperate with partners like WWF, who have the know-how and expertise to take action for the protection of the Baltic Sea. Sports are certainly a field that has many features in common with the principles and values of Tallink. Competitiveness, setting high aims and the principle of fair game are only some of them worth mentioning. This is also the reason why one of our largest sponsorship projects is to support several individual tennis players aiming to reach the top world rankings.

Tallink signed sponsorship contracts worth €177,000 to support Estonian tennis players.

AS Tallink Grupp signed sponsorship contracts for the support of Kaia Kanepi, Jürgen Zopp and Vladimir Ivanov with the total of €177,000 in 2012. According to Mr. Enn Pant, the Chairman of the Management Board of Tallink, the company recognizes the need to make a contribution to society in important areas like sports and education. "Kaia and Jürgen have consistently been achieving great results this season and provided us many great moments. They set a wonderful example to the young. Vladimir is a promising young athlete and we would like to support him as well," said Mr. Pant.

Tallink supports Kaia Kanepi with €125,000 in 2012, Jürgen Zopp with €40,000 and Vladimir Ivanov with €12,000.

Tallink supports a large number of organizations and events, here are some examples:

SPORTS

Tennis player Kaia Kanepi
Elion Estonian Cup
Estonian Paraolympic Committee
Estonian Yachting Union
The Equestrian Federation of Estonia
Estonian Junior Championship in Tennis
Estonian Championships in street basketball
Various golf tournaments
Aerobike Championship tournament

CULTURE

Estonian Film Festival
The Annual Conference of Santa Clauses
Lotte Land Project
Various fashion shows
Union of Estonian Architects
Old Town Festival in Tallinn

ENVIRONMENT

World Wildlife Fund – WWF
Estonian Nature Foundation
Pidä Saaristo Siistinä / Keep the Archipelago Tidy Organisation

SOCIETY

Red Cross
Estonian Sexual Health Association
Public events related to blood donation
Estonian integration project "My Country"



Kaia Kanepi



FINANCIAL REVIEW

Million EUR	2007/2008 Sep-Aug	2008/2009 Sep-Aug	2009/2010 Sep-Aug	2011 ¹ Jan-Dec	2010/2011 Sep-Dec
Net sales	786	792	814	908	1,178
Gross profit	164	165	168	193	239
EBITDA	126	133	145	163	199
Net profit	20	-8	22	38	37
Depreciation	62	70	73	71	95
Investments	271	163	6	9	13
Total assets	1,898	1,947	1,871	1,800	1,800
Total liabilities	1,247	1,305	1,204	1,094	1,094
Interest-bearing liabilities	1,120	1,181	1,068	960	960
Total equity	651	643	668	705	705
Fleet value	1,789	1,716	1,651	1,570	1,570
Net debt (million)	1,053	1,131	1,010	884	884
Weighted average number of ordinary shares outstanding ²	671,245,086	669,882,040	669,882,040	669,882,040	669,882,040
Number of ordinary shares outstanding ²	669,882,040	669,882,040	669,882,040	669,882,040	669,882,040
Earnings per share (EPS) euros	0.03	-0.01	0.03	0.06	0.06
Shareholders' equity per share euros	0.97	0.96	1.00	1.05	1.05
Price-Earnings ratio (P/E)	21	-29	19	10	10
Gross profit margin	21%	21%	21%	21%	
EBITDA margin	16%	17%	18%	18%	
Net profit margin	2.5%	-1.0%	2.7%	4.2%	
Return on assets (ROA)	3.6%	3.3%	3.8%	4.5%	
Return on equity (ROE)	3.0%	-1.3%	3.3%	5.5%	
Return on capital employed (ROCE)	4.2%	3.8%	4.2%	5.4%	
Equity ratio	34%	33%	36%	39%	
Net debt to EBITDA	8.4	8.5	7.0	5.4	
Number of passengers	7,070,264	8,124,561	8,428,055	9,144,290	11,818,870
Cargo Units	331,149	252,026	258,773	283,105	382,869
Average number of employees	6,564	6,853	6,612	6,651	6,720

¹ Pro forma² own shares excluded

EBITDA – Earnings before net financial items, taxes, depreciation and amortization;

Earnings per share – net profit / 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 / net sales;

EBITDA margin – EBITDA / net sales;

Net profit margin – net profit / net sales;

Net debt to EBITDA: Net debt / 12-months trailing EBITDA;

ROA – Earnings before net financial items, taxes / Average of total assets;

ROE – Net profit / Average shareholders' equity;

ROCE - Earnings before net financial items, taxes / (Total assets – Current liabilities (average for the period)).



HIGHLIGHTS OF FINANCIAL YEAR 2010 / 2011

OPERATIONS

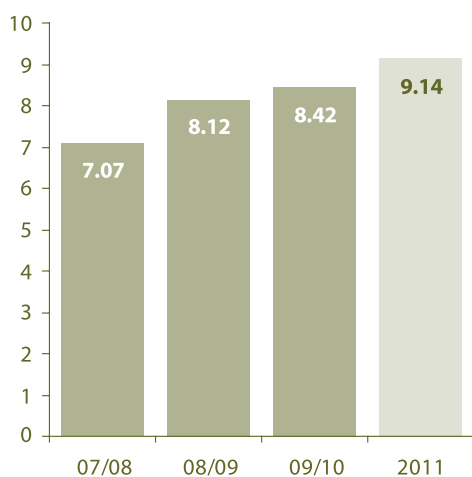
- Record number of passengers – 9.1 million passengers;
- Record number of loyal customers, Club One members – 1.3 million
- Record high revenue – 908 million Euros (comparable period of 12 months)
- The highest financial result in 5 years – 38 million Euros of net profit
- Chartering of Superfast vessels
- Continuous focus on the cost savings
- Increased revenue per passenger
- Reduction of debt

RECOGNITION

- CSR Quality Label by Ministry of Economic Affairs of Estonia
- Reaching the top 10 of most beloved brands in Estonia (TNS Emor)
- Silja Line as the most trusted cruising brand in Finland by Readers Digest
- Deed of the year 2011 by the Estonian Union of Persons with Mobility Impairment
- Grand Travel Award 2011 in Sweden
- Best Investor Relations Online in the Baltic countries 2011

PASSENGERS

Million



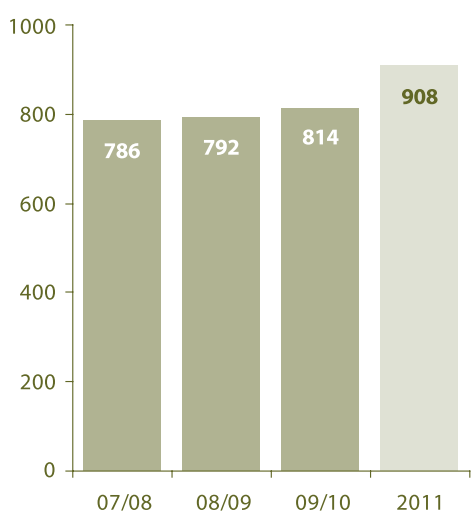
CARGO UNITS

Thousand



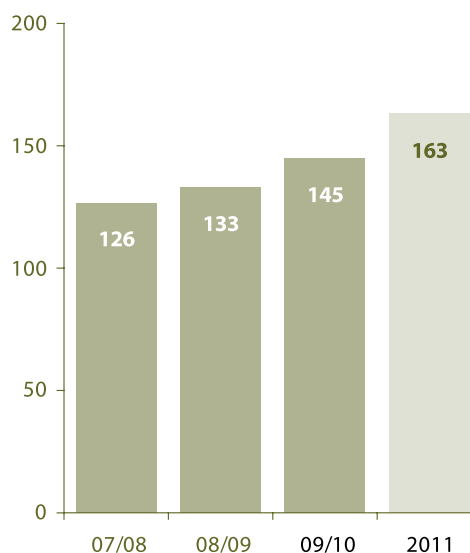
REVENUE

Million EUR



EBITDA

Million EUR



VESSELS AND OTHER INVESTMENTS

The Group's main revenue generating assets are vessels, which account for approximately 87% of total assets. At the end of

the financial year, the Group owned 19 vessels. Their types and operations are described in the table below:

Vessel Name	Vessel type	Built / Converted	Route	Remark
Baltic Princess	Cruise ferry	2008	Finland-Estonia	overnight cruise
Superstar	High-speed ro-pax	2008	Finland-Estonia	shuttle service
Star	High-speed ro-pax	2007	Finland-Estonia	shuttle service
Galaxy	Cruise ferry	2006	Finland-Sweden	overnight cruise
Silja Europa	Cruise ferry	1993	Finland-Sweden	overnight cruise
Silja Symphony	Cruise ferry	1991	Finland-Sweden	overnight cruise
Silja Serenade	Cruise ferry	1990	Finland-Sweden	overnight cruise
Sea Wind	Ro-ro cargo vessel	1972/1989	Finland-Sweden	cargo transportation
Baltic Queen	Cruise ferry	2009	Sweden-Estonia	overnight cruise
Victoria I	Cruise ferry	2004	Sweden-Estonia	overnight cruise
Regal Star	Ro-ro cargo vessel	1999	Sweden-Estonia	cargo transportation
Romantika	Cruise ferry	2002	Sweden-Latvia	overnight cruise
Silja Festival	Cruise ferry	1986	Sweden-Latvia	overnight cruise
Superfast VII	High-speed ro-pax	2001	Chartered out	renamed as "Stena Superfast VII"
Superfast VIII	High-speed ro-pax	2001	Chartered out	renamed as "Stena Superfast VIII"
Superfast IX	High-speed ro-pax	2002	Chartered out	renamed as "Atlantic Vision"
Regina Baltica	Cruise ferry	1980	Short term charter	
Vana Tallinn	Cruise ferry	1974	Sale contracted by way of leasing	renamed as "Adriatica Queen"
Kapella	Ro-ro cargo vessel	1974	available for charter	

As of 31 December 2011 the value of the ships amounted to 1,570.1 million EUR. The Group's vessels are regularly valued by 2-3 independent international ship brokers who are also approved by the lenders & mortgagees.

The Group has no new vessels under construction.

All the Group vessels have protection and indemnity insurance (P&I), hull and machinery insurance (H&M) and they meet all

applicable safety regulations. In addition to the economic benefits of the upgrade of the fleet through new vessel investments, the Group is now employing one of the most environment friendly fleets as the vessels are equipped with the latest available machinery and technology.

The Group does not have any substantial ongoing research and development projects.

FLEET

**BALTIC QUEEN**

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

**SUPERSTAR**

Built	2008
Length	177 m
Passengers	2080
Lanemetres	1930
Ice class	1 A

**BALTIC PRINCESS**

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

**STAR**

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

**GALAXY**

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

FLEET



VICTORIA I

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



SILJA EUROPA

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



ROMANTIKA

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



SILJA SYMPHONY

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



SILJA FESTIVAL

Built	1986 / 1992
Length	171 m
Passengers	2023
Lanemetres	885
Ice class	1 A Super



SILJA SERENADE

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

FLEET

**REGINA BALTICA**

Built	1980
Length	145 m
Passengers	1500
Lanemetres	840
Ice class	1 A

**REGAL STAR**

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

**VANA TALLINN**

Built	1974
Length	153 m
Passengers	800
Lanemetres	730
Ice class	1 B

**SEA WIND**

Built	1972 / 1984 / 1989
Length	155 m
Passengers	260
Lanemetres	1100
Ice class	1 B

**SUPERFAST VII / VIII / IX**

Built	2001 / 2001 / 2002
Length	203 m / 203 m / 203 m
Passengers	717 / 717 / 728
Lanemetres	1900
Ice class	1 A Super

**KAPELLA**

Built	1974
Length	110 m
Passengers	50
Lanemetres	590
Ice class	1 B

CONTACT INFORMATION

AS TALLINK GRUPP

Reg Nr 10238429

Visiting address: Sadama 5/7, 10111 Tallinn, Estonia
 Tel: + 372 6 409 800
 Fax: + 372 6 409 810
 E-mail: info@tallink.ee
www.tallink.com

Editors: Luulea Lääne
 AS Tallink Grupp

Layout & Design: Rain Rikma
 AS Tallink Grupp

Photos: AS Tallink Grupp
www.shutterstock.com
 Tiit Mõtus
 Marko Stampehl
 Lars Lindmark
 Viktor Burkivski
 Photos from private collections

Printhouse: AS Vaba Maa

Printed on recycled paper:

Cyclus Offset – 100% recycled paper

AS Tallink Grupp recognizes environmental protection and management as one of its highest priorities. Every effort is to be made to conserve and protect the environment from marine, atmospheric and other forms of pollution, including office based waste. Our vessels are maintained and operated in accordance with the MARPOL convention. Our vessels use the low sulphur content fuel and we operate a zero spill policy. We promote actively environmental awareness by training and education of our employees and follow efficient use of energy and materials in offices and ships.



