

# 2022

## Sustainability Report





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# 2022 KEY FACTS



**Passengers**  
transported in 2022

**5.5** million



Tallink vessels switching  
to shore power during longer  
stays reduces CO<sup>2</sup> emissions by

**7572**  
tons annually



**Net profit €**

**13.9** million

for the year  
of 2022



First  
**Sustainability  
Linked Loan**  
agreed in  
December 2022



**4904**  
employees as  
at 31 December 2022





**11 000**

**Ukrainian refugees**  
transported free of  
charge on company  
vessels



**Company vessels'**  
absolute emissions  
reduced by

**51.9%**  
since 2009



**MyStar**

delivered to the  
company on  
7 December 2022



**February 2022**

**Last travel restrictions**  
resulting from the  
pandemic removed  
in the region



**4 new medium term vessel**  
charter contracts for vessels  
**Isabelle, Victoria I,**  
**Galaxy I, Silja Europa**

# About the report

**“We will continue on the road to full recovery, making sure that as we go along, we act, plan and recover sustainably and, as always, taking great care of the environment, people and communities around us.”**

**Paavo Nõgene, CEO of Tallink Grupp**

This is the Annual Sustainability Report of Tallink Grupp and it covers the main ESG activities of the consolidated group in the 2022 financial year. Tallink Grupp has been carrying out its ESG activities according to the strategy and high-level goals set in late 2019 and reporting the ESG achievements using the GRI standard and the UN Global Compact principles. The company has historically carried out a materiality assessment

through stakeholder engagement and has focused on the identified material aspects as a result. With the adoption of the new EU level Corporate Sustainability Reporting Directive and the introduction of the new European Sustainability Reporting Standards, Tallink is currently in the process of reviewing its ESG strategy, goals and reporting to bring this in line with the ESRS standard from 2025 onwards. Tallink Grupp will be





carrying out a double materiality assessment via significant stakeholder engagement in Q2 and Q3 2023, which will form the basis of the updated ESG strategy and objectives for the company in line with CSRD and ESRS requirements. The current report has taken the overall structure from the new ESRS standard (final version yet to be published in June 2023), but will not yet go into as much detail in reporting and data. Tallink will

scale up the detailed reporting over the next year and a half, ahead of the 2025 detailed sustainability reporting requirement.

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







# Welcome message from the CEO Paavo Nõgene

Dear Stakeholders,

I am pleased to share with you that, following the challenging COVID years that significantly influenced our business and negatively impacted our ability to take significant strides forward in sustainability, we got back on track with our ESG activities in 2022 and made great progress in many areas.

Most notably, we continued to tackle the most significant material aspect for our business, which is of course the GHG emissions resulting from our shipping operations. You will no doubt be aware that shipping is responsible for 3-4% of the EU's total CO<sub>2</sub> emissions, so it is vital that our industry as a whole and every individual company alone as well, continues to recognise their responsibility in meeting the global GHG reduction targets and find solutions to achieve the ambitious EU and global climate targets. In Tallink Grupp, we have taken big steps and made significant investments over the last 15 years and longer, to

reduce our emissions and since 2009, we have reduced our absolute CO<sub>2</sub> emissions by 51.9%. This, through newbuild, more environmentally friendly ships, transitioning to using shore power during longer port stays, energy efficiency and fuel saving technologies and projects on board our vessels, and much more. We will continue to build on our existing partnerships that have enabled us to achieve this result and work closely across industries and sectors as well as with our own maritime industry to learn from others' experiences of successful decarbonisation projects and implement these solutions too.

In 2022, we carried out an extensive assessment of our Scope 1 and 2 GHG emissions across the group, not only the shipping operations, and established a baseline on which to build future reductions targets and further actions. When it comes to Scope 1 and 2 emissions, the majority of our emissions come from our shipping operations, but now we also know exactly to which extent – in 2022, our on-shore emissions amounted to nearly 11,000 tCO<sub>2</sub>e, while shipping amounted to 462, 000 tCO<sub>2</sub> (on shore emissions making approximately 2.5% of the total group

emissions). In 2023, we are working on establishing the baseline for our Scope 3 emissions, providing us with a clearer focus on where and how we also need to tackle our whole value chain upstream and downstream emissions going forward. With the EU Emissions Trading Scheme now also including shipping and shipping companies facing CO2 quota trading from 2024 onwards, it is in everyone's interest that we continue to find ways of reducing our emissions urgently. Although it must be said that the European Commission's decision to include shipping into the ETS scheme before new technologies or sustainable fuels are available, will most likely reduce the ability of shipping companies to invest into the new technologies immediately when they become available, because taxes arrive before the technologies. The availability of new technologies, however, is not something that depends on the fast actions of shipping companies alone.

The entry into force of the new Corporate Sustainability Reporting Directive in January 2023 also means clearer focus and direction for our overall ESG activities from now onwards. As Tallink Grupp is among the first set of companies who will be making their ESG disclosures in line with the new European Sustainability Reporting Standards from 2025, we will be carrying out additional double materiality assessments, stakeholder engagement, ESG data collection process reviews and objective-setting activities in 2023, to ensure we are ready for the enhanced reporting already from 2024. We hope, however, that the EU will look at reducing the level of bureaucracy relating to the directive itself and the reporting, as there is a danger of creating an even greater environmental footprint with the reporting itself than necessary.

Although our attention has recently clearly been turned to ESG regulatory issues and emissions reductions, it does not mean that this has been our sole priority. The COVID years and the war in Ukraine have brought the wellbeing of our employees, and wider communities, into sharper focus for us too. In 2022, we enhanced our processes for managing accidents and incident at the workplace. I am pleased that our workplace accidents and incidents figures have been on a downward trajectory for a long time because of better risk management. Work continues to ensure the numbers continue to reduce.

In terms of community well-being, however, our greatest achievement in 2022 was the support we gave to Ukrainians and Ukraine. From the outset of the horrendous war in Ukraine last February, Tallink has offered free transportation for refugees and humanitarian cargo where possible. More than 11 000 refugees were transported free of charge on our vessels to safety last year, with Tallink crew providing free meals and toys for children where possible on these difficult journeys, sometimes even at their own expense. Tons of humanitarian aid as well as vital equipment has travelled free of charge or with significant discounts on Tallink ferries from Finland to Estonia for onward transport to Ukraine. Tallink employees across the shores have arranged collections of toys, sanitary items, school supplies, Advent calendars and much more over the last 15 months to support those in need and I feel very proud of our colleagues for their contribution. On board two of our vessels that have been housing refugees, Isabelle and Victoria I, we have worked hard with our partners to provide a safe place for those who have had to flee their homes in Ukraine and have done our best to organise events, services and to bring at least some joy and comfort to the Ukrainians living on board our vessels as a temporary solution. Our help and support to Ukraine and Ukrainians will continue as long as it is needed.

All in all, I am grateful to all our employees, business partners, customers, investors and supporters for their help in making all the above happen and for their continued support in achieving our plans and goals, whether it is in the area of sustainability or our operations overall. We will continue on the road to full recovery, making sure that as we go along, we act, plan and recover sustainably and, as always, taking great care of the environment, people and communities around us.

Thank you for being with us on this journey,



**PAAVO NÕGENE**  
CEO  
TALLINK GRUPP





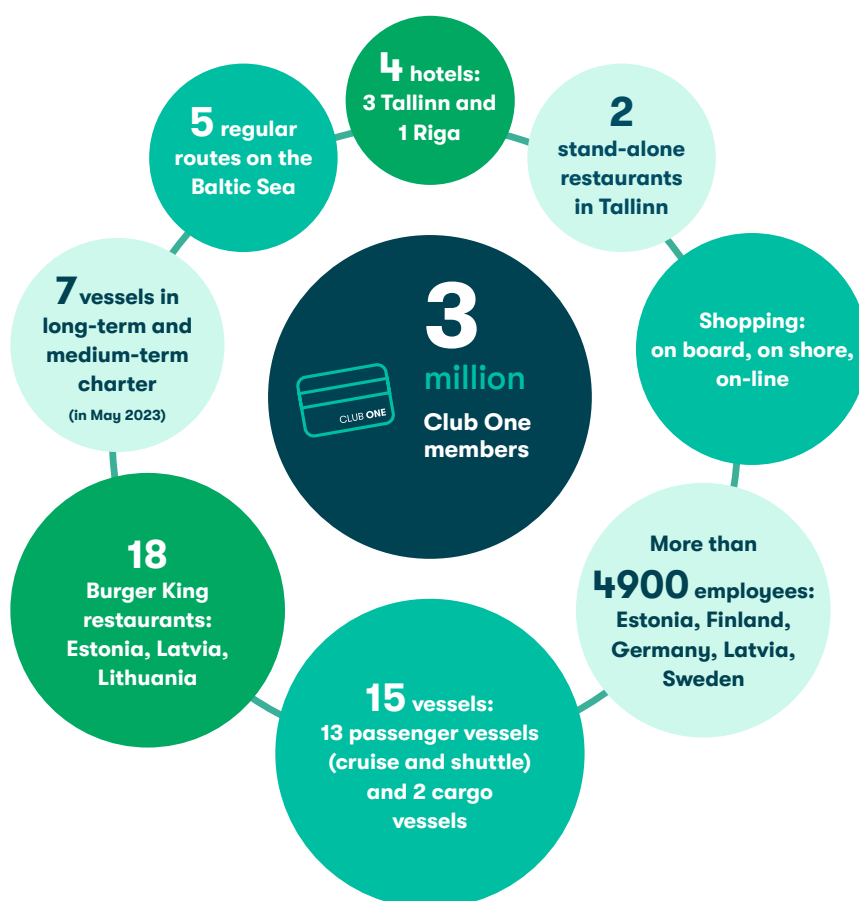


# I General

## Tallink Grupp at a glance

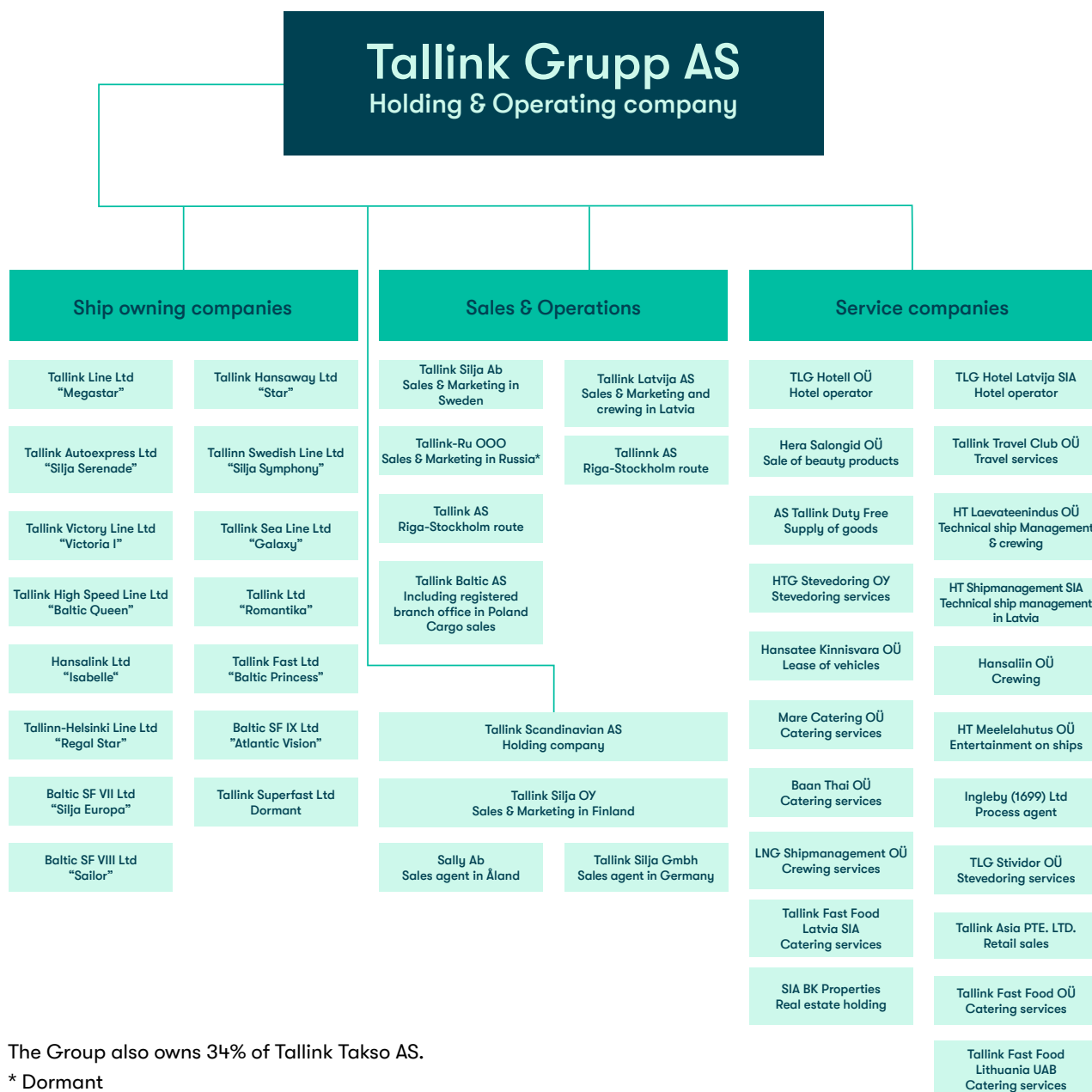
AS Tallink Grupp with its subsidiaries is the leading European ferry operator, which has been offering high quality mini-cruise, passenger transport and ro-ro cargo services in the northern part of the Baltic Sea for 34 years. The Group's business model at present entails providing maritime transport services on routes between Estonia, Finland and Sweden under the brand names of "Tallink" and "Silja Line". The Group has a fleet of 15 vessels that include cruise ferries, high-speed ro-pax ferries and ro-ro cargo vessels. In addition, the Group operates three quality hotels in Tallinn city centre and one in Riga (suspended in 2022, but re-opened in April 2023), and, as the Burger King franchise owner in the Baltics, 18 restaurants of the fast-food chain in Estonia, Latvia and Lithuania. The Group runs a successful international travel retail business with several shops on board and on shore, and a growing e-commerce presence in the Group's home markets.

With a combined history of Tallink and Silja Line brand vessels sailing on the Baltic Sea for 65 years in 2022, Tallink Grupp is the maritime giant of the Northern region of the Baltic Sea. The company, with its maritime history strongly rooted in the Finnish, Estonian and Swedish maritime traditions, is a key maritime transport provider in the Nordic and Baltic region, connecting people and businesses in the countries surrounding the glorious Baltic Sea. The company, with a workforce of thousands of professionals from around the region, today also operates several hotels, onboard and onshore restaurants and runs a successful travel and online retail operation.



# Group structure

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



# Our routes

## ROUTEMAP 2022





# Our fleet



## MEGASTAR

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



## MYSTAR

Built	2022
Length	212.4 m
Passengers	2800
Lane metres	2087
Ice class	1 A



## BALTIC PRINCESS

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



## BALTIC QUEEN

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



## GALAXY

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



## VICTORIA I

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



## ROMANTIKA

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



## SILJA EUROPA

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



## SILJA SYMPHONY

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



## SILJA SERENADE

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



## ISABELLE

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



## ATLANTIC VISION

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



## REGAL STAR

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



## SAILOR

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



## STAR

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



# What we do

## Our products and services

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

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

from various transport and leisure products to a high speed Tallink Shuttle service between Tallinn and Helsinki. Our offering also includes complete leisure and fun-filled short cruise experiences with possible overnight hotel and spa stays at various destinations. A large proportion of our products are sold as combined services and travel packages. Travel

packages are tailored to suit customer preferences in each market as to the type of vessel, length of trip, use of conference services, hotel accommodation and other leisure products. All our vessels are built to accommodate a large number of passenger vehicles as well as ro-ro cargo. We offer our customers end-to-end travel experiences, from joyful and easy cruises or transportation between top destinations to hotel accommodation and taxi services.

## Cruises

At the start of 2023, currently operating four cruise vessels on four routes on the Baltic Sea and with one of the youngest fleets in Europe, Tallink Grupp is the leading Baltic cruise operator with two iconic brands – Tallink and Silja Line.

We offer a variety of short cruises on our routes which include Helsinki-Stockholm, Turku-Stockholm





(Kapellskär), Helsinki-Tallinn and Stockholm-Tallinn. We also sell short day-cruises to the Åland islands from both Stockholm and Turku, and pre-Covid organised a few special cruises during the summer high season.

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

## Shuttle service

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

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

## Cargo transportation

Tallink Grupp is the largest maritime cargo transportation provider in the Baltic region. Our business operates a mixed tonnage concept, which means that our vessels carry both passengers and cargo. We carry only ro-ro cargo – mainly lorries and trailers – and do not carry any container cargo. Our vessels are equipped with separate car decks onto which private cars, buses and ro-ro cargo can drive while passengers are safely embarking. Cargo traffic is related to business logistics

and its development is often linked to the overall general economic conditions and trade activities. Our customer base for cargo services consists of a wide range of clients, from large international transport companies to small and medium-sized companies. The goods carried by them vary from building materials to consumer goods. We work closely with our customers to continuously improve our efficiency and service levels offering a flexible, affordable and efficient cargo service on different routes. In addition to carrying cargo on all its passenger ferries, Tallink Grupp currently also operates two cargo vessels, Sailor and Regal Star, on the Paldiski-Kapellskär route.

## City breaks

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

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

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

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

## Vessel chartering

Tallink Grupp has historically chartered its vessels out if the right opportunity has come along. The charters have been long-term, medium-term, and short-term hires, both bareboat charters as well as charters with full Tallink Grupp technical and service crew on board. During the Covid pandemic, an increased need for vessels for accommodation transpired. Tallink vessels have been in high demand as accommodation vessels across Europe over the last few years as a result. As at May 2023, seven of the company's vessels are rented out, ranging from providing transport services away from the Baltic Sea region to providing accommodation services for war refugees and asylum seekers.

## Tallink Hotels

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

Two trendy business class hotels – Tallink City Hotel and Tallink Spa & Conference Hotel – are situated in the centre of Tallinn. Tallink Express Hotel near the Port of Tallinn is perfect for budget travellers looking for good value. In Latvia, our Tallink Hotel Riga is located close to the business district and shopping centres and the historic Old Town of Riga. All our hotels are operated under the hotel chain brand Tallink Hotels.





In spring 2020, at the start of the COVID-19 pandemic, Tallink Grupp temporarily closed all of its 4 hotels. Tallink Spa & Conference Hotel and Tallink Express Hotel reopened in autumn 2020, Tallink City Hotel reopened after extensive repairs in June 2021. Tallink Hotel Riga reopened for business in April 2023.

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

## Onboard services

Pre-Covid, Tallink Grupp was ranked third among ferry companies in the world in terms of travel retail revenues and fourth in Europe among the leading travel retail outlets\*. In the Nordic region, we were the number one outlet in terms of sales pre-Covid. In 2020, we ranked 14th in the same list, however we were the only ferry company in the Top 20 among the world's largest airports.\*\*

In 2022 restaurants, bars and shops onboard contributed to 49% (in 2019, pre-Covid more than half, 56%) of our overall revenues. All our cruise and transport passengers can dine for varying price levels, ranging from traditional a la carte and buffet restaurants to fast food dining areas and pubs to even trying our exclusive gourmet restaurants run by some of the best chefs in the region. We have developed menus suited to Nordic tastes, accompanied by culinary inspiration from other ethnic cuisines. We focus strongly on the quality of our food and service and many of our chefs and catering staff have won numerous awards reflecting our excellent onboard service. Onboard sales in restaurants and bars are tax-free on almost all our routes.



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

\*Source: Generation Research 2018

\*\* Source: Generation Research 2020

## Tallink Duty Free

AS Tallink Duty Free is a subsidiary of AS Tallink Grupp, founded in January 1997, so the company has been operating on the market already for more than 25 years. The company's field of activity is procurement and retail organisation of onboard and offshore stores and e-shop operated by AS Tallink Grupp, which include purchasing, negotiations,

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

Tallink ships are big department stores at sea that stock a wide selection of high-quality brand -, perfume- and cosmetic products, spirits and other alcoholic

### Types of trade:

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

#### Tallink webshop

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



#### Pre-Order

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



#### Business class shopping

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



#### Car deck shopping

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



#### Bus shopping

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



#### Self-check-out service

this quick and efficient method can be used onboard Shuttle ships





beverages, fashion and accessories. Tallink Duty Free has more than 1 000 brands and about 800 partners, which include world-leading companies, with whom Tallink has long-term reliable and loyal business relationships. New brands and partners are constantly added and shops are continuously renovated.

Tallink Logistics Center was opened already in January 2016 to optimise inventory management. With the opening of the most up-to-date logistics centre in the Baltic Sea Region, AS Tallink Grupp brought together all eight logistics locations in Estonia, Finland, Sweden and

Latvia into one distribution centre, where the Group's fleet, hotel network and office goods are coordinated.

Thanks to the establishment of a centralised system, Tallink's supply chain is more cost-effective and faster- creating a central logistics centre has given the company better and faster access to the necessary goods and raw materials and ensures an optimal supply chain. The Tallink Duty Free team is continuously working to expand the shops' product portfolio with new and interesting products.



#### Plenty of Payment options:





## Burger King franchise

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

out with restrictions, supply issues and a recruitment rollercoaster, our expert team battled on and managed to open a further 7 restaurants by the end of 2021, taking the total number of Burger King restaurants in Estonia, Latvia and Lithuania to 15. In 2022 and early 2023, 3 further restaurants were opened in the Baltics, taking the total number of Burger King restaurants in Estonia, Latvia and Lithuania to date to 18.

**CLUB ONE****CLUB ONE MEMBERS FROM MORE THAN 100 COUNTRIES****MORE THAN 500 PARTNERS  
IN OUR KEY MARKETS**

Sport &amp; fitness

Hotels &amp; spa

Restaurants

Shops



Taxi

Events

Museums &amp; attractions

Health &amp; beauty

**OUR CLUB ONE MEMBERS'  
FAVOURITES**

Boss, the Scent for Her EdP

Sensai Silk Performance  
Mascara

Toblerone Gold



Baileys Original



Ships Wines

## Club One loyalty programme

Club One connects 3 million people around the Globe (2,87 million in 2022). Most of our loyalty club members come from our home markets of Finland, Sweden, Estonia and Latvia. Altogether, Club One has members from 179 different countries from around the globe.

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

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

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

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

In 2022 we stopped providing plastic membership cards to anyone under the age of 65, their only option going forward is the digital card. By taking this step, we are reducing a significant amount of plastic produced by us and used by our customers annually.

We also carried out a large-scale Club One member survey in March last year, which provided us with valuable feedback on our offering and our customers future expectations. The survey formed a basis for our future development plans and will now see us implementing the changes our customers highlighted in the survey step-by-step over the coming years. One of the new features launched in 2022 already was the Slider functionality, which gives our members more flexibility for deciding how to use their collected Club One points.

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



# Our business philosophy

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

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

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

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

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

## **WE OBEY THE LAW**

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

## **WE RESPECT EACH OTHER**

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

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

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

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

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

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

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

## **WE AVOID CONFLICTS OF INTEREST**

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

## **WE PROTECT COMPANY ASSETS**

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

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

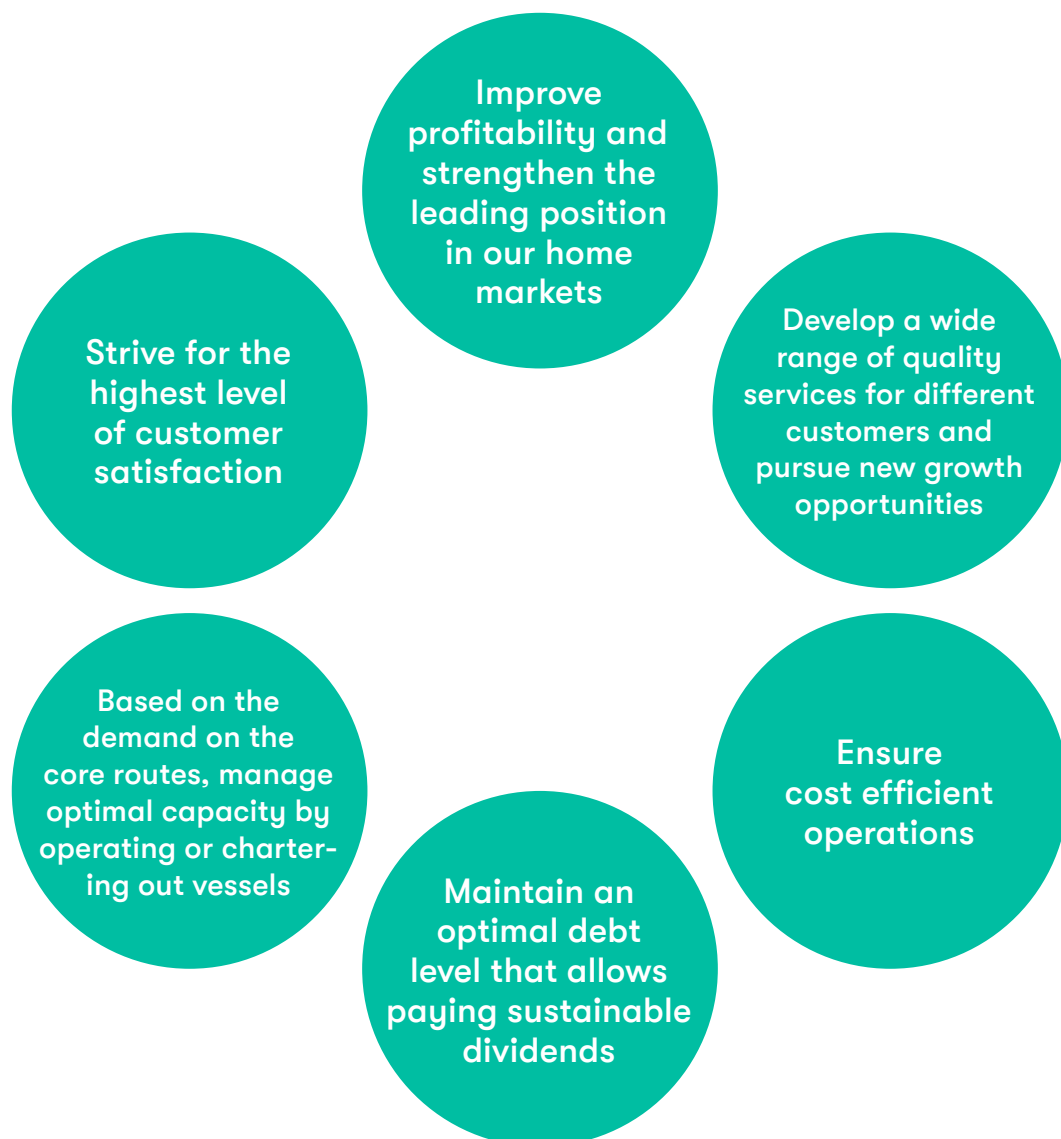
Our motto is: "A customer is at the heart of everything we do". Every point of our customer journey, from the first steps of booking and checking-in to the trip to the final farewells at the end of the voyage should follow our Travel Experience principles, a collection of our customer service best practices.



# Business strategy

The Group's vision is to be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services.

## The Group's long-term strategy is to:



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

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

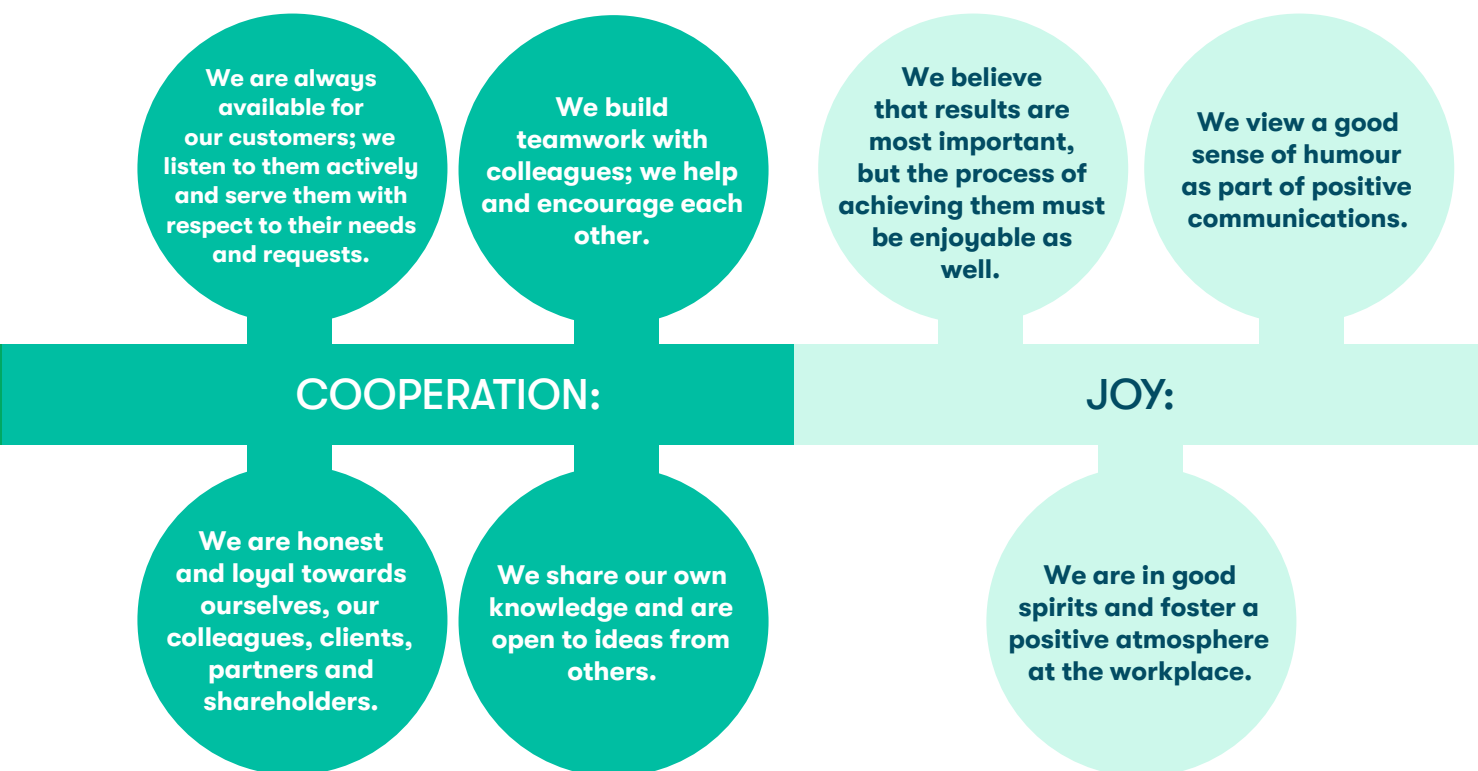
## UNRIVALLED SUITE OF COMPETITIVE ADVANTAGES





# Our company values





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





# II Sustainability at Tallink Grupp

## Sustainability strategy

Tallink Grupp has been reporting on the company's sustainability activities, including the Group's environmental strategies and plans, governance, social contribution annually and systematically already since the early 2000s. The methodologies and standards used as a basis for this have changed and improved over the years, ranging from the Global Reporting Initiative to the United Nations SDGs. The Group's sustainability strategy was set in late 2019 following a consultation process, involving some of the company's key stakeholders and their views on the company's sustainability agenda, carried out during 2018 and 2019. The developments in the EU sustainability reporting agenda with the adoption of the new Corporate Sustainability Reporting Directive (CSRD) and the development of the new European Sustainability Reporting Standard (ESRS) mean, however, that in 2023 the company will carry out further strengthening of its governance around sustainability responsibilities and reporting, double materiality assessment analyses and reassess its ESG strategy, goals and action plans for the next 2-10 years. The aforementioned activities will be carried out in preparation for the enhanced reporting requirements coming into effect from 2025 onwards.

In the Annual Report of 2021, the company already carried out the first assessment of the EU taxonomy eligibility and reported for the first time based on the taxonomy directive. In the Annual Report of 2022, the taxonomy overview has grown in detail and provides an even greater insight into how the Group's economic activities are aligned with and support the green agenda. In addition to the taxonomy analysis, the Group further carried out a mapping exercise at the end of 2022, to identify key areas of development for the group in the area of sustainability in 2023 and mapped out some of

the key activities for the year ahead. These include strengthening governance around sustainability, developing a roadmap to CSRD compliance, further GHG emissions analyses (scope 1, 2 and 3) and clear objective setting for the next 2-10 years to reach ambitious ESG and climate targets.

Tallink Grupp is proud of signing the company's first sustainability linked loan with its syndicate banks in late 2022, its loan margins linked to the company's ESG performance and sustainability KPIs (emissions reductions and employee health and safety) for the first time. In 2023, the Group will further work on embedding a sustainability culture across the group and enhance ESG governance on company Boards levels.

## Materiality

According to the requirements of the CSRD and in order to set improved ESG goals that help achieve the global climate and sustainability targets even better, companies will need to carry out a double materiality assessment (Tallink has previously carried out materiality assessments for goal-setting and impact assessment). To identify our group's key impact areas on the world around us and impact areas where the world around us is likely to have an impact on our business and operations, Tallink Grupp will carry out a double

materiality assessment exercise in Q2 and Q3 of 2023, including the various stakeholder groups of the company in the process.

The previous materiality assessment carried out some ten years ago, included the following impact areas and was carried out among the following stakeholder groups: employees, customers, shareholders, suppliers, partners, governmental institutions, educational organisations, community, NGO-s, and media.

### Tallink Grupp material aspects, 2015



Following the double materiality assessment exercise in Q2 and Q3 2023, the company will update its ESG strategy aligned with the ESRS standard requirements

and new ESG goals that are even more aligned with the global ESG goals.

## General sustainability principles, governance, goals

In its sustainability strategy and activities, Tallink Grupp follows the principles of taking action in the areas of greatest impact, setting ambitious yet realistic goals, where possible exceeding legislative requirements rather than doing the bare minimum required, and ensuring that sustainability is a mindset and part of the company culture across the board. Sustainability is everybody's business and not a stand-alone activity, but a normal part of every activity.

The ultimate responsibility for ESG within Tallink Grupp lies with the Group's Management Board and Board Member Piret Mürk-Dubout heading the sustainability drive across all markets. Further on, daily coordination of activities is also on senior management level with the Communications Director and Sustainability Lead and from there on every subsidiary and larger department having a person appointed with sustainability reporting

responsibilities. In the area of environment, the Ship Management Environmental Expert is responsible for vessel environmental data collection, data verification and submissions to the relevant authorities.

Tallink Grupp Management Board receives regular updates on sustainability activities and progress with regular reports on key project and activities' completion, and ESG related topics regularly included on the Management Board meetings' agenda throughout the year.

In 2023 Tallink Grupp is going through an ESG strategy review and update on goals, to align these with the new CSRD directive and ESRS standard and new reporting requirements. Updated strategy and goals will be reported in the 2023 Sustainability report in spring 2024.

Tallink Grupp ESG focus areas and high-level goals remain the following:

### TALLINK GRUPP CSR FOCUS AREAS

Looking  
\*after the  
sea

Looking  
after  
climate

Looking  
after  
resources

Looking  
after people  
– our  
customers,  
communities  
+ staff

### HIGH LEVEL KPI'S

- Reduce waste
- No single-use plastic
- Reduce water consumption

- Reduce CO2 emissions by 2% annually
- Reduce pollution
- Become a paperless business

- Source products loyally where possible
- Source sustainable products where possible
- Promote circular economy

- Give back to communities
- Promote responsible service
- Ensure health & well-being of colleagues





# III Environment

Environmental protection and management remain one of the priorities for the Group with every effort made across the fleet to reduce marine and air pollution, increase energy efficiency, control the use of chemicals and other pollutants, save resources and reduce waste wherever possible. On shore, similarly, every effort is made in the company's offices, terminals, the logistics centre, hotels and restaurants to reduce our environmental impact and move towards even more sustainable operations.

The company continues to work towards its emissions reductions target of reducing CO<sub>2</sub> emissions annually by at least 2%. Since 2009, we have already succeeded in reducing our vessels' CO<sub>2</sub> emissions by 51.9% through various investments and upgrades to our ships. A good example of this is the EU funded project TWIN PORT 3, running throughout the period 2018-2023. The project focuses on the reduction of the environmental impact of the increasing Ro-Pax ferry traffic and continues to improve the multimodal transport link between Helsinki and Tallinn. As an example, onshore power supply systems have already been installed to date in Stockholm, Tallinn and Helsinki ports, meaning the Group's vessels are now able to connect to shore power in order to reduce emissions to air and noise in the city centres of the three capitals. From Tallink vessels alone, the shore power connections during longer port stays currently enable to reduce more than 7500 tons of CO<sub>2</sub> per annum. Furthermore, an auto-mooring system was completed and taken into use on quay 5 in Tallinn Old City Harbour. This enabled our shuttle ships Star and Megastar to use the time and human resource saving technology in both ports. Auto-mooring enables us to save time by performing mooring operations more efficiently while reducing emissions and noise.

Tallink also continues to operate a strict zero-spill policy and looks for new solutions for hull maintenance that reduce the possibility of harmful substances ending up in the Baltic Sea. With good cooperation partners, significant steps forward have already been taken in the area of safe cleaning and maintenance solutions, meaning less harm to the fragile Baltic Sea flora and fauna.

During 2022, our ships and hence the traffic provided were continuously influenced by the aftermath of the global COVID pandemic and the new geopolitical and economic challenges presented by the war in Ukraine. Nearly half of the company's passenger fleet was and is currently chartered out on various contracts across Europe. Nevertheless, all necessary maintenance, specifically safety-related maintenance has been performed in full to ensure the ships are fully operational and ready to resume their normal operations when the contracts end.

## Environmental activities onshore

From June until September 2022, Tallink Grupp carried out an inventory of the Group's onshore greenhouse gas emissions in partnership with third party experts and applied science professionals from Applied Research Centre Centar in Estonia and climate consultancy firm ClimaCheck for 2019 and 2021 as the base years. The Group already monitors its vessels' emissions since 2009, but no onshore emissions review had previously been carried out. The inventory was carried out according to the Greenhouse Gas Protocol and included, initially, scope 1 and 2 emissions.

### The key findings of the analysis were:

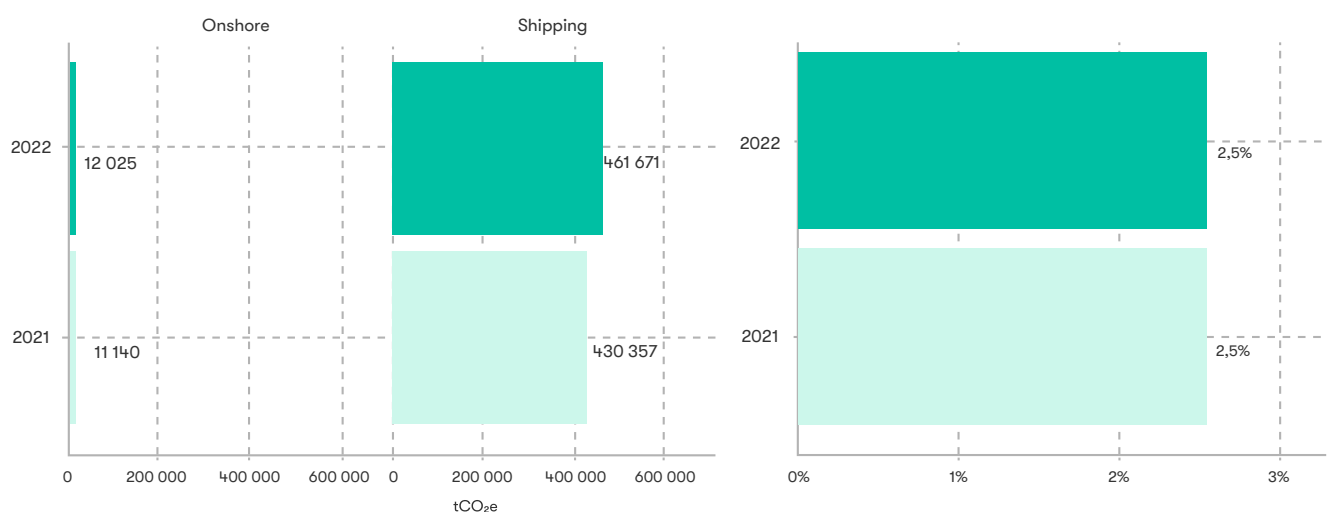
- CO<sub>2</sub> emissions from onshore activities are only a small fraction (2.8%) of AS Tallink Grupp's total CO<sub>2</sub> emissions.
- In 2019, before COVID-19, the share of onshore activities was even smaller, 2.1%, indicating that after shipping activities restore normal level the share of onshore emissions diminishes further.

## 2022 emissions analysis was carried out in Q2 2023 and revealed the following results on the group's emissions in 2022:

- The company's onshore CO<sub>2</sub>e emissions in 2022 had increased by 7.9% compared to 2021 with operations and business on shore recovering post-Covid.
- Onshore CO<sub>2</sub>e emissions still formed only a fraction – 2.5% – of the company's total emissions with the majority of the emissions coming from the shipping operations.
- The bulk of the onshore emissions, 38%, comes from the Hotels operations.

The 2022 onshore emissions review revealed that most of the company's onshore emissions (80%) come from purchased electricity. Consequently, concerted efforts will now be made towards curbing CO<sub>2</sub>e emissions through streamlining electricity consumption. The largest potential for reducing emissions onshore lies in switching to long term renewable energy contracts. In 2023, the group will commence the initial mapping of its scope 3 emissions in readiness for measurement and reporting of scope 3 emissions over the coming years. In addition to focusing on mapping and reducing the company's emissions, Tallink Grupp strengthened its policies around circular practices, buying local and buying sustainable. The company continued to work closely with established partners in carrying out its circular economy practises where possible.

## On-shore activities vs shipping



CO<sub>2</sub>e emissions from on-shore activities remain only a small fraction (ca 2.5%) of total emissions.



## Environmental activities on board

Tallink Grupp's vessels continue to be managed in a way where efficiency is one of the utmost priorities. Ship management is constantly working towards finding solutions that provide the biggest impact on reducing fuel consumption and decreasing GHG emissions. There are several projects in the pipeline in 2023 and improvements in the ships' measuring equipment forms a cornerstone for further improvements. Hence, the company plans to modernise fuel consumption monitoring equipment and has already introduced a new electronic platform to collect relevant data. Ship management specialists continue to monitor closely the development of technologies that will enable shipping to achieve the goals of reducing carbon intensity and moving towards the decarbonisation of shipping. Environmental protection and management are a clear focus for the Group.

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

The Group continues to operate strictly under a zero-spill policy. The Group's objective is to avoid any pollution of the marine environment by maintaining the highest standards of ships' technical condition, safety and crew competencies, and complying with all legal requirements. In addition, the entire group with its activities is committed to continuous improvement of the operations and meeting its goals.

The Group still participates in an EU funded project TWIN PORT 3, throughout the period 2018-2023. The project focuses on the reduction of the environmental impact of the increasing Ro-Pax ferry traffic and continues to improve the multimodal transport link between Helsinki and Tallinn. As one of the outputs of this project, the onshore power supply systems are developed and operational in Tallinn Old City Harbour, Helsinki South and West Harbour and Stockholm Värtahamnen harbour. In these ports our vessels can connect with shore power for reducing air emissions and noise in city centres of the named capital cities.

In 2022, our ships' operations continued to be influenced by the global pandemic, but as a new factor, also by the full-scale war in the Ukraine. Several of the Group's vessels are chartered out as accommodation vessels for housing war refugees or asylum seekers. The activities of our fleet are slowly recovering but remain far from our peak operations. However, all required maintenances, including all safety related maintenances are performed to the full extent to keep our fleet in complete readiness for any activities they might be needed to engage in.

Auto-mooring systems have been actively used in Tallinn Old City Harbour and in Helsinki West Harbour by our Shuttle ships. This enables our shuttle ships Star, Megastar and, as a new addition to our fleet – MyStar, to optimise time and human resources while in port. This technology enables us to perform mooring operations more efficiently, meanwhile reducing air emissions, noise and saving time. We continue to focus on possible projects that would help us improve our fleet's energy efficiency. It is our priority to optimise fuel consumption and by doing that also our fleet's GHG emissions, as the latter is going to be a major area for Regulators (in EU and in IMO).

We are expecting further developments in addition to the already enforced measures introduced by IMO as short-term solutions (EEXI, CII). In 2022, the Group' Ship management branch maintained its ISO 14001:2015 certified status of its Environmental Management System forming an integral part of its Safety Management System. The surveillance audit was successfully completed, and the certified status was successfully maintained.

## Some examples of international certificates held by Group's companies and ships:

→ ISO 14001:2015 Environmental Management System Certificate by LRQA (covering entire fleet)

→ MARPOL International Energy Efficiency Certificate

→ MARPOL International Air Pollution Prevention Certificate

→ MARPOL International Sewage Pollution Prevention Certificate

→ IAFS International Anti-Fouling System Certificate

→ MARPOL International Oil Pollution Prevention Certificate

→ Document of Compliance for Anti-fouling System

→ MARPOL International Garbage Pollution Prevention Attestation

→ Document of Compliance by Estonian Maritime Administration

→ Document of Compliance by Finnish Maritime Administration

→ Document of Compliance by Swedish Maritime Administration

→ Document of Compliance by Latvian Maritime Administration

## Climate

On 30 April 2022, the fourth reporting period under EU MRV Regulation (Regulation (EU) 2015/757) ended. Ship-specific data for 2021 was verified and the reports forwarded to EC in due time. We continued to partner with Verifavia SARL for MRV Verification services. Verified data for each ship was entered into THETIS MRV database and the required Document of Compliance was issued to each ship to be kept on board.

Our well-established routine of the collection of relevant data was still used for the fifth monitoring period (covering 2022). Data collection routines proved to be adequate considering our operations are relatively unusual for some of our ships. All the required data is available, and the required reports have been composed.

There have been developments at the end of 2022 when we started to implement a new electronic reporting platform – NauticAI Log (Fleetrangle) – which is planned to replace our EEOI Calculation Sheet and incorporates the required reporting of Carbon Intensity Indicator (CII) as a requirement from 1 January 2023 onwards. BOQA Fleet Performance Monitoring system (by FleetRange) is now working as report generation media. NauticAI Log platform was provided for testing to all our vessels in December 2022 and it went live with no additional reporting obligations from 1 January 2023. The main objective continues to be to develop adequate fuel consumption measuring capability throughout the entire fleet. For this purpose and to achieve even greater accuracy in fuel consumption measurement, flowmeters will be introduced on company vessels in 2023, providing also more detailed and accurate information regarding fuel consumption and thus also emissions.

In 2022, ships visiting ports in Stockholm, Tallinn and Helsinki (South Harbour) were connected to High Voltage Shore Connection (HVSC). Due to the drastic increase in fuel and electricity prices we have decided to use Shore Power considering the breakeven point for both energy carriers. For each week, the limit price for electricity (kWh) has been calculated based on which ships either use shore power or use their own auxiliary engines instead.

Nevertheless, the shore power project progressed well during 2022 and by the end of the year Helsinki West Port finalised their project to provide HVSC to Megastar

while staying in port overnight. Shore power capabilities were developed in ports of Leith, Edinburgh, Scotland and in Velsen, Amsterdam, Netherlands for Victoria I and Silja Europa respectively.

Our newest addition to our fleet, MyStar is also equipped with HVSC already from the Shipyard. MyStar is connected to HVSC in Tallinn while staying there overnight.

During 2022 Megastar used MGO instead of LNG for the majority of the year due to lack of availability of LNG from other sources than Russia and the considerable increase in the energy carrier prices.

Due to considerable increase in energy carrier prices, especially LNG, Megastar, our dual-fuel ship operating between Tallinn and Helsinki was using MGO instead of LNG for majority of the year.

The taxation policies of the use of shore power by ships should still be considered as this is going to be the future requirement under EU Fit for 55 package.

Total fuel consumption of the entire fleet increased in year-on-year comparison by 5,6% from 138264,3 tons in 2021 to 146032,6 tons in 2022. Slightly bigger increase in total CO<sub>2</sub> emissions of 7,3% due to wider use of MGO/MDO compared to Light Fuel Oil.

Partnership with E-Marine continued in some limited extent in 2022. The optimisation project was finalised on Silja Serenade and on Galaxy. The analysis of the fuel consumption and HVSC energy usage onboard Silja Serenade indicate that the similar project would be beneficiary to complete on Silja Symphony as well. Relevant resources are designated in Silja Symphony's budget for 2023. Yet again, we are confident that the Energy Efficiency improvement project with partners like E-Marine is successful and worth to be developed further. We will continue to analyse the performance of each ship.

The fourth IMO DCS monitoring period started on 01.01.2023 and will end on 31.03.2023. Aggregated ship-specific information is available already under the same routines as for EU MRV Regulation but there are specific reporting requirements to be followed. We continue to partner with RINA which is acting on behalf of all Flag State Authorities of our ships. After



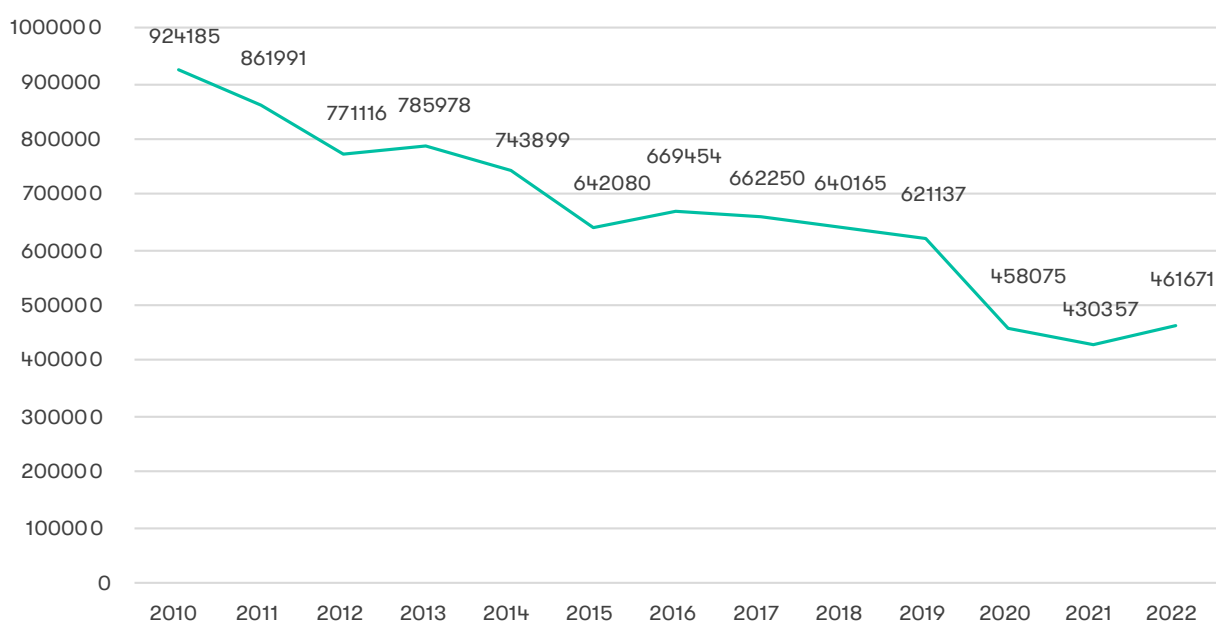
the data will be verified by RINA, the latter will forward the required information to IMO and will issue relevant Statement of Compliance for ships.

For future monitoring, IMO has adopted new 'short-term operational measures' to reduce GHG emissions on ships involved in international shipping – Carbon Intensity Indicator (CII) – as new requirement starting from 1 January 2023. This is dividing all ships GT>5000 based on CII Rating (from A – the best, to E – the worst) awarded to each ship annually. Relevant calculations

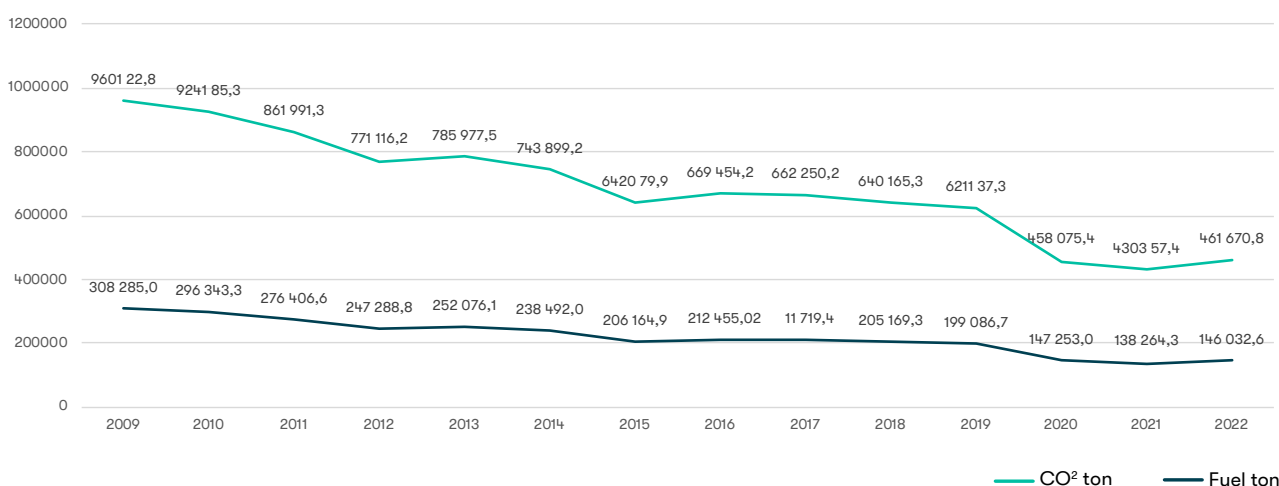
and target values are based on data collected under IMO DCS. Under these regulations, there must be an approved corrective action to be agreed with Flag State Administration or RO duly authorised by it, this might mean we need to change our reporting routines and use specific RO's nominated to specific ships instead of one RO covering all ships.

First step to comply with CII requirements was creation and approval of SEEMP III of all ships by 31 December 2022. This requirement was completed in due time.

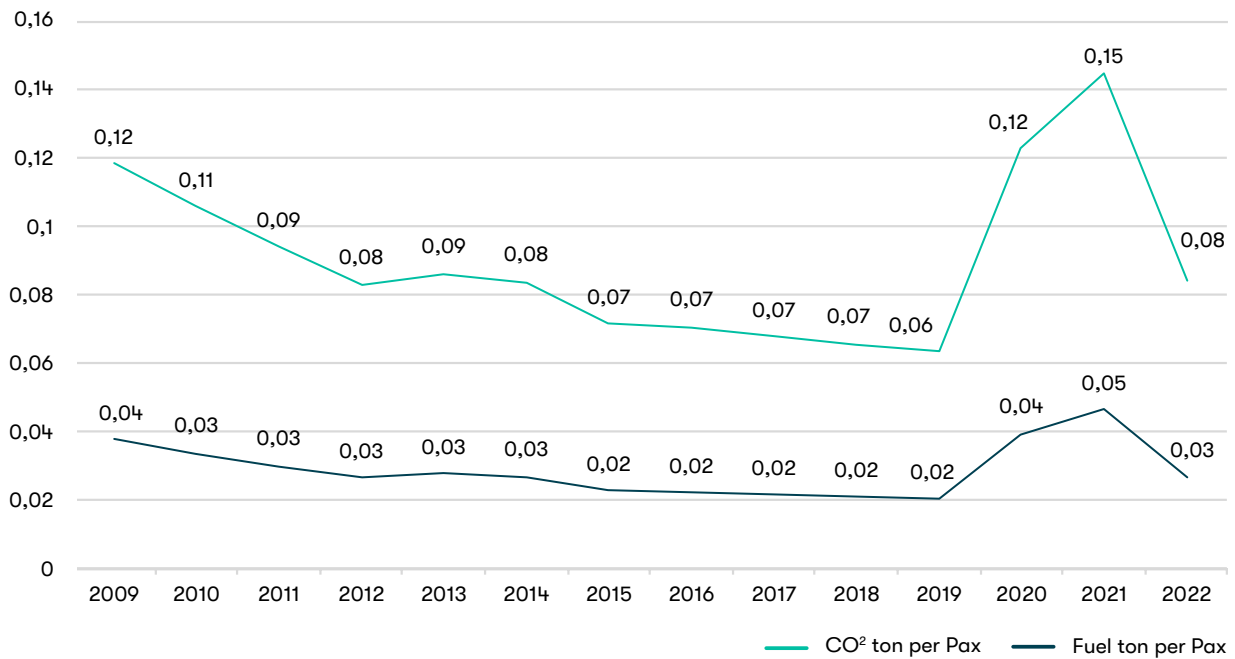
## Total CO<sup>2</sup> emission



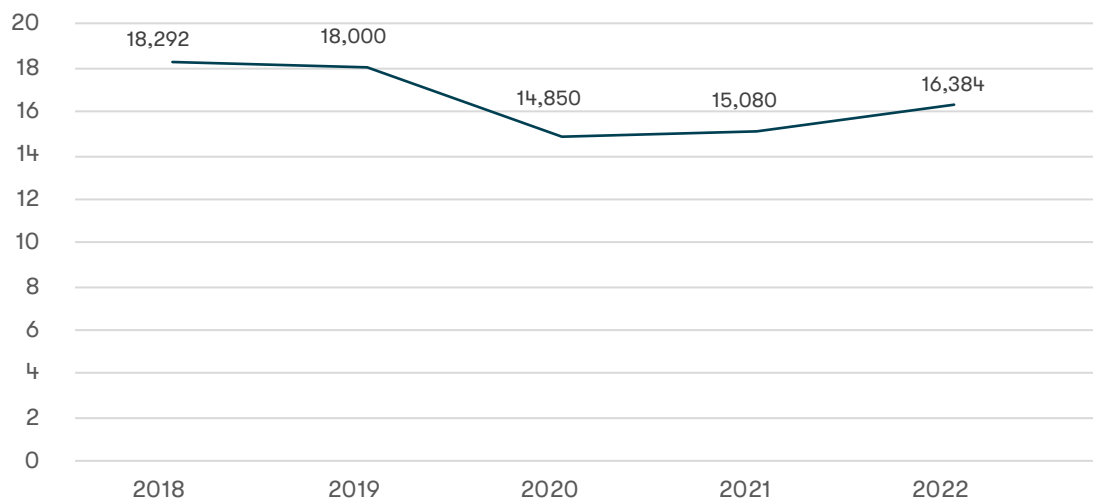
## Fleet total



## Fuel/CO<sup>2</sup> per passenger



## Fuel per trip(tonnes)



Fuel on voyages only; not including fuel used while berthed.

The Company CO<sub>2</sub> Reduction Plan was also revised and updated in 2022. Several projects originally listed in the plan were cancelled or postponed, but a number

of projects will be added as planned activities when there will be resources allocated.

## Waste

Tallink's operations are still recovering from the COVID-19 global pandemic and passenger numbers have increased by 84% in 2022 compared to 2021. In February 2022, Russia initiated a full-scale war against Ukraine which caused significant turbulence in the region and kept potential passengers cautious. Some routes continue to be closed (e.g. Riga-Stockholm) and on the Tallinn-Stockholm route we are operating with only one vessel.

A certain amount of sewage is generated on board the ships as they are kept fully operational, but since April 2022 Isabelle has been employed as an accommodation vessel for Ukrainian war refugees and has been alongside in Tallinn Old City Harbour since then. Romantika and Victoria I were still laid up until in March 2022 Romantika was chartered out under a bareboat charter agreement (changed flag and is no longer under Tallink's management). Victoria I replaced Silja Europa on the Tallinn-Helsinki route temporarily when Silja Europa got damaged in contact with the pier in Tallinn Old City Harbour and undertook some repairs. In July 2022 Victoria I was chartered out to Scotland as an accommodation vessel for Ukrainian refugees and Silja Europa and Galaxy were chartered to the Netherlands as accommodation vessels for asylum seekers from September 2022. According to legislation, the amount of sewage discharged from ships staying alongside as accommodation vessels is still counted for, but the guests staying onboard these vessels are not counted as passengers. So, the amount of sewage created by passengers does not reflect the actual sewage per person on board.

Solid waste per passenger has decreased in general. Together with the increase in passenger numbers, the amount of waste generated and discharged has decreased as well.

The biggest factors contributing to solid waste generation are packaging materials (carton, plastic) in ships' stores and passenger generated mixed waste. The indicators are comparable with previous periods, but the situation needs further analysis due to the change in operations as 4 ships out of 13 are serving as accommodation vessels. Alternative metrics may still be required to be developed for monitoring the environmental performance of the ships in the future.

In 2022 all Tallink Grupp's passenger vessels currently operating on regular routes introduced waste sorting bins in public areas of the vessels, thus encouraging the company's customers to sort waste while on board.

In order to reduce plastic waste, the company stopped offering its Club One members the option of a plastic membership card (except for those over the age of 65 and insisting on a physical card, everyone else only has the option of a digital card going forward) and the company replaced the single-use shampoo and shower gel bottles in higher category cabins with wall-mounted refillable alternatives. Additionally, the company removed single-use toothbrushes and other incidentals from higher category cabins, making those items on-demand only.



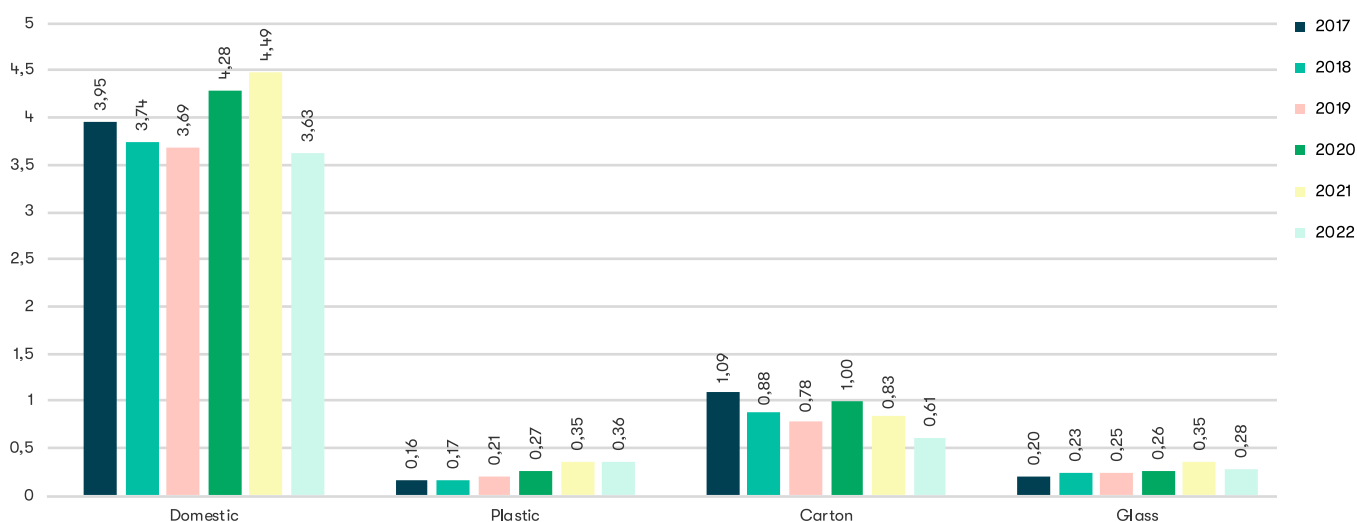


In late 2022, Tallink Grupp's subsidiary Tallink Duty Free signed a contract with the John Nurminen Foundation to donate a percentage of every single Tallink Silja branded water bottle sold on the company's vessels in 2023 to the charity for the protection of the Baltic Sea.

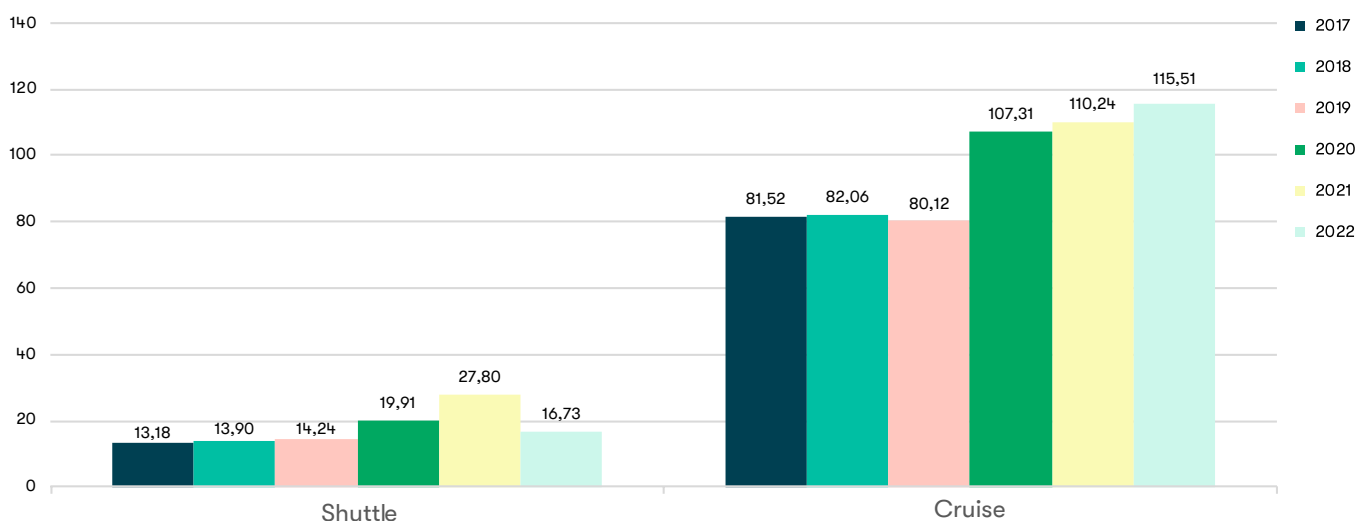
Tallink continues to work with partners across Estonia, Finland and Sweden to identify opportunities to send unwanted, but reusable items back into circulation where possible.

In 2022, most of the items selected for repurposing or reuse were donated to Ukrainians in Estonia and to organisations collecting support and items to send to Ukraine.

## Waste per Passenger (litres)



## Sewage per PAX (litres)



## Environment related incidents

No pollution incidents occurred in 2022. Some minor spills onboard of ship (Megastar fuel leakage from truck on car deck) or on quay (Megastar and Star, both bunkering in Tallinn; Victoria I discharged grey water in Edinburgh).

Ten (10) 'Fire / Fire Hazard' incidents were recorded in 2022. Cabin fire on board Silja Europa was a serious incident caused by a charging speaker left unattended in the cabin. There were two (2) other fire incidents related to charging electronic devices (Star, Victoria I). Other 'Fire' incidents were caused by LED light onboard Isabelle, small incident in Equipment Room and in Grill Restaurant pantry onboard Silja Serenade.

16 environmental incidents (harmful substance/agent, pollution, fire/fire hazard) were recorded in total in 2022, compared to 8 in 2021, 9 in 2020, 9 in 2019, 11 in 2018, 12 in 2017, 7 in 2016 and 26 in 2015.

The spike upwards in 2022 gives reasons for concern, especially those related to fire or fire hazard situations. We continue to monitor the situation and try to identify the root causes.

## Environment related incidents



## Environmental goals for 2023

Monitoring of the data collected under identified Significant Environmental Aspects on the monthly basis continues as before. The information will be analysed and compared against previous periods considering the specifics of those periods.

We continue to analyse the collected data, any deviations and incidents which might have an impact on our environmental performance with relevant corrective/preventive actions taken.

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

**MRV Regulation:** The fifth reporting period must be successfully completed by the end of April 2023. The ship-specific aggregated data for 2022 were presented to the third-party verification organisation Verifavia already in January 2023. Verification process is currently ongoing.

All ship specific MRV monitoring plans (MPs) are approved. Any updates required within MRV MP's are to be analysed and dealt with. Starting from 1 January 2023, a new data collection tool was introduced – NauticAI Log. All information required under the MRV Regulation is now collected using this platform. After the current reporting period all ships must modify their MRV MP's to reflect this new data collection and recording tool. It will be one of the priorities for spring/summer 2023. Reporting routines of collected data to Verifavia will continue as established so far.

**International Maritime Organisation Data Collection System (IMO DCS):** the fourth data collection period completed in late March 2023. We continue to be partnered with RINA who have been providing the data verification services on behalf of all relevant Flag Administrations. Aggregated ship-specific information is already forwarded to RINA. New regulations entered into force on 1 November 2022 which will require additional efforts to comply with.

By 1 January 2023 approved SEEMP III's are onboard of all our vessels as required. The SEEMP Part III is a mandatory, ship-specific document that lays out the plan to improve the vessel's Carbon Intensity Indicator. SEEMP III's were approved by RINA, but in the future they must be probably be reapproved by the RO's duly

authorised by the Flag State Administrations nominated to specific ships. It is due to specifics of Carbon Intensity Indicator (CII) calculation and rating. Hence starting 2023 there will be a need to reapprove all SEEMP III by RO's nominated to specific ships. It will change the reporting routines under IMO DCS and CII Rating as different RO's have some specific rules of how the required information is reported.

**Energy Efficiency Design Index for Existing Ships (EEXI)** was also enforced on 1 November 2022 and under MARPOL amendments which require approved EEXI Technical File to be approved by Flag Administration or RO duly authorised by them onboard applicable ships (Megastar and MyStar are exempt as having non-conventional propulsion system) by first annual survey after 1 January 2023.

Work to achieve full compliance with both of these provisions is ongoing and will be completed in due time.

The company is taking steps and expects to fully meet its target of reducing the absolute emissions of the core fleet (Megastar, MyStar, Baltic Queen, Silja Serenade, Silja Symphony and Baltic Princess – currently operating on regular routes comparable with pre-Covid era) by 2% in 2023 compared to the average of the baseline years 2017-2019.

On shore, the company has recently completed the Scope 1 and 2 GHG emissions mapping for onshore activities in 2022 and will commence the Scope 3 emissions assessment with company partners in Q3. First scope 3 emissions calculations results to be expected in 2024.

Tallink Grupp will also continue to work with its suppliers to reduce the amount of packaging supplied to the company, with its waste management partners to increase the amount of waste reused and recycled, and with its own partners to increase the amount of the company's used items to be sent back into circulation instead of landfills.

Within the company's Duty Free subsidiary, the Food and Beverage department and the procurement team, the procurement processes will be revised and reviewed to include a preference of environmentally friendly, sustainable goods, ingredients, and products and services are preferred in procurement processes, if the price and quality of two tenderers or suppliers match.







# IV Social

## Our colleagues

Total number of employees at 31 December 2022.  
\*Includes 167 employees currently on maternity leave.

**TOTAL 4904\***  
Land 1827  
Sea 3077

### Employee split by countries:



### Gender split across group

45,5% Male / 54,5% Female



### Gender split on Management Board

60% Male / 40% Female



### Gender split in Management

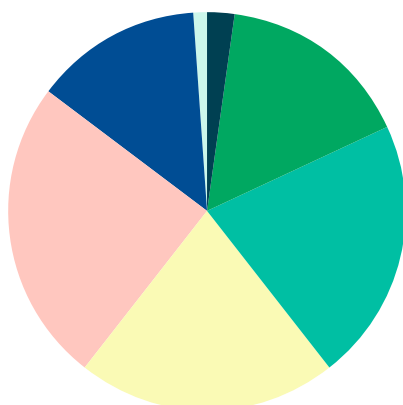
#### Sea

76% Male / 24% Female

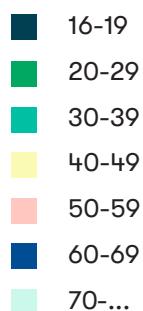


#### Land

51% Male / 49% Female



### Age split across group





## Continuing to work through the crises

Following the challenging COVID years, 2022 promised to finally bring some relief. From the business recovery point of view, but most importantly from the general health and wellbeing perspective for both passengers as well as our employees. But the start of the war in Ukraine in February meant that we faced new and different challenges from the pandemic of the previous years.

New pressures from increased costs and prices at a time when passenger numbers were still dwindling after Covid, meant the company needed to continue to source alternative work for vessels to optimise capacity on its core routes. The increased need for temporary shelter and housing as a result of war, but also the continuing migration issues across Europe, meant there was enough demand for our vessels for accommodation, thus alternative work for our vessels while recovery continued. However, as most contracts in other parts of Europe only required the vessels and technical crew, this has meant that while our vessels have alternative work, not all our employees have the same.

2023 saw the flag change of our vessel Galaxy to Galaxy I, leading to reduced numbers of our Swedish crew needed, sadly leading to redundancies. As many colleagues as possible were redeployed to the company's other Swedish-flagged vessel Silja Symphony, but a longer contract for Galaxy in Holland with no service crew needed, meant that there was not enough work to offer to everyone.

In Estonia, negotiations with the Estonian Seamen's Union commenced already in late 2022 for the new collective agreement, but the negotiations were challenging as the parties had a different view of the company's state of recovery, leading to the union organising a short-term warning strike on the company's Estonian-flagged vessels in early 2023. The negotiations continued thereafter with the assistance of the Estonian National Mediator, leading to an agreement for a new 4-year collective agreement, which is the longest of its kind signed in Tallink's history. The agreement is expected to ensure good working relations with the unions for the foreseeable future and provide some stability to both the company as well as the employees.

Nevertheless, the signing of two further long-term charter agreements in spring 2023 for vessels Isabelle and Star, meant that the company needed to start collective redundancy negotiations in April 2023, since both the vessels would be chartered out without any Tallink crew, meaning the company wouldn't have enough work to offer to all the employees from autumn 2023 onwards and approximately 300 employees in Estonia and approximately 80 in Latvia would sadly be made redundant between May and September 2023.

While the company continues to recover after the many crisis years, it is likely that the chartering out of vessels on medium and long-term contracts will continue for the foreseeable future to help the company manage seasonality-related risks and costs during continuing recovery.



## Health and safety

Similarly to the previous two years, the health and wellbeing of our employees was the paramount consideration for the company's management also in 2022. Although COVID continued to affect our employees as it had done in previous years, the impact was not as drastic as before. Perhaps this was due to the extremely high vaccination rate among our crew in 2021, but the virus was kept well under control during the year among the crew and also in offices, where colleagues once again switched from working predominantly at home, to coming back to our office buildings across the markets.

The management of the company adopted the policy that Tallink Grupp is an office first company, following the crisis, although the practice of splitting the workers' time between the home and the office is now also here to stay and most office-based workers split their time between both and practice hybrid working now. Working physically together again more than in the last few years has enhanced teamwork and has had a positive impact on employee mental health.

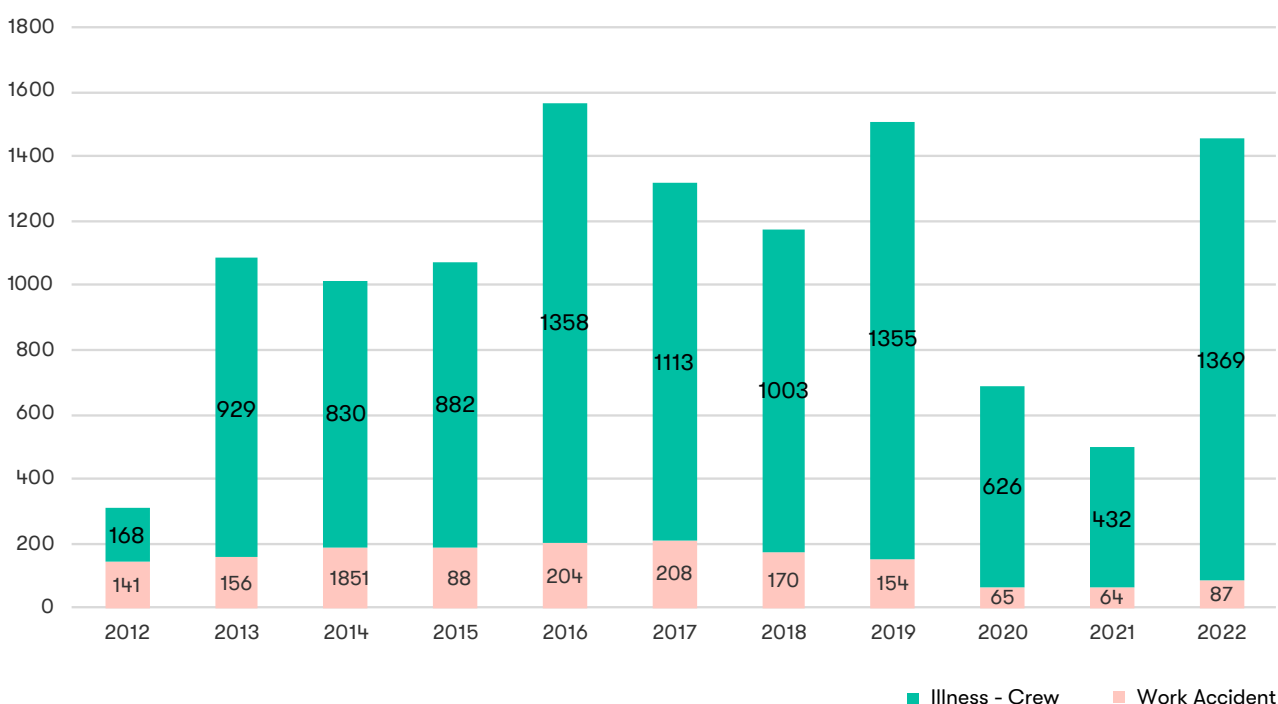
During the year, the company once again organised health and wellbeing activities and months, where the focus was on being active and on good wellbeing habits. In Finland and Sweden we ran a series of lunch walks for staff as part of an internal staff steps challenge.

In Sweden, online exercise classes were arranged for "office rats" with an external trainer, presentations were given about mental health and pension systems, and the team joined the clean-up day on World Cleanup Day in Värtahamnen. In Finland, the wellbeing months were also busy with many activities, with the most popular event proving to be the "bring your dog to work day".

In partnership with the Estonian Cancer Society, the company arranged for three different mobile diagnostics units to visit the office in Tallinn in the autumn and winter – a mammograph, a men's health unit and a skin assessment unit – and to provide vital cancer and general health screenings to company employees. The appointments for all the units were extremely popular, some so much that an additional screening day had to be organised.

Occupational health and safety, workplace injuries rates and relevant data is rigorously monitored, risk assessments performed and steps taken to continuously reduce the number of workplace injuries and accidents, and maintain a zero fatal injuries rate (according to the new sustainability linked loan the company has set itself a target to maintain zero fatal work accidents rate and all other work accidents at or below the Lost Time Injury Frequency Rate (LTIFR) of 13.3 (2021 levels) per annum).

### Incidents - 2 categories







## Training

At Tallink Grupp we believe in continuous training and work to offer our colleagues as many opportunities for personal growth through training as possible. Whether it is external training, in-house training, on-the-job training or mentoring, there are many opportunities for everyone at Tallink Grupp to enhance their knowledge and improve their skills.

Throughout 2022 we continued with the popular online series of Tallink Talks, covering a range of subjects from similarities between the animal and human kingdom in terms of behaviour to the best vitamins for wellbeing during the winter season. The webinar format talks are run across the markets and are accessible to all Tallink staff.

Tallink Grupp also continues to offer in-house training to its employees through the Tallink Training centre, which has been licenced and operating as a training venue since 2015 and by now offers 14 different regular training courses to our colleagues. Additionally, the Training Centre received a further education licence from the Estonian Ministry of Education and Science to offer annual further training to the company's security personnel. A total of 291 training sessions were carried

out by the Tallink Training Centre in 2022 with total training hours of 93 472. This gives an approximate 19 hours of training provided per employee in 2022. Most of the trainings provided were the compulsory seafarers trainings required by the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, mandatory for all maritime workers and as a result of which our maritime workers are issued with internationally recognised certificates. In addition, several trainings in the areas of customer service and other further trainings were carried out, as well as trainings in equal treatment and GDPR. From 2021, the Tallink Training Centre is also licenced and carries out mandatory maritime base level trainings for crew members of vessels operating under the Finnish flag. In 2022, 299 Finnish crew members passed our online courses and assessments and 68 Finnish crew members took part in practical training sessions in Tallinn.

In addition to trainings carried out by the Tallink Training Centre, the centre mediates the certification and renewal of required certificates of all the company's seafarers with our certified training partners. In 2022 we also continued to develop our e-learning environment with all the key training programmes, courses and modules now also available online and as a self-study option and two new trainings were added to the environment in 2022.



## Diversity

As a multinational company, the Group highly values and supports diversity and has zero tolerance for any form of discrimination. The Group regularly trains its employees on human rights issues and, in partnership with regional NGOs and authorities, educates its staff on diversity, equality and human rights topics. The Group's own gender and nationality mix is a great example of diversity with a gender mix of 53% male, 47% female across the group, and a Management Board mix of 60% male, 40% female. The Group and its management place great emphasis on strong corporate governance principles and transparent business practises.

## Supporting communities and those in need

In 2022, AS Tallink Grupp, like a vast number of other businesses around Europe and the globe, focused heavily on providing support for initiatives and projects supporting Ukraine. AS Tallink Grupp worked both with the Estonian Government as well as the Scottish Government to provide emergency and temporary accommodation for Ukrainian refugees on its vessels Isabelle and Victoria I, respectively. Both vessels are currently, in spring 2023, still providing this accommodation in Tallinn and Edinburgh. The support for the refugees in Estonia and in the Baltic Sea region was not, however, limited only to providing a vessel for accommodation. The Group has additionally provided free maritime transport to more than 11 000 refugees and tons of humanitarian cargo since February 2022; the Group's employees have organised countless collections of hygiene products, toys, school items and much more for the refugees travelling on the company's ferries as well as those temporarily residing on the accommodation ferries. This support has been completely altruistic and in many cases grassroots led. The Group naturally immediately stopped transporting goods and people under sanction, the sale of goods from Russia and Belarus, the use of Russian-origin LNG and took other steps in support of Ukraine. This support will continue as long as it is needed.

## The support Tallink additionally provided to Ukraine and Ukrainians in 2022 included:

- Initially, in March 2022, food provided on shuttles at company's expense before agreement with Red Cross. Around 600-700 meals provided initially by the company at own cost.
- Toy collection campaign in company offices and on ships for toys to be handed out to refugees' children travelling on Tallink ferries in March-April 2022.
- Tallink hotels housed Ukrainian refugees under a government contract in spring 2022. Tallink employees donated toys to create a children's play corner in Tallink Express and Spa hotels.
- Tallink was one of the first companies in Estonia to hire Ukrainian refugees, by May 2022, more than 100 Ukrainian refugees were employed on Tallink's Latvian and Estonian flagged ships and in Tallink hotels in Tallinn.
- Since 7 April 2022, Tallink has been housing refugees on its vessel Isabelle under a government contract. At peak times in spring and early summer, the vessel had over 2,000 refugees staying on board. At present there are approximately 1,700 refugees staying on board. Isabelle is the largest refugee accommodation centre in Estonia. Under the government contract, Tallink is obliged to provide accommodation and catering on the vessel to the refugees, but the company has been doing so much more from the start of the contract in April. Several collections for toys for the children have been organised within the company among employees, meaning the ship's play areas are always stocked with toys and the kids are able to take toys also to their cabins. In addition to toy collections, the company has also held collections on its ships and in offices for sanitary items and some medical items, which were donated to the Estonian charity Slava Ukraini and taken to Ukraine. At the start of the school year in September, the company held another collection among employees to donate items needed for school for the kids on Isabelle. The company itself donated 200 school bags. In early November, the company held a charity collection of Advent calendars among its employees in all countries and among customers in our hotels and on board ships. Over 500 calendars were donated and these were handed out to Ukrainian children on Isabelle on 27 November (left over calendars were donated to Estonian children's homes).

- In addition to all sorts of collections, the company has also organised various activities on board for both children and adults. In the spring, the company had a few children's entertainers working on board (our own Ukrainian entertainment partners) to provide activities to the children arriving on board; in June we provided a maritime safety training course for some of the children staying on board in partnership with the Tallinn Voluntary Maritime Rescue team; In July and August we partnered with the Arsis Handbell School and held handbell music classes weekly for both adults and children – this resulted in a concert in August, which was even attended by the Estonian President Mr Alar Karis and the Ukrainian Ambassador to Estonia Ms Mariana Betsa. In addition, we have worked with many concert organisers in Estonia to attract Ukrainian musicians on board, which in April led to a concert on board from Ukrainian stars Constantine, Ingret, and Tonka, and in October led to a concert on board Isabelle from Ukrainian star Svetlana Loboda. All these concerts have been initiated and organised by Tallink. Tallink Grupp's own female choir gave a Christmas carol concert on Isabelle on 8 December.

- The company also continuously tries to ensure that important days in the calendar are somehow celebrated or marked on board: e.g. on international children's day on 1 June, the company organised free ice creams for

all the kids on board, on Ukrainian Independence Day blue and yellow sweets were handed out to guests on board, during concerts and events, the company always provides some snacks and drinks at the company's expense.

Tallink Grupp also continued to support communities and those in need in our own countries. In Finland, cooperation continued with the Children's Hospitals charity Kummit with cruises organised for sick children and their families for a bit of respite, for Hope ry and disadvantaged families many collections were held and the Finnish colleagues participated in a number of blood donation rallies. In Estonia, items the company was no longer using were donated to Estonian care establishments and Tallink Duty Free continued its tradition of donating Christmas calendars to their partner children's home in South Estonia.

Tallink recognises the part it plays as a large company in the communities it operates in and we continue to give back to the communities and better the lives of the people and communities around us.





## Sponsorship

Similarly to previous years, AS Tallink Grupp continued its support of Estonian culture, continuing its headline sponsorship of the Estonia National Opera and the Vanemuine theatre, but it also played a key role in raising the bar for Estonian tennis by sponsoring and supporting the organising of the first ever WTA Tallinn Open in September 2022. The Group continues to support several initiatives and projects in the fields of environmental protection and circular economy, children and young people and sports in all its markets.

In 2022 the company signed a cooperation agreement with the Tallinn Voluntary Maritime Rescue charity, providing vital funds in 2022 for the purchase and upkeep of their rescue boats based at the Tallinn Old City Harbour and Kakumäe Haven. In addition, maritime safety and rescue training sessions were run in the early summer of 2022 at the Tallink Spa Hotel, where the Tallinn Maritime Rescue Volunteers trained children self-help and rescue techniques to Ukrainian children staying on the vessel Isabelle and the children of the Estonian Association of Large Families. This cooperation continues in 2023, with Tallink offering financial support to the charity for the upkeep and maintenance of their vessels and training children from our charity partner organisations also in 2023.

In addition, Tallink also signed a cooperation agreement in late 2022 with the Estonian charity Minu Unistuste Päev and the Swedish counterpart Min Stora Dag, both offering kids with life-limiting illnesses experience days to help brighten their lives.

## Safety and security

As ever before the safety and security of people, the environment and property remain the top priority in the Group's operations. The Group's Safety Management System continues to be in full compliance with the ISM (International Safety Management) and ISPS (International Ship Port Facility Security) Codes and with the ISO 14001 requirements for Environmental Management Systems. All this provides the basics that enable our ship and onshore operations to prevent accidents, loss of lives and minimise the impact to the environment. Our Integrated Management System is audited by different flag state authorities (Estonian, Finnish, Latvian, and Swedish Maritime Administrations, or recognised organisations duly authorised by these administrations) and by the certification body (LRQA, ISO 14001 Environmental Management System) regularly. The Group's Safety Management System is designed to maintain and develop safe procedures for ships and create a safe ship environment for both, crew and passengers. Crew skills and their safety and security related knowledge is consistently and continuously developed, tested and practiced through various drills and exercises performed regularly, often in cooperation with relevant local authorities. The competencies are developed by firstly identifying and evaluating any risks and thereafter by establishing possible mitigating measures to manage these risks. We continue to maintain the environmental and safety awareness of the crew at the highest possible level. One of the objectives of the

Group's Safety Management System is to ensure that all applicable provisions set out by the regulators and authorities (e.g., International Maritime Organization, European Union, maritime authorities of the flag states, certification bodies and other relevant organizations) are identified, strictly followed and, where possible, exceeded. Ship Masters have an overall responsibility for onboard safety and security operations. The onshore organisation provides comprehensive support to all the Group's vessels irrespective of the flag they fly.

All Group vessels carry on board adequate lifesaving equipment, which meets all applicable safety standards and is always ready for immediate use when needed. However, the Group's comprehensive nautical and good-seamanship practices, supported by a top-level safety and security organisation, help ensure that any situations where safety equipment would be needed are avoided in the first place.

## Service quality

2022 was a challenging year for the hospitality and travel business globally, the rising fuel cost together with all impacts of the ongoing war in the Ukraine drew consumer prices up both onshore as well as on board. Our service philosophy was clear – we need to offer the best that we have and do it in the best way. The only way to justify increased prices is to offer a better product and a higher service standard!

All service quality reviews were discussed with employees and supervisors. Those service units that scored low were offered to set up action plans and additional workshops to fix shortcomings.

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

The year 2022 was largely seen as a “back to business” year. Even as many of the traditional service monitoring and quality training programs were still limited or postponed (we still didn't conduct large scale mystery shopping programs and actions in order to monitor service standards and routines onboard and in the land-based restaurants) but kept the service training and quality monitoring as an in-house activity.

In 2022 we conducted a total of 45 service quality check-up cruises onboard the Tallink and Silja Line vessels and the Burger King restaurants operated by Tallink. All monitoring was carried out by our own service advisers. Focus was on service basics: greetings and noticing of customers, proactiveness.

Short training sessions on board the vessels were also carried out and service standards were handed out during the training courses as an important reminder of our service levels and expectations.

A total of 50 workshops were conducted with over 600 participants. 40 short trainings on board the vessels with 520 participants were carried out as follows:

- **Baltic Queen – 213 participants**
- **Megastar - 24 participants**
- **Silja Symphony - 130 participants**
- **Galaxy - 153 participants**

During 2022, Tallink onshore service activities were also continuously monitored. In addition to monitoring, hands-on workshops for Burger King restaurants were organised as follows:

- **10 training workshops for Burger King restaurants**
- **5 workshops for Duty Free onshore personnel.**

In March 2022 the Management Board of Tallink Grupp initiated a large-scale housekeeping check-up project. As part of the project, the quality of the cleaning of the cabins on Silja Line vessels was continuously monitored. In order to increase the cleaning quality of cabins and public areas on board, additional checklists were suggested as well as better information sharing and greater cooperation between cleaning companies and vessels. A total of 17 monitoring trips were carried out as follows:

- **Galaxy - 3**
- **Baltic Princess - 4**
- **Silja Serenade - 5**
- **Silja Symphony - 5**

## Our suppliers and business partners

As part of Tallink Grupp's sustainability strategy, the company continues to work towards increasing its share of suppliers who are local to the company's home markets and who use sustainable production practices.

As at April 2023, Tallink Grupp has 3911 approved suppliers on its certified suppliers list (4349 at the start of 2022). The suppliers are:

**42% Estonian origin**  
**24% Finnish origin**  
**14% Swedish origin**  
**Less than 5% other origin**

As of February 2022, there are no Russian or Belarusian suppliers on the approved suppliers list of Tallink Grupp since the company meticulously observes the EU sanctions list in this respect.

The approved suppliers list is a dynamic list, which is continuously reviewed. In 2018 when we first began to certify the company's suppliers, there were 6549 suppliers working with Tallink Grupp.

The number of suppliers is reducing due to significant background checks carried out now as part of the approved supplier process and the new procurement policy. When buying goods and services, tenders are carried out and offers from at least three suppliers are requested before making a selection and decision.

Audits and visits to suppliers are carried out when needed. A mandatory visit to the supplier is imposed in the area of Food & Beverage suppliers.

Tallink carries out approximately 20 larger supplier audits per annum and this is carried out by the audit committee.

Tallink Grupp requires all its suppliers to sign and adhere to the company's Supplier Code of Conduct, which can be found here:

[https://www.tallink.com/documents/12397/119139917/AS-Tallink-Grupp-Supplier-Code-of-Conduct\\_en.pdf/8a8d562f-5215-43de-cc42-a38d8ee8f4e8](https://www.tallink.com/documents/12397/119139917/AS-Tallink-Grupp-Supplier-Code-of-Conduct_en.pdf/8a8d562f-5215-43de-cc42-a38d8ee8f4e8)

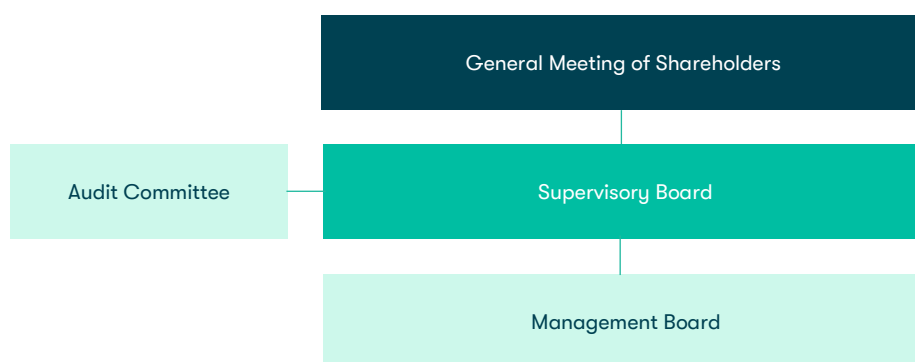


# V Governance

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.

## Organization and Administration

Pursuant to the Estonian Commercial Code and the articles of association of the Company, the right of decision and the administration of the Company are divided between the shareholders represented by the 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 Company's highest governing body is the shareholders' general meeting. The primary duties of the general meeting are to approve the annual report and the distribution of dividends, elect and remove members of the Supervisory Board, elect auditors, pass resolutions on any increase or decrease in share capital, change the articles of association and resolve other issues, which are the responsibility of the general meeting by law. According to the law, the articles of association can be amended only by the 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 at least 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 Company's management and shall not abuse his position.

The Company'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 submit 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 and an Extraordinary General Meeting at least three weeks in advance in a national daily newspaper, in the stock exchange information system and on the Company's website at [www.tallink.com](http://www.tallink.com). The notice includes information on where the meeting will be held.

The agenda of the meeting, the Board's proposals, draft resolutions, comments and other relevant materials are made available to the shareholders before the general meeting on the Company's website and in the stock exchange information system. The shareholders may ask questions before the General Meeting by sending an email to [info@tallink.ee](mailto:info@tallink.ee).

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

In the reporting period AS Tallink Grupp held the annual general meeting on 9 June 2022. The meeting was attended by the Management Board members Mr Paavo Nõgene, Mrs Kadri Land, Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout and Mr Margus Schults.

The Supervisory Board members present were Mr Enn Pant, Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Kalev Järvelill, Mr Colin Douglas Clark and Mr Raino Paron. The chairman of the meeting was Mr Raino Paron. The meeting was held in Estonian. The attending shareholders represented 522 858 148 votes, i.e. 70.32% of all votes. The resolutions adopted were: approval of the annual report, approval of net loss and no dividend distribution, approval of remuneration principles of the Management Board, extension of the terms of office of the members of the Supervisory Board, and appointment of an auditor.

## The Supervisory Board

The Supervisory Board engages in oversight and longer-term management activities such as supervising the Management Board and approving business plans, acting 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. 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 Company and organization of its operations. The Supervisory Board determines the principles for the Company's strategy, organization, annual operating plans and budgets, financing and accounting. The Supervisory Board elects the members of the Management Board and determines their salaries and benefits.

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

The meetings of the Supervisory Board are held according to need, but not less frequently than every three months. The Supervisory Board convened six times in 2022, during which ten decisions were made. The Company's operations, development, strategies, targets and budget were discussed.

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

The Management Board and the Supervisory Board closely collaborate to achieve the better protection of the interests of the Company. The Management Board and Supervisory Board jointly participate in the development of the operations objectives and strategy of the Company.

The remuneration of the Supervisory Board was decided at the General Meeting of Shareholders on 7 June 2012. Accordingly, the remuneration of the Chairman is EUR 2 500 per month and the remuneration of other members of the Supervisory Board is EUR 2 000 per month. There are no other special benefits for the Chairman and the members of the Supervisory Board.

#### Members of Supervisory Board

Mr Enn Pant (born 1965) - Chairman of the Supervisory Board since 2015

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

Mr Toivo Ninnas (born 1940) - Member of the Supervisory Board since 1997

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

Ms Eve Pant (born 1968) - Member of the Supervisory Board since 1997

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

Mr Ain Hanschmidt (born 1961) - Member of the Supervisory Board since 2005, also from 1997 to 2000

- Chairman of the Management Board of AS Infotartar
- 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 Colin Douglas Clark (born 1974) - Member of the Supervisory Board since 2013

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



Mr Kalev Järvelill (born 1965) - Member of the Supervisory Board since 2007

- Member of the Supervisory Board of AS Infotar
- 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 and EU & Competition practice groups in the law firm Raidla Ellex
- Member of the Management Board of Finance Estonia
- Member of the Supervisory Board of 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 LLM degree (Master of Laws) with honours

The shareholdings of the members of the Supervisory Board (direct holding and holding via wholly-owned legal entities) at the end of 2022 were as follows:

Name	Shares
Enn Pant	17 868 562
Toivo Ninnas	3 668 770
Eve Pant	781 000
Ain Hanschmidt	3 500 000
Raino Paron	62 500
Colin Douglas Clark	0
Kalev Järvelill	0

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

Name	Expiration of term
Enn Pant	14 June 2023
Toivo Ninnas	18 September 2025
Eve Pant	18 September 2025
Ain Hanschmidt	18 September 2025
Raino Paron	18 September 2025
Colin Douglas Clark	18 September 2025
Kalev Järvelill	13 June 2024

## The Management Board

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

The Management Board must adhere to the decisions of the General Meeting of Shareholders and lawful orders of the Supervisory Board. The Management Board ensures, with its best efforts, that the

Company complies with the law and that the Company's internal audit and risk management functions operate effectively.

The Management Board consists of three to seven members. The members and the Chairman of the Management Board are elected by the Supervisory Board for periods of three years at a time. For electing a member to the Management Board his or her written consent is needed. The Chairman of the Management Board may propose that the Supervisory Board also appoint a vice chairman of the Management Board, who fulfils the chairman's duties in the absence of the chairman. Every member of the Management Board may represent the Company alone in any legal and business matter. According to the law the Supervisory Board may recall any member of the Management Board without a reason. A member of the Management Board may resign without a reason by informing the Supervisory Board about the resignation.

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

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

The Management Board regularly notifies the Supervisory Board of any important circumstances concerning the planning and business activities of the Group, 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.

#### Members of Management board

Mr Paavo Nõgene (born 1980) – Chairman of the Management Board since May 2018

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

Mrs Kadri Land (born 1964) – Member of the Management Board since February 2019

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

Mr Harri Hanschmidt (born 1982) – Member of the Management Board since February 2019

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

Mrs Piret Mürk-Dubout (born 1970) – Member of the Management Board since April 2019

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

Mr Margus Schults (born 1966) – Member of the Management Board since April 2021

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

The shareholdings of the members of the Management Board (direct holding and holding via wholly-owned legal entities) at the end of 2022 were as follows:

Name	Shares
Paavo Nõgene	500 000
Kadri Land	101 000
Harri Hanschmidt	212 648
Piret Mürk-Dubout	5 000
Margus Schults	15 000

## 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 is published in Estonian and in English on the websites of the Company, the Nasdaq Tallinn Stock Exchange and the Nasdaq Helsinki Stock Exchange as well as through the OAM system managed by the Estonian Financial Supervision Authority.

Meetings with investors are arranged on an ad hoc basis as and when requested by the investors. Following the disclosure of interim reports the Company holds public webinar meetings. The information shared at the meetings is limited to data already disclosed. The Company publishes the times and locations of significant meetings with investors. The presentations made to investors are available on the Company's website. However, the Group does not meet the recommendation to publish the time and location of each individual meeting with investors and to allow all shareholders to participate in these events as it would be impractical and technically difficult to arrange (CGR 5.6).

## Financial Reporting and Auditing

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

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

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

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

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

The consolidated financial statements for 2022 were audited by KPMG Baltics OÜ. In addition to audit services, in 2022 KPMG Baltics OÜ provided the Group with services that are permissible in accordance with the Auditors Activities Act of the Republic of Estonia.

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

- time and location of the audit
- international network and competency in the economic sector
- audit contract and payment terms
- audited entities

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

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

## The Audit Committee

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

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

## Substantial Shareholders

Shareholder	Number of shares	% of share capital
Infortar AS	297 572 752	40.0%
Baltic Cruises Holding L.P.	81 971 609	11.0%
ING Luxembourg S.A. AIF Account	44 077 066	5.9%

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

## Anti-corruption and human rights

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

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

## Conflict of Interest

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

## Gift Declaration

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

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

## Integrity Concern Report

The Group is committed to and promotes honest, open and lawful conduct and invites its employees and other natural persons to report information on actual or suspected wrongdoings on incompliances in the

operations of the Group that the person has learned about in relation to the performance of his work or professional duties in the Group or in relation to provision of the services to the Group. The reporting will enable the Group to take the necessary action for the elimination of any existing wrongdoings in a timely manner and for the prevention of occurring of such in the future.

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

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

During 2022 no material incidents of material misconduct were submitted.

## Human rights

We continue to stand up for human rights, which includes taking action to prevent modern slavery and human trafficking in our business and supply chain. We comply with high ethical business conduct in all of our business and expect our Suppliers to commit to the same standards when conducting business and when dealing with its employees, suppliers and customers.

The Group's Supplier Code of Conduct reflects the values of Tallink Grupp and sets out the minimum Anti-Corruption and Human Right's requirements which the Group expects its suppliers and their sub-suppliers to adhere to when doing business with Tallink Grupp.

0

Whistle blowing reports made

0

Suspected corruption incidents

1

Human rights violations or reports.  
(Finnish ombudsman report)

NO

Fines the company has had to pay

2

GDPR or other data breach  
incidents reported

NO

Governance related issues relevant  
and reportable



# VI Key Financials 2022

For the year ended 31 December	2022	2021	2020
Revenue (EUR million)	771.4	476.9	442.9
Gross profit/loss (EUR million)	113.5	21.7	-43.5
EBITDA <sup>1</sup> (EUR million)	135.8	58.3	8.0
EBIT <sup>1</sup> (EUR million)	37.7	-37.0	-92.6
Net profit/loss for the period (EUR million)	13.9	-56.6	-108.3
Depreciation and amortisation <sup>1</sup> (EUR million)	98.1	95.3	100.7
Capital expenditures <sup>1 2</sup> (EUR million)	203.3	20.2	100.1
Weighted average number of ordinary shares outstanding	743 569 064	694 444 381	669 882 040
Earnings/loss per share <sup>1</sup> (EUR)	0.02	-0.08	-0.16
Number of passengers <sup>1</sup>	5 462 085	2 961 975	3 732 102
Number of cargo units <sup>1</sup>	409 769	369 170	359 811
Average number of employees <sup>1</sup>	5 023	4 360	6 104
As at 31 December	2022	2021	2020
Total assets (EUR million)	1 691.6	1 585.9	1 516.2
Total liabilities (EUR million)	984.7	893.4	801.9
Interest-bearing liabilities <sup>1</sup> (EUR million)	853.5	779.9	705.1
Net debt <sup>1</sup> (EUR million)	738.6	652.4	677.3
Net debt to EBITDA <sup>1</sup>	5.4	11.2	84.2
Total equity (EUR million)	706.9	692.5	714.3
Equity ratio <sup>1</sup> (%)	41.8%	43.7%	47.1%
Number of ordinary shares outstanding	743 569 064	743 569 064	669 882 040
Shareholders' equity per share (EUR)	0.95	0.93	1.07
Ratios <sup>1</sup>	2022	2021	2020
Gross margin (%)	14.7%	4.5%	-9.8%
EBITDA margin (%)	17.6%	12.2%	1.8%
EBIT margin (%)	4.9%	-7.8%	-20.9%
Net profit/loss margin (%)	1.8%	-11.9%	-24.5%
ROA (%)	2.4%	-2.4%	-6.1%
ROE (%)	2.1%	-8.2%	-14.1%
ROCE (%)	3.1%	-2.8%	-7.2%
Current ratio	0.7	0.6	0.4

<sup>1</sup> Alternative performance measures based on ESMA guidelines are disclosed in the "Alternative performance measures" section of the report.

<sup>2</sup> Does not include additions to right-of-use assets.

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Notes on pages 51-108 form an integral part of the financial statements

For the year ended 31 December, in thousands of EUR	2022	2021
Revenue (Note 4)	771 387	476 937
Cost of sales (Note 5)	-657 917	-455 282
Gross profit/loss	113 470	21 655
Sales and marketing expenses (Note 5)	-38 796	-29 262
Administrative expenses (Note 5)	-47 555	-45 633
Impairment loss on receivables (Note 25)	-153	-99
Other operating income (Note 22)	10 871	16 336
Other operating expenses	-164	-28
Result from operating activities	37 673	-37 031
Finance income (Note 5)	215	34
Finance costs (Note 5)	-24 871	-21 921
Share of profit/loss of equity-accounted investees (Note 12)	-90	-80
Profit/loss before income tax	12 927	-58 998
Income tax (Note 6)	1 008	2 422
Net profit/loss	13 935	-56 576
Net profit/loss attributable to equity holders of the Parent	13 935	-56 576
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	480	123
Other comprehensive income	480	123
Total comprehensive income	14 415	-56 453
Total comprehensive income attributable to equity holders of the Parent	14 415	-56 453
Basic and diluted loss per share (in EUR, Note 7)	0.019	-0.081

## Consolidated Statement of Financial Position

As at 31 December, in thousands of EUR	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents (Note 8)	114 935	127 556
Trade and other receivables (Note 9)	31 380	29 298
Prepayments (Note 10)	9 379	11 924
Prepaid income tax	37	0
Inventories (Note 11)	39 965	34 631
<b>Current assets</b>	<b>195 696</b>	<b>203 409</b>
Investments in equity-accounted investees (Note 12)	75	165
Other financial assets and prepayments (Note 13)	3 622	555
Deferred income tax assets (Note 6)	21 840	21 840
Investment property	300	300
Property, plant and equipment (Note 14)	1 438 286	1 323 353
Intangible assets (Note 15)	31 823	36 293
<b>Non-current assets</b>	<b>1 495 946</b>	<b>1 382 506</b>
<b>TOTAL ASSETS</b>	<b>1 691 642</b>	<b>1 585 915</b>
<b>LIABILITIES AND EQUITY</b>		
Interest-bearing loans and borrowings (Note 16)	165 049	244 436
Trade and other payables (Note 18)	86 934	91 687
Payables to owners	6	6
Income tax liability	35	47
Deferred income (Note 19)	44 222	21 734
<b>Current liabilities</b>	<b>296 246</b>	<b>357 910</b>
Interest-bearing loans and borrowings (Note 16)	688 465	535 489
<b>Non-current liabilities</b>	<b>688 465</b>	<b>535 489</b>
<b>Total liabilities</b>	<b>984 711</b>	<b>893 399</b>
Share capital (Note 20)	349 477	349 477
Share premium (Note 20)	663	663
Reserves (Note 20)	66 363	67 930
Retained earnings	290 428	274 446
<b>Equity attributable to equity holders of the Parent</b>	<b>706 931</b>	<b>692 516</b>
<b>Total equity</b>	<b>706 931</b>	<b>692 516</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 691 642</b>	<b>1 585 915</b>

## Consolidated Statement of Cash Flows

The Notes on pages 51-108 form an integral part of the financial statements

For the year ended 31 December, in thousands of EUR	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/loss for the period	13 935	-56 576
Adjustments for:		
Depreciation and amortisation (Notes 14, 15)	98 136	95 313
Net gain/loss on disposals of property, plant and equipment	-34	-494
Net interest expense (Note 5)	24 622	21 843
Loss from equity-accounted investees (Note 12)	90	80
Net unrealised foreign exchange gain/loss	341	118
Loss from investments	0	75
Income tax (Note 6)	-1 008	-852
Adjustments	122 147	116 083
Changes in:		
Receivables related to operating activities	-2 036	-3 918
Prepayments related to operating activities	-1 602	-3 007
Inventories	-5 334	-6 513
Liabilities related to operating activities	17 415	13 447
Changes in assets and liabilities	8 443	9
Cash generated from operating activities	144 525	59 516
Income tax paid	-227	-137
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>	<b>144 298</b>	<b>59 379</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	-203 322	-20 192
Proceeds from disposals of property, plant and equipment	2 768	816
Interest received	215	3
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-200 339</b>	<b>-19 373</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans received (Note 16)	196 290	90 000
Repayment of loans received (Note 16)	-110 055	-14 667
Change in overdraft (Note 16)	-165	-15 556
Payment of lease liabilities	-17 157	-14 903
Interest paid	-23 516	-19 296
Payment of transaction costs related to loans	-1 977	-495
Issue of shares (Note 20)	0	34 633
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>43 420</b>	<b>59 716</b>
<b>TOTAL NET CASH FLOW</b>	<b>-12 621</b>	<b>99 722</b>
Cash and cash equivalents at the beginning of period	127 556	27 834
Change in cash and cash equivalents (Note 8)	-12 621	99 722
Cash and cash equivalents at the end of period	114 935	127 556



## EU TAXONOMY REPORTING

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Consistent with the Article 8 (1) of Taxonomy Regulation (EU) 2020/852, the Group is obliged to disclose how and to what extent its economic activities are related to environmentally sustainable economic activities as defined by the taxonomy. During the reporting period, the Taxonomy Regulation covers economic activities that can contribute to two environmental objectives:

- climate change mitigation
- climate change adaptation

The taxonomy currently covers two of the Group's economic activities:

- transportation of freight by sea and coastal waters (NACE codes H50.2 )
- transportation of passengers by sea and coastal waters (NACE code H50.1)

Under Article 8 (2), the group, as a non-financial undertaking, is obliged to disclose key performance indicators relating to revenue, capital expenditure and operating expenses that are classified as environmentally sustainable under Articles 3 and 9 of the taxonomy.

The Group's other activities, that include ship restaurant and onboard sales service, onshore restaurant and hotel service, online shop, and onshore business are classified as taxonomy non-eligible activities. This applies also to the operation of vessels that are not providing transportation services (NACE codes H50.2 and H50.1), but are used for providing accommodation services to refugees or asylum seekers.

The Group has presented key performance indicators at the consolidated group level to avoid double counting.

## KPIs related to EU taxonomy – revenue

				Substantial contribution criteria				DNSH criteria (‘Does Not Significantly Harm’)															
Economic activities	Code(s)	Absolute revenue (EUR million)	Proportion of revenue (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of revenue 2022 (%)	Taxonomy-aligned proportion of revenue 2021 (%)	Category (enabling activity) or (E)	Category (‘transitional activity’) (T)			
A. Taxonomy eligible activities																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	NACE H50.2	83.3	11%	11%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	100%	N/A		T			
6.11. Sea and coastal passenger water transport	NACE H50.1	98.6	13%	13%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	77%	N/A		T			
Revenue of Taxonomy-aligned activities		181.9	24%	24%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	59%	N/A					
A.2 Taxonomy-Eligible but not aligned activities																							
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	NACE H50.2	29.7	4%																				
6.11. Sea and coastal passenger water transport	NACE H50.1	95.9	12%																				
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		125.6	16%																				
Total (A.1 + A.2)		307.4	40%																	59%			
B. Taxonomy non-eligible activities																							
Revenue from non-eligible activities		464.0	60%																				
Total (A+B)		771.4	100%																				

### KPIs related to EU taxonomy – capital expenditure

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')													
Economic activities	Code(s)	Absolute capex (EUR million)	Proportion of capex (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy- aligned proportion of capex 2022 (%)	Taxonomy- aligned proportion of capex 2021 (%)	Category (enabling activity or) (E)	Category '(transition activity)' (T)			
A. Taxonomy eligible activities																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	NACE H50.2	93.3	46%	46%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	97%	N/A		T			
6.11. Sea and coastal passenger water transport	NACE H50.1	94.6	47%	47%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	97%	N/A		T			
Capex of Taxonomy-aligned activities		187.9	92%	92%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	97%	N/A					
A.2 Taxonomy-Eligible but not aligned activities																							
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	NACE H50.2	2.9	1%																				
6.11. Sea and coastal passenger water transport	NACE H50.1	3.3	2%																				
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		6.2	3%																				
Total (A.1 + A.2)		194.1	95%																	97%			
B. Taxonomy non-eligible activities																							
Capex from non-eligible activities		9.2	5%																				
Total (A+B)		203.3	100%																				

## KPIs related to EU taxonomy – operating expenses

				Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)												
Economic activities	Code(s)	Absolute Opex (EUR million)	Proportion of Opex (%)	Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of Opex 2022 (%)	Taxonomy-aligned proportion of Opex 2021 (%)	Category (enabling activity or) (E)	Category (‘transitional activity’) (T)		
A. Taxonomy eligible activities																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	NACE H50.2	4.8	8%	8%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	65%	N/A		T		
6.11. Sea and coastal passenger water transport	NACE H50.1	3.4	6%	6%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	58%	N/A		T		
Opex of Taxonomy-aligned activities		8.2	14%	14%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	62%	N/A				
A.2 Taxonomy-Eligible but not aligned activities																						
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	NACE H50.2	2.6	4%																			
6.11. Sea and coastal passenger water transport	NACE H50.1	2.5	4%																			
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		5.0	9%																			
Total (A.1 + A.2)		13.3	23%																			
B. Taxonomy non-eligible activities																						
Opex from non-eligible activities		44.9	77%																			
Total (A+B)		58.2	100%																			



## Taxonomy reporting methodology

### Eligibility

The **revenue** from services related to the taxonomy-eligible activities includes vessels' ticket revenue, revenue from the chartering of vessels and cargo revenue. The revenue from taxonomy-eligible activities does not include revenue from onboard and onshore restaurant and retail services, the operation of hotels and the online shop. The total revenue used for calculating the share of taxonomy-eligible activities in Group's revenue includes total revenue without exceptions (note 4).

Taxonomy-eligible **capital expenditure** consists of investments in Group's sea-going vessels. It does not include investments related to the IT developments of onshore units, hotels and onshore businesses (including onshore restaurants). Due to the nature of the Group's economic activities, its vessels carry both passengers and cargo, therefore investments in ships contribute to both types of activities. Technical investments into Groups ships are divided equally between passenger and freight transport activities. Capital expenditure related to public areas of the ships are allocated between activities according to the share of passengers and cargo drivers amongst total number of passengers. The total capital expenditure used for calculating the share of taxonomy-eligible activities in Group's capital expenditure includes total capital expenditure without exceptions (note 14, 15).

**Operating expenses** related to taxonomy-eligible activities include costs directly related to the maintenance of vessels to ensure the continued and efficient operation of assets: maintenance costs and brokerage fees. Operating expenses are broken down between passenger and cargo transport as follows: the costs of cruise vessels are equally split between passenger and freight transport activities. Operating costs of cargo vessels are fully to freight transport. Total operating expenses calculating the share of taxonomy-eligible activities in Group's operating expenses includes total maintenance costs of the Group, total brokerage fees, total technical personnel costs and ships other expenses.

### Alignment

According to Article 3 of (EU) 2020/852, activity is environmentally sustainable (i.e. taxonomy-aligned), if it:

- contributes substantially to one or more of the environmental objectives
- does not significantly harm any of the environmental objectives
- is carried out in compliance with the minimum safeguards
- complies with technical screening criteria

Group's substantial contribution to **climate change mitigation** was assessed according to the technical criteria listed in the Annex I of (EU) 2021/2139. The appraisal was carried out ship by ship using the threshold provided by technical screening criteria in the Annex I 6.11 (criteria b) or c) depending on the type of the vessel)<sup>1</sup> of (EU) 2021/2139 for transportation of passengers by sea and coastal waters. For transportation of freight by sea and coastal waters, Group used the threshold provided by technical screening criteria in the Annex I 6.10 (b or c depending on the type of the vessel) of (EU) 2021/2139. In case application of the screening criteria was not possible due to technical reasons or lack of data (in case of chartered vessels), indicators of these vessels were classified as not aligned with EU taxonomy.

To assess the Group's substantial contribution to **climate change adaptation**, the climate change adaptation risk analysis (as foreseen in 2021/2139 Annex I Appendix A) was conducted, revealing that

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<sup>1</sup> The screening criteria c) provide value for EEDI (Energy Efficiency Design Index), however, EEDI is calculated only for new ships and not for existing ones. As the calculation principle is the same and Group's fleet consists already existing ships that have no EEDI value, EEXI values are compared with criteria c) EEDI threshold.

most climate risks have no or positive impact to the Group economic activities. Slight negative impact of certain risks are addressed through appropriate adaptation measures.

The Group provides taxonomy eligible services in the Baltic Sea, where strict environmental criteria are applied, compared with world and European average. **Do No Significant Harm (DNSH)** principle is closely followed in daily operations, the Group taxonomy eligible activities 6.10 and 6.11 are aligned with DNSH principle according to the technical screening criteria established in the EC Delegated Regulation 2021/2139. More information on 2022 activities to ensure the application of the DNSH principle is provided in a separate Sustainability Report to be published in the first half of 2023 on the Group's website.

An overview of the applied **minimum safeguards** is provided in detail in the respective sections of the Corporate Governance Report (Disclosure of Information, Financial Reporting and Audit) and the Environmental and Corporate Social Responsibility (Social Activities Across the Group, Anti-corruption Activities, Conflict of Interest, Integrity Concern Reporting, Human Rights) of the Annual Report.

### Contextual (qualitative) information

In accordance with Annex I of the Taxonomy Regulation, the Group is obliged to explain its key performance indicators and the reasons for any changes in these indicators during the reporting period. 2022 KPI's set the baseline for next years. Therefore, it is not possible yet to elaborate on the changes of the KPIs. More contextual information on KPIs is added in the 2023 report, based on yearly change of figures. There were small revisions to the methodology for calculating eligibility figures:

- Revenue from charter of vessels was more evenly distributed between passenger and cargo transport
- Operating expenses include vessels that are operated outside the EU


### KPIs related to EU taxonomy – corrections to 2021 figures

	Share of taxonomy- eligible revenue, 2021	Share of taxonomy- eligible revenue, 2021 (corrected)	Share of taxonomy- eligible capital expenditure, 2021	Share of taxonomy- eligible capital expenditure, 2021 (corrected)	Share of taxonomy- eligible operating expenses, 2021	Share of taxonomy- eligible operating expenses, 2021 (corrected)
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	20%	23%	25%	25%	14%	15%
6.11. Sea and coastal passenger water transport	27%	24%	27%	27%	11%	11%
<b>Taxonomy eligible activities</b>	<b>47%</b>	<b>47%</b>	<b>52%</b>	<b>52%</b>	<b>25%</b>	<b>26%</b>

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