



WE ENGAGE

AS TALLINK GRUPP ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY REPORT 2012

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CSR IN AS TALLINK GRUPP

CSR IN AS TALLINK GRUPP

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

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

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

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

COMMITMENT:

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

The Business in Society



Diagram by Mallen Baker

CSR IN AS TALLINK GRUPP

PROFESSIONALISM:

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

COOPERATION:

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

JOY:

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

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

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

IMPLEMENTATION

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

The priorities are:

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

AS Tallink Grupp was awarded the silver level of Responsible Business Quality Label in 2012.

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

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





SAFETY AND SECURITY ON THE HIGHEST LEVEL

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

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

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

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

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

INTERNATIONAL LEVEL

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

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

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

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

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

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

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

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

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

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

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

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

MARINE TRANSPORT & CSR

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

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

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

EXERCISES ON BOARD OF OUR VESSELS:

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

- Shipboard trainings in actions to be carried out in case of fire. Training scenarios include smoke diving, using artificial smoke from smoke generators, search and rescue from confined spaces, medical first aid and passenger evacuation;
 - Trainings of search and rescue of persons overboard, using ship rescue boats;
 - Trainings with helicopter, simulating both helicopter landing and with real helicopters in the trading area. Training scenarios include helipad preparation, preparation of fire-fighting means to be ready for helicopter landing and personal safety measures during helicopter landing;
 - Trainings in oil spill prevention and cleanup, using shipboard equipment, placed on board to comply with international legislation;
 - Trainings with different parts of shipboard equipment, including operation of watertight doors, operation of ship's fire alarm etc;
 - Security trainings, including search and handling of potentially dangerous objects;
 - Trainings with numerous shore-based services, including law enforcement, paramedics, EOD, military, rescue, customs and Company. Trainings with shore-based agencies can be divided to major exercises, which take months of preparation and planning, to make all sides, participating, work together smoothly and routine trainings, to practice either co-operation of ship's crew and agency staff in some particular activity or training of shore-based specific activity execution on board a vessel. Major exercises often involve on board Tallink fleet vessels co-operation of agencies of different nations, giving ship crews unique experience in hosting international events.
- Shipboard trainings with lifeboats and life rafts, simulating abandonment of the ship, played to be as lifelike as possible, including lowering of lifeboats to the water and operating lifeboats in water;

MARINE TRANSPORT & CSR**TALLINK PARTICIPATED IN A LARGE INTERNATIONAL MARITIME SAFETY EXERCISE BIG BOAT 2012**

Estonian Police and Border Guard organized a large international exercise in Tallinn and Tallinn Bay called "Big Boat 2012". During the exercise search and rescue activities were rehearsed on sea as well as saving people from a passenger ship. Additionally to Estonian forces, also Finnish and Russian border guard vessels and helicopters participated in the exercise.

According to the scenario of the exercise there was a fire on a passenger ship sailing in the Tallinn bay area. The master aired an SOS announcement and started evacuation process of passengers into the rescue rafts and boats. The sea- and air rescue coordination center of Estonian Police and Border Guard started a large search and rescue operation, where international partners were also called for help.

"The goal of the exercise was to increase our ability to organize large sea rescue operations through practical experience", explained the Head of Crises Regulation Bureau of EPB, Marti Magnus. "This scenario was put together to seriously test the cooperation of different Estonian authorities as well as engaging international support."

According to the cooperation contract of Estonian, Finnish and Russian sea rescue authorities, the countries organize an international exercise in the region of one party to rehearse engaging the support of neighboring countries.

AS Tallink Grupp participated in the exercise "Big Boat 2012" in addition to the Rescue Service, Tallinn Ambulance, Northern-Estonian Regional Hospital, Tallinn Port, Health Authority, VTS (Vessel Traffic Service) Tallinn and voluntary rescue forces.



MARINE TRANSPORT & CSR

ENVIRONMENTAL PROTECTION

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

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

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

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

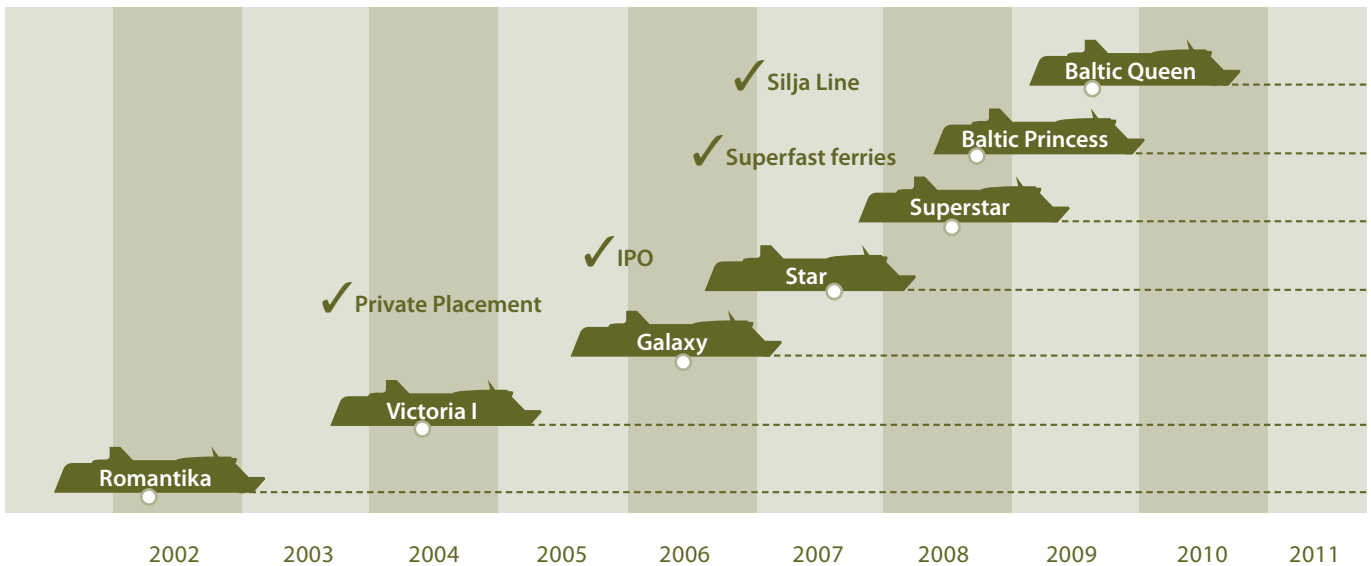
In the SECAs (also covering the Baltic Sea), where the sulphur limit is currently 0.5 - 1.0%, a limit of 0.1% in 2015 was confirmed. Unfortunately the availability and pricing as well as technical alternatives are still open and unknown.

OUR PERFORMANCE

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

MARINE TRANSPORT & CSR

TALLINK HAS INVESTED INTO RENEWAL OF THE FLEET AS FOLLOWING:

**The Age of World's fleet*:**

Passenger ferries – 21.3 years

Passenger & Cargo ferries - 23.3 years

* Source: Institute of Shipping Economics and Logistics 2008

INTERNATIONAL ENVIRONMENTAL CERTIFICATES FOR AS TALLINK GRUPP

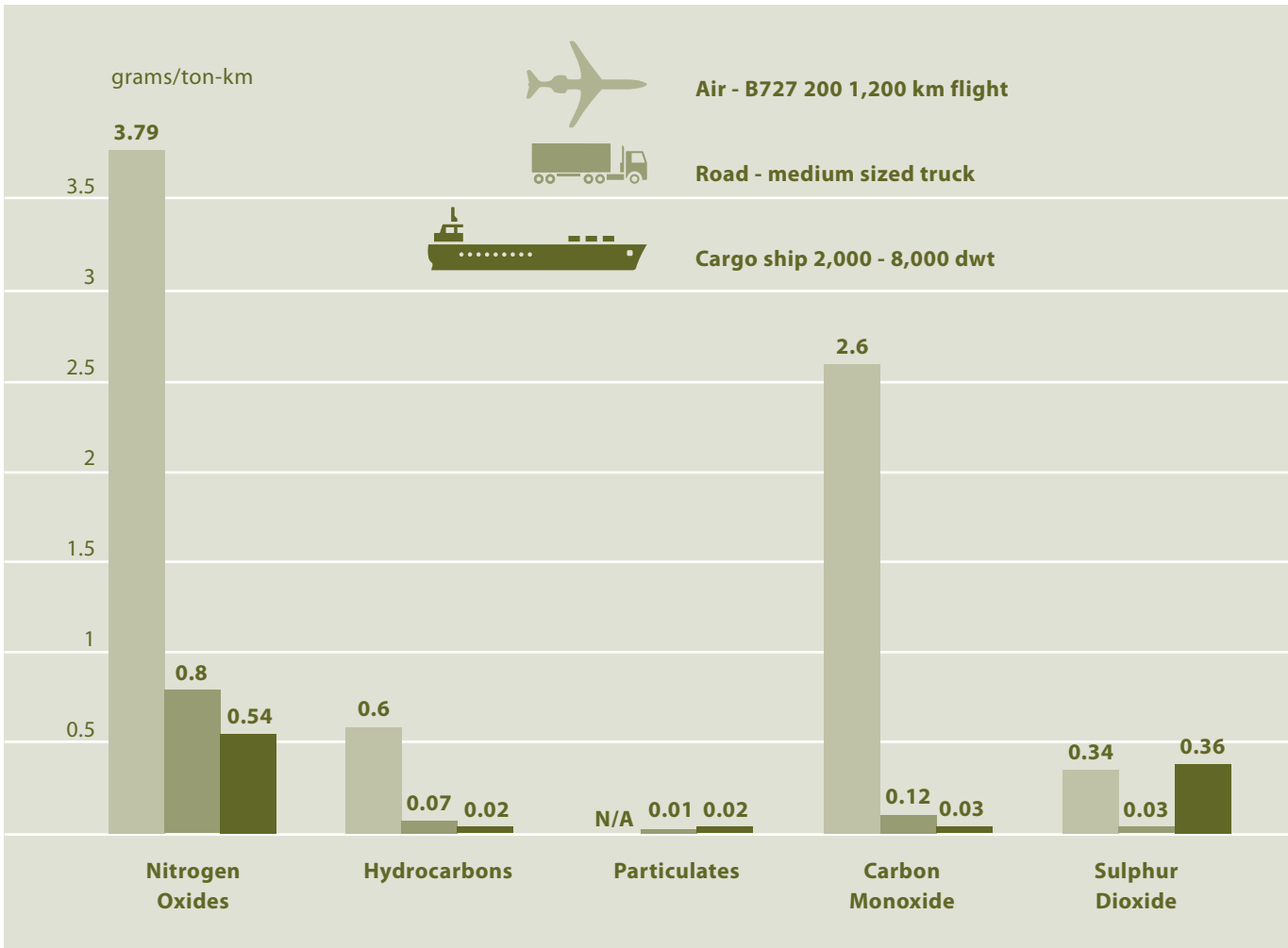
- ISO 14001:2004 environmental certificate by Lloyds Register
- MARPOL Sewage Pollution Prevention Certificate
- MARPOL Air Pollution Prevention Certificate
- IAFS International Anti-Fouling System Certificate
- MARPOL Oil Pollution Prevention Certificate
- Document of Compliance for Anti-fouling System
- MARPOL Garbage Pollution Prevention Attestation

MARINE TRANSPORT & CSR

AIR EMISSIONS

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

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



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

As from 1st of January 2013 by renewal of the Air Pollution Prevention Certificate, every ship has to present a SEEMP. It is a totally new and even more detailed way of gathering information on fuel consumption. Energy Efficiency Operational Index (EEOI) is calculated taking into consideration the number of passengers, gross tonnage and different fuels used.

NEW APPROACH TO MEASURE THE ENERGY EFFICIENCY OF THE FLEET AND DECREASE THE NEGATIVE IMPACT OF AIR EMISSIONS

The fleet of AS Tallink Grupp started designing and implementing the new Ship Energy Efficiency Management Plan in 2012. The SEEMP is an inseparable part of the MSM and is required by MARPOL Annex VI.

The priorities of SEEMP are:

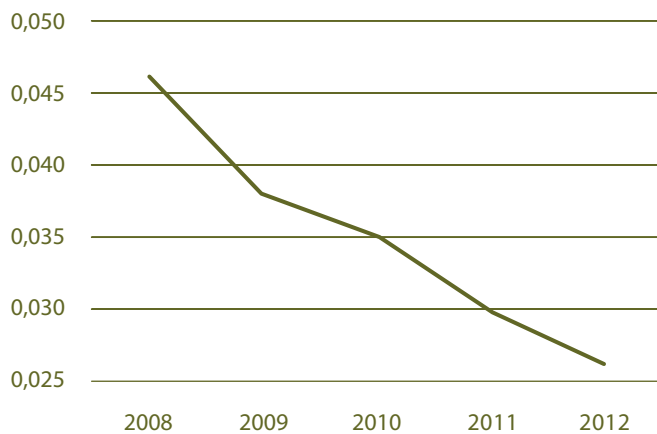
- Decrease of fuel consumption;
- Decrease of air emissions.

MARINE TRANSPORT & CSR

Based on the information gathered through SEEMP, thorough analyses follows, which supports setting new goals to diminish the environmental and especially air related pollution prevention and decrease among ship operators.

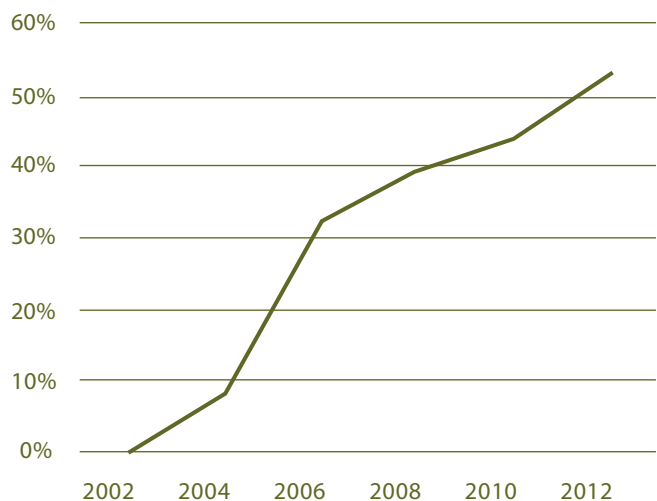
The SEEMPs of the ships in Tallink Grupp's fleet are certified by Bureau Veritas. The SEEMPs will be controlled either by the classification societies or the flag state maritime authorities (dependent on the jurisdiction of the country).

TONS OF FUEL PER PASSENGER



Usage of catalytic converters in Tallink's fleet has been increasing rapidly due to the goal of diminishing the environmental impact in regards to the air emissions.

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



Future possibilities:

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

WASTE

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

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

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

Tomorrow: Green Marine project to separate food waste from domestic garbage to be used as compost.

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

MARINE TRANSPORT & CSR

WASTE & OILY WATERS

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

CHEMICALS

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

ANTIFOULING SYSTEMS

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

INITIATIVES FOR THE ENVIRONMENT

Research

MarMoni project

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

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

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



How is Tallink involved?

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

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

ENGAGEMENT

Voluntary oil spill response team practises cleaning of shorelines.

Tallink's commitment towards the Baltic Sea was on display on April 11th 2012, when nearly 30 Tallink Silja Oy employees trained to become a voluntary oil spill response team members. The oil spill response training event was organized by WWF Finland. Teams of volunteers trained by the organization offer help in cleaning shorelines and treating animals in peril after oil spill as invited by Finnish authorities. Already some years ago Tallink Volunteer Club with similar purpose was formed and trained in Estonia. The aim is to expand the voluntary activities also to Sweden and Latvia.

SILJA LINE BRAND SUPPORTS WWF'S OPERATION MERMAID

Operation Mermaid is large-scale WWF's campaign aiming at saving the Baltic Sea. Operation Mermaid seeks solutions into current Baltic Sea issues such as prevention of eutrophication, increased maritime safety and oil spill prevention, conservation of the Baltic Sea endangered species and archipelago protection, and the promotion of sustainable fishing. Silja Line has been the supporter of the Operation Mermaid ever since it was founded 10 years ago. In addition to the annual donations, Silja Line organizes additional fund-raising campaigns to support the Operation Mermaid.

ENVIRONMENTAL PROTECTION IN AS TALLINK GRUPP

AIR:

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

LAND:

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

SEA:

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



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



CUSTOMER SERVICE

Tallink Grupp had the record number of 9.3 million passengers this year, showing that the increase in our passenger volumes has been sustainable and strong. We value highly the trust put in us by our passengers.

TALLINK CUSTOMER CARE IN 2012

All visits to all sites:	27,8 million
Visits to our booking engines:	8 million
Handled calls:	1,8 million
With total length of:	113367,5 h
Booking-related emails handled:	466 240

JURISDICTION AND MARITIME BUSINESS

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

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

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

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

- non-discriminatory treatment and specific assistance free of charge for disabled persons and persons with re-

- duced mobility both at port terminals and on board ships,
- minimum rules on information for all passengers before and during their journey, as well as general information about their rights in terminals and on board ships,
- establishment by carriers and terminal operators of complaint handling mechanism available to passengers.

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

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

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

MARINE TRANSPORT & CSR

CUSTOMER SATISFACTION IS A SIGNIFICANT PRIORITY

• Why is it important to monitor customer satisfaction?

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



• How and for what purpose are the results used?

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

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

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

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

- Service during booking
- check-in and boarding procedure
- taste and quality of dishes- seafood
- staff service in seafood
- staff service in A' la Carte
- staff service in Fine Dining
- Easy and fast booking process
- Taking care of the passenger safety
- Pleasant welcome onboard
- taste and quality of dishes in A' la Carte
- Info desk service
- onboard staff's professionalism
- onboard staff's professionalism and cheerfulness

The largest improvements compared to the previous year were as following:

- Selection of dishes in Business Lounge
- Taste and quality of dishes in Business Lounge
- Overall atmosphere in Business Lounge
- Selection of dishes in buffet

MARINE TRANSPORT & CSR

AWARDS

Tallink received the Award of Most Successful Company in Central and Eastern Europe by Deloitte.

AS Tallink Grupp, which was positioned 162nd in the Deloitte's Central and Eastern European Europe TOP 500 of companies for 2011, was additionally evaluated among the three most successful companies in the region according to the Index of Success.

According to the Vice CEO of AS Tallink Grupp Mr. Andres Hunt it is a great acknowledgement, as the choice was made among 500 companies. „It is good to see that although the general volumes are not those of the top ten, the success of the operations is evaluated to be among the top three. The important criteria of stability and growth of the operations is also our company's credo”, said Hunt.

Deloitte` Central Europe CEO Alastair Teare said, that „the sheer quality and range of achievement shared by our three award winners is extremely impressive, and I hope that others are inspired by their success“.

Index of Success was launched by Deloitte and Polish daily Rzeczpospolita. At first 30 nominees are chosen from 500 companies represented in the Deloitte`s Central and Eastern European top, out of which three most successful ones are voted. Three most successful Central and Eastern European compa-

nies are AS Tallink Grupp, Polish copper and silver manufacturer KGHM Polska Miedz and software vendor Asseco Group. The jury included Poland's former Prime Minister Jan Krzysztof Bielevki, President of Boeing International Central Eastern Europe Henryka Bochniartz, President of the Polish Confederation of Private Employers Jerzy Buzek, Chairman of the Polish Academy of Sciences professor Michael Kleiber, Editor in Chief of the daily Rzeczpospolita Tomasz Wroblewski and CEO of Deloitte Central Europe Alastair Teare.

There were 3 Estonian companies in the Deloitte` Central and Eastern European top 500 for 2011. In 2010 AS Tallink Grupp was on the 229th position.

The world leading consumer magazine Reader's Digest nominated the Silja Line lines belonging to Tallink as the most trustworthy cruise operators in Finland both in 2010 and 2012, respectively for the seventh and eighth time consecutively.

In Estonia Tallink was also one of the companies listed in the campaign "Kliendid Kiidavad" (Praise the Customer Service) in 2012.

Grand Travel Award 2012 in Sweden named Tallink Silja as the winner of the award "The Best Shipping Company of the Year". Among 1200 travel agencies Tallink Silja won the award for the seventeenth time in this category. Grand Travel Award is the annual gala event for travel agencies held for the twentieth consecutive year arranged by the Swedish travel magazine Travel News.

According to the TNS Emor brand rankings survey Tallink ranks fifth among the most popular brands in Estonia (2012).



MARINE TRANSPORT & CSR

RESPONSIBLE BEVERAGE SERVICE

First of all it is important to underline that by responsible beverage service the company does and can not take the responsibility of people for themselves or their potential actions under influence of alcohol. The aim is to offer a more sahver environment and more awareness of responsible consuming of alcohol, which takes into account the wellbeing, safety and security of people.

In 2012 much effort and care was put into working out the procedures and guidelines of the new responsible beverage service, implemented in all our hotels and on every single vessel in 2013.

Handling of alcoholic beverages is a part of Tallink, Silja Line and Tallink Hotels business activities. The licenses we have been granted to serve alcoholic beverages to our customers implies both a responsibility and trust. To warrant this responsibility and trust, Responsible Beverage Service (RBS) methods are in use.

RBS is a method of customer service and sales that enhance the ability to prevent excessive alcohol consumption among customers and minimize potential risks from excessive drinking that has already occurred. Method may address: checking IDs; service practices that reduce the likelihood of excessive consumption; identifying and responding to early signs of excessive consumption; identifying intoxicated customers and refusing service to them.

GUIDELINES

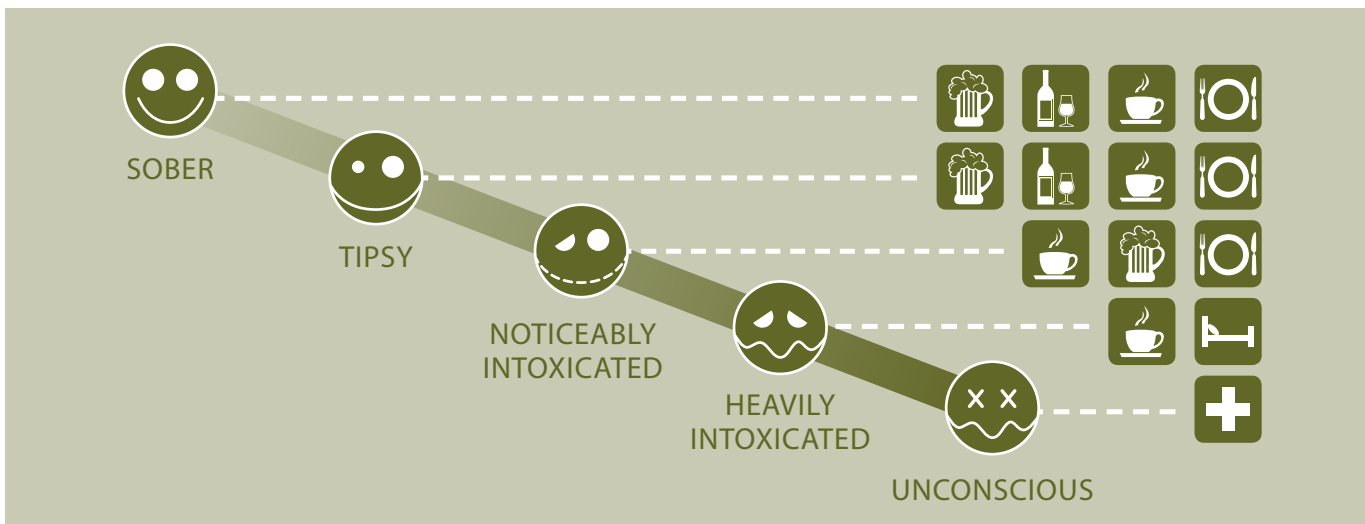
Limiting amount of alcoholic beverages brought into premises

- Random screening to be conducted for identifying amount of alcoholic beverages brought onto premises;
- Depending on rules announced (e.g. special cruises, etc.) alcoholic beverages brought onto premises could be deposited or confiscated;
- Alcoholic beverages brought onto premises and/or purchased in premises.
Retail Shops are not intended to be consumed in premises;
- Alcoholic beverages purchased from premises Bars and Restaurants are intended to be consumed in premises;
- Alcoholic beverages consumed publicly outside premises Bars and Restaurants could be confiscated and destroyed;

Serving and selling alcoholic beverages in a responsible way

- Service personnel should assess customers intoxication levels and offer available services by responsible way. Only implemented by people with legal age.
- Sober – all available services could be offered;
- Tipsy – consider to recommend appropriate beverages and/or food;
- Noticeably intoxicated – consider to recommend light alcohol, nonalcohol and/or food as option for strong alcohol only;
- Heavily intoxicated – consider to recommend non-alcohol and/or food or rest as option for consuming strong alcohol only;
- Unconscious – consider the need for medical assistance;
- Refusing the service to be considered as extreme solution;

INTOXICATION LEVELS





MARINE TRANSPORT & CSR

EMPLOYER STATUS

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

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

ON 31 DECEMBER 2012, THE GROUP EMPLOYED 6,747 EMPLOYEES (6,740 ON 31 DECEMBER 2011).

	As at 31 December	2012	2011*	change
Onshore total		1,555	1,568	-0.8%
Estonia		795	776	2.4%
Finland		493	527	-6.5%
Sweden		184	191	-3.7%
Latvia		65	60	8.3%
Germany		6	6	0.0%
Russia		12	8	50.0%
At sea		4,614	4,594	0.4%
Hotel**		578	578	0.0%
Total		6,747	6,740	0.1%

* Statistical methodologies applied by Group companies have been harmonized resulting in different comparative historical information than disclosed previously.

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

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

ILO conventions:

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

IMO conventions

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

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

MARINE TRANSPORT & CSR

THE STRUCTURE OF EMPLOYEES IN ESTONIA:

Average age of personnel on board	40,5	
Average age of personnel ashore	38,5	
	% ashore	% onboard
20 or younger	2,6	4,3
21-30	35,7	27,1
31-40	26,4	18,7
41-50	17,4	22,6
51-60	14,5	20,6
61 or older	3,4	6,8
male % ashore	28%	
male % onboard	45%	
female % ashore	72%	
female % onboard	55%	

TRAINING

The aim of organizing training courses is to offer the employees of the company new know-how and skills in accordance with the goals of the company, to shape attitudes that would correspond to the organizational culture, to promote experience in teamwork and to support the personal development of employees.

The efficiency of the company's training activities is ensured by their systematic and central coordination, which guarantees their comprehensiveness.

Training plans are drawn up in accordance with the company's strategy, the needs of the target groups and the feedback received from customers.

Some of the major training projects carried out in AS Tallink Grupp during 2012 are:

- HIV prevention seminars on Estonian-flagged ships by SA Terve Eesti. The voluntary seminars have been organized in order to promote awareness about the illness, but also to prevent prejudice and misinformation among the staff.
- Mystery shopping on ships of both brands.
- Sales and service training on ships of both brands.
- Development programmes for medium level managers, sales teams management on ships of both brands.
- Tallink Academy
- Master class training for catering personnel and management of ships
- Coaching and difficult management decisions for customer service employees
- Customer service philosophy training and sales trainings for Contact Center employees in different countries.
- Various language trainings for on land and sea personnel for improving the service

LIBRARIES

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

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

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

MARINE TRANSPORT & CSR

TALLINK ACADEMY

The first ever Tallink Academy programme for intendants was launched in September 2011.

All intendants working on the vessels operating under Estonian and Latvian flags were offered the opportunity to sign up for this academic programme and encouraged to use it.

The goal of the academic programme is to offer specific tailored training for officers with special focus on acquiring skills in leadership and organizational behavior. At the same time seamanship know-how and special maritime topics are also taken into account.

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

After that we contacted the Estonian Maritime Academy and the Tallinn Technical University with our offer for cooperation. The Estonian Maritime Academy offered us most suitable courses regarding the maritime education and the Tallinn Technical University supplied courses about leadership and organizational topics.

All the academic points acquired during the program will be recognized by the two universities and will be taken into account in the study programs of the participants in case they are or will be enrolled in one of those universities in the near future.

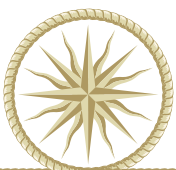
MAJOR COOPERATION PARTNER FOR MANY SCHOOLS

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

2012

Interns on board – 492

Interns ashore – 85



TALLINK AKADEEMIA

TRADE UNIONS

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

TEAM SPIRIT

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

Without a doubt the company training sessions, workgroup meetings and the free time spent together all help to create and maintain the team spirit among our employees.

Among other things our employees often exercise and play sports together and it is no surprise that classic team games like football or basketball are especially popular. Now after a break of several years an intra-company "international" sports competition is being considered again.

Tallink has been organising various spare time events for its employees for years. It should be pointed out that the largest and most important events are carried out twice to enable people working on both ferry shifts to participate.

In the summer, all employees meet at the company summer camp that has been gaining an ever more international feeling with each passing year. In addition to strengthening professional contacts, such events also prove to be a good opportunity to get to know the cultures of the employees of differing nations. That is the reason why in recent years the entertainment programmes have featured performances of folk songs, etc.

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

AWARDS

- According to the employer image study carried out by CV Keskus in 2013 Tallink ranked as high one of the most preferable employers in Estonia (rank 6th).



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

CORPORATE GOVERNANCE – NOT A THING-IN-ITSELF

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

Pursuant to the Commercial Code and the Articles of Association of AS Tallink Grupp (the Company), the right of decision and the administration of the company are divided between the shareholders represented by the shareholders' general meeting, the supervisory council and the management board.

SHAREHOLDER'S GENERAL MEETING

The Company's highest governing body is the shareholders' general meeting. The primary duties of the general meeting are to approve the annual report and the distribution of dividends, elect members to the supervisory council, appoint auditors, and pass resolutions on any increase or decrease in share capital and on any other changes to the Articles of Association. According to the law the Articles of Association can be amended only by the shareholders' general meeting. In such a case it is required that 2/3 of the participating votes are for it.

THE SUPERVISORY COUNCIL

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

THE MANAGEMENT BOARD

The management board is an executive body charged with the day-to-day management of the Company, as well as with representing the Company in its relations with third parties, for example by entering into contracts on behalf of the Company. The management board is independent in their decisions and follows the best interest of the Company's shareholders. The management board must adhere to the lawful orders of the supervisory council. The management board ensures, at its best efforts, the Company's compliance with the laws and that the Company's internal audit and risk management procedures are functional.

THE CORE VALUES OF TALLINK

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

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

HOW ARE TALLINK'S VALUES APPLIED IN PRACTICE?

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

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

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

CORPORATE GOVERNANCE

SUPERVISORY COUNCIL AND MANAGEMENT BOARD
AS TALLINK GRUPP

Standing, from the left: *Ain Hanschmidt, Lauri Kustaa Äimä, Lembit Kitter, Peter Roose, Andres Hunt*
Sitting, from the left: *Kalev Järvelill, Toivo Ninnas, Eve Pant, Ashwin Roy, Kadri Land, Enn Pant, Janek Stalmeister*

KALEV JÄRVELILL

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

AIN HANSCHMIDT

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

TOIVO NINNAS

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

EVE PANT

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

LAURI KUSTAA ÄIMÄ

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

ASHWIN ROY

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

LEMBIT KITTER

Member of the Management Board since 2006
General Director

KADRI LAND

Member of the Management Board since 2012
CEO of Tallink Silja Ab

PETER ROOSE

Member of the Management Board since 2012
Sales and Marketing Director

ENN PANT

Chairman of the Management Board since 1996
Chief Executive Officer

ANDRES HUNT

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

JANEK STALMEISTER

Member of the Management Board since 2009
Chief Financial Officer

ENGAGEMENT

COOPERATION

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

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

- We prefer reliable and good quality products and services offered by local service providers and producers whenever possible.
- We value highly high quality food products grown and produced by local communities. The majority of dishes in our restaurants on board and ashore are made of local and fresh ingredients.
- We also follow the suggestions of environmental protection organizations, for instance for several years we have not been serving eel in our restaurants on board.

- The usage of local products and services also enables us to reduce the environmental impact caused by the necessity of transportation.

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

EDUCATION

As one of the largest employers in the region we consider one of our most important assets to be people with their know-how and professional expertise. The majority of our employees have been working in Tallink Grupp for many years; some retire with

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

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

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

Source: Generation Research 2011

E N G A G E M E N T

40 years of experience. This know-how combines in synergy school education, working experience and personal talent. Our customers' point of view provides another approach. One of our major goals is to provide our customers with high quality service and products, and customer service is an essential part of it. That means that cooperation with educational organizations is vital for us in many ways.

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

GREEN DOT IN LATVIA

It was a pleasure to participate in events that were organized by the organization "Green Dot Latvia" ("Latvijas Zaļais punkts") that works on educating the society of sorting waste and recycling issues. Tallink together with "Green Dot" with the educational game the Green Dot Distance was visible in several celebrations of towns and cities in all over Latvia. The aim of the distance is to encourage people to operate environmentally friendly, get new knowledge about the green lifestyle and, of course, have fun. Everyone who participated in the game could have a chance to win the top prize – our sea voyage to Stockholm. The responsiveness of the inhabitants and guests of the cities and towns of Latvia showed that the Green Dot Distance was really exciting; in total 2340 players participated in the game.



YOUNG PEOPLE

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

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

AIESEC ESTONIA

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



SPORTS

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

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

The training activities of the non-profit association are conducted in close cooperation with the personal coaches of the individual players. The personal coach has a huge role to play in the training of each player. The dedication of the coach is often the stimulating force inspiring the further development of the athlete. The role of the coach is not limited to training and motivating the athlete, he must also set up training plans, including the general physical development and the psychological preparation of the player.

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

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

SUPPORTING LOCAL JUNIOR SPORTS CLUBS

Children and families with children are one of our main target groups and Tallink Silja in Finland want to have a part in supporting the activities of local junior sports clubs. In 2012, we supported junior sports in soccer and ice hockey (TPS in Turku, HJK in Helsinki, and Espoo Blues).

- SM-liiga (Finnish hockey)
- Blues (Hockey team in Espoo)
- HIFK (Hockey team in Helsinki)
- Tappara (Hockey team in Tampere)
- TPS junnut (Hockey juniors in Turku)
- HJK (Football team in Helsinki)
- Streethockey SM-kiertue (Streethockey Finnish Championship Tour)
- Bisons (Basketball team)
- Stafettkarnevalen (big sport happening for Finnish-Swedish schools)

SPORTS CHARITY EVENT "NIKE RIGA RUN 2012" IN LATVIA

The event was connected with doing sports and promoted an active lifestyle. Tallink is for living active and participating in different kind of sports and based on this our company was honoured to take part in this big sports event that united active people in all ages for one common goal. All participation fees were donated to the charity project of "Ziedot.lv" - "For the Little Hearts". The slogan of the event "Help by running!" best describes the idea of "Nike Riga Run", namely, by taking part help yourself, caring for your health at the same time provide support to children deprived of the motion joy.

In order to further motivate the people to focus on a healthier and more active lifestyle, this year "Nike Riga Run" together with "Tallink" did offer the opportunity by open training sessions during summer earn their trip to Stockholm. Any participant of "Nike Riga Run" was be able to get it if he has registered for the event, attended by at least ten open training sessions and participated in the final run. In addition this year we were honored to give the prizes – our sea voyages to the best smallest participants in the separate races, nominated in the name of Tallink, as running and rollerblading for children.



ENGAGEMENT

INITIATIVES

ENVIRONMENT

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

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

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

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

LET'S DO IT WORLD

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

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

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

SOCIETY

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

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

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

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

COOPERATION

WWF
(environment)



ELF
(environment)



MY COUNTRY INTEGRATION PROGRAM

Minu Riik

UNIVERSITIES
(society)



SCIENTIFIC ORGANIZATIONS
(environment)

CHARITY

SEB CHARITY FOUNDATION



CHILDREN IN NEED

SEB Heategevusfond

SOS CHILDREN'S VILLAGE



SANTA CLAUS FOUNDATION



OFFICIAL SEACARRIER OF SANTA CLAUS

FOUNDING MEMBER OF SANTA CLAUS FOUNDATION

INITIATIVES

TALLINK VOLUNTEER CLUB
(environment)



BALTIC SEA ACTION GROUP
(environment)



EUROPEAN ROAD SAFETY CHARTER
(society)

LET'S DO IT WORLD
(environment)



SEB TALLINK TENNIS TEAM
(society)



SPONSORSHIPS

Estonian tennis players
KAIA KANEPI
JÜRGEN ZOPP
SERGEI IVANOV



International jazz music festival in Estonia - **JAZZKAAR**



TALLINN MUSIC WEEK



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

ENGAGEMENT



CHARITY

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

Our cooperation partners are SEB Charity Foundation, SOS Lasteküla, Santa Claus Foundation and several children's shelters (logod kõrvale)

For 2012 we had even bigger plans: we engaged our employees as well as our customers and offered them the opportunity of sharing the good feeling that you get by helping and sharing. The Club One bonuspoints donation program was a huge success, helping us to help several organizations supporting children in need.

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



OFFICIAL SEACARRIER OF SANTA CLAUS

FOUNDING MEMBER OF SANTA CLAUS FOUNDATION



SEB Heategevusfond

AS TALLINK LATVIJA COOPERATION WITH SOS CHILDREN'S VILLAGES LATVIA

Have you ever thought how happy you actually are of having parent/s and /or being parent yourself? Our children should feel lucky that they have parents that care about them. But still there are many children in the whole world whose destiny differs from ours – they are children who have lost their parents and their caring. Due to this it is a huge benefit for whole society that Latvia has a social charity organization SOS Children's Villages Latvia that provides a long-term, family based care for children who have lost their parents. In addition, the organization also carries out different family strengthening programs. SOS Children's Villages Latvia is a member of SOS – Kinderdorf International that operates in 132 countries worldwide.

The new family, home and the care of parents in SOS Children's Villages have found 143 children from all Latvia. In SOS foster

E N G A G E M E N T

families as in an every regular family the care of children takes a mum or a pair of parents, by taking responsibility for every day's duties and care and giving them the warmth of family. Moreover, SOS Children's Villages helps the social risk families as well, and gives support of social workers and other professionals in order to prevent children taking out from the family. The support of family strengthening programs of SOS Children's Villages have received more than 700 children from families of Riga, Olaine, Valmiera, Cesis and Bauska in year 2012. Since 2010 AS "Tallink Latvija" has had a successful cooperation with SOS Children's Villages Latvia in various support projects. As the result over the years with the help of Tallink many children, young people and families have used the opportunity of going on the sea voyage to Stockholm.

The biggest cooperation project that has been done in cooperation with Tallink and SOS Children's Villages Latvia was the bonus point donation project that proceeded from August until December 2012. Club One clients were responsive and actively donated their bonus points for the children from Valmiera's SOS Children's Villages to go on unforgettable sea voyage to Stockholm. 23 children from the age of 6 to 15 with their foster parents had opportunity to get acquainted with the ship, wide options of different events to take part in. Children enjoyed participating in the concert and they pleased all the passengers with their beautiful singing performances. The small and big travellers from Valmiera's SOS Children's Villages enjoyed guided Stockholm sightseeing tour where they found out different most interesting facts about the city, its architecture, citizens and as well as about the royal family. In addition, after the excursion they visited two of most popular museums in Stockholm: Junibacken and Vasa museum. The visit of Junibacken brought the biggest happiness and many positive emotions for all the children. However, boys were really excited about visiting of the Vasa museum where they could look closely at Vasa ship and found out more about the seamen life in the 17th century.

Regarding what kind of impression the travelling leaves on children's personality, Ilze Paleja, the director of SOS Children's Villages Latvia Association, said: 'Everything that happens with us in childhood has a great significance to our adult life. This I can tell from my own experience as a practitioner psychologist, as well as by observing how the experience and events from the past influence the children of SOS villages. That's why

it is important that children who have got a traumatic experience, in addition, from the closest people – their own parents, receive our support, understanding and many positive emotions that help them to learn and develop as an emotionally stable and a positive personality. A beautiful voyage where a child can travel together with his/her family unites the family and gives intransient and positive emotions to the child.

The second biggest cooperation project with SOS Children's Villages was at the Day of Shadows that is organized by the Junior Achievement Latvia. At this project youth who are looking for their future career can follow professionals of a company and find out what are the duties and daily routine of the particular job. This year Tallink gave opportunity for a girl from SOS Children's Villages to be the shadow of Cruise Manager. Sanita, a girl from Valmiera SOS Children's Villages, who was the shadow of Cruise Manager of M/S Silja Festival, points out that the Day of Shadows was amazing because she got a new professional experience in a completely new field. She helped Cruise Manager to sell lottery draw, conduct the show, the congratulation of birthday children, and help in conducting karaoke singing. Sanita considers the job of Cruise Manager to be interesting and she thinks that she could be capable of doing it in the future also, but at the same time she thinks that she would like to do something even more extreme. Sanita understands that the work of Cruise Manager requires flexibility to find solutions in different situations and with different people and it always is a challenge. SOS Children's Villages organization fully appreciates the provided opportunity for youth to work together with professionals. It is considered as an inestimable support for youth that think about the choice of their future profession in order to understand how difficult or easy the particular work is.

AS "Tallink Latvija" is pleased of providing support for SOS Children's Villages Latvia in the significant projects of common social responsibility and the company is looking forward for successful cooperation with SOS Children's Villages Latvia in future too.



ENGAGEMENT

SPONSORSHIPS

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

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

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

AS Tallink Grupp signed sponsorship contracts for the support of Kaia Kanepi, Jürgen Zopp and Vladimir Ivanov with the total of €177,000 in 2012.

According to Mr. Enn Pant, the Chairman of the Management Board of Tallink, the company recognizes the need to make a contribution to society in important areas like sports and education. "Kaia and Jürgen have consistently been achieving great results this season and provided us many great moments. They set a wonderful example to the young. Vladimir is a promising young athlete and we would like to support him as well," said Mr. Pant.

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

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

SPORTS

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

CULTURE

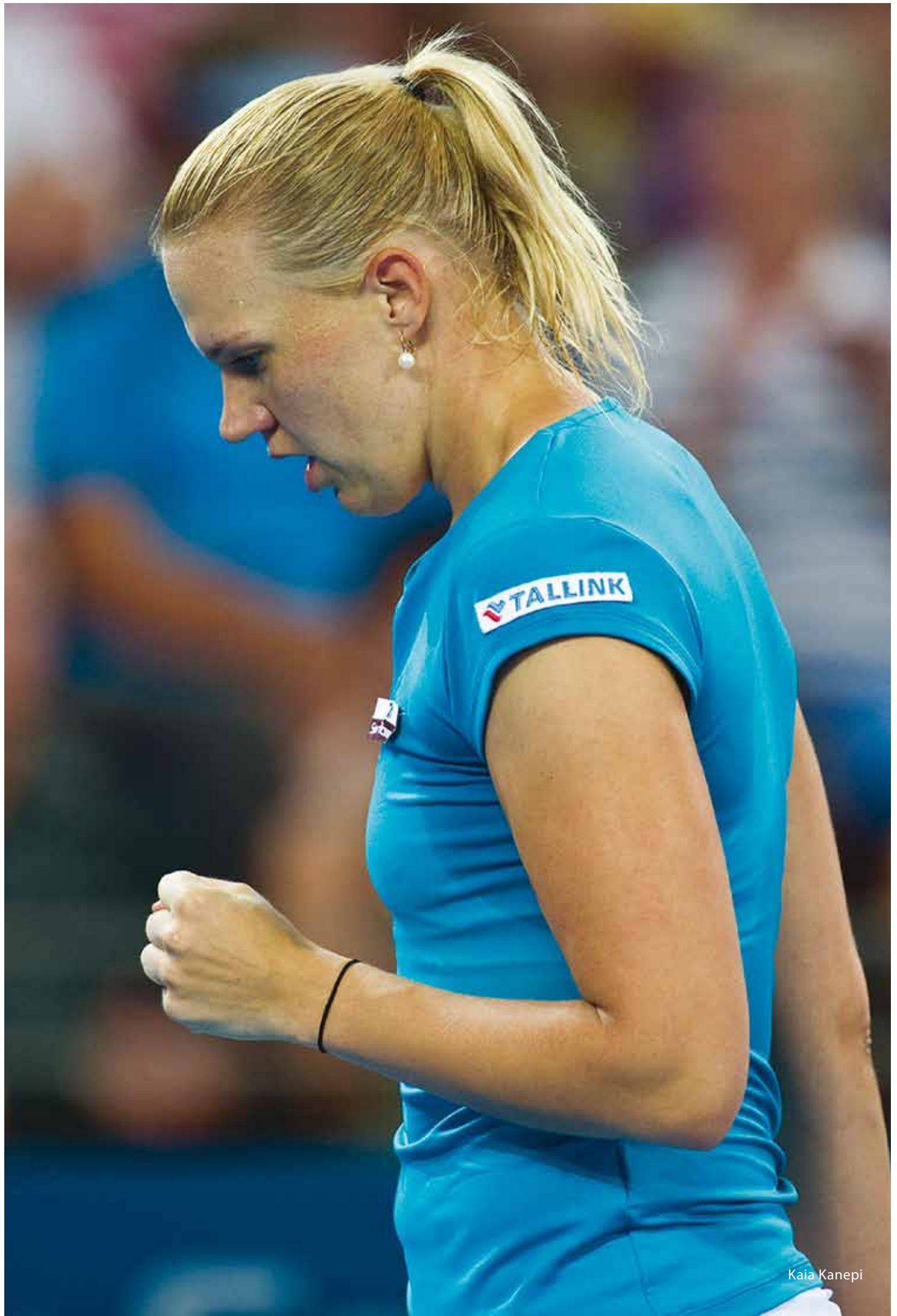
International jazz music festival in Estonia - Jazzkaar
Tallinn Music Week

ENVIRONMENT

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

SOCIETY

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



Kaia Kanepi



FINANCIAL REVIEW

Million EUR	2007/2008	2008/2009	2009/2010	2011 **	2012
	Sep-Aug	Sep-Aug	Sep-Aug	Jan-Dec	Jan-Dec
Net sales	786	792	814	908	944
Gross profit	164	165	168	193	201
EBITDA	126	133	145	163	166
Net profit	20	-8	22	38	56
Depreciation	62	70	73	71	71
Investments	271	163	6	9	9
Total assets	1,898	1,947	1,871	1,800	1,741
Total liabilities	1,247	1,305	1,204	1,094	981
Interest-bearing liabilities	1,120	1,181	1,068	960	840
Total equity	651	643	668	705	761
Fleet value	1,789	1,716	1,651	1,570	1,510
Weighted average number of ordinary shares outstanding*	671,245,086	669,882,040	669,882,040	669,882,040	669,882,040
Number of ordinary shares outstanding*	669,882,040	669,882,040	669,882,040	669,882,040	669,882,040
Earnings per share (EPS) euros*	0.03	-0.01	0.03	0.06	0.08
Shareholders' equity per share euros*	0.97	0.96	1	1.05	1.14
Price-Earnings ratio (P/E)*	21	-29	19	10	10
Gross profit margin	21%	21%	21%	21%	21%
EBITDA margin	16%	17%	18%	18%	18%
Net profit margin	2.5%	-1.0%	2.7%	4.2%	6.0%
Return on assets (ROA)	3.6%	3.3%	3.8%	5.0%	5.4%
Return on equity (ROE)	3%	-1.3%	3.3%	5.5%	7.8%
Return on capital employed (ROCE)	4.2%	3.8%	4.2%	5.4%	6.4%
Equity ratio	34%	33%	36%	39%	44%
Number of passengers	7,070,264	8,124,561	8,428,055	9,144,290	9,264,561
Cargo Units	331,149	252,026	258,773	283,105	283,973
Average number of employees	6,564	6,853	6,612	6,651	6,868

* the share and per share information has been adjusted with the share bonus issues

** Pro forma

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

Earnings per share – net profit / weighted average number of shares outstanding;

Equity ratio – total equity / total assets;

Shareholder's equity per share – shareholder's equity / number of shares outstanding;

Gross margin – gross profit / net sales;

EBITDA margin – EBITDA / net sales;

Net profit margin – net profit / net sales;

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

ROE – Net profit / Average shareholders' equity;

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



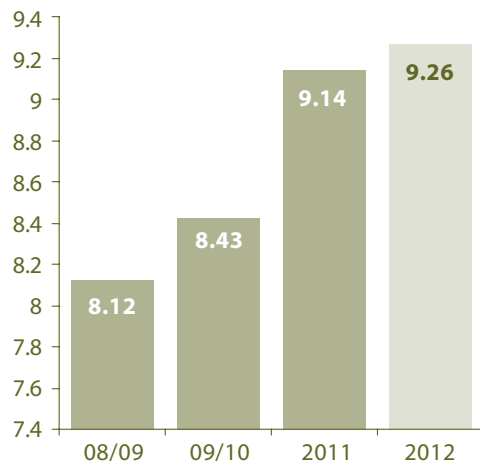
HIGHLIGHTS OF FINANCIAL YEAR 2012

OPERATIONS

- Record number of passengers – 9.3 million passengers;
- Record number of loyal customers, Club One members – 1.5 million
- Record high revenue – 944 million Euros (comparable period of 12 months)
- The highest financial result in 5 years – 56 million Euros of net profit
- Continuous focus on the cost savings
- Increased revenue per passenger
- Reduction of debt

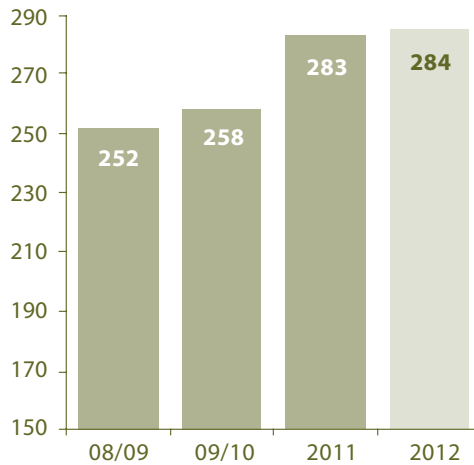
PASSENGERS

Million



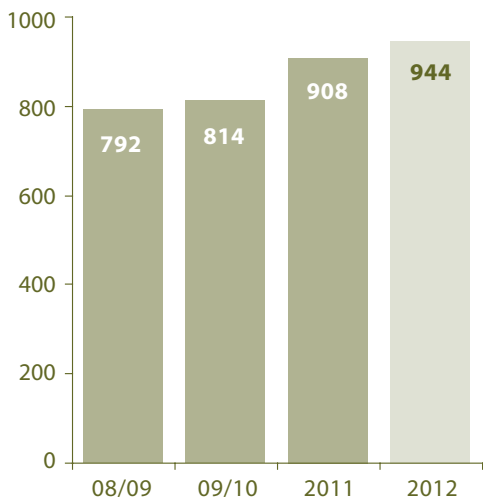
CARGO UNITS

Thousand



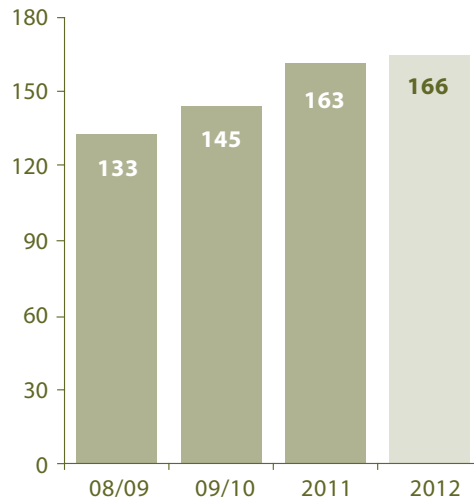
REVENUE

Million EUR



EBITDA

Million EUR



VESSELS AND OTHER INVESTMENTS

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

the financial year, the Group owned 18 vessels. Their types and operations are described in the table below:

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

* Baltic Princess was rerouted to the Finland-Sweden operations and Silja Europa was rerouted to the Finland-Estonia operations at the beginning of 2013.

As of 31 December 2012 the value of the ships amounted to EUR 1,509.9 million (EUR 1,570.1 million at the end of 2011). The Group's vessels are regularly valued by 2 to 3 independent international shipbrokers who are also approved by the creditors and mortgagees.

The Group has no new vessels under construction.

All of the Group's vessels have protection and indemnity insurance (P&I), hull and machinery insurance (H&M) and they meet all applicable safety regulations.

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

FLEET

**BALTIC QUEEN**

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

**SUPERSTAR**

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

**BALTIC PRINCESS**

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

**STAR**

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

**GALAXY**

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

FLEET

**VICTORIA I**

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

**SILJA EUROPA**

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

**ROMANTIKA**

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

**SILJA SYMPHONY**

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

**SILJA FESTIVAL**

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

**SILJA SERENADE**

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

FLEET

**REGINA BALTICA**

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

**REGAL STAR**

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

**VANA TALLINN**

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

**SEA WIND**

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

**SUPERFAST VII / VIII / IX**

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

**ISABELLE**

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

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

