

# VIKING LINE

Sustainability 2018





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**VIKING LINE**



# This is Viking Line



## Mission

We link together the countries around the northern Baltic Sea by providing sustainable and regular ferry service for everyone. Our three basic services are cruises, passenger transport and cargo transport. Our unique expertise in combining these services generates customer and business benefits.

## Service area

Viking Line provides services on the Baltic Sea, with Finland, Sweden and the Baltic countries as its main markets. Our sales offices are located in Finland, Sweden, Estonia and Germany. The Group's Head Office is located in Mariehamn, Åland, Finland.



## Nasdaq

The parent company, Viking Line Abp, has been listed on NASDAQ Helsinki since July 5, 1995. The share capital is EUR 1,816,429.61 divided among 10,800,000 shares of equal value that constitute one series.



## Finland's biggest maritime employer

Viking Line is Finland's biggest maritime employer. In all, more than 40 different occupational categories are employed on a vessel in areas such as operation, maintenance, shops, kitchens, hotels, entertainment, conference facilities, security and healthcare.

## Operating areas

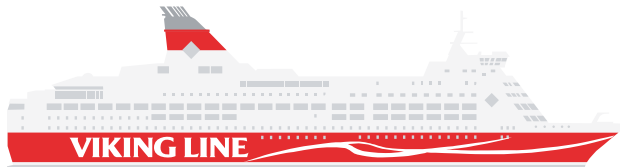
Viking Line's operations include both passenger and cargo transport. The subsidiary Viking Line Buss Ab also provides bus transport based in the Åland Islands.

## Environmental certification

The Group's Head Office, all vessels and the subsidiary Viking Line Buss Ab are certified in compliance with ISO 14001:2015 environmental management standards.

Viking Line provides services on the Baltic Sea, with Finland, Sweden and the Baltic countries as its main markets.

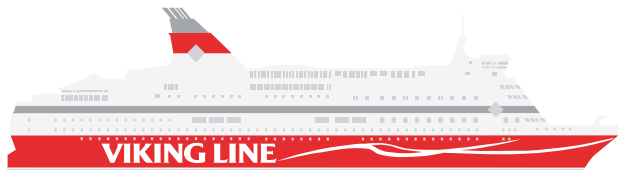
## Our vessels



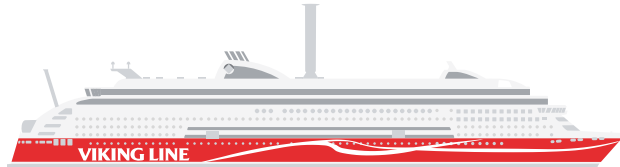
**M/S Amorella**  
Finnish flag  
Turku-Åland Islands-Stockholm



**M/S Viking Cinderella**  
Swedish flag  
Stockholm-Mariehamn



**M/S Gabriella**  
Finnish flag  
Helsinki-Mariehamn-Stockholm



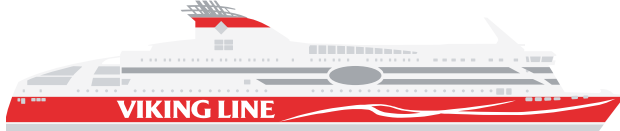
**M/S Viking Grace**  
Finnish flag  
Turku-Åland Islands-Stockholm



**M/S Mariella**  
Finnish flag  
Helsinki-Mariehamn-Stockholm

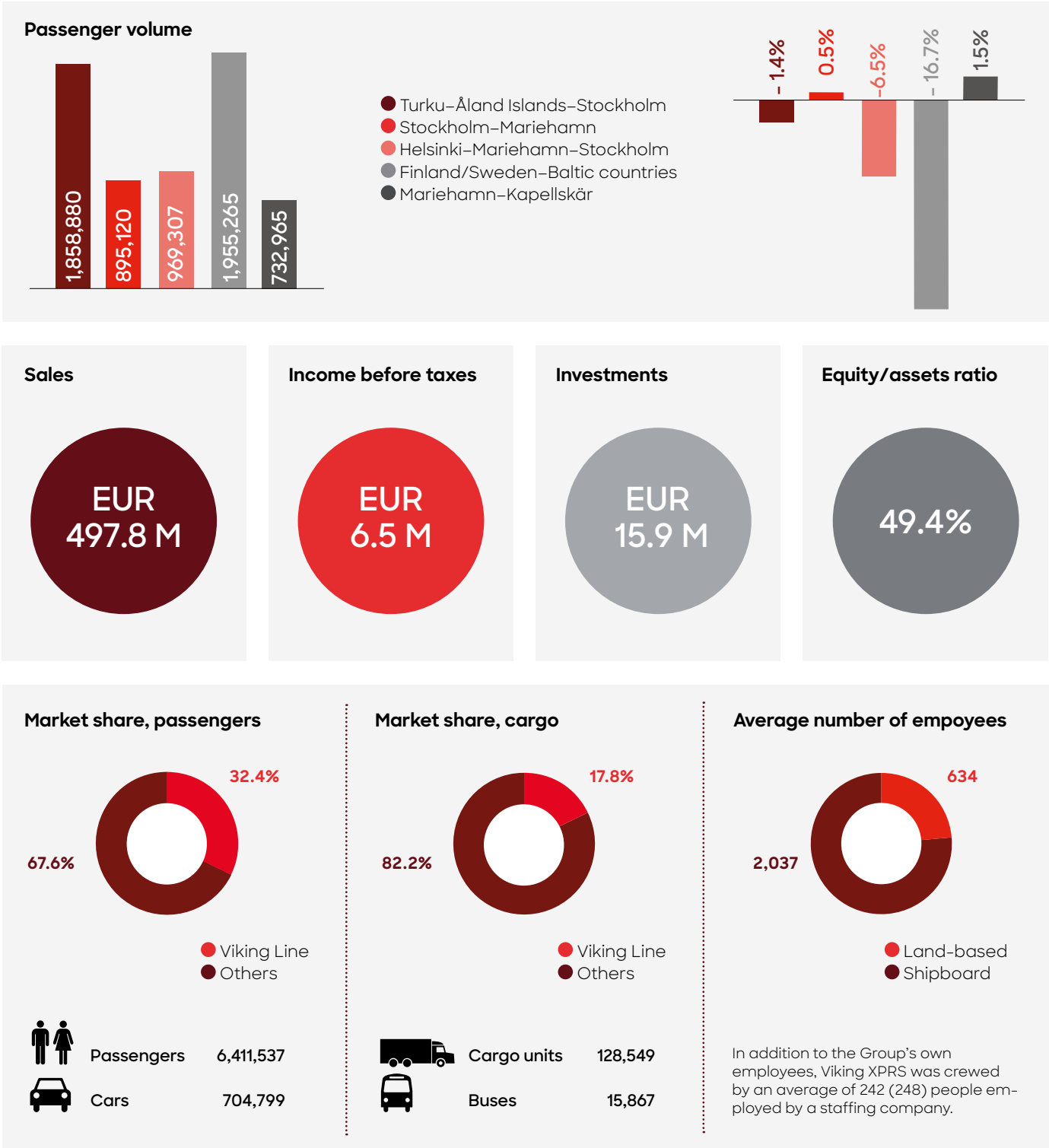


**M/S Rosella**  
Finnish flag  
Mariehamn-Kapellskär



**M/S Viking XPRS**  
Estonian flag  
Helsinki-Tallinn

# The year in brief



**Viking Grace equipped with rotor sails**  
In April 2018, Viking Grace was the first passenger vessel in the world to start using wind power with the help of a mechanical rotor sail. The aim is to study whether using this method will further reduce the vessel's energy consumption and exhaust emissions.

**Steel Cutting**  
On September 3, construction work began on Viking Line's new passenger vessel at the Chinese shipyard XSI. In a traditional steel-cutting ceremony, the first components were cut from a sheet of steel. The vessel will be one of the most climate-smart passenger vessels in the world. The newbuild project has entailed extensive planning and development work in order to create a vessel that represents a brand-new and unique generation of vessels. A number of Finnish and other European suppliers have been hired in this work. The vessel will be placed in service on the Turku-Mariehamn-Stockholm route in 2021.

**NB 488 A**  
63,000 gross tonnes  
218 metres  
2,800 passengers  
1,500 cargo lane metres  
922 cabins  
Ice class 1 A Super

**New organization**  
During spring 2018, a change in Viking Line's organizational structure was implemented, with the objective of focusing on results and commercial matters while simplifying the Group's way of working. A vessel manager with responsibility for commercial operations was appointed for every vessel and they report directly to the CEO.

**Viking Line Club**  
On February 17, 2017, Viking Line launched its updated Viking Line Club customer loyalty programme, enabling members to start collecting bonus points (so-called Boats) on travel bookings and purchases on board. Starting in February 7, 2018, Boats could be used as a form of payment for all pre-bookings of both trips and services on board.

# Statement of the President and CEO



## **We develop operations to meet passenger expectations**

Since we began service, 227 million passengers have chosen to travel on our vessels, 22 million cars have driven over our car deck ramps and more than 4 million cargo units have contributed to maintaining the infrastructure between the three countries we serve.

Through our continued efforts in operations, we shall maintain our strong position in our service area. With a stronger digital presence and accelerated work to meet customer expectations, we shall develop our operations. We also play an important role in developing sustainable travel – a field where we have been a pioneer in adopting technological innovations for many years.

As an Åland Islands-based shipping company, we live off the sea and it is important to us to promote its well-being. We want to be role models when it comes to utilizing new solutions that reduce our environmental impact.

## **Organization change with a focus on results**

This development work also concerns our organization. In April, a new organization model was introduced. The goal is to create clearer ownership of results and sharpen our commercial focus.

The focus in this process is on all our vessels, and seven vessel managers have been appointed. Together with me, the Group Management team determines the Group's overall objectives, which the vessel managers then execute together with their vessel management teams, with the assistance of our land-based functions. It is crucial that together we do everything to promote and support business

operations while we in true Viking spirit provide cheerful, good service to our customers.

We are spread out geographically, with operations in Finland, the Åland Islands, Sweden, Estonia and Germany. We have shipboard and land-based employees. In 2018, we had nearly 3,000 full-time employees including the Viking XPRS crew. Working in different places and on different vessels is a challenge but it also presents opportunities. We have a strong corporate culture and believe that people with different experiences and perspectives are vital to our long-term business success. It is people who are the key to success, and everyone's efforts count. Our targets for sales, profitability and growth can only be achieved if capable people are motivated to achieve them.

## **Results for the year**

Full-year results for 2018 were on a par with results for the financial year 2017. During the year, the cost trend remained at a satisfactory level despite an increase in bunker (vessel fuel) expenses. In early autumn, the price of bunker rose to a level at which operating profit deteriorated for the full year compared to 2017. Toward the end of the year, prices changed for the better, which allowed a large portion of bunker costs for 2019 to be hedged through fixed-price agreements.

We continue to see challenges in terms of sales income. During the year, we were weighed down by a weaker Swedish krona, but also by weaker passenger volume than planned. In the year ahead, our focus will be on increasing sales income and improving the contribution margin. To meet the continued great challenges we face, we have chosen specific focus areas that we will provide additional resources for to improve results.

During the year, 6.4 million passengers travelled with us. Peak season volumes are absolutely critical to our results, and July is traditionally the month when traffic is most intense. Viking Line's passenger volume on all routes in July was 951,005 passengers. That number was better than for 2015, our record year, with the equivalent capacity. Mariella and Gabriella, which sail between Helsinki and Stockholm, also made summer day cruises to Tallinn. Capacity utilization for both vessels increased significantly because of these additional sailings.

During the year, our digital change work was strengthened when our Viking Line Club customer loyalty programme reached a new level. For a year, members had been able to collect bonus points, what we call Boats.

Starting in February, the Boats could then be used as a form of payment for all pre-bookings of trips, car space, restaurants and spa treatments. We are pleased that we can offer our loyal customers this opportunity.

## **On the cutting edge of innovation**

In April 2018, Viking Grace got an added boost when a new rotor sail was installed. It is the first hybrid vessel to use both wind for propulsion with the help of a sail and liquefied natural gas (LNG) as fuel. Using the rotor sail enables a reduction in carbon dioxide emissions and fuel consumption, and the media have shown great interest in it, especially internationally. The effects of the sail will be assessed after one year in service. The intention is to install two sails on our new vessel.

## **Construction work on the new vessel has begun**

On September 3, construction work began on Viking Line's new passenger vessel at the Chinese shipyard XSI. In a traditional steel-cutting ceremony, the first components were cut from a sheet of steel. The new vessel is larger in size than the environmental pioneer Viking Grace but is expected to consume about ten per cent less fuel. Throughout the project, the focus has been on optimization of energy and environmentally-adapted solutions, and the vessel will be one of the world's most energy-efficient vessels.

The newbuild project has entailed extensive planning and development work in order to create a vessel that represents a brand-new and unique generation of vessels. A number of Finnish and other European suppliers have been hired in this work. The vessel will be placed in service on the Turku–Mariehamn–Stockholm route in 2021. In August, the first group of Viking Line employees relocated to China to take part in the construction work. It is both exciting and stimulating to follow the work of building the new vessel.

*I would like to give a warm thanks to all our personnel for their good work over the past year. I would also like to thank our customers and partners for showing their faith in us in 2018.*

**Jan Hanses**  
President and CEO



# Sustainability report

This Sustainability Report was approved by the Board of Directors Viking Line Abp on February 13, 2019. Viking Line launched its service between the Finnish mainland, the Åland Islands and Sweden almost 60 years ago, and since then the world has changed. Within the scope of our operations, some fifty vessels have set course since service was launched, and over the years the size of the vessels, their energy efficiency and the range of services available have undergone a dramatic transformation.

The people involved in the start-up of operations all grew up in the Åland archipelago and understood the importance of protecting this sensitive environment. Today we are shaping the society that we, our children and grandchildren will live in for the next 20, 50 or perhaps 100 years. So those of us who work with transport on the Baltic Sea must ask ourselves what we want the health of the sea and the archipelago to be tomorrow and how we can help improve conditions. By playing an active part in research and testing energy-saving innovations, we can obtain knowledge to help us create environmentally-efficient alternatives for the future. In our sustainability work, we strive to raise our level of ambition by being active on important issues concerning the environment, quality, health, ethical conduct and social engagement.

Today Viking Line is a major employer with almost 3,000 employees. Many of our employees live in the Baltic archipelagos, which strengthens us as a player in the Baltic Sea region. Our definition of building a sustainable society is that everything we plan and carry out shall comply with our ethical guidelines and be designed in a way that is responsible and takes a long-term perspective. As a result, we shall take environmental, economic and social aspects into consideration. Our aim is to include this sustainability perspective in everything we do, from how we treat our customers and each other to how we minimize the environmental impact in our processes.

### Global goals and Viking Line

On September 25, 2015, the United Nations General Assembly adopted seventeen global goals for sustainable development, which were drafted and adopted by the 193 Member States. In our operations, we strive to make decisions that are economically, socially and environmentally sustainable and have chosen to focus on the four global goals below:

- Goal 3 – Good health and well-being
- Goal 7 – Affordable and clean energy
- Goal 12 – Responsible consumption and production
- Goal 14 – Life below water

### Affordable and clean energy



We are and will continue to be a pioneer in applying new environmentally-sensitive technology that reduces emissions. We want to continue to support and collaborate with innovative companies and researchers in energy technology.

### Life below water



We do not discharge any wastewater into the sea, we do not use environmentally hazardous paint on the bottoms of our vessels, and we work to continuously reduce the use of water and chemicals in our operations.



### Good health and well-being



Well-being at work and a healthy lifestyle are the basis of success on the job. Through good leadership, an open, stimulating, secure and pleasant atmosphere is created in which employees' efforts are appreciated and recognized and where everyone is treated equally. Viking Line promotes good health, wellness activities and employee well-being by encouraging and promoting meaningful leisure activities.

### Responsible consumption and production



Waste management on the vessels has developed in the direction of preventing the generation of waste and promoting recycling and reuse of waste generated. There are waste management plans and schedules on board the vessels. Glass, cardboard, paper, metal, aluminium cans, plastic, cooking oil and electronic materials as well as organic, hazardous, energy and wood waste are recycled. All waste oil is brought ashore for recycling. Concrete measures have been taken to reduce waste quantities.

### Procurement principles under review

In 2017, Viking Line began work to revise the principles governing the Group's procurement and tender processes. In 2018, Viking Line completed this work.

Our objective is to include a sustainability perspective in everything we do and we need to make economically, socially and environmentally sustainable decisions. In the procurement of products for sale or use, it is therefore important to take into consideration, alongside economic profitability, human rights and the environmental impact that products have in conjunction with their manufacture, use and disposal.

In 2019, the new procurement principles will be systematically implemented in our operations. These principles more clearly reflect our values, such as our commitment to the environment and to equality. This effort will provide us with better skills in giving priority, for instance, to environmentally-adapted products and solutions in our tender processes.

### Fight against corruption

In 2018, we supplemented our operational principles with a policy against corruption and bribery. The policy is being implemented in every company in the Viking Line Group and thus provides support for the entire organization, including in tender processes, procurement and our cooperation with government authorities. We want to oppose all forms of corruption and promote transparency in all dealings with our stakeholders.

With the help of this new policy, our employees can be sure that they act appropriately in every context. In 2018, we had no confirmed incidents involving corruption or human rights.





# Viking Line is for everyone

At Viking Line, we have a shared approach to service, in which the customer always comes first. The objective is for us to produce even more satisfied customers who will choose to travel again with Viking Line through consistent, friendly and engaging service, internally and externally, across country borders and professional roles.

The Group's new One Service platform, which was introduced in 2016, was the kick-off for concerted in-house efforts to take the good customer experience one step further. For Viking Line, it is important that all employees feel engaged in the Company's "Good Hospitality", which is the shared foundation of values for how we should treat each other, our customers and our partners. Together, we become even stronger.

**These are Viking Line's fundamental values**

Our fundamental task is to link together the countries around the northern Baltic Sea by providing sustainable and regular ferry service. Our three basic services are cruises, passenger transport and cargo transport.

Our unique expertise in combining these three basic services generates customer and business benefits. We are the leading brand in our area of traffic, the northern Baltic Sea, and we offer the market's best value for money by providing good quality at affordable prices.

Three of our fundamental values:

- Customers are our top priority. We aim to exceed their expectations, especially with regard to good service. Our selective quality factors are friendly service, fully functional and clean facilities, good food, enjoyable entertainment and attractive shopping.
- We respect our co-workers and value initiative, innovation, teamwork, openness, honesty, loyalty and acceptance of responsibility. We motivate and train our employees to achieve improved quality, service and productivity.
- Our vessels are safe and well-maintained. We strive to continuously improve our environmental and sustainability work and conduct our operations in compliance with applicable environmental standards and legislation.

**The goal is always satisfied customers**

Since 2016, we have focused to an even greater extent on the value experienced by customers, on activities and good hospitality on board. The Group's fleet of vessels is continuously updated and improved.

In 2017, a number of upgrades were also carried out. On Viking Cinderella, they include an expanded, renovated tax- and duty-free shop, many upgraded cabins and a new bar and stage, Melody Coffee Bar Lounge. With tougher competition and greater transparency in the market, it has become even more important to be clear about why people should choose to travel with Viking Line and what added value we provide.

In 2018, the spaces in Rosella's duty- and tax-free shop, cabins and restaurants were refurbished, which was seen as a positive development in our customer surveys. A positive change in customer satisfaction can also be seen in Amorella's cabins and Gabriella's restaurants after their upgrades in 2018.

**Viking Line's quality strategy entails:**

- Friendly service
- Good food
- Enjoyable entertainment
- Fully functional and clean facilities on board
- Attractive shopping
- Motivated personnel
- Skills development

**Viking Line Club's bonus programme**

The opportunity to earn bonus points on all purchases with Viking Line was launched in 2017. In 2018, we took a significant step forward in developing our Viking Line Club for customers. Members could now start using the bonus points they earned. We call these bonus points Boats.

The Boats are registered by customer number when members book their trip and when their Club card is debited in shops, bars and restaurants on board. The Boats can then be used to pay for a new trip with Viking Line.

The bonus programme has two levels: Viking Line Club and Viking Line Club Plus. The Plus level includes additional benefits for our most loyal customers. Membership is free, and members also have access to unique travel offers and special offers on board our vessels.

**Customer surveys on a continuous basis**

Satisfied, repeat customers are important to Viking Line. So we work not just to meet customer expectations but also to exceed them. During the year, a detailed customer satisfaction survey of passengers is carried out, with a "Dear Viking Customer" form sent out by email a few days after their trip. The answers are compiled and analyzed and provide valuable input in developing the range of products and services

available on board as well as data prior to vessel renovations and refurbishments.

Going forward, our success will also depend on how well we succeed in maintaining and developing our service. In our 2018 customer survey, we were rated 9.05 (8.99 in 2017), on a scale from 4 to 10, for our service on all our vessels, which means that we reached our target of a rating above 9.0.

**Viking Line's data protection**

The EU's new General Data Protection Regulation (GDPR) entered into force on May 25, 2018. The regulations enhance integrity protection for all EU members, in part by setting more stringent requirements for the handling of personal data.

As early as 2016, Viking Line launched a data protection project to ensure that operations meet GDPR requirements. Data protection has also been added as a standing item to be considered in the organization's continued development.





# Cargo important for trade in the Baltic Sea region

**Viking Line Cargo operates in a highly competitive and tightly regulated freight market which is dominated by big international transport companies. Our most important competitive strengths are a high level of quality, good service, reliability and continuity. We take pride in maintaining a close dialogue with our customers.**

Maritime transport plays an important role for the flow of goods between Finland, Sweden and Estonia. Viking Line Cargo is a key player in the transport of Nordic imports and exports. Our service enables large flows of goods between the Nordic and Baltic countries. With cargo transport, Viking Line can maximize use of the vessels' car decks so that we always utilize as much of our capacity as possible. It is a matter of allocating space between passenger and cargo units so that we satisfy our customers in the best way.

Our employees have extensive experience and great knowledge about the industry. We work actively to maintain a good dialogue with our customers. Our regular customer surveys provide us with concrete information about the quality of our work and the need to develop this.

### A link in the European logistics chain

Since the 1980s, the European Union has made major investments to develop a sustainable transport infrastructure that

links together its Member States. In 2014, the EU revised its policies for transport infrastructure, with the aim of closing the gaps between the Member States' transport networks.

Finland, Sweden and Estonia are all included in the EU's so-called transport corridors, which are considered essential in the trans-European transport network. Shipping is crucial in linking together the transport infrastructure of the Nordic countries, the Baltic countries and Central Europe.

The EU advocates an environmentally sustainable future for shipping as part of European transport infrastructure. The realization of this future requires sound political judgement at the national level.

National political decisions affect the operations not only of Viking Line but of the entire Finnish shipping industry. It is important that Finland does not deviate from its current application of European Commission guidelines. After all, maintaining its own fleet helps ensure Finland's national security of supply.

### Did you know that...

92% of Finland's exports and 78% of its imports are transported by ship

### High capacity utilization = more sustainable maritime transport

Maritime transport is an important link in the large flows of goods between the Nordic and Baltic countries. Viking Line Cargo provides reliable international service to customers with daily scheduled maritime transport. Our aim is to achieve high capacity utilization on our car decks on every departure.





# Economic value

Viking Line's operations generate economic value for the Group's stakeholders in the countries and market areas in which we operate.

The most important cash flows consist of revenue from our customers, purchases from suppliers of goods and services, salaries to employees, payments to and from the public sector, dividends to shareholders, and funding costs to financiers.

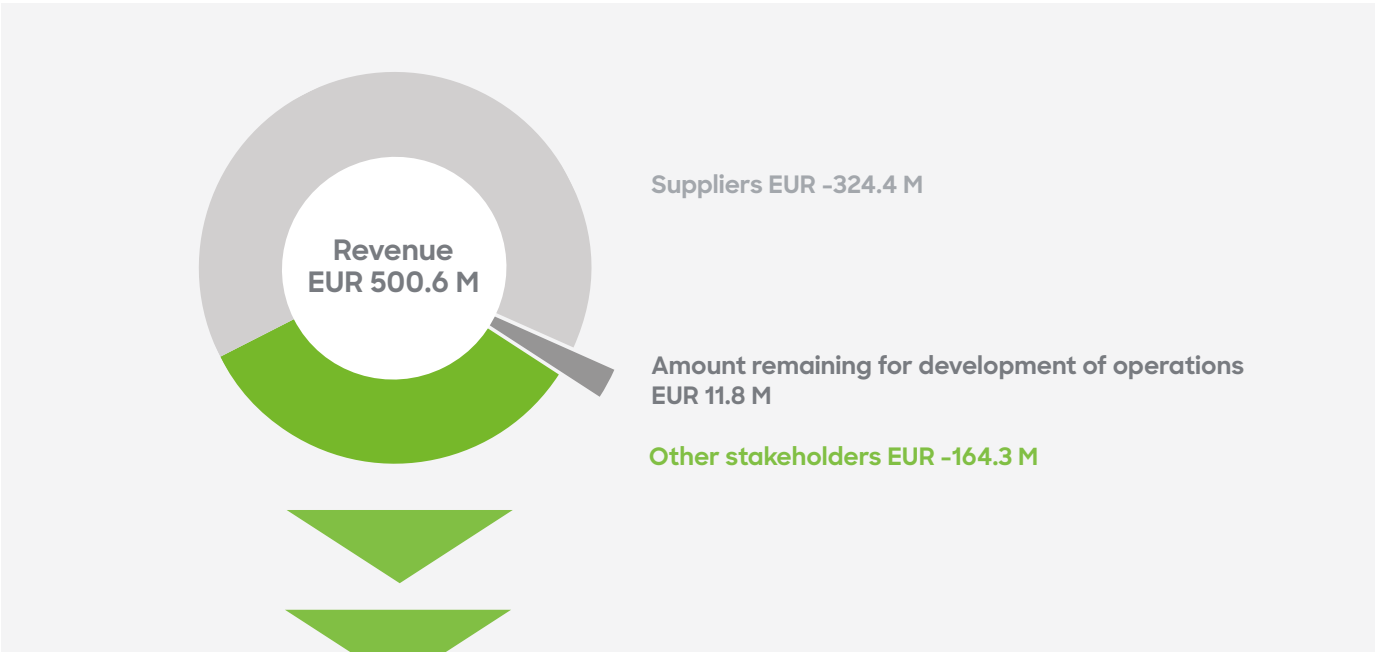
In 2018, consolidated sales and other revenue totalled 500.6 million euros. The Group's purchases from suppliers totalled 308.5 million euros, and investments totalled 15.9 million euros, with 4.3 million euros of this advance payments for the vessel under construction.

Viking Line employed an average of 2,671 people. Net salaries and pension expenses totalling 112.9 million euros were paid to employees. Viking Line paid a total of 40.9 million euros to the public sector in the form of port expenses and vessel charges, taxes on salaries, social security contributions and income taxes. The Group received restitution from the Finnish and Swedish states totalling 34.4 million euros for shipboard employees' taxes and social security contributions. Shareholders were paid a total of 2.2 million euros in dividends. The Group's income statement, balance sheet and cash flow statement are presented in their entirety in Viking Line's financial statements.

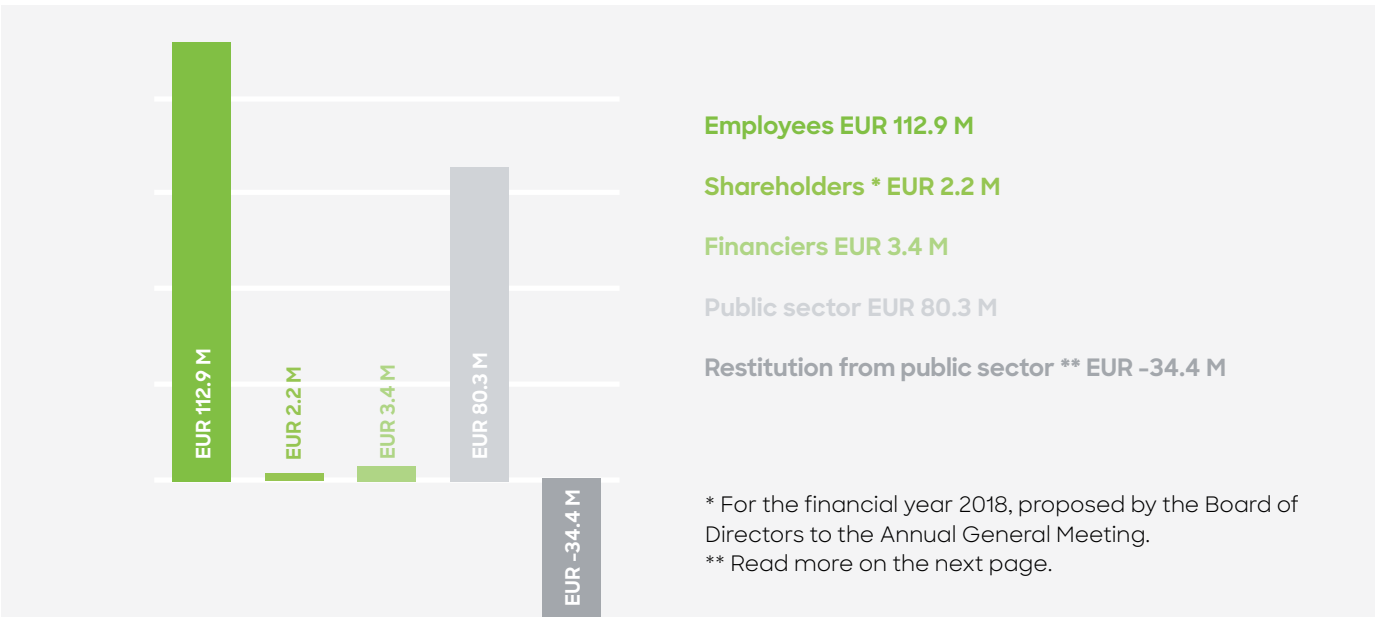
Generation of economic value, EUR M	2018	2017
Customers		
- Sales, other operating revenue, financial income	500.6	517.4
Suppliers		
- Procurement	-308.5	-319.3
- Investments	-15.9	-34.7
<b>Economic value generated by Viking Line</b>	<b>176.1</b>	<b>163.4</b>
Employees		
- Net salary and pension expenses	-112.9	-115.8
Shareholders		
- Dividends*	-2.2	-2.2
Financiers		
- Interest expenses	-3.4	-3.9
Public sector		
- Income taxes	-0.5	-0.2
- Port expenses and vessel charges	-40.9	-41.8
- Taxes on salaries and social security contributions	-38.9	-40.8
Paid to public sector	-80.3	-82.8
- Restitution from public sector and EU funding	34.4	36.7
Public sector, net	-45.9	-46.1
<b>Economic value distributed</b>	<b>-164.3</b>	<b>-168.0</b>
<b>Amount remaining for development of operations</b>	<b>11.8</b>	<b>-4.6</b>

\* For the financial year 2018, proposed by the Board of Directors to the Annual General Meeting.

## Distribution of economic value, breakdown



## Other stakeholders, distribution of economic value



\* For the financial year 2018, proposed by the Board of Directors to the Annual General Meeting.  
\*\* Read more on the next page.



# Restitution to sustain domestic competitiveness

To sustain the competitiveness of European sea transport, a restitution system was implemented in a number of EU countries, including Finland, Sweden and Denmark. In accordance with EU State Aid Guidelines, shipping companies may be reimbursed for taxes and social security contributions paid to maintain service under their countries' own flags. This restitution system, which is often called maritime financial aid, is mainly financial aid for seafarers – not shipping companies. Without the system, no passenger vessels would sail with a Finnish or Swedish flag and crew.

For Viking Line, this restitution applies to some 1,600 Finnish seafarers. Since we are Finland's largest maritime employer, we have the highest amount of taxes and fees borne by the maritime population. All shipping companies receive this maritime financial aid, and the size is determined by the number of seafarers employed by the company. This aid really benefits seafarers, who get a tax exemption, but since Finland has chosen to follow the model of exception in the guidelines, the taxes are borne by the seafarers and refunded to the shipping company. In Sweden and Denmark, this restitution is not recognized as aid to enterprises. For Viking Line, this restitution applies to some 400 Swedish seafarers.

### Passenger traffic important for trade on shore

Like a number of other shipping companies, Viking Line markets Finland and Sweden as tourist destinations in the Nordic countries, the Baltic countries, elsewhere in Europe and in Asia. The Company has done so for decades. Passen-

ger traffic is incredibly important for domestic trade. Tourists contribute a great deal of revenue to hotel and restaurant operations as well as to trade.

According to a report produced by the Finnish market research company Taloustutkimus Oy, international ferry passengers brought in a total of 684 million euros to Finland in 2016. This figure does not include the big international cruise vessels that call at the country's ports. Tourists often travel with their family in their own car and visit different parts of the country. The positive economic effects are thus spread across Finland. Regionally, the breakdown is as follows:

- Metropolitan region: 327 million euros
- Archipelago/coastal region: 96 million euros
- Finnish lakeland: 220 million euros
- Lapland: 44 million euros
- Total: 684 million euros

### Ferry passengers important to Stockholm – spend 5 billion kronor

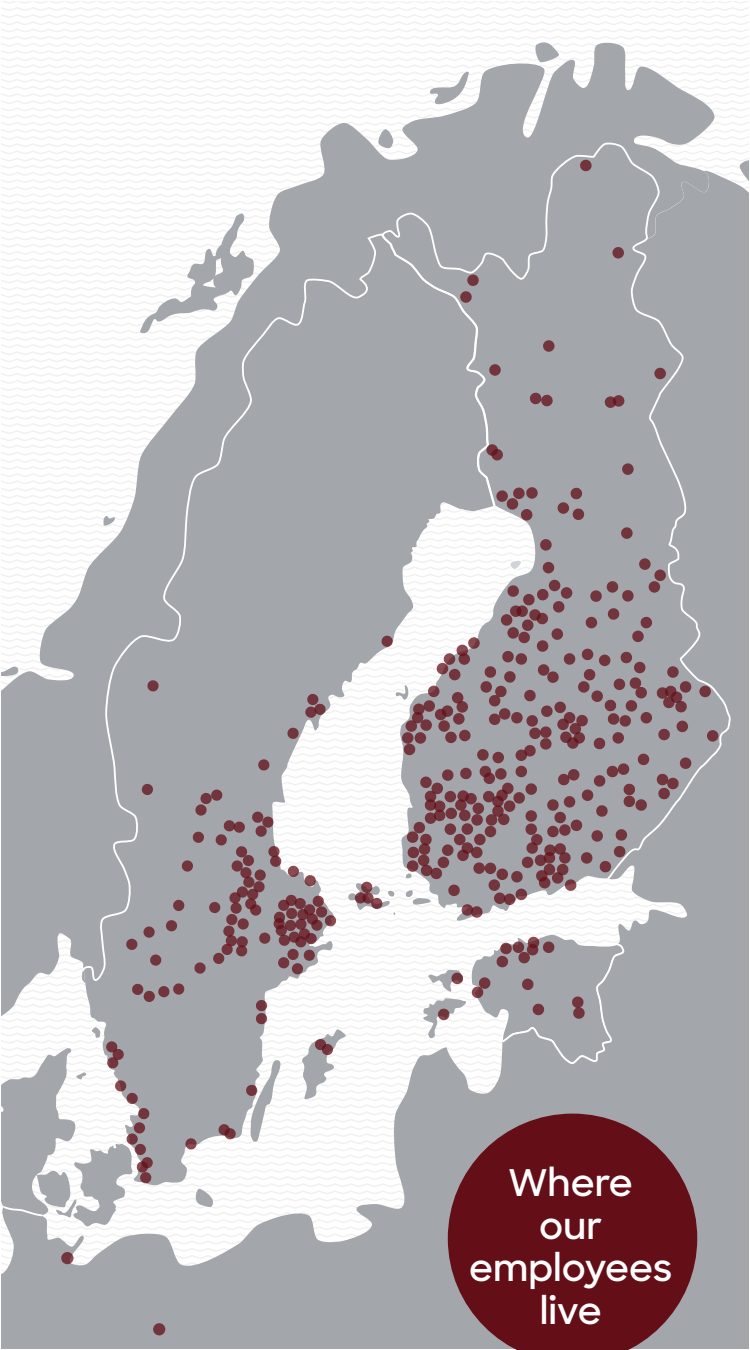
Several years ago, Ports of Stockholm conducted a survey of some 1,600 ferry passengers who visited Stockholm in conjunction with their journey. All the terminals that handle passenger traffic at Ports of Stockholm were included in the survey. Among the survey findings, ferry passengers who visit Stockholm contribute 5 billion Swedish kronor through direct consumption in the County of Stockholm. A total of about 1.7 million ferry passengers visit Stockholm in one year, and every visitor consumes an average of about 3,000 kronor

per visit. Ferry passengers visiting Stockholm use about 360,000 hotel rooms a year. That is equivalent to 1,000 hotel rooms a day, or 7 fully occupied hotels every day of the year. Some 95 per cent of visitors are satisfied with their visit to Stockholm.

### Shipping boosts prosperity in smaller communities

For natural reasons, the majority of our land-based employees reside close to our market units and terminals. However, among shipboard personnel, the geographic spread is much wider. We have employees who live in Lapland north of the polar circle, in the archipelago communities of Åland and Turku, in eastern Finland close to the Russian border, in the Estonian countryside and in Sweden near the Norwegian border.

The personnel on our vessels work in shifts, with one week on/one week off or ten days on/ten days off. These extended periods of time off enable them to live away from densely populated areas. With such labour arrangements, shipping companies help to preserve the population structure in smaller communities and ensure that tax revenue goes to other regions besides densely populated areas. The hiring by shipping companies of some of these residents may be crucial to sparsely populated communities, including in archipelagos, located far from urban areas.



Viking Line is Finland's biggest maritime employer.



We safeguard domestic nautical skills.



We ensure the security of supply for logistics transport in Finland.



We ensure that employees working in our territorial waters are skilled and have experience with winter weather conditions and archipelago traffic.



# Customer-focused leadership

**At Viking Line, we believe that people with different experiences and perspectives are crucial in creating the innovative climate that is needed for long-term business success. We have operations in Finland, Sweden and Estonia, an office in Germany and both land-based and shipboard employees. Our seven vessels sail between the three countries Finland, Sweden and Estonia.**

Viking Line's human resources strategy is to give employees the opportunity to develop so that they are satisfied with their job, are engaged and feel like they take part in the Company's development and results. We want to promote employees' skills development. We respect our colleagues and value their initiative, honesty, loyalty and openness. Our continued success is based on taking advantage of the full potential of our employees through staff development and engagement.

We strive to act responsibly in the countries and contexts we operate in. Among other things, this means the Group is always associated with respect for human rights, equality, good labour conditions, social consideration and sustained environmental work. In our strategy, customers are always the basis of operations. They should feel they get the service they expect. We would like to exceed their expectations. Naturally, we greet our guests with a smile and treat them with humility. The aim is to get a satisfied smile in return – every time!

### Viking Line's equality policy

We have customers of different nationalities, and we know that our success depends on the diversity and competence of our employees. By diversity, we mean the differences that make us all unique – age, gender, sexual orientation, ethnic identity and religion as well as differences in physical conditions and ways of thinking and acting.

At Viking Line, we shall treat all people with respect, compassion and dignity, in accordance with our business principles. We therefore work to:

- establish workplaces, adopt working methods, organize the work and create working conditions so that they are suitable for all employees,
- make it easier for all employees to combine work and parenthood,
- prevent discrimination and harassment. We do not accept inappropriate behaviour that could violate the integrity of employees,
- investigate all cases of discrimination and harassment in the workplace and take appropriate measures to eliminate and prevent such cases,
- give all employees opportunities for development and training. All employees, regardless of their age, gender, sexual orientation, ethnic identity, religion or physical



conditions shall be offered the same opportunities for development, and

- work for a more even gender balance and provide all employees with equal pay and conditions on equal terms.

Managers with responsibility for personnel at all levels are responsible for the equality work outlined in laws, agreements and Viking Line's equality policy.

### Code of Conduct – Ethical rules and guidelines for Viking Line

Viking Line's Code of Conduct is an important document for all employees in their everyday work. Everyone must study and comply with the ethical rules and guidelines in the Code of Conduct, which includes rules for how we shall treat each other internally and how we shall treat suppliers and customers.

There are clear rules here for how to act responsibly in society. We work against trafficking, prostitution, smuggling and other criminal acts in close collaboration with government authorities. If an employee or customer is suspected of breaking the law, employees shall report this at once to their immediate supervisor.

The Code of Conduct also includes rules concerning the environment, safety and security. Viking Line cares about the environment and provides maritime passenger transport in an environmentally-sensitive way. Everyone shall feel safe and secure on board Viking Line's vessels. Maritime safety and security are governed by our safety and security policy and have top priority in our operations.

### Focus on customer satisfaction in shipboard training

The foreman's leadership on board the vessel differs from the same work ashore. For instance, people on board work 10 days on and 10 days off, which means two managers share the same leadership. The new organization structure for the Company introduced in the spring of 2018 changes requirements for leadership and expands overall responsibility for operations.

In 2018, leadership training for 150 foremen was conducted on Amorella and Viking Grace. The training was a modified version of the leadership programme carried out in 2016–2017 for the land-based organization in Finland and Estonia which was greatly appreciated. The four theme days in the programme had a practical focus, and theory was interwoven with practical exercises. Homework was assigned each day of training.

Viking Line's selective quality factors are friendly service, fully functional and clean facilities, good food, enjoyable entertainment and attractive shopping. The focus is on the customer in everything we do on board. All employees contribute with their efforts, and the overall objective is for customers to go ashore with smiles on their faces after their trip is over – "Disembarking smiling" is our internal slogan.

In 2018, we saw a positive customer satisfaction trend, especially on the vessels where this training was carried out. With even more focused foremanship, we were able to further enhance the customer experience. We also want to be a modern workplace where people are satisfied with their job and feel their work is meaningful. By creating a reputation as a company that is nice to work for, we also want to attract the best personnel from occupational groups that are harder to recruit.

Similar training programmes are planned for the other vessels. In the spring of 2019, it will be Gabriella's and Mariella's turn.



*"Disembarking smiling"*



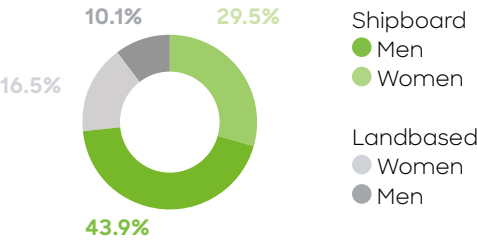


### Number of employees

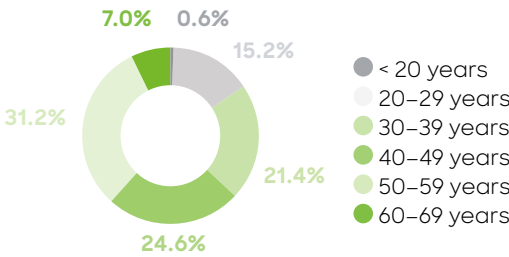
During 2018, the average number of employees in the Viking Line Group was 2,671 (2,746). Shipboard personnel totalled 2,037 (2,086) and land-based personnel 634 (660). In addition to the Group's own employees, Viking XPRS was crewed by an average of 242 (248) people employed by a staffing company.

At the end of 2018, the Group had a total of 2,874 (2,889) employees, of whom 2,299 (2,238) resided in Finland. The number residing in Sweden was 453 (527). There were 111 (116) employees residing in Estonia and 11 (8) in other countries.

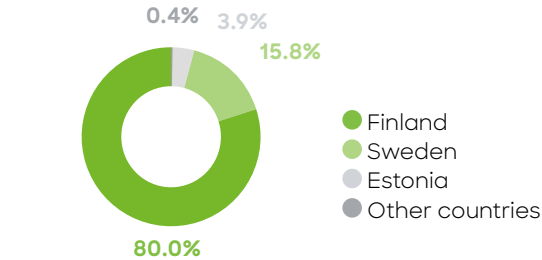
Gender breakdown, Dec 31, 2018



Age distribution, Dec 31, 2018



Employees' place of residence, Dec 31, 2018



The Group, Dec 31, 2018	Women	Men	Total
Board of Directors	1	6	7
Group Management team	1	6	7
Finnish flag	709	979	1,688
Swedish flag	140	284	424
Shipboard personnel	849	1,263	2,112
Finland	299	216	515
Sweden	108	57	165
Estonia	64	15	79
Germany	2	1	3
Land-based personnel	473	289	762
Group total	1,322	1,552	2,874

The Group, Dec 31, 2018	Permanent staff	Temporary staff	Total
Shipboard personnel	1,681	431	2,112
Land-based personnel	646	116	762
Total	2,327	547	2,874

# Closer to the customer with new organization model

In April, Viking Line implemented a new results-driven organization model to sharpen our commercial focus, make better use of our capacity and simplify, improve efficiency and eliminate unnecessary activities in our operations. Responsibility for results from commercial operations was shifted to the vessels. Viking Line's overall corporate strategy is enhanced with this new organization structure, which is set up closer to the customer.

The aim of the new structure is a flatter shipboard organization with responsibilities for results, resources and the mandate to lead operations more strongly concentrated close to the customer. The land-based organization is to support the decisions made and the work carried out on board. The vessel manager has ultimate responsibility for commercial shipboard operations, over all other decision-makers on board the vessel. Together with the team, the vessel manager works to optimize results.

**The vessel management team has shared responsibility**  
The process for the vessel management teams has been revamped. The CEO and the Group Management team

adopt the overall goals for operations on board. The vessel manager carries them out together with the vessel management team and with the assistance of the land-based support functions.

All members of the vessel management team are engaged in this new, more inclusive leadership, and they share responsibility in ensuring that operations are results-oriented. The team's most important task is to plan, coordinate and monitor operations in accordance with the guidelines based on Viking Line's strategy. The vessel management team works together with the vessel's personnel at all levels with rapid decision-making processes to achieve the best possible results.



"I look forward to brave new initiatives and an open, positive climate for discussion"

Kaj Takolander  
Marketing Director  
Finland unit



"We will continue to develop Viking Line's customer offering both on land and on board the vessels. We will be responsive to customer needs, committed to change and business-minded, while continuing to deliver the best customer service in the market"

Kenneth Gustavsson  
Marketing Director  
Viking Line Scandinavien

"It is important that every employee is engaged and makes use of all their knowledge and individual capacity for the benefit of Viking Line's success in the highly competitive operating environment we work in. To manage this, we no doubt face some tough decisions and change processes in the future, but only by having a positive, constructive and results-oriented attitude will we achieve results."

Henrik Grönvik  
Vessel Manager  
Viking Grace





# Viking Health for occupational health care and well-being at work

In the autumn of 2016, the Viking Health concept was launched in the Åland Islands. A pilot project was carried out in Stockholm in 2017, and in 2018 similar activities took place in Helsinki, Turku and Tampere. Viking Health serves as a platform for the Company's occupational health care programme while providing management with a better overview of employee health and increasing the sense of "we" by involving personnel in the project.

The Viking Health concept links together our occupational health services, employee wellness programme, employee surveys and workplace investigations in order to get a better overall assessment of employee health and provide resources for preventive measures. The aim is for all employees at Viking Line to get a check-up that suits their needs. Screening appointments with our occupational health services are now scheduled by department every three years instead of five.

Our shared goal is to ensure healthy, safe jobs, mitigate risks and promote the health of employees and their ability to work in compliance with the guidelines for good occupational health issued by the Finnish Institute of Occupational Health and the Social Insurance Institute of Finland.

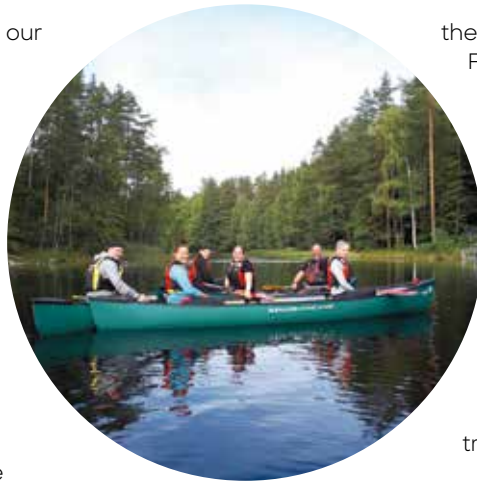
## Health coaches in Åland

In Mariehamn, there are a number of in-house health coaches who contribute ideas for better occupational health and plan inspiring activities for colleagues. Each coach is committed to being active for six months and arranging at least two activities.

The coaches' efforts are aimed at increasing the sense of "we" and employee well-being. In 2018, a large number of activities, including jogging, circuit training, hiking and canoeing, attracted many participants. Other activities that were also appreciated included a gingerbread house decorating contest, lectures on healthy eating, running coaching and an evening on styling.

## KIVA team on the Finnish mainland

The KIVA ("Happiness together in our Vikings' everyday work") team in Helsinki is Finland's equivalent of health coaches, with employee volunteers arranging lectures and health- and sport-related activities for staff. In 2018, among



the activities arranged were training in the Fustra method, massage days, Viking Yoga, theatre visits, subsidized swimming and Future Food Tasting on Gabriella. One popular event was a day out in Nuksio National Park for Finnish Nature Day, with canoeing in Haukkalampi Lake and mixed-terrain cycling.

In 2018, Turku's KIVA team activities included trial massages, theatre visits, lectures on mindfulness and wellness, which dealt with healthy eating and sleep, and a lecture on cycle training and maintenance.

## Occupational health in Estonia

In Estonia too, a great deal of attention was devoted to occupational health. Statutory check-ups are conducted every three years. Occupational health is a high priority, in particular ergonomic conditions. In early 2018, an office renovation was completed which included less nuisance noise and improved lighting and ventilation.

Some sport activities are subsidized for employees, and enjoyable events involving sport and communal dining were arranged in conjunction with them.

## Sweden – inventory of health factors

In early 2018, an inventory was made of sixteen different health factors aimed at promoting employee health and stimulating satisfaction, development and results.

Five especially important health factors were distinguished:

- a positive, open work climate,
- balance between work and leisure,
- a satisfying workload,
- supportive and encouraging management and
- good financial compensation.

The areas that most employees think characterize Viking Line are indeed the positive, open work climate and the

good balance between work and leisure, but also opportunities in the employee wellness programme, a sense of meaningfulness in their work and good ergonomic conditions.

As a result of increased knowledge about these health factors, management and employees in Sweden can now work to keep what is good and develop what is needed. The goal is to promote even better satisfaction, development and results.

Discussions are held on a continuous basis with employees who have been away from work three times within six months. "Feel good emails" are sent out with different themes involving health and wellness. Inspirational lectures and social activities are also held on a regular basis. In 2018, this included a step count challenge between Stockholm and Helsinki, with ten teams taking part.

## Shipboard employee survey

Every two years, a major employee survey is conducted on board the vessels, and in alternate years a smaller-scale one is carried out to assess the workplace environment, employee satisfaction and health. This is done in partnership with the consultancy firm Corporate Spirit. The survey results are usually ready around the end of the year, when action plans are drawn up. The next spring, follow-up actions are taken in response to the results at all levels on a department by department basis.

## Land-based employee survey

In October the annual employee survey for all land-based organizations was conducted in partnership with the consultancy firm Corporate Spirit. This is done to assess employees' views of their work, their immediate work team, leadership and how well the organization works.

Once the results are ready, the teams in each department review them, prepare a written action plan, take follow-up actions and make sure that ideas and suggestions are implemented. By comparing responses with a range of benchmarks for similar organizations, we also get an honest picture of the strengths and weaknesses in the organization.



## Personnel Pulse

In 2018, a new survey method was introduced on Amorella and Viking Grace to measure employee motivation and performance, called Personnel Pulse. The aim is to see whether the new leadership is making a difference in employees' everyday lives. Five brief questions are asked each week. Personnel Pulse is in addition to the big annual survey, and after being assessed, the new method will be introduced on all the vessels.



# A safe and healthy work environment

Viking Line strives to continuously improve the work environment in order to create a pleasant, stimulating setting for employees. Our occupational health and safety activities shall ensure a safe and healthy work environment that promotes good physical and mental health for all of the Group's employees.

We want to prevent occupational injuries, reduce work-related absences due to illness and work actively with rehabilitation at as early a stage as possible. Occupational health and safety activities are regulated by the Group's occupational safety policy as well as by laws and other regulations in effect.

### Regular safety rounds on board the vessels

One way to inspect the workplace environment is to conduct safety rounds. Safety rounds are carried out on the Company's vessels on a regular basis by members of the occupational safety and health commission together with the foremen of the different departments. On a safety round, operations in a workplace are reviewed in order to detect any current deficiencies in the workplace environment and to remedy and prevent them.

The focus in safety rounds is often on the physical workplace environment, but safety rounds can also be conducted

on the psychosocial workplace environment. Rosella's master and occupational safety manager, Tobias Chronéer, explains how a more extensive psychosocial safety round is carried out each year using an employee survey. The survey used on Rosella has been developed expressly for this purpose and includes questions about people's workload, the organization of work, scope of action, leadership, support, knowledge and development, and recovery from job stress.

The survey is sent out to the vessel's regular and long-term replacement staff. Filling out the survey is voluntary, and people can do this anonymously. The only information required is the department that the employee works in, so that any measures to be implemented target the right department. After the completed surveys are collected, the occupational safety manager compiles and analyzes the employee responses. A summary is presented to the foremen and the occupational safety and health commission and, if necessary, action plans are drawn up to remedy any

deficiencies identified. For example, work was carried out with the inventory department's workload after it was found in the employee survey that some tasks had been mentally but above all physically very strenuous.

By conducting these psychosocial safety rounds on a regular basis, the vessel's foremen can monitor developments in the vessel's organizational and social workplace environment in an effective manner.

### Viking Line trains suppliers in occupational safety

Viking Line has created an online occupational safety training programme for suppliers that carry out work on board the Group's vessels. Through this training, suppliers are provided with information about rules that must be followed in order to ensure occupational safety for everyone affected in the shared workplace. Viking Line requires the supervisor who will manage the work on board to complete this training but also wants all employees involved to carry out the training.

Most suppliers have chosen to have all their employees involved complete the training. Viking Line's employees also complete the training when they take part in the work being carried out by the supplier. The training programme was launched in the autumn of 2016 and through December 2018, a total of 528 training certificates were issued as proof of satisfactory completion.



Rosella's master and occupational safety manager, Tobias Chronéer.

#### Accidents and absence from work, vessels with Finnish flag

	2018	2017	2016
Average number of employees	1,594	1,621	1,628
Accidents reported for shipboard employees			
On the job	250	257	304
During their time off	109	146	134
Total	359	403	438
Causing an absence from work (% of accidents)			
0 days	81%	71%	73%
1-6 days	3%	7%	8%
7-30 days	14%	15%	13%
> 30 days	2%	7%	6%
Causing an absence from work (% of accidents during their time off)*			
0 days	67%	52%	36%
1-6 days	1%	6%	9%
7-30 days	20%	28%	42%
> 30 days	12%	14%	13%

\* Accidents during an employee's time off while on board the vessel are included.





# Safety and security on board always have top priority

**Viking Line is responsible for the safety and security of both passengers and employees, and the Company's top priority is to create a safe, secure journey for each passenger. Through international regulations such as SOLAS, STCW, ISMC, MARPOL and ISPS and through its cooperation with various authorities, the Company carries out systematic work to identify potential risk situations and thus prevent accidents. The staff's knowledge and efforts are crucial to safety and security work. Continuous training of the vessel crews is carried out on board in order to maintain and improve their skills in safety and security.**

Viking Line's objective is to have all passengers and employees feel safe and secure on board its vessels and in its terminals. Safety and security efforts are based on operating vessels in compliance with the prevailing regulations and standards, both national and international, as well as careful internal monitoring and regulatory oversight. Processes and procedures are all developed on a continuous basis through the Company's safety and security management system.

### Exercises in safety and security

Each year, thousands of exercises in safety and security are carried out on board our seven vessels. Every week, fire safety, evacuation, rescue and security exercises are conducted on board all the vessels. In addition, special exercises are carried out with varying frequency, as are large-scale exercises on each vessel four times a year. The entire crew takes part on these occasions.

Viking Line maintains continuous cooperation with maritime rescue organizations, fire brigades, police, customs, border control authorities and national emergency response forces, in order to quickly and efficiently obtain adequate information during any emergency situations. Other activities, including training with the border control authorities' maritime vessel and helicopter units, are carried out in conjunction with the exercises.

### The safety organization on board

The master of the vessel has the main responsibility for safety on board, and all crew members have been well trained in their safety organization duties. The crew is divided into groups with different areas of responsibility, such as evacuation, first aid, fire-fighting and information. It is mandatory for all employees to take part in safety exercises.

The vessels' sick rooms have trained nurses and are outfitted with special equipment to provide care in a medical emergency.

The land-based organization is also prepared for emergency situations and can assist the vessels in taking care of passengers and crew members. The organization holds annual exercises to improve its ability to handle different emergencies that can arise in operations.

### Thorough vessel inspections

On-board safety equipment is checked daily. Maritime authorities have delegated oversight of vessels to classification societies, which inspect the vessels and check their safety procedures at least once a year. Before every departure, the ship's officers go through a checklist to verify that the vessel is seaworthy. Among other things, they make sure that hatches, doors and ramps are securely shut and that all navigation instruments are operational.

The loading of motor vehicles on board the car deck is strictly controlled and both the car deck and public areas are continuously monitored by the camera surveillance system, while guards make regular rounds during the voyage.

### Preventive safety and security work

Preventive work to mitigate risks of fire on the vessels' car decks has been strengthened through changes in procedures and processes as well as training on car deck risk factors, for example, electric cars. The deck department managers completed training on a vessel bridge simulator to deal with emergency responses. Train the Trainer courses were also arranged for selected shipboard staff who then train other shipboard personnel.

At Viking Line's initiative, two projects were launched

in 2018 with a focus on finding more efficient solutions for security screening of both passengers and vehicles. In the first project, Viking Line was the first shipping company in the world to test a new type of walk-through metal detector early in the year. The positive results prompted further expansion of the development work. As a result, a new project was launched in which different kinds of new security screening technologies were studied, tested and assessed. EU funding has been applied for to finance the project, which also means the results of the work can then be used throughout the EU. The project will run from 2019 to 2021, with Viking Line working in partnership with the Port of Turku, Tallink Silja and the relevant authorities.

### Collaboration on maritime safety

Viking Line collaborates with community groups, classification societies, government authorities and other shipping companies in our maritime safety work to ensure broad agreement on maritime safety issues. One such effort is NORDKOMPASS, a Nordic forum for passenger ship owners. The forum's objective is to collaborate on various maritime safety issues in Nordic passenger ship operations. In case of emergency, Viking Line also works in collaboration with the Red Cross in Finland and Sweden.

### Safety and security on board

Viking Line has a zero vision for crime on board and works continuously to increase the security of all passengers on our

vessels. As in society in general, the vulnerability of women and the risk of sexual assault are priority issues. As part of this work, in 2017 Viking Line appointed a group of independent experts from different fields who formed an advisory board. They contribute to Viking Line's continued work with security issues in conjunction with the Group's own security council.

Viking Line continues its long-term work to increase safety and security on board. These efforts were honoured with the Swedish security industry's major Security Awards 2017.

### Responsible alcohol sales

Viking Line works continuously to train employees according to the standards set by the Stockholm Centre for Prevention of Alcohol and Drug Abuse. The goal is to train everyone who works in the Company's restaurant and bar operations as well as at the manager level. This training provides basic knowledge for employees and more in-depth knowledge for managers about alcohol laws, the effects of alcohol, drugs, intoxication assessment and conflict management. The training makes it easier for them to assess how a person acts at different levels of intoxication, and the staff have taken the initiative to maintain a closer and more frequent dialogue on these issues. Incidents that may be problematic are reported for preventive purposes. The security of guests always takes precedence over sales.

ISMC	International Safety Management Code
ISPS	International Ship and Port Facility Security Code
MARPOL	International Convention for the Prevention of Pollution from Ships
SOLAS	Safety of Life at Sea
STCW	Standards of Training, Certification and Watchkeeping for Seafarers



# Our environmental work

In 2018, Viking Line worked with concrete environmental issues to reduce our impact on the Baltic Sea and its valuable archipelagos. We were certified under the new ISO 14001:2015 environmental management standard, and during the spring Viking Grace was equipped with a rotor sail. On board as well, the focus was on our range of 'green' foods, including the Future Food theme menu, which offered delicacies from the world of insects.

Viking Line is working to ensure that the Baltic Sea and its valuable archipelagos are conserved for future generations. For many years, we have set stringent requirements for more environmentally sound technology, implemented fuel-saving programmes and introduced new environmentally sound concepts on board.

National legislation and international agreements are the basis for the Group's environmental work. The most extensive set of environmental protection regulations is the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), which was devised by the Interna-

tional Maritime Organization (IMO), a United Nations agency.

At Viking Line, we have pro-actively developed our environmental work for many years so that today we do more than international agreements and national laws require of us. We work intensely with an in-house programme to reduce exhaust emissions through energy efficiency measures. In this programme, vessel operating staff and the Group's technical department are working to introduce new fuel-efficient operating methods, install new and more energy-efficient technology, reduce the vessels' hydro-dynamic resistance and recover energy.

All of Viking Line's own vessels, the Group's Head Office, and the subsidiary Viking Line Buss Ab are certified in compliance with ISO 14001:2015 environmental management standards. In addition, the Viking Line organization and all vessels are certified according to the International Safety Management (ISM) Code, which stipulates organizational rules for safe vessel operation and for preventing pollution.

All of Viking Line's own vessels, the Group's Head Office, and the subsidiary Viking Line Buss Ab are certified in compliance with ISO 14001:2015 environmental management standards



**Regular environmental audits**  
The independent certification body DNV GL performs yearly external audits of the environmental management system in order to verify compliance with the established objectives. In addition, the Finnish, Swedish and Estonian regulatory authorities perform continuous ISM Code-related audits connected to both safety and environmental work.

# Fresh winds with the new rotor sail

**Viking Line is at the forefront of environmental advances on the Baltic Sea. In 2013 came Viking Grace, which has attracted global attention as the first large LNG-powered passenger vessel. Since then, the Company has been planning for the next LNG-powered vessel, with the objective being to further reduce our environmental impact on this sensitive archipelago environment.**

In April 2018, Viking Grace got an added boost with its new rotor sail. Viking Grace is the first passenger ship in the world equipped with a rotor sail to harness wind power. The Finnish clean tech company Norsepower Oy Ltd developed its rotor sail solution over five years. The initial idea of a rotor sail emerged a century ago, but the idea has become more relevant and promising in recent years given increasingly stringent environmental requirements and advanced material and technological solutions.

The rotor sail is 24 metres in height and 4 metres in diameter and uses the Magnus effect for propulsion. As the rotor spins, the passing air flows with lower pressure on one side than the other. The propulsion force created by this pressure difference drives the vessel forward. Using the rotor sail, fuel consumption and thus carbon dioxide emissions can be reduced. The effects of the sail will be assessed after one year in service. The idea is to install two such sails on the Company's new vessel under construction, which will enter into service in 2021.

efficient maritime traffic links integrated throughout the transport chain, is Motorways of the Sea (MoS). MoS are the maritime pillar of the Trans-European Transport Network (TEN-T).

Viking Line, together with the Port of Turku, the Ports of Stockholm and the Port of Mariehamn, has been granted EU funding from CEF for their collaborative NextGen Link project. The project entails an upgrade of maritime transport links between Turku, Mariehamn and Stockholm with a new vessel that runs on liquefied natural gas (LNG) as well as infrastructure improvements in the ports. The project is in line with the EU's TEN-T priorities since it contributes to increased use of more sustainable vessel fuel and thus reduced emissions while also improving logistics in the link between Turku and Stockholm and making them more efficient.

The Turku-Mariehamn-Stockholm link is located in the so-called Scandinavian-Mediterranean Core Network Corridor, a transport corridor identified by the EU as being a special priority under the framework for TEN-T. The EU project, which is led by the Port of Turku, will run from 2017 to 2020. Funding for the collaborative NextGen Link project will be a maximum of 12.7 million euros.

**Newbuilding with Finnish-Swedish EU project**  
A special priority of the Connecting Europe Facility (CEF), which strives to promote green, robust, attractive and

Co-financed by the European Union  
Connecting Europe Facility

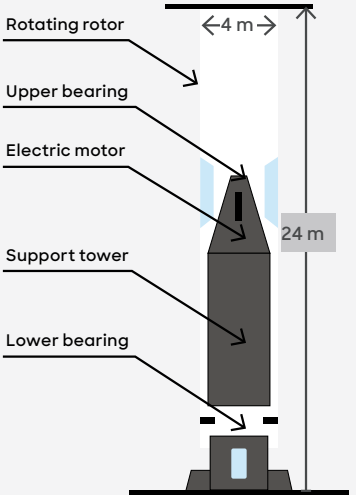
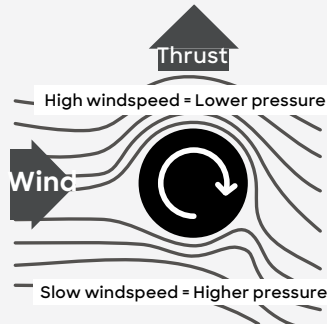


## Norsepower Rotor Sail

Reduces fuel consumption and emissions by producing thrust from wind.

First efficient and easy-to-use mechanical sail on the market. The spinning rotor creates a thrust force with the Magnus effect, reducing the power requirement from the main propellers.

The Magnus effect explained  
View from above





# Sustainable energy and reduced fuel consumption

One of the United Nations’ global sustainability development goals that the Company has chosen to work with is Goal 7, Affordable and Clean Energy. The greatest energy consumption in the Company takes place on the vessels so the decision was made to focus on major energy-saving projects for vessel operations. One of the Company’s environmental targets in 2017 and 2018 was to reduce overall fuel consumption on its own vessels by 2.5% over a two-year period. During the period in question, the total fuel savings achieved was 4.5%.

### Modification of Gabriella’s sponson

One of the big projects carried out during the year was the modification of Gabriella’s sponson\* during the vessel’s dry-docking in April. The company Deltamarin was hired to make hydrodynamic calculations for the modification of the sponson in order to reduce the propulsion system’s fuel consumption by about 10% compared to 2017. During the dry-docking, the shipyard’s subcontractor installed a modified section for the existing sponson. The propulsion system’s fuel consumption in 2018 was reduced by 11.5% compared to the same period in 2017.

### Rosella uses Åland-based renewable electricity at night

Since the start of 2018, Rosella has been connected at night to the land-based power grid in Mariehamn. The project to supply Rosella with land-based power was carried out in partnership with the City of Mariehamn, the Port of Mariehamn and Allwinds. During its approximately seven-hour mooring, Rosella uses locally produced renewable electricity from Allwinds instead of producing its own electricity from the vessel’s diesel-fuelled generators.

Rosella is connected to the port’s electrical grid via a land-based transformer station, which converts high-voltage current to 400 V, which is used on board the vessel. The power on land is delivered via nine large cables to the

vessel’s main switchboard and then distributed to the different consumption sites. The environmental benefits of using land-based power include reduced fuel consumption, which in turn means reduced exhaust emissions. Since the vessel’s diesel generators are not in service, the noise level is lower both in the harbour and in the vessel’s machine room.

By using land-based power, Rosella saved 319 tonnes of fuel in 2018. That amount of fuel consumed in operations is equivalent to about 1,020 tonnes of CO<sub>2</sub> emissions.

### Energy efficiency improvement work for Viking XPRS continued in 2018

In early 2017, Viking XPRS was upgraded with Rolls-Royce Promas Lite’s integrated construction of a rudder and propeller system in order to reduce the propulsion system’s consumption. As a result, consumption was reduced by about 10% in 2018 compared to 2017. In 2018, the vessel’s ventilation control system was upgraded so ventilation can be monitored and regulated more efficiently. That means more even air flow and temperatures on board the vessel. This efficiency measure is expected to produce energy savings for the ventilation system of about 20%, which corresponds to about 570 tonnes of fuel.

\* Sponsons have the function of making the vessel wider at the waterline to increase the vessel’s stability.



### Rosella’s land-based power supply was nominated for the Åland Islands’ Bärkraft Award 2018

**The reasoning given:**  
“A land-based power supply for Rosella at night shows how one measure can make a major difference and at the same time affect many sustainability aspects.  
...  
Through broad collaboration with other stakeholders, such as the Port of Mariehamn and Allwinds, the initiative to supply Rosella with land-based power shows how, with productive dialogue, local authorities and companies can carry out measures that affect us all. Other notable benefits are better employee health and reduced noise for residents.”

# Minimizing emissions

The core of Viking Line’s business operations is maximizing capacity utilization in cargo transports, scheduled service and cruises. Each year, we transport 130,000 cargo units, more than 600,000 cars and around 6.6 million passengers on our vessels. In calculating emissions per passenger from our vessels, cargo transports should also be taken into account to give an accurate and reliable picture. The numbers should be broken down and reported based on the different aspects of transport work carried out.

The EU has introduced requirements for the monitoring, reporting and verification (MRV) of carbon dioxide emissions from large vessels (more than 5,000 gross tonnes) that serve EU ports. Vessel owners must report the amount of carbon dioxide emitted on sailings to, from and between ports within the EU.

In 2017, Viking Line, in partnership with the company Blueflow, installed Blueflow’s Energy Management System on all vessels. The system is adapted to meet the requirements the EU sets for reporting carbon dioxide emissions, but it also serves as a tool in the everyday work to save fuel. The new system enables the improved monitoring of fuel consumption and vessel emissions. The first reporting period began on January 1, 2018.

Variations in capacity utilization and fuel consumption during the year mean that a longer monitoring period is required so that the figures can be analyzed with greater reliability. In addition, consideration should be given to the breakdown in transport work, given the variation in capacity utilization of the different transport modes.

### Choice of energy sources and water management

Six of Viking Line’s vessels use low sulphur fuel with a maximum sulphur content of 0.1 per cent by weight. The seventh

vessel, Viking Grace, runs on liquefied natural gas (LNG) and is the first vessel on the Baltic Sea and the first passenger vessel of its size class in the world to run on LNG. With LNG, sulphur emissions are reduced by 85% and greenhouse gas emissions are reduced by 15%. Sulphur and particulate emissions are virtually zero.

Viking Line has a sharp focus on fuel optimization in order to reduce emissions. Various kinds of measures have been implemented and the work has been fruitful. For example, fuel consumption on Viking Cinderella has been reduced by more than 34% since 2007 as a result of different solutions.

A number of measures to reduce nitrogen oxide (NOx) emissions have been carried out. Catalytic converters are used on Viking Cinderella and humid air motor (HAM) technology is installed on Mariella. Viking Line’s vessels do not discharge any wastewater or bilge water into the sea. All wastewater is pumped ashore to municipal water treatment facilities. Three vessels that are moored for an extended period (in Stockholm, Helsinki, Mariehamn) have a land-based power supply to reduce emissions.



# Environmental measures in 2018

## Viking Grace's energy recovery

Viking Grace is the first vessel to use Climeon's Ocean Marine energy recovery system. Through a unique vacuum process, heat is converted into electricity. In 2018, waste heat from the vessel's engines was converted into 280,000 kWh of clean, emission-free electricity. This electricity is used mostly in our on-board hotel operations, including for lighting.

## Land-based power supply

By using a land-based power supply, in 2018 we saved 460 tonnes of fuel on Gabriella and 380 tonnes on Mariella. The amount of fuel consumed in operations corresponds to about 2,700 tonnes of CO<sub>2</sub> emissions.

## Switch in fuel for Viking Line Buss

Viking Line Buss Ab provides scheduled service on the Åland Islands and charter service departing from the Åland Islands. Since the autumn, the Company's buses run on Neste MY Renewable Diesel™, a 100% renewable fuel. The fuel consists of 100% hydro-treated vegetable oil (HVO) and has been developed to reduce the environmental impact of transport with up to a 90% cut in greenhouse gas emissions.

## Recycled from vessels in 2018



### 451 tonnes of glass packaging.

When recycled glass is melted down to make new glass, the process consumes 20 per cent less energy than starting from sand, soda ash and limestone as raw materials. Glass packaging can be recycled any number of times without deteriorating in quality.



### 104 tonnes of scrap metal.

Recycling of steel, for example from food tins, consumes 75 per cent less energy than production from iron ore.



### 596 tonnes of paper and cardboard.

Because of recycling, we do not need to cut down as many new trees. A tonne of recycled paper is equivalent to about 14 trees. Paper can be recycled around seven times.



### Viking Line brought ashore a total of 1,314 tonnes of food waste from Viking XPRS, Viking Grace and Mariella for biogas production.

This yielded 98,550 cubic metres of biogas, equivalent to 111,300 litres of petrol. Biogas production neither increases atmospheric carbon dioxide levels nor contributes to the greenhouse effect. Biogas is thus usually described as carbon dioxide-neutral.



## Viking Line wins Sustainable Achievement of the Year award for Viking Grace's rotor sail

At the Finnish Travel Gala 2018, Viking Line was honoured in the category Sustainable Tourism Achievement of the Year for Viking Grace's rotor sail.

**In giving the award, the jury noted,**  
*"Over the years, Viking Line has strived to reduce its emissions in its operations. The most recent concrete example is the pioneering rotor sail developed in Finland and placed in service on Viking Grace in April 2018. Like the LNG fuel used on Viking Grace, the rotor sail is an innovation that helps to save on fuel and reduce emissions."*



## Recycling of materials is very beneficial to the environment

Greater recycling reduces our climate impact. It requires much less energy to recycle materials than to extract new ones from nature. Eco-cycles benefit the climate.

Since 2014, nearly 85,000 kg of wall-to-wall carpeting from the Company's vessels have been returned to the carpet supplier Desso. The Dutch manufacturer has launched a pioneering project to recycle its corporate customers' used carpeting, which is collected at the end of its economic life and processed into material for new carpets. As a result of this recycling and new production methods, progress is being made to complete the life cycle of this product in operations.

Since the summer of 2016, the vessels have collected 24,000 kg of plastic packaging, which is reused in the production of plastic carrier bags for the shops on board.



## Did you know that...

● On the whole, only reusable containers made of porcelain, glass or melamine are used for serving on board.

● The non-reusable dishes used, for instance, in the buffet restaurants are made from either corn or cellulose.

● Takeaway cups in the vessels' cafeterias are either paper cups with the Nordic Swan ecolabel or PEFC-certified\* hot beverage cups.

● Eco-friendly biodegradable drinking straws are now used in the bars on board.

● Volume products such as cream, butter, yoghurt and eggs that are served on board our vessels are all locally sourced from Finland. Milk and potatoes are sourced from Finland and Sweden.

● For a decade, all herring served on board has been MSC-certified\*\*.

● Food waste is controlled on board in part by offering single-portion servings in the buffet restaurants. In the cafeterias, sandwiches are made on the spot to better meet actual demand.

● During 2018, Viking Line served 6,401,735 cups of organically grown coffee on board its vessels. Organic cultivation means that the beans are grown amid rich biological diversity and without artificial fertilizers, chemical pesticides or genetic manipulation.

\* PEFC = Programme for the Endorsement of Forest Certification

\*\* MSC = Marine Stewardship Council





# Environmental figures

VIKING LINE'S VESSELS	2018	2017	2016	
<b>Volumes</b>				
Passengers	6,411,537	6,881,149	6,502,191	
Cars	704,799	762,253	682,194	
Cargo units	128,549	127,668	131,918	
<b>Total distance (000 km)</b>	1,140	1,135	1,130	
<b>Resource consumption</b>				
Fuel oil (tonnes)	76,460	77,676	79,709	
Lubricating oil (m³)	737	747	648	
Urea (m³)	291	289	446	
Fresh water (m³)	318,629	324,874	327,059	
LNG (tonnes)	14,776	15,172	14,960	
<b>Emissions (tonnes)</b>				
Nitrogen oxides (NOx)	3,100	3,175	3,230	
Sulphur oxides (SOx)	72	73	75	
Carbon dioxide (CO <sub>2</sub> )	284,400	287,204	289,508	
<b>Residual products (tonnes)</b>				
Solid waste for combustion	2,956	3,025	2,959	
Waste sent to landfills	98	165	143	
Waste for recycling	1,317	1,434	1,491	
Biowaste	1,314	1,141	1,022	
Hazardous waste	77	55	55	
<b>Wastewater pumped ashore (m³)</b>				
Grey and black water	286,836	293,576	292,528	
Bilge water	8,520	8,349	7,795	
<b>Waste oil (m³)</b>	1,402	1,775	1,943	
Viking FSTR, which was chartered during the period April 10–October 16, 2017, is not included in the above figures.				
<b>VIKING LINE BUSS AB</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	
Number of kilometres driven	793,385	787,475	781,892	
Amount of diesel consumed (litres)	250,759	247,441	247,152	
Water use (m³)	345	351	377	
Garage's electrical consumption (kWh)	63,712	60,038	61,756	

**Nitrogen oxides (NOx)**  
Nitrogen oxides is an umbrella term for nitric oxide and nitrogen dioxide, which form when oxygen in the air and nitrogen react at high temperatures. Nitrogen oxide emissions are thus closely linked to combustion processes. Nitrogen oxides are toxic and also damage the ozone layer together with organic pollutants (Source: Swedish Environmental Protection Agency).

**Sulphur oxides (SOx)**  
Sulphur dioxide is a colourless gas that causes coughing. It is produced in the burning of fossil fuels and other materials containing sulphur but also through natural processes, such as volcanic eruptions. Sulphur dioxide is oxidized in the atmosphere and forms sulphuric acid, which contributes to acidification (Source: Swedish Environmental Protection Agency).

**Carbon dioxide (CO<sub>2</sub>)**  
The main cause of global warming is the change in the chemical composition of the atmosphere caused by humans through the emission of greenhouse gases, primarily carbon dioxide. Greenhouse gases enhance the ability of the atmosphere to capture and recycle energy emitted by the Earth's surface, thereby reinforcing the so-called greenhouse effect (Source: Swedish Environmental Protection Agency).

**A vessel generates three main kinds of wastewater – grey water from showers and other washing activity, black water from toilets, and bilge water that is separated from water in engine rooms and contains traces of oil.**





# Carbon dioxide emissions

**In our business operations, we want to maximize capacity utilization for cargo transport, scheduled service and cruises. Each year, 130,000 cargo units, more than 600,000 cars and around 6.6 million passengers are transported on our vessels.**

In order to provide an accurate and reliable picture of emission levels per passenger, cargo transport should also be taken into consideration. These figures should be allocated to and reported for the different types of transport work carried out.

**New requirements for reporting carbon dioxide**

The EU has introduced requirements for the monitoring, reporting and verification (MRV) of carbon dioxide emissions from large vessels (more than 5,000 gross tonnes) that serve the EU's ports. Vessel owners must report the amount of carbon dioxide emitted on travel to, from and between ports within the EU.

During 2017, Viking Line in partnership with the company Blueflow installed an energy management system on all of its vessels. The system is adapted to the requirements for reporting carbon dioxide emissions set by the EU, but it also serves as a tool in the day-to-day work to achieve fuel savings. As a result of the new system, there is greater potential to monitor fuel consumption as well as vessel emissions. The first reporting period began on January 1, 2018. Variations in capacity utilization and fuel consumption during the year require a lengthy monitoring period in order for the figures to be analyzed with greater reliability. Add to that the allocation of these figures taking into account the different types of transport work given their different capacity utilization levels.

In accordance with the requirements in the EU's MRV regulation, all of the Company's vessels have their own

monitoring plan, which has been checked and verified by an independent auditor. The monitoring plan specifies, for example, how fuel consumption is monitored/measured, how any deviations are dealt with and how carbon dioxide emissions produced are allocated between passengers and cargo units. The vessels' energy management system includes all the information required for MRV reporting. The system provides, for instance, factors for each vessel such as total fuel consumption divided by the amount of transport work carried out for each sailing. These factors have been used in the calculations presented in the tables below. In the portion of emissions allocated to passengers, their cars are also included. The surface area in the vessels' car decks is divided between cargo units and passengers' cars based on the weight of the vehicles.

It is important to note that the vessels' carbon dioxide emissions per passenger include, along with vessel propulsion, heating and cooling of the vessel, hot water supply and all electricity used in passenger operations such as the restaurant and hotel functions. In most cases, our ports are located close to the city centre. That means less of a need for connecting traffic and thus lower carbon dioxide emissions than if the ports were located farther away.

The figures in the tables below are averages in kilograms per passenger and kilograms per cargo tonne for all vessels that regularly serve their route.

It is important to note that the vessels' carbon dioxide emissions per passenger include, along with vessel propulsion, heating and cooling of the vessel, hot water supply and all electricity used in passenger operations such as the restaurant and hotel functions.

Carbon dioxide emissions, average 2018	Kg per passenger	Kg per tonne of cargo
Turku-Långnäs	24	4
Stockholm-Långnäs	33	6
Turku-Mariehamn	32	5
Stockholm-Mariehamn	27	5
Helsinki-Mariehamn	59	10
Helsinki-Tallinn	18	2
Mariehamn-Kapellskär	27	13



# Plant-based culinary delicacies and insect menu

The children's buffet was updated in 2018 and served on all of Viking Line's vessels starting on June 14. The new buffet menu was planned by Victor Magdeburg, a member of the Swedish National Junior Culinary Team.

## New children's buffet with healthy tasty treats

Nutrition is also an increasingly important aspect when it comes to the selection available in the children's buffets, and this can be addressed without compromising on tastiness. Fresh ingredients and nutritiousness constitute the basis of the new menu.

In this change work, Victor Magdeburg was assisted by the Swedish National Culinary Team's own children, who served as taste advisors. The dishes on the menu were changed to fully reflect the children's ideas and advice. With small adjustments, traditional favourites were both tastier and more nutritious.

Among the changes, the mince-meat sauce was made with bigger pieces of meat for more flavour and structure, the potato mash was enhanced with vegetables, and french fries were replaced by fried sweet potatoes. Daikon spirals, chicken thigh with a roasted topping and honey-roasted root vegetables were other new delicacies. Old favourites such as meatballs were served in the adults' buffet.

## Vegetarian and vegan options in the Christmas buffet

Viking Line's 2018 Christmas buffet offered a large array of vegetarian and vegan alternatives alongside the traditional dishes. The Christmas buffet was planned by the Swedish National Culinary Team together with Viking Line's own executive chefs. For the first time, the youngest members of the family had a Christmas buffet of their own, with colourful vegetarian alternatives

presented in a fun way to make them appealing. The Swedish National Junior Culinary Team was in charge of planning the children's Christmas buffet.

## Innovative insect menu

During the spring of 2018, Viking Line's Future Food menu gave passengers an opportunity to try the flavours of tomorrow with delicacies from the world of insects. Since edible insects are a good environmentally-friendly protein source, the menu is a natural fit with the Company's environmental values.

Finland is one of the first countries in Europe to approve the sale of insects as food. Viking Line picked up on this ecological trend with a three-course menu. Anders Karlsson from the Swedish National Culinary Team planned the insect menu, which was served in April and May.

By offering the insect menu, Viking Line wanted to test a new idea without any preconceived notions. Of course, opinions are still divided on the use of insects as food, but insects as an ingredient are something new to Viking Line's executive chefs. It was both a challenge and an opportunity for creativity. The traditional menus were available alongside the insect theme.

The insect menu consisted of a starter, main course and dessert. The starter included lightly smoked algae-salted cod filet with pickled fennel and fried grasshoppers. The main course was lamb featuring mealworms with roasted spices and other ingredients. For dessert, there was almond pastry with strawberries and crickets served alongside cardamom granola made with beetle larvae.



# The vessels' environmental teams – a vital tool in the Company's environmental work

Since the early 2000s, Viking Line's vessels have been certified in compliance with ISO 14001 environmental management standards. One of the tools in the environmental work on board is the vessels' own environmental teams. The fundamental principle is that there should be representatives from all of the vessel departments on each environmental team.

## The environmental team's work

Mikael Lönnström, chief officer on board Viking Grace, explains how the vessel's environmental team has representatives from all departments. The goal is for the same people to take part in meetings as long as possible in order to have continuity in the work. The team meets at least four times a year, and its main task is to identify development needs in the vessel's environmental work and look for solutions to meet them. Many of the solutions are developed internally on board, but if necessary the team also get support from the Company's land-based organization.

Alongside dealing with development needs, team members also communicate important information to all the vessel's departments. Minutes are kept for all meetings, and the minutes are available on the Company's intranet for the vessel's staff, the Company's other vessels and the land-based organization. Minutes are also dealt with in the vessel's service management team meetings and vessel management team meetings.

## Waste sorting and safe chemical use

Viking Grace has had a very active environmental team since the vessel was placed in service in 2013. Many of their suggestions have dealt with developing waste sorting by using better sorting bins and procedures as well as better marking of bins. The storage and use of chemicals have been reviewed in order to optimize consumption and safety.

## Reduced use of plastic and paper

In 2018, Viking Grace's environmental team developed different solutions to replace or reduce the use of plastic goods on board as well as various methods to optimise paper use. Our ambition is to use more paper made of recycled material and reduce total paper use, both on board and on land.





# Main sponsor for Turku’s city bikes

Viking Line has entered a partnership for Turku’s programme for sharing city bikes, known as Föli bikes, which was launched on May 1, 2018. It means that, as the main advertiser for the city bikes, we will have a continued presence on the streets of Turku.

Viking Line’s green values entail, among other things, that we minimize carbon dioxide emissions and work in collaboration for the benefit of the Baltic Sea. Turku’s objective is to be a carbon dioxide-neutral city by 2040, and its city bikes are an important component in achieving this objective. The city bikes are in addition to the green services offered by Föli, which provides transport in the Turku region. The Turku project is a good fit with Viking Line’s long-term environmental work.

**300 city bikes**  
Turku has 34 bike stations and 300 city bikes available year-round, which makes it easy for people to get from one place

to another in an environmentally-friendly way. The bikes are intended for short distances in the city centre, and are picked up and dropped off at one of the bike stations. Bikes can be hired for 5 euros a day, for instance, or 40 euros for the whole year.  
Turku is known as a biking city undergoing development, and the city bike project increases the chances of Turku developing into a biking city similar to Copenhagen. Through the partnership, Viking Line gains long-term and effective exposure in the everyday lives of residents in a positive and environmentally-friendly way. Nine out of 10 people who live in Turku have a bike ride of less than 30 minutes to the city centre from their home.



# Collaboration with Tvärminne Zoological Station

The Company’s collaboration with Tvärminne Zoological Station continued during the year. In June, a group of environmental editors were invited to the station, where they heard different marine biologists talk about their research work. Professor Alf Norkko and research coordinator Joanna Norkko served as hosts.

Tvärminne Zoological Station serves as a centre for top-quality biological research and provides facilities for fieldwork courses and seminars. Both national and international research are conducted at the station.  
During the summer, for the second straight year, a number of children’s programmes about the well-being of the Baltic Sea were arranged on board Viking Line’s vessels. The Tvärminne Zoological Station helped us to develop a sea laboratory, Sea Laboratory 2.0, in which children got to learn more about the Baltic Sea and its health. Amorella’s Team Sea Lab and biologist Åsa Hägg developed a few new experiments dur-

ing the spring and recycled some from the previous summer.  
Asked whether she thinks it is important for people to learn from an early age about environmental work and the Baltic Sea, Åsa responded:  
“The important thing for all ages is to learn and understand how things are interconnected and take a closer look at mussels, jellyfish and small animals, respect them and learn about the environment that they and we want to live in. What do they need to be healthy? How do we achieve this? I think we should stimulate people’s curiosity and wonder of nature, not just talk about environmental problems.”



## Donations to environmental work in the Baltic Sea

Since 2014, Viking Line has run a campaign in which it donates some of the revenue generated from the sale of plastic carrier bags in the shops on board to environmental work in the Baltic Sea. The bags are made of renewable plastic, and in 2018, we chose to donate 50,000 euros to two environmental organizations: **the Keep the Archipelago Tidy Association in Finland** and **the Baltic Sea Fund at the University of Helsinki**.  
We want to emphasize the importance of the benefits from working directly with these environmental organizations, since they work with great focus to achieve visible and concrete results in the local environment. This donation is used, among other things, for information campaigns, environmental work and the maintenance of recycling centres and lavatories in the Baltic archipelagos.



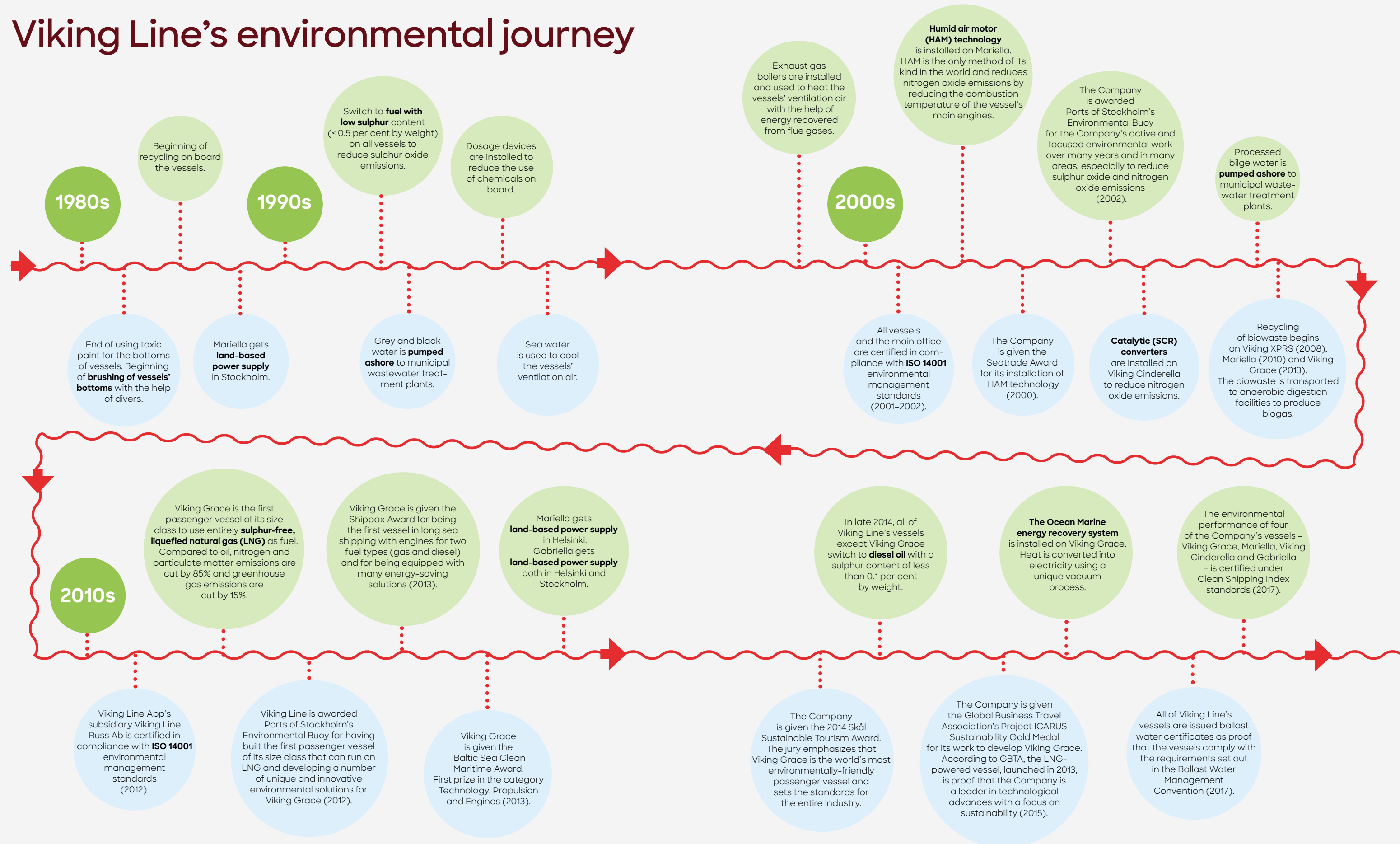
## Cinderella Whisky Fair auction proceeds donated to the Baltic Sea Fund

In 2018, in conjunction with Viking Line’s Whisky Fair, held annually on board Viking Cinderella, an auction raised a total of SEK 115,000, which was donated in full to **the Baltic Sea Fund**.





# Viking Line's environmental journey



# Risks and opportunities

**Our operations are subject to different kinds of risks to varying degrees and with a varying effect on operations. There are risks and uncertainty factors that we are well aware of, but also those that we are not aware of or consider to be unlikely or small.**

The following risk areas have been identified:

- Accidents and disasters
- Security threats in the form of terrorism/crime
- Changes in regulations and laws
- Maritime policy
- Fuel price trend
- Foreign exchange rate fluctuations
- Competitive situation and market trends
- General economic trends
- IT threats
- Climate change

Maritime safety and security are governed by our safety policy and are a top priority in Viking Line's operations. Under the International Safety Management (ISM) Code and the International Ship & Port Facility Security Code (ISPS), we work systematically to identify potential risk situations and thereby prevent accidents. Our objective is continuous improvement in safety and security.

At Viking Line, we have a zero vision when it comes to different kinds of crime, harassment and public order problems on board. We work continuously to achieve this vision. A team that works with these issues meets regularly, and external expertise has also been engaged.

Viking Line maintains a crisis preparedness plan to prevent and mitigate the consequences of adverse events and crises with serious consequences for passengers, staff, traffic, property, the environment, operations and trust in the Company. The crisis preparedness plan is characterized by an effective alert system that quickly establishes the central crisis management organization in the Company. In crisis situations, this central crisis management organization works in close cooperation with the relevant government agencies.

Various organizations, companies and specialists are hired as needed to provide support and assistance in the crisis work. Communication, information and crisis support are key aspects of the crisis management organization's work. In order to be effective and maintain stamina despite the physical and mental pressure, the organization undergoes training on a continuous basis. The work of the crisis management organization is aimed at saving lives, avoiding injuries and damage to the environment and property and ensuring that rescue measures are so effective that operations can return to a normal situation as soon as possible without damaging the Company's brand.

Finnish maritime transport is governed by environmental regulations in the International Maritime Organization (IMO)'s rules, EU directives, HELCOM recommendations and national laws. Maritime transport is the most environmentally-friendly transport mode, and there is no form of traffic that can replace it. We actively monitor the drafting of environmental regulations, developments in environmental technology and the solutions that research provides to comply with ever more stringent environmental regulations.

The EU Sulphur Directive entered into force on January 1, 2015, for the Baltic Sea and stipulates a switch to fuel with a 0.1% maximum sulphur content. The IMO also decided to designate the Baltic Sea as a so-called nitrogen oxide emission control area (NECA) with more stringent emissions requirements for newbuild vessels beginning January 1, 2021.

Furthermore, the EU has introduced requirements for the monitoring, reporting and verification (MRV) of carbon dioxide emissions from large vessels (more than 5,000 gross tonnes) that serve EU ports. In order to provide an accurate and reliable picture of emission levels per passenger, cargo transport should also be taken into consideration. During 2017, Viking Line in partnership with the company Blueflow installed an energy management system on all of its vessels. The system is adapted to the requirements for reporting carbon dioxide emissions set by the EU, but it also serves as a tool in the day-to-day work to achieve fuel savings.

The financial risks are described in more detail in the consolidated financial statements.

## Opportunities

Alongside the risks faced by our operations, there are also many opportunities and scope for development in the years ahead:

- A newbuild project in China
- A strong economy in our main markets
- A growing segment: the international market
- Digital advances
- Viking Line as a pioneer in innovative environmental technology
- Fuel optimization programmes that reduce fuel consumption and emissions
- Our customer loyalty programme
- Engaged employees with a strong record of providing good service.





**VIKING LINE**