

**Report of AS Tallinna Sadam Supervisory Board  
on the Group annual report 2018 of AS Tallinna Sadam  
and on the activities of the Supervisory Board**

**The Supervisory Board has reviewed and approves the Group annual report for the financial year ended 31 December 2018, which was prepared and presented by the Management Board of AS Tallinna Sadam, consisting of the management report and the financial statements, accompanied by the independent auditor's report.**

In 2018, the Supervisory Board of AS Tallinna Sadam held 13 meetings. Participation of the members of the Supervisory Board in the meetings and the remuneration paid to them for the work as a member of the Supervisory Board is presented in section 3.2 of the management report in the annual report.

In 2018, one change was made in the members of the Supervisory Board. According to the decision of the sole shareholder dated 17.04.2018, Kati Kusmin was recalled from the Supervisory Board of AS Tallinna Sadam and Maarika Liivamägi was appointed as a new member of the Supervisory Board.

At the meetings of the Supervisory Board, the Management Board of AS Tallinna Sadam regularly presented the Group's current financial results, gave updates on the achievement of 2018 targets and of the competitive position. The Supervisory Board regularly reviews and approves the Group's long-term strategy, annual operational targets and budget, approves the work plan and reviews the work results of the Internal Audit Department and its most important findings, reviews the Group's most significant risks and their management and mitigation activities and the results of the carried-out development projects compared to the planned. In addition, the Supervisory Board of AS Tallinna Sadam participates in making material decisions concerning the Group's activities, such as changing substantial contractual terms, making investment decisions, raising loan capital, etc.

In 2018, the main decisions made by the Supervisory Board were following:

- decisions regarding the listing of the parent company's shares and/or related proposals to the current sole shareholder, the Estonian state;
- the results of the public procurement for the independent auditor were approved and proposition was made to the sole shareholder for selection of the independent auditor;
- approval of the main terms and conditions of long-term contracts with MPG AgroProduction OÜ;
- approval of the sale and main conditions of former Muuga coal terminal assets;

- approval of the main conditions of extensions of the building title agreements with HHLA TK Estonia AS;
- meeting the targets set for the Management Board for 2017 and setting the targets for 2019, and management's remuneration.

In addition, members of the Supervisory Board participated in anti-corruption training. Measures to prevent money laundering were improved, the process of implementing the requirements of the General Data Protection Regulation in the Group was monitored and the strategy for real estate development at the Old City Harbour was discussed.

The Audit Committee, acting as an advisory body to the Supervisory Board, held 7 meetings in 2018, including one meeting without convening a meeting. Participation of the members of the Audit Committee in the meetings and the remuneration paid to them for the work as a member of the Audit Committee is presented in section 3.2 of the management report section in the Annual Report.

The Audit Committee focused mainly on issues and risks related to the encumbrance of usage rights for immovables, and discussed the findings and recommendations presented by the Internal Audit Department to improve the Group's risk management and internal control system. In addition, the Audit Committee's agenda included topics related to the approval and amendment of the Group's budget, the implementation of accounting standards, and the procurement conditions and selection of the independent auditor. The Committee has also followed the audit process of the Group's financial statements and its results and met with the independent auditors.

In the opinion of the Supervisory Board, the cooperation with the Management Board of AS Tallinna Sadam has been very good and constructive.

(signed digitally)

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Aare Tark

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Ahti Kuningas

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Maarika Liivamägi

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Urmas Kaarlep

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Üllar Jaaksoo

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Raigo Uukkivi