

ANNEX
to the minutes of AS Tallinna Sadam
Supervisory Board 2 April 2020 meeting

**Report of AS Tallinna Sadam Supervisory Board
on the Group annual report 2019 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 2019, 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 2019, the Supervisory Board of AS Tallinna Sadam held 8 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 7.2 of the management report in the annual report.

In 2019, no changes were made in the members 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 2019 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 2019, the main decisions made by the Supervisory Board were following:

- entering into a long-term cooperation agreement with PK Terminal OÜ for the construction of a cargo terminal in Muuga Harbor;
- concluding additional long-term building title agreements with Stivis OÜ for the use of land located in the Muuga Harbor;
- termination of the building title in favor of Vesta Terminal Tallinn OÜ on the Virna 3 property located in Muuga Harbor;
- various investment decisions;
- evaluation of meeting the targets set for the Management Board for 2018 and setting the targets for 2020;
- approval of the changes in the structure of AS Tallinna Sadam to be implemented from the beginning of 2020.

In addition, the structure of the internal audit department was changed, and the department's cyber security competence was increased. The sustainability and possibilities of improving the ever-increasing volume of line and cruise passengers in the Old City Harbour

were discussed, and in connection with this, the implementation of the research project "Sustainable Management and Exhibition of Tallinn Old Town" by the Estonian Academy of Arts was approved.

The Audit Committee, acting as an advisory body to the Supervisory Board, held 6 meetings in 2019. 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 7.2 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, in 2019 the Audit Committee's agenda included topics related to the approval and amendment of the Group's budget. The Committee has also followed the audit process of the Group's financial statements and its results and met with the independent auditors, the Audit Committee has also monitored the independence of the external auditor and the compliance of the activities with the requirements of the Auditing Act.

The Audit Committee has provided an ongoing overview of its activities at each meeting of the Supervisory Board.

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)

Aare Tark

Ahti Kuningas

Maarika Liivamägi

Urmas Kaarlep

Üllar Jaaksoo

Raigo Uukkivi