

ANNEX 1  
to the minutes of AS Tallinna Sadam  
supervisory board 25 March 2021 meeting

**Report of AS Tallinna Sadam supervisory board  
on the Group annual report 2020 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 2020, 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.**

At 31 December 2020, the composition of the supervisory board was as follows: Aare Tark (chairman), Urmas Kaarlep, Üllar Jaaksoo, Ahti Kuningas, Raigo Uukkivi, Maarika Honkonen (formerly Liivamägi), Riho Unt and Veiko Sepp. The members that meet the definition of independence as provided in the annex to the CGC are Aare Tark, Urmas Kaarlep, Üllar Jaaksoo, Maarika Honkonen, Riho Unt and Veiko Sepp. On 29.06.2020, the general meeting approved a new composition of the supervisory board (effective from 1 July 2020), consisting of all members of the previous composition and Riho Unt and Veiko Sepp as new members, and appointed all members of the supervisory board for a term of two years, that is until 30 June 2022. The new supervisory board re-elected Aare Tark as the chairman. There were no changes in the remuneration of the members of the supervisory board.

In 2020, the supervisory board held 10 meetings (2019: 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.

At the meetings of the supervisory board, the management board of AS Tallinna Sadam regularly presented the Group's current financial results, informed the supervisory board of material developments in the Group's business fields compared to the previous meeting, gave updates on the achievement of 2020 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 2020, the material decisions made by the supervisory board were following:

- Sale of various assets of Paljassaare Harbor for the purpose of termination of business;
- TWIN-PORT 4 EU co-financing application and related investments for the further development of maritime link between Estonia and Finland;
- sale of the real estate located in Muuga Harbor to Katoen Natie Eesti AS;

- compromise in the court dispute of AS Coal Terminal (bankrupt);
- concluding an additional long-term superficies agreement with PK Terminal OÜ for the use of land located in Muuga Harbor;
- extension of the service contracts of the members of the management board;
- the strategy of AS Tallinna Sadam for the years 2021–2025 was approved;
- assessing the fulfillment of the 2019 targets set for the management board and setting the 2021 targets.

In addition, the effects of the coronavirus on the Group's operations and the possibilities for implementing mitigation measures were discussed on several occasions. The impact of the changes in the economic environment caused by the coronavirus on the Group's ability to pay dividends was also discussed and the dividend proposal for 2020, which was still in accordance with the current dividend policy, was approved by the general meeting.

The audit committee, acting as an advisory body to the supervisory board, held 8 meetings in 2020 (2019: 6 meetings). 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 7.3 of the management report section in the annual report.

At the meetings of the audit committee, the observations made as a result of the audits of the internal audit department and recommendations for the improvement of the Group's risk management and internal control system were discussed. The committee's meetings also addressed issues related to the Group's information security. In addition, topics related to the approval and amendment of the Group's budget were on the agenda of the 2020 meetings of the audit committee. The committee has also monitored the process and results of the audit of the Group's financial statements and met with external auditors, including monitoring the independence of the external auditor and the compliance of its 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  
Urmas Kaarlep  
Riho Unt

Ahti Kuningas  
Üllar Jaaksoo

Maarika Honkonen  
Raigo Uukkivi  
Veiko Sepp