

**AS TALLINNA VESI  
COUNCIL REPORT ON  
ACTIVITIES IN THE FINANCIAL YEAR  
OF 2017**

**The Council of AS Tallinna Vesi (hereinafter the Company) has approved this report providing an overview of the activities of the Council in managing and administrating the Company, to be presented to the Annual General Meeting of the shareholders of the Company to be held on 31<sup>st</sup> May 2018.**

The Council has examined the integrated Annual Report for the financial year of 2017 (Annual Report) presented by the Management Board of the Company, comprising the Annual Accounts, sustainability report and the Management Board's activity report together with the appended certified auditor's reports.

**The Council unanimously resolved to approve the integrated Annual Report for the financial year of 2017 with appendices.**

The Council has organized and directed the activities of the Company in accordance with applicable law and the Articles of Association of the Company.

During the financial year of 2017, the Council held meetings on 26<sup>th</sup> January, 30<sup>th</sup> March, 4<sup>th</sup> May, 3<sup>rd</sup> August and 2<sup>nd</sup> November.

During the meetings held in the financial year of 2017, the Council discussed various issues and supporting data, relating to the management and administration of the Company, including the financial performance of the Company and the Company's compliance with the Levels of Service as set out in the Services Agreement and the Project Agreements as well as the progress of the Company's tariffs dispute with the Competition Authority, including the international arbitration proceedings against the Republic of Estonia initiated in October 2014. The Operating Cost, Revenue and Capital budgets for the financial year of 2018 were examined in detail and approved, as were other issues raised by the Management Board.

The Council was also actively engaged in the matters of the Company in between the Council meetings and adopted several resolutions without calling a meeting. On 30.01.2017, a resolution was made to lodge an appeal in cassation with the Supreme Court in the administrative matter no 3-11-1355 (tariff dispute between AS Tallinna Vesi and the Competition Authority), it was resolved to extend the term of Mr. Karl Heino Brookes as a Management Board member on 17.02.2017, a resolution was adopted on the distribution of profit (proposal to the AGM) on 18.04.2017 and the results of the 1<sup>st</sup> quarter were taken note of on 21.04.2017, the results of the 2<sup>nd</sup> quarter were taken note of on 27.07.2017 and the results of the 3<sup>rd</sup> quarter were taken note of on 25.10.2017.

It is the understanding of the Council that any issues outside the day-to-day management of the Company have been referred by the Management Board to the Council for consent as required by the law and the Articles of Association of the Company.

In addition, the Management Board has submitted to the Council, at each appropriate meeting, a Management Report (that included sections on corporate issues, operations, development, customer services and financial issues) in order to give a full overview of the economic activities, financial position, corporate governance and service delivery levels of the Company and the activities of the Management Board.

During the financial year of 2017, there was one change in the membership of the Council. Mr. Mart Mägi was recalled and Mr. Priit Rohumaa was elected as a Council member at the AGM on 1<sup>st</sup> June 2017. The full list of members during the financial year of 2017 and their terms of office are attached as an appendix to this report.

As a result of the activities and good work of the Management Board, in the financial year of 2017, the Company kept the operating profits from the main activities stable and further enhanced operational performance, despite tariffs remaining frozen at 2010 levels. The Council appreciates the contributions of the Management Board and all other employees, in further enhancing performance during 2017.

 Simon Roger Gardiner Chairman of the Council	 Martin Padley Member of the Council	 Brendan Francis Murphy Member of the Council
 James Keith Haslett Member of the Council	 Priit Rohumaa Member of the Council	 Allar Jõks Member of the Council
 Priit Lello Member of the Council	 Rein Ratas Member of the Council	 Toivo Tootsen Member of the Council

## **Appendix 1 – Council members during 2017**

The Council members of the Company in 2017 were:

<b>Name</b>	<b>From</b>
Simon Roger Gardiner	since 10.12.2010, last re-election as of 02.06.2016
Martin Padley	since 01.11.2014, last re-election as of 01.11.2016
Rein Ratas	since 22.11.2005, last re-election as of 02.06.2016
Toivo Tootsen	since 07.04.2011, last re-appointment as of 07.04.2017 also 21.12.2001-16.11.2004
Priit Lello	since 16.11.2011, last re-appointment as of 16.11.2017
Allar Jõks	since 21.05.2013, re-elected retrospectively from 29.05.2017 and proactively from 1.06.2017
Brendan Francis Murphy	since 27.10.2011, last re-appointment as of 28.10.2017
Steven Richard Fraser	since 21.10.2012, last re-appointment as of 21.01.2016 also 04.07.2008-16.06.2009
Mart Mägi	since 23.11.2007, last re-election as of 02.06.2016, recalled on 1.06.2017
Priit Rohumaa	since 1.06.2017

