

**AS TALLINNA VESI  
COUNCIL REPORT ON  
ACTIVITIES IN THE FINANCIAL YEAR  
OF 2012**

**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 21<sup>st</sup> May 2013.**

The Council has examined the Annual Report for the financial year of 2012 (Annual Report) presented by the Management Board of the Company, comprising of the Annual Accounts and the Management Board's activity report together with the appended certified auditor's report and the proposal on the distribution of profit.

**The Council has unanimously resolved to approve the Annual Report for the financial year of 2012 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 2012 the Council held meetings on 26 January, 22 March, 26 April, 19 July and 25 October.

During the meetings held in the financial year of 2012, 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. The Operating Cost, Revenue and Capital budgets for the financial year of 2013 were examined in detail and approved, as were other issues raised by the Management Board.

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 2012 there has been only one change in the membership of the Council. The full list of members during the financial year of 2012 and their terms of office are attached as an appendix to this report.

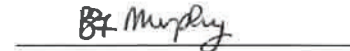
As a result of the activities and good work of the Management Board in the financial year of 2012 the Company has managed to continue progress in its financial and qualitative performance despite tariffs being frozen at 2010 level. The Council appreciates the contribution of the Management Board and all the employees of the Company in enhancing the Company's performance in 2012.



Robert John Gallienne  
Chairman of the Council



Simon Roger Gardiner  
Member of the Council



Brendan Francis Murphy  
Member of the Council



Steven Richard Fraser  
Member of the Council



Mart Mägi  
Member of the Council



Valdur Laid  
Member of the Council



Prit Lello  
Member of the Council



Rein Ratas  
Member of the Council



Toivo Tootsen  
Member of the Council



**Appendix 1 – Council members during 2012**

The Council members of the Company in 2012 were:

<b>Name</b>	<b>From</b>
Robert John Gallienne	02.07.2008, re-elected on 22.05.2012
Mart Mägi	23.11.2009, re-elected on 22.05.2012
Valdur Laid	23.11.2009, re-elected on 22.05.2012
Rein Ratas	12.11.2009, re-elected on 22.05.2012
Toivo Tootsen	07.04.2011
Priit Lello	16.11.2011
Simon Roger Gardiner	14.12.2010, re-elected 22.05.2012
Brendan Francis Murphy	27.10.2011
Steven Richard Fraser	21.01.2012
Leslie Anthony Bell	re-called on 20.01.2012, did not participate in any of the meetings in 2012

