

AS Tallinna Vesi Code of Conduct

Valid as of 1st June 2017

Introduction

The purpose of this code of conduct (the "Code of Conduct") is to set forth the standards of business behaviour and ethics for all managers and employees of AS Tallinna Vesi and its subsidiary (single and collectively hereinafter also the "Company" or "Tallinna Vesi"). This Code of Conduct lays the foundation for Tallinna Vesi's business operations, environmental issues, human rights and relations with the Company's personnel and stakeholders. This Code of Conduct is a set of guiding principles.

The Code of Conduct is introduced to each manager and employee of the Company, regardless of the term of their employment, against signature, acknowledging that they are aware of the rules of the Code of Conduct and act accordingly in their everyday activities. The Company shall closely monitor the adherence to this Code of Conduct and has introduced the Whistleblowing Policy for this purpose. Tallinna Vesi requires its managers and employees to fully embrace the principles set forth in this Code of Conduct and act accordingly. The principles are explained to the personnel through internal communications and training. It is important to the Company to minimise the possibility of incidences of fraud and misconduct, through control procedures but moreover through awareness.

Within its sphere of influence, Tallinna Vesi encourages its contractors and other partners to adhere to similar high ethical principles as set forth in this Code of Conduct. This is the foundation of all business relationships, both new and those already in existence.

Company's managers and employees are encouraged to raise questions and concerns regarding this Code of Conduct with their direct managers. It is the responsibility of each manager and employee of the Company to report any violation or suspected violation of the Code of Conduct.

Any situation involving a potential violation of the Code of Conduct must be reported as soon as possible. The specific procedure for reporting such situations is set forth in Tallinna Vesi's Whistleblowing Policy.

Actions inconsistent with this Code of Conduct must be corrected promptly and are subject to disciplinary action within the Company. At the utmost, such disciplinary action includes termination of service or employment or, in cases of violation of law, official procedures.

This Code of Conduct has been approved by the Management Board of Tallinna Vesi at its meeting of 17th May 2017 to remain effective until further notice. This document replaces the Business Ethics Rules of the Company valid as from 22.03.2007.

The Code of Conduct is available on Tallinna Vesi's website and intranet. It forms a single document with Tallinna Vesi's Whistleblowing Policy and the Privacy Policy.

The Audit Committee shall periodically review this Code of Conduct and propose modifications to the Management Board as and when necessary.

6 CORE RULES

1. We act with integrity, in compliance with legal requirements, transparently and openly at all times.
2. We tolerate no conflict of interests.
3. We say “No” to corruption, bribery and fraud¹.
4. We promote operations that support sustainable development.
5. We operate in a socially and environmentally responsible manner and offer a safe and healthy working environment for all employees.
6. We respect human rights and labour rights.

1. We act with integrity, compliance with legal requirements, transparently and openly at all times

Tallinna Vesi's key purpose is to develop and maintain an economically sound business, providing high quality services to its customers. Tallinna Vesi operates with a high degree of integrity and ethics, shall not engage in any fraudulent activities, and is committed to comply with applicable legal requirements. Within the scope of its operations, Tallinna Vesi assumes responsibility for all issues it has the authority to control. Tallinna Vesi provides its stakeholders with information on the Company's status and performance in compliance with law, transparently and openly.

2. We tolerate no conflict of interests

We recognise that a conflict of interests is a situation that may lead to corruption and it must be avoided at all times. Therefore, Tallinna Vesi's managers and employees must avoid any activity that could lead to a conflict between their own personal interests and the interests of Tallinna Vesi. Private activity in Tallinna Vesi's area of business, secondary employment or entrepreneurship, private business relationship with Tallinna Vesi's stakeholders or other such activity may lead to a conflict of interest. Before engaging into such activity a manager or employee must get an approval thereto from the management board of the Company. No manager or employee or their related persons may seek to acquire personal benefit by, and it is strictly forbidden to, taking advantage of his or her position at Tallinna Vesi or Tallinna Vesi's property or information. Conflict of interest may arise also through close friendship or family relations. A conflict of interest may also arise from doing favours that may induce inappropriate preferential treatment of any persons. In the procurement process all people involved in the procurement must report any possible conflict of interest immediately according to the procurement policy and/or confirm, that they do not have any conflict of interest. Any conflict of interests must be avoided. In the case of possible situation of conflict of interest, it must be reported to the Head of Legal or a member of the Management Board.

3. We say 'No' to corruption, bribery and fraud

As one of its ethical business principles, Tallinna Vesi is utterly opposed to corruption, bribery and fraud. Tallinna Vesi and persons acting on its behalf must not offer or accept any benefits,

¹ "Fraud" means intentionally leading or leaving a person in error by disclosing false circumstances to the person in order to induce the person to enter into a transaction

apart from benefits of only token monetary value or reasonable hospitality offered during the ordinary course of business as set out in this Code of Conduct, or in any other way engage in activity, which could influence one's ability to make objective and honest decisions, or which are aimed at affecting objective and honest decision-making by Tallinna Vesi manager or employee or by a public authority, customer, business partner or any other party. Whenever a Tallinna Vesi's manager or employee engages an agent, he or she should consider the risk of bribery and fraud by the agent. This may in appropriate circumstances require due diligence to confirm that the agent is a bona fide and legitimate business partner and is qualified to perform the services for which the agent will be retained. Agreements with agents should in general be in writing and describe the services to be performed, the basis for compensation of the agent, the amounts to be paid and other material terms and conditions of the representation.

The following rules apply on accepting and granting gifts, meals and entertainment by Tallinna Vesi's managers and employees. The breach of the below rules may be treated as the breach of service or employment contract and lead to the termination thereof.

➤ Acceptance

During the course of work or acting on behalf of the Company, the manager or employees shall not accept gifts, meals and entertainment (hereinafter the benefits), which value exceeds 64 euros. Benefits exceeding 64 euros must be approved by a management board member. All benefits with the value that exceed 64 euros must be registered in the benefits register which is managed by the HR department. However, even in the cases when the benefit does not exceed the limit of 64 euros and no special approvals are required, managers and employees should always be aware that no benefits can be accepted if doing so might induce a situation of conflict of interest and compromise their ability to make objective business decisions in the best interests of the Company.

➤ Granting

Benefits can be granted by the employees of the Company only with the prior knowledge and written approval of a management board member. Such benefits, other than corporate gifts, shall be registered in the benefits register, which is managed by HR department. The Company's managers and employees should always be mindful of the rules on receiving benefits applicable on the persons who are meant to receive such benefit and must avoid the situations that may be perceived as creating a conflict of interest.

➤ Travels and Events

which are arranged by the business partners are prohibited unless it is adequately beneficial for the Company in which case the Company shall pay for the travel and attendance of the Company's manager or employee.

4. We promote operations that support sustainable development

Tallinna Vesi is Estonia's largest water-undertaking providing services to approximately 40 % of Estonia's inhabitants. Mostly Tallinna Vesi's customers even do not realise the amount of work that is done to provide the vital services to them and this is good indicator of effective sustainability. The Company is driven to constantly renew the processes and raise the quality of services through innovative solutions to ensure that also in the future the customers get

the water and sewerage services in the best possible way supporting the community and the environment in the less interfering way.

5. We operate in a socially and environmentally responsible manner and offer a safe and healthy working environment for all employees

Tallinna Vesi is committed to

- providing a safe and healthy working environment for the entire Tallinna Vesi's personnel. All managers and employees of Tallinna Vesi are required to comply with applicable legal requirements and instructions relating to health and safety in their workplace.
- promoting the achievement of the environmental targets set by the Company. Tallinna Vesi's long-term environmental targets are introduced on Company's website.

In order to achieve its environmental targets, Tallinna Vesi

- ✓ takes the environment into account in all operative functions;
- ✓ complies with all legal requirements, and prepares in advance for future regulatory changes through active monitoring of developments within society;
- ✓ continuously develops the steering, management and reporting of environmental practices;
- ✓ expects its business partners to operate in a way that supports the fulfilment of AS Tallinna Vesi's environmental targets; and
- ✓ guides its personnel towards taking responsibility for environmental issues through continuous training and internal communications.

6. We respect human rights and labour rights

We respect each individual's human rights and will not discriminate on the basis of race, color, religion, sex, age, social status, family origin, physical or mental disability or sexual orientation, nor will we commit other violations of human rights. No discrimination whatsoever will be tolerated and we will be resolute in upholding human rights in everything we do.

All managers and employees shall be treated with respect. Discrimination, physical or verbal harassment or any threats at the workplace whatsoever are not tolerated.

The Company commits to comply with applicable laws and regulations and agreements on working conditions, including the working hours and compensation. The Company will not employ forced labour or child labour.

Tallinna Vesi respects the right of all personnel to join trade unions or other non profit associations.

As a part of its commitment to respect and support the human and labour rights, Tallinna Vesi follows the principle of equal treatment and gives high priority to promoting and maintaining equal opportunities and treatment in the working community and employment. Each individual is respected and treated fairly and equally, regardless of gender, belief, age or similar factors.