

**Management Principles of
Tallinna Linnatranspordi AS**

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1. THE PURPOSE OF MANAGEMENT PRINCIPLES

- 1.1. The main activity of Tallinna Linnatranspordi Aktsiaselts (hereinafter the TLT) is the independent management of public transport involving bus, trolleybus and tram transport with public transport vehicles within the integrated ticketing system of Tallinn on the basis of a contract under public law concluded with the city of Tallinn.
- 1.2. The management principles of TLT (hereinafter management principles) is a document which describes the management organisation and relevant principles of TLT. Management principles are implemented at all levels of management.

2. THE EXPECTATIONS OF THE OWNER

- 2.1. The city of Tallinn holds 100% of the shares of TLT to ensure the performance of administrative duties and the independent and sustainable functioning of the public transport routes of the unified ticket system of the city of Tallinn.
- 2.2. The city of Tallinn expects TLT to ensure the availability of a high-quality, reliable and safe transport network. This is achieved with the help of a modern rolling stock, the necessary infrastructure and the dedicated support paid by the city of Tallinn to cover the general operational expenditure.
- 2.3. The city of Tallinn expects TLT to use modern information systems and technologies in its activities.
- 2.4. As a result of the development and sustainable operation of public transport, the city of Tallinn wants to gradually reduce the impact of motor vehicles on the living environment of the city, thus expecting TLT to implement green solutions.

3. VISION AND VALUES

- 3.1. The vision of TLT is to be a provider of reliable, safe, fast, convenient and sustainable public transport that supports the movement of residents and visitors, especially in and around the city of Tallinn. In implement this vision, the employees of TLT are guided by the following fundamental values:
 - 3.1.1. Commitment – to perform our work as well as possible and to do our utmost to provide passengers with modern, convenient, fast and safe public transport solutions;
 - 3.1.2. Teamwork – to form a unified team consisting of experts in their field who are responsible for the development opportunities of employees and TLT, the safety of the working environment and the well-being of employees;
 - 3.1.3. Customer-orientation – to keep the promises that we made to the Tallinn Transport Department (hereinafter TTA) and our passengers and reach the destinations of our routes on time, comfortably and safely. To respond to the reasonable demands and recommendations of TTA and the passengers, in order to improve the quality and the availability of passenger transport services;
 - 3.1.4. Quality – to ensure the best public transport service that meets the requirements with the options available to the TLT. To achieve this, we train employees, upgrade our public transport vehicle fleet, and introduce smart solutions to ensure a convenient, fast and smooth transport service. We consistently improve our work organisation, comply with the applicable requirements, and effectively cooperate with our key partners;
 - 3.1.5. Innovation and flexibility – to use innovative approaches, tools and methods in our work;

3.1.6. Environmental friendliness – taking into account in our activities the impact on the environment, both in terms of provision of transport services and the activities of TLT.

4. MANAGEMENT PRINCIPLES

- 4.1. TLT is managed based on the expectations of the city of Tallinn as the owner, the vision of TLT, the agreed strategic objectives, values and other documents governing performance.
- 4.2. The relations between TLT and the city as the sole shareholder and the general meeting are resolved by the supervisory board and its chairman. The supervisory board is a constructive partner of the chairman of the management board and the management board when making strategic choices and deciding important transactions, if they require the approval of the supervisory board according to the current regulations.
- 4.3. The common ambition of the supervisory board and the management board is to develop and manage the TLT in such a way that the TLT would set a good example. Both in terms of strategic clarity, good governance, effective operations and economic performance, as well as cooperation with all relevant parties.
- 4.4. The chairman of the management board is responsible for the development and implementation of strategic orientations by forming his own team for that purpose and obtaining the approval of the supervisory board.
- 4.5. The chairman of the management board and the members of the management board regularly inform the supervisory board of TLT's performance, financial results, prospects, and significant risks and transactions in a timely and comprehensive manner. The chairman of the management board ensures that TLT has good working relations and a good degree of cooperation with all relevant structural units.

5. MANAGEMENT BODIES

- 5.1. The competence of the management bodies, the basis of their operation and the decision-making procedures are provided for in the articles of association and law.
- 5.2. The highest management body of TLT is the general meeting.
- 5.3. The supervisory board plans the activities of TLT, organises its management and ensures that all activities are compliant with legislation. The competence of the supervisory board, the number of members, and the remuneration of members are set out in the articles of association, law and the resolutions of the general meeting.
- 5.4. The management board represents and manages the TLT. In managing, the management board must adhere to the lawful orders of the supervisory board. The management board is elected and removed by a resolution of the supervisory board. Areas of responsibility have been split between the members of the management board, according to which the structure of TLT has also been decided. The management board may establish steering and working groups to manage and develop areas of responsibility. The purpose, composition, competence and responsibilities of the group will be determined by a resolution of the management board. The management board may establish a development council to manage development activities and launch development projects. The purpose, composition, competence and responsibilities of the development council will be determined by a resolution of the management board. If necessary, the management board may establish other thematic steering groups or committees. The purpose, composition, competence and responsibilities of all steering groups and committees will be determined by a resolution of the management board.

6. STRATEGY

- 6.1. The long-term objective of TLT is to maintain its leading position in the provision of public passenger transport services in the city of Tallinn. The maintenance of this position is based on the following:
 - 6.1.1. Providing high-quality service for passengers in the volume stated in the public service contract and in accordance with the quality requirements.
 - 6.1.2. Ensuring a high level of competitiveness of TLT by increasing the performance of the organisation.
 - 6.1.3. Ensuring the sustainability of economic activity.
 - 6.1.4. The strategy of TLT will be further explained in a separate strategy paper that is approved by the supervisory board.
- 6.2. To support the implementation of the strategy, the management board may establish sector strategies, such as human resources strategy, IT strategy, communication strategy, etc.
- 6.3. In order to implement the strategy, an annual action plan may be drawn up under the guidance of the management board, which would set out more specific activities and responsibilities at the unit level of TLT.

- 7. INTERNAL CONTROL SYSTEM AND PRINCIPLES OF INTERNAL AUDIT MANAGEMENT**
- 7.1. The head of the internal control unit is responsible for the functioning of the internal control system.
- 7.2. The purpose of internal audit is to provide assurance to management bodies that the decisions and actions taken are correct, compatible with the law, and using the resources sustainably, efficiently and effectively. Internal audits are carried out in accordance with the requirements of the IIA standard.
- 8. RISK MANAGEMENT**
- 8.1. Risk management means coordinated actions taken against risk, i.e. a continuous process of identifying, assessing, managing and monitoring risks, the purpose of which is to support the achievement of the objectives of the organisation.
- 8.2. The risk management process consists of the aforementioned actions together with other relevant policies, procedures and practices.
- 8.3. The head of the internal control unit manages and coordinates the development of the risk management system.
- 9. PROCUREMENT**
- 9.1. Procurement is based on the principle that funds are used transparently, efficiently and economically, that all tenderers are treated equally and that all competitive conditions are fulfilled.
- 10. SECURITY SERVICE**
- 10.1. The systematic and data-based management of the security service supports safety culture, helps achieve the set objectives, including the creation of a safe working environment.
- 10.2. The main responsibility for ensuring security lies with the heads of the structural units.
- 10.3. The development and management of the security service is organised by the head of the internal control unit.
- 11. IMPLEMENTATION OF PRINCIPLES**
- 11.1. The heads of the structural units are responsible for the implementation of management principles within the scope of their responsibility.
- 11.2. Compliance with and relevance of the management principles is monitored by the management board.
- 11.3. If there is a need to change the management principles, the employees have an obligation to inform their superiors or the management board of such need.