

TRANSMITTING *energy.*

2023
ANNUAL REPORT

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The annual report is intended to provide an integrated description of the most relevant areas of our business and sustainability.

In the report, we describe the operation and development of Gasgrid Group, its parent company Gasgrid Finland, and the subsidiaries Gasgrid vetyverkot and Floating LNG Terminal Finland. We use the name "Gasgrid" to refer to the Group.

The report was prepared in compliance with the GRI with Reference reporting framework and the standards for the selected indicators.

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GASGRID IN 2023

DURING 2023, we built the foundation for a cross-border hydrogen economy and began operating an LNG terminal ship. Damage to the offshore pipeline tested the gas market's crisis readiness. Planned risk management, seamless stakeholder cooperation, and committed and motivated personnel were the keys to our success.

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Gasgrid in brief

Gasgrid is the network operator responsible for gas transmission, the transmission system, and the builder of the national hydrogen network. The Gasgrid Group consists of the parent company Gasgrid Finland, and the subsidiaries Gasgrid vettyverkot and Floating LNG Terminal Finland.

As a state-owned company, we offer our customers a safe, reliable and cost-effective gas transmission and connection service. We transmit energy throughout Finland to industry and companies. We actively develop our transmission platform, services and the gas market in a customer-oriented manner to promote the carbon-neutral energy and raw material system of the future.

The high-pressure gas transmission network owned and maintained by Gasgrid is located in southern Finland. Our transmission network consists of approximately 1,300 km of gas pipelines, nine compressor stations, and more than 200 connection points.

We have been commissioned to construct a national, cross-border hydrogen network under the mandate of the Finnish government. Our goal is that by 2030, a significant percentage of Finland's industrial customers will be connected to this hydrogen network.

Our values – we work together, we build the future, and we acknowledge our responsibility – were created together with our employees, and they are embedded in our everyday work.

We have strong expertise, and our personnel feel that their work is meaningful. There are currently 70 of us in total and our group of experts is growing rapidly. We operate from offices in Espoo, Kouvola, Imatra, Mäntsälä and Inko.

[Watch our company video \(in Finnish\) »](#)

1,300
kilometres
pipelines

Highest daily gas
transmission volume

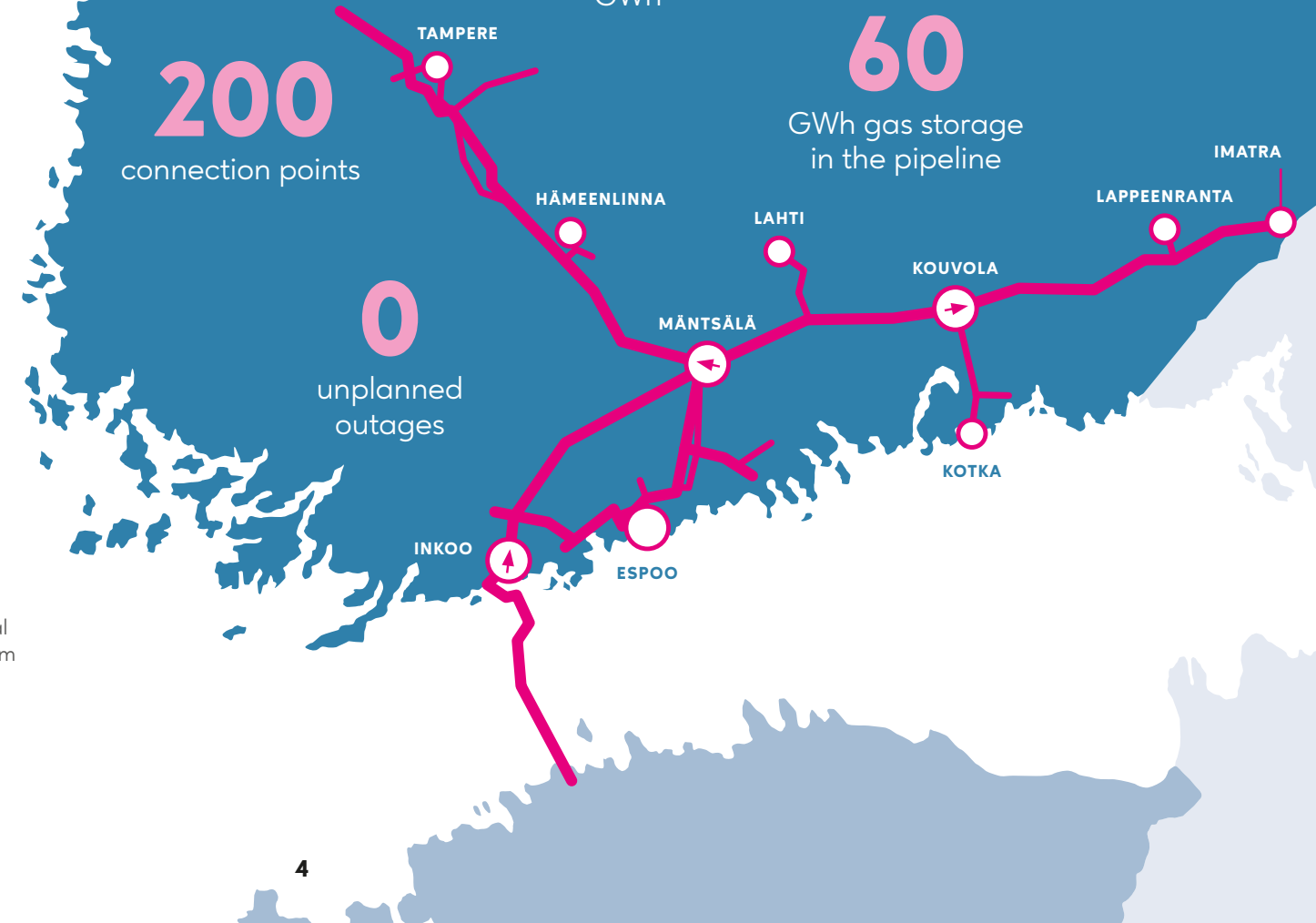
78
GWh

18.4
TWh of energy
transmitted

200
connection points

60
GWh gas storage
in the pipeline

0
unplanned
outages



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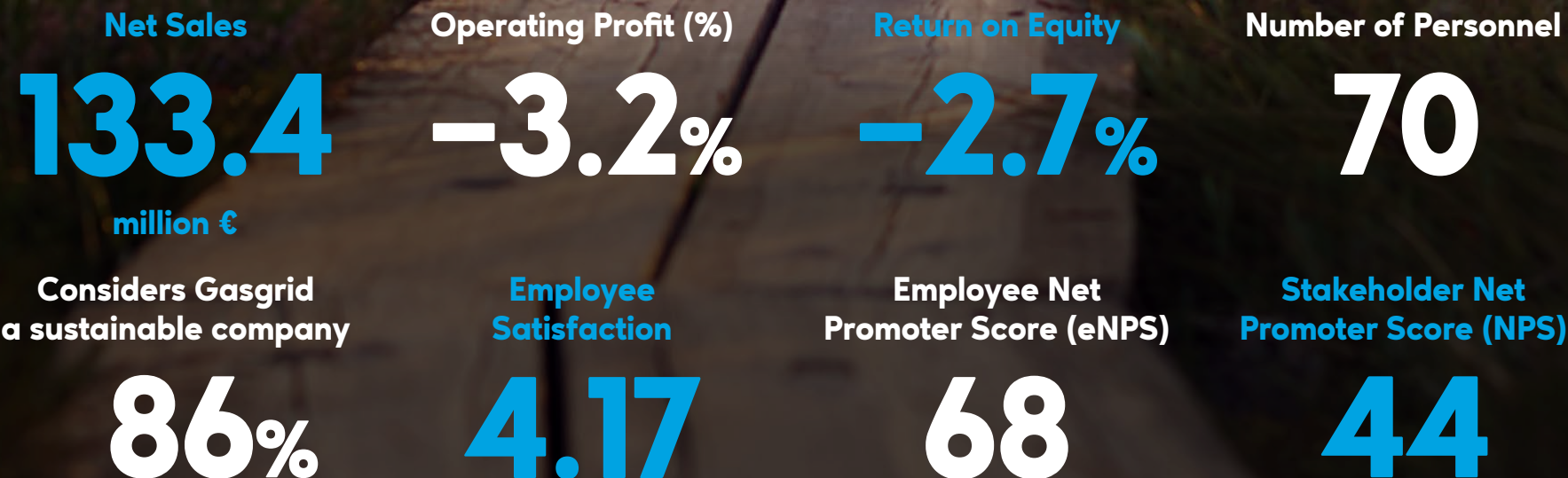
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CEO'S REVIEW

Our substantial collaboration and investment in the security of supply paid off

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Seamless collaboration with our stakeholders and the work implemented to establish the LNG terminal in Inkoo were particularly important highlights in 2023. In addition, we also further enhanced the development of hydrogen infrastructure, both in Finland and in Europe, and our international projects were featured on the EU's list of Projects of Common Interest. Despite the exceptional circumstances, our security of supply remained at the highest level and employee satisfaction was excellent.

The year 2023 was a continuation of the previous year's energy crisis seen in both Finland and across Europe. During the year, Gasgrid successfully continued the commissioning of the Inkoo LNG terminal, and a project completed in record time, to support Finland's security of supply. Furthermore, we developed the gas and

energy market's crisis resilience and flexibility to change through technical and commercial measures.

This work proved essential when the Balticconnector offshore gas interconnection pipeline between Finland and Estonia was damaged on 8 October 2023, and the gas transmission to Finland was interrupted.

In 2023, we initiated significant, tangible steps in the hydrogen economy to help deliver greater success for both Gasgrid and Finland as a whole in the coming decades. Our achievements are the result of carefully structured and harmonised cooperation with the professionals in our network of partners and key stakeholders.

We ensured a functioning gas market

Gasgrid's business consists of the physical gas transmission infrastructure and the gas market, which enables the commercial use of the transmission infrastructure in accordance with the

rules, agreements and operating methods of the market model.

The floating LNG terminal in Inkoo commenced operations at the beginning of 2023, managed by a subsidiary of Gasgrid Finland. During the year, we amended our market rules and processes to further align the requirements of the changed market situation and the evolving needs of our customers. We successfully integrated the LNG terminal, which delivers thousands of megawatts of gas into the grid as a part of the transmission platform. We also increased the maximum transmission capacity of the entire system, which proved to be essential. Our security of supply remained exceptional, with 2023 our fourth year in a row without unplanned gas supply interruptions.

Throughout the energy crisis, our best efforts have been focused on maintaining the market-based operational approach in the gas market. This has enabled us to meet the demands of the various market parties and Finnish society. Recalling the



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Along with a market covering the entire Baltic Sea area, Finland can provide the best investment conditions for high value added downstream products, technologies and services.



severity of the crisis and the magnitude of the change, we can reasonably assert some success in cooperating with other market parties, such as gas importers and large scale accounts. The situation was less than optimal for market parties and professionals in the gas market, nor for the authorities who reacted quickly.

Towards tangible hydrogen development

At the end of 2023, we completed the report on the future energy system, co-authored with the Finland's electricity transmission system operator Fingrid. The project explored both the possibilities and impacts of the hydrogen economy on Finland's energy system. The results confirmed our expectations: a comprehensive system of clean hydrogen and other clean gases is needed to accompany the clean electricity system. This combination will lead to the creation of the most reliable, efficient and competitive energy system to enable the development of a carbon-neutral society.

Our subsidiary, Gasgrid vetyverkot Oy, which specialises in the development of the hydrogen economy, entered into new partnerships for the development of various projects. One notable example includes the hydrogen valley project

in Southern Finland. Although the increased interest rates and high inflation challenged the implementation of many projects, the direction of development in the coming decades is clear. As the goal is to replace a large proportion of fossil-derived energy sources, there will be a high demand for hydrogen downstream products in the future.

This need was also reflected in a market survey we commissioned for companies developing hydrogen projects. The survey indicated that the combined annual supply of hydrogen to the grid would exceed 80 terawatt hours from 2030. This corresponds to the current annual level of electricity consumption in Finland. As a result, the hydrogen economy is projected to create significant new business potential and employment opportunities in Finland with the help of substantial investments in the value chain.

In recent years, we have actively promoted three cross-border hydrogen infrastructure and market development projects. All three projects were included on the EU's list of Projects of Common Interest, which was a significant achievement for Gasgrid. Along with a market covering the entire Baltic Sea area, Finland can provide the best investment conditions for high

value added downstream products, technologies and services, such as electrolyzers or intelligent automation systems. A larger market will also directly impact the electricity supply. By way of example, in the beginning of 2024, there were poor conditions for electricity production, due to the lack of wind and prolonged extremely cold temperatures, among other variables. Due to the conditions, hydrogen could have been imported from gas storage facilities in Central Europe if a hydrogen transmission platform had existed.

Offshore pipeline damage tested risk management

The date of 8 October 2023, will be remembered in Gasgrid's history, as the day when damage to the Balticconnector pipeline between Finland and Estonia interrupted the gas transmission between Finland and the Baltic countries.

As a result, the Inkoo LNG terminal ensured the import of LNG while the offshore pipeline was repaired, maintaining the market-based operational approach in the gas market. During the first weeks of disruption, market participants ranging from international LNG importers to Finnish gas users actively worked to secure the energy supply.

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Collectively, we were quite successful from a societal perspective, despite a difficult situation for many parties. Companies and authorities protecting critical infrastructure and the security of supply have also implemented practices in recent years that have recently proven their effectiveness.

Timely and open communication with the authorities and other stakeholders was particularly important during this period of crisis management, in addition to the preparedness and seamless cooperation of various parties. I believe that this increased confidence among Finnish people in society's preparedness and ability to cooperate. This gave us a backbone to focus on what is now perceived as critical – repairing the damage and ensuring a functioning market.

Gasgrid moves into its next strategic phase

Gasgrid's first four-year strategy period ended at the close of 2023. The establishment of the company and the opening of the gas market in 2020 were successfully completed during the strategy period. Additionally, we have also consolidated our role as part of the national cross-border energy system.

Furthermore, as part of our strategy, we have integrated sustainability into our operations throughout the organisation, and this has been reflected in our personnel's strong commitment to our sustainability programme. Along with high customer and stakeholder satisfaction, I am pleased to see that employee satisfaction and the desire to recommend Gasgrid as an employer are both at a high level.

In 2023, Europe's green transition was boosted as the EU set tangible emission reduction targets for various sectors. The binding targets affect the operations of industries, especially for the period between 2030 and 2035, and require new investments. Additionally, emissions trading is expanding to maritime and air transport, and emission reduction targets are aimed at industry and the transport sector, for example. Many of these industries are among Finland's strengths, and the situation will evolve for the next few decades to come.

The year 2024 marks the start of Gasgrid's new three-year strategy period. As part of this new strategic timeframe, we are taking an increasingly active role on a practical level in terms of how Finland's energy system will enable economic growth and security in the future.

Hydrogen and other clean domestic gases will play an important role in the energy system of the future, for example, in the form of downstream products and as sources of balancing power. We still believe that market players are able to create the best conditions and solutions to achieve society's clean energy goals, and I still see this providing us with many new opportunities. In many ways, the European energy market is still in crisis or at least in transition. The more predictably we can create an outlook of the future, the better will be the conditions for energy producers, storage and users to invest.

We also trust in the power of active and open cooperation in the future: so let's navigate this uncertainty together, one step at a time. I would like to warmly thank our personnel, customers, partners and other stakeholders for their contribution, trust and support of Gasgrid in 2023. Together, we have succeeded in solving strategically important issues both for Finland and the company. We intend to create concrete solutions to build an even cleaner and more stable energy and raw material market. ●

OLLI SIPILÄ

CEO

Gasgrid Finland Oy



2024

Our three key objectives:

1 Completing the repair of the Balticconnector gas pipeline and ensuring the functioning of the methane market

We bring our customers more competitive options for purchasing gas and improving security of supply. In addition, we actively aim to promote Finnish biogas and synthetic gas projects.

2 Realisation of key hydrogen projects in cooperation with our local and international partners

The measures will gradually create the investment conditions for hydrogen infrastructure projects for both hydrogen production and consumption.

3 Consideration of Finland's strengths in decision-making, especially at the EU level

The framework of EU goals, regulation and measures related to the energy and raw materials system is still on the negotiation tables and drawing boards. It is important for us to work with actors in different fields and contribute to ensuring that the framework takes into account the opportunities of Finland and the Baltic Sea region properly.

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BUSINESS ENVIRONMENT

Crises accelerate the clean transition

The COVID-19 pandemic, Russia's invasion of Ukraine, the European energy crisis, and the strong rise in consumer prices, further accelerated the green transition in 2023.

Liquefied natural gas (LNG) took on a more significant role in the European gas market and as a guarantor of Finland's security of supply.

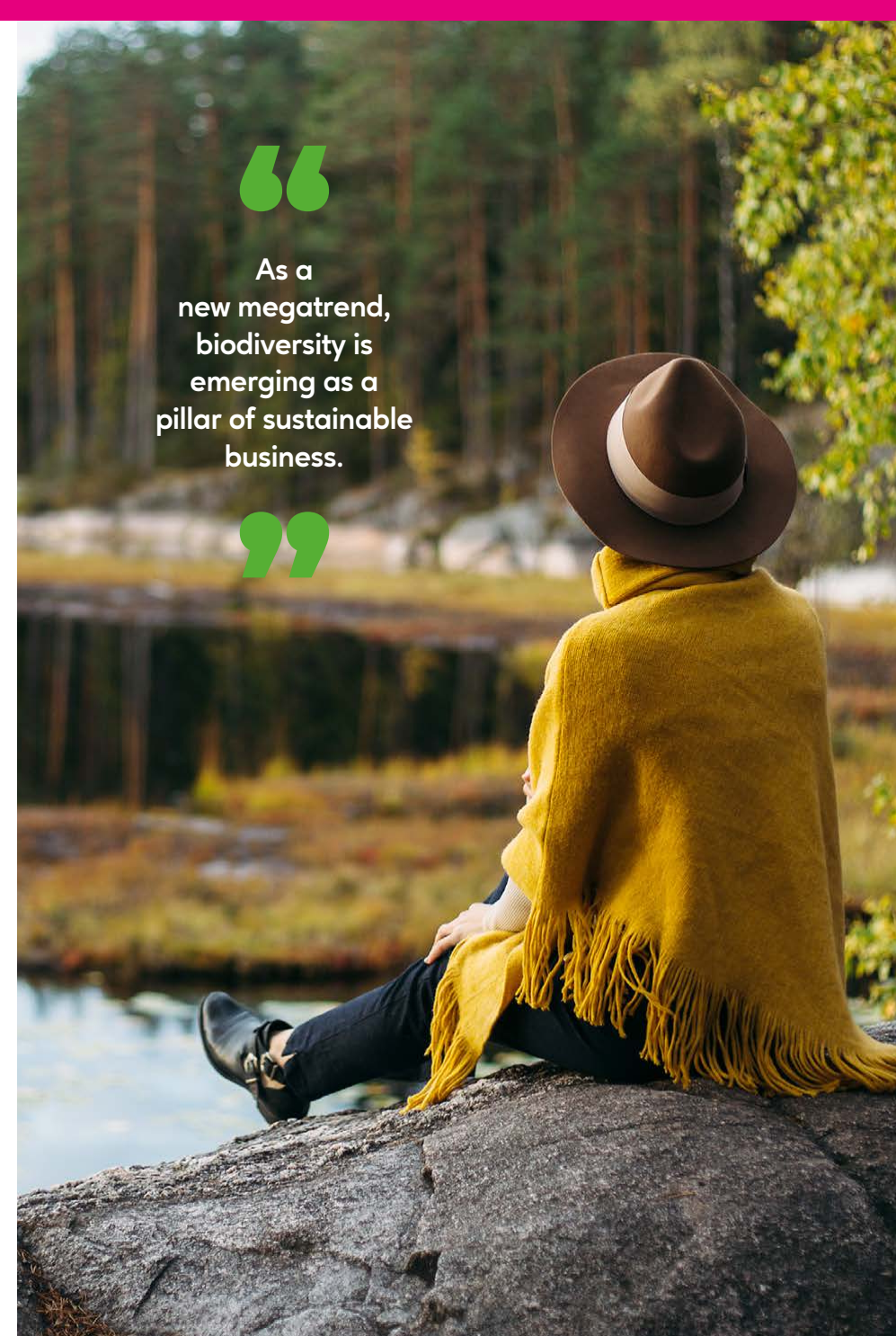
Global warming requires states and companies to implement rapid and effective measures to reduce greenhouse gas emissions. As the energy sector and manufacturers of various raw materials are a significant source of the world's emissions, there is increasing pressure on these industries to increase clean energy solutions and production. Evidence of this pressure was seen, for example, at the UN COP28 Climate Change Conference in Dubai in late 2023, where, for the first time, the resolutions included a call for countries to abandon fossil fuels in their energy systems.

As a new megatrend, biodiversity is emerging as a pillar of sustainable business. In addition, more stringent sustainability goals and reporting will become a mandatory requirement in the next few years as EU legislation tightens.

In addition to the Russia's invasion of Ukraine, a new crisis was sparked in the Middle East in late 2023 in Israel, Gaza and Yemen, threatening global maritime traffic. Tensions have also been high in the South China Sea region of Asia, although China and the United States are opening dialogue after a period of silence in order to ease tensions. In Europe, the post-crisis uncertainty continued. Concerns about strategic dependencies on critical raw materials and Europe's global competitiveness have emerged in advance of the 2024 European Parliament elections and the new EU Commission term from 2024–2029.

The recent pandemic, the war in Ukraine, the change in energy procurement triggered by the European energy crisis, and inflation and measures aimed at curbing it, for example in the United States, have transformed the pace of development of the green transition. As a result, the role of liquefied natural gas (LNG) in the European gas market has grown as a substitute for Russian pipeline gas, and in Finland, as a guarantor of the security of supply. In 2023, price levels in the European energy market recovered significantly from the extremes of the

“
As a new megatrend, biodiversity is emerging as a pillar of sustainable business.”



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energy crisis, however the price of natural gas remained about 50 per cent higher than prior to the crisis.

Global population growth, especially in Asia and Africa, is a driver of increasing energy demand and urbanisation. The regional imbalance of growth also contributes to the multipolarity of the world and thus the uncertainty of the global environment. This increased geopolitical multipolarity and a state of polycrisis have put the security of supply, as well as energy and raw material security, firmly on the agendas of both states and companies. The role of clean gases such as hydrogen, biogas and synthetic methane is highlighted in the flexibility of energy systems and in sectors that are difficult to electrify, both in energy use and as a raw material.

The transition of the energy sector demands the rapid utilisation and standardisation of new digital solutions. Digitisation and artificial intelligence are projected to play a key role in the development of intelligent energy management systems, optimisation of energy production and consumption, and distributed energy production, among other variables. Consequently, the importance of cybersecurity in the energy sector will also rapidly increase.

The methane market's customer needs are in transition as the total demand for fossil methane decreases

As the green transition evolves and develops, the demand for natural gas and the need for transmission in Finland will inevitably decrease in the long term. In addition, the competitiveness of natural gas in relation to alternative fuels is

unclear, which creates uncertainty in the development of the sales volume of natural gas and the need for energy transmission in the next few years.

However, methane will also be required in the carbon-neutral energy system of the future as a raw material, a fuel for processes, and as a balancing power source for an energy system based on renewable and variable energy production, such as wind and solar power. The demand for biogas and synthetic methane is also projected to increase.

In addition, a completely new need for the import of liquefied natural gas (LNG) has arisen in both Finland and across Europe since the start of Russia's war of aggression against Ukraine. The Inkoo LNG terminal therefore plays a significant role in supporting the security of supply of Finland and the gas market.

The demand for green hydrogen is emerging in Europe – a historic opportunity in Finland

A significant demand for green hydrogen is emerging in Europe. This demand, particularly from 2030 onwards, will help further enable the acceleration of the EU's green transition. Most of the actions in the EU's Green Deal programme and the related Fit for 55 package have been made mandatory. The obligation provides a framework for reducing emissions in new areas in addition to the emissions trading sector – for example, in road, sea and air transport. As a result, it will begin to have an impact as we move towards 2030, but rapid development is estimated to begin in 2035. The European Commission is preparing a proposal for the targets for



Leaping to the forefront of the hydrogen economy requires unprecedentedly determined and far-sighted planning, action, risk-taking and cooperation in the Baltic Sea region from Gasgrid, the Finnish government, industry, investors and other stakeholders.



emission sources and renewable energy sources in 2040, and these targets are expected to tighten further. Another significant trend at the EU level is in ensuring Europe's competitiveness and strategic autonomy.

Several studies estimate that, for example, in a carbon-neutral EU, 20–30 per cent of energy needs will be met with clean hydrogen and its downstream products. This is due to the properties of hydrogen and the efficiencies of storage, transmission and land use, especially in large quantities.

Finland has a good starting point to grow into a major European producer of pure hydrogen and hydrogen downstream products in the next 5–10 years. Achieving this status, coupled with its resultant multiplier effects is a huge opportunity both for Finland and the Finnish people. Leaping

to the forefront of the hydrogen economy, however, requires determined and far-sighted planning, action, risk-taking and cooperation in the Baltic Sea region from Gasgrid, the Finnish government, the industry, investors and other stakeholders. The same determination applies throughout Europe. One risk is the intensified competition for state aid between states to drive change forward.

Market bottlenecks will slow down the promotion of the clean transition

Both rapid and societal change involving physical energy, technologies and their construction is challenging. Therefore, it is likely that various bottlenecks slowing down the progress of the clean transition will emerge in the market in the coming years.

In the hydrogen economy, solving the challenge of supply and demand is central. Demand for, or the supply of hydrogen will not be produced on a large scale until the infrastructure and market are in place. This will also have an impact on the increase of clean electricity, and thus the achieving of climate goals on schedule.

Acquiring expertise and human resources will become critical in all new energy and raw material sectors. Artificial intelligence can help mitigate the impact of this bottleneck, but not eliminate it completely. Further obstacles to development may arise, for example, in technology supply chains and post-pilot scaling. When the market ramps up, financing should not slow down development, but the higher interest rates and high inflation of recent years will disrupt the schedule of first-phase projects in particular. ●

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Highlights of the year

Safe and reliable transmission of gases, every day of the year

The security of supply of gas transmission is one of the primary goals of our operations, and we offer our customers safe and reliable gas transmission every day of the year. 2023 was the fourth consecutive year without unplanned supply interruptions.

The LNG terminal ship secured Finland's gas supply in an exceptional situation

The LNG terminal ship in Inkoo, operated by Gasgrid's subsidiary, ensured Finland's gas supply in the autumn and winter of 2023/2024 when the Balticconnector offshore gas interconnection pipeline between Finland and Estonia was damaged in October 2023. The terminal ship started operating in the deep harbour of Inkoo in January 2023.

More than 1,400 days without injuries

We work uncompromisingly to ensure safe and reliable gas transmission. Our goal is for zero accidents to occur to our personnel or suppliers in our operations. 2023 was the fourth year in a row without a single accident leading to the absence of our own personnel, and our suppliers recorded only one accident that required a doctor's visit during the year.

Gasgrid's hydrogen projects join the EU's list of projects of common interest

The international hydrogen infrastructure development projects which we promote with our partners – the Nordic Hydrogen Route, Nordic-Baltic Hydrogen Corridor and Baltic Sea Hydrogen Collector – were added to the European Commission's list of Projects of Common Interest (PCI) at the end of November 2023. At the EU level, these three hydrogen projects in the Baltic Sea region are seen as central to achieving Europe's energy policy goals. PCI status enables projects to apply for EU funding and expedited approval processes, among other variables.

Market survey showed strong interest in hydrogen infrastructure among industrial operators

Based on the hydrogen market survey we conducted in autumn 2023, the future hydrogen market has the potential to become four times larger than Finland's current gas market. The market survey's purpose was to find out the industry's interest in joining the hydrogen infrastructure in the future, and evaluate the development of industrial operators' projects in relation to the development needs of the infrastructure. The survey indicates significant interest among industrial operators to joining the hydrogen infrastructure in the future.

Partners value Gasgrid

Our reputation is viewed as excellent among our partners, customers and other external stakeholders as well as our personnel. In T-Media's Trust&Reputation survey conducted in autumn 2023, our reputation received an average score of 4.06 on a scale of 1-5. This can be considered a very good result for a gas transmission company founded four years ago, whose products and services are aimed at business and professional target groups. The NPS figure, which measures our stakeholders' willingness to recommend us, was 44. Willingness to recommend is measured on a scale of -100 to 100, with a result of 0 to 50 being viewed as positive.

Together with Fingrid, we investigated the effects of the hydrogen economy on the Finnish energy system

During 2023, we completed the joint research and development project with Fingrid on energy transmission networks as enablers of the hydrogen economy and clean energy system. In conclusion, the project revealed that a hydrogen infrastructure will play a key role in implementing Finland's renewable energy production potential. Another significant conclusion was that it is important to plan the energy system in a coordinated manner, taking into account both electricity and hydrogen infrastructure.

Satisfied employees are happy to recommend their employer

According to our latest survey, conducted in autumn 2023, employee satisfaction among Gasgrid's employees was 4.17 on a scale of 1-5, which indicates that Gasgrid's employees are very satisfied with their employer. The personnel are also happy to recommend Gasgrid as an employer. The eNPS figure, which describes the willingness to recommend us, was 68, which is interpreted as an excellent result. Together with our personnel, we are building an open, inclusive and supportive working community.

Gasgrid plays an important role in accelerating the national hydrogen economy

The need for cooperation and hydrogen-related information was emphasised in interviews with representatives of counties and municipalities regarding land use during May-June. In addition, Gasgrid's role was considered important in the formation of the hydrogen economy. The interviews provided us with background information on the land use planning situation to support the planning of alternative alignments for the hydrogen transmission pipeline network. Land use plays a major role in the construction of hydrogen infrastructure and the realisation of investments.

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STRATEGY

WE are accelerating the transition to a carbon-neutral society by developing the gas infrastructure and market in Finland and the Baltic Sea region in cooperation with our partners. Gasgrid has an updated strategy and government mandate to enable the transformation of Finland into the engine of the European hydrogen economy.

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IMPLEMENTATION OF THE 2020–2023 STRATEGY

Gasgrid has established its position as an active player in the gas market and a builder of the hydrogen economy

Gasgrid's first strategy period was impacted by the COVID-19 pandemic, Russia's invasion of Ukraine, and the resulting energy crisis. Despite the uncertainties in the operating environment, the company established its position as the grid operator responsible for the transmission of gases, supported Finland's first steps in building a hydrogen economy, and ensured the security of supply in accordance with its strategy.

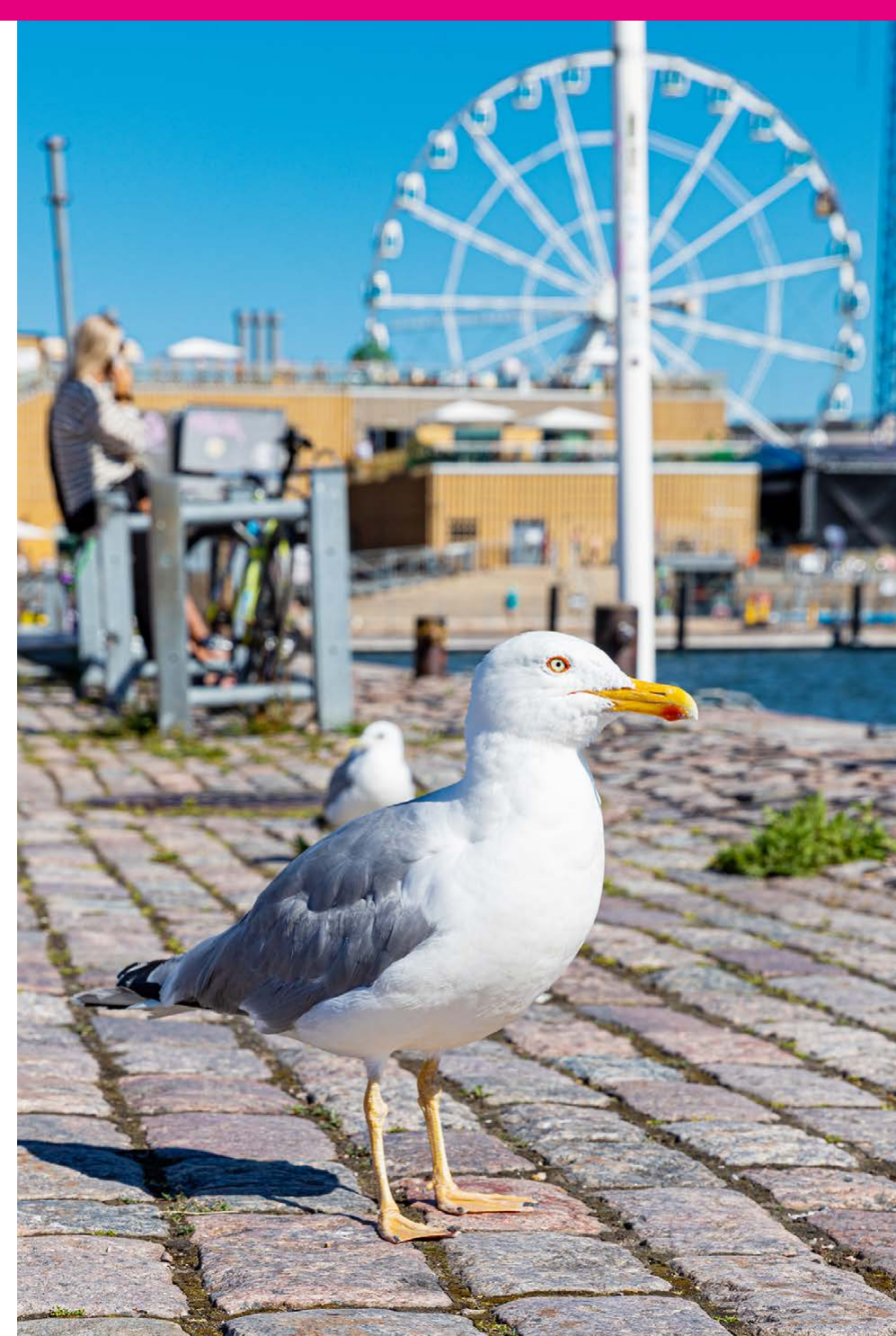
Gasgrid's first strategy process was launched after the company was founded in 2020, a period that coincided with the onset of the pandemic. When creating the strategy, we took into account the uncertainty created by the pandemic in the short term, but the main focus of the process was on longer-term megatrends, their impact on our operating environment and our strategic choices.

The gradual increase in uncertainty in the market escalated in February 2022, when Russia invaded Ukraine. The invasion rapidly created an energy crisis in Europe. For Gasgrid, it led to the closure

of the largest source of gas imports, as imports from Russia ceased. Despite the materialisation of this risk, we focused on strategy implementation in addition to crisis measures. As a result of the energy crisis and the ongoing pandemic, the development of the hydrogen economy, especially in Europe, accelerated by 10–15 years, which we took into account in our revised strategy.

Investing in personnel and the internal operating model also played an important role in the strategy to further enhance development in the short, to medium-term timeframe. At Gasgrid, we invest in the well-being of our personnel, as we believe it is the most important way we can enable the success of our customers and stakeholders.

Our strategy for 2020–2023 was summarised in the following four priorities: **the transmission platform of the future, a customer-oriented gas market, a responsible agent of change and a developing operating model.** By focusing on these priorities, we ensure our long-term success in the energy transition. On the following pages is a description of the action we implemented on each priority.



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TRANSMISSION PLATFORM OF THE FUTURE

Development of the company’s success factors for the implementation of hydrogen as well as a clean-gas market and sectoral integration.

What did we do to achieve the goal?

Through extensive stakeholder cooperation, Gasgrid has supported Finland’s first steps in building a hydrogen economy. During the strategy period, we received a mandate from the Finnish government to promote the national hydrogen network, international infrastructure cooperation, and the development of the hydrogen market in Finland and the surrounding region.

In accordance with the mandate, we participated in three international hydrogen projects, and promoted the development of the hydrogen infrastructure in Finland. We collaborated in the building of the hydrogen infrastructure via more than ten cooperation groups and networks. We were an active player in the European Hydrogen Backbone network, among other parties, which promotes the development of a Europe-wide hydrogen network and market. During the strategy period, we acted as the second Chairperson of the Group.

From 2021 to 2023, we implemented a pioneering joint project with Fingrid, in which we investigated the possibilities and effects of the hydrogen economy on the Finnish energy system. The conclusion of the project was that joint planning of hydrogen and electricity infrastructure enables a cost-effective and clean energy system.

In an official role, we developed and maintained the gas origin guarantee register and supported our customers’ carbon neutrality goals as part of it. Gas guarantees of origin ensure that clean gases, such as biogas and hydrogen, are produced from renewable energy sources.

In the forthcoming strategy period, the work to build the transmission platform of the future will continue with extensive cooperation with external stakeholders.



CUSTOMER-ORIENTED GAS MARKET

The leading company in the Baltic Sea region in promoting a competitive and customer-oriented gas market and ensuring reliable, safe and cost-efficient gas transmission.

What did we do to achieve the goal?

Gasgrid was established and the operation of the Finnish gas market began on 1 January 2020, when the Finnish gas market opened to competition. This was a significant effort for the entire industry.

The Finnish gas market operates despite various exceptional situations and crises, such as the energy crisis and the breakdown of the Balticconnector offshore gas interconnection pipeline between Finland and Estonia. Gasgrid had no unplanned supply outages during the strategy period.

We executed the LNG terminal project in Inkoo in record time, and the terminal began operations at the start of 2023. The terminal supports Finland’s security of supply and energy independence and helps ensure Finland’s gas supply.

We have developed solutions for acute market changes in cooperation with customers. In 2022, we reversed the gas flow direction: in the future, the flow will mainly come from the west.

Ensuring customers’ access to gas with the help of both infrastructure and market models is the core service that Gasgrid exists for. Security of supply and reliability needs were in focus towards the end of the strategy period. There remains considerable work to be done in the next strategy periods, but we are on the right path. We demand a great deal from ourselves, especially when it comes to integrating a genuine customer-oriented way of thinking into our daily activities.

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STRATEGIC OBJECTIVES



RESPONSIBLE AGENT OF CHANGE

Building impact, awareness and partner networks and integrating sustainability into the daily life of the organisation to bring about extensive change.

What did we do to achieve the goal?

Since the beginning of the company’s operations, we have taken an ambitious approach to sustainability, cooperation and communication. This is evidenced by the fact that the hydrogen economy became a daily topic of discussion for both professionals and society. As a young infrastructure brand, Gasgrid is very well known among its key target groups. The NPS figure, which describes the willingness of stakeholders to recommend us, was good throughout the strategy period and increased every year.

Stakeholders see Gasgrid as a sustainable operator according to the results of the Trust&Reputation survey, which have remained positive throughout the strategy period. We promoted our sustainability programme with determination: we completed 95 per cent of the tasks defined in the wide-ranging programme in 2022 and 97 per cent in 2023. Sustainability is integrated into everything we do, and our sustainability programme is

embedded throughout all the company’s functions, covers the entire value chain, and supports our customers’ sustainability and low-carbon efforts.

We established the Finnish hydrogen cluster together with 30 founding members in 2021. In the two years following, the hydrogen cluster expanded to become an active influencer of more than 90 companies.

We work uncompromisingly to ensure safe and reliable gas transmission, and 2023 was the fourth consecutive year without a single accident among our personnel. During the strategy period, our suppliers had only four accidents that led to absences.

All our successes were achieved through open and wide-ranging cooperation. In the various phases of the energy crisis, we have been a key player in solving issues and communicating them in an active and timely manner. This has supported society’s flexibility and resilience to crisis.



DEVELOPING OPERATING MODEL

Building a strong foundation for a prosperous, adaptable and developing organisation and operating model to implement Vision 2035.

What did we do to achieve the goal?

We measured the job satisfaction of our personnel twice a year over the four-year strategy period. The average result for the period was over 4.0 on a scale of 0–5, which is viewed as excellent.

Our strong safety and reliability culture was reflected in the comprehensive process management project that we implemented in 2021. The project allowed us to certify our operating system in 2021. In 2022 and 2023, external audits found no deviations, which is notably uncommon.

In 2020, we started the systematic development of our cybersecurity processes.

We are currently above average in the cybersecurity indices of the security-critical energy sector. Investing in cybersecurity has been an important consideration as the operating environment has changed.

We have also been able to quickly identify other strategic changes in the operating environment and

react to them in a timely manner. This has been made possible by our dynamic way of working, starting from the level of the owner and the Board of Directors, throughout the organisation.

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STRATEGY 2024–2026

We will support Finland on its way to becoming the engine of the European hydrogen economy

In the 2024–2026 strategy period, we will drive the transformation of Finland into the engine of the European hydrogen economy and create the basis for the use of low-emission gases.

Gasgrid’s updated strategy for the period from 2024 to 2026 emphasises the promotion of a clean transition in society by creating jobs and increasing Finland’s energy self-sufficiency, as well as accelerating the company’s hydrogen business and the entire Finnish hydrogen industry. We are also targeting the promotion of the significant market-based growth of low-emission gases, such as green hydrogen and synthetic methane in the energy system, on the way to the carbon-neutral Finland by 2035 goal. In addition, we produce value, predictability and flexibility for customers and security of supply for society through a reliable gas platform.

Our new strategy is based on five priorities, each of which has its own development plan:

- Developer of agile multi-gas platform
- Hydrogen economy unifier
- Accelerator of investments
- Responsible changemaker
- Fosterer of forerunners.

Europe’s best starting points for the hydrogen economy and the basis for low-emission gases

In this second strategy period, our goal is to work with our partners in Finland to build the best starting points for the hydrogen economy in Europe and the foundation for a low-emission multi-gas platform. A multi-gas platform means that in the future, Gasgrid’s gas pipelines will carry hydrogen and synthetic methane, which are low-emission or no-emission gases, in addition to traditional natural gas, biogas and liquefied natural gas (LNG). We are building a multi-gas platform because society is both undergoing an accelerating change towards emission-free forms of energy and Finland is aiming for carbon neutrality by 2035.



According to the International Energy Agency’s estimate, the share of renewable forms of energy in the world’s energy supply will increase from the current 12 per cent to 70 per cent by 2050. Historically, the transition to the use of coal and oil as the most significant energy sources took place over decades. The transition to zero emissions is projected to occur about three times faster than previous energy breakthroughs.

According to the government’s decision, in principle, Finland’s aim is to take a leading position in the European hydrogen economy. Based on the government mandate, Gasgrid’s task is to continue its work to promote the development of the national hydrogen network, international infrastructure cooperation, and the hydrogen market in Finland and the surrounding area. The goal is to create favourable and

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predictable investment conditions in Finland, especially for hydrogen production and the further refining industry that utilises it. An additional aim is to increase the growth of technology and service companies in the various value chains of the hydrogen economy.

Emission-free hydrogen is needed to achieve climate goals both in Finland and in Europe, and the pace of development of the hydrogen market has accelerated significantly in Finland and Europe. This is evidenced by the fact that the number of announced projects worldwide increased by approximately 35 per cent during 2023 and more than doubled compared to the situation as of May 2020. This data has been taken from the Hydrogen Council's report.

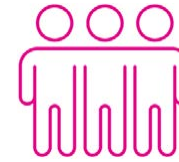
However, in Finland and around the world, not all projects have progressed as planned, due to investment decisions being delayed or cancelled. The result is largely due to the influence of recent accelerated inflation and a significant rise in interest rates for financing. That said, the change goals of the key industries that form the basis of the hydrogen economy have strengthened, especially for the period 2030–2035, which explains the strengthening demand for hydrogen projects. Hydrogen projects take many years to complete. For example, a successful project in heavy industrial and infrastructure sectors takes an average of seven years. The updated strategy will accelerate change in the company and in Finland, towards the growth of the hydrogen economy.

MISSION

We provide our customers with the safe, reliable and cost-efficient transmission of gases. We promote a carbon-neutral energy and raw material system of the future by developing our transmission platform, services and the gas market in a customer-oriented manner.

VALUES

We work together



We build the future



We acknowledge our responsibility



[Read more about values in the Report by the Board of Directors »](#)

Identified change trends



CLIMATE CHANGE – Global warming requires ever faster measures to reduce greenhouse gas emissions. As significant sources of emissions, the energy and raw materials sectors are under increasing pressure to increase clean energy solutions and production.



URBANISATION – Rapidly growing urban areas and expanding industrial clusters require a sector-integrated and reliable energy system to function.



POPULATION GROWTH – Global population growth, especially in Asia and Africa, is behind the increase in energy demand and urbanisation. The regional imbalance of growth contributes to the multipolarity of the world and thus the uncertainty of the global environment.



MULTIPOLAR WORLD – The importance of geopolitics is growing in a multipolar world. Energy security and dependence are key issues, and the management of energy and raw material resources is increasingly strategically important.



DIGITISATION & AI – The transition of the energy sector demands the rapid utilisation and standardisation of new digital solutions. Digitisation and artificial intelligence will play a key role in the development of, for example, intelligent energy management systems, optimisation of energy production and consumption, and distributed energy production.



GROWTH IN ENERGY DEMAND – Energy consumption is increasing, especially in developing countries, as a result of population growth, industrialisation and rising living standards. This highlights the need for increasingly efficient, renewable energy solutions.

Sources: ESPAS, PwC: Five Megatrends And Their Implications for Global Defense & Security, Siemens, VTT, Spring analysis.

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Megatrends, our mission statement and values as the basis of strategy

The new strategy was prepared by creating a strong and ambitious environment as well as understanding the impact of global megatrends. The strategy is based on Gasgrid's operating concept and the values created with the personnel.

The company will grow with the strategy

A community experience for employees, personnel satisfaction, competence development, and accelerating the hydrogen economy are important themes in Gasgrid's strategy. To support the strategy, the company started recruiting new employees at the turn of 2024. We expect to grow our workforce during the strategy period, when large international hydrogen infrastructure projects begin operating at full capacity.

The transformation of the energy system will take a decade to develop, ensuring ample work opportunities in the field for years to come. If the hydrogen projects we promote with our partners proceed as planned, the hydrogen transmission network in the Baltic Sea region has the potential to grow by 5,000 kilometres by 2030. These projects are worth several billion euros.

Gasgrid was reorganised at the end of 2023 to strengthen these future needs. The following diagram shows the new organisation. ●

Gasgrid Finland's organisation from 1 January 2024

Sara Kärki

Senior Vice President, Hydrogen Development (Chief Operating Officer, Gasgrid vetyverkot Oy)

Esa Hallivuori

Senior Vice President, Project Implementation, Infrastructure Projects

Janne Grönlund

Senior Vice President, Gas Business Unit

Satu Mattila

CEO, Floating LNG Terminal Finland Oy

Petri Dahlström

CFO,
Finance, HR, Legal Affairs, ICT, Security

Virve Wright

Senior Vice President,
Communications, Sustainability and Public Relations

Olli Sipilä

CEO
Gasgrid Finland Oy and Gasgrid vetyverkot Oy

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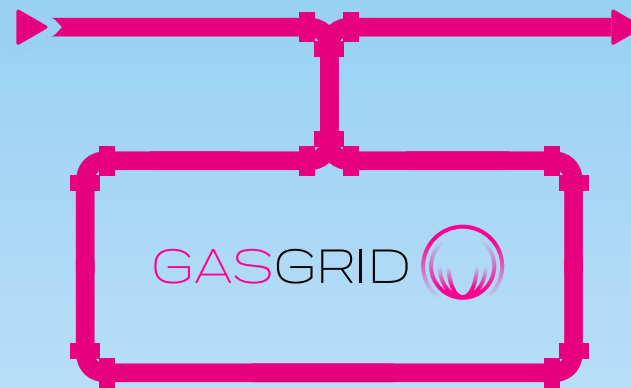
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Impacts

- Transition to a carbon-neutral society
- Transmission platform of the future for diverse gases
- Safe, reliable and low-emission gas transmission and market
- Development of the gas industry and expertise, achieving the role of a pioneer
- Promoting Finland's competitiveness and energy self-sufficiency and securing security of supply
- Financial benefits for stakeholders
- The employment effects of large infrastructure projects and other local and national benefits
- A responsible operator and a safe workplace
- Good governance and inclusive stakeholder cooperation



Value formation

- Transmitted energy **18.4 TWh** in 2023
- Security of supply **100%**
- Certified management system as part of value creation. Deviations in external auditing **0**
- Stakeholder satisfaction **NPS 44**
- **0** injuries leading to absences among personnel and suppliers in 2023
- Excellent results of employee survey — **4.17** on a scale of 1–5
- Employee turnover **8%**, total training hours **15 hr/employee**
- Prevention of methane emissions and reduction of diffuse methane emissions with technical remedial measures **146 tonnes** in 2023
- Investments **EUR 18.4 million**
- Share of RDI activities **1.1%** in relation to net sales
- Building roughly **5,000 km** of hydrogen transmission network with partners **to the Baltic Sea region**, which enables **90 per cent** of the goals of the REPowerEU plan for clean hydrogen produced within the EU
- Tax footprint for society **EUR 73.7 million**
- According to estimates, the hydrogen economy can create **200,000 new jobs** in the future*

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RESEARCH, DEVELOPMENT AND INNOVATION

Gasgrid's studies support the progress of the green transition

In 2023, we launched a project with our partners on Europe's first cross-border hydrogen valley, and completed our joint research and development project with Fingrid on energy transmission networks as enablers of the hydrogen economy and clean energy system.

According to our studies, the role of hydrogen and synthetic gases in the energy system will advance faster than has been previously estimated. In addition, according to our market survey, industrial players have expressed considerable interest in joining the hydrogen infrastructure in the coming years.

The goal of strategic analysis and research, development and innovation activities is to support Gasgrid's strategy and its implementation, by analyzing the operating environment. In 2023, as in the year before, the operating environment was unusual. The active development of green transition projects continued in Finland, and several new investment-oriented projects were announced. However, economic development in Europe and Finland continued to be challenging and the geopolitical situation was tense.

In Finland, the share of renewable electricity in electricity production continued to grow.

During 2023, we continued to actively analyze the energy market and operating environment. Our analysis work also produced important inputs for Gasgrid's new strategy.

There is high interest for the future hydrogen market by the industry and municipalities

The strong development of the hydrogen market continued in Finland and Europe as several infrastructure projects progressed towards more detailed planning and implementation phases. We describe Gasgrid's hydrogen infrastructure projects in more detail in the section **Hydrogen development**.

Based on our hydrogen market survey in autumn 2023, the future hydrogen market is projected to become four times larger than Finland's current gas market. The aim of the market survey was to enquire the industry's interest in joining the hydrogen infrastructure in the future and evaluate the development of industrial operators' projects in relation to the development needs of the infrastructure. The survey

indicates significant interest among industrial companies in terms of joining the hydrogen infrastructure in the future.

In addition, we interviewed representatives from counties and municipalities in May and June to obtain background information on land use development to support the routing planning of the hydrogen transmission pipeline network. The outcomes of the interviews with representatives from counties and municipalities highlighted the need for cooperation and providing hydrogen-related information. In addition, Gasgrid's role was considered important in the formation of the hydrogen economy. A key conclusion was that land use plays a key role in the development of hydrogen infrastructure and the realization of investments.

The BalticSeaH2 project for Europe's first cross-border hydrogen valley started

During the year, an extensive cooperation project, BalticSeaH2, was also launched. The BalticSeaH2 project aims to create Europe's first cross-border hydrogen valley. The BalticSeaH2 project involves 40 partners from nine countries around the Baltic Sea. The innovative project promotes the development of



The role of hydrogen and synthetic gases, such as synthetic methane, will become more prominent in the future energy system faster than expected.



the hydrogen economy and regional integrated hydrogen valleys in the Baltic Sea region. The main cross border hydrogen valley covers southern Finland and Estonia. In the project, Gasgrid acts as a coordinator of the project together with CLIC Innovation.

In the BalticSeaH2 project more than 20 demonstration projects and more than 10 investment projects will be developed, with total investments potentially exceeding EUR 4 billion. The total budget of the development project is EUR 33 million, of which EUR 25 million is funded by the EU Commission's REPowerEU Clean Hydrogen Partnerships.

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Based on our hydrogen market survey in autumn 2023, the future hydrogen market is projected to become four times larger than Finland's current gas market.



Clean gases have potential

In 2022, we estimated that the role of hydrogen and synthetic gases, such as synthetic methane, would become more prominent in the future energy system faster than expected. Based on our customer surveys and projects conducted in 2023, we concluded that the integration of synthetic methane production into the methane network and market can take place within the next few years.

Transmission networks enable a clean energy system

One of our most important research & development projects, which we concluded successfully in 2023, was a joint research & development project with Fingrid on energy transmission networks as enablers of the hydrogen economy and clean energy system. In the project, we worked in close collaboration on scenarios and modelling of the future energy system. We also continued investigating the role of the energy infrastructure as an enabler of the development of the hydrogen economy, as well as the expectations of stakeholders and Finnish companies regarding the development of the energy infrastructure. At the end of the year, we held a stakeholder event where we published the project's **final report**.

One of the results of the project was that the hydrogen infrastructure will play a key role in implementing Finland's renewable energy production potential. Another significant conclusion of the project was that the energy system should be planned in a coordinated manner, taking into account both electricity and hydrogen infrastructure.

The European Hydrogen Backbone group promotes the development of the hydrogen network and market

In 2021, Gasgrid joined the **European Hydrogen Backbone group**, which is a consortium of 31 gas transmission system operators and infrastructure companies. The group aims to promote the development of a pan-European hydrogen network and market and enable the achievement of carbon-neutrality goals.

In 2022, the group expanded from 23 to 31 members. At that time also Latvia and Lithuania, which are important for the Finnish gas market, joined the group. In 2022, the group also updated the Europe-wide hydrogen network development vision. Simultaneously, a cooperation model for the development of the region's hydrogen network and market was created with operators in the Baltic Sea region. In 2023, the group continued development work and prepared a report on the implementation of infrastructure projects, the **Implementation Road Map**.

Report on the supply of hydrogen to the gas network

In 2023, we carried out the H2 Blending study, which aimed to examine how blending hydrogen with natural gas impacts the need to modify the equipment in the methane infrastructure system. The study was initiated to prepare for potential increase of hydrogen blending in the existing pipeline infrastructure. The project was conducted in cooperation with Elering, Amber Grid and Conexus Baltic Grid. ●

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GASGRID'S BUSINESS OPERATIONS

OUR goal is for our transmission network and services to form a versatile, reliable and flexible energy system. Safe, uninterrupted and sustainable gas transmission requires a proactive, long-term approach to the changed global situation and preparation for the growth of clean gases in the market.

Business operations in brief

Gasgrid's business was divided into the transmission business, transmission platform, hydrogen development and LNG terminal operations in 2023.

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Transmission business



We provide gas transmission services and develop the Finnish gas market in cooperation with our customers and other stakeholders. Our customers include industrial and energy production companies, Finnish distribution system operators, and energy trading operators in Finland, the Baltic countries, and elsewhere in Europe. We also provide our customers with system services, such as balancing services and a gas energy trading platform. We develop operational models for the gas market in Finland and the Baltic Sea in order to provide predictability to the market and security of supply to society.

- Total gas consumption in Finland in 2023: **13.4 TWh**
- Renewable gas production in 2023: **140 GWh**
- Highest daily gas transmission volume: **78 GWh** (4 December 2023)



Transmission platform



We maintain and develop Finland's gas transmission platform, which consists of high-pressure transmission pipelines, compressor stations, and pressure reduction, measurement and valve stations. Our customers can use a gas transmission platform that works safely and smoothly, and meets their service needs. It includes the Balticconnector cross-border interconnection point, through which customers can transmit gas between Finland and Estonia. In addition, two LNG terminals and five biogas plants have been connected to the transmission platform. The platform enables the growth of clean gases to support Finland's carbon neutrality goals.

- Transmission platform: **about 1,300 kilometres of gas pipelines, nine compressor stations, more than 200 gas connection points**
- Security of supply of the transmission platform in 2023: **100%**



Hydrogen development



We advance strategically significant national and international hydrogen infrastructure projects. In addition, together with external stakeholders, we are developing hydrogen valleys that combine hydrogen production, consumption and storage with the help of hydrogen infrastructure. We aim to attract new investments and jobs to Finland, and to support Finland's energy security and self-sufficiency by building hydrogen infrastructure. The development work is conducted by our subsidiary company, Gasgrid vetyverkot Oy.

- International hydrogen infrastructure projects: **3**
- Construction of international hydrogen infrastructure: **by 2030**



LNG terminal



We ensure the supply of gas for industries, energy production and households, and strengthen Finland's security of supply and energy independence. The terminal ship stores and vaporises liquefied natural gas and feeds it into the gas transmission network. The ship entered commercial operation in January 2023. Our subsidiary, Floating LNG Terminal Finland Oy, is responsible for operating it.

- LNG unloaded at the terminal in 2023: **1 million tonnes**
- LNG fed into the gas network in 2023: **14.4 TWh**, corresponding to the annual consumption of **more than 720,000** electrically heated detached houses

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CUSTOMERS AND SERVICES

The market for clean gases developed at an accelerating pace

In 2023, we undertook several development measures to prepare for the strong growth of clean gases in the market, including biogas and synthetic methane. Amidst other factors, we prepared for the integration into the European Energy Certificate System, which enables automated transfers of gas guarantees of origin between European countries.

Our Transmission business unit provides safe, undisrupted, and sustainable gas transmission services. We develop the gas market in Finland in collaboration with our customers and other stakeholders. Our customers include industrial and energy production companies in dozens of market roles, distribution system operators, and energy traders in Finland, the Baltic countries and elsewhere in Europe.

We act in an official capacity as the developer and issuing body of guarantees of origin. A gas guarantee of origin is a digital document that ensures that clean gases, such as biogas and hydrogen, are produced from renewable energy sources.

In 2023, we issued guarantees of origin for approximately 350 gigawatt hours of energy. In 2022, the amount was slightly over 200 gigawatt hours. In addition to national biogas production, guarantees of origin were transferred to Finland from Lithuania and Denmark. These international transfers were tangible first steps towards a pan-European market for clean gases.

We estimate that the market for clean gases will grow strongly in the coming years. We took several measures to respond to market growth, including preparing for integration into the European Energy Certificate System (EECS), which enables automated transfers of gas guarantees of origin between countries. We were also involved in preparing and influencing the guarantee of origin standard related to Renewable Energy Directive II (REDII).

At the national level, we deepened stakeholder cooperation with our customers and key authorities of the new market for gases. Additionally, we also organised information sessions and initiated discussions with key authorities in terms of market development, such as the Energy Authority and the

Tax Administration. We will continue deepening cooperation with customers and authorities to develop the conditions for the clean gas market in 2024.

Another year of changes in the Finnish gas market

The changes in the Finnish gas market continued in 2023. The Inkoo LNG terminal was connected to the Finnish gas system at the start of 2023 and opened for commercial operation in January 2023. The damage to the undersea Balticconnector offshore gas interconnection pipeline between Finland and Estonia in October interrupted the transmission of gas between the countries throughout the winter season. In Finland, the demand for gas typically increases during the winter, and the increase was met mainly from the Inkoo LNG terminal, operated by Gasgrid Finland's subsidiary, and the Hamina terminal, operated by Hamina LNG.

The outage in the Balticconnector offshore pipeline, which serves imports and exports of gas led to immediate and significant changes in the gas market, as gas procurement channels and supply chains to the end users of the gas had

to be reorganised. As a result of the measures, the gas system remained balanced and gas supplies were secured. The parent company, Gasgrid Finland, and our subsidiary, Floating LNG Terminal Finland adopted the market model at short notice. Despite the end of the year being cold and the damage to the offshore pipeline, the availability of gas in Finland remained stable and undisrupted, thereby also supporting the production needs of the electricity market.

Capacity product

Finland's extraction zone	TWh	Relative share (%)
Annual capacity	4.6	32
Quarterly capacity	4.2	30
Monthly capacity	1.5	11
Daily capacity	2.4	17
Intraday capacity	1.4	10

We provide a transmission service where the key product is capacity. Our customers buy feed-in and extraction capacity from us, within which they can feed gas into the Finnish gas network and take it out of the network. The duration of the capacity product defines the period that is reserved for use by our customers. The Finnish extraction zone includes end users connected to the transmission and distribution network in Finland.

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“
LNG terminals have increased Finland's interest as a potential area of operation for European gas companies. Ten new gas companies were registered in Finland during the year, about half of which are gas companies operating widely in Europe.
”

In 2023, the price level of gas energy was significantly lower than the previous year, although during the Balticconnector outage, the market price in Finland was higher than in the Baltic countries. Gas demand in Finland recovered compared to the previous year to around 13.4 terawatt hours. In 2022, 11.9 terawatt hours of gas were used.

Maintaining and developing customer relationships is important

The Inkoo LNG terminal operated by our subsidiary, Floating LNG Terminal Finland, and the Hamina LNG terminal, operated by Hamina LNG, have increased Finland's interest as a potential area of operation for European gas companies. Ten new market participants were registered in Finland during the year, about half of which are gas companies operating widely in Europe.

Customer orientation is key to our operations, and we continued to develop the gas market's operating conditions interactively. As part of this process, we organised customer forums where we discussed current themes related to the operation and development of the gas market, such as the situation of the Finnish gas market and key changes to the market model.

Our goal is to improve the customer experience to meet the needs of customers in a changing operating

environment. In 2023, our focus was on bringing a systematic approach to our customer management operating models. Maintaining and developing customer relationships remain important themes in 2024, and we are aiming for an even better understanding of our customers' needs in the rapidly changing gas market.

The gas transmission platform is under constant development

The Finnish gas transmission platform operated by Gasgrid Finland includes one Balticconnector connection point that crosses national borders. In addition, two LNG terminals in Inkoo and Hamina and five biogas plants in Kouvola, Lahti, Mäntsälä, Riihimäki and Lohja have been connected to the transmission platform. The maximum transmission capacity of the Finnish gas system is approximately 140 gigawatt hours per day. The largest daily transmission volume in 2023 was approximately 78 gigawatt hours per day.

The Finnish gas market has experienced significant changes over the past few years as gas imports from Russia have ended and the Inkoo LNG terminal was successfully commissioned. As a result of these changes, the direction of gas flow in our system has changed, and we no longer have access to the considerable import flexibility previously offered by the Russian pipeline connection.

However, we developed our transmission platform to meet the service needs of our customers in a changed operating environment. For example, at the beginning of 2023, we removed an internal bottleneck in the network, enabling the daily transmission capacity to increase from 105 gigawatt hours to 140 gigawatt hours. We will continue to develop our transmission platform to meet our customers' evolving expectations.

We are responsible for the Finnish gas system

The Energy Authority has appointed Gasgrid Finland responsible for Finland's gas system. We operate as the balancing coordinator of the gas system as a whole, and our obligation is to manage and direct where required the commercial balance between market parties by buying and selling imbalance gas at the close of each gas day.

In addition, we conduct national imbalance settlement for the gas system, which specifies the system feed-ins and extractions of all parties in each balance period. System responsibility obligates Gasgrid Finland to take care of the technical functionality of the gas system together with other market operators to ensure the technical compatibility of the gas system as a whole. In 2023, Gasgrid fulfilled its system responsibility duties as planned. ●



CASE

Pipeline damage tested the market at the beginning of winter

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An unusual drop in pressure was observed in the Balticconnector gas interconnector pipeline between Finland and Estonia on the morning of 8 October 2023. Observations indicated a leak in the offshore gas interconnection pipeline between the countries. The pipe section was isolated, the valves were closed, and the leak was quickly stopped. Gas transmission in the pipeline between Finland and Estonia was interrupted for several months.

As a result of the pipeline leak, we immediately informed the market about the suspension of gas transmission between the countries and communicated the development of the situation actively on our website. The suspected leak was investigated in cooperation with the Estonian transmission system operator, Elering. The Finnish and Estonian authorities also launched their investigations.

Finland's gas system remained stable despite the outage of the pipeline, and gas supply was secured from the LNG terminals in Inkoo and Hamina. Gasgrid asked market parties to prepare for the demand in the coming winter season by ensuring sufficient gas availability from the Inkoo LNG terminal with capacity



reservations. This aimed to secure the uninterrupted service of Finland's energy needs in an exceptional situation. In addition, we wanted to ensure that the capacities offered from the terminal corresponded to the increase in demand caused by the outage of the offshore pipeline. Floating LNG Terminal Finland announced the final capacity offer over the winter on 25 October. The reservation option for market participants was open from 27–30 October. The terminal's capacity was offered for booking over the winter season on market terms.

Cooperation with the Estonian transmission system operator on the pipeline inspection and repair operation

We began to prepare a technical inspection of the gas pipeline to uncover the cause of the suspected leak and

locate the leak point in cooperation with the Estonian transmission system operator, Elering. The plan involved locating the leak point using echo sounding and videography, among other techniques. Inspection and repair operations require careful planning and adherence to well-defined permit processes. It was reasonable to suspect that the unusual drop in pressure and the resulting gas leak were caused by pipeline damage.

Along with the inspection we also started to investigate the extent of the gas leakage caused by the damage. In accordance with environmental legislation, we reported the results of the investigation to the environmental authorities.

Underwater inspections of the Balticconnector gas pipeline were launched in Inkoo on 10 October. The purpose was to find out the location and extent

of the damage and the condition of the entire offshore pipeline. Based on the observations, we started planning repair measures and a repair work schedule with Elering. The inspection operation covering the entire sea pipeline was carried out in stages during the week.

The authorities found external damage to the offshore pipeline on 10 October 2023. It was located inside Finland's exclusive economic zone, outside the territorial waters of Finland and Estonia.

Based on expert opinions, it was estimated that the planning of the gas pipe repair work, the mobilisation of the necessary underwater equipment, and the actual repair measures, including the inspection and commissioning of the repaired pipe section would require at least five months. At the end of 2023, preparations for the repair had progressed according to plans made by Gasgrid and Elering. The inspection process provided information that enabled more precise planning of the corrective actions, which progressed according to the goals. The materials used in the repair work were prepared, and key partners were selected. The goal is to commission the pipe in April 2024, provided there are no unforeseen delays or changes to the plan in the design and repair work.

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HYDROGEN DEVELOPMENT

The European hydrogen economy is built in cooperation

In 2023, we actively continued our work to develop national and international hydrogen economy, infrastructure and market in cooperation with the gas transmission system operators in neighbouring countries, companies and other external stakeholders. Our international hydrogen projects were added to the EU's list of Projects of Common Interest.

Our goal is to be a forerunner in clean gases and promote the achievement of the carbon neutrality targets of the industry and Finnish society. In 2023, we continued to work towards our goal, for example, through the active planning and development of the international hydrogen infrastructure development projects launched in 2022. In the Nordic Hydrogen Route, Nordic-Baltic Hydrogen Corridor, and Baltic Sea Hydrogen Collector projects, we advance the development of the hydrogen economy and the development of cross-border hydrogen infrastructure in the Baltic Sea region together with six other gas transmission network operators and two industrial companies.

These projects aim to develop national hydrogen infrastructure for Finland, and ensure that the parties investing in Finnish hydrogen production and further processing have access to key offshore wind power and storage solutions. The aim is also to speed up the development in the Baltic Sea region for the benefit of Finnish operators.

A highly significant milestone in the development of these projects was that all three of the aforementioned projects were added to the European Commission's list of Projects of Common Interest (PCI) at the end of November 2023. Admittance on the list highlights that the EU views these three hydrogen infrastructure projects in the Baltic Sea region as central to achieving Europe's energy policy goals. The PCI status enables projects to apply for EU funding and expedited permitting processes, among other benefits.

We also continued to work closely with our customers to develop even more local and regional hydrogen infrastructure projects, which we describe in more detail in the next section.

[Watch our webinar on the role of hydrogen in Finland \(in Finnish\) »](#)

0 ZERO emissions



An industrial hydrogen valley combines the infrastructure, storage and transmission of renewable hydrogen and serves hydrogen producers and users. We are also investigating industry integration possibilities.



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International hydrogen projects

Nordic-Baltic Hydrogen Corridor

In the **Nordic-Baltic Hydrogen Corridor** project the development of a hydrogen infrastructure from Finland through Estonia, Latvia, Lithuania and Poland, to Germany by 2030 is studied. In addition to Gasgrid Finland, the following gas transmission system operators are included: **Elering** (Estonia), **Conexus Baltic Grid** (Latvia), **Amber Grid** (Lithuania), **GAZ-SYSTEM** (Poland) and **ONTRAS** (Germany).

In 2023, we prepared and started the pre-feasibility phase with the project parties. The pre-feasibility phase is planned to be completed in the summer 2024. Thereafter, the project progresses through design and permitting phases to construction. Gasgrid's role in the project focuses especially on the development of a hydrogen network covering Southern Finland and on the development of a hydrogen market in the Baltic Sea region. The project enables the creation of an efficient hydrogen market in the Baltic Sea region.



[Read more](#)

Nordic Hydrogen Route – Bothnian Bay

The **Nordic Hydrogen Route – Bothnian Bay** project is a joint hydrogen infrastructure development project between **Gasgrid** and the Swedish gas transmission system operator **Nordion Energi**. The project's goal is to build a cross-border hydrogen infrastructure and an open hydrogen market in Ostrobothnia, and around the Bothnia Bay by 2030.

The pre-feasibility and project development phase was initiated in 2022, and the project has been advanced in terms of preliminary routing, and concept development, commercial analyses, and technical studies. The first development phase of the project is due to be completed in spring 2024, after which the goal is to proceed to more detailed planning and permitting phases and eventually to the construction phase.



[Read more](#)

Baltic Sea Hydrogen Collector

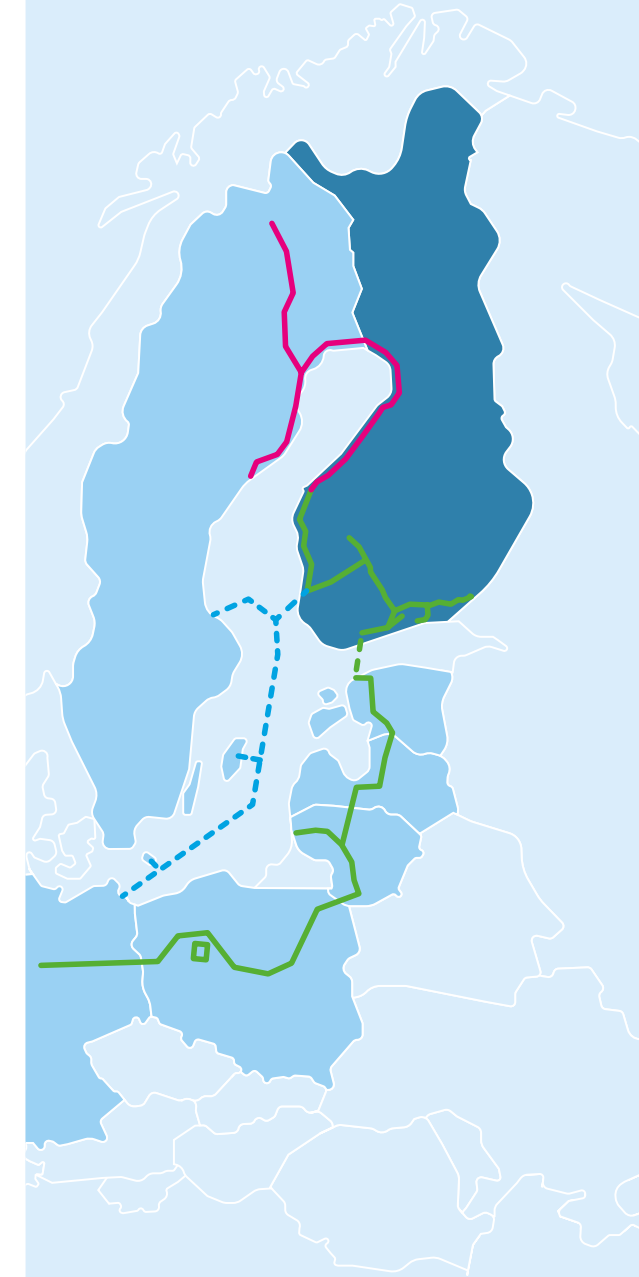
The **Baltic Sea Hydrogen Collector** project is the third strategically important hydrogen infrastructure development project of Gasgrid and its partners. By 2030, the project will develop an offshore hydrogen infrastructure connecting Finland, Sweden and Germany to enable the production and storage of clean and sustainable hydrogen. The parties involved include **Nordion Energi** from Sweden, and the international industrial companies **OX2** and **Copenhagen Infrastructure Partners**.

The preliminary route of the offshore hydrogen pipeline is from mainland Finland and Sweden to Åland and from there via the southern Baltic Sea to Germany by 2030. Gasgrid's role enables the utilisation of offshore wind power in Finland and the development of the market in the Baltic Sea region.

In 2023, the prefeasibility phase of the project was carried out and more detailed planning of the following phases was started.



[Read more](#)



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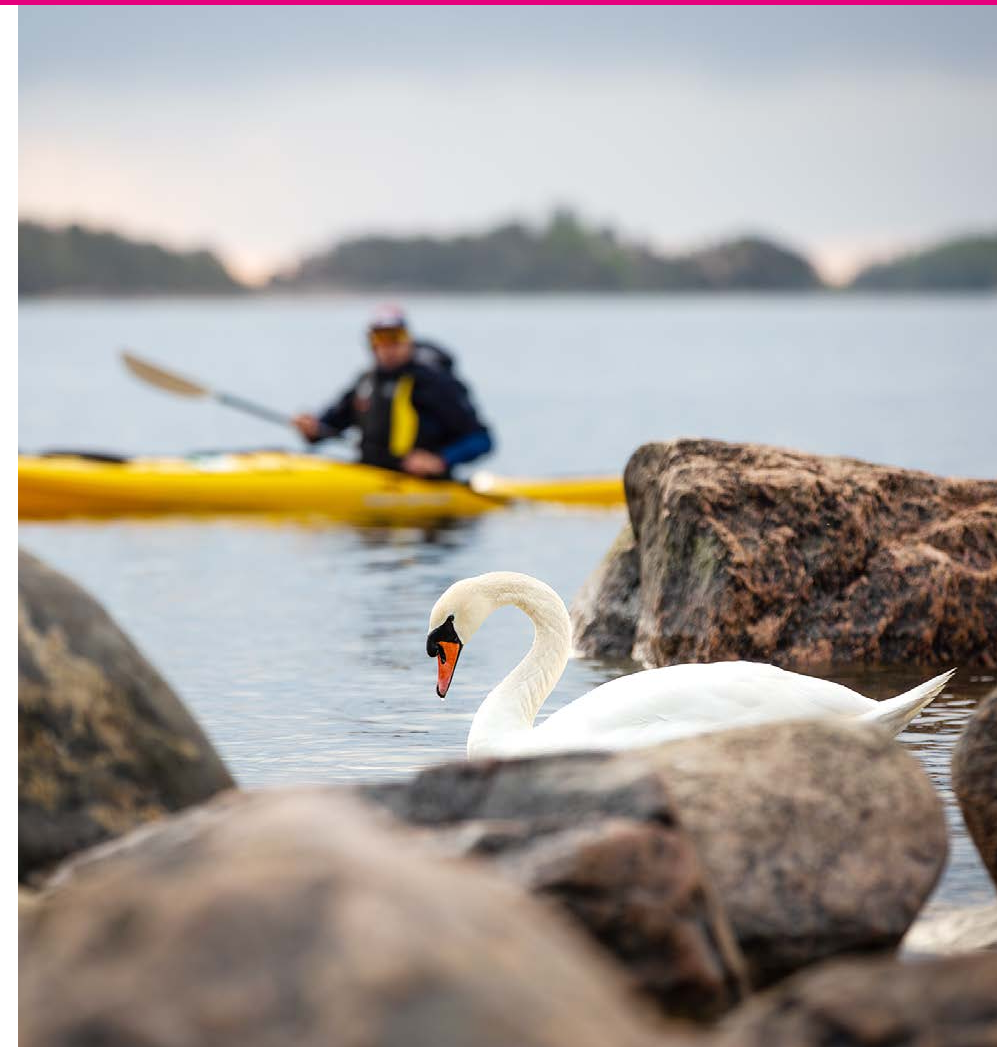
Gasgrid's hydrogen infrastructure demonstration project progressed to the basic engineering phase

At the beginning of 2022, we signed a cooperation agreement with Kemira Oyj and Ovako Imatra Oy Ab to investigate the feasibility of a demonstration project for hydrogen pipeline transmission and started the feasibility phases of the project. During 2023, we implemented the basic engineering phase of the project.

The Uusimaa industrial hydrogen valley development project started

In 2023, in cooperation with Neste, Helen, and Vantaa Energia, we started prefeasibility studies for the development of an industrial hydrogen valley in Southern Finland. The joint project promotes efforts to make Finland a leading European hydrogen economy, which creates investment opportunities for industry and supports the carbon neutrality goals of Finland and Europe.

An industrial hydrogen valley combines the infrastructure, storage, and transmission of renewable hydrogen, and would serve both hydrogen producers and users. In addition, the studies evaluate industry's sector-integration opportunities. As a byproduct of renewable hydrogen production, significant amounts of renewable heat are generated, which can be used for district heating. ●



Gasgrid enables creation of the hydrogen economy

The Finnish government has mandated Gasgrid to promote the development of a national hydrogen network, international infrastructure cooperation, and a hydrogen market in the Baltic Sea region. The development of national and international infrastructure and markets promotes the

creation of investment conditions for P2X projects, such as hydrogen production projects and further refining value chains, as well as the development of new export industries.

In 2022, the subsidiary Gasgrid vetyverkot was established to develop a hydrogen transmission infrastructure that

enables the emergence of a hydrogen economy and promotes Finland's role in the hydrogen economy. As a forerunner in the energy future, we are building a hydrogen transmission network that connects hydrogen producers and consumers not only within Finland but also throughout Europe.

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In 2023, 14.4 terawatt hours of gas were fed into the gas network via the Inkoo LNG terminal, which corresponds to the annual consumption of more than 720,000 electrically heated detached houses.



LNG TERMINAL

One million tonnes of LNG in the first year of operation

The LNG terminal, which provides liquefied natural gas terminal services to Finland and the Baltic countries, began operating in January 2023 in the deep harbour of Inkoo. The terminal ship safeguards Finland's security of supply and the operation of the energy market in a changed operating environment.

The terminal ship Exemplar was chartered to strengthen Finland's security of supply and energy independence, arriving at the Inkoo deep harbour in December 2022. The terminal began commercial operations on 16 January 2023. Gasgrid's subsidiary, Floating LNG Terminal Finland Oy, is responsible for operating the terminal. The company has leased the ship for 10 years.

The terminal ship vaporises the liquefied natural gas into a gas and feeds it into the gas transmission network for delivery to industry, energy plants, and the Balticconnector pipeline between Finland and Estonia and to the Baltic countries.

During the year, all operations related to the import, storage, regasification and feed-in of liquefied natural gas proceeded safely and according to plan. In 2023, one million tonnes of LNG was imported to the terminal and approximately 14.4 terawatt hours of gas were fed into the transmission network from the terminal, which corresponds to the annual consumption of more than 720,000 electrically heated detached houses.

In the first quarter of 2023, the terminal's full capacity was not utilised by customers. A mild early winter was one reason for the reduced demand. The first large LNG shipment arrived at the terminal at the beginning of April. The unloading of liquefied natural gas proceeded as planned. Since April 2023, the terminal has been in continuous use and its capacity has been used efficiently. Under normal circumstances, the busiest time occurs between spring and autumn, when market parties store gas for the coming winter. During the year, 18 cargoes of LNG were shipped to the terminal as a supplement.

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Cooperation with the municipality of Inkoo and its residents was particularly important in the first year of operation. We organised regular information sessions for the municipality and residents.



Terminal users can reserve annual terminal capacity in advance or take advantage of individual available import opportunities throughout the year. Users usually import approximately one terawatt hour of liquefied natural gas at a time. In addition to the annual capacity and individual available import opportunities, the terminal also offers the opportunity to import additional LNG cargoes of different sizes depending on the storage situation. In this way, we create an equal opportunity for as many market parties as possible to efficiently use the terminal with annual contracts and shorter-term capacity reservations.

At the end of 2023, we received permission from the Finnish Safety and Chemicals Agency (Tukes) to reload LNG at the terminal onto much smaller ships with cargo sizes of 100 gigawatt hours, for example. The use of small ships enhances the full utilisation of the terminal capacity and provides customers with more operational flexibility. Small ships can also deliver LNG from Inkoo to terminals outside the gas transmission network, for example in northern Finland. Several market players requested this service, and we were able to implement it in the terminal's first year of operation.

Aiming for safety, transparency, equality and flexibility

Terminal operations are based on the terminal rules approved by Energy Authority, which seek to enable the

utilisation of terminal capacity as equally as possible for different market participants.

Customers are able to utilise the terminal by reserving storage capacity and the regasification service. Customers purchase LNG from the global market and transport the LNG to the terminal for unloading. The terminal company verifies the origin of the LNG in each cargo to its source.

The terminal received MTMSA certification in early 2023. The certification process provides terminal operators with a standardised structure for evaluating and developing management systems. We can effectively use certified self-assessment to ensure that our management systems are comprehensive and promote safety and environmental issues. In addition, we can ensure that potential risks have been identified, analysed and minimised. Based on these stringent processes, we will continue to develop our operations moving forward. The certification was granted by DNV. In addition, during the spring, the terminal was audited and approved by several potential terminal users.

Close cooperation with different stakeholders and continuous development of operations

Close cooperation with the terminal's key stakeholders was considered as an important factor for starting the entire operation. During 2023, we received

valuable development ideas from our current customers and potential new customers. We will utilise these ideas to develop the terminal operation and services to better support the gas supply of the Baltic Sea region in every situation.

In the first year of operation, cooperation with the municipality of Inkoo and its residents was particularly important. We organised regular information sessions for the municipality and residents: the first at the end of 2022, the second in August 2023, and the third in January 2024. We received feedback from local residents, and we will continue to develop our operations based on the feedback. In addition, we will organise information events in Inkoo in the future to ensure continuous municipal dialogue.

We follow-up the international crew of the terminal ship (Floating Storage and Regasification Unit) as part of the monthly safety meeting attended by representatives of the terminal ship, the shipping company and the terminal company. We have received positive feedback from the crew about the smooth and efficient port operations and the cooperation in the area.

The terminal is an integral part of the port of Inkoo, and we actively coordinate the schedules of import ships with other operators in the area for example to avoid congestion in the port. ●

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CASE

The floating terminal proved its worth after the Balticconnector was damaged

The importance of terminal operations was highlighted in October 2023 when the Balticconnector gas interconnector pipeline between Finland and Estonia was damaged. The importance of the Inkoo terminal for Finland's security of supply and energy independence was demonstrated in practice, as it helped the gas supply to remain stable.

In order to ensure a smooth supply of gas during the winter season, we made changes to the scheduling and joint use of the terminal's capacity. The Energy Authority rapidly confirmed the temporary changes to the terminal rules. The updated rules minimised the risks of a harmful concentration in the Finnish gas market and ensured the equal treatment of market participants in a situation where the Balticconnector didn't offer flexibility to gas market.

Even in exceptional circumstances, safe, transparent, fair and flexible operations remained the cornerstones of our operations.



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SUSTAINABILITY

OUR sustainability work is guided by a strong vision of the future. Sustainability is integrated into our strategy, development programmes, and everyday operations and management. Sustainability creates new opportunities for us to support and promote a carbon-neutral future.

SUSTAINABILITY AT GASGRID FINLAND

Sustainability opens up new opportunities for us to promote a carbon-neutral future

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Sustainability is part of our values, strategy and development programmes. All employees promote practical sustainability work in their own areas of responsibility.

In our sustainability work, we consider the economic, social, environmental, and governance impacts of our operations, and the work is integrated as part of our company's strategy. In line with our vision, gases enable a path towards the delivery of a carbon-neutral society, and we provide a foundation for it. Sustainability work is therefore at the core of what Gasgrid does. The importance of sustainability in the company is also reflected in the values created together with the personnel, which, among other elements, emphasise a sense of responsibility. According to that value, we act responsibly, we take care of safety, we are efficient and agile, and we pursue the interests of the customer and society. We also aspire to build the future according to our values as a leader of change.

The owner of Gasgrid, the Finnish government, also requires the company to operate responsibly, holds the company's Board of Directors to account, and requires reports to the government on the development of sustainability at general meetings. In addition, the government requires a strong integration of sustainability into the business and goal-oriented management of sustainability as well as a pioneering approach to sustainability work. At its best, sustainability opens up new business opportunities that Gasgrid strives to exploit.

Sustainability is also important to our personnel. In the latest materiality analysis of sustainability undertaken in 2022, all Gasgrid employees considered the company responsible. According to the open-ended answers given by the personnel, safety is at a high level, and the contribution to sustainability is visible in everyday work. Gasgrid's employees find the tasks related to the implementation of the sustainability programme to be meaningful. Many new employees have



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also indicated in the orientation that they would like to work on sustainability themes. At Gasgrid, we also dedicate efforts towards integrating sustainability into everyone's work, as well as how we could gather a wide range of development ideas for sustainability activities.

We involve stakeholders in the development of our new sustainability programme

In our sustainability programme for 2022 and 2023, five essential themes related to our operations were defined: **excellent corporate citizen, people and culture, security of supply and safety, towards carbon neutrality, and transmission platform of the future.** We will report on the progress of the themes on the following pages of this report.

Our culture of sustainability was developed in 2023 under the strategy theme "Responsible agent of change". The programme theme was the development of a safety and sustainability culture. During the year, almost 100 different tasks were initiated as part of the the sustainability programme, and 97 per cent of the tasks in the programme were implemented.

The sustainability programme ended at the end of 2023, when our first strategy period ended. We are currently preparing a revised sustainability programme, which is due to be published in 2024. We have involved both internal and external stakeholders in its development through materiality analyses, other surveys and active dialogue.

The support of Gasgrid's management in aligning the target level and resources

of the sustainability work has been of paramount importance. Our ambition is to be a pioneer in sustainability, so a long-term vision has been defined for each theme in the sustainability programme.

We are preparing for stricter sustainability reporting in advance

There will be significant changes in the regulation and reporting of sustainability work in the next five years, and the regulation of work will become statutory. The Corporate Sustainability Reporting Directive (CSRD) will be applied at Gasgrid from the beginning of 2025. We started the development work to meet the requirements in 2023 by evaluating the current state of sustainability reporting in cooperation with partners. As a result of the work, we received a proposal from our partners for the development of reporting, based on which we will make a more concrete project plan to promote the work in phases.

We have prepared for stricter sustainability reporting regulations in advance. We prepare our sustainability report in accordance with GRI standards, and for the past three years our sustainability report has also been partially verified. In addition, we have clarified the most relevant themes in our reporting with stakeholder surveys, as well as mapped potential sustainability data management systems. In addition to the sustainability reporting directive, our sustainability work will be impacted in the future by the EU Corporate Sustainability Due Diligence Directive (CSDDD) through value chains and numerous other regulations, such as the EU methane regulation. ●

Sustainability work is linked to society's carbon neutrality goals

Sustainability work is important to Gasgrid, as the company's role is to promote the realisation of a carbon-neutral society with diverse gases. It is possible to reduce climate emissions with clean gases. Biogas is a renewable fuel that is currently fed into the gas network from several different points. Synthetic methane may replace the use of natural gas in the future and reduce emissions even further. In addition, we enable the development of completely new business with the help of the hydrogen economy and transmission infrastructure.

During its history, Gasgrid has developed from a pipeline gas company with one supply point of natural gas to a multi-gas company. From the point of view of sustainability, the transmission of diverse gases has wide-ranging impacts on society. This means that, for example, hydrogen infrastructure projects can promote the carbon neutrality goals of our customers, Finland and Europe, and bring new vitality to hydrogen valley areas and create jobs throughout the value chain.

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SUSTAINABILITY MANAGEMENT

Sustainability is managed in a goal-oriented manner

Responsible operations are integrated into our business and everyday management. The Gasgrid Finland's Board of Directors is responsible for the strategic management of sustainability.

Gasgrid Finland's Board of Directors is responsible for the strategic management of sustainability and reports on it to our owner, the Finnish Government, the Annual General Meeting. Our operational sustainability activities are led by the company's CEO in cooperation with the Management Team, and tangible actions under the sustainability programme are promoted and developed by Gasgrid's sustainability manager. Sustainability overall is managed in accordance with the company's management framework in the sustainability forum. Sustainability work is tied to the company's strategic performance goals, and sustainability is guided at Gasgrid by the sustainability programme and the commitments and goals that support it.

We report to the Board of Directors on the progress of sustainability work

Gasgrid's Board of Directors discusses sustainability issues regularly in its meetings. In 2023, reports to the Board

of Directors on risk management, notifications from the whistleblowing channel, safety and the progress of sustainability work were provided. In addition, the Board of Directors approves Gasgrid's sustainability programme and policies that guide operations, such as the Code of Conduct, corporate governance, the risk management policy and the information security policy. The Board of Directors also reviews and approves our combined annual and sustainability report. In accordance with the Limited Liability Companies Act, the Board's activities are guided by a duty of care, which was reflected, for example, in the development of risk management. In 2023, as part of our sustainability business, we developed risk management procedures that were approved by both the Audit Committee and the Board.

Our Board of Directors continued to develop its expertise in matters of sustainability, for example in training organised by the state's ownership steering and received information at regular ownership steering meetings. In addition, the Board of Directors participated in events run by FIBS, the largest corporate responsibility network in the Nordic countries. The Board of Directors and Gasgrid's management also regularly participate in topical

sustainability seminars and training organised by other parties.

Gasgrid's Board of Directors has assigned responsibility for sustainability to the company's CEO and Senior Vice President, Communications, Sustainability and Public Relations, who is a member of the Management Team. Sustainability management is included as part of Gasgrid Finland's management process, which is owned by the CEO. Sustainability is thus integrated into the company's management model.

One of the forums for the company's management is the sustainability forum, which is a body that guides sustainability work across the company's various business areas. The company's management has designated the Sustainability Manager as the leader of the sustainability forum to promote and coordinate sustainability responsibilities in our company. The sustainability forum meets monthly to discuss topics related to safety, corporate governance, sustainability, risk management and integrated management system. The forum has members from all the teams in our business and support functions that are relevant to sustainability work.

As part of the sustainability forum, we monitor the progress of the goals according to the sustainability

 **SUSTAINABILITY FORUM**



Members

- Management Team
- Supervision of Operations
- Safety
- HR
- RDI
- Procurement and suppliers
- Customers
- Operation
- + Chairman

Meetings

Monthly

Topics covered

- Safety
- Corporate governance
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- Risk management
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programme on a quarterly basis. The sustainability forum decides on matters within the sustainability manager's discretion in accordance with the limits defined in the corporate governance principles. If a sustainability-related issue requires a higher level of decision-making, it is passed to the Management Team or, if necessary, submitted to the Audit Committee or the Board of Directors.

The management system received the highest grade in an external audit

Gasgrid's management or operating system was certified in 2021 in line with the management standards on safety (ISO 45001:2018), environmental (ISO 14001:2015), and quality (ISO 9001:2015), and the national energy efficiency system (ETJ+). The theme of the external audit was sustainability at Gasgrid Finland, with a focus on environmental and energy matters. The theme received the highest rating of 5/5. In a periodic audit in 2023, no deviations were found for the second consecutive year. In 2024, our management system will be recertified for the next three-year period. The management system is particularly important for Gasgrid, because it is a condition for the gas pipeline self-inspection right granted by the Finnish Safety and Chemicals Agency (Tukes).

The management reviews the performance of the management system four times a year. The management outlines the applicability, appropriateness, effectiveness and continuous improvement measures of the management system. Five internal audits of the management system were held in autumn 2023, and all

functions are audited internally every three years. In 2023, we organised training for internal auditors to support the qualification for conducting audits. In addition, we introduced an apprenticeship model for internal audits last year, where auditors first learn from a master auditor before qualifying to become the lead auditor.

Sustainability is also included in the remuneration model for all personnel, which is tied to the company's strategic goals. Based on the analysis of the materiality of sustainability, the rewards include security of supply, customer satisfaction, and safety metrics that are considered essential for stakeholders.

Sustainability has also been included in the **sustainability loan of EUR 80 million granted** by OP Corporate Bank plc in 2021 to Gasgrid Finland. The loan is tied to the key indicators of the company's sustainability programme: supply outages, personnel injuries and direct greenhouse gas emissions. Sustainability is a key tenet of our strategy, so a loan linked to our sustainability programme adds further concreteness to the implementation of the strategy.

Gasgrid is involved in the UN Sustainable Development Commitment 2050 programme

Our sustainability programme and work are supported by commitments approved by our Management Team. Our commitments are publicly available on our website.

In accordance with the decision in principle of ownership steering, we have made a commitment to the UN Sustainable Development Commitment 2050 programme. The commitment

implements the goals of the UN 2030 Agenda for Sustainable Development. Commitment 2050 is a means of implementing global goals nationally. The commitments aim at measures to be implemented over a period of 5–10 years, which promote jointly agreed goals.

In Gasgrid's commitment to action, we systematically reduce and prevent methane emissions. Our goal is to achieve an annual saving of 20 tonnes of methane emissions in the natural gas and biogas transmission system until 2025 through active measures. During this commitment period, we will reduce or prevent a total of 120 tonnes of methane emissions. Our target supports UN Sustainable Development Goal (SDG) number 7: affordable and clean energy, goal number 9: sustainable industry, innovations and infrastructures, and goal number 13: climate action. Our sustainability operating principles were taken into account in the preparation of the commitment. The principals demand compliance with the principle of diligence and prudence. We report on the progress of our measures annually on the [sitoumus2050.fi](https://www.sitoumus2050.fi) website.

At the beginning of 2024, we joined the world's largest corporate responsibility initiative, the United Nations Global Compact (UNGC). The Global Compact promotes and develops the ecological, social and financial responsibility of companies and communities.

The initiative includes, among other variables, principles and goals related to governance, human rights and employee rights. In connection with the application process, we performed a review of the Global Compact's requirements during 2023 and identified development points that will be taken into account in future updates of our policies and goals.

Gasgrid is not politically aligned. During 2024, we will introduce a transparency register based on the Transparency Register Act. The purpose of the law is to increase the transparency of decision-making with the help of a public register, so that long term and planned influence on decision-making and decision-makers can become a visible part of the democratic process. All entities carrying out influence activities are obliged to report. ●

The corporate governance principle and Code of Conduct guide our operations

Policies and principles have been defined to guide Gasgrid's operations. **The corporate governance principles** define the responsibilities and framework of different functions. **The Code of Conduct** outlines the rights and obligations that guide the personnel. Several different policies have been compiled into a single entity in the Code of Conduct. In addition, risk management is governed by the risk management policy and information security by the information security policy.

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Material issue	Excellent corporate citizen	People and culture	Security of supply and safety	Towards carbon neutrality	Transmission platform of the future
Theme	<ul style="list-style-type: none"> Transparent and ethical business and governance Reliable and neutral partner Responsible procurement and supplier cooperation Promoting biodiversity 	<ul style="list-style-type: none"> Inclusive workplace Prosperous personnel Motivating and encouraging working culture 	<ul style="list-style-type: none"> High security of supply Safe gas transmission Safe workplace 	<ul style="list-style-type: none"> Supporting customers' and society's carbon-neutrality targets Towards carbon-neutral gas transmission Sustainability throughout the gas supply chain 	<ul style="list-style-type: none"> Development of energy and raw material system Building the foundation for a transmission platform of the future Promoting research and innovation
Targets for the end of the strategy period 2023	<ul style="list-style-type: none"> Operating transparently and reliably in society and linking to an internationally recognised framework Equal engagement with stakeholders Responsible procurement and supplier cooperation Preventing and reducing the harmful effects of invasive species 	<ul style="list-style-type: none"> Inclusive management and working together Prosperous and competent personnel Motivating and encouraging working culture 	<ul style="list-style-type: none"> Outstanding security of supply No accidents in gas transmission Injury-free workplace 	<ul style="list-style-type: none"> Supporting customers and a carbon-neutral society through clean gases Reducing gas transmission CO_{2e} emissions by 15% Supply chain impact assessment of one gas prepared 	<ul style="list-style-type: none"> A outlook of the future energy and raw materials system development has been established and Gasgrid's role clarified Foundations for a transmission platform, businesses and services of the future have been defined Networks and structures of RDI activities have been created
Vision 2035	Role model in society	Excellent job satisfaction and working culture	Forerunner in Europe compared to transmission system operators	Clean gases enable a carbon-neutral society	A transmission system for clean gases has been developed
Realisation 2023	<ul style="list-style-type: none"> Prepared for joining the Global Compact by analysing reporting requirements and joining approved in February 2024. Consultation of stakeholders, open communication and participation in reputation surveys, strategy work and projects. Supplier performance evaluation, supplier requirements, contracts, sanctions control and customer liability inspections, and supplier audits. Removal of the perennial Japanese rose from the Länsimäki pressure reduction station continues. Removal of hogweed from the Ojanne pressure reduction station property has been completed. 	<ul style="list-style-type: none"> Personnel days, information and surveys, strategy development together. The results of the personnel survey were 4.28 and 4.17. Number of hours of training: 15 hr/person. Working according to the hybrid working model, a bicycle benefit and a personnel fund have been implemented. 	<ul style="list-style-type: none"> Zero unplanned outages. 1 Balticconnector gas pipe damage 0 injuries leading to absences among in Gasgrid's operations and suppliers' operations. 1 medical treatment injury suffered by a supplier, without a sick leave. 386 safety inspections and 247 observations. 	<ul style="list-style-type: none"> Promotion of hydrogen, synthetic methane and biogas transmission system infrastructure projects. Scope 1-2 emissions from Gasgrid Finland's operations: 20,100 t CO_{2e}. Due to three unplanned methane emissions, the emission reduction target was not achieved. Continued environmental surveys and nature walks in the hydrogen transmission pipeline infrastructure project in South Karelia. The general climate and environmental impact report of hydrogen was completed. 	<ul style="list-style-type: none"> Scenario work on future energy system development continued in cooperation with Fingrid The development of large infrastructure projects – Nordic Hydrogen Route, Baltic Sea Hydrogen Collector and Nordic-Baltic Hydrogen Corridor – continued and the projects were approved for inclusion in the EU Commission's list of PCI projects As part of Gasgrid's new strategy, it has decided to strengthen and scale the role of hydrogen development and RDI in order to ensure the ability to implement the strategy.

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STAKEHOLDER COOPERATION AND MATERIAL SUSTAINABILITY THEMES

We develop sustainability work through extensive stakeholder cooperation

We develop our sustainability work extensively with our internal and external stakeholders through active dialogue and many other channels. According to the autumn 2023 Trust&Reputation survey, our stakeholders consider us as a very sustainable company.

The purpose of our stakeholder cooperation is to gather broad views on the development of Gasgrid's operations and value creation. Since the founding of the company, we have included our stakeholders in the development of the strategy and sustainability, and have taken into account the feedback we received from them in our operations. We have formed our stakeholder list based on the entire stakeholder cooperation implemented. The most important stakeholders for us are:

- Customers
- Owner
- Media
- Political and social influencers
- Landowners and transmission network neighbours
- Authorities
- Financiers
- Personnel
- Partners

- Non-governmental organisations and movements
- Service and supplier partners
- Representatives of projects in an area of influence related to Gasgrid's infrastructure
- Researchers and members of the scientific community.

In terms of Gasgrid's operations and reporting, the essential themes by stakeholder group are listed in the table on the following page. The table is compiled from a materiality analysis based on the 2022 electronic stakeholder survey and supplementary interviews. For the analysis, our Management Team evaluated the significance of the sustainability themes that came up in the stakeholder survey from the perspective of both the company and society.

The table shows the three themes that each stakeholder group considers to be the most important. In certain themes, expectations were evenly distributed, so we internally selected the three most important from each ESG area.

Based on the results, we defined materiality in a nutshell, which is presented on [page 43](#).

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Key stakeholders	Key expectations according to the materiality analysis	Interaction channels and methods
Human resources	<ul style="list-style-type: none"> • Occupational safety S • Receiving of renewable energy into the gas transmission network system E • Security of supply S 	Personnel briefings, target and “how are you” discussions, personnel days, management forums, occupational health and safety activities, intranet communication and training
Customers	<ul style="list-style-type: none"> • Equal treatment in the market G • Security of supply S • Methane emission reductions E 	Customer meetings, regular meetings, webinars, regulatory hearings, information systems, customer service system tickets, gas transmission control room collaboration, news, stakeholder letters, NPS or other surveys
Potential customers/collaborators	<ul style="list-style-type: none"> • Occupational safety S • Receiving of renewable energy into the gas transmission network system E • Reliability as a partner G 	Transmission network connection procedures and meetings, hydrogen project planning meetings, webinars, news and stakeholder letters
Owner	Several themes, including: <ul style="list-style-type: none"> • Combating climate change E • Diversity and equality S • Transparency of governance and management G 	Owner steering meetings, general meeting, working groups, outlines of the principle decision on owner policy and direct discussions
Authorities	<ul style="list-style-type: none"> • Safe use of gases S • Security of supply S • Competence and professionalism of personnel S 	Annual reporting, permit inspections, monitoring and cooperation meetings as well as project stakeholder negotiations
Service and supplier partners	<ul style="list-style-type: none"> • Reliability as a partner G • Anti-corruption and anti-bribery G • Energy efficiency E 	Collaborative meetings, information systems that guide operations, online training and audits
Landowners and transmission network neighbours	<ul style="list-style-type: none"> • Reliability as a partner G • Occupational safety S • Equal treatment in the market G 	Resident evenings, safety campaigns, newspaper notices and articles, stakeholder letters, noise notices and project bulletins
Representative of a project in an area of influence related to Gasgrid's infrastructure	Several themes, including: <ul style="list-style-type: none"> • Combating climate change E • Safe use of gases S • Competence and professionalism of personnel S 	Gas pipeline monitoring and safety services, approval procedures, control room cooperation, Puhti geographic information system and planning meetings
Political influencer / decision-maker	Several themes, including: <ul style="list-style-type: none"> • Combating climate change E • Realisation of employees' rights in the value chain S • Security of supply S 	Statements, work group work, expert consultations and meetings
Media representative	Several themes, including: <ul style="list-style-type: none"> • Diversity and equality S • Anti-corruption and anti-bribery G • Reliability as a partner G 	Media releases, stakeholder letters, interviews and stakeholder meetings
Researchers and members of the scientific community.	<ul style="list-style-type: none"> • Combating climate change E • Diversity and equality G • Safe use of gases G 	Producing information about the gas industry with news, webinars and publications. Research cooperation projects and reports and university cooperation
Financiers	Several themes, including: <ul style="list-style-type: none"> • Low-emission gas transmission E • Security of supply S • Business ethics G 	Operations and reporting in accordance with the financing agreement and financing negotiations
Representatives of civic organisations or movements	Several themes, including: <ul style="list-style-type: none"> • Biodiversity E • Personnel well-being S • Business ethics G 	News, webinars, answering surveys, survey feedback and resident evenings

E Environmental responsibility **S** Social responsibility **G** Corporate governance

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The security of supply and occupational safety are important sustainability themes

The security of supply, safe transmission and use of gases, and occupational safety emerged as the most important sustainability themes in the stakeholder survey. Gasgrid's reliability as a partner, and its anti-corruption and anti-bribery policy are also highly valued.

The most important environmental aspects were considered to be the acceptance of renewable energy into the gas transmission network system, the low-emission transmission of gases, and the fight against climate change. The environmental sustainability of procurement practices was considered the least important.

For stakeholders, the most significant aspect of social sustainability is security of supply, which 98 per cent of respondents considered either very significant or significant. The safe transmission and use of gases, and occupational safety were also seen as important. The competence and professionalism of personnel, and the well-being of personnel were identified as other significant themes. Preference for local suppliers was considered the least significant of the social sustainability themes.

Reliability as a partner emerged as the most significant governance focal point in the eyes of stakeholders. Anti-corruption and anti-bribery, equal treatment in the market, and transparency of governance and management were also considered important. Supporting customer sustainability was perceived as the least important theme, but was still considered very significant or significant by 73 per cent of respondents.

Stakeholders have recognised the importance of biodiversity, and its weight increased in the 2022 survey compared to the previous survey. The importance of topics related to corporate governance also increased.

Gasgrid's Management Team discussed the results of the stakeholder survey in a workshop in December 2022 and assessed the significance of sustainability themes from the perspective of Gasgrid's business and social impact.

We will also utilise the results of the stakeholder survey and other surveys in the preparation of our new sustainability programme, which will be updated in 2024.

Stakeholders consider Gasgrid a sustainable company

We studied our stakeholders' view of our sustainability in autumn 2023 as part of T-Media's Trust&Reputation study. Stakeholders were asked for their views on the statement that "Gasgrid is a sustainable company". In the survey, Gasgrid's sustainability received a rating of 4.20 on a scale of 1-5, which can be considered an excellent result. 86 per cent of those who responded to the online survey agreed either fully or partly that Gasgrid is a sustainable company. The results of surveys mapping our sustainability mindset have remained very good since 2020.

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Close local cooperation is important in our projects

At Gasgrid, we consider active and stakeholder-friendly project communication important. Ongoing projects and their progress are reported on the website, and at local discussion and information events. We encourage our stakeholders to give feedback on our activities. We process all the feedback we receive and respond to those contacting us as promptly as possible.

In 2023, we received feedback about the noise caused by the LNG terminal that started operating in the port of Inkoö at the beginning of the year. During the year, there were a total of 12 parties who contacted us, all of whom we answered by first consulting the terminal team. The terminal operates under Fortum's environmental permit at the Port of Inkoö, and the Centre for Economic Development, Transport and the Environment acts as the supervising authority.

During 2023, we commissioned Ramboll to conduct independent noise emission and environmental noise measurements of our terminal operations. Measurements were made from different points, both on the terminal ship and throughout its surroundings, such as on the opposite shore of the terminal near holiday housing.

The noise level when unloading LNG was measured at the beginning of April. The noise of the LNG vessel's normal gas transfer activities was measured in the summer, and the results of the noise measurement reports were presented in August at an information session for the local residents. We commissioned an additional noise measurement survey in autumn 2023 to

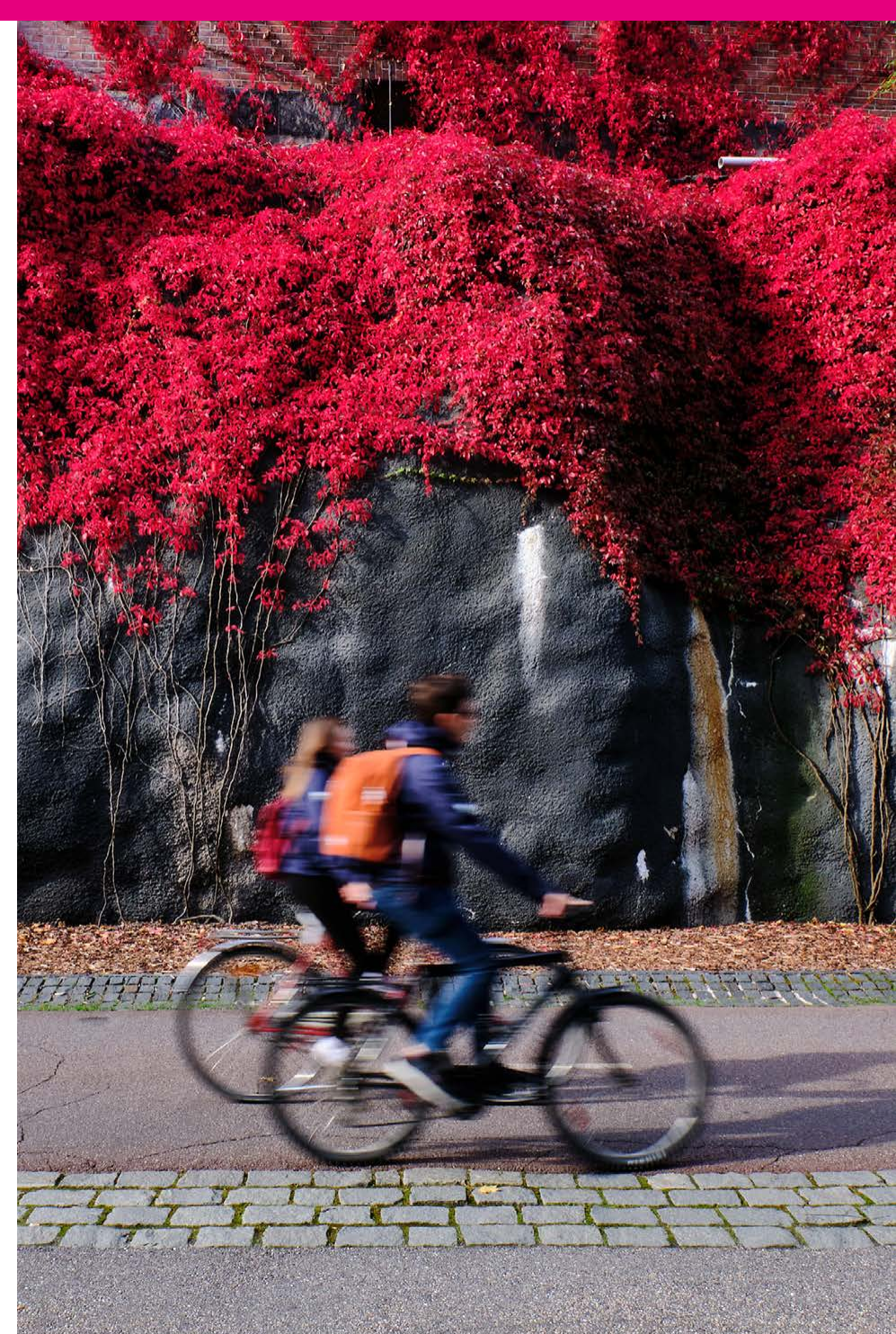
assess the noise situation at the point when the gas transmission was shut down.

The noise measurement reports were submitted to the supervisory authority to evaluate the results. During the autumn, noise modelling of the terminal was prepared to support the planning of noise prevention measures. During autumn 2023, the terminal company investigated possible noise control measures and will submit the plans to the authority once they are completed. Noise prevention measures must be carefully planned based on noise measurements and modelling, so that the measures are effective and do not increase noise elsewhere.

Another concrete example of our active project communication is the Joutseno–Imatra hydrogen transmission pipeline demonstration project, which included webinars aimed at external stakeholders and an information session for the local residents.

Effects of sustainable development themes on Gasgrid's business

We also surveyed the views of our stakeholders on the impact of certain sustainable development themes on Gasgrid's business and on the impact of Gasgrid's business on sustainable development. The importance of double materiality as a methodology for analysing sustainability will increase with the implementation of the EU Corporate Sustainability Reporting Directive. A summary of the results is compiled on [page 44](#). We continue to complete double materiality to meet the requirements of the EU Corporate Sustainability Reporting Directive. ●

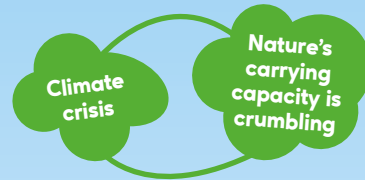


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Materiality in a nutshell

In our sustainability work, we are guided by both identified megatrends and future opportunities, as well as feedback collected from stakeholders on our most relevant sustainability themes. With our sustainability programme, we support the UN's sustainable development goals.



Towards carbon neutrality Transmission platform of the future

The most important aspects of sustainability summarised **E** : *

- Receiving renewable energy into the transmission network
- Combatting climate change
- Low-emission gas transmission
- Energy efficiency



* E theme: actual, potential and positive effects



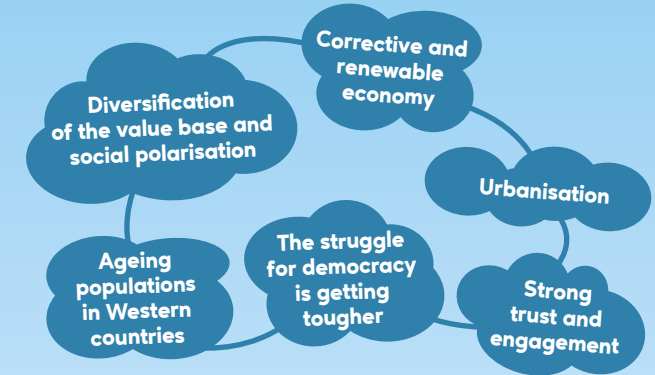
People and culture Security of supply and safety

The most important aspects of sustainability summarised **S** : *

- Security of supply
- Safe transmission and use of gases
- Competence and professionalism of personnel
- Personnel well-being



* S theme: actual effects



Excellent corporate citizen

The most important aspects of sustainability summarised **G** : *

- Reliability as a partner
- Anti-corruption and anti-bribery
- Equal treatment in the market
- Transparency of governance and management



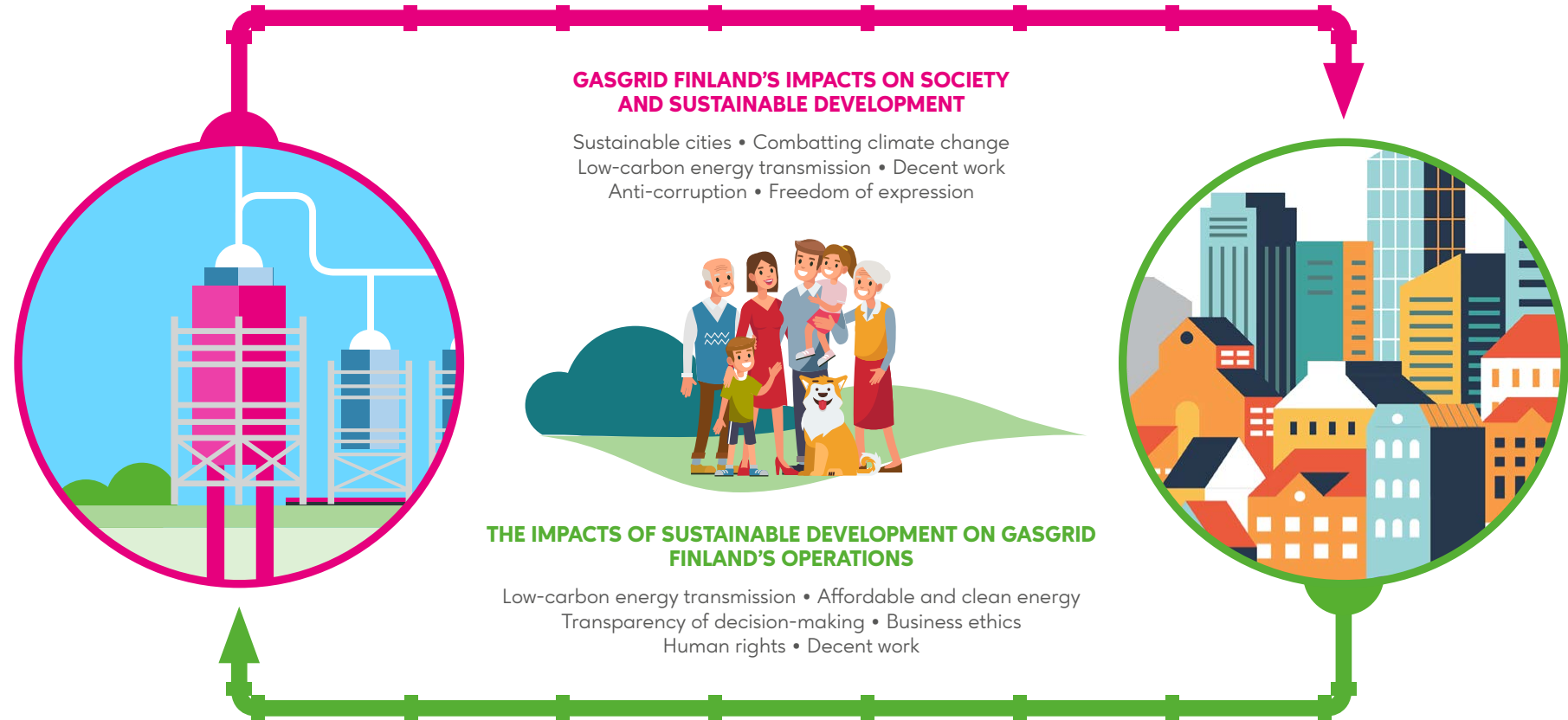
* G theme: actual effects



Double materiality

The diagram shows the views of stakeholders on the impact of sustainable development themes on our business and the impact of our business on sustainable development.

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Material theme	Policies and commitments	Management of material topics	Sustainability themes
EXCELLENT CORPORATE CITIZEN			
Transparent and ethical business and governance	The state's principles of ownership steering, corporate governance principles, Code of Conduct and risk management policy	Ownership steering, Board and Management Team work and approval of policies in the Board. Management process	Excellent corporate citizen
Reliable and neutral partner	Code of Conduct	Management process	
Responsible procurement and supplier cooperation	Supplier Code of Conduct	Procurement matters in the transmission platform management forum. Procurement process and procurement instructions. Sanctions enforcement and checks on the fulfilment of contractor obligations	
Promoting biodiversity	Environmental policy as part of Code of Conduct	Sustainability forum	
PEOPLE AND CULTURE			
Inclusive workplace	HR policy as part of Code of Conduct	Board and Management Team work according to the management process Personnel and culture forum	People and culture
Prosperous personnel	Ethical principles as part of Code of Conduct	Personnel and culture forum. HR processes	
Motivating and encouraging working culture	Company's values and Code of Conduct	Values created in cooperation	
SECURITY OF SUPPLY AND SAFETY			
High security of supply	0 accidents and 0 supply interruptions – principles in action	The transmission platform and transmission business management forums lead the zero accidents and zero supply interruptions goals. Operational control and gas transmission processes	Security of supply and safety
Safe gas transmission	Contingency planning related to the security of gas supply	Transmission platform and transmission business management forums	
Safe workplace	Information security policy	Management model for ICT issues, information security and ICT processes.	
	Safety policy as part of the Code of Conduct The zero injuries principle	The sustainability forum contributes to the goal of zero injuries. Safety management process	
	Occupational health and safety activities	The Occupational Safety and Health Committee addresses issues related to occupational safety and health in cooperation	
TOWARDS CARBON NEUTRALITY			
Supporting customers' and society's carbon-neutrality targets	Environmental policy as part of Code of Conduct	The goal of carbon neutrality and the commitment on methane emissions are promoted in the sustainability forum, and the goals are widely promoted in all functions of the organisation.	Towards carbon neutrality
Reducing gas transmission emissions by 15%	Carbon-neutrality goal -15% t CO ₂ e by the end of 2023. Reference years 2020–2021 average (14,000).	Sustainability forum	
Sustainability in gas supply chains	Commitment 2050 to prevent and reduce emissions	Sustainability issues included in the management process Sustainability forum	
	Zero environmental incidents principle	Sustainability forum	
TRANSMISSION PLATFORM OF THE FUTURE			
Development of energy and raw material system	The principles of research, development and innovation activities as part of the Code of Conduct	The RDI process and Gasgrid vetyverkot Oy's Board meetings and guidance	Transmission platform of the future
Building the foundation for a transmission platform of the future	Nordic Hydrogen Route (NHR), Baltic Sea Hydrogen Collector (BHC), Nordic-Baltic Hydrogen Corridor hydrogen infrastructure development projects and hydrogen valley and customer projects	The entire operation of Gasgrid vetyverkot Oy	
Promoting research and innovation	The principles of research, development and innovation activities as part of the Code of Conduct	RDI processes	

EXCELLENT CORPORATE CITIZEN

Transparency and ethics are emphasised in operations

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It is important for Gasgrid to act transparently and ethically in all its operations. We want to be a reliable and fair partner, and we also demand responsibility from our suppliers.

Gasgrid aims for active and open interaction with its stakeholders. Several communication and feedback channels are available to support this. Customers can contact us through the customer service email or system. Statements and evidence about the gas pipeline have their own channels, our central control room works 24 hours a day in case of leaks or accidents, and we ask for other contacts requests to be sent to info@gasgrid.fi.

We encourage our partners to contact us via their Gasgrid contact person so that we can further enhance and develop our operations. The importance of active discussion within the organisation has also been emphasised to the personnel. We hope that through active dialogue we will receive development ideas for our operations from both internal and

external stakeholders in order to foster a transparent and ethical way of operating.

In addition, our company uses a channel for reporting misconduct in accordance with the Whistleblower Directive. The Finnish Whistleblower Protection Act entered into force at the beginning of 2023. Gasgrid has utilised a whistleblowing channel since it was established as part of the ownership steering requirements. Reports can be submitted anonymously, and the identity of the reporter is technically encrypted. The channel can be used to report suspected unethical activity and violations of the law, and it can be utilised by all internal and external stakeholders through our website. The whistleblowing channel has been implemented with the Finland Chamber of Commerce, an independent and external partner.

In 2023, Gasgrid did not receive any reports classified as misconduct. Any reports of misconduct are reported to Gasgrid Finland's Management Team every six months as part of the management's review of the management system. In addition, a summary of the notifications is distributed to the Audit Committee and the Board of Directors.

Gasgrid did not receive any fines or other administrative sanctions related to violations of legislation in 2023, as in previous reporting periods. We also did not receive any confirmed complaints of breaches of customer privacy or leaks, loss or theft of customer data.

Anti-corruption activities are already strong in Finland, thanks to national regulations. Gasgrid has identified the highest potential corruption risk related to its own operations mainly in construction. To ensure responsible operations, our employees complete an online course on safety and on our Code of Conduct, among others. In 2023, no confirmed cases of corruption were reported in our company.

Gasgrid Finland's memberships are publicly available on the company's [websites](#) and in the GRI index. During 2023, Gasgrid Finland joined two new stakeholder networks. We joined the Executives' Global Network Sustainability group to create sustainability networks and identify best practices. Our other new membership was KIWA's HSEQ network for supplier audits.



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We require our suppliers to be sustainable

Gasgrid Finland requires its suppliers to observe responsible operating practices, and the principles of precaution and due diligence. Service providers and the significant material suppliers commit to responsible operations by signing Gasgrid Finland Oy's requirements for partners. We expect suppliers to comply with Gasgrid's targets of zero accidents, environmental incidents, property damage incidents, and disruptions of supply. We treat our suppliers in the same way as our own personnel. We do not accept the use of child labour or forced or undeclared labour in our operations, and we require the supplier to respect human rights and human rights treaties.

We have classified our suppliers into three categories: key suppliers, important suppliers, and ordinary suppliers. In 2022, we evaluated the performance of 80 key and important suppliers from the perspective of delivery quality, punctuality and smoothness of cooperation on a scale of 1–5. It was also possible to comment verbally on the suppliers' performance. The average rating for all suppliers was '4', which was viewed as very good.

In the performance evaluation, we collected information on supplier sustainability for the first time. We mainly seek information from companies' websites and through email surveys sent to contact persons. We discovered whether the company has a certified management system, a sustainability programme with monitoring models, and annual public reporting on sustainability. We also asked whether the company takes energy

efficiency into account in its operations. More than half of the 80 evaluated suppliers report on sustainability in such a way that evidence referring to it can be found on their websites or we received information about the reporting by email. We verified the consideration of energy efficiency in the following ways: the company has an energy efficiency system (ETJ+), a LEED certificate or an environmental programme, or the company's energy efficiency is reflected in the sustainability reporting.

We audited two service providers in 2023. The first audited company was a key supplier promoting the maintenance of our security of supply. The second audit target was an important service provider that offers gas infrastructure planning services. Both audits proved useful, and we found areas for development to improve operations.

To comply with EU sanctions against Russia, we use a system that reviews up-to-date sanctions lists. In addition, the system checks the sanctions imposed by the United States, Great Britain and the UN Security Council on individuals and entities.



Gasgrid's operations are based on a strong safety culture and sustainability, which we also expect our suppliers to commit to.



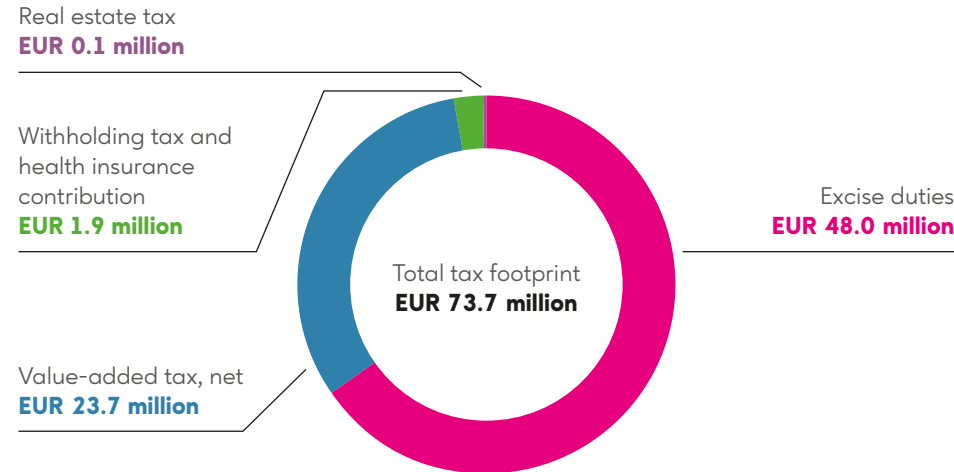
We joined the world's largest corporate responsibility initiative, the Global Compact.

At the beginning of 2024, we joined the world's largest corporate responsibility initiative, the United Nations Global Compact (UNGC). The Global Compact promotes and develops the ecological, social and financial responsibility of companies and communities. By committing to the initiative, we will implement, among other elements, the UN's ten principles of governance, human rights and workers' rights, and we promote the goals of sustainable development in our operations. The initiative has been signed globally by 17,000 companies and 4,000 communities.

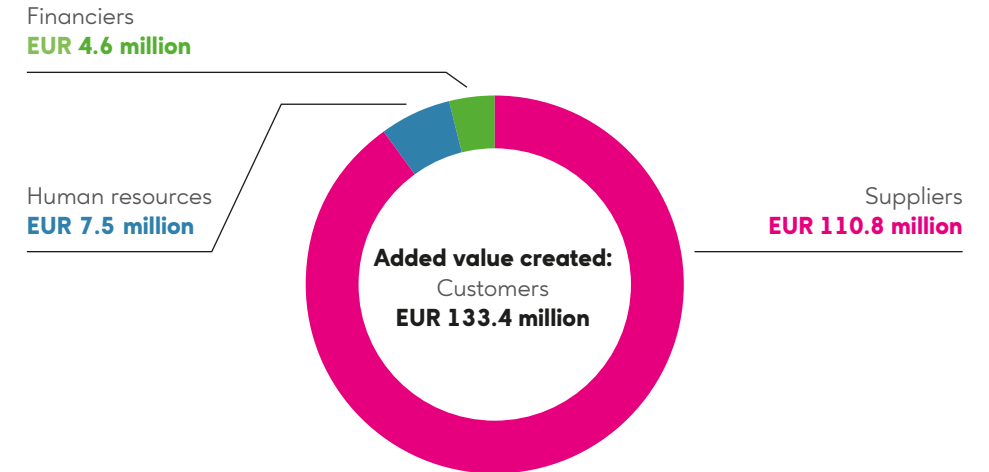
We reviewed the Global Compact's requirements in 2023 and identified development points that will be taken into account in future updates of our policies and goals.

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Gasgrid's tax footprint



Division of created and distributed added value



The economic added value created by Gasgrid for its stakeholders increased

Gasgrid's operations create significant economic added value for various stakeholders, including employees, customers, suppliers of goods and service providers, shareholders and society as a whole.

The economic added value created by Gasgrid increased in 2023 from the previous year to EUR 133.4 million. Economic added value consists mainly of capacity reservations in the transmission network and terminal services. We also create added value for our customers

through our balance management, centralised data exchange and gas guarantee of origin services. Added value also consists of purchases from suppliers of good and service providers, salaries paid to employees, interest payments to financiers, and taxes paid to the public sector. Undistributed economic added value was EUR 10.5 million in 2023.

In line with our sustainability targets, we communicate transparently about the distribution of economic added value and voluntarily follow the Securities Market Association's reporting recommendations.

In addition, Gasgrid holds regular consultations with key stakeholders, for example on the pricing of its services.

Gasgrid's employees are covered by the Finnish defined-benefit employee pension scheme. We do not use supplementary pensions that deviate from this scheme as part of the remuneration of our key employees. In 2023, Gasgrid received EUR 540,000 in support from Business Finland and CLIC Innovation for the development of the future energy system and research work on clean gases. The share of the subsidies received by the parent company,

Gasgrid Finland, was received from Business Finland, and was for the research and development project implemented with Fingrid ("Energy transmission networks as enablers of the hydrogen economy and clean energy system").

In line with our sustainability programme, we systematically monitor our tax footprint. Gasgrid has no foreign subsidiaries, and we pay all of our tax in compliance with Finnish laws and regulations. We paid a net amount of EUR 23.7 million in value-added taxes and also remitted EUR 48.0 million in excise duties. ●

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PEOPLE AND CULTURE

Investment in employee well-being and the growth of the organisation

Our activities are based on openness, fairness and good community spirit, both inside the company and with our external stakeholders. Our competent and professional personnel are strongly committed to their work and the company's strategic goals. In 2023, our focus was on supporting the well-being of the personnel and the growth of the organisation.

The work at Gasgrid is rewarding and meaningful for society – we are driven by a strong sense of responsibility toward our customers, stakeholders and society. Safety, the security of supply and cost-efficiency are our most important operating principles, and they shine through our entire operations and in our day-to-day management.

We aim to be a frontrunner in the fields of good leadership, personnel development and well-being. The principle behind our managerial and supervisory work is to lead employees fairly and

purposefully. Internally, we communicate openly and transparently, and have a culture of listening and active discussion.

We are a small company in terms of the number of employees, so everyone has the chance and responsibility to engage in company development and grow by working in challenging roles.

During the year, 20 new employees started and growth continues

Our strong growth continued in 2023. The organisation grew from 56 people to 70 people, when 20 new experts started during the year. Three of the recruitments were replacements. Of the new employees, 10 are women, 10 are men, and their average age is 40. A total of five employment relationships ended. The average personnel turnover was 8.0 per cent (7.4 per cent).

The company's growth will continue in 2024: we are recruiting dozens of new employees to support our hydrogen business and projects, among other things, and the growth is expected to continue in the next few years. We also

continued our long-term work on building our employer image.

Gasgrid's attractiveness as an employer is due to its socially significant work, an open and inclusive work culture, professional colleagues, and a modern and developing work environment. Gasgrid also supports learning and development. Orientation is well planned and implemented.

In 2023, we were already accustomed to working with a hybrid model. Teams can decide the most suitable ways to work flexibly, whether on-site or remotely. At Gasgrid, we strive to facilitate the reconciliation of work and family life with various flexible working time arrangements, taking into account the nature of each task. We offer alternatives to help our experts in different life situations to participate in working life.

We invest in staff satisfaction

We regularly collect feedback from our staff. We conduct a personnel survey twice a year, which measures the clarity of the company's direction and goals, as well as each



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individual's own duties and goals. In addition, we find out how employees evaluate management and supervisory work, as well as their own well-being in the workplace.

The personnel survey conducted in autumn 2023 was more extensive than previously. We surveyed the thoughts of all our important stakeholders, including our staff, about our reputation and trust. The average result of the last personnel survey of the year was 4.17 (on a scale of 1–5), and 4.28 in the first survey of the year. 44 people responded to the survey, and the response rate was 72.13 per cent. For the first time, we also measured the personnel's willingness to recommend us as an employer, known as the eNPS figure. The eNPS (employee Net Promoter Score) figure was 68, which is interpreted as an excellent result.

In 2023, we organised monthly personnel briefings and a personnel event where we collected feedback and ideas for operational development. Based on the feedback, we developed our employee benefit package, and in the autumn, we launched the employee bicycle benefit.

At the end of the year, a personnel fund was established for Gasgrid to supplement the remuneration package. All our employees are covered by the personnel fund, but its use is voluntary. At the end of the year, Gasgrid's Board of Directors also approved a long-term incentive system (LTI), which includes members of the Management Team and specifically designated key personnel.

Personnel and cultural forum supports management

Our management model is supported by the personnel and cultural forum,

which met four times in 2023. The forum discusses the topics of occupational well-being and safety, occupational health, cooperation, and matters related to management, supervisory work, competence development, performance management and commitment. The task of the personnel and culture forum is to ensure Gasgrid's excellence in management, supervisory work and personnel-related practices, as well as the realisation of a culture in line with our values in the future.

Other forums that support management are the leadership, sustainability and knowledge management forum.

We actively support the development of professional skills

The goal of competence development is personnel competence that ensures our effectiveness. Competence development means, in addition to education, the entire body of learning that takes place at work, in the work community and in cooperation networks, and the renewal of operating methods. Everyone is responsible for maintaining and developing their own skills.

Our supervisors play a key role in the development of staff competence. In the annual development discussions, we review each person's basic tasks, individual goals, possible functional or work organisation changes, and related skills development and training needs.

Regular development, performance evaluation and target discussions are an integral part of inclusive and responsible face-to-face management and the supervisors' annual calendar and cover the entire personnel. In addition, in order

to ensure well-being at work, the flow of information and the smooth flow of work, each supervisor must offer their team members the opportunity for a one-on-one "how are you" discussion at least once a quarter.

In 2023, Gasgrid's employees reported spending a total of 1,063 hours of working time on training, which equates to approximately 15 hours per person. Women spent 378 hours in training, and men spent 685 hours.

Equality and non-discrimination are promoted in all activities

Gasgrid's personnel policy, internal and external practices, and management and operating models are based on non-discrimination and equality between the genders. The objective for equality and non-discrimination work is to identify and prevent structures, expressions and functions that increase or maintain inequality and to promote equality and non-discrimination in all of the company's activities. The aim of these collective policies and practices is to give everyone equal opportunities to develop their skills, to access different roles and to receive the same salary for the same position.

Each of our employees contributes to the realisation of equality and justice for people of different age groups, with different educational backgrounds, in different units, in different positions, and in everyday life. Equality is a fundamental right, and our company does not accept discrimination on any grounds. All of our personnel are covered by a collective agreement, with the exception of the Management Team (91 per cent).



PERSONNEL AND CULTURE FORUM



Members

- Management Team
- Operation
- Safety
- HR
- Information management
- Maintenance
- Communications
- Customers

Meetings

Every other month, six times a year

Topics covered

- Occupational well-being and safety
- Occupational health, safety and cooperation
- Management and supervisory work
- Values and culture
- Competence development
- Performance management and engagement

Reporting

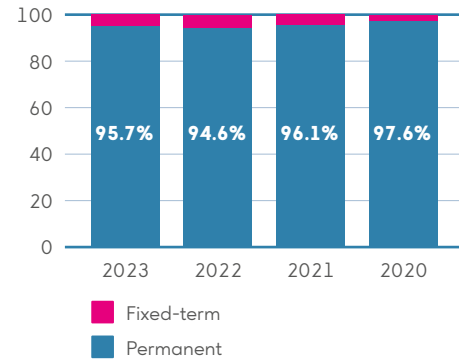
- Management Team

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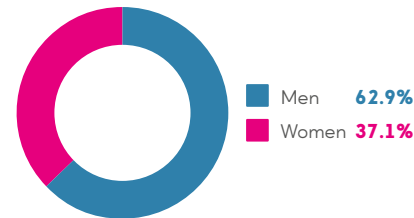
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Nature of the employment relationship of personnel



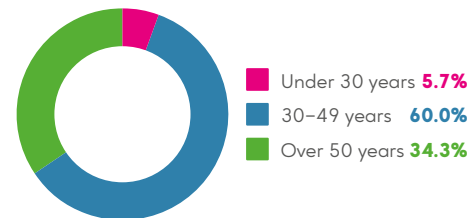
At the end of 2023, there were three women and four men in the Group's Management Team. Four of them were in the 30–50-year-old age category, and three members of the Management Team were over 50. Three of the Board members of our companies were women and eight were men. Nine of them belonged to the over-50 age group and two to the 30–50 age group. In 2023, the proportion of women and men in our personnel remained at the previous year's level. In 2023, 37% (36%) of our personnel were women, and 63% (64%) were men. We employed 17 people in supervisory roles. The proportion of women among supervisory employees increased last year. Women accounted for 29 per cent (21 per cent) and men 71 per cent (79 per cent).

Gender distribution of personnel



The average age of our personnel was 45 years. The majority of the employees – 60 per cent – are in the 30–50-year-old age group. Most of our personnel held a university degree, but the education levels vary from college-level to doctorate degrees.

Age distribution of personnel



Almost all of our employees – 68 people – worked full-time at the end of 2023. Of these, 37 per cent were women and 63 per cent were men. The majority of our personnel worked on our sites in Espoo and Kouvolaa. 38 employees worked in Kouvolaa, 26 in Espoo and four in our other locations in Inkoo, Imatra and Mäntsälä. Two employees worked part-time in Kouvolaa in the autumn of 2023.

At the end of the year, 67 employees worked in permanent employment. Of these, 64 per cent were men and 36 per cent were women. Of those in permanent employment, 38 worked in Kouvolaa, 25 in



Gasgrid's attractiveness as an employer is due to its socially significant work, an open and inclusive work culture, professional colleagues and a modern and developing work environment. Gasgrid also supports learning and development.



Espoo and four at other locations. At the end of 2023, three people worked in fixed-term employment. Of these, 67 per cent were women and 33 per cent were men.

We only issue fixed-term employment contracts for purposes such as summer jobs, substitutions or other temporary, project-like tasks. The company had one fixed-term zero-hours contract in 2023. A zero-hours contract means a contract in which the employee has variable working hours according to the employer's needs, and the need for work may arise, for example, in cases of illness or other temporary resource needs of the employer. The fixed-term zero hours contract was made by a male employee based in Kouvolaa.

Gasgrid does not accept the use of child labour. Gasgrid combats the grey economy and has a zero-tolerance policy towards accepting bribery or extortion.

Our equality work is supported by the transparency, openness and inclusivity of decision-making and the preparatory stages preceding it. Our personnel have opportunities to influence the decision-making concerning their work. Common guidelines promote equality and fairness between units.

The well-being of the personnel is supported in many different ways

We aim to offer employees comprehensively healthy and safe work, in all environments and atmospheres. We take care of good management and equal treatment of employees. Our work culture is inclusive, and we have a continuous dialogue with our personnel by, for example, organising personnel information sessions and encouraging open discussion on the intranet and at the offices. Effective cooperation between supervisors and team members can ensure the maintenance of the employee's working capacity and professional competence and the employee's physical and mental well-being.

We support sports and cultural activities among personnel, and we endeavour to inspire our employees to take care of their physical and mental well-being. The employees have access to a diverse range of occupational health and well-being services, which emphasise preventive occupational healthcare. The cooperation between the company, occupational healthcare services and the employee promotes the health and working capacity of employees at different stages of their careers, as well as the functioning of the

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work community, especially in situations of change. The Occupational Safety and Health Committee met regularly in 2023 to deal with issues related to safety and occupational well-being.

As an employee benefit, we offer the opportunity to join a sickness insurance fund, which grants benefits and supplementary benefits in accordance with the Health Insurance Act. The purpose of the voluntary benefit is to promote and support the health and working capacity of members.

At Gasgrid, we work in accordance with an early intervention model to detect any matters of concern impacting employees' working capacity at an early stage. Early intervention is not just about monitoring and addressing absences due to illness. It is also a way of acting and communicating, which is reflected in encounters that promote people's well-being in everyday work. Early intervention is emphasised at different stages of working careers by promoting different things, such as coping at work, maintaining skills and advancing in careers. In addition, the company takes substance abuse seriously. Our substance abuse guide sets out the ground rules for preventing substance abuse problems.

We actively strive to develop a good working atmosphere and ensure that no one is harassed. Cases of harassment are taken seriously, and measures are implemented to stop and prevent harassment.

We organise various events for the personnel, which are important for maintaining and developing a sense of community and well-being at work, as well as training the personnel and sharing information. ●



CASE

At the personnel event, a sense of community was built and the future was envisioned

At the annual personnel event organised in September, we had the opportunity to reflect on the strategic themes of community and the future, as well as get to know each other.

At the event, we adventured in the Helsinki archipelago and performed team tasks related to the company's strategy, values, safety, occupational well-being and sustainability. The personnel were involved in a discussion about the themes, implementation and future prospects of the future strategy. An open discussion with the management was felt to be important. The mini first aid courses held at the event were also found to be useful, and which linked to our values through the safety theme.

The event played an important role in building a sense of community, supporting the well-being of the personnel and jointly envisioning the road to be taken in the future.

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SAFETY AND SECURITY OF SUPPLY

Foresight and a high level of safety are the foundations of our operations

We work resolutely to guarantee the safety and security of supply of gas transmission. Our goal is to have zero accidents, injuries or supply interruptions in our operations, and in 2023 we succeeded in this goal. As a result, it was the fourth year with no accidents leading to absences among our staff and no unplanned supply interruptions. We also paid special attention to cybersecurity.

Our occupational safety targets are zero injuries and zero accidents in gas transmission. We succeeded in our goals: 2023 was the fourth consecutive year with no injuries leading to absences among our staff and no unplanned supply interruptions.

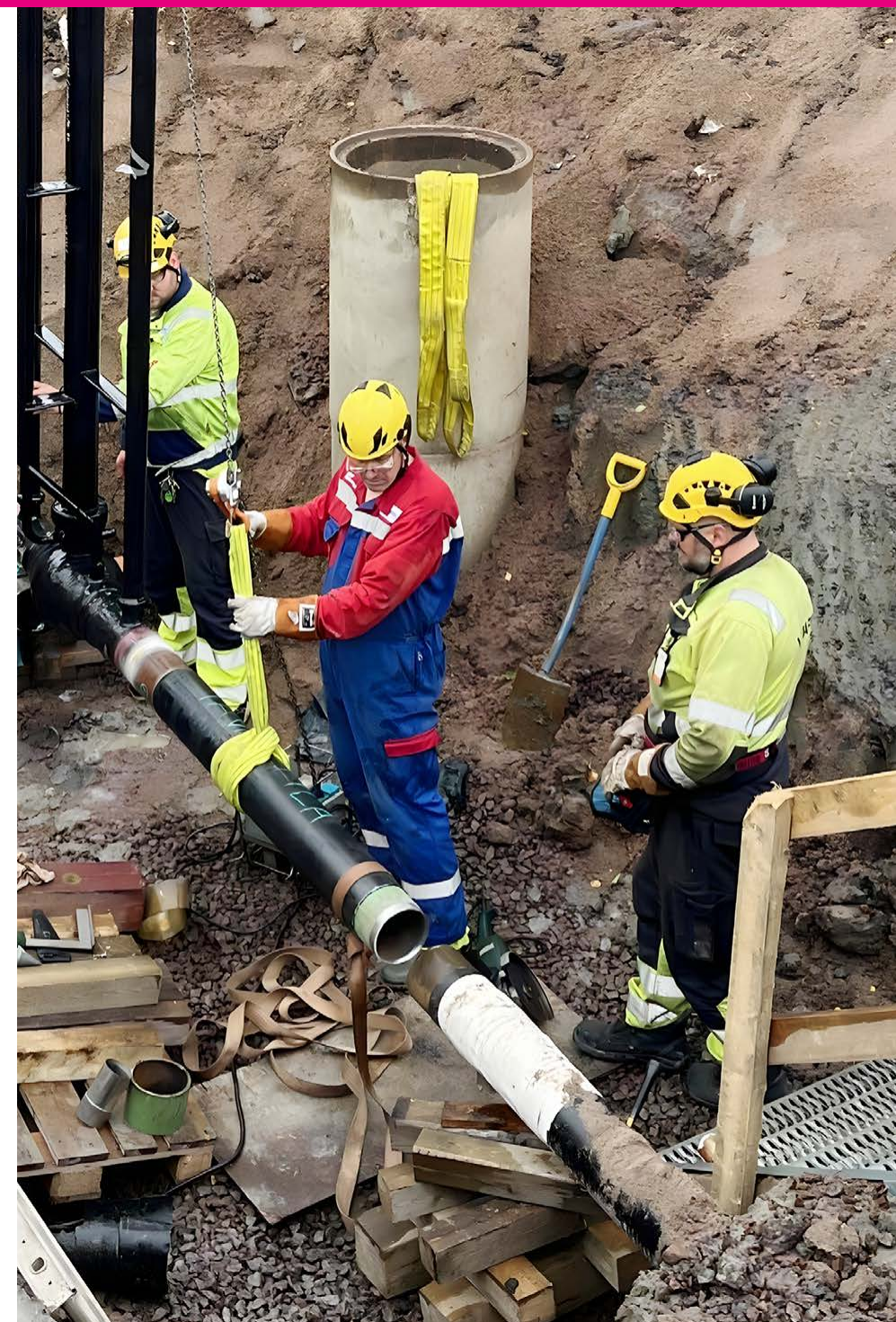
We use external suppliers, for example, to maintain the transmission network. Our suppliers also had no injuries leading to absences, but there was one injury that necessitated a visit to the doctor. The situation that led to the accident was investigated and corrective measures were put into practice.

The excellent result was made possible by our committed and responsible

employees and suppliers. We actively monitor our safety goals and operate in accordance with our certified ISO 45001 occupational health and safety management system, which is used by both personnel and suppliers. We use the system to report, assign responsibility and investigate all incidents related to occupational safety and report safety inspections. We utilise the number of accidents, hazardous and near misses situations as measures of safety goals. In addition, the measures of our goals are safety observations and inspections, as well as the completion time of examinations of internal safety deviations.

Occupational health and safety activities and safety information

Occupational safety issues were addressed and communicated by the occupational health and safety committee, personnel briefings, the sustainability forum, and the personnel and culture forum. Our occupational health and safety activities are organised in accordance with the Occupational Health and Safety Act. Our occupational health and safety committee consists of the health and safety delegate, HR manager, and health and safety



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CASE

A safety culture is developed through cooperation and anticipation

The core of our safety culture is proactive safety work, which is achieved together with personnel and suppliers. This creates the basis for an excellent level of safety. Safety development ideas are collected, for example, during safety walks and inspections.

In 2023, we made 247 observations related to developing the safety of our operations and minimising potential risks. We conducted a total of 386 safety walks and inspections with personnel and suppliers. Joint safety work creates the basis for excellent results.

Our personnel and suppliers complete Gasgrid's safety online course annually. The course extensively covers safety issues, such as operations in an emergency and the use of protective equipment. In 2023, 939 people completed the

course. We also arranged courses on occupational safety, first-aid fire extinguishing and first aid as face-to-face or online training. We require every Gasgrid employee to have a valid first-aid fire extinguishing and first aid card.

We have assessed work-related risk factors in multiple ways. Rapid risk assessment must be concluded in maintenance work before the work assignment, and 3,935 risk assessments were completed during the year. The employee performs the assessment by thinking about the phases of the work and possible risk factors, prior to the work beginning.

In projects, we have carried out various risk assessments, such as safety risk analyses (TRA) and potential problem analyses (POA) of the work package. The operating method has created the basis for responsible and safe work.

manager. The occupational health and safety committee discussed issues such as near misses and matters related to coping at work. In the personnel and culture management forum, we regularly reviewed issues related to occupational well-being and occupational health.

Despite our good safety culture, there were two near misses relating to our staff in 2023. One incident occurred in the office and the other at a construction site. The incidents were investigated and corrective measures were defined in accordance with our safety processes.

Process safety

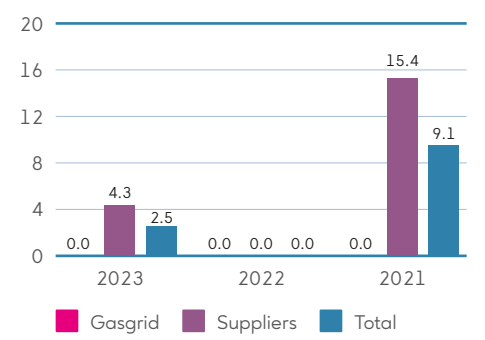
There were no Loss of Primary Containment (LOPC) events related to process safety in the natural gas transmission network in Finland in 2023. The Balticconnector gas pipeline connecting Finland and Estonia was damaged on 8 October 2023 outside Finland's territorial waters. The pipe damage resulted in a gas leak in Finland's exclusive economic zone.

The current status of the corporate security management system was assessed

In 2023, we assessed the current state of the corporate security management system. The assessment covered all the areas in the Confederation of Finnish Industries' (EK) corporate security model, including occupational safety, information security, preparedness and crisis management. The assessment led to the creation of a road map detailing corporate security for the future. We will invest in corporate security in the next few years, including the processes and procedures of the

Injury frequency

Gasgrid Group's frequency per million working hours



management system, and we will continue to develop corporate security systematically towards the target level.

The security of gas supply was 100 per cent

We maintain the security of gas transmission through vigilant, careful and professional maintenance, monitoring and operation of the transmission system. Safety, security of supply and cost-efficiency are our most important principles, which we consider in everything we do, every day. When using the term security of supply, we mean the reliability of customer deliveries, i.e. that our customers receive the gas energy they need in a timely manner and at the right pressure level.

The security of the gas supply during the year was 100 per cent aligned with our target – and our customers did not experience any unplanned outages. There were five threats of a supply interruption, which was four fewer than in 2022. The situations were mainly

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Zero unplanned outages in 2023.

caused by equipment failures at supply stations and malfunctions of safety and control devices. The threat of a supply interruption refers to a disturbance or exceptional situation in the gas transmission system or in the control of gas transmission, which, if prolonged, may cause the gas supply to the customer to be interrupted.

We initiate a root cause analysis of all potential threats of supply interruptions. The analysis helps us to discover the cause of the situation and plan the measures necessary to prevent new disturbances. We strive to prevent and reduce disruptions with equipment renewals and proactive maintenance.

During the year, 10 transmission network modification projects and maintenance jobs affecting gas transmission were carried out, which was almost the same number as the previous year. Thanks to successful planning, implementation and effective customer cooperation, these planned supply interruptions did not lead to any loss of energy supplied. Our modification and maintenance work supports the implementation of third-party infrastructure projects and ensures the functionality and efficiency of the transmission system in a changed operating environment.

The damage to the Balticconnector pipeline between Finland and Estonia in October 2023 caused a significant and

exceptional situation and a change in gas transmission operations, but thanks to the stable operation of the Inkoo LNG terminal and the precautionary measures we initiated, gas deliveries to customers continued as normal.

We cooperate extensively for safety

We continuously and extensively cooperate with various operators to develop the physical security of our transmission network. Cooperation is carried out both at the national, municipal and organisational level.

Business continuity is supported by developing information security

Gasgrid's information security strategy is to ensure the confidentiality, integrity and usability of business operations, data and information systems. Business must continue in spite of possible disruptions to the computing environment, even in exceptional circumstances. By maintaining and developing a high level of administrative and technical information security, we support the performance and continuity of Gasgrid's business operations.

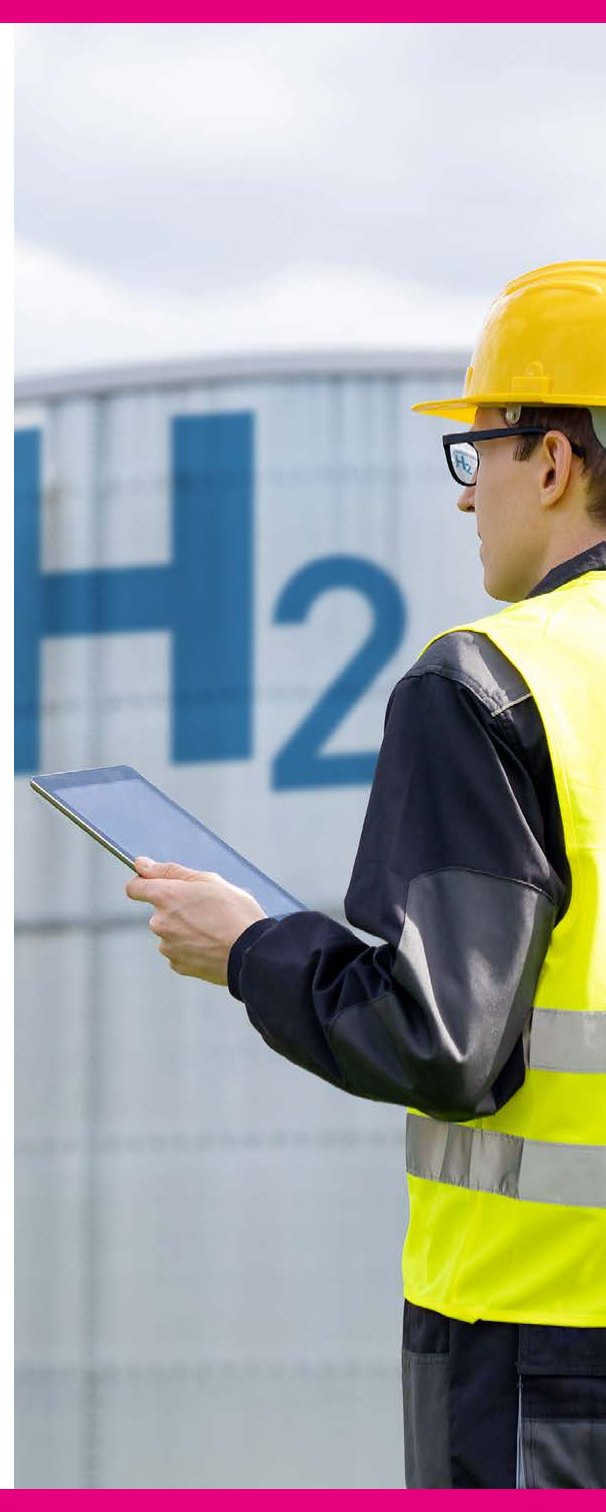
The framework of Gasgrid's information security management model is the ISO 27001 information security standard and the information security's policy confirmed by our board. The implementation of information security strategic and operational metrics is monitored quarterly as part of Management Team and board reporting.

In 2023, the development themes increased the fault tolerance of ICT environments and enhanced the detection

and reaction capabilities of information security deviations. We continued to build the information security management model according to the ISO 27001 information security standard closer to the certification level and added the new requirements of the NIS2 and CER directives to the information security road map. As part of the work, we also updated continuity and recovery plans, the cloud data security management model, physical and environmental security principles and identity management. Identity management refers to the coordination of processes, data and technology so that the necessary users, devices and systems have one electronic identity and, in terms of their role, the right and limited access rights to only the necessary information.

We invested in the continuous development of the staff's information security skills and awareness, by organising training and cyber physical exercises. We carried out several information security inspections, tests and audits. We actively participated in the activities of the E-ISAC cybersecurity information exchange group and worked closely with the authorities. During the year, we did not find any significant business-critical information security breaches.

We reduced the impact of hybrid threats and exceptional situations caused by the political security situation by preparing in advance for various threat scenarios and securing continuity with backup systems and procedures. Even if the probability of threats and exceptional situations materialising increases in the future, we will be able to maintain a high level of resilience and support business continuity. ●



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TOWARDS CARBON NEUTRALITY

The damage to the offshore pipeline increased emissions in an exceptional year

In 2023, we prepared a carbon dioxide emission calculation for our LNG terminal company in accordance with the GHG protocol. We did not achieve our goal of reducing emissions by the end of 2023 due to three methane emission incidents, one of which was the Balticconnector pipeline damage.

During the year, we calculated the Scope 1–3 greenhouse gas emissions of our LNG terminal company in accordance with the GHG protocol. The emission figures are reported in the “Results in Figures” section in the tables in the consolidated figures and in this section. The largest direct, or Scope 1, emissions in the calculation of the LNG terminal arise from the use of FSRU vessel fuels, and the indirect, or Scope 3, emissions arise from the emissions of the primary production and transportation of the fuel.

We prevented 58 tonnes of methane emissions

Gasgrid has drawn up an action commitment in the Commitment2050 program in accordance with the decision in principle of the ownership policy. Our goal is to prevent and reduce methane emissions by 20 tonnes per year. Prevented emissions

occur in situations where the pressure of the transmission network is reduced by operational measures in cooperation with the customer, so that the amount of exhaust gas is as small as possible.

In 2023, we prevented 58 tonnes of methane emissions in a total of five different projects. Diffuse methane emission leaks were repaired in three locations, thanks to which we will reduce methane emissions by 88 tonnes per year in the future.

Direct greenhouse gas emissions consist of the ship's natural gas consumption

The Group's direct greenhouse gas emissions were 81,600 t CO₂e, of which the Floating LNG Terminal Finland's direct greenhouse gas emissions were 63,000 t CO₂e. The emissions mainly consisted of the ship's consumption of natural gas for its own use and to a small extent the use of the ship's gas oil. The floating LNG terminal has an emissions permit, and its emissions were verified in February 2024.

Gasgrid Finland's direct greenhouse gases in 2023 totalled 18,600 t CO₂e (9,000). 80 per cent of greenhouse gas emissions were produced from methane emissions. Diffuse methane emissions accounted for 28 per cent of methane emissions. The share of the three unplanned emissions in the total greenhouse gas emissions was 8,900 t

CO₂e. Without these unplanned emissions, greenhouse gas emissions would have been 9,700 t CO₂e. Due to higher-than-normal methane emissions, Gasgrid Finland did not reach its 15 per cent emission reduction target by the end of 2023.

Exceptional situations increased emissions

We investigated the methane leakage emissions that occurred in connection with the pipe break of the Balticconnector sea pipeline in October 2023 in cooperation with the Estonian gas transmission system operator Elering. The volume of methane was calculated based on the pipeline volume, pressure and flow rate during the disturbance, using ISO standards and process data in the calculation. Gasgrid owns half of the Balticconnector pipeline with Elering, and the emissions are divided in half between the operators.

The total volume of methane leakage was 632,863 m³n, or 467.7 t CH₄ (tonnes of methane). Gasgrid's emissions are half of this, i.e., 233.8 t CH₄ (tonnes of methane), which corresponds to 6,547.6 t CO₂e (tonnes of carbon dioxide equivalent).

Comparative figures: Gasgrid's methane tonnage in 2022 was 142.8 t CH₄. In other words, the magnitude of the accidental emission was approximately 1.6 times the methane emissions in 2022.



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The Finnish energy sector's greenhouse gas emissions in 2022 were 33,030,000 t CO₂e, and compared to this total amount, the accidental emission was 0.02 per cent of the emissions of the entire energy sector.

In 2023, Gasgrid Finland also experienced two unusual situations that caused methane emissions at the Imatra and Kouvola compressor stations. Our intention was to depressurise the compressor stations in 2023, but the work resulted in an emission leak, because the units valves had worn out over several years of operation and were no longer tight. The amount of methane emissions in the two disturbances was a total of 83 t CH₄. The amount in carbon dioxide equivalent tonnes was 2,328 t CO₂e.

Purchased energy emissions consist of purchased electricity and heat

The Group's purchased energy emissions mainly consisted of Gasgrid Finland's purchased electricity and heat. The electricity we purchased in 2023 was renewable, emission-free electricity purchased with wind certificates. At pressure reduction stations, we use our purchased electricity and electricity purchased by customers. The emissions of electricity purchased by customers have been calculated using Finland's average electricity emission factor. Market-based emissions from purchased energy, i.e. Scope 2 emissions, were 1,500 t CO₂e (10,300) and location-based 2,100 t CO₂e (3,000).

Gasgrid Finland's Scope 1-2 emission intensity was 1,100 t CO₂e/TWh (1,600) in relation to the volume of gas transmitted, and the corresponding figure for the Group was 4,500 t CO₂e/TWh.

We calculated the terminal company's indirect greenhouse gas emissions

In 2023, we calculated the Scope 1-3 greenhouse gas emissions of our LNG terminal company in accordance with the GHG protocol. The indirect Scope 3 emissions of the LNG terminal mainly consist of emissions from the primary production and transportation of the fuel.

Scope 3 incorporates emission sources that are not owned or controlled by the company. The calculation takes into account the essential emission categories, i.e. products and services, fixed assets, primary production and transportation of fuels and energy, upstream transport and distribution, waste, business travel, employees' work trips, and downstream transport and distribution. Our emissions calculation is done using control approach method. In Gasgrid Finland's calculations, category 4 also includes emissions from the primary production and transportation

of gas from the gas that customers transmit in our pipeline. The activity in question forms the largest component of Scope 3 emissions.

We would like to voluntarily provide the primary gas production chain as additional information, as it is an essential part of the gas supply chain and transmission in our pipeline. This is also how we are prepared for the calculation that emphasises the value chain in the Corporate Sustainability Reporting Directive (CSRD). Gasgrid's indirect emissions from gas were 749,000 t CO₂e. The amount of emissions compared to 2022 was increased by, among other variables, the greater use of gas.

The Group's energy consumption mainly consists of the terminal company's energy consumption

The Group's energy consumption was a total of 430 GWh. Of this, the terminal company's energy consumption was 390 GWh, which mainly consisted of the gas consumed by the ship equipment and regasification and compression. The Group's energy intensity in relation to the volume of transmitted gas was 21 GWh/TWh.

Gasgrid Finland's energy consumption was 35.2 GWh (54.5) in 2023. It consisted of natural gas consumption in gas transmission and heating of buildings, fuel oil consumption of standby power plants, and purchased electricity and heat. Compared to previous years, pressure increase, or compression, was only performed during test runs of the units. The amount of purchased electricity also decreased, because the gas was exported

to Estonia compressed by the LNG terminal and the compressor station in Inkoo was not used at the end of the year due to the Balticconnector pipe damage. Energy intensity in relation to the volume of transmitted gas was 1.9 GWh/TWh (4.4).

Decommissioning and reconstruction of the gas pipeline

A new 2.4-kilometre pipeline was built in Gasgrid's gas pipeline in the Helsinki metropolitan area. The same amount of replacement pipelines were built for the pipe removed due to other construction. Pipe replacement projects are planned for 2024, especially in the Tampere region.

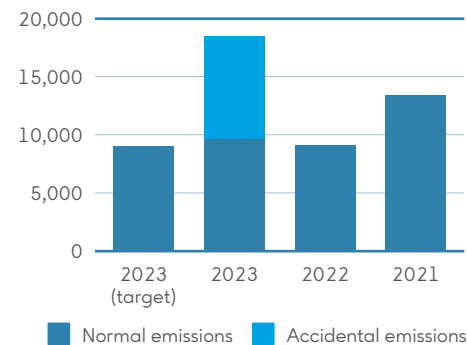
The air emissions of the floating terminal were modelled

We modelled the dispersion of air emissions from the floating LNG terminal in 2023 as part of the environmental permit obligations. Particles, nitrous oxides and sulphur dioxide were included in the modelling. The calculated emissions of breathable particles and sulphur dioxide were very small and do not significantly affect air quality. The actual emissions of nitrous oxides are estimated to be at a level where the concentrations do not exceed the air quality limit and guideline values in residential and holiday properties in use. Nitrous oxide emissions from the floating LNG terminal were 211 tonnes in 2023. Gasgrid Finland's nitrogen oxide emissions were just 5 tonnes.

Wastewater treatment

Wastewater is generated at Gasgrid from the sanitary water of the offices and, new in 2023, from the floating LNG terminal.

Gasgrid Finland's greenhouse gas emissions (t CO₂e)



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Emissions calculations help to understand the effects of our activities on global warming

In 2023, we prepared a calculation tool in accordance with the GHG protocol for calculating the carbon dioxide equivalent emissions of the floating LNG terminal. The calculation method according to the GHG protocol enables the results to be examined by emission category and source, and that the calculation has been carried out systematically at the most accurate level. Emissions calculations help us understand the impacts of our operations on global warming, identify the potential for reducing emissions, and enables the monitoring of the effectiveness of reduction measures.

The amount of waste water from the offices was 700 m³, which was directed to municipal waste water treatment. A total of 3,400 m³ of wastewater was generated from the LNG terminal, which was transported by road to the municipal wastewater treatment facility. We are planning to build a sewage pipe directly to the nearest sewage treatment plant to make the process smoother.

Corrected figures for emissions of purchased electricity 2020–2022

In this report, we publish the corrected figures for Scope 2 market-based emissions of purchased electricity for 2020–2022. Gasgrid had agreed with the electricity supplier that the electricity we procure is renewable electricity. However, the electricity supplier had not purchased guarantees of origin for electricity for 2020–2022. For this reason, the Scope 2 figures for purchased electricity have been recalculated in accordance with the emission factors given by the electricity supplier. A complaint has been made to the electricity supplier. Gasgrid is investigating the possibilities of compensating the emissions of purchased electricity at a price corresponding to the purchase of guarantees of origin for 2020–2022.

The 2022 indicator GRI 305-2 Scope 2 emissions for market-based purchased energy changed from 1,100 t CO₂e to 10,300 t CO₂e, correspondingly the 2021 emissions went from 3,300 t CO₂e to 6,400 t CO₂e. The Scope 1–2 emission intensity changed in the adjustment for the year 2022 from 810 t CO₂e /TWh to 1,600 t CO₂e /TWh and for 2021 from 660 t CO₂e /TWh to 790 t CO₂e /TWh. ●

Scope 1-3 emission calculation components

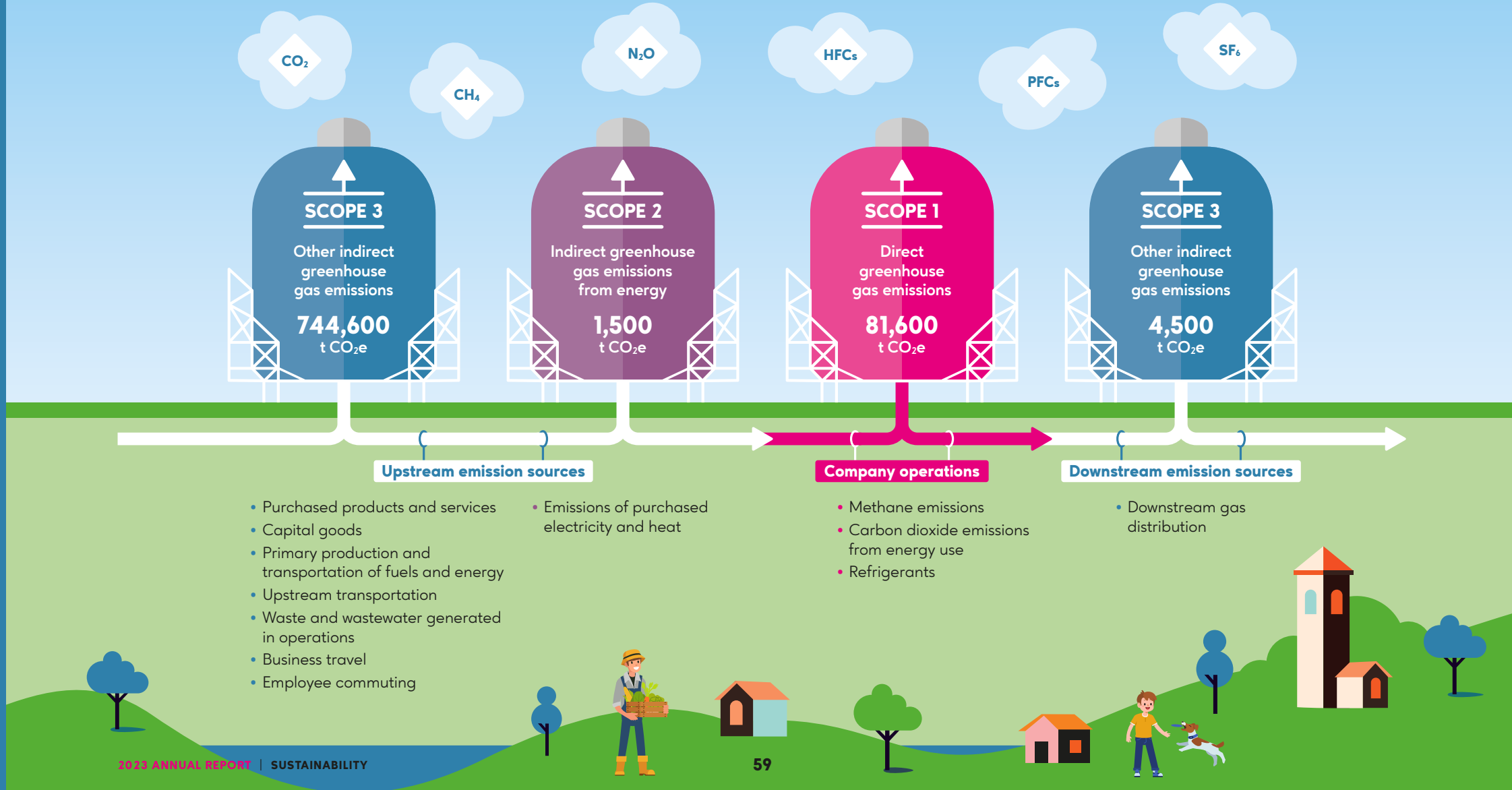
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TRANSMISSION PLATFORM OF THE FUTURE

The transmission platform of the future supports the growth of clean gases

Our goal is to develop a clean gas transmission system to support the growth of clean gases in the energy system. We support the goal with research, development and innovation activities, by developing a gas and hydrogen transmission platform and by promoting the creation of hydrogen valleys. We base our project planning on extensive impact assessments, including, for example, an environmental perspective.

In 2023, we continued our close cooperation with the national electricity transmission system operator Fingrid on the development of the future energy system. We analyzed the development of the energy market and comprehensively modelled the possible impacts of the hydrogen economy on the future energy system in a joint research and development project, which we describe in more detail in the section “Research, Development and Innovation” [on page 20](#). In connection with the development of Gasgrid’s new strategy, which came into force in 2024, we also analyzed the development of the energy market and operating environment more broadly. To

prepare for the implementation of the new strategy, we decided to strengthen the role of hydrogen development as well as the role of research, development and innovation activities. This was to ensure that we have the right capabilities to plan and implement the future transmission platform.

We advanced the development of the national hydrogen infrastructure and concrete hydrogen infrastructure development projects in cooperation with our partners. We reached a highly significant milestone when the projects were included on the EU’s list of Projects of Common Interest. The projects are described in more detail in the “Hydrogen Development” section [on page 27](#).

We continued the research and development work of the future energy system in the European Hydrogen Backbone initiative by preparing a report that delves into the development of a pan-European hydrogen infrastructure and especially the financing issues of new infrastructure.

A significant investment in our RDI activities was the launch of the EU’s BalticSeaH2 project together with 39 other parties. In the project, we promote the creation of a cross-border hydrogen valley in the region of Southern Finland and Estonia and work together with CLIC

Innovation as project coordinators. The project also supports the sector integration of the energy system, i.e. the interconnection of industry, transport and heating sectors through electricity, district heating and gas networks. This brings efficiency and flexibility to the energy system. The hydrogen production targets linked to the project will enable significant reductions in carbon dioxide emissions when realised. Read more in the “Research, Development and Innovation” section [on page 20](#).

We have communicated about the opportunities related to the future energy system in various publications and by participating in events and seminars, such as the SuomiAreena discussion event in Pori at the end of June and the Technology Fair at the Helsinki Exhibition Centre in November. In addition, we organised several webinars and stakeholder events during the year.

Environmental and nature values are widely taken into account in the projects

We work closely with our customers on gas pipeline routing, permits and environmental issues. We carry out comprehensive environmental and nature studies in our projects. The environmental studies map the state of the area’s environment comprehensively.



A significant investment in our RDI activities was the launch of the EU’s BalticSeaH2 project. In the project, we promote the creation of a cross-border hydrogen valley in the region of Southern Finland and Estonia.



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After this, terrain mapping will be used to specify what kind of natural values exist on the planned gas pipeline route and its surroundings. In the surveys, it is determined whether there are, for example, endangered species or protected species following the Habitats Directive in the project's affected area. Possible occurrences are marked on the terrain so that they can be taken care of during construction work or moved out of the construction area with an exception permit. In the design of the gas pipeline, special attention is also paid to groundwater effects.

The investigation and planning work of our large hydrogen infrastructure projects includes the creation of a permit strategy and permit plans. The plans take into account the necessary permit procedures. Typically, in larger projects, an environmental impact assessment procedure is applied, in which stakeholders are involved. A gas or hydrogen transmission pipeline project may require a water permit or notification to submerge a water body or stream. The need for an environmental permit for a compressor station, for example, is determined on a case-by-case basis, as are the underpasses of roads, power lines, water pipelines and railways in cooperation with the infrastructure owners. Soil and watercourse surveys are also part of the planning phase. Additionally, we carry out surveys and studies regarding prehistoric relics.

We minimize the negative effects on people's well-being and leisure activities. For example, we avoid jogging or nature trails when planning the routing of

the transmission pipe in projects, if it is possible. We engage in active dialogue with city administrations and residents, for example at resident webinars or evenings, to persuade local stakeholders to support the planning and success of the project.

Concerning the company's current gas pipeline infrastructure, we have mapped the invasive plant species of our pressure reduction stations, such as lupin, Japanese rose, hogweed and Himalayan balsam. In accordance with our sustainability programme, the multi-year removal of hogweed was completed in the Kotka region, and at Helsinki's Länsimäki pressure reduction station, a multi-year removal of Japanese rose began. There are many nature conservation areas along the gas transmission pipeline, where maintenance measures are carried out following conservation regulations. The transmission pipeline can be maintained or inspected in these areas as required by the natural gas regulation. ●



We engage in active dialogue in projects with city administrations and residents. In planning, we minimize the negative effects on people's well-being and leisure time.



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Reporting principles

The Gasgrid Group publishes a combined annual and sustainability report, which includes the Board of Directors' report and financial statements. The verification of the report was extended to 20 indicators in 2023.

Gasgrid's annual and sustainability reporting covers the operations of Gasgrid Group, including its subsidiaries (Gasgrid vetyverkot Oy and Floating LNG Terminal Finland Oy). The report states separately if Gasgrid Finland's procedures differ from those of Gasgrid Group. The assurance of sustainability data only covers Gasgrid Finland Oy's operations – not the subsidiaries – and any exceptions are recorded in the GRI table of contents for each indicator.

The reporting has taken into account the requirements of the decision in principle of the state's ownership policy. The Board of Directors' report and financial statements were prepared in accordance with the Finnish Accounting Act, and in compliance with the general guidelines by the Finnish Accounting Standards Board on the preparation of annual reports.

Sustainability management and everyday actions comply with the principle of prudence, which is manifested in forms such as operating in accordance with environmental permits. In addition to GRI standards, the Greenhouse Gas Protocol (GHG Protocol) guidelines were used as a framework for calculating

the CO₂ emissions concerning environmental data. The calculation of emissions includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFC). The global warming potential (GWP1.00) of methane is 28 and nitrous oxide is 265, and the figure for hydrofluorocarbons varies according to substance. The information is based on Statistics Finland's data and the fifth assessment report published by the IPCC, and for refrigerants, the data published by UK Defra in 2023. Carbon dioxide emissions are reported in accordance with the operational control approach.

The emission factors used are the natural gas quality values measured in Kouvola and Inkoo, and weighted by the amount of energy. These values are also used as a source for Statistics Finland's fuel classification.

The energy volumes of natural gas and biogas were calculated on the basis of the higher thermal value, and the use of the higher thermal value is based on the trans-European natural gas network code. The environmental information is the same information that was reported to the supervisory authorities for the sites that require environmental permits. The direct Scope 1 carbon dioxide emissions of Gasgrid Finland's emission permit sites have been verified in January 2024, and for the LNG terminal company in February 2024.

The reporting of commodities at pressure reduction stations is based on the

amount of energy billed to customers. In the calculation, part of the data is based on station measurements, a part on heating demand calculation and part on invoicing information received from customers.

For social indicators, HR indicators were compiled from the HR system and the results of the employee satisfaction survey. Safety information is collected from the safety information system. Safety figures include the numbers of accidents among the company's personnel and suppliers. An estimate of the number of hours was partly used in injury frequency, and the calculation was made per million working hours.

The entirety of the reporting and the selected indicators were determined based on the update of the sustainability programme that entered into force at the beginning of 2022 and the materiality analysis of sustainability in autumn 2022. The indicator list has been updated taking into account the effects of the floating LNG terminal. From Gasgrid's sustainability programme, the most important indicators are included for each material theme. The selected indicators are listed in the GRI content table.

The report was prepared in compliance with the GRI reference reporting framework, the standards for the selected indicators and the GRI 11 Oil&Gas 2021 sectoral guidelines, and our own indicators, such as security of supply.

The assurance was prepared and tendered in the sustainability unit, and the member of the Management Team responsible for sustainability matters approved the assurance as part of the sustainability action plan. The 20 indicators in the report are verified

by PricewaterhouseCoopers Oy, and more information can be found in the statement of the verifier. Otherwise, GRI compliance is the sustainability of the reporter in each sub-area. The previous report was published on 24 March 2023. This report is Gasgrid's fourth annual and sustainability report. Reporting is carried out once a year, and the publication date of the 2023 report was 22 March 2024 in Finnish and 3 May 2024 in English.

Changes made in reporting

The reporting of the indicators of the number of employees of social responsibility has been simplified so that the employees have been divided by locations Espoo, Kouvola and others, and the division by county has been removed. In this report, we publish the corrected figures for Scope 2 market-based emissions of purchased electricity for 2020–2022.

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GRI 201-1: Direct economic value generated and distributed (EUR million)

Gasgrid Finland Oy	2023	2022	2021
Added value created:			
Customers	94.4	90.2	130.6
Distribution of added value:			
Personnel	6.2	5.1	5.3
Suppliers	46.7	64.4	38.0
Owner	0.0		40.0
Public sector	0.0		10.5
Financiers	3.8	0.7	1.7
Undistributed added economic value	37.7	20.0	35.0
Gasgrid Group			
Added value created:			
Customers	133.4		
Distribution of added value:			
Personnel	7.5		
Suppliers	110.8		
Owner	0		
Public sector	0		
Financiers	4.6		
Undistributed added economic value	10.5		

Tax footprint

Gasgrid Finland Oy	2023	2022	2021
Excise duties	48.0	32.0	79.0
Value-added tax, net	25.1	9.9	38.1
Corporation tax	0.0		10.5
Real estate tax	0.1	0.1	0.1
Withholding tax and health insurance contribution	1.7	1.6	1.4
Total	74.9	43.6	129.1
Gasgrid Group			
Excise duties	48.0		
Value-added tax, net	23.7		
Corporation tax	0.0		
Real estate tax	0.1		
Withholding tax and health insurance contribution	1.9		
Total	73.7		

GRI 201-4: Financial assistance received from government (EUR million)

Gasgrid Finland Oy	2023	2022	2021
Subsidies	0.05	0.08	0.0
Gasgrid Group			
Subsidies	0.54		

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GRI 302-1: Energy consumption, GWh

Gasgrid Finland Oy	2023	2022	2021
Fossil fuels	17.1	26.1	42.4
Renewable fuels	0.1	0.1	0.1
Purchased heat	8.8	7.8	21.3
Purchased electricity	9.2	20.5	14.4
Sold energy	0	0	0
Energy consumption, total	35.2	54.5	78.1
Gasgrid Group			
Fossil fuels	410.9		
Renewable fuels	0.1		
Purchased heat	8.8		
Purchased electricity	9.2		
Sold energy	0		
Energy consumption, total	429.0		

GRI 302-3: Energy intensity, GWh/TWh

Gasgrid Finland Oy	2023	2022	2021
Energy intensity in relation to the volume of transmitted gas*	1.9	4.4	3.1
Gasgrid Group			
Energy intensity in relation to the volume of transmitted gas*	21.4		

* Includes all own energy consumption, fuel, heat and electricity.

GRI 305-1: Direct greenhouse gas emissions (Scope 1), t CO₂e

Gasgrid Finland Oy	2023	2022	2021
Direct greenhouse gas emissions	18,600*	9,000*	13,300*
Biogenic emissions	20	20	10
Gasgrid Group			
Direct greenhouse gas emissions	81,600*		
Biogenic emissions	20		

* Contains methane, carbon dioxide, nitrous oxide and hydrofluorocarbons.

GRI 305-2: Indirect greenhouse gas emissions from energy (Scope 2), t CO₂e

Gasgrid Finland Oy	2023	2022	2021
Electricity and district heating (market-based)*	1,500	10,300**	6,400**
Electricity and district heating (location-based)	2,100	3,000	5,000
Gasgrid Group			
Electricity and district heating (market-based)*	1,500		
Electricity and district heating (location-based)	2,100		

* Electricity and heat from pressure reduction stations partly available only on a location basis.

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GRI 305-3: Other indirect greenhouse gas emissions (Scope 3) (t CO₂e)*

Gasgrid Finland Oy	2023	2022	2021
1. Purchased goods and services	400	2,000	2,000
2. Capital goods	1,800	8,000	9,000
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1,500		
4. Upstream transportation and distribution	228,900**	505,000	997,000
5. Waste generated in operations	< 100	< 50	< 50
6. Business travell	< 10	Not calculated	< 1
7. Employee commuting	< 50	Not calculated	< 50
9. Downstream transportation and distribution	4,500	4,000	9,000
Total	237,200	519,000	1 018,000
Gasgrid Group			
1. Purchased goods and services	400		
2. Capital goods	1,800		
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	26,800		
4. Upstream transportation and distribution	715,500**		
5. Waste generated in operations	< 100		
6. Business travell	< 50		
7. Employee commuting	< 50		
9. Downstream transportation and distribution	4,500		
Total	749,100		

*Material topics selected for calculation

**Included as additional information: the emissions of the primary production of gas fed into the gas network for gas owned by the customer

GRI 305-4: Emission intensity of greenhouse gas emissions (Scope 1-2), t CO₂e/TWh

Gasgrid Finland Oy	2023	2022	2021
Emission intensity in relation to the volume of transmitted gas*	1,100	1,600**	800**
Gasgrid Group			
Emission intensity in relation to the volume of transmitted gas*	4,500		

* Contains methane, carbon dioxide, nitrous oxide and hydrofluorocarbons.

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403-9: Work-related injuries

Gasgrid Finland Oy	2023	2022	2021
Gasgrid Finland			
Lost-time injuries	0	0	0
Fatalities	0	0	0
Medical treatment injuries	0	0	0
Injury frequency per million working hours	0	0	0
Suppliers			
Lost-time injuries	0	0	2
Fatalities	0	0	0
Medical treatment injuries	1		
Injury frequency per million working hours	14.5	0	15.4
Gasgrid Group			
Gasgrid Finland			
Lost-time injuries	0		
Fatalities	0		
Medical treatment injuries	0		
Injuries frequency per million working hours	0		
Suppliers			
Lost-time injuries	0		
Fatalities	0		
Medical treatment injuries	1		
Injury frequency per million working hours	4.3		

Own indicators: Security of supply

Gasgrid Finland Oy and Gasgrid Group*	2023	2022	2021
Number of unplanned supply outages	0	0	0
Number of planned supply outages	10	9	22
Amount of energy not transmitted during planned outages, GWh	0	0.055	0.003
Energy not transmitted during planned outages (%)	0	0.0005	
Number of incidents that could have led to a supply outage	5	9	11

* The Group's figures are the same as Gasgrid Finland's figures

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GRI 2-7 and partly 405-1: Personnel distribution

Gasgrid Finland Oy	Women, 31 December 2023					Men, 31 December 2023				
	Office personnel	Share, %	Senior and management	Share, %	Total for 2023	Office personnel	Share, %	Senior and management	Share, %	Total for 2023
Personnel	3	15	17	85	20	7	18	32	82	39
Under 30 years	1	5	0	0	1	0	0	1	3	1
30-50 years	0	0	14	70	14	4	10	15	38	19
Over 50 years	2	10	3	15	5	3	8	16	41	19
Fixed-term	1	5	1	5	2	1	3	0	0	1
Permanent	2	10	16	80	18	6	15	32	82	38
Alternation leave used	0	0	0	0	0	0	0	0	0	0
Parental leave used	0	0	3	15	3	0	0	2	5	2
Gasgrid Group										
Personnel	3	12	23	88	26	7	16	37	84	44
Under 30 years	1	4	0	0	1	0	0	3	7	3
30-50 years	0	0	20	77	20	4	9	18	41	22
Over 50 years	2	8	3	12	5	3	7	16	36	19
Fixed-term	1	4	1	4	2	1	2	0	0	1
Permanent	2	8	22	85	24	6	14	37	84	43
Alternation leave used	0	0	0	0	0	0	0	0	0	0
Parental leave used	0	0	3	12	3	0	0	2	5	2

Gasgrid Finland Oy	Women, 31 December 2022					Men, 31 December 2022					Women, 31 December 2021			Men, 31 December 2021		
	Office personnel	Share, %	Senior and management	Share, %	Total for 2022	Office personnel	Share, %	Senior and management	Share, %	Total for 2022	Office personnel	Senior and management	Total for 2021	Office personnel	Senior and management	Total for 2021
Personnel	3	15	17	85	20	6	17	30	83	36	2	16	18	6	27	33
Under 30 years	1	5	0	0	1	0	0	0	0	0	0	1	1	0	0	0
30-50 years	0	0	11	55	11	3	8	18	50	21	0	12	12	4	18	22
Over 50 years	2	10	6	30	8	3	8	12	33	15	2	3	5	2	9	11
Fixed-term	1	5	2	10	3	0	0	0	0	0	1	1	2	0	0	0
Permanent	2	10	15	75	17	6	17	30	83	36	1	15	16	6	27	33
Alternation leave used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parental leave used	0	0	3	15	3	0	0	0	0	0	0	2	2	0	0	0

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GRI 2-7 and 2-8: Own and suppliers' working hours

Gasgrid Finland Oy	2023	2022	2021
Gasgrid Finland			
Number of working hours done*	150,583	98,763	80,698
Suppliers			
Working hours**	69,039	135,266	129,813.2
Gasgrid Group			
Gasgrid Finland			
Number of working hours done*	167,797		
Suppliers			
Working hours**	230,558		

* Partially estimated

** Number of hours estimated

GRI 2-7: Personnel distribution, 31 December 2023: gender and location

Gasgrid Finland Oy	Espoo	Kouvola	Other locations	Total
Gasgrid Finland				
Women	11	8	1	20
Men	6	31	2	39
Total	17	39	3	59
Gasgrid Group				
Women	16	9	1	26
Men	10	31	3	44
Total	26	40	4	70

GRI 2-7: Personnel distribution, 31 December 2023: Working time format and location

Gasgrid Finland Oy	Espoo	Kouvola	Other locations	Total
Gasgrid Finland				
Full time				
Women	11	7	1	19
Men	6	30	2	38
Total	17	37	3	57
Part-time				
Women	0	1	0	1
Men	0	1	0	1
Total	0	2	0	2
Gasgrid Group				
Full time				
Women	16	8	1	25
Men	10	30	3	43
Total	26	38	4	68
Part-time				
Women	0	1	0	1
Men	0	1	0	1
Total	0	2	0	2

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GRI 2-7: Personnel distribution, 31 December 2023: Employment type

Gasgrid Finland Oy	Espoo	Kouvola	Other locations	Total
Permanent employees				
Women	10	7	1	18
Men	6	30	2	38
Total	16	37	3	56
Fixed-term				
Women	1	1	0	2
Men	0	1	0	1
Total	1	2	0	3
Gasgrid Group				
Permanent employees				
Women	15	8	1	24
Men	10	30	3	43
Total	25	38	4	67
Fixed-term				
Women	1	1	0	2
Men	0	1	0	1
Total	1	2	0	3

GRI 405-1 and 401-1: New employees, 31 December 2023

Gasgrid Finland Oy	< 30 yrs	30-50 yrs	> 50 yrs	Total
Women				
Espoo	0	5	0	5
Kouvola	0	1	0	1
Other locations	0	0	0	0
Total	0	6	0	6
Men				
Espoo	1	0	0	1
Kouvola	0	3	1	4
Other locations	0	1	0	1
Total	1	4	1	6
Gasgrid Group				
Women				
Espoo	0	9	0	9
Kouvola	0	1	0	1
Other locations	0	0	0	0
Total	0	10	0	10
Men				
Espoo	3	1	0	4
Kouvola	0	4	1	5
Other locations	0	1	0	1
Total	3	6	1	10

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GRI 405-1 and 401-1: Employment relationships ended, 31 December 2023

Gasgrid Finland Oy	< 30 yrs	30–50 yrs	> 50 yrs	Total
Women				
Espoo	0	0	2	2
Kouvola	0	1	0	1
Other locations	0	0	0	0
Total	0	1	2	3
Men				
Espoo	0	0	0	0
Kouvola	0	2	0	2
Other locations	0	0	0	0
Total	0	2	0	2
Gasgrid Group				
Women				
Espoo	0	0	2	2
Kouvola	0	1	0	1
Other locations	0	0	0	0
Total	0	1	2	3
Men				
Espoo	0	0	0	0
Kouvola	0	2	0	2
Other locations	0	0	0	0
Total	0	2	0	2

GRI 404-1 and 401-1: hours of training and turnover

Hours of training per person*	2023	2022	2021
Gasgrid Finland Oy	18	12	16
Gasgrid Group	15		
Employee turnover (%)			
Gasgrid Finland Oy	8.8	7.4	9.8
Gasgrid Group	8		

* Hours of training are based on reports by employees to the HR system

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GRI standard	Contents	Oil and gas sector instructions	Location (page number)	Comments	Assurance
General content					
GRI 2: General disclosures 2021	2-1 Organisational details		4		
	2-2 Entities included in the organisation's sustainability reporting		62		
	2-3 Reporting period, frequency and contact point		62		
	2-4 Restatements of information		62, 56-58		
	2-5 External assurance		62, 75-76		
	2-6 Activities, value chain and other business relationships		19, 23		
	2-7 Employees		49-52, 67-70		X
	2-8 Workers who are not employees		53-55, 66, 68		
	2-9 Governance structure and composition		78-80		
	2-10 Nomination and selection of the highest governance body		78-80		
	2-11 Chair of the highest governance body		36, 78-80		
	2-12 Role of the highest governance body in overseeing the management of impacts		36		
	2-13 Delegation of responsibility for managing impacts		36-37		
	2-14 Role of the highest governance body in sustainability reporting		36		
	2-15 Conflicts of interest		78-80		
	2-16 Communication of critical concerns		78-80, 46		
	2-17 Collective knowledge of the highest governance body		36		
	2-19 Remuneration policies		84		X
	2-20 Process to determine remuneration		84		X
	2-22 Statement on sustainable development strategy		8, 15		
2-26 Mechanisms for seeking advice and raising concerns		46			
2-27 Compliance with laws and regulations		46			

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GRI standard	Contents	Oil and gas sector instructions	Location (page number)	Comments	Assurance
	2-28 Membership associations		46, 72	Gasgrid Finland's memberships: Energiateollisuus ry, ENTSOG, Suomen pakkauskierrätys RINKI Oy, Gas Association, Marcogaz, Pipeline operators forum, EGIG, European Compression Community, Natural Gas Division of the Oil Pool of the National Security Agency, Climate Leadership Council, Enerkem, European Hydrogen Backbone, FIBS ry, National hydrogen cluster, Association of Issuing Bodies, Energy -industry information exchange group E-ISAC, EGN Sustainability 1 group, KIWA HSEQ network. Up-to-date listing available on the website.	X
	2-29 Approach to stakeholder engagement		39-44		X
	2-30 Collective bargaining agreements		50		
Material topics					
GRI 3: Material topics 2021	3-1 Process to determine material topics		39-43		X
	3-2 List of material topics		40, 43		X
	3-3 Management of material topics		39, 45		
Financial results					
GRI 201: Financial results 2016	201-1 Direct economic value generated and distributed		48, 63		X
	201-4 Financial assistance received from government		48, 63		X
Anti-corruption and anti-bribery					
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	11.20.4	46	Gasgrid Finland received no reports of misconduct during 2023.	X
Energy					
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	11.1.2	57, 64		X
	302-3 Energy intensity	11.1.4	57, 64		X
Emissions					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11.1.5	56-57, 59, 64		X
	305-2 Energy indirect (Scope 2) GHG emissions	11.1.6	57, 59, 64		X
	305-3 Other indirect (Scope 3) GHG emissions	11.1.7	57, 59, 65		
	305-4 GHG emissions intensity	11.1.8	57, 65		
	305-7 Emissions of nitrogen oxides (NO _x), sulphur dioxides (SO _x) and other significant emissions into the air	11.3.2	57		

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GRI standard	Contents	Oil and gas sector instructions	Location (page number)	Comments	Assurance
Employment					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	11.10.2	49, 69-70		X
Occupational health and safety					
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	11.9.2	53		
	403-2 Hazard identification, risk assessment, and incident investigation	11.9.3	53-54		
	403-3 Occupational health services	11.9.4	51		
	403-4 Worker participation, consultation, and communication on occupational health and safety	11.9.5	51-52, 54		X
	403-5 Worker training on occupational health and safety	11.9.6	54		
	403-8 Workers covered by the occupational health and safety management system	11.9.9	53		
	403-9 Work-related injuries	11.9.10	53, 66		X
Training					
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	11.10.6	50, 70		X
	404-2 Programmes for upgrading employee skills and transition assistance programmes	11.10.7	50		
Diversity and equality					
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	11.11.5	50-51, 67, 69, 78		X
Protection of customers' privacy					
GRI 418: Protection of customers' privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		46	No cases in 2023.	

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GRI standard	Contents	Oil and gas sector instructions	Location (page number)	Comments	Assurance
Own indicator					
Security of supply	Own indicator		54-55		X
GRI OGSS 11 (oil and gas sector supplement)					
Decommissioning and restoration		11.7.4	57		
		11.7.5	57		
Asset management and critical incident management		11.8.3	54-55		
Local communities		11.15.4	40, 42		
Non-material indicators of the Oil&Gas sector					
Climate change adaptation, resilience and transition		11.2		Information not available	
Air emissions		11.3		Nitrous oxides at the floating LNG terminal: 211 tonnes.	
Biodiversity		11.4		Not relevant	
Waste		11.5		Not relevant	
Water and wastewater		11.6		Wastewater from the floating LNG terminal: 3,400 m ³	
Forced labour and modern slavery		11.12		Not relevant	
The right to organise and enter into collective agreements		11.13		Information not available	
Rights of indigenous peoples		11.17		The indicator is not applicable	
Conflicts and security		11.18		Not relevant	
Anti-competitive conduct		11.19		Not relevant	
Payments made to the state		11.20		Not relevant	
Public policy		11.22		The indicator is not applicable	

Independent practitioner's limited assurance report

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Translation of the Finnish original

To the Management of Gasgrid Finland Oy

We have been engaged by the Management of Gasgrid Finland Oy (hereinafter also the "Company") to perform a limited assurance engagement on selected Sustainability information of Gasgrid Finland Oy for the reporting period from 1 January 2023 to 31 December 2023, disclosed in Gasgrid's Annual Report 2023 (hereinafter the Selected sustainability information). The assured information is indicated in the Company's GRI Content Index 2023.

Selected sustainability information

The selected sustainability information within the scope of assurance covers:

- Indicators as set out in GRI Standards of the Global Reporting Initiative – standards and Company's internal reporting instructions as identified in the GRI content index in Gasgrid's Annual Report 2023.

Management's responsibility

The Management of Gasgrid Finland Oy is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in Gasgrid Finland Oy's internal reporting instructions described in Gasgrid's Annual Report 2023 and the GRI Standards of the Global Reporting Initiative. The Management of Gasgrid Finland Oy is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". These standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment,

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including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Interviewing employees responsible for collecting and reporting the Selected information at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Assessing the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Gasgrid Finland Oy's Selected sustainability information for the reporting period ended 31 December 2023 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Gasgrid Finland Oy for our work, for this report, or for the conclusion that we have reached.

Helsinki 21 March 2024

PricewaterhouseCoopers Oy

Tiina Puukkonieni

Partner,
Authorised Public Accountant (KHT)

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GOVERNANCE AND REMUNERATION

OUR goal is to enable the growth of clean gases in support of Finland's carbon neutrality with the help of our transmission platform. Our corporate governance is guided by the Articles of Association and the Code of Conduct, guidelines and policies confirmed by Gasgrid's Board of Directors and Management Team.

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Corporate Governance Statement

Introduction

Gasgrid Finland Oy (hereinafter Gasgrid) is a wholly state-owned gas transmission system operator with system responsibility in Finland. Gasgrid provides its customers with safe, reliable, and cost-efficient gas transmission services, and actively promotes the development of gas markets. The company aims to be a transparent and reliable company that operates responsibly, supporting society's transition towards carbon neutrality with the help of gaseous fuels.

Gasgrid's decision-making and governance always comply with the applicable revision of the Limited Liability Companies Act, the Natural Gas Markets Act, the Act on the Separation of the Natural Gas Transmission Network Operator, and the Act on Procurements and Access Rights Contracts for Units in the Water, Energy Supply, Transport and Postal Services Sectors. Gasgrid also complies with the applicable state ownership steering policy.

Gasgrid complies with the applicable sections of the Corporate Governance Code for listed companies prepared by the Securities Market Association. The Code is available at www.cgfinland.fi. The most significant deviations from the Corporate Governance Code are due to the fact that Gasgrid has only one owner: the Finnish state. In addition, the state has specified some of the matters included in the recommendations of a government

decision-in-principle concerning the state ownership policy, so it is neither appropriate nor possible to comply with every part of the Corporate Governance Code.

Corporate governance

The company's corporate governance is guided by its Articles of Association and the Code of Conduct, guidelines, and policies confirmed by Gasgrid's Board of Directors and Management Team.

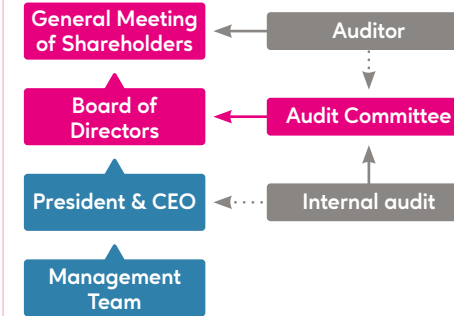
General Meeting of Shareholders

The General Meeting is Gasgrid's supreme decision-making body. The General Meeting adopts the financial statements, decides on the distribution of profits, elects an auditor and the company's Board of Directors, elects the chair of the Board of Directors, decides on the remuneration for the Board of Directors, and decides whether to release the members of the Board of Directors and the CEO from liability. In addition, the General Meeting discusses the remuneration policy and the company's sustainability programme. The shareholders have not set up an appointment committee.

Gasgrid's shares are divided into two classes: class A and class K. Class A shares carry one vote at the Annual General Meeting, and class K shares carry ten votes.

The Annual General Meeting was held on 31 March 2023. 100 per cent of the votes conferred by all shares were represented at the meeting.

Organisational structure



Board of Directors

The shareholders elect the chair and members of the Board of Directors at the Annual General Meeting. The aim is to ensure the diversity of the Board of Directors, which supports the achievement of the company's business targets. The members of the Board of Directors must have sufficient and complementary experience, and expertise in the various areas of the company's business and societal role. In addition, the equality targets set in the state ownership steering policy are taken into consideration when evaluating the diversity of the Board of Directors. From 1 January 2023 to 30 March 2023, Gasgrid's Board members were 60 per cent women and 40 per cent men, and from 31 March 2023 to 31 March 2023, 60 per cent of Board members were men and 40 per cent were women.

At the time of election, all members of the Board of Directors were independent of Gasgrid. The Chair of the Board of Directors and three members are also independent of the significant shareholder. Board member **Lauri Kajanoja** is not independent from a significant shareholder.

Otherwise, the independence of members of the Board of Directors is also assessed with particular reference to the independence criteria laid down in the Act on the Separation of the Natural Gas Transmission System Operator. Therefore, members of the Board of Directors must not have any direct or indirect control or considerable controlling influence in companies engaged in the production or supply of natural gas or electricity. The members of the Board of Directors must provide the Board of Directors with sufficient information to enable the Board of Directors to assess their independence, and they must notify the Board of Directors of any changes in such information.

In accordance with its rules of procedure, Gasgrid's Board of Directors is responsible for ensuring compliance with the ownership steering guidelines and corporate governance principles, as well as for implementing the decisions made at the General Meeting. The Board of directors approves and implements the rules of procedure, including the annual evaluation and development of the Board's own work.

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The main tasks of the Board are:

- Deciding on Gasgrid's strategy
- Approving the annual budget and operating plan prepared on the basis of the strategy
- Monitoring the realisation of the budget and operating plan
- Monitoring the company's financial position and related forecasts
- Monitoring the company's business development and management
- Appointing and dismissing the company's CEO
- Approving the company's organisation and the composition of the Management Team
- Approving Gasgrid's key guidelines: the corporate governance principles, Code of Conduct, risk management policy, and information security policy
- Deciding upon the remuneration policy, as well as the remuneration for the CEO and members of the Management Team
- Reviewing the company's risks and measures taken to manage risks twice a year
- Deciding upon an annual plan for internal audit and processing internal audit reports
- Approving the financial audit plan, financial statements and annual report
- Preparing proposals for decisions to be made by the General Meeting in line with the Limited Liability Companies Act
- Approving the corporate governance statement and the remuneration report of the bodies
- Holding part of a meeting without the executive management at least once a year
- Evaluating its activities and working methods, as well as the effectiveness of its activities, once a year

- Discussing other matters that the chair or members of the Board of Directors or the CEO have proposed for inclusion on the agenda.

The Board of Directors convened 11 times in 2023.

Attendance of members of the Board of Directors	Number of meetings
Kai-Petteri Purhonen , Chair of the Board of Directors	11
Jero Ahola , member of the Board of Directors	11
Saija Kivinen , member of the Board of Directors	11
Asta Sihvonen-Punkka , member of the Board of Directors	11
Lauri Kajanoja , member of the Board of Directors since 31 March 2023	8
Päivi Nerg , member of the Board of Directors until 30 March 2023	3

In addition to the members of the Board of Directors, the CEO, CFO, and secretary of the Board of Directors regularly attended the meetings.

Audit Committee

Gasgrid's Board of Directors has established an Audit Committee. **Saija Kivinen** was elected Chair of the Audit Committee, and **Kai-Petteri Purhonen** and **Lauri Kajanoja** were elected as members. All members of the committee are independent of the company, and the chairman and one of the members are independent of a significant shareholder. The Audit Committee started its activities in the middle of the 2023 financial period and met twice.

Participation of members of the Audit Committee	Number of meetings
Saija Kivinen , Chair of the Audit Committee	2
Kai-Petteri Purhonen , member of the Audit Committee	2
Lauri Kajanoja , member of the Audit Committee	2

The Audit Committee is assisted by an internal audit, which reports directly to it and the CEO. If necessary, the committee invites the auditor and members of the executive management to its meetings and can also use other experts if necessary. Gasgrid's CFO serves as secretary of the Audit Committee.

Gasgrid's Board of Directors has approved the Audit Committee's rules of procedure. The committee's main tasks are:

- Monitoring the effectiveness of internal control, internal audit, and risk management
- Handling internal audit plans and reports and approving the operating instructions
- Handling compliance plans and reports and notifications received through the whistleblowing channel
- Monitoring the financial statements process and supervising the financial reporting process
- Monitoring the statutory audit of the financial statements and consolidated financial statements
- Assessing the audit firm's independence
- Evaluating ancillary services offered by the audit firm
- Approving or authorising the Group's CFO in advance to approve all non-audit services provided by the auditor and the estimated fees to be paid for them in accordance with the maximum authorisations

- Preparing the proposed decisions regarding the selection of the auditor
- Processing the company's corporate governance report
- Supervising related party transactions and any conflicts of interest related to them
- Reporting on legal disputes, claims, and possible lawsuits concerning the company
- Financing-related presentations and financing risks
- Executing other tasks for which the Board of Directors has granted authority

CEO

The CEO manages Gasgrid's operations in accordance with the Limited Liability Companies Act. The CEO oversees the day-to-day management of the company in accordance with the instructions and regulations issued by the board and prepares the necessary information for managing the Board's tasks. The CEO must also ensure that the company's financial statements comply with legal requirements and that the company's financial affairs have been arranged diligently. The CEO is not a member of the company's Board of Directors.

The company's CEO is **Olli Sipilä**. No deputy CEO has been appointed.

Management Team

The chair of the Management Team is the CEO. The CEO appoints the members of the Management Team with the Board of Directors' approval. The Management Team assists the CEO in managing the company's operations, implementing its strategy, and coordinating its business guidelines. The Management Team's obligations include ensuring that the

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company is managed efficiently and operates according to its purpose.

Composition and areas of responsibility of the Management Team in the 2023 financial period:

- **Olli Sipilä**; CEO
- **Petri Dahlström**; CFO
- **Janne Grönlund**; Senior Vice President, Transmission Platform
- **Esa Hallivuori**; Senior Vice President, Transmission Business
- **Sara Kärki**; Director, Hydrogen Development
- **Satu Mattila**; Floating LNG Terminal Finland Oy's CEO as of 9 January 2023
- **Virve Wright**; Senior Vice President, Communications, Sustainability and Public Relations

Internal audit and risk management

Gasgrid's corporate culture and corporate governance lay the foundation for internal audit and risk management. Gasgrid's Management Team is responsible for arranging the company's internal audit, risk management, and reporting. Internal audit is conducted throughout the organisation, and it covers financial reporting and other monitoring. Internal audit refers to governance activities that seek to ensure the following:

- The achievement of the targets set for Gasgrid
- The appropriate, efficient, and economical use of resources
- Operational risk management
- Reliable and correct financial and other information
- Compliance with external regulations and internal policies
- Compliance with appropriate procedures related to customer relationships

- The adequate security of operations, data and assets
- Appropriate information management systems to support operations.

The company's financial reporting is based on Finnish practices for financial statements and the Energy Authority's regulations on the segregation of accounts for different businesses. The finance unit is responsible for implementing the financial reporting process and performance measurement, as well as for regulatory compliance. The CFO reports the financial results of the company's activities and the business forecasts to the Board of Directors regularly. The approval authorisations applying to expenses, significant agreements, and investments are specified for various organisational levels. Decisions concerning gas market activities must be made with expert personnel in accordance with the applicable laws, regulations, and rules. The Management Team is responsible for approving and monitoring investments in accordance with the budget approved by the Board of Directors and within the limits of its authorisation. The largest investments are submitted to the Board of Directors for separate approval.

Risk management

Risk management is an integral part of Gasgrid's business management and planning. Risk management is a part of everyday decision-making, operational monitoring, and internal audit, and it promotes the company's progress towards its objectives and ensures they are achieved.

The effective combination of business management and risk management policy

approved by Gasgrid's Board of Directors. The risk management policy aims to ensure that the risk management process remains well-defined, easy to understand, and sufficiently practical. The risks and trends in risks are reported to the Board of Directors regularly. The CFO is responsible for ensuring that Gasgrid has adequate insurance coverage for its risk status.

The main goal of risk management is to identify, assess and monitor the risks, threats, and opportunities that could affect the realisation of the strategy and the achievement of short- and long-term targets. Large investment projects also include a separate analysis of the risks.

The company is responsible for gas transmission on behalf of Finnish society. For that reason, the operating environment and any associated changes are monitored in regular risk assessments in accordance with the risk management policy. The risk environment and related changes are assessed and monitored regularly as a part of annual and strategic planning. The identified risks and the means of managing the risks are reported to the company's management, the Audit Committee and Board of Directors at least twice per year.

Other reporting information

Internal audit

The company's internal audit is an independent, impartial verification function tasked with reviewing and assessing the appropriateness and effectiveness of the Company's management and corporate governance processes, internal audit organisation, and risk management.

Gasgrid has outsourced its internal audit functions. Internal audit conducts regular audits of the company's various

functions in line with the plan approved by the Audit Committee. Internal audit also assesses the sufficiency of risk management and supervision. In 2023, audits were conducted on the development of risk management and the operating model of maintenance and supplier management.

Internal audit reports its findings to the Audit Committee and the CEO and, as an independent function, it is not involved in the company's operational development projects. Internal audit is authorised to conduct audits and access all information relevant to the audit.

Related-party transactions

Gasgrid's related parties include the Finnish state and the company's top management and related parties, as well as the Group's wholly owned subsidiaries Floating LNG Terminal Finland Oy and Gasgrid vetyverkot Oy. When decisions are made concerning related-party transactions, Gasgrid ensures that it takes any conflicts of interest into consideration and prevents related parties from deciding on the related-party transaction. The related-party transactions in 2023 were intra-Group transactions, which were executed on ordinary commercial terms. There were no transactions with related parties outside the Group.

Audit

The General Meeting elects Gasgrid's auditor. In 2023, the company's auditor was the audit firm Oy Tuokko Ltd, and the auditor in charge was Timo Tuokko, Authorised Public Accountant. The auditor's fees for the Group in 2021 were EUR 44,000, which consisted almost entirely of fees for auditing services. ●

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KAI-PETTERI PURHONEN
M.Sc. (Economics),
born 1965

Board professional
Chair of the Board of Directors
Member of the Board
since 2020
Member of the Audit Committee
Independent of the company
Independent of the major
shareholders



JERO AHOLA
D.Sc. (Tech.),
born 1974

Professor, LUT University
Member of the Board
since 2020
Independent of the company
Independent of the major
shareholders



LAURI KAJANOJA
PhD (Political Science),
born 1968

Economic Policy Coordinator,
Director General,
Ministry of Finance
Member of the Board
since 2023
Member of the Audit Committee
Independent of the company
Non-independent of the major
shareholder



SAIJA KIVINEN
LL.M.,
born 1967

General Counsel, Telia Finland Plc
Member of the Board
since 2020
Chair of the Audit Committee
Independent of the company
Independent of the major
shareholders



ASTA SIHVONEN-PUNKKA
Lic.Sc (Economics),
M.Sc. (Forestry),
born 1962

Deputy CEO, Fingrid Oyj
(CEO, Fingrid Oyj
since 1 January 2024)
Member of the Board
since 2020
Independent of the company
Independent of the major
shareholders

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Management Team



OLLI SIPILÄ
M.Sc. (Economics),
born 1978

CEO



PETRI DAHLSTRÖM
M.Sc. (Economics),
born 1970

Chief Financial Officer
Finance, HR, Legal affairs, ICT



JANNE GRÖNLUND
M.Sc. (Tech.),
born 1986

Senior Vice President,
Transmission Platform
Investments, Maintenance, PMO,
Supervision of Operations and
land use



ESA HALLIVUORI
B.Sc. (Eng.),
born 1966

Senior Vice President,
Transmission Business



SARA KÄRKI
M.Sc. (Tech.),
born 1985

Senior Vice President,
Hydrogen Development
(Chief Operating Officer,
Gasgrid vetyverkot Oy)

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SATU MATTILA
M.Sc. (Economics),
born 1977

CEO, Floating LNG Terminal
Finland Oy



VIRVE WRIGHT
Diploma in marketing
communications
(MAT), born 1972

Senior Vice President,
Communications, Sustainability
and Public Relations

Communications, Sustainability,
Security, and Public Relations

Changes in the Management Team

As a result of the organisational change, the Management Team's areas of responsibility changed on 1 January 2024:

Petri Dahlström
Chief Financial Officer
Finance, HR, Legal affairs, ICT, Security

Janne Grönlund
Senior Vice President, Gas Business
Customers and Market, Operation,
Asset Management and Maintenance,
Supervision of Operations

Esa Hallivuori
Senior Vice President,
Project Implementation, Infrastructure
Projects, Investments, Planning,
Construction and Group Procurement

Sara Kärki
Senior Vice President,
Hydrogen Business Development
(Chief Operating Officer, Gasgrid
vetyverkot Oy)

Virve Wright
Senior Vice President,
Communications, Sustainability and
Public Relations

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Remuneration report

Introduction

Gasgrid's remuneration policy seeks to promote the company's business strategy and value generation for the state as owner and society at large. The remuneration policy is based on the decisions-in-principle taken by the government concerning Finland's current state ownership policy. In addition, Gasgrid Finland complies with the remuneration recommendations of the Corporate Governance Code published by the Securities Market Association, and Gasgrid prepares an annual remuneration report in line with the recommendations. The principles of reasonableness and fairness govern the entire remuneration policy.

Gasgrid's Annual General Meeting decides on the emoluments and other financial benefits paid to the members of the Board of Directors every year. Gasgrid's Board of Directors decides on the remuneration and other financial benefits paid to the company's CEO and Management Team, as well as the foundations of the performance-related incentive scheme. Decisions are taken within the framework of the remuneration policy presented at the General Meeting.

The remuneration scheme for Gasgrid's senior management consists of a fixed monthly salary, fringe benefits, and a short-term bonus determined on the basis of the impact of the employee's work on the company's earnings. Gasgrid's short-term variable bonus scheme

covers every member of personnel, the Management Team and the CEO. The company did not have a long-term performance bonus system or additional pension benefits for the management during the financial period. All bonuses are paid in cash, and share-based incentive systems are not in place.

Gasgrid's Board of Directors decided on changes to the Group's variable remuneration that will take effect in 2024. As new elements of variable remuneration, a long-term performance bonus system will be introduced to support the implementation of the strategy, as well as the opportunity for the entire staff to deposit performance bonuses into the personnel fund established at the end of 2023.

2020 was the company's first year of operation, so comparable data on remuneration trends as required by the Securities Market Association's recommendations cannot be presented for five years.

Emoluments for the Board of Directors

Emoluments for the Board of Directors in 2023 are shown in the following table:

Emoluments for the Board of Directors in 2023

	EUR
Chair of the Board of Directors	2,000/month 600/meeting
Board member	1,000/month 600/meeting

The Board had a chair and four members throughout 2023. Lauri Kajanoja was elected to replace Päivi Nerg at the Annual General Meeting on 31 March 2023. The Board members were paid as follows:

Emoluments paid to members of the Board of Directors in 2023 (2022)

	EUR
Kai-Petteri Purhonen , Chair of the Board of Directors	30,000 (33,000)
Päivi Nerg (until 30 March) / Lauri Kajanoja (since 31 March), member of the Board of Directors	18,000 (21,000)
Asta Sihvonen-Punkka , member of the Board of Directors	18,000 (21,000)
Jero Ahola , member of the Board of Directors	18,000 (21,000)
Saija Kivinen , member of the Board of Directors	18,000 (21,000)
Total	102,000 (117,000)

Remuneration for the CEO

The following table shows the elements of the CEO's remuneration, as well as the salaries, bonuses and other financial benefits paid in 2023.

Remuneration element 2023 (2022)	Description	EUR
Fixed	Fixed annual salary, including fringe benefits	272,040 (250,415)
Variable target-related bonus	Short-term incentive scheme, paid	91,200 (63,613)
Total		363,240 (314,028)

The remuneration paid to the CEO in 2023 consisted of a fixed annual salary and a target bonus paid in March 2023 based on 2022 business targets.

The CEO's employment relationship can be terminated within two months' notice. If the company terminates the employment relationship, the CEO will receive severance pay worth four months' salary in addition to the salary earned during the notice period. The CEO's retirement age is the statutory age for receiving an old-age pension.

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Gasgrid Finland Oy is a state-owned company that offers its customers safe, reliable, and cost-efficient transmission of gases. The company promotes the carbon-neutral energy and raw material system of the future, by accelerating the growth of the hydrogen economy, and with a customer-oriented view, develops its transmission platform, LNG terminal operations, services and gas market.

Strategy and values

The financial period ended Gasgrid's first strategy period of 2020–2023. In line with the company's vision, by 2035, gases will enable the realisation of a carbon-neutral society, and Gasgrid will provide the platform for it. The strategy was grouped around four themes:

- **Transmission platform of the future:** We develop the company's success factors for the implementation of hydrogen as well as a clean-gas market and sectoral integration.
- **Customer-oriented gas market:** Our target is to be the leading company in the Baltic Sea region in promoting a competitive and customer-oriented gas market and ensuring reliable, safe and cost-efficient gas transmission.

- **Developing operating model:** We are building a strong foundation for a prosperous, adaptable and developing organisation and operating model to implement Vision 2035.
- **Responsible agent of change:** We are building impact, awareness, and partner networks and integrating sustainability into the daily life of our organisation to bring about extensive change.

In its first strategy period, the company established its position as a network operator responsible for the transmission of gases and a recognised integrator of the hydrogen economy. The COVID-19 pandemic and the uncertainty in the energy market caused by Russia's invasion of Ukraine emphasised the importance of measures to increase the security of supply in the implementation of the strategy.

Gasgrid's operations are based on values defined jointly by its personnel.

- **We work together:** As a team, we take care of each other and let everyone be themselves. We are open and fair, and we have a good spirit of cooperation. We are a reliable partner, and we are easy to approach.
- **We build the future:** We are courageous and eager to renew. Our ambition is

to be a pioneer in change. We invest in development and give space to learning. We operate transparently and treat everyone equally.

- **We acknowledge our responsibility:** We understand and know our operating field. We operate responsibly, enable high levels of safety, and are efficient and agile. We are proud of our expertise and high-quality operations. We work in the interests of customers and society.

Markets and customers

As the gas market normalised, natural gas prices levelled off in 2023. Gasgrid's customers reserved a total of 14.4 TWh of transmission capacity in 2023, which was a slight decrease compared to the previous year's reservations. In Gasgrid's pricing model, the price paid by customers depends on the length of purchased capacity reservations in addition to the energy transmitted. As a result of the decrease in natural gas consumption, Gasgrid decided to cancel a significant price reduction that had come into effect in 2022 and raised its transmission prices by an average of 15 per cent. The demand for guarantee of origin services also increased, and in the financial period, Gasgrid granted guarantees of origin to approximately 350 gigawatt hours compared to 200 gigawatt hours in the previous year.

Gasgrid's customers include industrial and energy production companies in different market roles, Finnish distribution system operators, and energy trading operators in Finland, the Baltic countries, and the rest of Europe. Gasgrid continued the interactive development of the operating conditions of the gas market. In 2023, Gasgrid arranged customer and news forums covering current themes related to the operation and development of the gas market, including the situation in the Finnish gas market and key changes to the market model. In addition to active networking, the company systematically monitors the development of customer satisfaction on an annual basis. Gasgrid expanded its customer satisfaction NPS metric to cover the entire network of stakeholders in addition to its current customers. The NPS result in 2023 at 44, was deemed excellent.

Transmission platform and floating LNG terminal

Total gas consumption in Finland in 2023 was 13.4 TWh. Despite the damage to the Balticconnector, Gasgrid maintained 100 per cent security of supply during the financial period.

The damage to the Balticconnector offshore gas interconnection pipeline in October caused an interruption in the gas supply between Finland and the Baltic

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countries. Gasgrid initiated measures to repair the pipe underwater and obtain compensation for the damage. The goal is to recommission the pipeline in April 2024. The estimated repair cost at the beginning of 2024 is EUR 35 million, of which Gasgrid's share is half. The expenses are intended to be capitalised under fixed assets in the balance sheet, and no mandatory provision has been entered in the financial statements related to repair expenses.

At the beginning of the financial period, Gasgrid began operating a floating LNG terminal in Inkoo to serve the demand of the regional gas market formed by Finland and the Baltic countries. The terminal business succeeded in its goal of securing Finland's security of supply and the operation of the energy market in the operating environment that has changed due to the decommissioning of the Imatra feed-in point. In addition, the importance of the terminal in securing the gas supply was highlighted after the Balticconnector gas pipeline was damaged. In the first year of operation, 14.4 TWh of gas was fed into the transmission network from the terminal.

Earnings and financial position

The Group's net sales increased with the commercial commissioning of the floating LNG terminal to EUR 133.4 (90.2) million. Profitability also improved, and the operating loss was EUR -4.2 (-11.9) million. The loss for the financial period amounted to EUR -7.4 (-14.5) million.

The cash flow of the Group's operations was EUR -10.5 (29.2) million, and the Group's cash assets on 31 December 2023 were EUR 44.4 (58.3) million.

Financing

The company's solvency remained at a good level throughout the year despite the exceptional business environment. Gasgrid's interest-bearing debts on 31 December 2023 were EUR 100 million, consisting of long-term loans granted by two Nordic banks. The largest of these is a sustainability loan of EUR 80 million, the interest cost of which is partly tied to the realisation of the key indicators of the company's sustainability programme. The financing arrangement also includes the possibility to withdraw additional financing of EUR 40 million and an overdraft facility of EUR 10 million. These arrangements were completely unused on 31 December 2023. In addition, the company has agreed on a EUR 20 million unsecured loan to diversify its funding sources.

On 31 December 2023, the Group had valid interest rate swaps corresponding to EUR 40 million of notional capital. The contracts are classified as non-hedging instruments in the accounts, and in line with the precautionary principle, they are measured at acquisition cost on the balance sheet date.

Investments

The Group's investments in 2023 amounted to EUR 18.4 (57.9) million. The most significant items were the modification work of the floating LNG terminal for winter conditions and the final invoicing of the investment projects regarding the port of Inkoo and the extension of the natural gas transmission network.

In addition to its own investments, Gasgrid carried out network relocation works on behalf of customers. The cost of these investments was passed on to customers, who were charged a total of EUR 5.8 (1.2) million.

Personnel

The average number of employees in the Group continued to grow. It was 62 (54) in 2023. The reason for the increase was to meet the competence needs identified in the strategy in a planned way, and additionally to begin the operations of the floating LNG terminal. Employee turnover was 8.0 per cent (7.4 per cent).

Working at Gasgrid is meaningful and of social relevance. The organisational culture is characterised by openness and

the involvement of everyone in achieving goals by working together. As an employer, Gasgrid provides an effective means for the personnel to succeed in their work and supports professional development. During the financial period, the personnel spent an average of about two working days per person on training. In addition, Gasgrid invests in planned orientation for new employees.

Gasgrid requires high-quality supervisory work and provides fair and equal treatment. The company's achievement of this goal is monitored with a personnel survey twice a year. The average of all of the responses to the latest survey in 2023 was excellent: 4.17 on a scale from 1 to 5, with a response rate of over 72 per cent of all employees. For the first time, Gasgrid also measured the staff's willingness to recommend the company as an employer, achieving a high eNPS figure of 68. The results of the surveys are reviewed together with the staff to find concrete areas for improvement.

Shares and shareholders

Number of shares in the company	shares
Class A shares	50,200,000
Class K shares	2,800,001
Total	53,000,001

The Finnish state directly owns 100 per cent of the company's share capital.

The parent company's shares are divided into two classes.

Class A shares carry one vote at the Annual General Meeting, and class K shares carry ten votes.

	Gasgrid Group		Gasgrid Finland Oy	
	2023	2022	2023	2022
Net sales (EUR million)	133.4	90.2	94.4	90.2
Operating profit (EUR million)	-4.2	-11.87	25.7	3.1
Operating profit (%)	-3.2%	-13.2%	27.2%	3.5%
Return on equity (%)	-2.7%	-5.5%	7.8%	0.9%
Equity ratio (%)	60.5%	56.0%	60.5%	58.4%

In the calculation, the parent company's equity has been adjusted by taking into account 80 per cent of the accumulated depreciation difference.

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Corporate governance

The Annual General Meeting was held on 31 March 2023 at the premises of the Ministry of Finance. 100 per cent of the votes conferred by all shares were represented at the meeting. The General Meeting adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the 2022 financial period. The General Meeting decided, in accordance with a proposal by Gasgrid's Board of Directors, that the company would not distribute a dividend for the 2022 financial period.

The General Meeting elected **Lauri Kajanojan** to the company's Board of Directors to replace **Päivi Nerg** and decided on the remuneration of the members of the Board of Directors. The General Meeting also covered the remuneration policy for the administrative bodies and the remuneration report for 2022, the implementation of the company's social responsibility and an overview of the company's risks and risk management.

Gasgrid's Chair of the Board of Directors was **Kai-Petteri Purhonen**, and the members of the Board of Directors were **Jero Ahola**, **Saija Kivinen**, **Asta Sihvonen-Punkka**, **Lauri Kajanoja** (from 31 March 2023) and **Päivi Nerg** (until 30 March 2023).

Gasgrid's Board of Directors has established an Audit Committee. It is chaired by **Saija Kivinen** and its members are **Kai-Petteri Purhonen** and **Lauri Kajanoja**. Oy Tuokko Ltd was elected as the company's auditor. The auditor in charge is **Timo Tuokko**, Authorised Public Accountant. The Audit Committee is also

assisted by internal audit, which reports directly to it and the CEO.

The company's CEO is **Olli Sipilä**. In addition to the CEO, the Management Team included **Petri Dahlström** (CFO, Finance and Support), **Janne Grönlund** (SVP, Transmission Platform), **Esa Hallivuori** (SVP, Transmission Business), **Sara Kärki** (SVP, Hydrogen Development), **Satu Mattila** (CEO, Floating LNG Terminal Finland Oy) and **Virve Wright** (SVP, Communication, Sustainability and Public Relations).

Risk management and internal audit

Gasgrid's Board of Directors approves the risk management policy and monitors the adequacy and functionality of risk management measures. The CEO, with the support of the Management Team, is responsible for ensuring that the company's day-to-day decision-making complies with the risk management policy. The Management Team regularly assesses the risk levels in accordance with the annual schedule for risk management. In addition, this analysis involves assigning responsibility for risks to designated personnel who specify the requisite preventive measures and assume responsibility for taking the measures.

The most critical subareas of Gasgrid's risk assessment are as follows:

- The transition of key customers to alternative energy sources may jeopardise Gasgrid's financial position.
- The unpredictability of the transition rate of the hydrogen economy may make it difficult to implement Gasgrid's strategy.

- The profitability of the commercial operation of the floating LNG terminal is subject to significant uncertainty.

- A physical failure of the transmission network or the floating LNG terminal or a delay in the repair of the Balticconnector transmission network may cause a supply interruption for customers.

- Data communication or information system downtime could jeopardise the functionality of the gas transmission network or disrupt the operations of open markets.

Gasgrid has outsourced its internal audit functions to partners. Internal audit conducts regular audits of the company's various functions in line with the plan approved by the Audit Committee. Internal audit also assesses the sufficiency of risk management and supervision. Internal audit reports its findings to the Audit Committee and the CEO and, as an independent function, it is not involved in the company's operational development projects.

The Group has no ongoing legal action or procedures with the authorities. Gasgrid has actively supported the National Bureau of Investigation in the investigation of the Balticconnector damage.

Sustainability

Sustainability is reflected in all of Gasgrid's operations, and the company develops its sustainability work together with its stakeholders. According to the

reputation survey carried out during the financial period, both personnel and external stakeholders consider Gasgrid to be a very responsibly operating company.

Gasgrid is a safe place to work, and the preventive safety culture can be seen in all our activities. In the 2023 financial period, the company achieved its objective of zero accidents among its own personnel. Suppliers also did not suffer any injuries leading to absences during the year.

Gasgrid has no foreign subsidiaries, and the Group pays all its taxes in compliance with Finnish laws and regulations. In line with our sustainability programme, Gasgrid systematically monitors its tax footprint.

Research, development and innovation

In the financial period, the focus of RDI activities was on Gasgrid's role in the future transmission of clean gases. RDI investments increased in the financial period, and the share of costs in turnover was 1.1 per cent. The costs were mainly aimed at development projects related to the hydrogen transmission infrastructure.

In accordance with its strategy, Gasgrid promoted the development of the national hydrogen network, international infrastructure cooperation, and the hydrogen market in the Baltic Sea region together with other transmission network companies and key industrial players. The year was also the first financial period for the Group's subsidiary, Gasgrid vetyverkot Oy, which focuses solely on accelerating hydrogen development.

During the financial period, all three ongoing international cooperation

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projects, Nordic Hydrogen Route, Nordic-Baltic Hydrogen Corridor and Baltic Sea Hydrogen Collector, progressed to the European Commission's list of Projects of Common Interest (PCI). Access to the list indicates the central role of the projects in the implementation of the EU's energy policy and enables the use of additional diverse sources of funding for the implementation of the projects.

At the national level, we continued to work closely with potential customers and local operators to develop regional hydrogen infrastructure projects, for example by launching the Southern Finland industrial hydrogen project.

Events after the financial period

Following the conclusion of the financial period, there have been no major events that could be considered out of the ordinary for the business.

Outlook for 2024

The Group's operating profit is predicted to marginally improve from the current level, but is still projected to deliver a small loss in 2024. The profitability of the natural gas transmission network operation is predicted to improve, but the Group's result will continue to be burdened by the LNG terminal security of supply investments and the development costs of the hydrogen transmission business.

Natural gas consumption is predicted to remain at the level of 2023 in the company's operating area. Gasgrid has received permission to raise its transmission prices for 2024 exceeding the 15 per cent raising ceiling to secure

the uninterrupted transmission of natural gas in exceptional circumstances. The damage to the Balticconnector pipeline is expected to negatively impact the demand for terminal services before the repair work is completed.

During the 2024 financial period, Gasgrid will continue to take measures to accelerate the development programmes in line with its updated strategy. The promotion of projects related to the hydrogen economy, and the ramp-up of the organisation preparing the implementation of the projects, are expected to increase costs considerably in 2024.

Board of Directors' proposal for the use of profit

On 31 December 2023, the parent company's distributable assets amounted to EUR 164,164,713.71, including the profit for the financial period of EUR 2,859,069.57.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and EUR 164,164,713.71 be left in unrestricted equity.

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CONSOLIDATED INCOME STATEMENT

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	133,365	90,206
Other operating income	805	328
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-38,365	-43,901
Increase (+)/decrease (-) in inventories	-2,451	2,829
External services	151	-857
Change in investments in progress	-2,735	28
	-43,400	-41,902
Personnel expenses		
Salaries and bonuses	-5,873	-4,092
Personnel add-on expenses		
Pension expenses	-1,099	-783
Other personnel expenses	-490	-226
	-7,462	-5,102
Depreciation and impairment		
Planned depreciation	-20,189	-19,346
	-20,189	-19,346
Other operating expenses	-67,355	-36,057

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
OPERATING PROFIT	-4,236	-11,873
Financial income and expenses		
Other interest and financial income	1,533	88
Interest expenses and other financial expenses	-4,627	-726
	-3,094	-638
PROFIT BEFORE APPROPRIATIONS AND TAXES	-7,330	-12,511
Corporation tax	0	0
Change in deferred tax liabilities	-83	-1,944
PROFIT FOR THE PERIOD	-7,413	-14,455

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CONSOLIDATED BALANCE SHEET

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	11,268	5,833
Other intangible assets	1,974	7,414
	13,241	13,247
Tangible assets		
Land and water areas	2,249	2,528
Buildings and structures	316,318	271,500
Machinery and equipment	33,222	54,938
Other tangible assets	3,889	4,145
Prepayments and acquisitions in progress	7,803	32,136
	363,482	365,246
Total non-current assets	376,723	378,493
Current assets		
Inventories		
Materials and supplies	6,910	3,962
Work in progress	41	102
Other inventories	4,689	5,478
	11,640	9,542
Receivables		
Non-current		
Other receivables	63	63
Current		
Trade receivables	41,397	15,573
Other receivables	5,606	5,890
Accrued income	466	1,547
	47,532	23,072
Cash at bank and in hand	44,446	58,340
Total current assets	103,618	90,954
Assets	480,341	469,447

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	131,758	96,758
Retained earnings	156,325	170,780
Loss for the financial period	-7,413	-14,455
Total shareholders' equity	290,669	263,083
Liabilities		
Non-current		
Loans from financial institutions	100,000	100,000
Other liabilities	1,675	2,500
Total non-current	101,675	102,500
Current		
Loans from financial institutions	0	20,000
Trade payables	3,924	32,257
Other liabilities	25,568	10,324
Accruals and deferred income	23,091	5,953
Deferred tax liability	35,414	35,331
Total current	87,997	103,864
Total liabilities	189,672	206,364
Liabilities and shareholders' equity	480,341	469,447

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CONSOLIDATED CASH FLOW STATEMENT

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	-7,413	-14,455
Adjustments		
Planned depreciation	20,189	19,346
Financial income and expenses	3,094	638
Change in deferred tax liabilities	83	1,944
Corporation tax	0	0
Cash flow before change in working capital	15,953	7,473
Change in working capital		
Increase (-)/decrease (+) in inventories	-2,098	-2,843
Increase (-)/decrease (+) in interest-free receivables	-24,439	4,032
Increase (+)/decrease (-) in interest-free liabilities	3,118	22,623
Operating cash flow before financial items and taxes	-7,467	31,285
Interest paid on operating activities	-4,521	-607
Interest received from operating activities	1,513	45
Taxes paid on operating activities	0	-1,479
CASH FLOW FROM OPERATING ACTIVITIES	-10,475	29,243

Gasgrid Group (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM INVESTMENTS	-18,419	-57,923
Cash flow from investments		
Investments in tangible and intangible assets	-18,419	-57,923
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	-20,000	40,000
Increase in invested unrestricted equity fund	35,000	70,445
Dividend payout	0	-40,000
CASH FLOW FROM FINANCING ACTIVITIES	15,000	70,445
CHANGE IN FINANCIAL ASSETS	-13,894	41,765
Cash and cash equivalents at the beginning of the period	58,340	16,575
Cash and cash equivalents at the end of the period	44,446	58,340

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INCOME STATEMENT

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
NET SALES	94,399	90,206
Other operating income	3,177	448
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-27,030	-38,966
Increase (+)/decrease (-) in inventories	-592	1,051
External services	151	-857
Change in investments in progress	-2,735	28
	-30,205	-38,743
Personnel expenses		
Salaries and bonuses	-4,806	-4,092
Personnel add-on expenses		
Pension expenses	-958	-784
Other personnel expenses	-400	-226
	-6,163	-5,103
Depreciation and impairment		
Planned depreciation	-19,043	-18,045
Other operating expenses	-16,480	-25,647

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
OPERATING PROFIT	25,685	3,116
Financial income and expenses		
Income from Group companies	13	83
Other interest and financial income	1,323	88
Interest expenses and other financial expenses	-3,818	-724
	-2,482	-554
PROFIT BEFORE APPROPRIATIONS AND TAXES	23,203	2,562
Appropriations		
Increase (-)/decrease (+) in depreciation difference	0	-7,986
Group contribution granted	-20,344	0
Corporation tax	0	0
PROFIT/LOSS FOR THE FINANCIAL PERIOD	2,859	-5,424

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BALANCE SHEET

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Assets		
Non-current assets		
Intangible assets		
Intangible rights	8,778	3,210
Other intangible assets	1,974	2,023
	10,752	5,233
Tangible assets		
Land and water areas	2,249	2,232
Buildings and structures	297,330	255,774
Machinery and equipment	18,670	17,246
Other tangible assets	3,889	3,992
Prepayments and acquisitions in progress	3,247	27,765
	325,385	307,010
Investments		
Shares in Group companies	86,350	60,477
	86,350	60,477
Total non-current assets	422,487	372,720

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Current assets		
Inventories		
Materials and supplies	6,910	3,962
Work in progress	41	102
Other inventories	3,942	3,700
	10,893	7,764
Receivables		
Non-current		
Other receivables	63	0
	63	0
Current		
Trade receivables	59,530	15,573
Loan receivables	0	35,373
Other receivables	2,150	1,463
Accrued income	412	1,189
	62,092	53,597
Cash at bank and in hand	24,684	38,580
Total current assets	97,732	99,941
Assets	520,219	472,661

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BALANCE SHEET

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	131,758	96,758
Retained earnings	29,547	34,971
Profit for the period	2,859	-5,424
Total shareholders' equity	174,165	136,306
Accumulated appropriations		
Depreciation difference	175,979	174,916

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Liabilities		
Non-current		
Loans from financial institutions	100,000	100,000
Other liabilities	1,675	2,500
Total non-current	101,675	102,500
Current		
Loans from financial institutions	0	20,000
Accounts payable to Group companies	0	0
Trade payables	2,872	22,770
Other liabilities	43,048	10,217
Accruals and deferred income	22,479	5,953
Total current	68,400	58,939
Total liabilities	170,075	161,439
Liabilities and shareholders' equity	520,219	472,661

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CASH FLOW STATEMENT

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	2,859	-5,424
Adjustments		
Planned depreciation	19,043	18,045
Financial income and expenses	2,482	554
Appropriations	21,407	7,986
Corporation tax	0	0
Cash flow before change in working capital	45,791	21,160
Change in working capital		
Increase (-)/decrease (+) in inventories	-3,129	-1,065
Increase (-)/decrease (+) in interest-free receivables	-43,911	8,448
Increase (+)/decrease (-) in interest-free liabilities	11,185	10,866
Operating cash flow before financial items and taxes	9,937	39,409
Interest paid on operating activities	-3,712	-605
Interest received from operating activities	1,317	45
Increase (-)/decrease (+) in loan receivables	35,373	-18,355
Taxes paid on operating activities	0	-1,479
CASH FLOW FROM OPERATING ACTIVITIES	42,914	19,015

Gasgrid Finland Oy (EUR thousand)	1.1.-31.12.2023	1.1.-31.12.2022
CASH FLOW FROM INVESTMENTS	-68,810	-66,364
Cash flow from investments		
Investments in tangible and intangible assets	-68,810	-66,364
Cash flow from financing activities	-20,000	40,000
Increase (+)/decrease (-) in interest-bearing liabilities	35,000	70,445
Increase in invested unrestricted equity fund	-3,000	0
Dividend payout	0	-40,000
CASH FLOW FROM FINANCING ACTIVITIES	12,000	70,445
CHANGE IN FINANCIAL ASSETS		
	-13,896	23,096
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	38,580	15,484
	24,684	38,580

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1. ACCOUNTING POLICIES USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Gasgrid Group consists of the parent company, Gasgrid Finland Oy, and its wholly-owned subsidiaries, Baltic Connector Oy, Floating LNG Terminal Finland Oy and Gasgrid vetyverkot Oy. In addition, the merged subsidiary Baltic Connector Oy has been included in the consolidated financial statements up to the moment of the merger.

Comparability:

The financial statements are comparable with the previous financial statements. Comparative figures for the previous financial statements are presented either as a table or in brackets in the text.

Valuation and deferral principles:

The personnel's mandatory employment-related pensions have been assigned to an employment-related pension company to handle, and there are no new supplementary pension arrangements. A small number of Gasgrid employees have exceptional pension benefits carried over from their previous employers, and the obligations of these benefits were transferred to Gasgrid along with the personnel concerned when the corporate arrangement was executed.

Derivative instruments are presented in the financial statements in accordance with the precautionary principle. Accordingly, these contracts are measured at the lower of cost or market value on the balance sheet date. However, derivatives may be presented as off-balance sheet items if the definition of hedge accounting is met and the hedge accounting is tested for effectiveness.

Receivables denominated in foreign currency, as well as liabilities denominated in foreign currency and other commitments, are converted into euros at the exchange rate on the balance sheet date. If receivables or liabilities or other commitments denominated in foreign currency are contractually or otherwise tied to a certain exchange rate, they can be converted into euros at that exchange rate.

The other key valuation and deferral principles are presented in the notes for the individual items concerned.

Consolidation:

The consolidated financial statements have been prepared using the acquisition-cost method. Intra-Group transactions, and mutual receivables and liabilities are eliminated in the consolidated financial statements. The depreciation difference included in the separate financial statements is divided between shareholders' equity and deferred tax liabilities.

2. NOTES TO THE INCOME STATEMENT

2.1. Net sales

Net sales consist mainly of gas transmission prices, terminal services, imbalance settlement fees, settlements of feed-in charges with other transmission network operators, and onward charges for network transmission work. Gasgrid operates as a payer and remitter of natural gas excise duties, and, for this reason, excise duties are not included in the company's net sales.

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Transmission services	62,413	46,008	62,413	46,008
Terminal fees	39,698	0	0	0
Balancing services	22,749	38,051	22,749	38,051
Onward charges for maintenance work	5,862	1,539	5,794	1,539
Balancing feed-in charges	2,381	4,548	2,381	4,548
Sales to Group companies	0	0	932	0
Other charges	263	60	130	60
	133,365	90,206	94,399	90,206

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2.2. Other operating income

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Rental income	265	244	265	244
Grants received	540	84	48	84
Merger profit	0	0	2,864	120
Other income	0	0	0	0
Total	805	328	3,177	448

2.3. Planned depreciation

Fixed assets are recognised on the balance sheet at acquisition cost, less planned depreciation. Planned depreciation is calculated using the straight-line method based on the useful life of the asset. Depreciation is calculated from the month of first use.

	Years
Intangible assets.....	4-5
Computer software.....	4-5
Other long-term expenses.....	10-40
Office buildings.....	19-40
Production buildings.....	19-52
Other structures.....	10-40
Steel pipeline.....	25-65
Plastic pipeline.....	40
Machinery and equipment.....	4-15
Other tangible assets.....	10-40

2.4. Auditors' fees

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Audit and other services	44	53	37	45
Total	44	53	37	45

2.5. Financial income and expenses

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Other interest and financial income				
Interest income from Group companies	0	0	13	83
Interest income from others	1,525	88	6	88
Other financial income from others	8	0	1,318	0
Total	1,533	88	1,336	170
Interest expenses and other financial expenses				
Interest expenses to others	-3,679	579	-3,679	579
Other financial expenses to others	-948	146	-139	145
Total	-4,627	726	-3,818	724

2.6. Related-party transactions

The related-party transactions were intra-Group transactions, which were executed on ordinary commercial terms. There were no transactions with related parties outside the Group.

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2.7. Personnel and bodies

The Group had an average of 62 (54) employees in the financial period. Salaries and bonuses for Gasgrid's bodies in the 2023 financial period:

EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
Board of Directors	96	117
CEO	363	314
Total	459	431

The salaries and bonuses are stated in the table on the cash principle. The Group's remuneration policy does not include supplementary pension or share-based incentive schemes.

3. NOTES TO THE BALANCE SHEET

3.1. Receivables

Other receivables on the consolidated balance sheet, EUR 5,605,770.74 (EUR 5,890,050.97), are mostly VAT receivables.

Intra-Group receivables:

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Loan receivables	0	35,373
	0	35,373

3.2. Non-current assets

Non-current assets are recognised on the balance sheet at acquisition cost, less planned depreciation.

The permanent ones also include the absolute minimum amounts of gas and LNG needed by the natural gas transmission network, and additionally by the floating LNG terminal, so that it is possible to maintain their technical functionality. The shares of pipeline gas and base LNG defined in this way is valued at historical acquisition cost in the financial statements. Conversely, the volume of gas and LNG that varies in the transmission network and LNG terminal for technical and commercial reasons is recognised in the balance sheet under current assets.

EUR 1,000	Gasgrid Group	Gasgrid Finland Oy
Intangible rights		
Acquisition cost, 1 January 2023	11,157	8,453
Increases in the period	1,841	1,245
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	6,274
Acquisition cost, 31 December 2023	12,998	15,972
Accumulated depreciation and impairment 1 January	-5,324	-5,243
Depreciation, 1 January to 31 December 2023	-1,703	-1,465
Accumulated depreciation of decreases	0	0
Depreciation transferred in business arrangements	0	-486
Accumulated depreciation and impairment 31 December	-1,730	-7,194
Balance sheet value, 31 December 2023	11,268	8,778
Other intangible assets		
Acquisition cost, 1 January 2023	19,219	13,519
Increases in the period	0	0
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	278
Acquisition cost, 31 December 2023	19,219	13,798
Accumulated depreciation and impairment 1 January	-11,805	-11,496
Depreciation, 1 January to 31 December 2023	-422	-327
Transfers between items	-5,018	
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-17,246	-11,824
Balance sheet value, 31 December 2023	1,974	1,974

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EUR 1,000	Gasgrid Group	Gasgrid Finland Oy
Land and water areas		
Acquisition cost, 1 January 2023	2,528	2,232
Increases in the period	0	0
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	17
Acquisition cost, 31 December 2023	2,528	2,249
Accumulated depreciation and impairment 1 January	0	0
Depreciation, 1 January to 31 December 2023	0	0
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-278	0
Balance sheet value, 31 December 2023	2,249	2,249
Buildings and structures		
Acquisition cost, 1 January 2023	621,834	605,671
Increases in the period	28,760	20,724
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	36,998
Acquisition cost, 31 December 2023	650,594	663,393
Accumulated depreciation and impairment 1 January	-350,334	-349,897
Depreciation, 1 January to 31 December 2023	-14,533	-14,238
Accumulated depreciation of decreases	0	0
Depreciation transferred in business arrangements	0	-1,928
Accumulated depreciation and impairment 31 December	-334,276	-366,063
Balance sheet value, 31 December 2023	316,318	297,330

EUR 1,000	Gasgrid Group	Gasgrid Finland Oy
Machinery and equipment		
Acquisition cost, 1 January 2023	153,733	113,984
Increases in the period	12,150	587
Decreases in the period	0	0
Transfers between items	0	4,471
Acquisition cost, 31 December 2023	165,882	119,043
Accumulated depreciation and impairment 1 January	-98,795	-96,738
Depreciation, 1 January to 31 December 2023	-3,286	-2,774
Accumulated depreciation of decreases	0	0
Transfers between items	0	-861
Accumulated depreciation and impairment 31 December	-132,660	-100,373
Balance sheet value, 31 December 2023	33,222	18,670
Other tangible assets		
Acquisition cost, 1 January 2023	9,039	8,841
Increases in the period	0	0
Decreases in the period	0	0
Acquisition costs transferred in business arrangements	0	184
Acquisition cost, 31 December 2023	9,039	9,025
Accumulated depreciation and impairment 1 January	-4,895	-4,850
Depreciation, 1 January to 31 December 2023	-244	-238
Accumulated depreciation of decreases	0	0
Depreciation transferred in business arrangements	0	-48
Accumulated depreciation and impairment 31 December	-5,151	-5,136
Balance sheet value, 31 December 2023	3,889	3,889
Prepayments and acquisitions in progress		
Acquisition cost, 1 January 2023	32,136	27,765
Increases in the period	30,319	18,984
Decreases in the period	-22,055	-20,930
Transfers between items	-32,596	-22,573
Acquisition cost, 31 December 2023	7,803	3,247
Depreciation, 1 January to 31 December 2023	0	0
Balance sheet value, 31 December 2023	7,803	3,247

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3.3. Statement of changes in shareholders' equity

Gasgrid Group	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January	10,000	96,758	156,325	263,083
Capitalisation	0	35,000	0	35,000
Loss for the financial period	0	0	-7,413	-7,413
Balance sheet value 31 December	10,000	131,758	148,911	290,669

Gasgrid Finland Oy	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January	10,000	96,758	29,547	136,306
Capitalisation	0	35,000	0	35,000
Profit for the period	0	0	2,859	2,859
Balance sheet value 31 December	10,000	131,758	32,406	174,165

The parent company's shares are divided into two classes.

Number of company shares	shares
Class A shares	50,200,000
Class K shares	2,800,001
Total	53,000,001

Class A shares carry one vote at the Annual General Meeting, and class K shares carry ten votes.

3.4. Distributable assets

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Invested unrestricted equity fund	131,758	96,758
Retained earnings	29,547	34,971
Profit/loss for the financial period	2,859	-5,424
Total distributable assets	164,165	126,306

3.5. Non-current liabilities

The company has an unsecured sustainability loan of EUR 80 million due in 2026. The cost paid on the loan is partially linked to the realisation of the targets of Gasgrid's sustainability programme. In addition, long-term liabilities include a three-year bank loan of EUR 20 million due in 2025.

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3.6. Current liabilities

Accruals and deferred income:

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
Interest expenses	230	124
Personnel expenses	2,321	1,563
Direct taxes	0	0
Debt on operational balance sheet accounts	4,022	0
Excise duties	16,519	4,266
	23,091	5,953

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Interest expenses	230	124
Personnel expenses	1,947	1,563
Direct taxes	0	0
Debt on operational balance sheet accounts	3,784	0
Excise duties	16,519	4,266
	22,479	5,953

Other liabilities:

The other liabilities item in the consolidated balance sheet of EUR 25,567,756.58 (EUR 10,324,008.88), consists mainly of VAT liabilities and imbalance settlement compensation payments.

Liabilities from Group companies:

Gasgrid Finland Oy (EUR thousand)	31.12.2023	31.12.2022
Trade payables	0	0
Other liabilities	17,723	0
	17,723	0

Deferred tax liability:

Gasgrid Group (EUR thousand)	31.12.2023	31.12.2022
Deferred tax liability	35,414	35,331
Change in deferred tax liabilities	83	1,944

The amounts of and changes in deferred tax liabilities recognised in the consolidated balance sheet and income statement consist of deferred tax liabilities due to appropriations.

4. OTHER NOTES

4.1. Collateral, contingent liabilities and off-balance-sheet arrangements

With regard to the Balticconnector offshore gas interconnection pipeline, crossing agreements have been made with other cable and gas pipeline operators. The agreements carry a liability for damages in the amount of EUR 258.3 million and a EUR 100 million liability for environmental damage. These liabilities are covered by insurance.

The Balticconnector offshore gas interconnection pipeline was damaged in October 2023, and the current estimate of the repair costs in early 2024 is EUR 35 million, of which Gasgrid's share is half. In addition, the company has initiated measures to obtain compensation for the damage. The expenses are intended to be capitalised under fixed assets in the balance sheet, and no mandatory provision has been entered in the financial statements related to repair expenses.

Nominal values of forthcoming lease payments under existing leases:

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Payable in the year after the financial period	48,086	48,516	479	195
Payable later	370,124	423,501	1,175	688
Total	418,209	472,017	1,655	883

The future rental costs have been calculated by asset type, taking into account the likely duration of the contract, and by evaluating the changing parameters of lease contracts for floating LNG terminal operations, such as the effect of exchange rates. The parent company has given an absolute guarantee in connection with the future lease obligations of Floating LNG Terminal Finland Oy.

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4.2. Derivative contracts

The Group's interest-rate swaps are classified as non-hedging instruments in the accounts, and their notional capital on the balance sheet date was EUR 40 million. The market value of these derivative contracts on the balance sheet date was EUR 2,953,448.71 (EUR 4,774,818.31). In line with the precautionary principle, derivatives are measured at acquisition cost and a positive fair value change is not recognised. The interest expenses on derivative contracts are recognised under interest expenses in the income statement.

4.3. Holdings in other companies

Subsidiary	Business ID	Domicile	Group ownership	Shareholders' equity (EUR thousand)	Profit/loss for the financial period (EUR thousand)
Floating LNG Terminal Finland Oy	3285669-8	Espoo	100%	60,099	-7,741
Gasgrid Vetyverkot Oy	3331856-8	Espoo	100%	1,099	-1

Baltic Connector Oy merged with Gasgrid Finland Oy on 30 April 2023.

4.4. Segregation of the accounts of the businesses

The parent company's business is segregated into three parts for the purposes of accounting: the transmission network, centralised data exchange and guarantee of origin units. Income and expenses directly attributable to the businesses, as well as assets and taxes, are recognised directly in the separate financial statements of the business concerned. In addition, joint items are recorded for the different businesses according to the matching principle. The invested unrestricted equity fund of the company is divided between the three business units in proportion to their balance sheet items.

The division between salaries has been corrected in the comparison data for the transmission network and guarantees of origin. The division between equity has also been corrected in the comparison data for the transmission network and centralised data exchange.

Additional information on the separated financial statements:

1. Investments in transmission network fixed assets:

EUR 1,000	2023	2022
Transmission network intangible assets	7,311	1,174
Other intangible assets	0	213
Transmission network tangible assets	60,144	11,480
Prepayments and acquisitions in progress	-24,521	19,705
	42,934	32,572

2. Return on investments in the transmission network:

	2023	2022
	6.1%	0.1%

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	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Net sales	94,230	90,032	39	114	130	60	94,399	90,206
Other operating income	3,177	448	0	0	0	0	3,177	448
Materials and services	-30,205	-38,743	0	0	0	0	-30,205	-38,743
Materials, supplies and goods	-30,356	-37,915	0	0	0	0	-30,356	-37,915
Purchases during the financial period	-29,764	-38,966	0	0	0	0	-29,764	-38,966
Other purchases during the financial period	-29,764	-38,966	0	0	0	0	-29,764	-38,966
Change in inventories	-592	1,051	0	0	0	0	-592	1,051
External services	151	-857	0	0	0	0	151	-857
Other external services	151	-857	0	0	0	0	151	-857
Personnel expenses	-6,103	-5,103	0	0	-60	-60	-6,163	-5,103
Salaries and bonuses	-4,758	-4,092	0	0	-48	-48	-4,806	-4,092
Personnel add-on expenses	-1,345	-1,010	0	0	-12	-12	-1,358	-1,010
Depreciation and impairment	-18,945	-17,942	-98	-103	0	0	-19,043	-18,045
Planned depreciation	-18,945	-17,942	-98	-103	0	0	-19,043	-18,045
Planned depreciation on network assets	-18,474	-17,295	0	0	0	0	-18,474	-17,295
Planned depreciation on other non-current assets	-471	-647	-98	-103	0	0	-569	-750
Other operating expenses	-16,414	-25,553	-18	-42	-48	-53	-16,480	-25,647
Rent expenses	-1,156	-2,911	0	0	0	0	-1,156	-2,911
Other operating expenses	-15,258	-22,642	-18	-42	-48	-53	-15,324	-22,736
Operating profit (loss)	25,740	3,198	-77	-31	23	-52	25,685	3,116
Financial income and expenses	-2,482	-554	0	0	0	0	-2,482	-554
Return on shares in Group companies	13	83	0	0	0	0	13	83
Other interest and financial income	1,323	88	0	0	0	0	1,323	88
Interest expenses and other financial expenses	-3,818	-724	0	0	0	0	-3,818	-724
Profit (loss) before appropriations and taxes	23,258	2,645	-77	-31	23	-52	23,203	2,562
Appropriations	-20,326	-7,986	0	0	-18	0	-20,344	-7,986
Change in depreciation difference	0	-7,986	0	0	0	0	0	-7,986
Change in depreciation difference on network assets	0	-7,986	0	0	0	0	0	-7,986
Group contribution granted (unpaid)	-20,326	0	0	0	-18	0	-20,344	0
Corporation tax	0	0	0	0	0	0	0	0
Profit (loss) for the financial period	2,932	-5,341	-77	-31	5	-52	2,859	-5,424

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	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Non-current assets	422,225	372,363	151	249	111	109	422,487	372,720
Intangible assets	10,601	4,984	151	249	0	0	10,752	5,233
Network intangible assets	10,022	3,934	0	0	0	0	10,022	3,934
Other intangible assets	580	1,050	151	249	0	0	731	1,299
Tangible assets	325,274	306,901	0	0	111	109	325,385	307,010
Network tangible assets	322,138	279,244	0	0	0	0	322,138	279,244
Prepayments and acquisitions in progress	3,136	27,657	0	0	111	109	3,247	27,765
Investments	86,350	60,477	0	0	0	0	86,350	60,477
Current assets	97,366	99,597	164	143	202	201	97,732	99,941
Inventories	10,893	7,764	0	0	0	0	10,893	7,764
Receivables	62,144	53,542	11	55	0	0	62,155	53,597
Long-term receivables	63	0	0	0	0	0	63	0
Other receivables	63	0	0	0	0	0	63	0
Short-term receivables	62,081	53,542	11	55	0	0	62,092	53,597
Trade receivables	59,519	15,518	11	55	0	0	59,530	15,573
Accrued income	412	1,189	0	0	0	0	412	1,189
Other receivables	2,150	36,835	0	0	0	0	2,150	36,835
Cash at bank and in hand	24,330	38,291	153	88	202	201	24,684	38,580
Total assets	519,591	471,960	315	392	313	309	520,219	472,661

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	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Shareholders' equity	173,537	135,605	315	392	313	308	174,165	136,306
Shares, participations or other similar capital	10,000	10,000	0	0	0	0	10,000	10,000
Other funds	130,983	95,983	415	415	360	360	131,758	96,758
Other other funds	130,983	95,983	415	415	360	360	131,758	96,758
Retained earnings	29,622	35,023	-23	8	-52	0	29,547	35,031
Profit (loss) for the financial period	2,932	-5,401	-77	-31	5	-52	2,859	-5,484
Accumulated appropriations	175,979	174,916	0	0	0	0	175,979	174,916
Depreciation difference	175,979	174,916	0	0	0	0	175,979	174,916
On network assets	175,979	174,916	0	0	0	0	175,979	174,916
Liabilities	170,075	161,438	0	0	0	1	170,075	161,439
Long-term liabilities	101,675	122,500	0	0	0	0	101,675	122,500
Long-term interest-bearing liabilities	101,675	122,500	0	0	0	0	101,675	122,500
Other long-term interest-bearing liabilities	101,675	122,500	0	0	0	0	101,675	122,500
Short-term liabilities	68,400	38,938	0	0	0	1	68,400	38,939
Short-term interest-free liabilities	68,400	38,938	0	0	0	1	68,400	38,939
Trade payables	2,872	22,769	0	0	0	1	2,872	22,770
Accruals and deferred income	22,479	5,953	0	0	0	0	22,479	5,953
Liabilities on Group contributions granted	17,344	0	0	0	0	0	17,344	0
Other liabilities to Group companies	379	0	0	0	0	0	379	0
Other liabilities	25,325	10,217	0	0	0	0	25,325	10,217
Total liabilities and shareholders' equity	519,591	471,960	315	392	313	309	520,219	472,661

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To the General Meeting of Gasgrid Finland Oy

Audit of financial statements

Opinion

We have audited the financial statements of Gasgrid Finland Oy (3007894-1) for the financial period from 1 January to 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, and notes to the financial statements, as well as the parent company's balance sheet, income statement, cash flow statement, and notes to the financial statements.

In our opinion, the financial statements, where the parent company's income statement shows a loss of EUR 2,859,069.57, give a true and fair view of the financial position and financial performance of the Group, and the parent company in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for opinion

We have conducted the audit in accordance with good auditing practice in Finland. Our responsibilities under good

auditing practice are further described in the section Auditor's responsibilities in the audit of financial statements. We are independent of the parent company and Group companies in accordance with the ethical requirements that are relevant to our audit of the financial statements in Finland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO for the financial statements

The Board of Directors and the CEO are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the parent

company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The going concern basis of accounting is used unless there is an intention to liquidate the parent company or the Group or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

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conditions that may cast significant doubt on the parent company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.
- Obtain a sufficient amount of appropriate audit evidence about financial information concerning the Group's entities or businesses in order to provide an opinion on the consolidated financial statements. We are responsible for guiding, supervising and performing the Group's audit. We are solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting obligations

Other information

The Board of Directors and the CEO are responsible for other information. Other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover other information.

It is our responsibility to read the other information in connection with the audit of the financial statements, and when doing so, to assess whether that information is materially inconsistent with the financial statements or the knowledge obtained in carrying out the audit, or otherwise appears to be materially incorrect. It is also our responsibility to evaluate whether the report of the Board of Directors has been drawn up in accordance with the applicable regulations.

In our opinion, the information in the report of the Board of Directors and the financial statements is consistent and the report of the Board of Directors has been drawn up in accordance with the applicable regulations.

If we conclude, on the basis of the work we have done, that the report of the Board of Directors contains a material misstatement, we must report this fact. We have nothing to report on this matter.

Other opinions based on law

Our obligation is to give an opinion based on the audit we have performed on the matters required by section 13:64 of the Natural Gas Market Act.

The income statements, balance sheets and related additional information of the separated natural gas businesses have been prepared in accordance with the Natural Gas Market Act and the provisions and regulations issued pursuant to it.

Other opinions

We support the adoption of the financial statements. The proposal of the Board of Directors on the use of the loss shown in the balance sheet is in compliance with the Companies Act. We support the discharge from liability for members of the Board of Directors and the CEO for the financial period we audited.

Helsinki, 15 March 2024

Oy Tuokko Ltd
Audit firm

Timo Tuokko
Authorised Public Accountant

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Espoo, 15 March 2024

Kai-Petteri Purhonen
Chair of the Board of Directors

Lauri Kajanoja
Member of the Board of Directors

Asta Sihvonen-Punkka
Member of the Board of Directors

Jero Ahola
Member of the Board of Directors

Saija Kivinen
Member of the Board of Directors

Olli Sipilä
CEO

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Auditor's note

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Helsinki, 15 March 2024

Oy Tuokko Ltd Audit firm

Timo Tuokko
Authorised Public Accountant

GASGRID

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