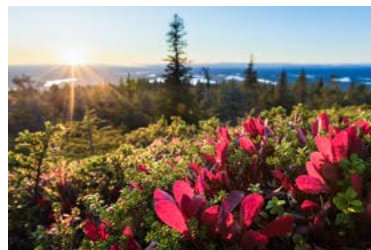


Gasgrid Finland
annual report 2021

Transmitting energy.

Content



We transmit energy. Finnish nature and its four seasons shine in the images of our report. They inspire us in our work, encourage us to act responsibly and give us strength.

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The purpose of the annual report is to provide an integrated description of the most relevant areas of our business and sustainability. The report was prepared in compliance with the applicable parts of the GRI Core reporting framework and the standards for the selected indicators.

Content Gasgrid Finland and Kreab
Design and layout Kreab
Images Sami Lamminen (Fotobakers), Nina Kaverinen, Jaakko Tähti (Suomi Kuvapankki), Rodeo, minicase (Shutterstock), Emmi Korhonen (Lehtikuva), Petri Jauhiainen (Vastavalo), Gasgrid Finland

Gasgrid Finland in brief

Gasgrid Finland Oy is a Finnish state-owned company and transmission system operator with system responsibility.

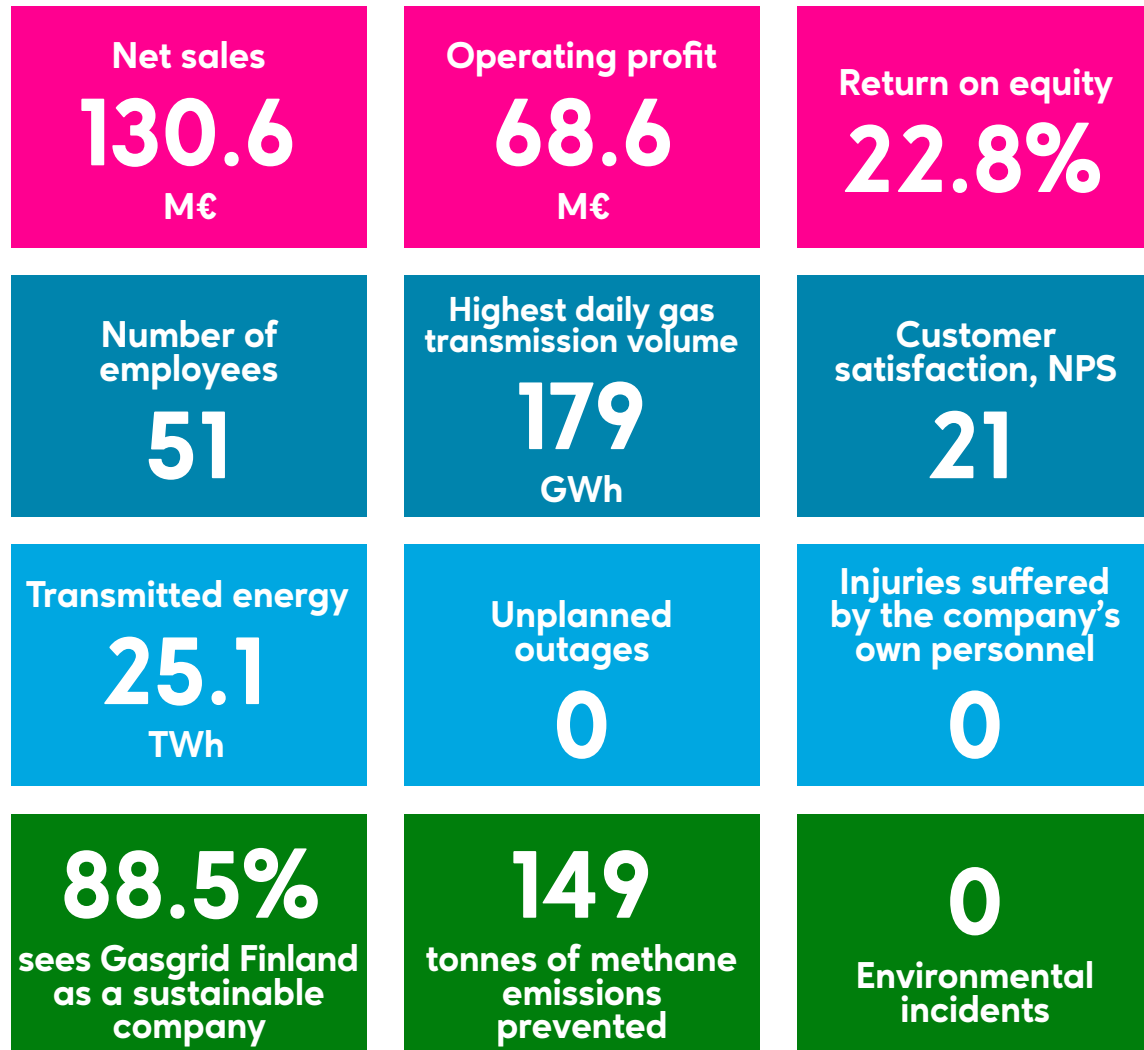
We offer our customers safe, reliable and cost-efficient transmission of gases. We actively develop our transmission platform, services and the gas market in a customer-oriented manner to promote the carbon-neutral energy and raw material system of the future. Our core services are gas transmission and connection services.

The high-pressure gas transmission network that we own and maintain is located in the southern Finland region. Our transmission network consists of approximately 1,300 km of gas pipeline, 9 compressor units, and more than 200 connection points.

Our offices are located in Espoo, Kouvola, Imatra, Mäntsälä and Inkoo.

[View our corporate video here \(in Finnish\)](#)

Year 2021 in figures



CEO's review



The year 2021 was Gasgrid Finland's second year of operation, and we performed well against key indicators. As in the previous year, there were big changes in our company's operating environment. We see these changes as a great opportunity for Gasgrid Finland and Finland.

We emphasise sustainability and a positive, solution-oriented approach to the change towards a carbon-neutral society. These trends strengthened in 2021. This was a special year in EU's energy and climate policy. In the long term, the sustainable transition can enable a self-sufficient, reliable energy system and competitive energy prices.

Gases support the energy transition

Gasgrid Finland operates at the centre of the energy transition. The basis for our vision and strategy is that Europe and Finland become carbon neutral, and gases bring important features to support the new situation. Finland can be a winner in this transition, creating jobs and well-being. To this end, we proactively develop existing and new gas infrastructures and markets together with different energy systems and stakeholders. Our employee and customer satisfaction objectives are ambitious. Our sustainability work is integrated in our operations throughout the organisation, covering also safety and security of supply.

This is how we ensure the success of our customers, the society and Gasgrid Finland.

A skilled personnel behind our success

We performed very well overall in 2021. The biggest thanks for this belongs to our dedicated and skilled personnel. We have invested heavily in our personnel, as we believe that this leads to the best results in our customers' and stakeholders' perspectives as well. One example of our commitment is the responsible attitude towards safety: in 2021, there were no accidents involving Gasgrid Finland personnel. At the end of the year, Gasgrid Finland had 730 accident-free days since the company was established.

We prioritised our personnel, and the results of employee satisfaction surveys remained on good levels. However, the prolonged uncertainty related to COVID-19 has required everyone to adapt. To promote the well-being of our personnel, we introduced a new hybrid work model and invested in leadership development.

Reliable gas transmission

Our customers transmitted 25.1 TWh of gases through our transmission platform, almost equaling the amount in 2020. The beginning of 2021 was cold compared to the average temperature. Our reliable system offered capacity on a large scale for the needs of society. Rapidly rising market prices

“ In clean gases, the hydrogen economy made the biggest leap forward at Gasgrid Finland, in Finland and globally.

depressed gas usage volumes at the end of the year. During the cold spells of December, the gas system continued to react rapidly to customers' rising transmission needs. The security of supply of our system was 100%, and there were no unplanned supply outages, which was an excellent result. This is due to our systematic safety and maintenance work.

There were also a lot of construction projects in our operating region in 2021. This led to various transmission pipeline-related projects which were successfully completed.

The regional market develops

It is important for our gas market that the Estonian TSO, Elering, commissioned both compressor stations of the Balticconnector project in Estonia. This helped our customers and improved our system's security of supply by enabling higher transmission capacity from the south.

We also developed a proposal for the further development of a common market area together with the Baltic transmission system operators, which is now being processed by the regulators in the region.

In addition, we signed a Memorandum of Understanding with the Baltic TSOs on the development of clean gases. One key

... CEO's review

project is the potential mixing of hydrogen into the current gas network, which we are currently exploring together. It is also required by the EU gas package.

We developed our services and related operational agreements on a wide front. Key improvement areas included new collateral management practices and the implementation of the responsibility for the guarantees of origin for clean gases. Our customers rewarded our efforts with an increase in customer satisfaction.

The hydrogen economy takes a leap forward

In clean gases, the hydrogen economy made the biggest leap forward at Gasgrid Finland, in Finland and globally. The EU and many countries have realised that clean electricity alone cannot solve the carbon-neutrality challenges of all sectors and applications. From an energy system perspective, gases are highly capital-efficient when they are transmitted in high volumes and over long distances. Efficiency can also be found in areas such as land use, storage and large-scale flexibility. Most of Gasgrid Finland's core competencies are directly applicable to hydrogen and other clean gases.

The exceptionally broad Fit for 55 package and the gas package were presented, and the taxonomy legislation for financing moved forward.

The global geopolitical situation became more uncertain. The global oversupply on

the energy market in 2020 swung to the other extreme in terms of market prices for a number of reasons. This has certainly put pressure on consumers and companies. In the energy transition, one must take care to keep all different target groups involved in the change despite the volatility of the operating environment.

At the beginning of the year, we joined the European Hydrogen Backbone initiative, where a vision for the transmission infrastructure and market for clean hydrogen was formed for Finland and the whole Europe. We joined Hydrogen Cluster Finland at the same time, and participated in the organisation's steering group along with other major Finnish companies. We have cooperated extensively with various stakeholders to explore the potential of the hydrogen economy in Finland. We see clean gases as an important part of the whole energy system in the future.

We launched a collaboration with Fingrid to explore different system-level energy transmission solutions for the future. We are also involved in the forward-looking 'Role of the energy infrastructure in the energy transition' project, led by Finnish Energy.

While reading the EU gas package published in December, it was good to see that the cooperation between Gasgrid Finland and Finnish stakeholders across sectoral boundaries strongly anticipates the direction visioned in the package. All this development work was made possible by the strategy-accordant ramp-up of our RDI function in 2021.

Strong finances and continuous development

Our net sales and operating profit were as planned and we exceeded our financial targets.

We successfully implemented extensive public procurements related to maintenance partnerships during the year. Another major cross-organisation project was the certification process of the management system, which is a prerequisite for the right of inspection related to the safety of the gas system.

Other significant internal subjects of investment were the continuous improvement of cybersecurity and the finalisation of the Balticconnector project. We also renewed our debt financing, the cost of which is linked to the realisation of the targets of our sustainability programme. Sustainability was a key theme also in 2021. We drew up an ambitious sustainability programme for Gasgrid Finland at the start of our operations, which was now updated. We strongly believe that sustainability both provides a competitive advantage and is meaningful to our personnel and stakeholders. 88.5% of the stakeholder survey respondents saw Gasgrid Finland as a sustainable company.

Close stakeholder cooperation continues

We continue to develop the existing gas system to be increasingly customer-oriented, ensuring security of supply. In our

sustainability work, we are advancing towards increasingly detailed carbon-neutrality roadmaps.

In 2022, we will continue on the same path as last year. The gas package strongly supports the roles of clean gases and the transmission system operator foreseen in Gasgrid Finland's strategy. We will also focus especially on hydrogen development, about which several studies are being completed in Finland. The previously mentioned EU level legislative projects continue to move forward. Regarding these, we want to ensure measures that are suitable for Finnish conditions and as practical, cost-effective and market-based as possible together with our stakeholders.

We will continue development work on our own and together with our customers and stakeholders to ensure a clean energy system.

I would like to thank our personnel, customers, partners and other stakeholders for fruitful cooperation in 2021.

The Russian military invasion that began in February 2022 against Ukraine has increased uncertainties in the operating environment and its effects are currently difficult to predict. We are monitoring the situation closely and hope to see an end to the humane suffering soon – our thoughts are with the affected innocent people.

Olli Sipilä
CEO
Gasgrid Finland Oy

Highlights of the year

High personnel satisfaction

The results of the employee survey were excellent — 4.22 on a scale of 1–5. Our company culture is inclusive and we have an ongoing dialogue with our personnel.

A reliable transmission platform

We offered our customers safe and reliable transmission of gases every day of the year.

Ramp-up of the RDI function

We launched a collaboration with Fingrid, among others, on a research regarding hydrogen economy and energy transition. We also joined the European Hydrogen Backbone initiative and put Finland on the European hydrogen network map.

Cost-effective operations with tendering

In the tendering process, service providers were acquired for various areas of the transmission platform and for property maintenance. As a result of the procurement process, we are able to maintain a very high level of safety and uninterrupted operation of the gas transmission system and to develop cost-effective operations for the benefit of the market and our customers.

We updated our sustainability programme

An even more ambitious sustainability programme was updated for 2022–2023, and it is linked to the UN Sustainable Development Goals.

We certified our management system

The certification of the management system guarantees excellent management and covers safety, quality, environment and energy.

Business environment

The pace of change in the operating environment is accelerating, and the ambition of our sector and societies in general is increasing in the pursuit of carbon neutrality. The coronavirus pandemic has accelerated digitalisation and platform economy. Electrification and the hydrogen economy create new value networks. The volatility of energy markets increases the need for preparedness and resilience.

Sustainability and meaningfulness

The global shift in the sustainability mindset took place quickly, as governments, financiers, companies and individuals decided to take action simultaneously. Growing understanding of the risks of climate change and the COVID-19 pandemic affecting the world at the same time were influencing in the background. Ambition rose significantly, and the shift is enormous on a global scale. The social and industrial structure that has evolved over more than a century must be made carbon neutral over the next 30 years. The concept of sustainability – ESG, Environmental, Social, and Governance – is diverging and deepening in all areas. It is also reaching an increasing number of company stakeholders. Sustainability is seen, on one hand, as a source of competitive

advantage, but on the other hand, as a requirement for a company's competitiveness. In addition to the climate theme, biodiversity is also becoming a trend.

The meaningfulness of work is emphasised, and sustainability is part of this meaningfulness. This has led to as many as ten per cent of employed people considering changing jobs or sectors. Remote work applications, social media and other information platforms have accelerated the change – the world's pulse has changed.

Digitalisation tools are deployed with a low threshold. On the other hand, customers and stakeholders expect accessibility, smoothness and speed in service chains. This all challenges leadership in companies. Factors such as agility, various experiments and decision-making skills are emphasised at different levels of leadership.

Platform economy and regional competitiveness

In the growing flood of information and accelerating change, target visions, images, brands and other intangible factors help individuals make work-life decisions. This trend is strong in the digital platform economy, but it is also noticeable in the physical environment. As the industrial and social structure changes, the physical region – port, city, state, continent – can become an attractive platform. They bring together operators who utilize all the synergies in the region in a smart and efficient way. On a

small scale this may be about a biogas and nutrient cycling entity, or for example an entire country profiling itself as a platform for the green steel industry, attracting both raw material suppliers and downstream processors to the same region.

Electrification and the hydrogen economy

Competitive clean electricity will provide regions and companies with a global competitive advantage in the future. Broadly speaking, the smaller the scale, the shorter the distance, the lower the temperatures and the smaller the storage needs, the more likely a site is worth electrifying. Not everything can be electrified, however. Several studies estimate that in a carbon-neutral EU, for example, 20–30% of energy needs will be met with clean hydrogen and its derivatives. This is due to hydrogen's properties and storage, transmission and land use efficiencies, especially in large quantities.

The replacement of fossil fuels and raw materials with hydrogen products will create new fuel and chemical industries and value networks based on competitive green electricity. The existing and new industries' equipment and infrastructure provide the platform – the most efficient, predictable and low-risk environment will attract business investments and financing.

The operating environment's volatility and shocks as risks in the energy market

The energy market shifted from oversupply to scarcity in 18 months through a combination of factors. This has caused a sharp and rapid rise in market prices particularly in Europe. In many countries this has already led to support packages for the most vulnerable consumers, as well as questions about the structure of the energy market, and even the need, or at least the ambition, for the green transition.

It is possible that this complex volatility will become more likely in the future.

“The most efficient, predictable and low-risk platform will attract business investments

Investments in the old energy and raw material system are becoming increasingly scarce. Investments in the new system scale relatively slowly compared to the need for change, as governments and companies try to find best

practices amid customer needs, regulatory guidance and competitive technologies. Systems are also becoming more and more weather-dependent. When increased global risks related to cyber security, escalated geopolitical situation and extreme weather events are added, the need for preparedness, flexibility and resilience is increasing. In the future, the development of the energy system across sector boundaries will be increasingly needed.

Vision, strategy and values

The change in the operating environment brings great opportunities for Gasgrid Finland and our stakeholders. Our goal is to be an enabler in this change. The current gas infrastructure and market is expanding into a diversified mix of clean gases. Our personnel, customers and other stakeholders thrive when we succeed in anticipation, customer orientation and cooperation. This work at Gasgrid Finland is guided by our vision, strategy and values.

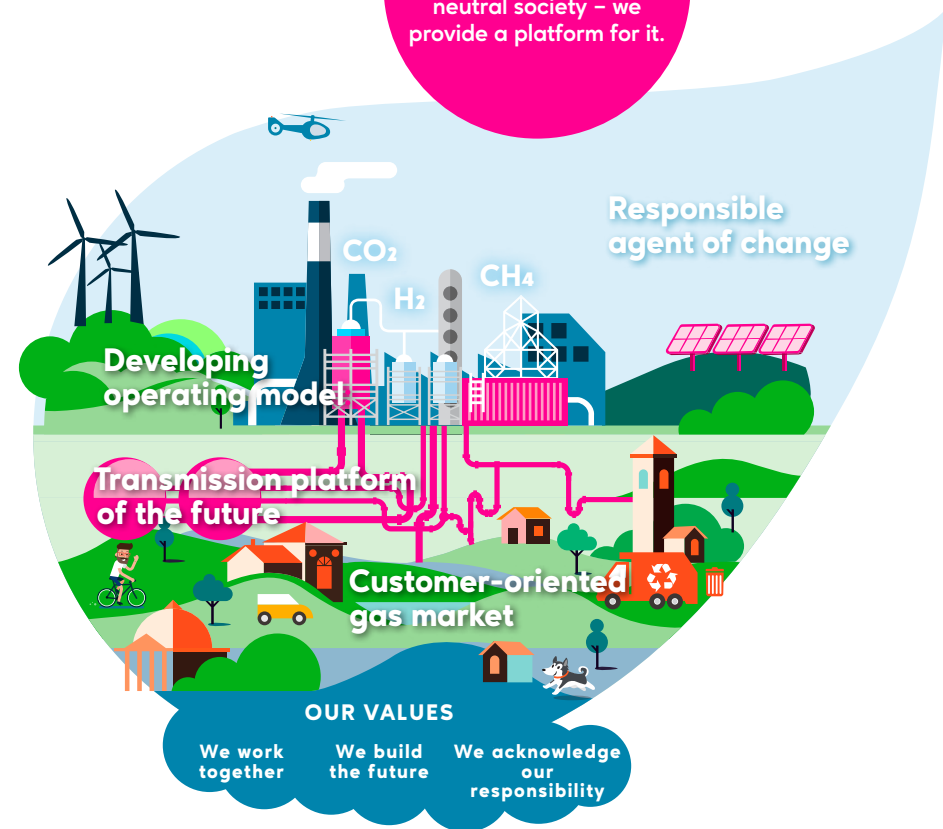
The Nordic energy and raw material system relies increasingly on zero-emission electricity. Efficient sectoral integration of electricity, gas, heating and refrigeration systems allows industry and electrical systems the flexibility and storage they need. We are shifting from a natural gas emphasis to diversified gases which include synthetic methane, biogas and hydrogen in addition to conventional gas. The year 2021 positively accelerated and strengthened this trend. Finland and Northern Europe have a great opportunity to be at the forefront of a new carbon-neutral – or carbon-negative – society. This can help the existing industry to survive and create new industries as global value chains reorganise.

Gases offer new opportunities

The gas system can provide large-scale solutions that also improve the security of supply. Additionally, gases and an active gas sector are key enablers for the energy and raw material system of the future. Developing infrastructures and markets support the security of supply – for example, the hydrogen infrastructure and market can enable more electricity to be stored and used in new applications, creating new value chains, industry, employment and prosperity in Finland. Awareness, understanding and facts on the use of gases have made both citizens and decision-makers see the new opportunities that gases offer.

Vision 2035

Gases enable a carbon-neutral society – we provide a platform for it.



We want to be a thought leader in the gas sector in the Baltic Sea region and a visionary company widely valued by the Finnish energy industry, whose resource is a thriving, competent and committed personnel. The gas market and Gasgrid Finland's transmission network and services form a diverse energy platform which

supports the use of various gases, security of supply, gas transmission and the flexibility of the energy system through sectoral integration now and in the future. The safety, reliability and cost-effectiveness of our operations are at an internationally excellent level. With these strengths, we can help our

... vision, strategy and values

society move towards carbon neutrality and the hydrogen economy.

Our goal is also to be Europe's most open and transparent transmission system operator and a pioneer in sustainability. Our ambitious sustainability programme is a plan that cuts across all of the company's operations, covers the entire value chain, and concretely supports our customers' sustainability and low-carbon efforts. We are a leading player in combining monopoly operations and market orientation for the benefit of our customers. Customer orientation, agility and continuous improvement will be an integral part of our operating culture also in the future.

Our strategy and values are underpinned by extensive and comprehensive stakeholder-inclusive scenario work. We assess our operating environment, strategy and its updating needs annually. Based on the analysis conducted in 2021, the most significant trends for us have developed more positively than estimated in the 2020 review. The company's strategy is well aligned with the change trends identified in the scenarios. However, some trends have clearly strengthened and the pace of change has accelerated:

- The ambition for sustainability, and climate targets in particular, has accelerated. Intensifying sustainability and climate policies reaching also in to the financial markets, are creating increasing pressure

“The most significant trends for Gasgrid Finland have developed more positively than estimated in the 2020 review.”

on our current business, but also new opportunities.

- Digitalisation has accelerated globally due to the pandemic. In addition to opportunities, the significance and likelihood of cyber threats has increased – the means are used more aggressively and at a lower threshold.
- The development of the hydrogen economy in Finland and globally has taken place at an accelerating pace, as electrification is accompanied by the need of the different properties offered by gaseous substances. The hydrogen industry and the development of sectoral integration have taken off faster than expected.
- A reduction in the use of natural gas due to climate targets is even more likely in the 2030s. However, the current gas system plays a key role in enabling a rapid energy transition in Europe. The system's future storage characteristics for bio- and synthetic methane are interesting.
- The risks of a slowdown in economic growth and a halt in international climate action as a result of the coronavirus did not materialise acutely.

Our employees created Gasgrid Finland's values in 2020:

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

We acknowledge our responsibility

We understand and know our operating field. We operate in a responsible way, take care of safety, we are efficient and agile. We are proud of our expertise and high-quality operations. We advance the benefit of the customer and the society.

The year 2021 demonstrated both the strength of our values and their effectiveness. Our results in employee and customer satisfaction and sustainability improved during the year, although our personnel, customers and other stakeholders were certainly burdened by the prolonged coronavirus pandemic and the challenging energy market situation. Our value base has laid a good foundation for the early stages of our company. The next development step is to ensure the systematic development of our personnel's competence in relation to the individual's and the company's objectives. We believe that a strong investment in our personnel will bring the best results for our customers and other stakeholders. ●

... vision, strategy and values

“ Our strategy focuses on four areas. They combine our ambition to ensure the company’s success in the future operating environment and to build a strong operational foundation for the changes in Gasgrid Finland and the industry in their early years.



TRANSMISSION PLATFORM OF THE FUTURE: We develop the company’s success factors for the implementation of hydrogen and the market for clean gases and sectoral integration.

We launched an RDI function in line with our strategy. It worked extensively on the development of the hydrogen economy and cooperated with our customers and stakeholders on hydrogen, clean gases and sectoral integration projects. We are continuing this work at an accelerated pace with the aim of working with our stakeholders to ensure that the infrastructure is in the right place at the right time and of the right quality. Sometimes even a preliminary plan can help our customers with their own plans.

The EU Commission’s gas package provides good principles for developing both existing and new gas platforms, delivering benefits to customers. The gas package continues to take shape in the EU decision-making process.



CUSTOMER-ORIENTED GAS MARKET: We want 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.

During 2021, we launched a number of improvements that can be seen in our customers’ everyday lives. The most important of these was to make the collateral requirements for market operations more efficient and flexible, which helped our customers in the tight market situation. In addition, we started implementing the guarantee of origin system following a legislative amendment.

Together with the Baltic gas TSOs, we created a solution proposal for the creation of a common tariff area for the four countries. The proposal is now under evaluation by the region’s regulators. Through further development, we aim to ensure smooth and efficient transactions for customers, as well as services enabled by the infrastructure and market that meet their needs.



DEVELOPING OPERATING MODEL: We are building a strong foundation for a prosperous, adaptable and developing organisation and operating model to implement Vision 2035.

In each area, we implemented development projects that contributed to the strategy. In 2021, we introduced a new system for asset management and maintenance and successfully implemented an extensive partnership tendering process.

Our new hybrid work model is designed to take advantage of the best aspects of remote work and work at the office. We invested more in leadership work, our management system, and items such as the improvement of cyber security.

In the future, we will focus on stronger personnel competence development, continue to develop management and leadership skills, and ensure good further development in important areas such as sustainability and cyber security.



RESPONSIBLE AGENT OF CHANGE: We are building impact, awareness and partner networks and integrating responsibility into the daily life of our organisation to bring about extensive change.

We are active in Finnish and international networks, drawing on our expertise and publishing up-to-date information.

Our CEO, for example, is a member of the 2021 established Hydrogen Cluster Finland’s steering group.

One of our greatest achievements is the extensive certification of the management system, which is a requirement for the safety-related comprehensive right of inspection.

In addition, we updated our sustainability programme, which is also linked to our new debt financing.

Research, development and innovation supporting strategy implementation

At the beginning of 2021, we established a Strategic Analysis & RDI unit with the aim of providing an up-to-date view on the operating environment and developing tools for modelling the demand for diverse gases. Our work started with large development projects in the first year of the unit's operation.



In the summer, Gasgrid Finland invited experts from industry and the energy sector to discuss the steps Finland could take to become an energy exporting country. [Watch the video ►](#)

The potential of the hydrogen economy

Building the foundations of the hydrogen market and the early stage of the development of large-scale new infrastructure is a comprehensive research, development and innovation challenge. As the global industry has taken off rapidly, we at Gasgrid Finland also explored the potential of the hydrogen economy and the need for hydrogen transmission. We started the study on possible demand and supply, possible infrastructure development needs, technical requirements for hydrogen pipeline transmission, conditions for the construction of hydrogen pipelines, and possible market services that a new kind of energy and raw material transmission infrastructure could provide. We explored these issues related to the hydrogen economy and the future

energy system in a joint RDI project between Gasgrid Finland and Fingrid, funded by Business Finland, which will continue in 2022.

In spring 2021, we joined the European Hydrogen Backbone (EHB) group, which envisions and analyses the development of a continent-wide hydrogen network over the next decades. During the group's work, Gasgrid Finland has developed an important role as a visionary and promoter of the hydrogen economy and hydrogen infrastructure in particular. One of our achievements in 2021 was our international cooperation within the EHB group, which put Finland and the Baltic Sea region on the European hydrogen map, highlighting the region's significant renewable energy resources and the region's hydrogen economy potential.

Gasgrid Finland has developed an important role as a visionary of the hydrogen economy and in particular hydrogen infrastructure

Working with stakeholders towards a carbon-negative society

We were in active dialogue with operators in the sector during the year, both through Hydrogen Cluster Finland and direct contacts. We also started exploring the possibility of building hydrogen pipelines with several customers. Regarding hydrogen, we also worked with the Baltic gas transmission system operators during the year to promote clean gases and to jointly explore the conditions under which hydrogen could be fed into the existing gas network.

Gasgrid Finland has strong expertise in the reliable and safe transmission of gases and in the development and maintenance of the necessary infrastructure. Our customers have recognised this, both for the current gas network and for the development of a potential hydrogen network. We expect that our development work, which started in 2021, as well as the social debate around clean gases, will continue to be strong in the years to come. With active development and customer cooperation, we believe that both the current and future gas infrastructure will help Finland achieve its carbon-neutrality targets in 2035 and enable the transition towards a carbon-negative society of the future. ●

Customers and services

We provide our customers with safe, undisrupted and sustainable gas transmission services. We operate in a customer-oriented and cost-effective manner. We develop the gas market in Finland together with our customers and other stakeholders. Our customers include industrial and energy production companies in different market roles, Finnish distribution system operators, and energy trading operators in Finland and the Baltic countries.

During 2021, the Finnish gas market continued to be active, and market participants' interest in the Finnish gas market remained high. At the end of 2021, a total of 142 (133) parties from 77 different companies were registered in different market roles. Of these, 59 were registered in Finland. There were 18 companies from Estonia, Latvia, Lithuania and Norway.

Approximately half of the market participants registered as shippers also imported gas through either the Imatra border point or the Balticconnector interconnection point.

2021 was a year of change in the global energy market, which was also reflected in the Finnish gas market and our transmission business. The beginning and end of 2021 were very cold, and in the summer the

market price of gas energy increased exceptionally strongly, which continued until the end of the year. The total gas use realised in 2021 was 25.1 TWh (25.4 TWh).

Gas imports were divided between 6.3 TWh (8.5 TWh) at the Balticconnector connection point and 18.8 TWh (16.9 TWh) at the Imatra border point.

During the year, we provided transmission services in line with our targets, although the limited capacity of the Balticconnector interconnection point at around 2/3 of the technical maximum at the beginning of the year posed challenges for market participants. Balticconnector's congestion situations decreased significantly in 2021 compared to the previous year.

The price of gas energy increased

We offer market parties capacity products of various durations and prices for the gas system's entry points and the exit zone, which include locations of direct end-use on the transmission network, as well as the supply of gas to distribution networks. In particular, the capacity advance reservations made in the second half of 2021 reflected the uncertainty felt by market parties due to the increase in gas prices. In practice, the uncertainty was reflected in lower than last year's long (annual/quarterly/monthly) capacity product reservations. In 2021, the relative share of long products in the ordered capacity products was 73% (86%).

Gasgrid Finland's framework agreements by market role at the end of 2021

Market role	Number in 2021	Number in 2020
Shipper	39	34
Trader	19	16
Distribution network retailer	26	25
Distribution network operator	19	19
Transmission network end-user	38	37
Biogas feed-in operator	1	2
Total	142	133

Capacity product	TWh	Relative share (%)
Annual product	10.34	39.9
Quarterly product	5.98	23.1
Monthly product	2.60	10.0
Daily product	4.86	18.8
Intra-day product	1.74	6.7
Capacity overrun	0.40	1.5

The utilisation rate of the reserved capacity was good. The reserved capacity in the exit zone corresponded to 25.9 TWh of energy, while the total actual gas consumption was 25.1 TWh.

Customer satisfaction increased

Customer satisfaction and our ability to serve the business needs of our gas market customers is at the heart of our strategy. We have invested significantly in improving service quality and customer experience, and increased the human resources of the Customers and Services function in accordance with the strategy. 2021 has been a great demonstration of our customers' ability to embrace the new market model.

Since the introduction of the new market model and the Balticconnector pipeline, we have also seen major changes in the energy market, including a shift from very low to very high gas energy prices. We are grateful that our customer satisfaction increased compared to the previous year, despite the factors mentioned earlier. Customer orientation is a key theme for us in developing the gas market, and as a development-oriented company we continue to develop the market with an inclusive approach. The development continues with the aim of an even better customer experience. Our customers value the expertise, customer

[Read more about market roles](#)

... customers and services

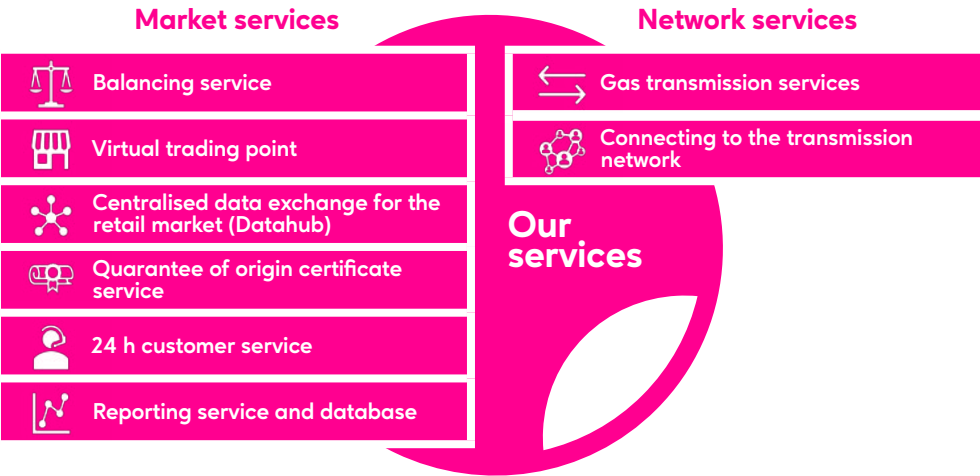
orientation and forward-looking approach of the Gasgrid Finland team, which is reflected, for example, in the API interfaces for market systems that facilitate the automation of customers' own processes. We maintain a centralised information exchange platform for distribution networks in accordance with the Natural Gas Market Act, thereby offering a cost-efficient solution for registering accounting points for the retail market and as an imbalance settlement system.

We aim to promote the availability of various gases in the Finnish market. In accordance with the Act on Guarantees of Origin for Energy (1050/2021) adopted in December, Gasgrid Finland was placed in charge of the national register of guarantees of origin for renewable gases and hydrogen.

We organised the wholesale and retail market forums both in spring and in autumn.

In the forums, market participants actively contributed to the development of the gas market by sharing their views and providing feedback on market functioning and identified development needs. In addition, we have an active dialogue with our customers through various encounters.

In November–December 2021, the Energy Authority approved the new terms and conditions for Gasgrid Finland's transmission services and the terms for the connection of the capacity allocation of the Balticconnector connection point. In addition, the Energy Authority's decision on the charging model for pressure reduction stations' utilities triggered an extensive renewal process of connection contracts, requiring broad involvement of customers and key personnel. ●



Description of transmission platform

Finland's gas transmission platform includes two cross-border points: the border point in Imatra and the Balticconnector connection point. Biogas is also fed into the gas system from six biogas plants. The transmission capacity of the Finnish gas system in 2021 was approximately 270 GWh/day. In 2021, the largest gas transmission volume in a 24-hour period was approximately 179 GWh, which occurred on 14 January 2021.

The Finnish transmission system's exit zone consists of more than 200 exit points where gas is supplied for consumption or distribution. Our security of supply rate in 2021 was excellent, and there were no unplanned supply outages. 22 planned outages took place in 2021 to enable work to ensure the safe and undisrupted use of gas in the future. The process of agreeing on planned outages with customers went well. During the planned outages, 0.003 GWh of energy was not supplied.

System responsibility

The Energy Authority has appointed Gasgrid Finland as the gas transmission system operator with system responsibility in Finland. We operate as the balancing coordinator of the system as a whole, with the obligation to rectify commercial imbalances between market parties by buying and selling imbalance gas at the end of each gas day. In addition, we conduct national imbalance settlement, specifying the system entries and exits of each party for each balance period. System responsibility obligates Gasgrid Finland to take care of the technical functionality of the gas system together with other market operators so as to ensure the technical compatibility of the gas system as a whole.

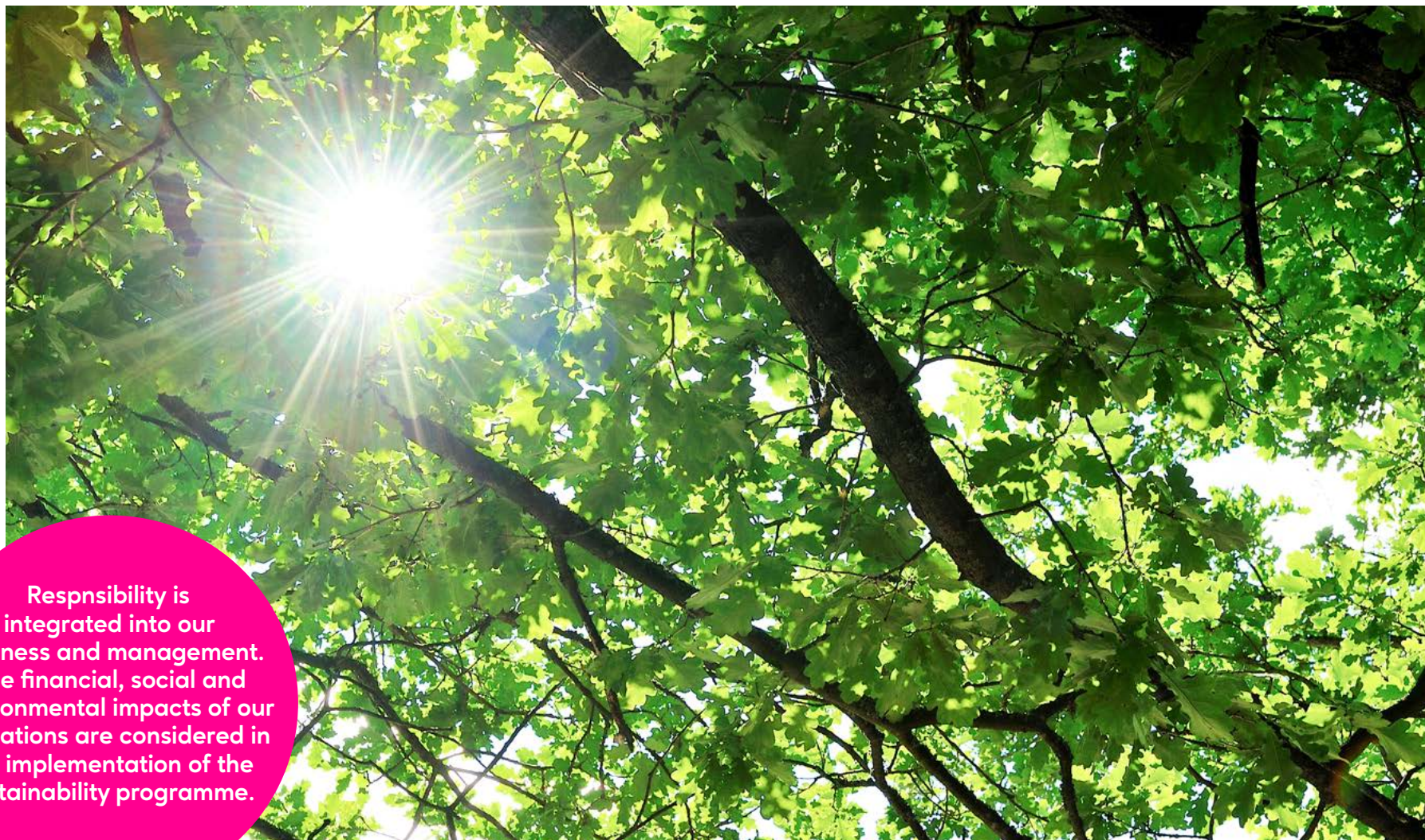
As a new system responsibility, Gasgrid Finland was appointed in December 2021 to be responsible for the national register of guarantees of origin for renewable gases and hydrogen and its maintenance.

Gasgrid Finland completed its system responsibility duties in 2021 as planned.

[Read more about guarantees of origin](#)

[Read more about market development groups](#)

Sustainability



Responsibility is integrated into our business and management. The financial, social and environmental impacts of our operations are considered in the implementation of the sustainability programme.

Sustainability at Gasgrid Finland

Sustainability is integrated into all of Gasgrid Finland's operations, the management model developed in cooperation with personnel, and the certified management system. Our memberships and networks are public.

Our sustainability work is comprehensively integrated into our organisation, and one of the four themes of our strategy is "responsible agent of change". "We acknowledge our responsibility" is also one of the company values that we have created together with our personnel.

The management of the company and the activities of all Gasgrid Finland employees are guided by the operating principles and corporate governance principles confirmed by the Board of Directors. In Gasgrid Finland's operations, we comply with the requirements of the decision-in-principle on the state ownership policy. The company's Board of Directors is responsible for sustainability, and it reports on the matter at the Annual General Meeting.

The management of the company outlines the guidelines and objectives of sustainability at Management Team Meetings, and at the next level, management takes place through the organisation's wide-ranging Management Forums. We lead the sustainability work in the Sustainability Forum, which consists of persons responsible

for the various functions of the company and is chaired by the Sustainability Manager. The forum addresses themes related to safety, sustainability, risk management, the management system and governance.

There is a separate management forum for personnel and culture issues, and in addition, they are addressed by the Occupational Health and Safety Committee. The transmission platform and transmission business as well as knowledge management have their own forums. Gasgrid Finland also has decision-making bodies, such as the RDI Steering Group, various operational meetings and the Advocacy Group. Thus, all of the essential themes of sustainability have their own decision-making body.

Certification of the management system

During 2021, we developed and certified Gasgrid Finland's operational, i.e. management system. The work began in autumn 2020 as a logical continuation of our strategy work. Gasgrid Finland's entire personnel participated extensively in the development of the management system, including developing processes, assessing risks, conducting internal evaluations and updating documentation. An external certification partner inspected our operating system in spring 2021 with excellent results, and the certification project was completed on schedule in June 2021. The management system is important for Gasgrid Finland

“ All the essential themes of sustainability have their own management decision-making body.

because it is a prerequisite for the gas pipeline self-inspection right granted by the Finnish Safety and Chemicals Agency (Tukes), the permit decision of which was also issued in 2021. Since certification, we have continued to develop the management system through process leadership coaching and training to continuously improve our operations. Process management and leadership are rooted in our everyday operating models.

The new management model in line with the strategy was developed in cooperation with personnel, and the renewed organisation was introduced at the beginning of 2021. The effectiveness of the management practice is assessed annually as part of the management reviews of the management system, through an annual audit carried out by an external auditor, and internal evaluations of the company. The company also carries out internal audits conducted by an external consultancy twice a year. In addition, the compliance of assets and services is assessed by authorities in various sectors. The company's management model has been found to function in a suitable, appropriate and effective manner.

Our memberships and commitments





Our memberships are publicly available on our [website](#) (in Finnish). In 2021, Gasgrid Finland joined Finnish Business Society (FIBS). FIBS is the largest sustainability network in the Nordic countries, and being a member supports our sustainability work and our role as an active developer of sustainable business. The events and trainings of FIBS enable networking and cooperation on sustainability issues, as well as access to information on the latest practices and solutions in the field in Finland and around the world. We also joined the European Hydrogen Backbone group and Hydrogen Cluster Finland in 2021, as we identified them as key cooperation networks for hydrogen development. They are described in more detail in the RDI section and CEO's review.

In 2020, we published a corporate social commitment concerning the reduction and prevention of methane emissions. It is important to minimise methane emissions, as methane is a greenhouse gas emission with a warming potential 28 times higher than carbon dioxide. Our commitment can be found on the [sitoumus2050](#) website, and our goal of achieving 20 tonnes of methane emissions savings was clearly achieved. ●

Gasgrid Finland's management system includes quality ISO 9001:2015, safety ISO 45001:2018, environment ISO 14001:2015, as well as the national energy efficiency system ETJ+ standards.

... sustainability at Gasgrid Finland

Targets, indicators and actions of our sustainability programme in 2021

Theme	Target	Indicator and measurement frequency	Realisation
Responsible corporate citizenship 	<ul style="list-style-type: none"> • Transparent and ethical business • Reliable and open partner • Sustainability throughout the supply chain 	<ul style="list-style-type: none"> • Preparation of tax footprint • Customer satisfaction survey • Selection and management of suppliers 	<ul style="list-style-type: none"> • Gasgrid Finland's tax footprint for society was EUR 129.1 million. • The customer satisfaction survey's Net Promoter Score (NPS) was 21, indicating a passive willingness to promote. The result improved slightly from the previous year. • Verification of supplier requirements from service providers and key suppliers underway. Supplier classification completed. The tendering process for transmission network maintenance services was completed.
People 	<ul style="list-style-type: none"> • Inclusive management • Sense of community • Prosperous and competent personnel 	<ul style="list-style-type: none"> • Job satisfaction survey • Realisation of target-based management • Early intervention model and thresholds • Employee turnover rate 	<ul style="list-style-type: none"> • Two measurements conducted: results 4.01 and 4.22 on a scale of 1–5. Improvement measures identified at team and company level, including more joint action planning. • Separate target discussions, regular development discussions and one-on-one discussions to support performance, coping and well-being at work. • Early intervention model in place, and HR actively supports supervisors. • Turnover 9.8%, i.e. at a moderate level. Exit interviews conducted and feedback collected.
Security of supply and safety 	<ul style="list-style-type: none"> • High security of supply • Safe gas transmission • Safe workplace 	<ul style="list-style-type: none"> • 0 supply outages • 0 accidents • 0 injuries 	<ul style="list-style-type: none"> • 0 unplanned outages. There have been no unplanned supply outages during Gasgrid Finland's operation. • 0 accidents. • 0 injuries to own personnel and 2 to suppliers. 2 injury-free years in a row for our own personnel.
Towards carbon neutrality 	<ul style="list-style-type: none"> • Operating without environmental incidents • Reduction of emissions and environmental impact • Energy-efficient transmission 	<ul style="list-style-type: none"> • 0 environmental incidents • Methane emissions savings –20 tonnes per year • Preparation of energy balance 	<ul style="list-style-type: none"> • 0 environmental incidents. • 149 tonnes of methane emissions prevented through good planning, customer cooperation and effective operational measures. • Energy balance introduced and certified as part of the management system.

Stakeholder cooperation and relevant themes

Internally, we updated the materiality assessment of sustainability based on surveys, observation of the operating environment, and media monitoring. The trends we identified were the growing importance of clean gases, climate change mitigation, the hydrogen economy, and ethical business practices.

Stakeholder identification

In autumn 2020, we mapped the essential themes of sustainability with our stakeholders using an inclusive method. As stakeholders, we identified customers, the owner, personnel, authorities, organisations, landowners/neighbours of the transmission network, media representatives, political influencers/decision-makers, service providers and suppliers, trade union/employers' organisation representatives, and representatives of projects close to Gasgrid Finland's gas pipeline. In 2021, we renewed our funding, which is now linked to the sustainability themes of safety, security of supply and direct greenhouse gas emissions from own operations, which is why financiers have been considered as a new stakeholder group in 2021.

Key themes for stakeholders

In the 2020 materiality assessment, the stakeholders generally identified the security of gas supply, preparedness for emergencies, professional competences of personnel, and safety throughout the supply chain as the most important factors.

Customers emphasised safety, reliability, climate actions, market functionality and fairness. Personnel saw the safety and modernity of the infrastructure, environmental sustainability and continuity planning as most important. For their part, the authorities hoped that Gasgrid Finland would set an example by spreading an

active safety and sustainability culture and would take good care of its ageing infrastructure. For the owner, it is important to enable the energy transition and to combat climate change, as well as to operate in an open and inclusive manner. For financiers, climate change mitigation, ethical business and sustainable investments for the future are important.

The results of the survey were used to provide an image of the materiality assessment, the axes of which are the importance for the company and society as defined by the stakeholders.

Update of materiality assessment

Throughout the year, Gasgrid Finland has received a variety of information from customer satisfaction, stakeholder and employee surveys, listening to the business environment through 360 analysis, media coverage and business environment analysis on change trends. We used those to update the materiality analysis as an internal assessment together with the Management Team. Mitigation of climate change, increasing renewable energy and low-carbon products have become stronger in society, and their importance rose on the map based on the carbon-neutrality targets drawn up by various actors. Ethics and good corporate citizenship have been highlighted, and the importance of the hydrogen economy in society has also grown on a large scale. The new themes were

“ We constantly monitor the state of the operating environment to identify important change trends in order to focus our sustainability work on the issues that matter most to our stakeholders. ”

information security and green financing. Biodiversity is an emerging theme in the future and was already visible in the previous materiality assessment.

The aim is to renew the materiality assessment on a regular basis, approximately every two years, in order to meet the needs and expectations of our stakeholders. The next analysis is planned for autumn 2022, when we want to involve our stakeholders in our sustainability work on a broad scale.

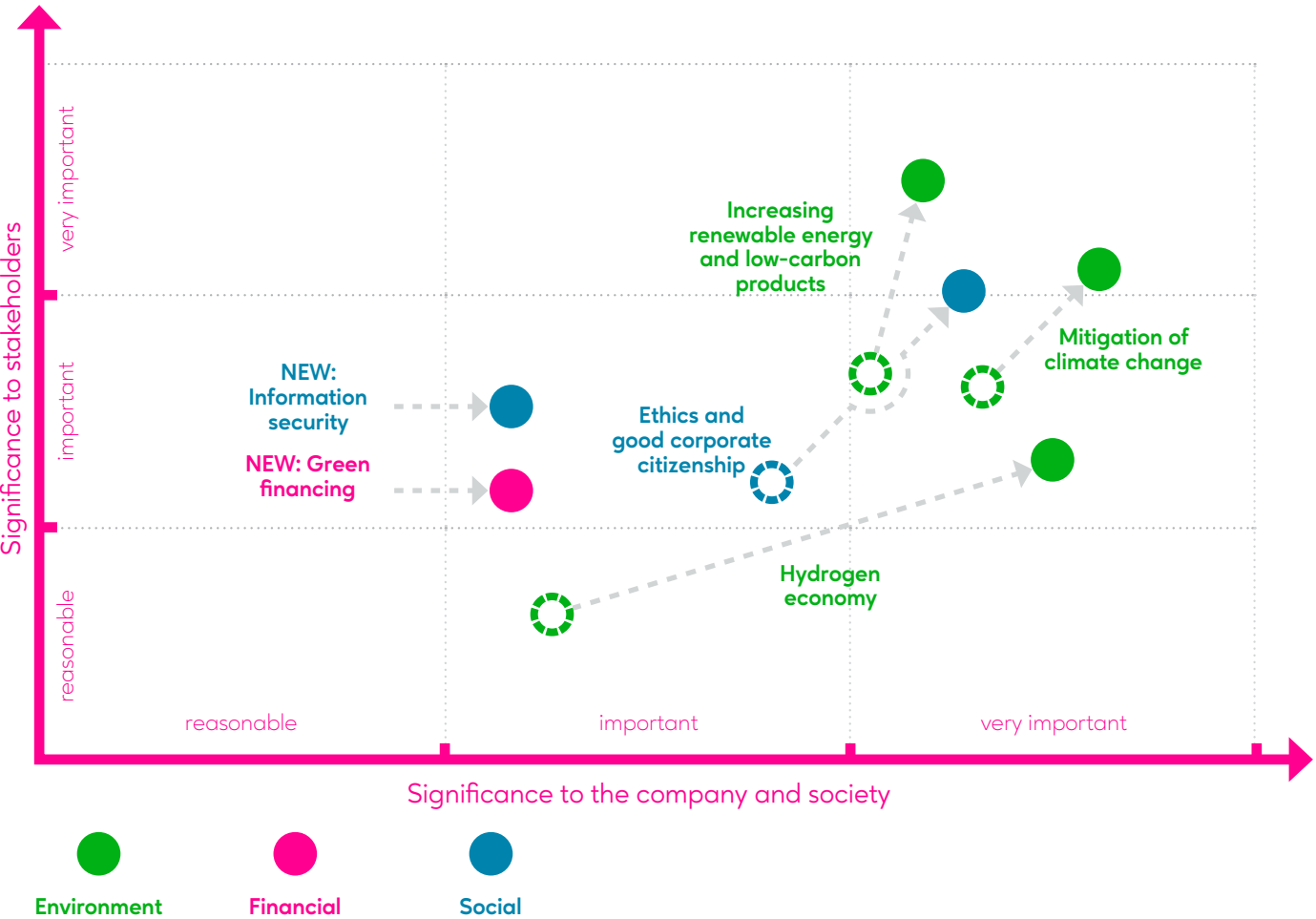
Gasgrid Finland is a sustainable company

At the end of 2021, we conducted a new customer satisfaction survey and asked if Gasgrid Finland is a sustainable company. 88.5% of the respondents considered Gasgrid Finland to be a fully or somewhat sustainable company. In verbal feedback, we received praise for integrating sustainability into the company's operations and for actively and successfully communicating sustainability actions. Hydrogen development was also considered interesting. ●

... stakeholder cooperation and relevant themes

The materiality of Gasgrid Finland's sustainability themes – changed factors

We actively monitor our operating environment in various ways and based on the results, we updated the materiality analysis with the Management Team. We identified change trends and new themes in the materiality matrix. As a new feature on the x-axis, the effects on society have also been taken into account.





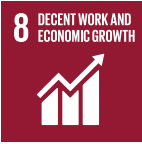

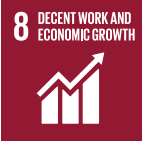






The materiality of Gasgrid Finland's sustainability themes



Themes and targets of the sustainability programme for 2022–2023

Sustainability programme update

At the beginning of 2022, we prepared a new sustainability programme, which is valid for two years until the end of the current strategy period. The new theme included was the transmission platform of the future. In addition to the targets for the next two years, the programme includes visions by theme until 2035. Our sustainability targets are increasingly linked to the UN Sustainable Development Goals.

Material issue	Theme	Targets for the end of the strategy period 2023	Vision 2035	SDG
Excellent corporate citizen	<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"> 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 	Role model in society	 
People and culture	<ul style="list-style-type: none"> Inclusive workplace Prosperous personnel Motivating and encouraging working culture 	<ul style="list-style-type: none"> Inclusive management and working together Prosperous and competent personnel Motivating and encouraging working culture 	Excellent job satisfaction and working culture	 
Security of supply and safety	<ul style="list-style-type: none"> High security of supply Safe gas transmission Safe workplace 	<ul style="list-style-type: none"> Outstanding security of supply No accidents in gas transmission Injury-free workplace 	A pioneer compared to European transmission companies	 
Towards carbon neutrality	<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"> Supporting customers and a carbon-neutral society through clean gases Reducing gas transmission CO₂ emissions by 15% Supply chain impact assessment of one gas prepared 	Clean gases enable a carbon-neutral society	  
Transmission platform of the future	<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 	<ul style="list-style-type: none"> A view of the future energy and raw materials system development has been established and Gasgrid Finland'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 	The foundation for a transmission system for clean gases has been created	 

Responsible corporate citizenship



Gasgrid Finland adheres to the Corporate Governance Principles, the Code of Conduct, and the company values in the leadership and day-to-day decision-making of the company. We updated the whistleblowing channel and developed our procurement extensively. We systematically monitor our tax footprint and are a significant taxpayer in society.

Our Code of Conduct helps in day-to-day decision-making and problem-solving.

Gasgrid Finland is the Finnish gas transmission system operator with system responsibility taking care of the Finnish society's gas transmission infrastructure and the related system. We comply with the current laws and regulations, applicable standards and voluntary commitments in our operations and interactions with our stakeholders.

Management principles

Leadership and decision-making in the company must adhere to the [Corporate Governance Principles](#), the [Code of Conduct](#), and the company's values. We strive for excellence in leadership and corporate governance. They help us to improve our sustainability, reliability, employee and customer satisfaction and performance and to meet the expectations of our stakeholders. Gasgrid Finland is a reliable partner for its customers and stakeholders. For customers, reliability is reflected in a high level of security of supply and safe operations. We act on an equal, open and impartial basis with respect to our stakeholders.

Gasgrid Finland respects human rights and under no circumstances accepts the use of forced, undeclared or child labour. We also have a zero-tolerance policy against

“ Gasgrid Finland is a reliable partner for its customers and stakeholders. For customers, reliability is reflected in a high level of security of supply and safe operations. We act on an equal, open and impartial basis with respect to our stakeholders. ”

corruption and bribery. Employees' conflicts of interest must not affect decision-making at Gasgrid Finland. We require appropriate behaviour in all interaction with both our internal and external stakeholders, and we do not accept harassment or discrimination of any kind.

Our Code of Conduct helps in day-to-day decision-making and problem-solving. If anyone detects deficiencies in complying with the Code of Conduct, the matter can be reported via the company's website or directly to the person's supervisor. We will investigate all reports of misconduct appropriately and take corrective measures.

Responsible procurement

In 2021, many projects related to the development of procurement were completed. We prepared procurement guidelines and

... responsible corporate citizenship



“Our operations are based on a high safety culture and responsible operations, which we also expect our suppliers to commit to.”

terms, described the procurement process, introduced electronic approval of purchase orders, and classified suppliers.

The biggest development, and one that involved all our employees, was the drafting of the procurement guidelines and terms. We wrote guidelines to help each of our employees understand the basic principles that guide our procurement and the legal requirements. Gasgrid Finland is a contracting entity under public procurement legislation for specific sectors and is subject to the Act on Public Procurement in Specific Sectors. However, the majority of our procurements are below the threshold, so we can follow our own guidelines. As part of Gasgrid Finland's process development, we also developed a process description of the procurement process. In addition to the procurement guidelines, the process description clarifies the tasks and role of procurement in supporting the main and support processes.

In autumn 2021, we introduced electronic approval of purchase proposals and orders in our ERP system. An electronically approved purchase proposal and order will show an approval cycle, allowing us to ensure that the purchase has been approved in advance. Orders can only be placed with approved suppliers on the supplier register.

Supplier cooperation

Our operations are based on a high safety culture and responsible operations, which we also expect our suppliers to commit to. Service providers and the most important material suppliers commit to responsible operations by signing the document 'Gasgrid Finland Oy's requirements for partners'.

We have classified our suppliers into three different categories: key suppliers, important suppliers, and ordinary suppliers. We will evaluate the performance of our key suppliers internally in the first half of 2022 and select the suppliers to be audited from among them. In order to ensure our own operational capability, it is important to monitor and ensure that our key suppliers operate in a high-quality and responsible manner.

Creating economic added value

Gasgrid Finland'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. Despite the exceptional circumstances, our economic added value developed positively.

The added value we have created consists mainly of capacity reservations in the transmission network. We also add value for our customers through our balance management and centralised data exchange services. Our distributed added

Case

In 2021, we updated our whistleblowing channel to comply with the EU Whistleblowing Directive. The national legislation will not enter into force until 2022.

We introduced the updated channel in August, and it is a service maintained by a third party. We want to receive reports to the channel about suspected breaches of legislation and possible unethical conduct.

The channel is open to all stakeholders and can be found through our website. Reports in our company are handled by a misconduct investigation group consisting of three Gasgrid Finland employees from different branches of the organisation. This ensures the impartiality of investigations and the protection of the whistleblower.

As a rule, we encourage employees to have an open discussion with their supervisor, the health and safety representative, and HR. It is possible to have an anonymous discussion on the channel with the whistleblower. We will respond to the whistleblower within one week of the start of the investigation and within three months of the action taken.

... responsible corporate citizenship

value consists of the salaries paid to employees, purchases from suppliers of goods and service providers, dividends for shareholders, interest payments to financiers, and taxes paid to the public sector. Economic value retained was EUR 35 million.

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

Gasgrid Finland'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.

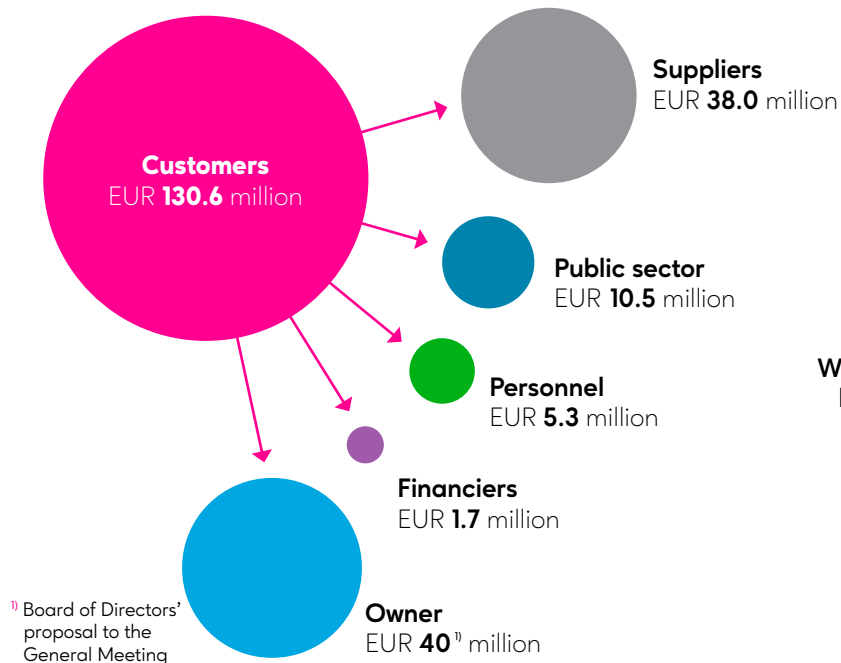
Gasgrid Finland did not receive any financial aid from the public sector in 2021. By contrast, Baltic Connector Oy, a subsidiary of the Group, has been entitled to a substantial sum in investment grants from the European Climate, Infrastructure and Environment Executive Agency (CINEA), a body under the European Commission. The grants received have been used to enable the construction of a gas transmission pipeline between Finland and Estonia. The

sum received in grants in 2021 amounted to EUR 12 million. In addition, Gasgrid Finland has received a positive grant decision from Business Finland for research into the future transmission network for clean gases. The grants will be paid during 2022 according to the progress of the research project.

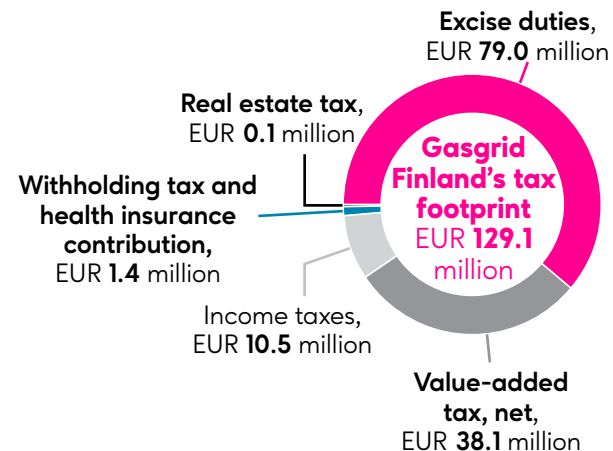
Gasgrid Finland's Board of Directors proposes to the General Meeting that a dividend of EUR 40 million be paid. If the General Meeting approves the proposal, the dividends will be paid to the Finnish state and Suomen Kaasuverkko Oy, which is entirely owned by the Finnish state, so the dividend payment will benefit Finnish society as a whole.

In line with our sustainability programme, we systematically monitor our tax footprint – we are a significant taxpayer in society. Corporation tax for the 2021 financial period amounted to EUR 10.5 (9.5) million, and our net remittances and reimbursements of value-added tax amounted to EUR 38.1 (31.9) million. As a company in the energy industry, we also collected and remitted EUR 79.0 (70.1) million in excise duties. Gasgrid Finland has no foreign subsidiaries, and we pay all of our tax in compliance with Finnish laws and regulations. ●

Division of created and distributed added value



Gasgrid Finland's tax footprint



Towards carbon neutrality



In addition to our direct emissions, we have also calculated our indirect emissions and started working on a carbon-neutrality roadmap to transmit gas to our customers with the lowest possible emissions. Our emissions target is to reduce carbon dioxide emissions from our own operations by 15% by the end of 2023.

Greenhouse gas emissions from our own operations (scope 1–2) mainly come from direct emissions of carbon dioxide and methane and from the use of purchased energy. We are constantly striving to reduce our emissions so that our customers can have access to a gas transmission service

with the lowest possible emissions. We aim for a reduction of 15% in carbon dioxide emissions from our own operations by the end of 2023. The reference period is the average for 2020–2021. Every year, we carry out repairs of diffuse methane emissions, refurbish the equipment of pressure reduction stations and properties to make them more energy-efficient, and actively explore other emission reduction options.

determination and reporting of greenhouse gases by companies worldwide. Taking all aspects of emissions into account in emission calculations is a prerequisite for a comprehensive understanding of the climate impacts of our operations. The results of the emission calculation are expressed in tonnes of carbon dioxide equivalent (t CO₂e), i.e. the company's carbon footprint.

Taking all aspects of emissions into account in calculations is a prerequisite for an understanding of the climate impacts of our operations.

Direct greenhouse gas emissions

Our direct greenhouse gas emissions increased from the previous year to 13,300 (7,800) t CO₂e – this is due to the longer running time of compressors because of the cold winter. Methane emissions at compressor stations were also higher for the same reason. During the year, there were also several projects and maintenance work that generated methane emissions from the emptying of the pipeline to ensure safe work. We carried out a diffuse methane emissions inventory of the pipeline and based on the inventory, repair plans were updated for the coming years. During the year, we repaired diffuse methane emissions at one station in two spill sites. Thanks to proactive planning, customer cooperation and efficient operation, we prevented 149 tonnes of methane emissions, which corresponds to 4,200 t CO₂e, as methane is a 28 times more

Most significant climate perspectives

The positive climate perspectives of our operations are the energy-efficient, low-emission transmission of gas, suitability of the existing infrastructure as a platform for transmitting renewable biogas, the low air emissions when gas is consumed, and the small amount of land required by the gas pipeline. The most significant environmental aspects of the gas transmission infrastructure are the air emissions arising in our activities, energy consumption, and impacts during construction.

GHG Protocol emission calculation

We have calculated our CO₂ emissions in accordance with the Greenhouse Gas (GHG) Protocol. GHG Protocol is the most widely used standardised method for the

... towards carbon neutrality



“For the first time, we also calculated the carbon dioxide emissions in the value chain according to the standardised GHG Protocol. Taking all aspects of emissions into account is important for Gasgrid Finland to know the overall impact of our value chain.

harmful greenhouse gas than CO₂. This is why it is particularly important for us to minimize methane emissions in all our operations. Biogenic CO₂ emissions were generated from biomethane used in cars.

Greenhouse gas emissions from purchased energy

In terms of emissions from purchased energy, or scope 2, the most significant sources

of emissions are purchased electricity and heat. The electricity we buy is renewable, zero-emission electricity purchased with guarantees of origin, which means that its market-based CO₂ emissions are zero. At pressure reducing stations, we also use electricity from customers and district heat, the emissions of which have been calculated on the basis of the average coefficients in Finland, i.e. location-based. Scope 2 emissions were 3,300 t CO₂e.

Scope 1–2 carbon dioxide emission intensity was 660 t CO₂e/TWh. This figure describes the emission efficiency of gas transmission in relation to the amount of gas transmitted.

Indirect greenhouse gas emissions

For the first time, we calculated scope 3, i.e. indirect carbon dioxide emissions in the upstream and downstream part of our operations, as our stakeholders have considered emissions in the supply chain to be an important theme. Scope 3 includes emission sources that are not owned or controlled by the company. The calculation of indirect emissions takes into account the relevant emission categories, i.e. products and services, capital goods, emissions related to upstream transport and distribution, waste from production, business travel, employee commuting, and downstream transport and distribution. Emissions from gas use, on the other hand, are included in emissions from products sold by customers, so they have not been reported as Gasgrid Finland's indirect

emissions. Indirect greenhouse gas emissions were 1,018,000 t CO₂e, and the main sources are upstream gas production and transport emissions. It is typical for companies, as for Gasgrid Finland, that the emissions of scope 3 account for the majority of the total emissions.

Energy consumption

Our energy consumption consists of natural gas used in gas transmission, a small amount of light fuel oil with auxiliary power units, cars, purchased electricity and purchased heat. Energy consumption was 78.1 (66.1) GWh. The consumption of natural gas used to increase pressure increased due to factors such as the cold winter and increased transmission of gas from Russia. On the other hand, the electricity consumption of the Inkoo compressor station decreased due to the completion of the compressor stations of the Estonian TSO and the decrease in the volume of gas transmission from Estonia. Energy intensity, or energy consumption in relation to the volume of gas transmitted, was 3.1 (2.6) GWh/TWh.

Other events

There were no environmental incidents during the year. During 2021, we mapped the invasive plant species that grow on our property, namely lupin, giant balm, Japanese rose and hogweed, so that we can control them in the coming years. We carried out a noise measurement at the Mäntsälä compressor station and prepared a noise model of the gas pipeline blowdown. ●

Case

We want to take action to mitigate climate change and support Finland's carbon-neutrality targets. During 2021, we started drawing up a carbon-neutrality roadmap for our own operations (scope 1–2). The roadmap includes the current state of operations and the target state for the future.

The work explored the different possibilities of carbon neutrality in 2025, 2030 and 2035. We identified measures to reduce our emissions in the future and calculated their initial cost and emission impacts.

We will work on and refine the roadmap in the future to identify projects further into the future and their cost and emission impacts.

Safety and security of supply



The aim is to ensure that there are no accidents, injuries or supply outages in our own operations or in the end use of gas.

Our safety and security of supply are outstanding. For the second year in a row, we achieved our targets: zero unplanned outages and zero injuries to our own personnel. We take safety and security of supply into consideration in all our daily work. We also comprehensively developed information security during 2021.

Safety

Our occupational safety targets are zero injuries and zero accidents in gas transmission. We have been very successful in reaching these targets and achieved a zero injury target for our own personnel for the past two years. For suppliers, the target was not met during the period in question. The safe transmission of gas is made possible by our committed and responsible personnel. We have worked extensively with our stakeholders to ensure that no accidents or injuries occur in our operations.

Information security

Gasgrid Finland'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 Finland's business operations.

In 2021, the development themes were information security resourcing, the

framework, the management model, and the development of monitoring and response capabilities. In accordance with our development plan, we implemented an information security leap, during which we raised several levels of security capabilities at the same time. The Gasgrid Finland information security management model in accordance with the ISO 27001 framework was completed as a key capability, including a security strategy, a security policy, process descriptions, requirements criteria for information systems and service providers, principles, guidelines and an orientation programme. The roles and responsibilities of key personnel were described in the information security policy and process descriptions, in particular the objects to be protected were listed and responsible persons were appointed. At the turn of the year, we moved to a continuous development management model and launched orientation sessions on the management model and processes for personnel and service providers.

We developed our technical capabilities in information security by introducing a new information security monitoring service and a breach detection and alert system

... safety and security of supply



“Our employees play a key role in achieving our security of supply and safety targets. We develop our safe and secure operations across the board by investigating all the root causes of disturbances and identifying improvement measures.”

together with the National Cyber Security Centre. In addition, we carried out a cyber security exercise and several security checks on critical information systems and networks.

Occupational health and safety activities

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 manager. The health and safety committee convened regularly and discussed a wide range of matters related to the occupational safety of employees. Occupational safety matters are communicated at monthly personnel information events and on the intranet and, if necessary, by email. Supervisors also communicate safety matters within their teams. All of the company's personnel are covered by occupational safety and occupational health. The ISO 45001 occupational health and safety system was certified as part of the management system in spring 2021.

Proactive safety work

We use a safety system for managing occupational safety, and every member of the company's personnel and its suppliers use the system. We have done a significant amount of proactive safety work. A total of 208 safety observations and 173 safety inspections were entered into the safety

system. This safety work provides the basis for achieving excellent results in our operating environment. We conducted 1,504 quick risk assessments before undertaking significant work. In maintenance, pausing for a moment to think about what we are doing and going through a checklist before starting work sets the foundation for safe work. In projects, we have carried out a safety risk analysis (TRA) of 14 work packages. In 2021, we assessed the risks of remote work and analysed the results, with concrete actions put into practice. In 2020, we carried out workplace surveys, which did not identify any critical measures. Ten risks were identified and classified as important, and they were related to objectives, systems, ergonomics and workload. Night work in the control room was identified as one of the tasks posing a risk in the workplace survey. To reduce this risk, shift planning has been carried out so that it is possible to recover after night shifts on days off.

The Coronavirus Contingency Group operated throughout 2021, following the development of the coronavirus situation nationally and company-specifically. We followed the guidelines and regulations provided by various parties (PMO, Ministry of Social Affairs and Health, Finnish institute for health and welfare, Regional State Administrative Agency, hospital districts and municipalities), on the basis of which we updated our own guidelines.

Case

In 2021, we conducted a cyber security and emergency exercise. The exercise was designed and carried out by a team of experts from Gasgrid Finland, a partner and the National Cyber Security Centre.

In the exercise, there was a disturbance in the natural gas network which escalated to a crisis situation. Throughout the exercise and at the end of the exercise, the physical transmission of gas was ensured by successful measures and management.

The aim of our exercise was to develop the ability to respond to emergency and cyber threat situations and related crisis communication. The aim of the exercise was fulfilled and we received development proposals for the continuous improvement of operations.

... safety and security of supply

Aiming for zero accidents

In 2021, the company achieved its target of zero accidents among its own personnel. In addition, there were no diagnosed occupational diseases due to work in the company. Suppliers suffered two accidents. There was one significant and one minor accident, which led to a total of seven days of absence. We monitor accidents that have occurred to suppliers in our safety system, where the accidents have also been investigated. The combined accident frequency per million working hours was 9.5 (9.1) based in part on an estimated number of hours.

Incidents

Despite all the precautions, there were three hazardous incidents in our operations. The number of incidents classified as hazardous has remained at the same level as in previous years. The most significant incident was the sinking of an external operator's excavator on top of a gas pipeline in Ylöjärvi. However, the situation was successfully resolved with the expertise of personnel, reliable partners and good cooperation with the authorities. The second incident was a car sliding onto a process pipeline during a customer shutdown, and the third was a person's helmet being hit by a drainage basin cover at the Imatra compressor station. All of these have been investigated and corrective actions implemented.

A total of 24 unauthorised third-party excavations and activities were reported

at Gasgrid Finland for the entire 1,300 km of transmission pipelines. There was an increase in unauthorised activities compared to the previous year. As a rule, the severity of the reports was minor. Tukes conducted a campaign on unauthorised excavations to guide how to operate close to the natural gas pipeline. For 2022, Gasgrid Finland is planning a safety campaign to prevent unauthorised activities.

We take care of the security of supply

We maintain the security of gas transmission through vigilant, careful and professional monitoring and operation of the transmission system. The most important principles in our operations are safety, security of supply and cost-effectiveness. We take these principles into consideration in all our daily work.

Security of gas supply during the year was 100% in line with our target – our customers did not experience any unplanned outages. An unplanned supply outage is an exceptional situation in the gas transmission system where the customer is not supplied with gas or is supplied with gas at too low of a pressure.

There were 11 transmission system incidents, i.e. situations that could have caused a supply outage. The majority of them were related to malfunctions in the safety equipment of supply stations. In order to reduce incidents, we are investing heavily in the replacement of station equipment and



making adjustments to improve operational reliability. For each incident, we conduct a root cause analysis to determine the cause of the incident and plan corrective actions to prevent further incidents.

The year was very active in terms of transmission network modification projects and repair and maintenance work. Due to the projects and work, we had 22 planned supply outages during the year. Thanks to good and high-quality advance planning and effective customer cooperation, the energy not supplied during outages was only

0.003 GWh. Through projects and works, we maintain and improve the reliability and efficiency of the transmission network. ●

People



Our operations are based on openness, fairness and good community spirit both inside the company and with our stakeholders. Our personnel consists of top experts who are strongly committed to their work and the company's targets.

We believe that the best customer experience comes through the best employee experience.

Working at Gasgrid Finland is meaningful and of social relevance – our company is driven by a strong sense of responsibility toward our customers, stakeholders and society. Safety, security of supply and cost-efficiency are among our company's most important operating principles, and they shine through in everything we do 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 aim of managerial and supervisory work is to lead employees fairly and purposefully in accordance with good management principles. We communicate openly and transparently with our personnel and have a culture of listening and active discussion. We are small in terms of the number of employees, so everyone has the chance and responsibility to engage in company and personal development by working in challenging roles.

A year of change and development

Our second year in operation was a significant year of change and development. As part of our strategy implementation planning and employee surveys, we identified needs to improve our

management model, decision-making and organisation.

Based on the development needs, we made changes to work duties and the organisation of work and reformed our organisation as of 1 January 2021. In connection with the development work, we also identified the need for new resources in different areas of the organisation. In 2021, recruitment was active, and the number of employees in our expert organisation increased from 42 to 51 – a total of 13 new experts joined us during the year. Two of the recruitments were replacements and one was a substitution. Of the new employees, seven are men, six are women, and their average age is 43. In addition, we employed three summer employees. The total number of terminated employment relationships was five, i.e. the average turnover of personnel was 9.8%.

Regular development and target discussions are an integral part of inclusive and responsible face-to-face management and our supervisors' annual calendar. In addition to these discussions, in order to ensure well-being at work, communication 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.

... people



“During the summer and early autumn of 2021, we built and developed a new working model that aims to combine office and remote work in a flexible and balanced way.

In 2021, we also introduced a new intranet, which serves as an active channel of interaction for all employees.

We actively support the development of professional skills

We want to create effective operating conditions, provide good working conditions and encourage continuous learning for our personnel, so that our experts have the best chance of succeeding in their work.

The development of our personnel's professional skills and competence is systematic and we invest in supervisory work, and we offer our personnel opportunities to develop, increase their skills and receive training.

In 2021, a total of 841 training hours were reported, which is more than 16 hours per person.

Prosperous personnel

We aim to offer our employees comprehensively healthy and safe work, environments and atmospheres. Our workplace culture is inclusive and we have an ongoing dialogue with our personnel.

Every six months, we conduct a personnel survey that measures the company's direction and objectives, as well as the clarity of each person's duties and targets, management, supervisory work and occupational well-being. The average of the most recent survey, on a scale from 1 to 5, was 4.22, up slightly from the average in

the first survey of the year (4.01). 80.4% of employees responded to the survey.

Our employees have access to a diverse range of occupational health and well-being services, which emphasise the importance of preventative occupational health care. The company, the occupational health care provider and the employees jointly promote health and safety at work and in the working environment, good health and working capacity throughout the various phases of each employee's career, and the functionality of the work community, particularly in times of change. The Health and Safety Committee also convened actively to discuss common matters in the workplace.

As an employee benefit, we offer the option of joining a sickness insurance fund, which grants benefits and supplementary benefits in accordance with the Health Insurance Act, thereby promoting and supporting the health and working capacity of its members.

At Gasgrid Finland, we work in accordance with an early intervention model to detect any matters of concern affecting employees' working capacity at an early stage. Early intervention is a way of acting and communicating in encounters that promote people's well-being at work and in everyday life. In addition, the company takes substance abuse seriously, and our substance abuse programme sets out the ground rules for how we prevent substance abuse problems and intervene rapidly and decisively if they arise.

Case

As part of the systematic competence development of our personnel, we conducted an assessment of the complexity of all work roles in spring 2021. In the project, we identified the complexities and competencies of different roles and, at the same time, carried out a survey of our company's salaries in relation to market data. As a follow-up, we prepared the competence mapping project that was formally launched at the beginning of 2022. In competence mapping, we define the critical competencies with which the business should be implemented based on our strategy and values. We assess the current competences of each employee in relation to future competence needs. Based on the results of the mapping, both personal and team-specific development plans will be drawn up for each team.

... people

We develop a good work atmosphere as an aspect of our activities to improve the work community, and we ensure that nobody is subjected to harassment. If ever the employer is made aware of an incident of harassment, it is always taken seriously, and the company takes the requisite measures to stop and prevent harassment.

We support our employees in their free time with sporting and cultural activities by providing a recreational benefit that seeks to improve the well-being and working capacity of the personnel by encouraging them to take care of their physical and mental well-being.

During the summer and early autumn of 2021, we developed a new working model that combines office and remote work in a flexible and balanced way. Based on these rules, we want to enable flexible and meaningful work in a variety of situations and needs.

Diversity and equality

The company's Management Team consists of two women and three men. Four of them are in the 30–50-year-old age category, and one member of the Management Team is over 50. On the Board of Directors, 60% of the members are women, and 40% are men. Four of them are in the over-50s age category, and one is in the 30–50-year-old age category.

In 2021, the share of women in our personnel grew (previous year's share in brackets). In 2021, 35% (29%) of our personnel were

women, and 65% (71%) were men. There were 12 people in supervisory roles, of whom 25% (18%) were women, and 75% (82%) were men.

The age distribution continues to be quite balanced, and the average age of our personnel is 45 years. The majority of the employees are aged between 30 and 50 (67%). Most of our personnel hold a university degree, but the education levels vary from college-level to doctorate degrees.

Of our personnel, 50 worked in full-time employment in 2021. One employee worked part-time in autumn 2021. At the end of 2021, two people worked on fixed-term contracts.

The company only issues fixed-term employment contracts for purposes such as summer jobs, substitutions or other temporary, project-like tasks.

Gasgrid Finland's personnel policy, internal and external practices, and management and operating models are based on non-discrimination and equality between the genders. Every Gasgrid Finland employee plays a part in promoting equality and fairness in everyday work. 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.

We support and promote equality between different age groups, different educational backgrounds, different units, different

positions and different kinds of people. Equality is a fundamental right, and Gasgrid Finland does not accept discrimination on any grounds.

Gasgrid Finland's equality work is supported by the transparency, openness and

inclusivity of decision-making and the preparatory stages preceding it. Our personnel all have equal opportunities to influence the decision-making concerning their work. Common guidelines promote equality and fairness between units. ●

Personnel distribution 2021

	Women		Men		Total
	Office personnel	Senior and management	Office personnel	Senior and management	
Personnel	2	16	6	27	51
Under 30 years	0	1	0	0	1
30–50 years	0	12	4	18	34
Over 50 years	2	3	2	9	16
Fixed-term	1	1	0	0	2
Permanent	1	15	6	27	49
Alternation leave used	0	0	0	0	0
Parental leave used	0	2	0	0	2

Type of employment / location 2021

	Permanent	Fixed-term	Total
Women			
Kymenlaakso	6	1	7
Uusimaa	9	1	10
South Karelia	1	0	1
Total			18
Men			
Kymenlaakso	29	0	29
Uusimaa	3	0	3
South Karelia	1	0	1
Total			33

Reporting principles

Gasgrid Finland Oy's annual report includes the sustainability report and financial statements in a single report. As a new item, six indicators in the sustainability report have been verified.

Gasgrid Finland's annual report and reporting on the material themes covers the details for the entire Gasgrid Group. The aspect boundary is, in principle, the entire operations of Gasgrid Group, and any exceptions are recorded in the GRI content table for each indicator. The reporting takes into account the requirements of the decision-in-principle on the state ownership policy and the reporting of sustainability at General Meetings in 2022. The 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.

Of the material themes, the HR entity is managed in the Personnel and Culture Forum; safety, sustainability and environmental issues in the Sustainability Forum; security of supply in the Transmission Business and Transmission Platform Management Forums; and finance in the Management Team.

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 GHG Protocol has been used as a framework for 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 (GWP) of methane is 28, that of nitrous oxide is 265, and that of hydrofluorocarbons varies according to substance. The information is based

on Statistics Finland's data and the fifth assessment report published by the IPCC. The reporting was carried out in accordance with operational control.

The emission factors used are the natural gas quality values measured in Imatra and Inkoo and weighted by the amount of energy. These values are also used as a source for Statistics Finland's fuel classification. Other sources of information in the calculation of emissions are EPA, Ecoinvent, Finnish Environment Institute SYKE, VTT, and product-specific data. The energy volumes of natural gas and biogas were calculated on the basis of the higher thermal value, which 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 carbon dioxide emissions from emissions permit sites were verified in January 2022. The 2020 GRI 305-1 direct greenhouse gas emissions include the fuel consumption of the Inkoo compressor station for 2020, and emissions increased from 7,229 t CO₂e to 7,795 t CO₂e. The change increased the indicator GRI 302-1 fossil fuel consumption and total energy consumption by 0.3 GWh.

In the security of supply indicator, the amount of energy not supplied was estimated from the consumption before and after the outage.

For social indicators, HR indicators were compiled from the HR system and the results of the personnel 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 accident frequency, and the calculation was made per million working hours.

The reporting entity and selected indicators were specified on the basis of a sustainability materiality assessment in autumn 2020, and the information was updated in connection with the sustainability programme update and reporting planning. In accordance with Gasgrid Finland's sustainability programme, the most important indicators are included for each material theme. The selected standards are listed in the GRI content table.

The report was prepared in compliance with the applicable parts of the GRI Core reporting framework, the standards for the selected indicators, and our own indicators, such as security of supply. The changes that have taken place are the addition of a few new key indicators from the previous year and the deepening of GRI's requirements in reporting. The six indicators of the report are assured by PricewaterhouseCoopers Oy, and the information can be found in the limited assurance report. Otherwise, GRI compliance is the sustainability of the reporter in each sub-area. The report is Gasgrid Finland's second annual report, and the previous report was published on 31 March 2021. The reporting is conducted once a year. ●

Report contact information

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Independent practitioner's limited assurance report

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 for the reporting period 1 January 2021 to 31 December 2021, disclosed in Gasgrid Finland Oy's Annual report 2021 (hereinafter the Selected sustainability information). The assured information is indicated in the Company's GRI Content Index 2021 in Annual report 2021.

Selected sustainability information

The scope of our work was limited to assurance over the information summarized below. The information covers Gasgrid Finland Oy, as indicated in the Annual report 2021. We have not been engaged to provide assurance on any information relating to prior reporting periods or to any other information in the Annual report 2021.

- GRI 102-40 List of stakeholder groups
- GRI 201-1 Direct economic value generated and distributed
- GRI 305-1 Direct (Scope 1) GHG emissions
- GRI 403-9 Work-related injuries
- GRI 405-1 Diversity of governance bodies and employees
- Security of supply

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 reporting instructions described in Gasgrid Finland Oy's Annual report 2021, and Global Reporting Initiative Standards Guidelines. 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, other ethical requirements and quality control

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 behavior.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and 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". This Standard requires 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, including an assessment of the risks of material misstatement of the Selected sustainability information.

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

- Interviewing a representative of senior management of the Company.
- Visiting one site in Finland (virtually).
- Interviewing employees responsible for collecting and reporting the selected information on sustainability indicators at the Group level.

... independent practitioner's limited assurance report

- 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.
- Considering the disclosure and presentation of the Selected sustainability information.

Helsinki 22 March 2022

PricewaterhouseCoopers Oy

Tiina Puukkoniemi

Partner, Authorised Public Accountant (KHT)

Sustainability Assurance and Reporting Lead

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 2021 are 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 conclusions that we have reached.

Results in figures

GRI 102-8 and partly GRI 405-1

Personnel distribution	Women 31 Dec 2021				Men 31 Dec 2021				Total	Women 31 Dec 2020		Men 31 Dec 2020		Total
	Office personnel	Share, %	Senior and management	Share, %	Office personnel	Share, %	Senior and management	Share, %		Office personnel	Senior and management	Office personnel	Senior and management	
Personnel	2	11.1	16	88.9	6	18.2	27	81.8	51	2	10	6	24	42
Under 30 years	0	0	1	5.6	0	0	0	0	1	0	1	0	1	2
30–50 years	0	0	12	66.7	4	12.1	18	54.5	34	0	7	3	18	28
Over 50 years	2	11.1	3	16.7	2	6.1	9	27.3	16	2	2	3	5	12
Fixed-term	1	5.6	1	5.6	0	0	0	0	2	1	0	0	0	1
Permanent	1	5.6	15	83.3	6	18.2	27	81.8	49	1	10	6	24	41
Alternation leave used	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parental leave used	0	0	2	11.1	0	0	0	0	2	0	0	1	2	3

Type of employment 31 Dec 2021	Permanent employment relationships	Fixed-term employment relationships	Total	Type of employment 31 Dec 2020	Permanent employment relationships	Fixed-term employment relationships	Total
Women Kymenlaakso	6	1	7	Women Kymenlaakso	4	1	5
Women Uusimaa	9	1	10	Women Uusimaa	6	0	6
Women South Karelia	1	0	1	Women South Karelia	1	0	1
Women, total	16	2	18	Women, total	11	1	12
Men Kymenlaakso	29	0	29	Men Kymenlaakso	23	0	23
Men Uusimaa	3	0	3	Men Uusimaa	6	0	6
Men South Karelia	1	0	1	Men South Karelia	1	0	1
Men, total	33	0	33	Men, total	30	0	30

... results in figures

GRI 302-1

Energy consumption, GWh	2021	2020
Fossil fuels	42.4	19.4
Renewable fuels	0.1	0
Purchased heat	21.3	23.0
Purchased electricity	14.4	23.7
Sold energy	0	0
Energy consumption, total	78.1	66.1

GRI 302-3

Energy intensity, GWh/TWh	2021	2020
Energy intensity in relation to the volume of transmitted gas ¹⁾	3.1	2.6

¹⁾ Includes all energy consumption, fuel, heat and electricity

GRI 305-1

Direct greenhouse gas emissions, (scope 1) t CO ₂ e	2021	2020
Direct greenhouse gas emissions	13,300 ¹⁾	7,800 ²⁾
Biogenic emissions	10	0

¹⁾ Contains methane and carbon dioxide

²⁾ Contains methane, carbon dioxide, nitrous oxide and hydrofluorocarbons

GRI 305-2

Indirect greenhouse gas emissions from energy (scope 2), t CO ₂ e	2021
Electricity and district heating (market-based) ¹⁾	3,300
Electricity and district heating (location-based)	5,000

¹⁾ Electricity and heat from pressure reduction stations available only on a location basis

GRI 305-3

Other indirect greenhouse gas emissions (scope 3), t CO ₂ e ¹⁾	2021
1. Products and services	2,000
2. Capital goods	9,000
4. Emissions related to upstream transport and distribution	997,000
5. Waste from production	< 50
6. Business travel	< 1
7. Employee commuting	< 50
9. Downstream transport and distribution	9,000
Total	1,018,000

¹⁾ Material topics selected for calculation

GRI 305-4

Emission intensity of greenhouse gas emissions (scope 1–2), t CO ₂ e/TWh	2021
Emission intensity in relation to the volume of transmitted gas ¹⁾	660

¹⁾ Contains methane, carbon dioxide, nitrous oxide and hydrofluorocarbons

GRI 403-9

Work-related accidents	2021	2020
Gasgrid Finland		
Lost-time accidents	0	0
Fatalities	0	0
Working hours ¹⁾	80,698	69,478
Accident frequency per million working hours	0	0

Suppliers

Lost-time accidents	2	2
Fatalities	0	0
Working hours ²⁾	129,813	150,300
Accident frequency per million working hours	15.4	13.3

¹⁾ number of hours partly estimated ²⁾ number of hours estimated

Own indicators

Security of supply	2021	2020
Number of unplanned supply outages	0	0
Number of planned supply outages	22	7
Amount of energy not transmitted during planned outages, GWh	0.003	0.17
Number of incidents that could have led to a supply outage	11	9

GRI content index

GRI content comparison

Location

Further information

GRI 102: General disclosures

Organisational profile

102-1	Name of the organisation	Gasgrid Finland in brief, p. 3	Gasgrid Finland Oy
102-2	Activities, brands, products, and services	Customers and services, p. 12–13, Gasgrid Finland in brief, p. 3	
102-3	Location of headquarters	Back cover	Espoo
102-4	Location of operations	Back cover, Responsible corporate citizenship, p. 20–22	
102-5	Ownership and legal form	Corporate governance statement, p. 40	
102-6	Markets served	Customers and services, p. 12–13	
102-7	Scale of the organisation	Gasgrid Finland in brief, p. 3, Report by the Board of Directors, p. 47–50	
102-8	Number of employees categorised by employment relationship and employment contract, regionally and according to gender	People, p. 28–30, Results in figures, p. 34	
102-9	Supply chain	Customers and services, p. 12–13	
102-10	Significant changes to the organisation and its supply chain	Customers and services, p. 12–13	
102-11	Precautionary Principle or approach	Reporting principles, p. 31	
102-12	Principles or initiatives related to external entities approved or represented by the organisation	Sustainability at Gasgrid Finland, p. 15–16	
102-13	Membership of associations	Sustainability at Gasgrid Finland, p. 15–16	

Strategy

102-14	CEO's review	CEO's review, p. 4–5	
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Ethics

102-16	Values and business principles	Vision, strategy and values, p. 8–9	
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Administration

102-18	Governance structure	Corporate governance statement, p. 40	
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Stakeholder interaction

102-40	List of stakeholder groups	Customers and services, p. 12–13, Stakeholder cooperation and relevant themes, p. 17–18	Assured
102-41	Personnel covered by collective bargaining agreements	People, p. 28–30	
102-42	Identifying and selecting stakeholders	Stakeholder cooperation and relevant themes, p. 17–18	
102-43	Approach to stakeholder engagement	Stakeholder cooperation and relevant themes, p. 17–18	
102-45	Entities included in the consolidated financial statements	Notes to the financial statements, p. 57–66	
102-46	Defining report content	Reporting principles, p. 31	
102-47	List of material topics	Stakeholder cooperation and relevant themes, p. 17–18	

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GRI content comparison		Location	Further information
102-48	Restatements of information	Reporting principles, p. 31	
102-49	Significant changes in the list of material topics and topic boundaries	Reporting principles, p. 31	No significant changes
102-50	Reporting period	Reporting principles, p. 31	Jan 1 – Dec 31, 2021
102-51	Date of most recent report	Reporting principles, p. 31	March 31, 2021
102-52	Reporting cycle	Reporting principles, p. 31	Annual
102-53	Contact point for questions regarding the report	Reporting principles, p. 31	
102-54	Coverage of reporting in accordance with the GRI Standards	Reporting principles, p. 31	The report was prepared in line with the Core scope of the GRI standards as applicable.
102-55	GRI content comparison	GRI content index, p. 36–38	
102-56	Verification of reporting	Independent practitioner's limited assurance report, p. 32	
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundaries	Sustainability at Gasgrid Finland, p. 15–16 Stakeholder cooperation and relevant themes, p. 17–18, Reporting principles, p. 31	
103-2	Components of the management approach	Sustainability at Gasgrid Finland, p. 15–16	
103-3	Evaluation of the management approach	Sustainability at Gasgrid Finland, p. 15–16	
GRI 200: Economic standards			
201-1	Direct economic value generated and distributed	Responsible corporate citizenship, p. 20–22	Assured
201-4	Financial assistance received from government	Responsible corporate citizenship, p. 20–22	
205-3	Confirmed incidents of corruption and actions taken	Responsible corporate citizenship, p. 20–22	No incidents of corruption during the reporting period.
GRI 300: Environmental impact			
Energy			
302-1	Energy consumption within the organisation	Towards carbon neutrality, p. 23–24, Results in figures, p. 34–35	
302-3	Energy intensity	Towards carbon neutrality, p. 23–24, Results in figures, p. 34–35	
Emissions			
305-1	Direct (Scope 1) GHG emissions	Towards carbon neutrality, p. 23–24, Results in figures, p. 34–35	Assured
305-2	Energy indirect (Scope 2) GHG emissions	Towards carbon neutrality, p. 23–24, Results in figures, p. 34–35	
305-3	Other indirect (Scope 3) GHG emissions	Towards carbon neutrality, p. 23–24, Results in figures, p. 34–35	
305-4	GHG emissions intensity (Scope 1–2)	Towards carbon neutrality, p. 23–24, Results in figures, p. 34–35	

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GRI content comparison		Location	Further information
GRI 400: Social impact			
Employment			
401-1	New employee hires and employee turnover	People, p. 28–30	
Occupational health and safety			
403-2	Hazard identification, risk assessment, and incident investigation	Safety and security of supply, p. 25–27 Report by the Board of Directors, p. 47–50	
403-3	Occupational health services	People, p. 28–30	
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety and security of supply, p. 25–27 People, p. 28–30	
403-8	Workers covered by an occupational health and safety management system	Safety and security of supply, p. 25–27	
403-9	Occupational accidents	Safety and security of supply, p. 25–27 Results in figures, p. 34–35	The boundary includes suppliers. Assured
Training and education			
404-1	Average hours of training per year per employee	People, p. 28–30	
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	People, p. 28–30	Assured
Protection of customers' privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No incidents in the reporting period.
Gasgrid Finland's own indicators			
Own indicator	Equal treatment in the market	Customers and services, p. 12–13	
Own indicator	Security of supply	Customers and services, p. 12–13 Safety and security of supply, p. 25–27 Results in figures, p. 34–35	Assured
Own indicator	Preparedness in emergencies	Safety and security of supply, p. 25–27	

Governance



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

Corporate Governance Statement

Introduction

Gasgrid Finland Oy (hereinafter Gasgrid Finland) is a wholly state-owned gas transmission system operator with system responsibility in Finland. Gasgrid Finland 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 Finland's decision-making and governance always comply with the applicable revision of the Limited Liability Companies Act, the Natural Gas Market Act, the Act on the Separation of the Natural Gas Transmission System Operator, and the Special Act on Procurements and Access Rights Contracts for Units in the Energy Supply Sector. Gasgrid Finland also complies with the applicable state ownership steering policy.

Gasgrid Finland 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 Finland has only one owner: the Finnish state. In addition, the state has specified some of the matters included in the recommendations in 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 governance is guided by its Articles of Association and the Code of Conduct, guidelines and policies confirmed by Gasgrid Finland's Board of Directors and Management Team.

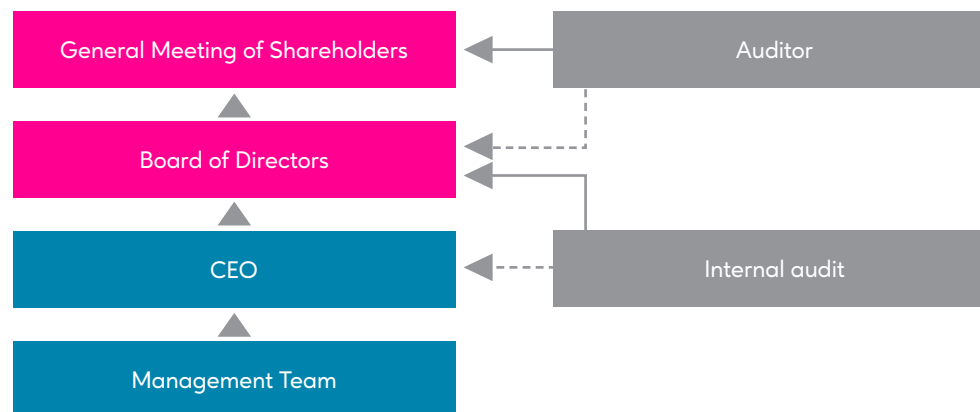
General Meeting of Shareholders

The General Meeting is Gasgrid Finland'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.

Gasgrid Finland's shares are divided into two classes: class A and class K. Class A shares carry one vote at a general meeting, and class K shares carry ten votes. The shareholders have not set up an appointment committee.

The Annual General Meeting was held on 30 March 2021 exceptionally remotely due to the COVID-19 pandemic. Both shareholders

Organisational structure



were represented at the meeting, representing 100% of the total number of votes carried by all shares.

Members of the Board of Directors

The shareholders elect the chair and members of the Board of Directors at the General Meeting. The aim is to ensure the diversity of the Board of Directors so that both genders are represented. The diversity of the Board of Directors 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. In 2021,

60% of the members of Gasgrid Finland's Board of Directors were women, and 40% were men.

At the time of election, all members of the Board of Directors were independent of Gasgrid Finland. The chair and three members of the Board are also independent of the major shareholder, and Board member Päivi Nerg is non-independent of the major 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

... corporate governance statement

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.

Due to the limited scope of Gasgrid Finland's business, the company has not established audit or remuneration committees to serve the Board of Directors. The duties of these committees are integrated into the Board of Directors' annual management process in order to enable the duties assigned to these committees under the Corporate Governance Code to be discharged appropriately.

Rules of procedure of the Board of Directors

Gasgrid Finland'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, which include the evaluation and development of its own work, every year.

In line with the rules of procedure, the key duties of the Board of Directors are:

- Deciding on Gasgrid Finland'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 Finland'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 10 times in 2021

Attendance of members of the Board of Directors	Number of meetings
Kai-Petteri Purhonen, Chair of the Board of Directors	10
Päivi Nerg, member of the Board of Directors	10
Asta Sihvonen-Punkka, member of the Board of Directors	10
Jero Ahola, member of the Board of Directors	10
Saija Kivinen, member of the Board of Directors	10

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

CEO

The CEO manages Gasgrid Finland's operations in accordance with the Limited Liability Companies Act. The CEO oversees the company's day-to-day management in accordance with the instructions and regulations issued by the Board of Directors. The CEO prepares the information necessary for the Board of Directors to discharge its duties. 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 company is managed efficiently and operates according to its purpose.

Internal audit and risk management

Gasgrid Finland's corporate culture and corporate governance lay the foundation for internal audit and risk management. Gasgrid Finland's Management Team is responsible for arranging the company's internal audit, risk management and reporting.

Internal audit

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:

... corporate governance statement

- The achievement of the targets set for Gasgrid Finland
- 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 Finland'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 is based on the risk management policy approved by Gasgrid Finland'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 Finland has adequate insurance cover 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 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 governance processes, internal audit organisation, risk management, and management and governance processes.

Gasgrid Finland 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 Board of Directors. Internal audit also assesses the sufficiency of risk management and supervision. In 2021, audits were conducted on the company's balance management role and system responsibility as well as the order-to-payment process.

Internal audit reports its findings to the Board of Directors 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 Finland's related parties consist of the Group's wholly-owned subsidiaries, Baltic Connector Oy, Gasgrid Finland Services Oy and Suomen Kaasunsiirtopalvelut Oy, as well as the Finnish state, Suomen Kaasuverkko Oy and the company's senior management and their related parties. When decisions are made concerning related-party transactions, Gasgrid Finland 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 2021 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 Finland's auditor. In 2021, 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 80,000, which consisted entirely of fees for auditing services. ●

Board of Directors



Kai-Petteri Purhonen

Board professional
Chair of the Board of Directors
MSc (Economics), born 1965
Member of the Board since 2020
Independent of the company
Independent of the major shareholders



Päivi Nerg

Permanent Under-Secretary,
Ministry of Finance
Board member
MSc (Agriculture and Forestry),
born 1958
Member of the Board since 2020
Independent of the company
Not independent of the major
shareholders



Asta Sihvonen-Punkka

Executive Vice President, Fingrid
Oyj
Board member
LicSc (Economics), MSc (Forestry),
born 1962
Member of the Board since 2020
Independent of the company
Independent of the major
shareholders



Jero Ahola

Professor, LUT University
Board member
DSc (Electrical Engineering),
born 1974
Member of the Board since 2020
Independent of the company
Independent of the major
shareholders



Saija Kivinen

General Counsel, Telia Finland
Board member
LLM, born 1967
Member of the Board since 2020
Independent of the company
Independent of the major
shareholders

Management Team



Olli Sipilä

CEO

MSc (Economics), born 1978



Janne Grönlund

Senior Vice President, Transmission Platform

MSc (Technology), born 1986

Investments, Maintenance, PMO, Operational control and land use



Anni Sarvaranta

Senior Vice President, Transmission Business

MSc (Technology), born 1985

Customers, Services, Gas market development, Transmission pricing, Strategic analysis and RDI, Operations



Petri Dahlström

Chief Financial Officer

MSc (Economics), born 1970

Finance, HR, Legal affairs, ICT



Virve Wright

Senior Vice President, Communications, Sustainability and Public Relations

Diploma in marketing communications (MAT), born 1972

Communications, Sustainability, Safety, Public relations

Remuneration report

Introduction

Gasgrid Finland Oy's (hereinafter Gasgrid Finland) remuneration policy seeks to promote the company's business strategy and value generation for the state as owner and society at large. Gasgrid Finland's 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 Finland prepares an annual remuneration report in line with the recommendations. The principles of reasonableness and fairness govern the entire remuneration policy.

Gasgrid Finland's Annual General Meeting decides on the emoluments and other financial benefits paid to the members of the Board of Directors every year. Gasgrid Finland'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 Finland'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 Finland's short-term variable bonus scheme covers every member of personnel, the Management Team and the CEO. The members of the Management Team are not covered by the long-term performance-related incentive scheme, and they are not entitled to supplementary pension benefits. The company does not have any share-based incentive schemes; bonuses are paid in cash.

2020 was the company's first year of operation, so comparable data on remuneration trends as required by the Securities Market Association's recommendations can only be presented for two years.

Emoluments for the Board of Directors

Emoluments for the Board of Directors in 2021 are shown in the following table:

Emoluments for the Board of Directors in 2021	EUR
Chair of the Board	2,000 / month 600 / meeting
Members of the Board of Directors	1,000 / month 600 / meeting

In 2021, the Board of Directors consisted of the chair and four members who were paid emoluments as follows:

Emoluments paid to members of the Board of Directors in 2021 (2020)	EUR
Kai-Petteri Purhonen, Chair of the Board of Directors	30,000 (30,000)
Päivi Nerg, member of the Board of Directors	18,000 (18,000)
Asta Sihvonen-Punkka, member of the Board of Directors	18,000 (18,000)
Jero Ahola, member of the Board of Directors	18,000 (4,200)
Saija Kivinen, member of the Board of Directors	18,000 (4,200)
Total	102,000 (74,400)

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 2021.

Remuneration element 2021 (2020)	Description	EUR
Fixed	Fixed annual salary, including fringe benefits	239,540 (239,540)
Variable target-related bonus	Short-term incentive scheme, paid	50,231 (-)
Total remuneration		289,771 (239,540)

The remuneration paid to the CEO in 2021 consisted of a fixed annual salary and a target bonus paid in March 2021 based on 2020 business targets.

The CEO's employment relationship can be terminated with 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. ●

Report by the Board of Directors and financial statements



The Company actively develops its 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.

Report by the Board of Directors

Gasgrid Finland Oy is a Finnish state-owned company and transmission system operator with system responsibility. The company's core services are gas transmission and connection services. Gasgrid Finland offers its customers safe, reliable and cost-efficient transmission of gases. The company actively develops its 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.

Strategy and values

In line with the company's vision, by 2035, gases will enable a carbon-neutral society, and Gasgrid Finland will provide the platform for it. The strategy is 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:** We want 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.

Gasgrid Finland'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. We want to be a pioneer in change. We invest in development and give space to learning. We operate in a transparent way and treat everyone equally.
- **We acknowledge our responsibility:** We understand and know our operating field. We operate in a responsible way, take care of safety, we 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

The positive development that started with the opening of the Finnish gas market gained momentum during the financial period and the gas market continued to be active. New players have entered the market and registrations for various market roles increased during the financial period. Gasgrid Finland supports this development by engaging in active market dialogue and organising customer forums for the wholesale and retail markets with a focus on identifying customer needs. Looking ahead, the gas package published by the European Commission provides a good basis for developing both existing and future gas platforms, taking advantage of the market. Gasgrid Finland will monitor the progress of the gas package implementation practices as part of the EU decision-making process.

Gasgrid Finland's customers include industrial and energy production companies in different market roles, Finnish distribution system operators, and energy trading operators in Finland and the Baltic countries. Gasgrid Finland focused on improving the customer experience and services this year, with a renewal of the customer guarantee management model and support for the automation of customers' own processes. In addition to active networking, the company systematically measures the development of customer satisfaction on an annual basis. Based on this measurement, Gasgrid Finland managed to improve its customer satisfaction compared to the previous

year. The company also noted an increase in stakeholder expectations of Gasgrid Finland's role in the development of future hydrogen infrastructure.

In 2021, customers reserved a total of 25.9 TWh of transmission capacity. At the beginning of the financial period, the cold weather supported demand for the company's transmission products. On the other hand, the energy market also experienced a clear shift from low gas energy prices to the current high prices. This weakened the relative competitiveness of gas compared to alternative energy sources and had a negative impact on the demand for the company's transmission products towards the end of the year.

In Gasgrid Finland's pricing model, the price paid by customers depends on the length of purchased capacity reservations in addition to the energy transmitted. During the financial period, Gasgrid Finland maintained the prices of the transmission services it charges. In addition, the company held a stakeholder consultation where it announced a significant -15% reduction in transmission prices for 2022.

Transmission platform

A total of 25.1 TWh of gas was transmitted in Gasgrid Finland's network in the financial period. The company's transmission infrastructure operates reliably – in the financial period, our security of supply rate for unplanned outages was 100%. The

... report by the board of directors

Estonian gas transmission company, Elering, commissioned both of its compressor stations in the Balticconnector project, which further improved Gasgrid Finland's security of supply by enabling greater transmission capacity to the system.

The company's daily gas transmission has continued as normal, despite the exceptional situation. Following the onset of the COVID-19 pandemic, Gasgrid Finland operated according to its contingency plans, taking the necessary protective measures to ensure the reliability of its transmission platform and the safety of its personnel. The coronavirus contingency group was established to coordinate practical actions.

Earnings and financial position

The Group's net sales increased from the previous financial period and amounted to EUR 130.6 (126.8) million. Operating profit also improved slightly and was EUR 68.6 (67.9) million. Net profit amounted to EUR 54.6 (53.4) million.

The Group's operating cash flow was EUR 76.8 (113.9) million. The company's solvency remained excellent throughout the year. On 31 December 2021, the Group's cash reserves amounted to EUR 16.6 (74.7) million.

	Gasgrid Group		Gasgrid Finland Oy	
	2021	2020	2021	2020
Net sales (EUR million)	130.6	126.8	130.6	126.9
Operating profit (EUR million)	68.6	67.9	67.0	67.2
Operating profit (%)	52.6%	53.6%	51.3%	52.9%
Return on equity (%)	22.8%	26.1%	23.1%	27.3%
Equity ratio (%)	63.3%	51.1%	62.8%	51.4%

* The parent company's equity has been adjusted in the calculation by taking into account 80% of the accumulated depreciation difference

Financing

The net repayment of Gasgrid Finland's interest-bearing debt amounted to EUR 80 million. The company has terminated its previous EUR 160 million loan facility and replaced it with a new EUR 80 million sustainability loan. The interest cost of the loan is partly linked to the achievement of key indicators of the company's sustainability programme. The maturity of the loan is five years, and it is not secured.

On 31 December 2021, 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. The interest rate swaps related to the financing arrangement have expired. EUR 0.3 million of the negative market value of these contracts was reversed in the balance sheet and recognised under financial income.

Investments

The Group's investments in 2021 amounted to EUR 14.9 (10.6) million. The most significant investments were the connection of the Hamina LNG terminal to the existing transmission network and some final commitments related to the completion of the Balticconnector project. In addition to its own investments, Gasgrid Finland carried out pipeline relocation works on behalf of customers. The cost of these investments was passed on to customers, who were charged a total of EUR 2.6 (7.5) million.

Personnel

In 2021, the Group had an average of 47 employees. The main reason for the increase in the number of personnel was to meet the competence requirements identified in the strategy, in particular in customer relations, cybersecurity and RDI projects. Employee turnover in 2021 was 9.8%.

Working at Gasgrid Finland is meaningful and of social relevance. As an employer,

Gasgrid Finland provides effective means for the personnel to succeed in their work and supports professional development. Gasgrid Finland requires high-quality supervisory work and fair and equal treatment. To support this, during the financial period, the company has carried out an assessment of the complexity of all work roles and a comparison of remuneration with market data. The company also measures management success by conducting a comparable employee survey twice a year. The average of all of the responses to the latest survey was excellent: 4.2 on a scale from 1 to 5, with a response rate of 80% of all employees. The results of the surveys are reviewed with the personnel, with the goal of finding tangible development measures.

Gasgrid Finland is a safe place to work, and the preventive safety culture can be seen in all our activities. In the 2021 financial period, the company achieved its objective of zero accidents among its own personnel. During the year, subcontractors suffered two accidents resulting in absences in maintenance work. Gasgrid Finland takes the health and safety of its personnel and partners seriously. The company complies with all coronavirus recommendations of the authorities and acts in accordance with the guidelines. The pandemic did not have a significant impact on personnel absences due to illness during the financial period.

... report by the board of directors

Shares and shareholders

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

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

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

The Finnish state owns 100% of the company's share capital, either directly or indirectly through Suomen Kaasuverkko Oy. The Finnish state exercises control over the company by virtue of owning class K shares, which confer a larger number of votes than class A shares.

Gasgrid Finland's Board of Directors has approved a merger plan to merge Suomen Kaasuverkko Oy into Gasgrid Finland. The merger is expected to be implemented in spring 2022.

Corporate governance

The Annual General Meeting was held on 30 March 2021 remotely due to the COVID-19 pandemic. Shareholders representing 100% of the total number of votes carried by all shares were represented at the meeting. The General Meeting approved the financial statements and granted discharge to the members of the Board of Directors and the CEO for the financial period 2020

and resolved on the remuneration of the members of the Board of Directors. The General Meeting decided in accordance with the proposal by the Board of Directors of Gasgrid Finland that the company would pay a dividend of EUR 40 million for the financial period 2020. The General Meeting also discussed the remuneration policy of the bodies, the remuneration report for 2020, and the implementation of corporate sustainability.

The company's Chair of the Board of Directors is Kai-Petteri Purhonen, and the Board has four members: Päivi Nerg, Asta Sihvonen-Punkka, Jero Ahola and Saija Kivinen. Oy Tuokko Ltd was elected as the company's auditor. The auditor in charge is Timo Tuokko, Authorised Public Accountant.

The company's CEO is Olli Sipilä. In addition to the CEO, the Management Team includes CFO Petri Dahlström (Finance and support), SVP Janne Grönlund (Transmission platform), SVP Anni Sarvaranta (Transmission business), and SVP Virve Wright (Public relations and sustainability).

Risk management and internal audit

Gasgrid Finland'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.

Gasgrid Finland's risks are divided into four categories: strategic, operational, financial and accident risks. The risk analysis identified the most critical subareas as follows:

- The key customers account for a substantial proportion of the company's net sales. If the key customers transferred to alternative energy sources, it could significantly affect Gasgrid Finland's earnings
- A physical fault in the transmission network could cause a transmission outage affecting customers
- Changes in excise duties may favour substitutes to gaseous energy sources
- The geopolitical situation could cause disruptions on the energy market
- Data communication or information system downtime could jeopardise the functionality of the gas transmission network or disrupt the operations of open markets
- The regulation model may be changed in a way that jeopardises Gasgrid Finland's financial position

Gasgrid Finland 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 Board of Directors. Internal audit also assesses the sufficiency of risk management and supervision. Internal audit reports to the Board of Directors 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.

Sustainability

At Gasgrid Finland, sustainability is integrated into all business operations and management. The company's sustainability programme considers the financial, social and environmental impacts of our operations. The company is a good corporate citizen, and its business activities always take account of the overall long-term interests of society. The company's stakeholders also recognise this, as in a survey, 88.5% of Gasgrid Finland's stakeholders considered the company to be sustainable.

Gasgrid Finland has specified its sustainability programme, which is valid until the end of 2023. The company has already previously identified the focus areas of sustainability: excellent corporate citizen, people and culture, security and safety of supply, and towards carbon neutrality. Alongside these, the company has raised a

... report by the board of directors

new theme – transmission platform of the future. At the same time, Gasgrid Finland's sustainability targets are increasingly linked to the UN Sustainable Development Goals.

During the financial period, Gasgrid Finland developed the company's management system with the extensive involvement of all personnel and certified it in accordance with ISO standards for quality, safety and the environment, as well as the requirements of the national energy efficiency system. The company achieved an excellent score in the certification audit of the management system by an independent party. In addition, Gasgrid Finland updated its whistleblowing channel and developed its procurement activities in a wide range of areas, including sustainability. Gasgrid Finland monitors its tax footprint and is a significant taxpayer in society.

In addition to the direct CO₂ emissions, Gasgrid Finland has calculated its indirect emissions and started work on a carbon-neutrality roadmap to minimise the adverse effects of its operations to the environment. In the short term, the company's goal is to reduce carbon dioxide emissions from our own operations by 15% by the end of 2023.

Research, development and innovation

The company has set up research, development and innovation activities to accelerate Gasgrid Finland's role under

its strategy in the transmission of future clean gases. During the financial period, we worked with our stakeholders, in particular on projects related to hydrogen development and sectoral integration, and participated extensively in cooperation networks between industry players. The share of RDI expenses of net sales during the financial period 2021 was 0.3%.

Events after the financial period

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

Outlook for 2022

The Group's operating profit is expected to decrease significantly from the current level and amount to EUR 16–24 million in 2022.

Gasgrid Finland has notified the market of an average 15 per cent reduction in its transmission tariffs, due to the need to offset the reasonable return it will collect during the 2020–2023 regulatory period. Furthermore, uncertainty in the company's operating environment has grown. Gas consumption is projected to fall in 2022 as a result of higher gas prices.

In the 2022 financial period, Gasgrid Finland will continue taking measures to implement the development programmes stated in its strategy, particularly to promote clean gases,

and this is expected to increase expenses in comparison with 2021.

Board of Directors' proposal for the use of profit

On 31 December 2021, the parent company's distributable assets amounted to EUR 101,284,201.59, including the profit for the financial period of EUR 42,305,653.92.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 40 million be distributed and the remaining EUR 61,284,201.59 be left in unrestricted equity. The company's liquidity is good, and in the Board of Directors' view, the proposed dividend will not jeopardise the company's solvency. No material changes have occurred in the company's financial position since the end of the financial period. ●

Financial statements

Consolidated income statement

Gasgrid Group, EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
NET SALES	130,556	126,832
Other operating income	320	379
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-22,361	-19,191
Increase (+)/decrease (-) in inventories	3,130	-17
External services	-310	-554
Change in investments in progress	1	0
	-19,541	-19,763
Personnel expenses		
Salaries and bonuses	-4,275	-3,534
Personnel add-on expenses		
Pension expenses	-730	-653
Other personnel expenses	-331	-251
	-5,336	-4,439
Depreciation and impairment		
Planned depreciation	-18,881	-18,544
Depreciation of consolidated goodwill	0	-552
	-18,881	-19,096
Other operating expenses	-18,489	-15,968
OPERATING PROFIT	68,629	67,946
Financial income and expenses		
Other interest and financial income	379	891
Interest expenses and other financial expenses	-1,682	-2,183
	-1,303	-1,292
PROFIT BEFORE APPROPRIATIONS AND TAXES	67,326	66,654
Income taxes	-10,482	-9,450
Change in deferred tax liabilities	-2,215	-3,589
PROFIT/LOSS FOR THE FINANCIAL PERIOD	54,629	53,615

Consolidated balance sheet

Gasgrid Group, EUR 1,000	31.12.2021	31.12.2020
Assets		
Non-current assets		
Intangible assets		
Intangible rights	4,071	2,945
Other intangible assets	8,045	2,984
	12,116	5,930
Tangible assets		
Land and water areas	2,525	2,524
Buildings and structures	264,199	276,108
Machinery and equipment	48,668	47,482
Other tangible assets	4,364	4,592
Prepayments and acquisitions in progress	8,044	7,258
	327,800	337,964
Total non-current assets	339,916	343,894
Current assets		
Inventories		
Materials and supplies	3,471	3,231
Work in progress	88	326
Other inventories	3,140	264
	6,698	3,821
Receivables		
Non-current		
Other receivables	63	63
Current		
Trade receivables	26,506	17,414
Other receivables	123	135
Accrued income	370	14,461
	27,061	32,074
Cash at bank and in hand	16,575	74,708
Total current assets	50,335	110,602
Assets	390,250	454,496

Gasgrid Group, EUR 1,000	31.12.2021	31.12.2020
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	26,313	26,313
Retained earnings	156,151	142,536
Profit for the period	54,629	53,615
Total shareholders' equity	247,093	232,464
Liabilities		
Non-current		
Loans from financial institutions	80,000	160,000
Other liabilities	0	0
Total non-current	80,000	160,000
Current		
Trade payables	1,724	5,116
Other liabilities	10,299	8,884
Accruals and deferred income	17,748	16,860
Deferred tax liability	33,386	31,172
Total current	63,157	62,032
Total liabilities	143,157	222,032
Liabilities and shareholders' equity	390,250	454,496

Consolidated cash flow statement

Gasgrid Group, EUR 1,000	1.1.-31.12. 2021	1.1.-31.12. 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	54,629	53,615
Adjustments		
Planned depreciation	18,881	18,544
Depreciation of consolidated goodwill	0	552
Financial income and expenses	1,303	1,292
Change in deferred tax liabilities	2,215	3,589
Income taxes	10,482	9,450
Cash flow before change in working capital	87,510	87,042
Change in working capital		
Increase (-)/decrease (+) in inventories	-2,878	-555
Increase (-)/decrease (+) in interest-free receivables	5,012	37,426
Increase (+)/decrease (-) in interest-free liabilities	7,249	-7,970
Operating cash flow before financial items and taxes	96,894	115,943
Interest paid on operating activities	-1,677	-2,068
Interest received from operating activities	6	16
Taxes paid on operating activities	-18,453	0
CASH FLOW FROM OPERATING ACTIVITIES	76,770	113,891
Cash flow from investments		
Investments in tangible and intangible assets	-14,903	-10,555
CASH FLOW FROM INVESTMENTS	-14,903	-10,555
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	-80,000	-41,315
Dividend payout	-40,000	0
CASH FLOW FROM FINANCING ACTIVITIES	-120,000	-41,315
CHANGE IN FINANCIAL ASSETS	-58,133	62,021
Cash and cash equivalents at the beginning of the period	74,708	12,686
Cash and cash equivalents at the end of the period	16,575	74,708

Parent company's income statement

Gasgrid Finland Oy, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
NET SALES	130,556	126,944
Other operating income	320	333
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-22,361	-19,172
Increase (+)/decrease (-) in inventories	3,130	-17
External services	-283	-763
Change in investments in progress	1	0
	-19,514	-19,952
Personnel expenses		
Salaries and bonuses	-4,275	-3,203
Personnel add-on expenses		
Pension expenses	-729	-617
Other personnel expenses	-333	-269
	-5,337	-4,089
Depreciation and impairment		
Planned depreciation	-18,030	-17,745
	-18,030	-17,745
Other operating expenses	-21,039	-18,341

Gasgrid Finland Oy, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
OPERATING PROFIT	66,955	67,150
Financial income and expenses		
Income from Group companies	107	96
Other interest and financial income	379	891
Interest expenses and other financial expenses	-1,682	-2,053
	-1,195	-1,066
PROFIT BEFORE APPROPRIATIONS AND TAXES	65,760	66,084
Appropriations		
Increase (-)/decrease (+) in depreciation difference	-11,073	-17,944
Group contribution granted	-1,899	0
Income taxes	-10,482	-9,450
PROFIT/LOSS FOR THE FINANCIAL PERIOD	42,306	38,690

Parent company's balance sheet

Gasgrid Finland Oy, EUR 1,000	31.12.2021	31.12.2020
Assets		
Non-current assets		
Intangible assets		
Intangible rights	3,501	2,945
Other intangible assets	2,369	2,979
	5,870	5,925
Tangible assets		
Land and water areas	2,232	2,232
Buildings and structures	259,948	271,965
Machinery and equipment	17,384	17,752
Other tangible assets	4,221	4,450
Prepayments and acquisitions in progress	7,952	7,166
	291,737	303,564
Investments		
Shares in Group companies	26,793	26,793
	26,793	26,793
Total non-current assets	324,401	336,282
Current assets		
Inventories		
Materials and supplies	3,471	3,231
Work in progress	88	326
Other inventories	3,140	264
	6,698	3,821
Receivables		
Current		
Trade receivables	26,506	17,028
Loan receivables	16,935	24,827
Other receivables	123	135
Accrued income	2	15
	43,565	42,006
Cash at bank and in hand	15,484	72,555
Total current assets	65,748	118,381
Assets	390,148	454,663

Gasgrid Finland Oy, EUR 1,000	31.12.2021	31.12.2020
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	26,313	26,313
Retained earnings	32,665	33,976
Profit for the period	42,306	38,690
Total shareholders' equity	111,284	108,979
Accumulated appropriations		
Depreciation difference	166,930	155,858
Liabilities		
Non-current		
Loans from financial institutions	80,000	160,000
Total non-current	80,000	160,000
Current		
Liabilities to Group companies	0	651
Trade payables	1,721	3,550
Other liabilities	12,464	8,778
Accruals and deferred income	17,748	16,847
Total current	31,934	29,827
Total liabilities	111,934	189,827
Liabilities and shareholders' equity	390,148	454,663

Parent company's cash flow statement

Gasgrid Finland Oy, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	42,306	38,690
Adjustments		
Planned depreciation	18,030	17,745
Financial income and expenses	1,195	1,066
Appropriations	12,972	17,944
Income taxes	10,482	9,450
Cash flow before change in working capital	84,985	84,895
Change in working capital		
Increase (-)/decrease (+) in inventories	-2,878	-555
Increase (-)/decrease (+) in interest-free receivables	-9,451	17,780
Increase (+)/decrease (-) in interest-free liabilities	8,546	543
Operating cash flow before financial items and taxes	81,203	102,663
Interest paid on operating activities	-1,677	-1,901
Interest received from operating activities	6	16
Increase (-)/decrease (+) in loan receivables	7,999	-24,731
Taxes paid on operating activities	-18,453	0
CASH FLOW FROM OPERATING ACTIVITIES	69,078	76,047
Cash flow from investments		
Investments in tangible and intangible assets	-6,149	-8,597
CASH FLOW FROM INVESTMENTS	-6,149	-8,597
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	-80,000	0
Dividend payout	-40,000	0
CASH FLOW FROM FINANCING ACTIVITIES	-120,000	0
CHANGE IN FINANCIAL ASSETS	-57,070	67,450
Cash and cash equivalents at the beginning of the period	72,555	5,104
Cash and cash equivalents at the end of the period	15,484	72,555

Notes to the financial statements

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, Gasgrid Finland Services Oy and Suomen Kaasunsiirtopalvelut Oy.

Comparability:

The financial statements for 2021 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 few Gasgrid Finland employees have exceptional pension benefits carried over from their previous employers, and the obligations of these benefits were transferred to Gasgrid Finland 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 tested for effectiveness.

The Group does not have any significant transactions denominated in foreign currencies.

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, imbalance settlement fees, settlements of feed-in charges with other transmission system operators, and onward charges for network relocation work. Gasgrid Finland 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.-31.12.2021	1.1.-31.12.2020	1.1.-31.12.2021	1.1.-31.12.2020
Tariff products	104,395	100,320	104,395	100,320
Balancing services	20,524	12,197	20,524	12,197
Onward charges for relocation work	2,639	7,525	2,639	7,525
Balancing feed-in charges	2,998	6,790	2,998	6,790
Sales to Group companies	0	0	0	113
Other charges	0	1	0	0
Total	130,556	126,832	130,556	126,944

2.2. Other operating income

EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2021	1.1.-31.12.2020	1.1.-31.12.2021	1.1.-31.12.2020
Rental income	320	322	320	322
Other income	0	57	0	11
Total	320	379	320	333

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
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.–31.12.2021	1.1.–31.12.2020	1.1.–31.12.2021	1.1.–31.12.2020
Audit and other services	80	42	59	25
Total	80	42	59	25

2.5. Financial income and expenses

Other interest and financial income, EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.–31.12.2021	1.1.–31.12.2020	1.1.–31.12.2021	1.1.–31.12.2020
Interest income from Group companies	0	0	107	96
Interest income from others	6	16	6	16
Other financial income from others	373	874	373	874
Total	379	891	487	987

Interest expenses and other financial expenses, EUR 1,000	Gasgrid Group		Gasgrid Finland Oy	
	1.1.–31.12.2021	1.1.–31.12.2020	1.1.–31.12.2021	1.1.–31.12.2020
Interest expenses to others	1,012	1,794	1,012	1,787
Other financial expenses to others	670	389	670	266
Total	1,682	2,183	1,682	2,053

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.

2.7. Personnel and bodies

The Group had an average of 47 (42) employees in the financial period.

Salaries and bonuses for Gasgrid Finland's bodies in the 2021 financial period:

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Board of Directors	102	74
CEO	290	240
Total	392	314

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

The accrued income in the consolidated balance sheet, EUR 369,757.43 (EUR 14,461,210.21), consists of prepaid land rents. The accrued income in the reference period consisted almost entirely of the estimated outstanding grant funding for CINEA's Balticconnector project. The final instalment of the project's grant was received during the financial period, and the receivable has therefore been reversed in the financial statements.

The parent company's other receivables in the amount of EUR 122,609.15 (EUR 135,115.00) consist of prepayment-type items related to the business operations.

Intra-Group receivables:

Gasgrid Finland Oy, EUR 1,000	31.12.2021	31.12.2020
Loan receivables	16,935	24,827
	16,935	24,827

3.2. Non-current assets

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

Non-current assets also include the absolute minimum volume of gas that the network needs to maintain its technical functionality. The share of pipeline gas defined in this way is valued at historical acquisition cost in the financial statements. Conversely, the volume of gas that varies in the transmission network for technical and commercial reasons is recognised in the balance sheet under current assets.

EUR 1,000	Group	Parent
INTANGIBLE RIGHTS		
Acquisition cost 1 January 2021	5,945	5,939
Increases in the period	2,177	1,608
Decreases in the period	0	0
Acquisition cost 31 December 2021	8,121	7,548
Accumulated depreciation and impairment 1 January	-2,994	-2,994
Depreciation 1 January – 31 December 2021	-1,056	-1,053
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-4,050	-4,046
Balance sheet value 31 December 2021	4,071	3,501
OTHER INTANGIBLE ASSETS		
Acquisition cost 1 January 2021	13,446	13,446
Increases in the period	5,700	0
Decreases in the period	0	0
Acquisition cost 31 December 2021	19,146	13,446
Accumulated depreciation and impairment 1 January	-10,466	-10,466
Depreciation 1 January – 31 December 2021	-634	-610
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-11,101	-11,077
Balance sheet value 31 December 2021	8,045	2,369
LAND AND WATER AREAS		
Acquisition cost 1 January 2021	2,524	2,232
Increases in the period	1	0
Decreases in the period	0	0
Acquisition cost 31 December 2021	2,525	2,232
Accumulated depreciation and impairment 1 January	0	0
Depreciation 1 January – 31 December 2021	0	0
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	0	0
Balance sheet value 31 December 2021	2,525	2,232

EUR 1,000	Group	Parent
BUILDINGS AND STRUCTURES		
Acquisition cost 1 January 2021	598,860	594,601
Increases in the period	1,833	1,582
Decreases in the period	0	0
Acquisition cost 31 December 2021	600,694	596,183
Accumulated depreciation and impairment 1 January	-322,752	-322,637
Depreciation 1 January – 31 December 2021	-13,743	-13,598
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-336,495	-336,235
Balance sheet value 31 December 2021	264,199	259,948
MACHINERY AND EQUIPMENT		
Acquisition cost 1 January 2021	139,715	109,339
Increases in the period	4,390	2,172
Decreases in the period	0	0
Acquisition cost 31 December 2021	144,105	111,511
Accumulated depreciation and impairment 1 January	-92,233	-91,587
Depreciation 1 January – 31 December 2021	-3,204	-2,540
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-95,437	-94,127
Balance sheet value 31 December 2021	48,668	17,384

EUR 1,000	Group	Parent
OTHER TANGIBLE ASSETS		
Acquisition cost 1 January 2021	8,999	8,841
Increases in the period	15	0
Decreases in the period	0	0
Acquisition cost 31 December 2021	9,013	8,841
Accumulated depreciation and impairment 1 January	-4,406	-4,392
Depreciation 1 January – 31 December 2021	-243	-229
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-4,650	-4,621
Balance sheet value 31 December 2021	4,364	4,221
Prepayments and acquisitions in progress		
Acquisition cost 1 January 2021	7,258	7,166
Increases in the period	5,783	5,783
Decreases in the period	-318	-318
Transfers between items	-4,679	-4,679
Acquisition cost 31 December 2021	8,044	7,952
Depreciation 1 January – 31 December 2021	0	0
Balance sheet value 31 December 2021	8,044	7,952

3.3. Statement of changes in shareholders' equity

Gasgrid Group, EUR 1,000	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January 2021	10,000	26,313	196,151	232,464
Distribution of profit	0	0	-40,000	-40,000
Profit for the period	0	0	54,629	54,629
Balance sheet value 31 December 2021	10,000	26,313	210,780	247,093

Gasgrid Finland Oy, EUR 1,000	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January 2021	10,000	26,313	72,665	108,979
Distribution of profit	0	0	-40,000	-40,000
Profit for the period	0	0	42,306	42,306
Balance sheet value 31 December 2021	10,000	26,313	74,971	111,284

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

Number of company shares

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

Class A shares carry one vote at a general meeting, and class K shares carry ten votes.

3.4. Distributable assets

Calculation of distributable unrestricted equity

Gasgrid Finland Oy, EUR 1,000	31.12.2021	31.12.2020
Invested unrestricted equity fund	26,313	26,313
Retained earnings	32,665	33,976
Profit/loss for the financial period	42,306	38,690
Total distributable assets	101,284	98,979

3.5. Non-current liabilities

The Group has renewed its financial arrangements during the financial period by paying off its EUR 160 million bank loan and replacing it with a new EUR 80 million sustainability loan. The loan matures in 2026 and is unsecured. The cost paid on the loan is partially linked to the realisation of the targets of Gasgrid Finland's sustainability programme.

3.6. Current liabilities

Accruals and deferred income:

Gasgrid Group, EUR 1,000	31.12.2021	31.12.2020
Interest expenses	5	0
Personnel expenses	1,725	980
Direct taxes	1,479	9,450
Excise duties	14,538	6,430
	17,748	16,860

Gasgrid Finland Oy, EUR 1,000	31.12.2021	31.12.2020
Interest expenses	5	0
Personnel expenses	1,725	967
Direct taxes	1,479	9,450
Excise duties	14,538	6,430
	17,748	16,860

Other liabilities:

The other liabilities item in the consolidated balance sheet of EUR 10,299,229.51 (EUR 8,884,081.23), consists mainly of VAT liabilities and deferred compensation payments on fixed assets.

Liabilities from Group companies:

Gasgrid Finland Oy, EUR 1,000	31.12.2021	31.12.2020
Trade payables	0	279
Other liabilities	2,271	372
	2,271	651

Other liabilities include group contributions granted to Group companies of EUR 1,898,931.32 (EUR 0).

Deferred tax liability:

Gasgrid Group, EUR 1,000	31.12.2021	31.12.2020
Deferred tax liability	33,386	31,172
Change in deferred tax liabilities	2,215	3,589

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 Baltic Connector Oy's offshore 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 parent company has not pledged any collateral on behalf of the Group companies.

Nominal values of forthcoming lease payments under existing leases.

	Gasgrid Group		Gasgrid Finland Oy	
EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020	1.1.-31.12.2021	1.1.-31.12.2020
Payable in the year after the financial period	201	156	201	156
Payable later	776	450	776	450
Total	977	607	977	607

The impact of indefinite leases is estimated according to the most likely duration for each asset class.

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 is EUR 82,495.96 (EUR -373,028.71). In line with the precautionary principle, derivatives are measured at acquisition cost and a positive fair value change is not recognised.

The interest-rate swaps related to the financing arrangement repaid by Gasgrid Finland during the financial period have expired. EUR 373,028.71 of the negative market value of these contracts was reversed in the balance sheet and recognised under financial income.

The interest expenses on derivative contracts are recognised under interest expenses in the income statement.

4.3. Holdings in other companies

Subsidiary, EUR 1,000	Business ID	Domicile	Group ownership	Shareholders' equity	Profit/loss for the financial period
Gasgrid Finland Services Oy	1656464-4	Espoo	100%	204	4
Suomen Kaasunsiirtopalvelut Oy	2940470-3	Espoo	100%	26,702	546
Baltic Connector Oy	2716791-9	Helsinki	100%	29,279	2,915

Gasgrid Finland's Board of Directors has approved merger plans aimed at mergers of subsidiaries between Gasgrid Finland and Suomen Kaasunsiirtopalvelut Oy, and Gasgrid Finland and Gasgrid Finland Services Oy, as well as the merger of Suomen Kaasuverkko Oy into Gasgrid Finland. The mergers are expected to be implemented in spring 2022.

4.4. Segregation of the accounts of the businesses

The parent company's business is segregated into two parts for the purposes of accounting: the transmission network and centralised data exchange units. Income and expenses directly attributable to the businesses and, on the other hand, 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 two businesses in proportion to their balance sheet items.

As of 8 May 2020, the Natural Gas Market Act does not require the pricing of imbalance gas to be reasonable. Thus, the transmission network unit separated from the parent company's business includes the balance management unit separated in the previous financial period.

In the comparative data for transmission network and centralised data exchange, the breakdown between other intangible assets and their depreciation has been corrected. The correction is due to a more precise distinction between the retail and wholesale markets.

Additional information on the separated financial statements:

1. Investments in transmission network fixed assets:

EUR 1,000	2021	2020
Transmission network intangible assets	1,180	672
Other intangible assets	289	2,125
Transmission network tangible assets	3,697	2,052
Prepayments and acquisitions in progress	786	8,626
	5,953	13,475

2. Return on investments in the transmission network:

	2021	2020
	16.6%	17.3%

Gasgrid Finland Oy, EUR 1,000	Transmission network		Centralised data exchange	
	1.1.–31.12.2021	1.1.–31.12.2020	1.1.–31.12.2021	1.1.–31.12.2020
Net sales	130,378	126,840	178	104
Other operating income	320	333	0	0
Materials and services	-19,514	-19,952	0	0
Materials, supplies and goods	-19,231	-19,189	0	0
Purchases during the financial period	-22,361	-19,286	0	0
Other purchases during the financial period	-22,361	-19,286	0	0
Change in inventories	3,130	97	0	0
External services	-283	-763	0	0
Other external services	-283	-763	0	0
Personnel expenses	-5,337	-4,089	0	0
Salaries and bonuses	-4,384	-3,157	0	0
Personnel add-on expenses	-953	-932	0	0
Depreciation and impairment	-17,927	-17,686	-103	-59
Planned depreciation	-17,927	-17,686	-103	-59
Planned depreciation on network assets	-17,521	-17,164	0	0
Planned depreciation on other non-current assets	-407	-521	-103	-59
Other operating expenses	-21,002	-18,266	-37	-75
Rent expenses	-2,863	-2,869	0	0
Other operating expenses	-18,139	-15,396	-37	-75
Operating profit (loss)	66,917	67,180	38	-30
Financial income and expenses	-1,195	-1,066	0	0
Return on shares in Group companies	107	96	0	0
Other interest and financial income	379	891	0	0
Interest expenses and other financial expenses	-1,682	-2,053	0	0
Profit (loss) before appropriations and taxes	65,722	66,114	38	-30
Appropriations	-12,972	-17,944	0	0
Change in depreciation difference	-11,073	-17,944	0	0
Change in depreciation difference on network assets	-11,073	-17,944	0	0
Group contribution granted (unpaid)	-1,899	0	0	0
Income taxes	-10,482	-9,450	0	0
Profit (loss) for the financial period	42,268	38,720	38	-30

Gasgrid Finland Oy, EUR 1,000	Transmission network		Centralised data exchange	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Non-current assets	324,049	336,024	352	258
Intangible assets	5,518	5,666	352	258
Goodwill	0	0	0	0
Network intangible assets	4,033	4,063	0	0
Other intangible assets	1,485	1,603	352	258
Prepayments	0	0	0	0
Tangible assets	291,737	303,564	0	0
Network tangible assets	283,785	296,398	0	0
Prepayments and acquisitions in progress	7,952	7,166	0	0
Investments	26,793	26,793	0	0
Current assets	65,677	118,316	71	65
Inventories	6,698	3,821	0	0
Receivables	43,510	41,941	55	65
Short-term receivables	43,510	41,941	55	65
Trade receivables	26,451	16,964	55	65
Accrued income	2	15	0	0
Other receivables	17,058	24,962	0	0
Financial securities	0	0	0	0
Cash at bank and in hand	15,468	72,555	16	0
Total assets	389,726	454,340	423	323

Gasgrid Finland Oy, EUR 1,000	Transmission network		Centralised data exchange	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Shareholders' equity	110,861	108,655	423	323
Shares, participations or other similar capital	10,000	10,000		
Other funds	25,899	25,960	415	353
Other other funds	25,899	25,960	415	353
Retained earnings	32,695	33,976	-30	0
Profit (loss) for the financial period	42,268	38,720	38	-30
Accumulated appropriations	166,930	155,858	0	0
Depreciation difference	166,930	155,858	0	0
On network assets	166,930	155,858	0	0
Liabilities	111,934	189,827	0	0
Long-term liabilities	80,000	160,000	0	0
Long-term interest-bearing liabilities	80,000	160,000	0	0
Other long-term interest-bearing liabilities	80,000	160,000	0	0
Short-term liabilities	31,934	29,827	0	0
Short-term interest-bearing liabilities	0	279	0	0
Other liabilities to Group companies	0	279	0	0
Short-term interest-free liabilities	31,934	29,548	0	0
Trade payables	1,721	3,550	0	0
Accruals and deferred income	17,748	16,847	0	0
Liabilities on group contributions granted	1,899	0	0	0
Other liabilities to Group companies	372	0	0	0
Other liabilities	10,193	9,150	0	0
Total liabilities and shareholders' equity	389,726	454,340	423	323

Signatures to the financial statements and the report by the Board of Directors

Espoo, 16 March 2022

Kai-Petteri Purhonen

Chair of the Board of Directors

Päivi Nerg

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

Auditor's note

A report has been issued today on the completed audit.

Helsinki, 16 March 2022

Oy Tuokko Ltd

Firm of auditors

Timo Tuokko

Authorised Public Accountant



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