

Corporate Governance Statement 2021

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.

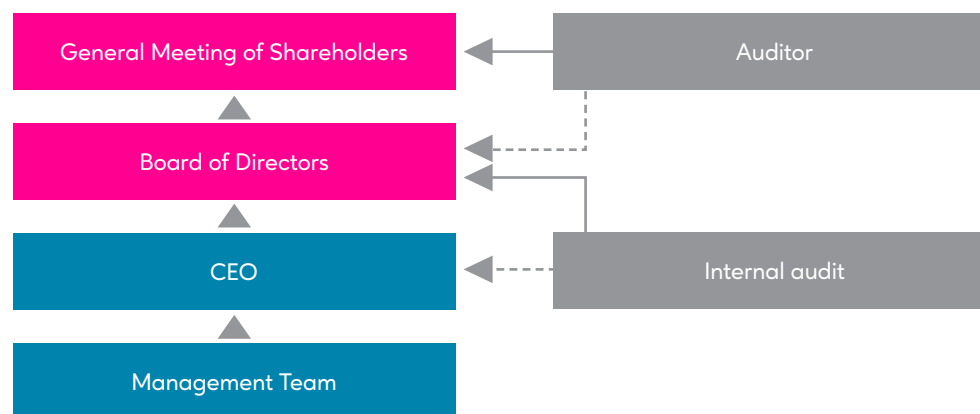
General Meeting of Shareholders

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

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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:

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- 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