

Transmitting energy.

GASGRID FINLAND | ANNUAL REPORT 2022

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

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

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Gasgrid Finland **in 2022**

A challenging year in many respects put Gasgrid Finland's performance to the test. At the same time, however, the year also brought extreme successes. The implementation of the LNG terminal ship project, the complete reversal of gas flow directions and the work done for the hydrogen economy helped to ensure reliability and security of supply and to build a new foundation for the future.



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 Inko.

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



The year in figures



Highlights of the year

Reliable transmission platform

We offered our customers safe and reliable transmission of gases, every day of the year. The year was our third year without unplanned supply outages.

LNG Floating Terminal to Inkoo in record time

We ensured the security of gas supply with the LNG terminal project. The cornerstones of success were cooperation with stakeholders and the commitment of competent personnel to the project.

Advances in the hydrogen market

We developed the hydrogen infrastructure and market to support Finland's energy independence, economy and industrial investments. We announced three significant development projects: Nordic Hydrogen Route, Nordic-Baltic Hydrogen Corridor and Baltic Sea Hydrogen Collector.

Over 1000 days without injuries

We achieved the goal of zero injuries among our personnel for the third year in a row.

Satisfied personnel

The results of the employee survey were excellent: 4.22 on a scale of 1–5. We build an inclusive and interactive culture with our personnel.

Stakeholders involved in everyday life

We had a continuous dialogue with our stakeholders. We organised customer and topical forums and developed our customer system and our electronic gas market services. We also measured customer satisfaction and mapped important issues for stakeholders.

CEO's review

The year 2022 was exceptional in terms of operating environment due to the impact of the energy crisis and the Russian war in Ukraine. Despite of this, we determinately continued to implement our strategy and vision. Implementing the LNG terminal project in record time showed the strengths of the company and the Finnish society when working towards a common goal. In hydrogen development we concretized the implementation of the strategy.

Gasgrid Finland's year 2022 can with strong grounds be described as a year of extremes – in good and in bad. Several risks of low probability, but significant impact, were realised with the Russian War in Ukraine. We were able to respond well to these risks. For this, thanks go to our competent personnel and a wide range of stakeholders. In addition to managing the energy crisis, we successfully advanced in the development areas of clean gases that are important to Finland. These actions contribute to society's important goals of realising the security of supply, energy independence and the transition to clean energy. If we succeed, it will contribute to strengthening the foundations of the welfare state, for example through creation of jobs across Finland.

Safe turnaround of the gas transmission system

On 21 May, gas deliveries from Russia to Finland ended for the time being. In addition to security of supply, this was a technical risk. Practically overnight, all gas deliveries were safely and reliably transferred to the Balticconnector offshore pipeline coming from Estonia. This enabled Gasgrid Finland to complete a third year without supply outages, which is an excellent achievement. During the year, we also commissioned the LNG terminals in Hamina and Inkoo and prepared points for improving the network. This enabled us to reach a new level in the peak capacity of west-east transmission at the beginning of 2023.

The Floating LNG terminal in Inkoo ensured security of supply

In the course of 2022, extensive gas supply interruptions started to become more and more likely, and based on analysis, the only reasonable solution was to bring a large-scale floating LNG terminal ship (FSRU) to Finland. On 7 April, the Ministerial Committee on Economic Policy authorised Gasgrid Finland to secure a suitable terminal vessel and explore cooperation with the Estonian transmission system operator Elering AS.

On 20 May, we signed a 10-year lease with US-based Excelerate Energy. FSRU Exemplar arrived at the Inkoo deep harbour on 28 December. The first gas molecule flowed about a day after anchoring. The picture sent by the team of that moment was one of my own highlights in 2022 – Gasgrid Finland and its stakeholders restored security of supply for gases! The extraordinary process showed Finland's strength in working towards a common goal. The experience will probably remain in the memory of all those who participated in the project.

Zero injuries and high employee satisfaction

In addition to the unusually fast implementation of the LNG terminal project, an excellent achievement in 2022 was the continuation of the company's injury-free history by another year. The 1,000 injury-free days milestone was reached in September.



Everyone at Gasgrid Finland can be proud of the company's safety culture. Safety was also certified in the audit of our management system, where the result was zero deviations. A high-level safety culture also helped to realise the Inkoo LNG terminal project without injuries.

The commitment to the company's common goals was also strongly reflected in the satisfaction of the personnel. We have achieved good results in personnel surveys for several years, and the results remained at the same level, even though the year was challenging in many ways. Regarding our stakeholders, we are particularly proud of the fact that 94% consider Gasgrid Finland a sustainable company. Sustainability is integrated in our strategy and we continue to develop sustainability systematically.

Hydrogen development moves from strategy to implementation

The starting point of our vision and strategy is carbon-neutral Europe and Finland. Gases are an important part of the green transition, and in 2022 that meant accelerating hydrogen development in particular.

In June, we received a mandate from the Finnish government to develop the hydrogen infrastructure and market to support Finland's energy independence, economy and industrial investments. Gasgrid Vetyverkot Oy was established for this work. A great acknowledgment of our work was also when our

representative was elected one of the two chairs of the European Hydrogen Backbone group.

In 2022, we announced three significant development projects: Nordic Hydrogen Route, Nordic-Baltic Hydrogen Corridor and Baltic Sea Hydrogen Collector. The goal of the joint effect of the projects is to develop Finland's comprehensive infrastructure and to ensure that parties investing in Finnish hydrogen production and further processing have access to key offshore wind power and storage resources. The goal is also to speed up the development of the operating environment in the Baltic Sea region for the benefit of Finnish operators.

Gas transmission volumes reacted with price and availability risks

The energy crisis had a significant impact on our business also through the decrease in transmission volumes. In Europe, gas consumption decreased the most in Finland, -53%. Uncertain availability of gas and high price level made customers look for alternative fuels. In addition, as a responsible actor and due to the regulatory framework, we decreased our prices by 15% for our customers in year 2022. We believe that the situation will balance out in the next few years, but there are significant uncertainties associated with the operating environment.

From the point of view of society as a whole and the energy system, it has been great to see that the system's versatility and

market orientation helped us survive the crisis. In individual areas of energy use and customer groups, the situation has certainly been very critical, but, for example, the second cheapest electricity prices in Europe in a crisis year are proof of good long term work of Finnish stakeholders.

Year 2023 still uncertain

The challenges are not over yet, although until now the warm winter, energy savings and the non-realisation of the worst risk scenarios helped to survive the first year of the energy crisis in moderation. In addition to availability and price, regulatory risks have also increased. At worst, this slows down investments and leads, for example, to scarcity that raises prices.

The European gas market is facing something new. From the almost unlimited and continuous pipeline gas market in terms of capacity and energy, the focus shifts to LNG. It changes procurement and business models. At the same time, the availability of energy must also be ensured in the following winter. This is also ahead in Finland, which requires good cooperation and the right kind of preparation.

Gasgrid Finland ready for the next phase of change

We are going into 2023 with confidence,

even though the operating environment is uncertain and the risks are high. The new organisational structure launched at the end of 2022 will continue our customer-oriented, safe and efficient business. At the same time, we have created the structures for establishing the LNG terminal business and implementing hydrogen development.

The experiences of 2022 indicate development in the long term. In addition to the hydrogen economy, for example, issues of regulating power offer opportunities for bio and synthetic gases as part of the current system. We continue to work enthusiastically for these opportunities.

All in all, 2022 was very exceptional, but also showed the power of cooperation.

Russian War in Ukraine was felt very strongly at Gasgrid Finland as well, and we hope that the human suffering in Ukraine will end as soon as possible.

Finally, I would like to especially thank our employees for their attitude, perseverance and results for the benefit of the company as well as Finnish and Baltic societies. At the same time, I would like to send my thanks to the company's Board of Directors, the owner, the authorities related to preparedness, and all other stakeholders and Gasgrid Finland's partners.

Olli Sipilä

CEO

Gasgrid Finland Oy



Business and strategy

We accelerate the transition to a carbon-neutral society by developing the gas infrastructure and gas market in Finland. Our strategy is based on extensive scenario work. Our goal is that our transmission network and services form a versatile, reliable and flexible energy system now and in the future.

Operating environment and business model

Europe is heading towards a new normal due to the changed security and energy environment. Megatrends continue to influence: digitalisation, climate change mitigation, broad sustainability, and the relevance of matters. Globally, geopolitics seems to be taking on new forms. Preparedness and crisis resilience are being put to the test, especially in Europe.

Russian war in Ukraine and the effects of the COVID-19 pandemic in China are visible examples of the changes in the operating environment during 2022. The impulses they sent to the world raised the question of a possibly changing global environment. The globalisation that has lasted for a few decades, the development of international trade and the opening of societies seem to have reached a point where a new direction is being sought.

The coming years will show in which direction states and cooperation structures will develop. For Gasgrid Finland, the changes meant the cessation of Russian energy imports and the integration of the company and Finland into the global LNG market even more strongly.

Volatility and shocks continued risks in the energy market

The energy market in Europe continued its transition from oversupply to scarcity as Russian imports of all types of energy radically decreased or ended. For the first time in decades, several European countries woke up to the serious risks of energy availability. In many states this led to support packages of several GDP percentages, as well as to questions about the structure of the energy market, even the need for, or the ambition level of, the green transition.

It is possible that the complex volatility of the operating environment will become more likely in the future. Investments in the

old energy and raw material system are becoming increasingly scarce. Investments scale slowly in the new system relative to the need for change, as governments and companies try to find best practices amid customer needs, regulatory guidance and competitive technologies.

Changes in market structures planned as crisis measures with a quick schedule run the risk that they will further slow down investments in production and other infrastructures. Systems are also becoming more and more weather-dependent. When increased global risks related to cyber security, the escalated geopolitical situation and extreme weather events are added to the whole, the need for preparedness, flexibility and resilience increase. The development of the energy system across sector boundaries will be increasingly needed in the future.

Electrification and the hydrogen economy are the way out of the energy crisis

Competitive clean electricity will provide regions and companies with a global competitive advantage in the future. However, not everything can be electrified. Several studies estimate that, for example, in a carbon-neutral EU, 20–30% of energy needs will be met with clean hydrogen and its derivatives. This is due to the properties of hydrogen and the efficiencies of storage,



transmission and land use, 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 equipment and infrastructure of existing and new industries provide the platform – the most efficient, predictable and low-risk environment will attract business investment and finance.

As the industrial and social structure changes, the physical region – port, city, state, continent – can become an attractive platform. It brings together operators who exploit the synergies in the region in a resource-wise and efficient way. This may be on a small scale about an entity of biogas and nutrient cycling, or about an entire country profiling as a platform for the green steel industry, for example, attracting both raw material suppliers and downstream processors to the same region.

Gasgrid Finland’s value creation and effects

Gasgrid Finland’s value creation is based on reducing the risks, costs and investments of stakeholders in the short and long term. As tools, the company has a reliable, secure and developing infrastructure capable of transmitting various gases and the market created on its basis, as well as a unique team of professionals directly and through partners. For example, a gas producer or seller can use

these to exploit new procurement channels to produce the best solution for their customer, and a biogas producer can transmit gas efficiently to their customer.

In the hydrogen economy, the producer of a new green chemical does not need to build all of its production and storage capacity at the plant, but has access by pipeline to the place where capacity can be organised most efficiently. The producer of renewable electricity can increase their risk in a controlled way by adding the maximum amount of wind and solar power to their production, but at the same time utilise the regulating power characteristic of the gas system.

Gasgrid Finland aims to create excellent industrial investment and other societal conditions in Finland in those areas where the properties of gaseous energy and raw material sources are at their best. We promote sectoral integration. Thus, we believe that Finland will achieve a cost-effective, reliable and clean energy and raw material system. It will generate value directly and indirectly. For example, with regard to the hydrogen economy, it has been estimated that one euro invested in infrastructure and the market generates 10 euros of other investments in industry and services. This brings jobs and well-being, often very locally. As the market grows large and functional, the value of the original one euro also multiplies.

Our organisation will be reorganised from the beginning of 2023 to strengthen these future needs. The new organisation is presented on the right:

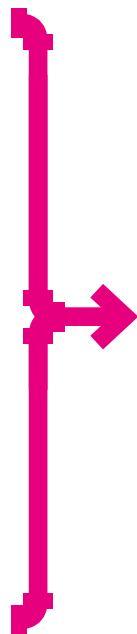
Gasgrid Finland’s organisation from 1 January 2023



We create value

Impacts

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



Value formation

- Transmitted energy **11.9 TWh** in 2022
- Security of supply **100%**
- Certified management system as part of value creation. Deviations in external auditing **0**
- Stakeholder satisfaction **NPS 30**
- **0 injuries** among personnel and suppliers in 2022
- Excellent employee survey results — **4.22** on a scale of 1–5
- Employee turnover **7.4%**, total training hours **12h/employee**
- **0 environmental incidents** in 2022
- Prevention and corrections of methane emissions **34 tonnes** in 2022
- Investments **EUR 57.9 million**
- Share of R&D activities **1.4%** in relation to net sales
- Building roughly **5,000 km** of hydrogen network with partners **to the Baltic Sea region**, which enables **90%** of the goals of the REPowerEU plan for clean hydrogen produced within the EU
- Tax footprint for society **EUR 43.6 million**
- According to estimates, the hydrogen economy can create **200,000** new jobs in the future*

* Aldieri, L.; Grafström, J.; Sundström, K.; Vinci, C.P. Wind Power and Job Creation, JEDI Wind Models (NREL), Jobs from investment in green hydrogen, CE Delft, 2021

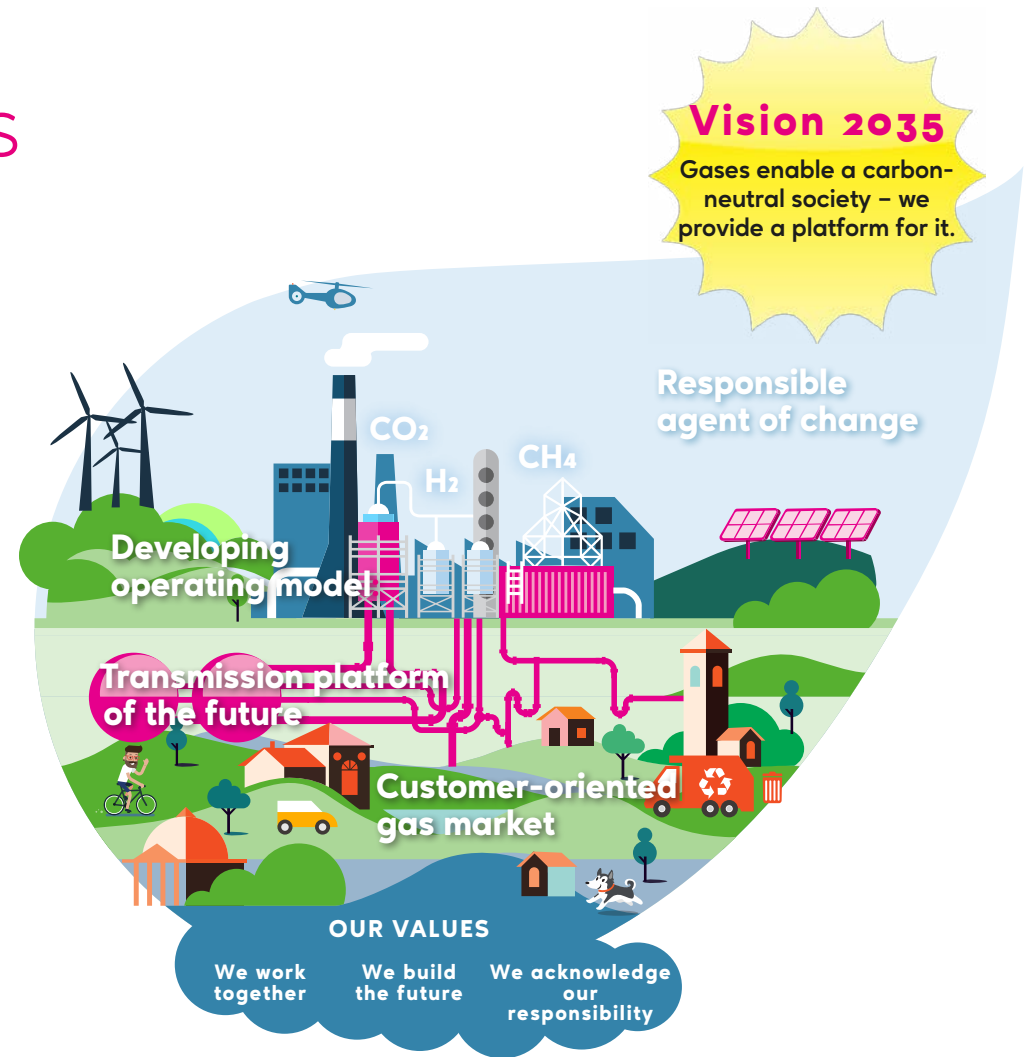
Vision, strategy and values

The change in the operating environment brings great opportunities for Gasgrid Finland and our stakeholders, even though the European energy crisis and the Russian war in Ukraine are currently challenging the industry. Our goal is to be an enabler in the change. The current gas infrastructure and market is expanding into a diverse set of clean gases, the use of which is increasing with the growth of environmental awareness and developing technologies, such as hydrogen technology.

The Nordic energy and raw material system relies increasingly on zero-emission electricity. Efficient integration of electricity, gas, heating and cooling systems allows industry and electrical systems the flexibility and storage they need. We are shifting from a natural gas emphasis to diversified gases that include synthetic methane, biogas, LNG and hydrogen in addition to conventional gas. The year 2022 accelerated the trend through crises.

Finland and Northern Europe have a unique opportunity to be at the forefront of a new carbon-neutral or even carbon-negative society. At the same time, a competitive and secure energy supply can be achieved. The new energy practice and our position in it contribute to creating safety, security of supply and energy independence. This can help existing industry to survive and create new industries as global value chains reorganise.

Our employees, customers and other stakeholders thrive when we succeed in anticipation, customer orientation and cooperation. In them, we at Gasgrid Finland are guided by the shared vision, strategy and values.



The new possibilities of gases

The gas system is able to provide large-scale solutions that also improve security of supply. An example of this is the Inkoo LNG terminal, which works for the benefit of Finland and the Baltics. In addition, gases and an active gas sector are key enablers for the energy and raw material system of the future.

Developing infrastructures and markets promote 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 thus prosperity in Finland.

Awareness, understanding and facts about the use of gases have made both citizens and decision-makers see the new opportunities of gases. During 2022, several project studies were announced and the first investment decisions in the hydrogen economy were made.

We want to be a thought leader in the gas industry in the Baltic Sea region. We are a visionary company valued by the Finnish energy industry, whose asset is a well-being, competent and committed personnel. The gas market and Gasgrid Finland's transmission network and services form a diverse energy platform that 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 our strengths, we can help society move towards carbon neutrality and the hydrogen economy.

Our goal is to be Europe's most open and transparent transmission system operator and a pioneer in sustainability. Our ambitious sustainability programme is a plan that incorporates all 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 are an integral part of our operating culture.

Our strategy and values are underpinned by extensive stakeholder scenario work. We assess our operating environment, our strategy and the need to update it annually. The trends identified in previous years continued their strong development in 2022, but the probability of negative geopolitical scenarios also increased. The company's strategy is well adapted to the identified change trends. However, some trends have clearly strengthened and their pace of change has accelerated.

Identified change trends

A reduction in the use of natural gas due to climate targets is even more likely in the 2030s. The energy crisis forced a reduction in the use of gas in Europe and Finland, and it will continue in the near future. The level and shape of demand recovery will be seen in the next few years. However, the current gas system plays a key role in enabling a rapid energy transition in Europe. The storage characteristics for bio- and synthetic methane in the future are interesting.

The growth ambition for sustainability, in particular for climate targets, has accelerated. Intensifying sustainability and climate policies, including in the financial markets, are creating increasing pressure on our current business, but also new opportunities. Sustainability is also becoming an administrative area similar to accounting, which is governed by regulation.

With the pandemic, digitalisation accelerated globally.

In addition to opportunities, the importance and probability of cyber threats have also grown.

The development of the hydrogen economy in Finland and globally has taken place at an accelerating pace, as electrification needs to be accompanied by the different properties of gaseous substances. The hydrogen industry and the development of sectoral integration have accelerated faster than expected.



We help society move towards carbon neutrality and the hydrogen economy.

Values

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 transparently 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 2022 demonstrated both the strength of our values and their effectiveness. Although the Russian war in Ukraine and the challenging energy market situation burdened our personnel, customers and other stakeholders, we were able to react to the changed operating environment quite well. Getting the LNG terminal ship to Finland was proof of the power of working together. The strides towards the development of the hydrogen network for their part, are proof of that we want to be building a sustainable future and a carbon-neutral society.



The year 2022 demonstrated the strength and effectiveness of our values.

Strategy development in 2022

The year 2022 put Gasgrid Finland's strategy and mission to the test when Russian gas imports were halted. However, we were able to respond to the situation well with the LNG terminal project. We did not compromise on our central strategic goal, the goal of becoming a multi-gas company that accelerates the development of Finland's clean gases.

In 2020, Gasgrid Finland implemented extensive and inclusive scenario-based strategy work. As a result, the newly founded company was given four focus areas for the years 2020–2023:

- Transmission platform of the future
- Customer-oriented gas market
- Responsible agent of change
- Developing operating model.

From the point of view of the transmission platform of the future, the most important elements of strategy development were adapting to the end of Russian gas imports and accelerating the hydrogen economy.

Although the LNG terminal project caused the transfer of some development topics to the future, we held on to our strategic development projects. We also announced three large-scale cooperation projects, the result of which will make it possible for Finland to develop a hydrogen transmission network covering the entire country. In addition, we established a subsidiary focused on hydrogen development under the mandate of the Finnish government, Gasgrid Vetyverkot Oy.

Regarding the customer-oriented gas market, our work focused on managing the effects and risks of the energy crisis in the customer interface. Securing gas availability and security of supply, as well as operating in possible shortages, required careful preparation and effective cooperation between stakeholders. Gasgrid Finland was an active player in working groups related to preparedness.

Sustainability is integrated into all our operations. Responsible agent of change as a strategic focus area means that with the opening of the gas market in 2020, we work both to develop the gas sector as part of the energy system and to ensure that the useful properties of gases will be taken into account in the energy and raw materials system in the future. In 2022, the work progressed, especially

with the hydrogen projects and the LNG terminal project. At the same time, awareness of Gasgrid Finland grew significantly.

As a young company, Gasgrid Finland invests in the company's basic structures, which enable us to scale according to our goals for future opportunities. In accordance with the evolving operating model, in 2022 we invested in areas such as cyber security, personnel development and the management system. Significant development projects focused on cyber security progressed well in 2022 and considering the geopolitical situation, the timing could not have been better. In addition, we completed the pilot project of knowledge management. We also continued mapping the competence development of the entire staff. Competence mapping gives us the opportunity to support the development of our personnel and helps us to ensure that we will have the necessary competence for our strategy also in the future. Our previous work, for example, in the development of management systems and maintenance, also made it possible to form the management and operating model of the LNG terminal on a fast schedule.

Despite the crisis and surprises, our strategic guidelines remained and they were successfully followed in 2022 as well.



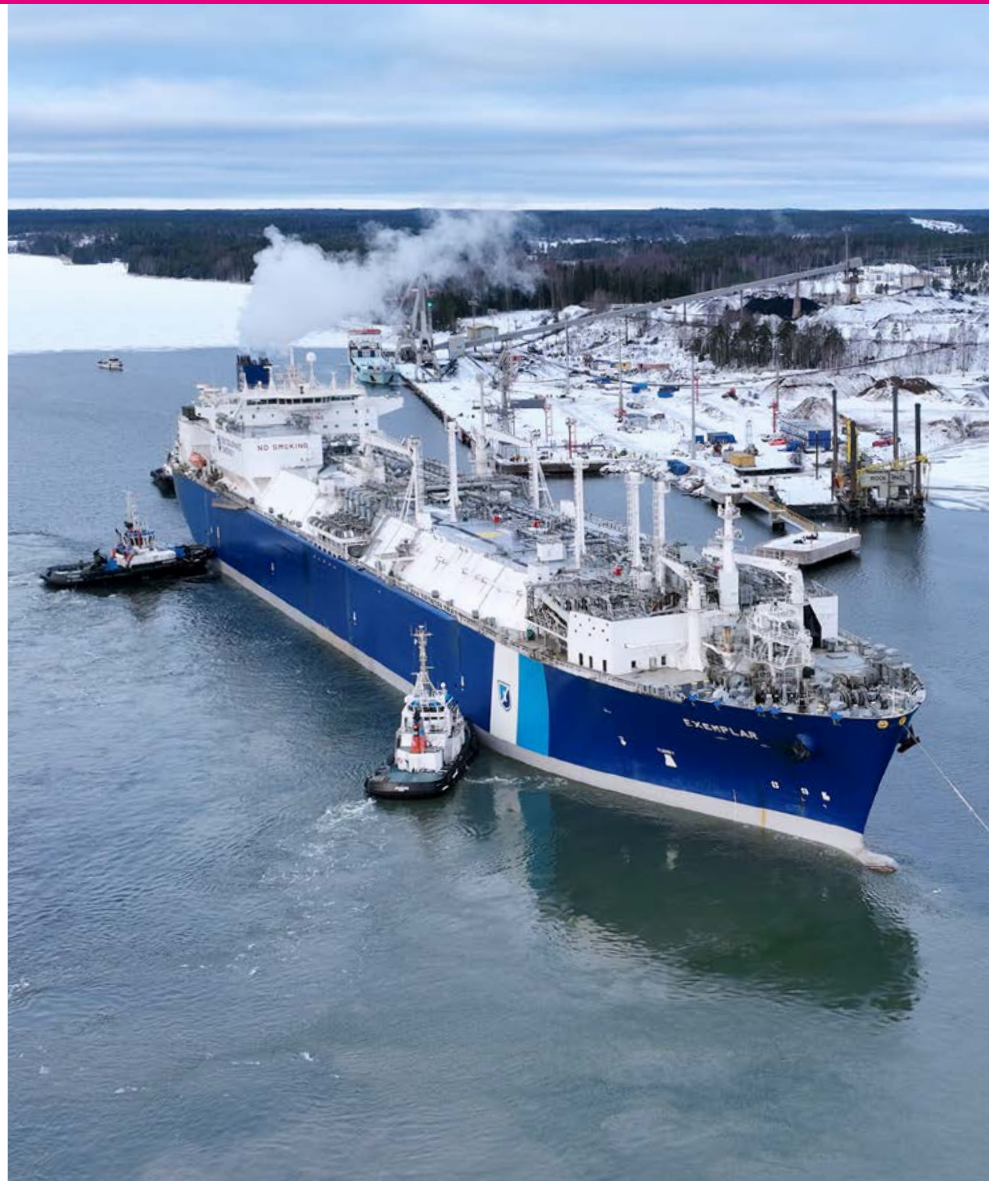
Strategy creation was postponed until 2023

The company's Board and management continuously assess the effectiveness of the strategy in the context of the company and the operating environment. In 2022, we considered whether the very rapid change in the operating environment requires the start of a strategy process. In the assessment, we found it to be too early. The strategy created in 2020 is still very suitable for several areas, such as clean gases, customer orientation, sustainability and the development of the operating model. The energy crisis was also still ongoing and shaping the future on a daily basis. The uncertainty and the scale of possible alternatives was so extensive that it did not support the start of a strategy process.

We decided to postpone the strategy process to 2023. So far, the decision is seen as the right one, because when 2022 ended, different development paths began to take shape in the operating environment. By evaluating them, it will probably be possible to form a strategy for Gasgrid Finland for the next strategy period.

New organisation ensures strategy implementation

However, the above strategy assessment led to the question of how we will ensure the implementation of the current strategy. A new element was the acceleration of the hydrogen



economy: we receive almost daily contacts from projects in various stages or from parties otherwise related to the hydrogen economy. In addition, LNG terminal operations bring a new angle to Gasgrid Finland's operations. Although it is a separate subsidiary, Gasgrid Finland must ensure the implementation of its operating model, terminal rules and other key elements in a customer-oriented, safe and efficient manner.

In the summer of 2022, we re-evaluated our operating model and organisation. As a result, we concluded that the company's basic organisation will also function well in the future, and the LNG terminal was made into its own unit. However, the accelerated development of clean gases requires more investment than had been planned in the basic organisation's Transmission Platform and Transmission Business business areas.

For this purpose, we established the Hydrogen Development business area, the goal of which is to ensure the implementation of Gasgrid Finland's external priorities and ensure the functionality of internal change. The operation will be legally organised as Gasgrid Vetyverkot Oy from the beginning of 2023, so that we can meet regulatory requirements, among others. Gasgrid Finland's other areas and units will work in close cooperation also in accordance with the service needs of the new business area.

Strategic analysis and R&D activities

The key tasks of the Strategic Analysis & RDI unit include analysing the operating environment and supporting the development of the company's strategy. The operating environment of 2022 was very exceptional, which was reflected in both the tightening of political goals, the huge acceleration of the development of the hydrogen economy, and the exceptional situation of the energy market.

During 2022, we actively analysed our changed operating environment in relation to our strategy, and found our previously drafted scenarios and Gasgrid Finland's strategy to still hold true, even though the development was faster than anticipated. However, due to Russian war in Ukraine and the risk of an interruption of gas supplies, we started our LNG terminal project to ensure the security of the Finnish energy system and gas supply.

Another significant change in the operating environment was related to hydrogen. Its development in Finland and Europe accelerated significantly in terms of development related to new clean

gas infrastructure. In the past year, we comprehensively analysed the development potential of the hydrogen economy, synthetic gases, sectoral integration, waste heat utilisation and biogas in Finland in various reports and projects. We also investigated the environmental and climate effects of hydrogen and the role of hydrogen in maritime transport.

As a result, the role of hydrogen and synthetic gases, such as synthetic methane, was emphasised significantly more than we could predict in 2020. In autumn 2022, after the operating environment and strategy review, we prepared Gasgrid Finland's hydrogen development roadmap until 2030.



In 2022, development visions for the development of Finland's national hydrogen network and the Baltic Sea region's hydrogen network and market were created, which are based on thorough research and analysis work. With various projects, such as Gasgrid Finland and Fingrid's R&D project and the European Hydrogen Backbone analysis work, we laid the foundation for the development of the energy system. In the social debate, we highlighted the role of the energy infrastructure as an enabler of change.

Transmission networks as an enabler of a clean energy system

In 2022, one of our most important projects was the joint research and development project with Fingrid, "Energy transmission networks as enablers of the hydrogen economy and a clean energy system". In the project, we investigated the role of the energy infrastructure as an enabler of the development of the hydrogen economy, as well as the expectations of stakeholders and Finnish companies regarding the development of the energy infrastructure. In addition, we modelled different development scenarios for the hydrogen economy, studied the emergence of different value chains of the hydrogen economy, and investigated the technology developed for the hydrogen infrastructure and the technical boundary conditions for building a hydrogen infrastructure.

During the year, we published a joint interim report with Fingrid on the preliminary results of the project, organised a stakeholder webinar on the draft scenarios, and published the draft scenarios for actors to comment on. The project will continue until the end of 2023. The final scenarios and the project's final report will be published during 2023.

European Hydrogen Backbone

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

During 2021, we created the first vision for the development of a hydrogen network in Europe and asked industry players for input to support the development vision of a hydrogen network. In 2022, the European Hydrogen Backbone group expanded from 23 members to 31, when Latvia and Lithuania, which are important for the Finnish gas market, also joined the group.

In the spring of 2022, the group updated the Europe-wide hydrogen network development vision. At the same time, a cooperation model for the development of the region's hydrogen network and market was created with operators in the Baltic Sea region. This is also how the idea of regional infrastructure and market development was born, which already started to materialise from a vision into infrastructure development projects in the same year. These development projects are described in more detail in the 'Hydrogen development' section of this report.

Finnish Energy's Energy Networks 2035 roadmap

During the spring and summer of 2022, we participated in the Energy Industry's Energy Networks 2035 roadmap project together with industry players. In the project, a view of the development needs of Finland's energy infrastructure was formed, as well as a vision and roadmap for the development of energy networks until 2035.

The relevant conclusions for Gasgrid Finland were the important role of the development of hydrogen networks as an enabler of sustainable growth and investments together with electricity and district heating networks.

Supply of hydrogen to the gas network – the H2 Blending study

In 2021, we started cooperation with the Baltic transmission system operators Elering AS, Amber Grid and Conexus Baltic Grid on what the feeding of hydrogen into the existing gas transmission network would mean in terms of infrastructure.

The research plan was finalised in 2022, and after that we launched the procurement to implement the first study phase. The first study phase will be completed during 2023.



Hydrogen development

Our goal is to be a pioneer in clean gases. The development of the hydrogen economy was accelerated in 2022, in addition to the transition of the energy market, by factors such as the inclusion of hydrogen in Finland's climate and energy strategy and the REPowerEU plan published at the EU level. During the year, we actively participated in the development of the hydrogen economy in Finland, the Baltic Sea region and Europe by launching several hydrogen infrastructure development projects.

During 2022, the development related to hydrogen accelerated significantly. At the beginning of the year, the national climate and energy strategy was published, in which the development of infrastructure was highlighted as an enabling factor for other investments in the hydrogen economy.

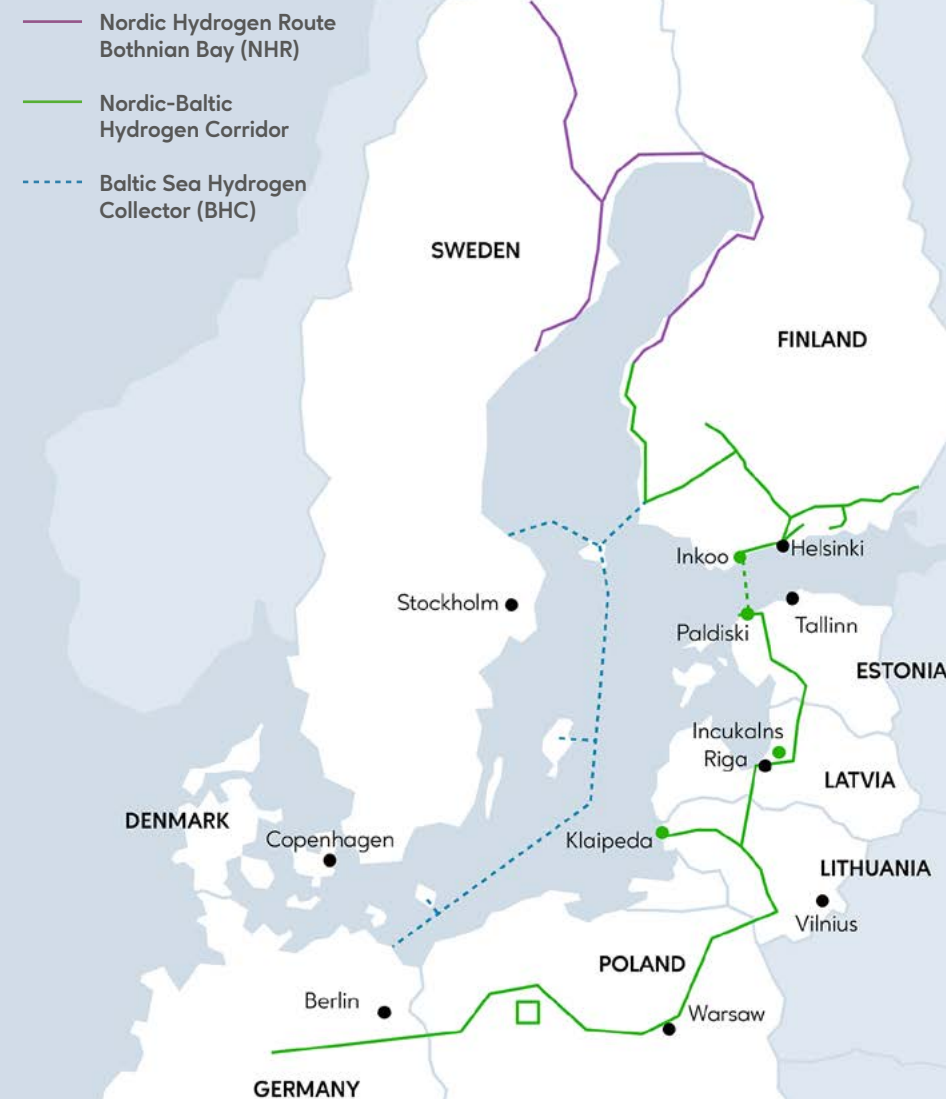
The Finnish government gave Gasgrid Finland the mandate to promote the development of a national hydrogen network, international infrastructure cooperation and a hydrogen market in the Baltic Sea region as quickly as possible. The goal is to attract

new investments and jobs to Finland and to support Finland's energy security and self-sufficiency. Hydrogen networks create new business opportunities through the development of new value chains, products and services. For this task, we founded the subsidiary Gasgrid Vetyverkot Oy.

During the year, we launched three strategically important international hydrogen infrastructure development projects with gas transmission system operators and industrial operators in the Baltic Sea region: Nordic Hydrogen Route – Bothnian Bay, Nordic-Baltic Hydrogen Corridor and Baltic Sea Hydrogen Collector. They aim to develop the hydrogen infrastructure and market and enable the achievement of the Fit for 55 and REPowerEU 2030 goals. If implemented, the projects would enable the creation of the world's first large-scale, efficient hydrogen market around the Baltic Sea region.

In addition, together with our customers, we explored the possibilities of building the first hydrogen transmission demo project and the construction of a hydrogen infrastructure to combine hydrogen production and consumption. The projects and concrete development of the hydrogen economy were visible to us as a very wide-ranging interest in developing both hydrogen-related investment projects and as an opportunity to join the future hydrogen network.

Gasgrid Finland's hydrogen projects



Projects

Nordic-Baltic Hydrogen Corridor

In the Nordic-Baltic Hydrogen Corridor project, the construction of a hydrogen network from Finland through Estonia, Latvia, Lithuania and Poland to Germany by 2030 is investigated. The following gas transmission system operators are involved: Gasgrid Finland, (Finland), Elering AS (Estonia), Conexus Baltic Grid (Latvia), Amber Grid (Lithuania), GAZ-SYSTEM (Poland) and ONTRAS (Germany).

The preliminary investigation phase is planned to be carried out during 2023. After that, the project will progress through design and approval phases to construction. In the project, we focus especially on the development of a hydrogen network covering Southern Finland and the market in the Baltic Sea region. The project creates conditions for the creation of an efficient hydrogen market in the Baltic Sea region.

Nordic Hydrogen Route – Bothnian Bay

The Nordic Hydrogen Route – Bothnian Bay project is a joint hydrogen infrastructure development project between Gasgrid Finland and the Swedish gas transmission system operator Nordion Energi. Its goal is to build a cross-border hydrogen infrastructure and an open hydrogen market in Ostrobothnia and around the Bothnian Bay by 2030. The route of the network runs along the coast of Ostrobothnia and Bothnian Bay on both the Finnish and Swedish sides and includes a branch to the industrial area of Kiruna in Sweden. The length of the network is preliminarily estimated at around 1,000 kilometres.

We started planning the project at the beginning of 2022. The development phase of the project started in April, and we estimate that it will last until the end of 2023. After the planning phase in 2024–2025, the construction phase itself could start in 2026 according to the preliminary schedule.

Baltic Sea Hydrogen Collector

The Baltic Sea Hydrogen Collector is Gasgrid Finland's and our partners' third strategically important hydrogen infrastructure development project. It explores the possibilities of building an offshore hydrogen pipeline connecting Finland, Sweden and Germany to enable the production and storage of clean and sustainable hydrogen. Gasgrid Finland, the Swedish Nordion Energi and the international industrial companies OX2 and Copenhagen Infrastructure Partners are involved. The tentatively planned route of the offshore hydrogen pipeline would run from mainland Finland and Sweden to Åland and from there via the southern Baltic Sea to Germany by 2030.

The goal of the project, which is in the development phase, is to enable the extensive utilisation of the region's very significant offshore wind power potential and to support industrial investments in the production of clean hydrogen. The hydrogen infrastructure could be connected not only to Åland but also to those islands in Sweden and Denmark that have the prerequisites to develop into so-called energy islands.

Gasgrid Finland's part focuses especially on enabling the utilisation of wind power in Finland's maritime areas and the development of the market in the Baltic Sea region.





The launch of extensive development projects for the hydrogen network and market in Finland and the Baltic Sea region in cooperation with the national gas transmission system operators of the Baltic Sea region was a significant achievement in 2022. Also the studies serving customers' hydrogen economy investment projects concretely drove the development of the hydrogen economy forward.



Gasgrid Finland's hydrogen infrastructure demo project

At the beginning of 2022, we signed a cooperation agreement with Kemira Oyj and Ovako Imatra Oy Ab to investigate the feasibility of a demonstration project for hydrogen pipeline transmission and started the pre-feasibility phase of the project.

The goal of the demonstration project is to design, build and commission a hydrogen transmission system from Kemira's Joutseno factory to Ovako's Imatra factory. The project will enable customers to transmit, store and utilise hydrogen. This is Finland's first hydrogen transfer infrastructure demonstration project to be implemented outside an industrial area, which, due to its location, can be part of a local, regional, national and even European wide hydrogen network that is now under development.

The project aims to create a scalable and replicable concept for a hydrogen pipeline infrastructure project. In addition, we will test and implement technical and commercial solutions. The project will create conditions for the development of the hydrogen economy and thereby benefit the development of a hydrogen infrastructure and market. It will enable the implementation of Finland's first complete hydrogen value chain; from electricity through the chemical industry's by-product hydrogen until the steel industry's green end products. This will promote the development of Finland's energy and raw material system and strong sectoral integration.

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

Customers and services

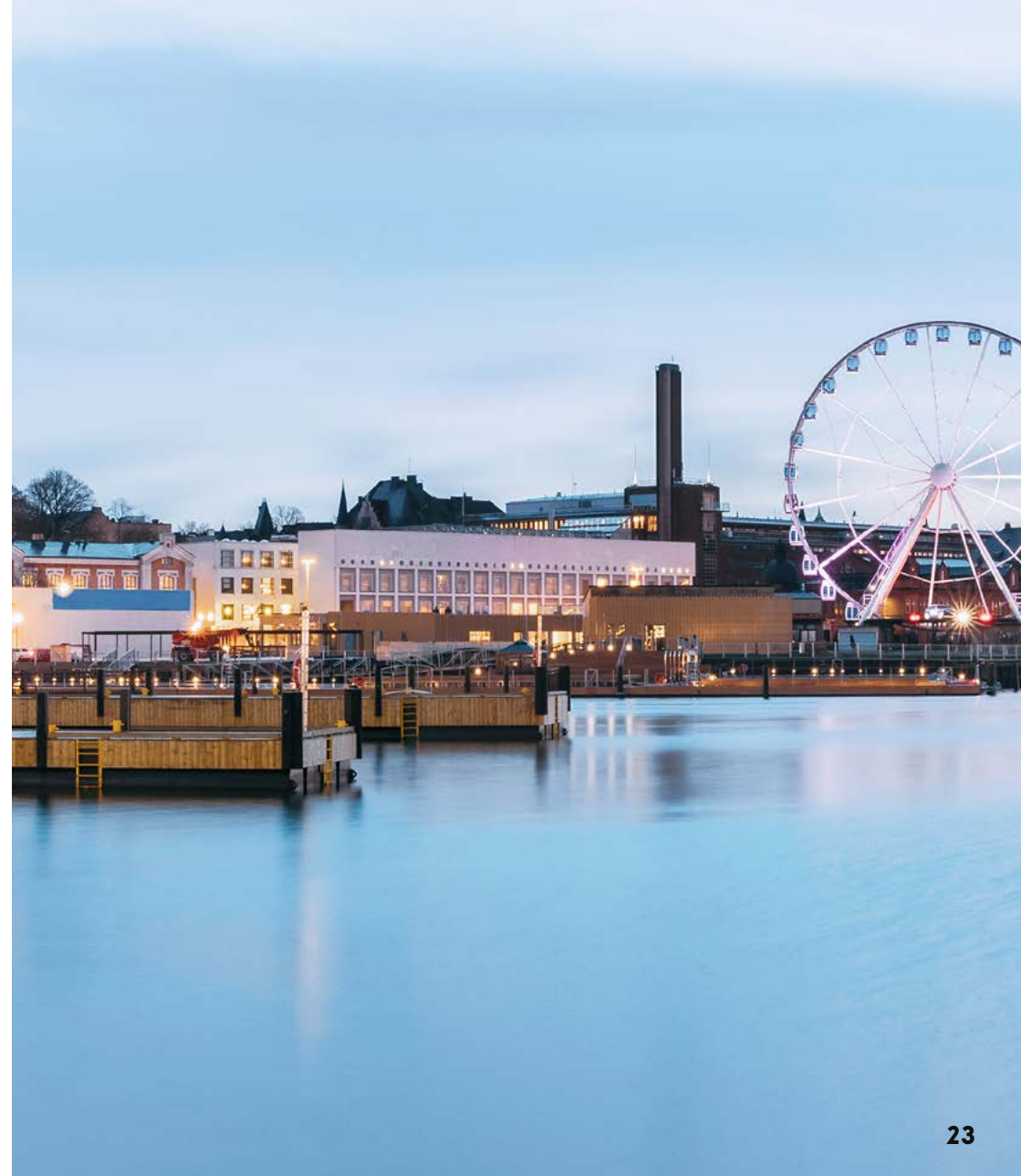
The Transmission Business unit provides safe, reliable and sustainable gas transmission services for customer needs. We develop the gas market in Finland with our customers and other stakeholders. Our customers include industrial and energy production companies in different market roles, Finnish distribution system operators, and energy trading operators in Finland, the Baltic countries and Europe.

In 2022, the Finnish gas market was revolutionised by Russia's invasion of Ukraine, which started in February. As a result, the natural gas price increase that began at the end of 2021 continued to accelerate in the summer and early autumn of 2022. Natural gas TTF future prices reached their peak at the end of August, when the TTF monthly product quotation reached a record price level of almost EUR 280 per megawatt hour.

Due to the war, EU sanctions and contractual disagreements related to the import of Russian natural gas to Finland, the import of natural gas through the Imatra connection point to Finland ended on 21 May 2022. Balticconnector remained the only import channel for natural gas. The situation improved to some extent at the beginning of October, when the Hamina LNG terminal was connected to the Finnish gas system, providing a new entry point to

the natural gas transmission network with a capacity of 4.8 GWh per day. On 29 December 2022, the floating LNG terminal in Inkoo, with a capacity of up to 140 GWh per day, also started operating.

2022 was a year of big changes in the global energy market, which was directly reflected in the Finnish natural gas market and our transmission business. The high price of gas and the uncertainty of the market caused some of the end customers of the transmission and distribution networks to cut their gas use and switch to alternative fuels. In 2022, the total use of gas in Finland decreased significantly and was 11.9 TWh (in 2021, 25.1 TWh). Pipeline gas imports were divided between 7.4 TWh (6.3 TWh) at the Balticconnector interconnection point and 4.7 TWh (18.8 TWh) at the Imatra connection point. A total of 0.3 TWh of gas was imported as LNG and regasified into the network.



The 2022 capacity bookings reflected the great uncertainty experienced by market participants. In practice, it was reflected in smaller long-term (annual, quarterly or monthly) capacity product bookings. In 2022, the relative share of long products in the ordered capacity products was 88% (73%). The utilisation rate of booked capacity decreased significantly compared to calendar year 2021, which was caused by the suspension of imports through the Imatra connection point. The booked capacity at the Finnish exit zone corresponded to 15 TWh of energy, while the total actual gas consumption was 11.9 TWh.

Despite the changes in the operating environment, market players' interest in the Finnish gas market remained high. At the end of 2022, 144 (142) parties from 82 different companies from Finland, the Baltics and other parts of Europe had registered for various market roles.

Read more about market roles →

A year full of activity

In our customer service, the year 2022 was busy. Our process of renewing connection contracts, which started in 2021, and commercial agreements for all market participants, which started in autumn 2022, maintained a close dialogue with our customers. We followed our way of operating in a customer-oriented and cost-effective

Our framework agreements by market role at the end of 2022

Market role	Number in 2022	Number in 2021	Number in 2020
Shipper	46	39	34
Trader	19	19	16
Distribution network retailer	24	26	25
Distribution network operator	16	19	19
Transmission network end-user	38	38	37
Biogas feed-in operator	1	1	2
Total	144	142	133

Capacity product (Finnish extraction zone)	TWh	Relative share, %
Annual product	12.3	80
Quarterly product	0.7	5
Monthly product	0.4	3
Daily product	1.1	7
Intra-day product	0.8	5

manner by utilising electronic trading platforms.

In line with our strategy, we invested in the development of service quality and customer experience. At the beginning of the year, we introduced a new customer service system and workflow process, which streamline the management of customer contacts and support requests.

We continued the development of our electronic gas market services and the automation of service interfaces and service processes. We implemented a new receiving channel for biogas usage notifications, as well as the electronic services for biogas notification processing and excise duty invoicing.

In autumn, we developed the system services which were needed for the capacity bookings from LNG terminals and commercial data exchange. The national register of guarantees of origin for renewable gases and hydrogen was introduced as planned in April. We developed new features for the retail market centralised data exchange platform, in accordance with the national security of supply requirement, among others. The development work of our versatile gas market services continues, with the main goal being an even better customer experience.

Customer orientation is a key theme for us, and we continued to develop the gas market's operating conditions interactively. In 2022, we organised customer and topical forums, the topics of which were current issues and changes concerning market participants. At the end of the year, The Finnish Energy Authority established the new terms and conditions for Gasgrid Finland's transmission services and balance management, as well as the Gas Market Regulation Handbook, which was updated primarily because of the new feed points, Hamina LNG and Inkoo LNG.

[Read more about guarantees of origin →](#)

Description of transmission platform

Finland's gas transmission platform includes two cross-border points: the connection point in Imatra and the Balticconnector interconnection point. During 2022, two LNG terminals were connected to the transmission platform with new connecting pipes; Hamina and Inkoo terminals. Biogas is fed into the gas system from five biogas plants. The transmission capacity of the Finnish gas system at the end of 2022 was approximately 110 GWh/day. In 2022, the largest gas transmission volume in a 24-hour period was approximately 114 GWh, which occurred on 10 January 2022.

OUR MARKET SERVICES



Balancing service



Guarantees of origin



Virtual trading point



24-hour control room



Centralised data exchange for the retail market (Datahub)



Reporting services and database

OUR NETWORK SERVICES



Gas transmission



Connecting to the transmission network

The Finnish transmission system's exit zone consists of more than 200 exit points where gas is supplied for consumption of transmission network end users or distribution in the distribution network. Our security of supply rate in 2022 was excellent, and there were no unplanned supply outages. Nine planned outages took place in 2022 to enable work to ensure the safe and reliable use of gas in the future. The process of agreeing on planned outages with customers went well. During the planned outages, 0.055 GWh of energy was not supplied.

System responsibility

The Finnish 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 gas system as a whole, and our obligation is to manage and direct where required the commercial balance between market parties by buying and selling imbalance gas at the end of each gas day.

In addition, we conduct the national balance settlement of the gas system, which specifies 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 neighboring transmission systems so as to ensure the technical compatibility of the gas system as a whole. Gasgrid Finland completed its system responsibility duties in 2022 as planned.



Floating LNG Terminal Finland Oy

Floating LNG Terminal Finland Oy is a subsidiary of Gasgrid Finland Oy, founded in 2022. The company was founded to secure Finland's security of supply, safety and the operation of the energy market in the changed operating environment.

Uncertainty in the gas market and the operating environment increased during 2021, which is why Gasgrid Finland began to carry out studies on various risk scenarios. The most critical of these was the large-scale, long-lasting and simultaneous disruption of gas supplies in Finland and the Baltics. Based on the studies, a floating LNG terminal (FSRU) was the only efficient solution with a sufficient schedule and capacity to ensure security of supply, safety and operation of the energy market in all conditions. In April 2022, we started to explore the terminal project together with the Estonian transmission system operator Elering AS, and in December 2022, Finland's first LNG terminal ship was anchored in the deep harbour of Inkoo. It is operated by Gasgrid Finland's subsidiary, Floating LNG Terminal Finland Oy.

The leased LNG terminal ship will ensure the supply of gas for industry, heavy traffic, and the combined production of electricity and heat, also for households long into the future. In practice, the ship is a terminal anchored in the port, where liquefied natural gas (LNG) is re-vaporised into gas and fed into Gasgrid Finland's transmission network. The ship's supply capacity is sufficient for the needs of both Finland and the Baltic countries. Liquefied natural gas is delivered to the floating LNG terminal from the international market. The terminal does not use Russian natural gas, and with the help of the LNG terminal, Finland is free from dependence on Russian gas.

From investment site mapping to contracts quickly

The LNG terminal ship is placed in Inkoo. The Finnish Safety and Chemicals Agency Tukes has granted the terminal a permanent license in Inkoo.

The contract for the terminal ship covers ten years, and its lessor is Exceleerate Energy, Inc. from the United States. The LNG ship Exemplar is 291 metres long and 43 metres wide. Its volume is about 151,000 cubic

metres, which corresponds to about 68,000 tons of LNG, i.e. liquefied natural gas, when fully loaded. In terms of energy, this means approximately 1,050 GWh. LNG is delivered to the ship from the global market by tankers, which are estimated to visit the terminal 2–3 times a month. Reloading takes about a couple of days.

In November 2022, we sent the first reservation inquiry to operators and gave the opportunity to reserve slots of the approximately 1,000 GWh batch of LNG acquired for deployment. In December, the Energy Authority established the Terminal Regulations for the floating LNG terminal, allowing for commercial use. Market participants indicated almost full utilisation from the start, but we also recognised the risks of an uncertain market situation and weather conditions. Market participants reserve terminal capacity to import and vaporise LNG into the gas network. The terminal operates according to fair market principles with respect to all operators, and the regulations related to it were subject to a public consultation in Finland and Estonia.

The LNG terminal ship Exemplar was successfully moored in Inkoo deep harbour on 28 December. Gas flowed into the Finnish and Baltic gas networks the next day.

Commercial use started according to plans on 16 January 2023.

For at least the next 10 years, the LNG terminal ship will serve gas users in Finland, the Baltic countries and Central Europe, in addition to security of supply and safety. When the terminal's basic functions are established, the goal is to diversify the terminal's service concept to serve customers more flexibly.

Watch the video of the arrival of the terminal ship in Inkoo → (in Finnish)

7.4.2022

The Ministerial Committee on Economic Policy favours leasing a large LNG terminal ship in cooperation with Estonia

4.5.

Gasgrid Finland Oy and Elering AS sign a cooperation agreement on the practical implementation of leasing an LNG terminal ship (FSRU)

20.5.

Gasgrid Finland and Excelerate Energy, Inc. sign a 10-year contract on an LNG terminal ship

9.6.

Gasgrid Finland and Fortum sign a pre-contract on the placement of the LNG terminal ship, Exemplar, in Fortum's Inkoo port

16.8.

Gasgrid Finland and Fortum sign a contract on placing the terminal ship in Inkoo

10.10.

The placement of the terminal ship in Inkoo is confirmed by the Minister of Economic Affairs' decision in principle

1.12.

The Finnish Energy Authority establishes the Terminal Regulations

15.12.

Tukes grants a permanent license for the terminal

**4.8.**

Construction work on the ports begin in Estonia and Finland

13.10.

Inkoo port drilling piling works are completed

20.12.

The port structures and connecting pipe are completed in Inkoo

28.12.

The LNG ship Exemplar is anchored in Inkoo port

29.12.

The floating ship is connected to the gas pipeline network

16.1.2023

Commercial use of the terminal ship begins



Terminal ship to Finland at a record pace

CASE

During 2022, it became clear that new solutions would be needed to secure security of supply and energy supply. The only possibility that could be implemented with a sufficiently fast schedule was the leasing of a large LNG terminal ship. Estonia also came to the same conclusion. Favoured by the government's Ministerial Committee on Economic Policy, Gasgrid Finland began to explore the terminal project in April 2022 in cooperation with the Estonian transmission system operator Elering AS. Finland and Gasgrid Finland committed to implementing the project independently, which was an important decision in the international negotiation situation. There was a very limited number of ships suitable for Finland's winter conditions – and only a few of them would become available by the end of 2023.

The project was very urgent due to the geopolitical situation, and the infrastructure had to be built on an exceptionally fast schedule. Therefore, terminal and port structures were built simultaneously in Finland and Estonia, so that at least one country would be ready for operation in the coming winter.

The pre-contract for placing a floating LNG terminal vessel in Fortum's port in Inkoo was signed on 9 June, and the contract negotiations with Fortum were completed on 16 August. The plan change

process of the port area started after this. The placement of the LNG terminal vessel in Inkoo was confirmed on 10 October in accordance with the decisions in principle of Finnish Minister of Economic Affairs **Mika Lintilä** and Estonian Minister of Economic Affairs and Infrastructure **Riina Sikkut**.

The success of the project required seamless cooperation with various partners and successful acquisitions. Typically, the completion of port and terminal structures takes 12–18 months and the entire project 2–3 years, but preliminary study for the Inkoo LNG terminal ship began in February and the construction of the port terminal was completed just before Christmas. The contracting included the quay and mooring structures and systems needed by the FSRU vessel, the construction of a 2.2 kilometre long gas line, and drilling piling works. On 28 December 2022, the LNG terminal ship was moored in Inkoo deep harbour.

The cornerstones of the project's success included Finland's quick reaction to the changed situation, the commitment of partners and various stakeholders, and having a common goal. The promotion of the project from Inkoo all the way to the state management level was done in good spirit. We at Gasgrid Finland felt that the close dialogue with stakeholders, market players and authorities was excellent.

A photograph of a family walking away from the camera on a wooden pier that extends into a calm lake. The sun is low on the horizon, creating a strong golden glow and lens flare. A young child in a light pink shirt is in the foreground, walking towards a man standing further ahead on the pier. The background shows a dense forest of evergreen trees under a soft, hazy sky. A small white boat is moored to the right of the pier.

Sustainability

Sustainability is part of our strategy, values and all our activities. Our sustainability programme consists of five different areas, which have been identified as important themes in the stakeholder materiality analysis.

We promote cross-cutting sustainability at many different levels in our organisation and lead practical sustainability work in the sustainability forum.

Sustainability at Gasgrid Finland

Sustainability creates new opportunities for Gasgrid Finland as a promoter of a carbon-neutral future. It is part of our values, strategy and its development programmes. Practical sustainability work is promoted by all personnel in their own areas of responsibility.

Gasgrid Finland is a company owned by the Finnish state. The owner requires the companies to operate sustainably and obliges the companies' Boards to answer and report on sustainability issues to the owner at the general meetings. In addition, strong integration of sustainability into business and goal-oriented sustainability management are required. The owner also expects pioneering in terms of sustainability. At its best, sustainability opens up new business opportunities that the companies must exploit.

At Gasgrid Finland, sustainability work is integrated into the company's strategy. In line with our vision, gases enable a carbon-neutral society, and we provide a

platform for it. Sustainability work is thus at the core of what Gasgrid Finland does. One of our strategic themes is 'responsible agent of change' with various development programmes, such as the development of a culture of sustainability and safety. In the programme, we develop reporting, promote the transition towards clean and diverse gases and carbon neutrality, strive to promote the position of a pioneer and implement measures to develop overall safety. 'Responsible agent of change' also includes the Basis for Adaptability development programme, where we develop the governance model and management system according to the principles of continuous improvement.

Sustainability is also included in our values; one of our three values is responsible agent of change, which includes that we integrate sustainability into the daily life of our organisation to bring about extensive change. The values created together with the personnel serve as a value basis for decision-making and everyday life.

Gasgrid Finland's sustainability programme for 2022–2023 defines



five essential themes for our operations, which are described in more detail in the 'Sustainability programme' section. The themes are: excellent corporate citizen, people and culture, security and safety of supply, towards carbon neutrality, and transmission platform of the future. These themes have also been opened up more widely in this report.

The importance of sustainability work

Sustainability work is important to Gasgrid Finland, because the company's role is to promote the realisation of a carbon-neutral society with diverse gases. It is possible to reduce climate emissions with gases, because the use of natural gas and liquefied natural gas, or LNG, causes fewer emissions than the use of other fossil fuels. We also promote the use of clean gases. Biogas is a renewable

fuel that is already fed into the gas pipeline from several different points today. Synthetic methane, on the other hand, can replace the use of natural gas in the future and reduce emissions even further. In addition, we also enable completely new business with the help of the hydrogen economy and transmission infrastructure. These issues are being promoted under the theme 'Towards carbon neutrality' of the sustainability programme.

Society also requires us to work well and inclusively together and to respect the principles of governance. We develop these themes in our sustainability work under the theme 'Excellent corporate citizen'. At the centre of everything we do is also 'Security of supply and safety', which has also been raised as its own theme in the sustainability programme. The 'People and culture' theme of the sustainability programme also plays an important role at Gasgrid Finland as a promoter of the strategy, as our personnel enable the implementation of our strategy.

Management of sustainability

Sustainability work plays an important role at Gasgrid Finland, and it is part of the management process owned by the CEO. Sustainability is incorporated in all our operations and management.

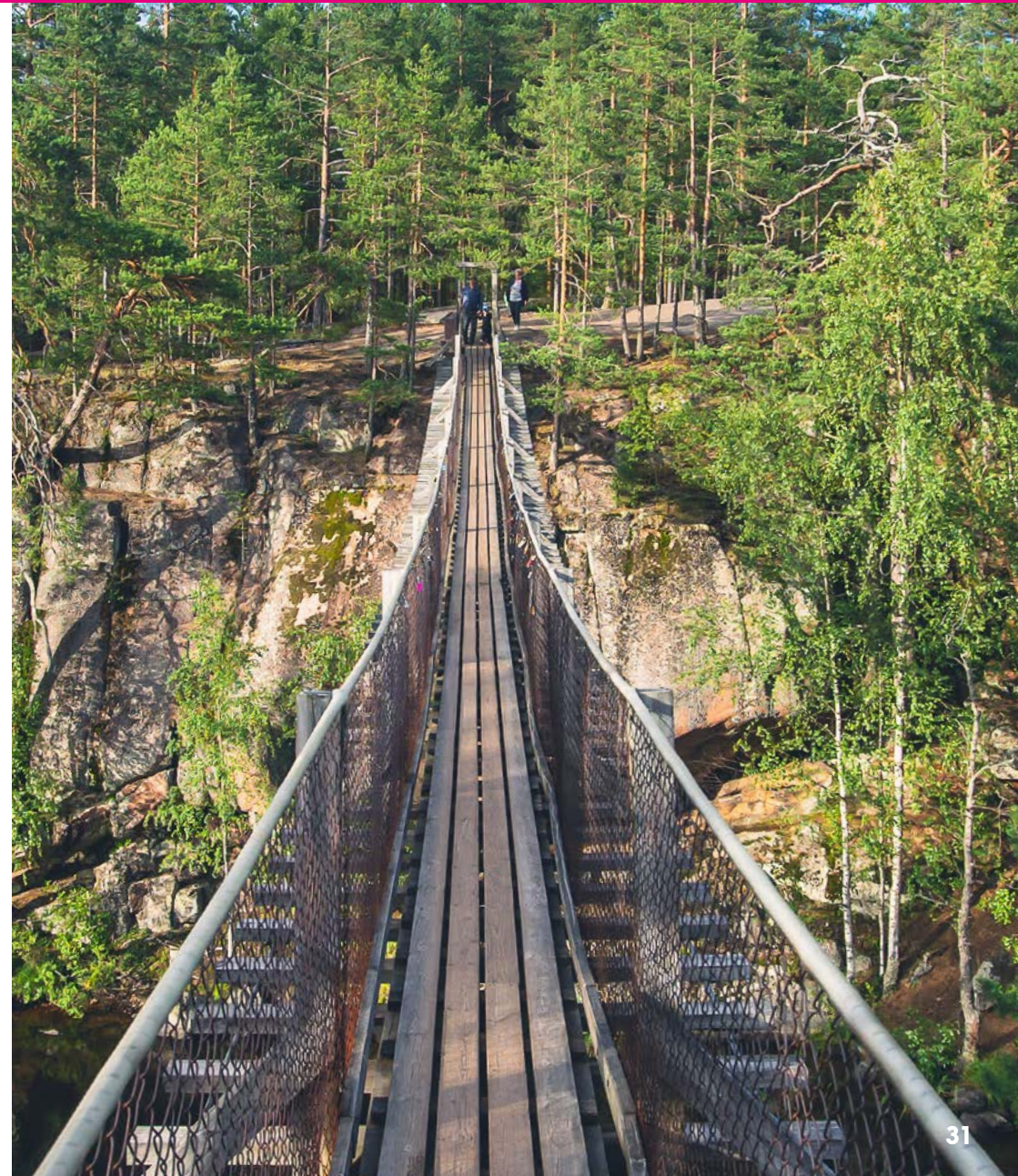
Gasgrid Finland's management or operating system was certified in June 2021. The system covers the standards safety ISO 45001:2018, quality ISO 9001:2015, environment ISO 14001:2015, and the national energy efficiency system ETJ+. Sustainability is a part of the management system, which is promoted according to the annual calendar of the management system. The certified management system is particularly important for Gasgrid Finland, because it is a condition for the gas pipeline self-inspection right granted by the Finnish Safety and Chemicals Agency Tukes.

During 2022, we developed the management system with facilitation from a partner. Trainings focused on the day-to-day management of operations according to processes with supervisors and the

development of processes with responsible persons.

After the process management trainings, we carried out a 3.5-day external audit of the management system. The audit reviewed Gasgrid Finland's operations in relation to management standards. The outcome was an unusually good situation, zero deviations. The theme of the audit was personnel development and values-based operations, and the result was the highest possible grade, 5/5. We reviewed the management system with the entire staff, and we assessed that the maturity level of processes has developed in the right direction.

The management annual calendar includes four management reviews every year, which review the situation of the previous and current year's management system, as well as the results of external and internal audits. The people responsible for the various systems prepare the review materials, and the results are presented and discussed with the entire Management Team. In the autumn, Gasgrid Finland's internal audit team audits our management system. We evaluate the performance of our

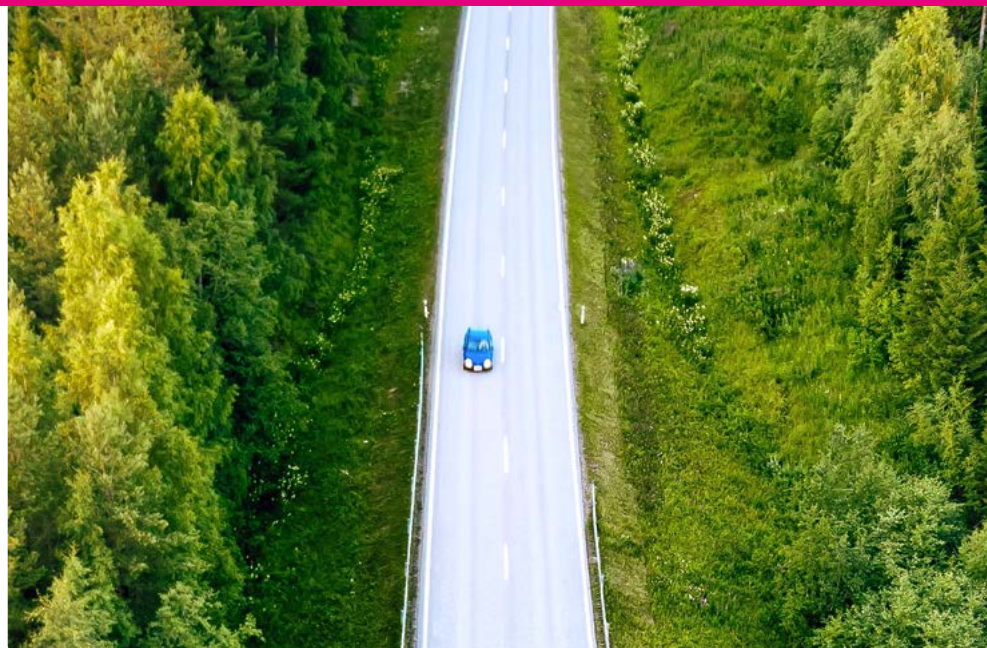


operations on a three-year rotation, so all operations will be audited during the three-year certification cycle. Sustainability is included in all the above activities.

Areas of responsibility and decision-making

Gasgrid Finland's Board of Directors approves the members of the Management Team and has assigned responsibility for sustainability to the company's CEO and a separately appointed Senior Vice President, Communications, Sustainability and Public Relations. The company's management has designated the Sustainability Manager as the leader of the sustainability forum to promote and coordinate sustainability tasks in the company.

Sustainability decision-making proceeds so that the responsible person prepares the matters and presents them in the sustainability or other management forum. In the forum, it is decided whether the matter will be taken to the Management Team for consideration or whether it can be processed under the mandate of the responsible director. The CEO decides how the matter is addressed by the Board, for example whether the matter is brought to the Board for consideration or information. During 2022, the Board reviewed matters such as the sustainability programme, the sustainability report that is part of the annual report, the current situation review, and the



results of the risk review. The Board deals with sustainability issues in accordance with the Board's annual management calendar and gives a good, sparring perspective to the development of sustainability matters.

The materiality analysis of sustainability was presented to the Board as part of the current situation review of sustainability in the autumn. The analysis was prepared by the sustainability team, and it was discussed by the sustainability forum. It was decided to prepare the materiality analysis based on double materiality of the Sustainability Reporting Directive in applicable parts. The work was done in cooperation with a partner, and after a management workshop, the results were reported to the Board. In order to

ensure the correctness of the content of the sustainability report, an external practitioner assured 12 indicators from the sustainability report in 2022. Assurance increases the reliability of the information and enhances the organisation's ability to move towards the assurance of the entire report in accordance with the Sustainability Reporting Directive.

The Board addresses the company's internal audits, which are decided annually. Internal audits have been held on average twice a year, and they are carried out by an external partner. As a result of the audits, the Board receives information about the compliance of the sub-areas and the development needs of the various functions. External and internal audits of












the management system also produce information on the compliance of operations.

The Board's knowledge of sustainable development has been developed, for example, in trainings organised by the state's ownership steering. FIBS, the largest corporate responsibility network in the Nordic countries, is also available. The Board and management also participate in current sustainability seminars and training sessions.

Principles of stakeholder cooperation

Gasgrid Finland has identified the stakeholders of its operations as part of materiality analyses, and we consider the changes that have occurred in our operations. The purpose and approach of our company's stakeholder cooperation is to generate added value for our company. We ask and engage our stakeholders strongly in our company development, in the representation of interests and in communications. We take our stakeholders' views into account extensively in the development of the company's operations. Examples of this are the strategy work implemented with partners, the floating LNG terminal project, and the promotion of hydrogen development. Each Gasgrid Finland employee takes care of stakeholder cooperation in their own area of responsibility in accordance with our values and Code of Conduct.

Realisation of sustainability programme in 2022

Material issue	Theme	Targets for the end of the strategy period 2023	Vision 2035	Realisation 2022
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	<ul style="list-style-type: none"> A preliminary study on joining the Global Compact has been made and preparations will be made during 2023. Stakeholder consultation, open communication and inclusion. Classification of suppliers, performance evaluation, supplier audit. Control measures completed at the Länsimäki pressure reduction station, multi-year control continues at the Ojanne pressure reduction station.
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	<ul style="list-style-type: none"> Acting in accordance with values and inclusive management. The average of the personnel survey results is 4.25 and 4.22. Number of training days 12 h/person. High-quality supervisory work, development and "how are you" discussions on a regular basis.
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	<ul style="list-style-type: none"> Zero unplanned outages. Zero accidents. Zero injuries in own or suppliers' operations. 183 safety walks and 237 observations.
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	<ul style="list-style-type: none"> Implementation of the roadmap has been postponed until the emissions according to the raw material roadmap can be calculated. Emissions from own operations scope 1-2 10,100 t CO₂e. Environmental report prepared on the demonstration project of the hydrogen transmission infrastructure system.
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 	A transmission system for clean gases has been developed	<ul style="list-style-type: none"> Gasgrid Finland has analysed the operating environment and its strategy, as well as various future development paths and scenarios for the energy and raw materials system, and created a roadmap for the development of the hydrogen infrastructure and market. Gasgrid Finland has received a mandate to develop national and international hydrogen transmission infrastructure, established a subsidiary and organised itself to carry out the development of business and services. Gasgrid Finland has created clear operating methods and structures for RDI activities, as well as a comprehensive network of partners and stakeholders.

Stakeholder cooperation and material sustainability themes

We develop our sustainability work in cooperation with our stakeholders and conduct an active dialogue with stakeholders through several channels. In autumn 2022, we conducted a stakeholder survey on material sustainability topics and updated the materiality analysis as Management Team work.

We have identified the following actors as our most important stakeholders:

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

- Service and supplier partners
- Representatives of projects in an area of influence of Gasgrid Finland's infrastructure
- Researchers and members of the scientific community.

We renewed our funding during 2021, which is why financiers have been considered a new stakeholder group from 2021 onwards. They were also added as the target group of the material topics stakeholder survey.

Update of materiality assessment

We regularly survey the sustainability expectations of our most important stakeholders. We carry out the actual materiality analysis approximately every two years. The analysis carried out in late autumn 2022 consisted of an electronic survey aimed at stakeholders, supplementary interviews, and validation by Gasgrid Finland's Management Team. The survey was sent to our stakeholders that had been identified as most important.

The electronic survey was open from 19 October to 8 November 2022, and 104 people responded. In addition, three representatives of a stakeholder group were interviewed by phone or via video connection.

Stakeholders consider Gasgrid Finland a sustainable company

94% of those who responded to the electronic survey agreed either fully or somewhat that Gasgrid Finland is a sustainable company. In 2021, 88.5% and in 2020, 88% of respondents thought so. 100% of our personnel and service and supplier partners agreed fully or somewhat with the statement.

The most important sustainability themes for stakeholders

Reliability of supply, safe transmission and use of gases, and occupational safety emerged as the most important sustainability themes in the survey. Gasgrid Finland's reliability as

a partner and its anti-corruption and anti-bribery measures are also highly valued.

The most important environmental aspects were considered to be the integration of renewables into the gas transmission network system, the low-emission transmission of gases, and mitigating climate change. Environmentally sustainable procurement was considered the least important aspect.

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

Reliability as a partner emerged as the most significant governance theme in the eyes of stakeholders. Anti-corruption and anti-bribery, equal treatment on the market, and transparency of governance and leadership emerged as other important themes. Supporting customers in their efforts to act responsibly was perceived as the least important theme, but was still considered very significant or significant by 73% of respondents.

Reliability of supply and safety were also at the top of the most important themes in the previous survey conducted in 2020.

Materiality in a nutshell

In our sustainability work, we are guided by both identified megatrends and future opportunities, as well as materiality feedback collected from stakeholders. Our sustainability programme is linked to the UN's Sustainable Development Goals.



Towards carbon neutrality Transmission platform of the future

The most important aspects of sustainability summarised (E):

- Integration of renewables into the gas transmission network system
- Climate change mitigation
- Low-emission gas transmission
- Energy efficiency



People and culture Security of supply and safety

The most important aspects of sustainability summarised (S):

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



Excellent corporate citizen

The most important aspects of sustainability summarised (G):

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



The significance of biodiversity has been recognised, and its importance increased compared to the previous survey. The importance of themes related to good governance increased compared to the previous survey.

Gasgrid Finland's Management Team discussed the results of the stakeholder survey in a workshop at the beginning of December and assessed the significance of sustainability themes from the perspective of Gasgrid Finland's business and social impact. The stakeholders' views and the Management Team's analysis have been combined into a materiality matrix (figure on this page).

Local concerns addressed

In autumn 2020, we received concerns from local residents about the safety of the Teppanala gas pipeline in the Imatra region. We discussed the matter with the residents at the end of 2020. In 2021, measurements were made of the pipe section from above ground, and nothing to be repaired was found.

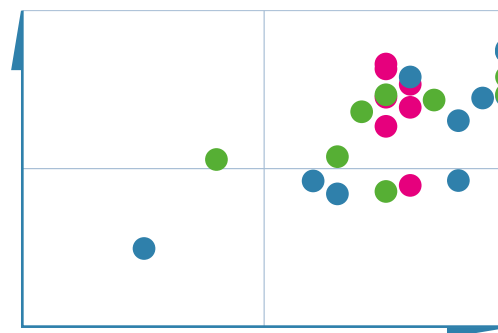
In 2022, the transmission pipeline was excavated from several places and its coating was inspected. The inspection found no significant problems with the structure or coating or damage caused during operation; but the pipeline was in the same condition as during the construction phase. The matter has been properly investigated and the results of the inspection have been communicated to the residents.



The effects of sustainable development themes on Gasgrid Finland's business operations

We also asked the stakeholders for their views on how certain sustainable development themes affect Gasgrid Finland's business and how Gasgrid Finland's business affects sustainable development. The importance of this so-called double materiality as a methodology for analysing sustainability will increase especially with the implementation of the upcoming EU Sustainability Reporting Directive. In connection with the autumn survey, we took the first steps in measuring double materiality, and a summary of the results is shown in the figure on the next page.

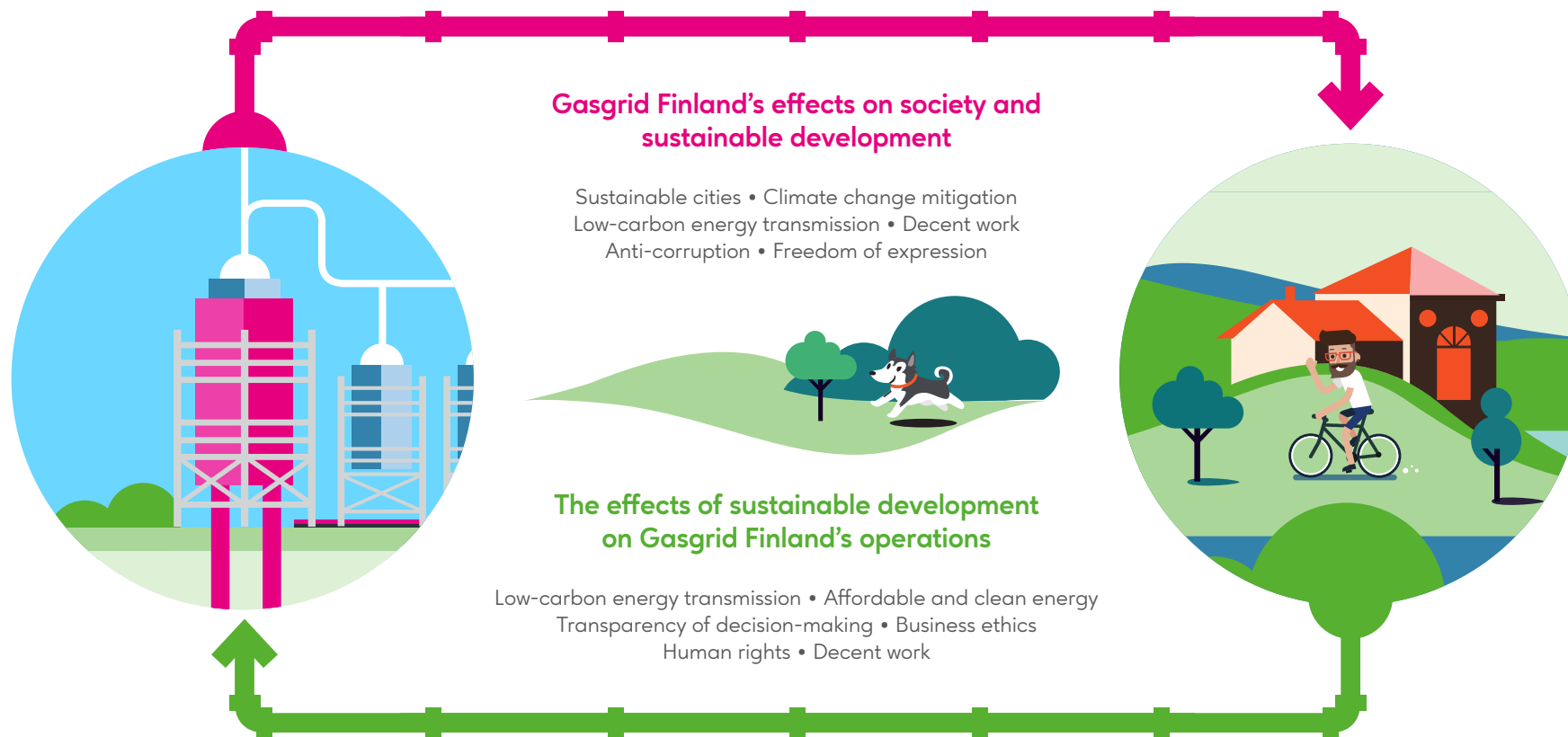
The materiality of Gasgrid Finland's sustainability themes



[Read more about the sustainability materiality assessment →](#)

Double materiality

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



Management of material topics

Material theme	Policies and commitments	Management of material topics	Impact assessment and realisations
Excellent corporate citizen			
Transparent and ethical business and governance	Principles of state ownership steering, corporate governance, operating principles, risk management policy	Ownership steering, Board and Management Team work and approval of policies in the Board. Management process.	Excellent corporate citizen
Reliable and neutral partner	Code of Conduct	Management process.	
Responsible procurement and supplier cooperation	Supplier Code of Conduct	Procurement matters in the transmission platform management forum. Procurement process.	
Promoting biodiversity	Environmental policy as part of Code of Conduct	Sustainability forum	
People and culture			
Inclusive workplace	HR policy as part of Code of Conduct	Board and Management Team work in accordance with the management process.	People and culture
Prosperous personnel	Ethical principles as part of Code of Conduct	Personnel and culture forum. HR processes.	
Motivating and encouraging working culture	Company values	Values created in cooperation.	
Security of supply and safety			
High security of supply	Zero injuries, zero accidents and zero supply interruptions principles in action	The transmission platform and transmission business management forums lead the zero accidents and zero supply interruptions goals. Operational control and gas transmission processes.	Security of supply and safety
Safe gas transmission	Contingency planning related to the security of gas supply	Transmission platform and transmission business management forums	
Safe workplace	Information security policy	Management model for ICT issues, information security issues and ICT processes.	
	Security policy as part of Code of Conduct	The sustainability forum promotes the goal of zero injuries. Safety management process.	
	Occupational health and safety activities	The Occupational Safety and Health Committee addresses issues related to occupational safety and health in cooperation.	
Towards carbon neutrality			
Supporting customers' and society's carbon-neutrality targets	Environmental policy as part of Code of Conduct	The goal of carbon neutrality and the commitment on methane emissions are promoted in the sustainability forum, and the goals are widely promoted in all functions of the organisation.	Towards carbon neutrality
Reducing gas transmission emissions by 15%	Carbon-neutrality goal –15% t CO ₂ e by the end of 2023. Reference years 2020–2021 average.	Sustainability forum	
Sustainability in gas supply chains	Commitment 2050 to prevent and reduce emissions	Sustainability issues included in the management process.	
	Zero environmental incidents principle	Sustainability forum	
Transmission platform of the future			
Development of energy and raw material system	RDI principles as part of Code of Conduct	Operation of the RDI steering group and RDI processes.	Transmission platform of the future
Building the foundation for a transmission platform of the future	Nordic Hydrogen Route (NHR), Baltic Sea Hydrogen Collector (BHC), Nordic-Baltic Hydrogen Corridor hydrogen development projects.	The entire operation of Gasgrid Vetyverkot Oy as a company.	
Promoting research and innovation		RDI steering group and RDI processes	

Excellent corporate citizen

During the year, we developed our operating processes for the whistleblowing channel, performed supplier performance evaluation and development work, and reported on our tax footprint in society.

The national legislation regarding whistleblower protection came into force on 1 January 2023, but Gasgrid Finland has had a channel for reporting abuses in use since the beginning of its operations in accordance with the requirements of the state's ownership policy. Reports of unethical conduct and suspected breaches of legislation can be submitted to the channel.

The whistleblowing channel is available to all stakeholders on the company's website. With regard to personnel, active dialogue within the organisation is emphasised, so that we can seek a solution to a problem situation even before using the whistleblowing channel. We also encourage partners to contact Gasgrid Finland's contact person first, so that possible problems can be solved in cooperation.

We developed the processes and procedures of the whistleblowing channel during 2022. We prepared a process for a situation where messages classified as whistleblowing reports come through other channels. These channels include phone calls, messages to the customer service system or email to the company or its representative. We decided that the cases in question will be included in the whistleblowing process and processed functionally in the same way as whistleblowing channel reports.

Zero deviations in operations

In 2022, Gasgrid Finland did not receive any reports classified as misconduct. Critical issues of concern are reported to the company's Management Team and the Board regularly approximately twice a year in accordance with the company's annual management calendar, or sooner if the situation specifically requires it.

Gasgrid Finland did not receive any fines related to violations of legislation in 2022, just like in previous reporting periods. There were also no cases of corruption, breaches of customer privacy, or loss of customer data.





Memberships

Gasgrid Finland's memberships are publicly available on the company [website](#). In 2022, the company joined the Association of Issuing Bodies (AIB), the European association of issuing bodies. Another new stakeholder group is the energy sector's Information Sharing and Analysis Centre E-ISAC, where issues related to cyber security are addressed confidentially.

In 2022, Gasgrid Finland conducted a preliminary study on joining Global Compact, as it is a requirement in accordance with the decision in principle of the ownership policy. The preliminary study analysed the obligations and benefits of joining. Joining will be prepared and reporting obligations requirements developed during 2023, and the final decision on joining will be taken in late 2023.

Responsible procurement

In 2022, we continued to develop procurement. We updated supplier requirements, evaluated supplier performance, conducted the first supplier audit, became a member of the HSEQ cluster, and introduced a sanctions control review system.

Gasgrid Finland's operations are based on a high safety culture and sustainable operations, which we also expect our suppliers to commit to. Service providers and the most important material suppliers

commit to sustainable operations by signing the document 'Gasgrid Finland Oy's requirements for cooperation partners'. To emphasise sustainability, we updated the supplier requirements document with respect to human rights and legal compliance.

As the first audit target, we chose a supplier that provides important ICT services for us and is responsible for the employees' daily system support. The discussion atmosphere of the audit was open, and improvement areas were found on both sides.

To increase the number of audits and develop our own expertise, at the end of the year we joined the HSEQ cluster formed by 18 other large Finnish companies. Through the cluster, we can obtain expert help for evaluations and receive additional training for supplier audits.

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

CASE

Supplier evaluation as a measure of performance

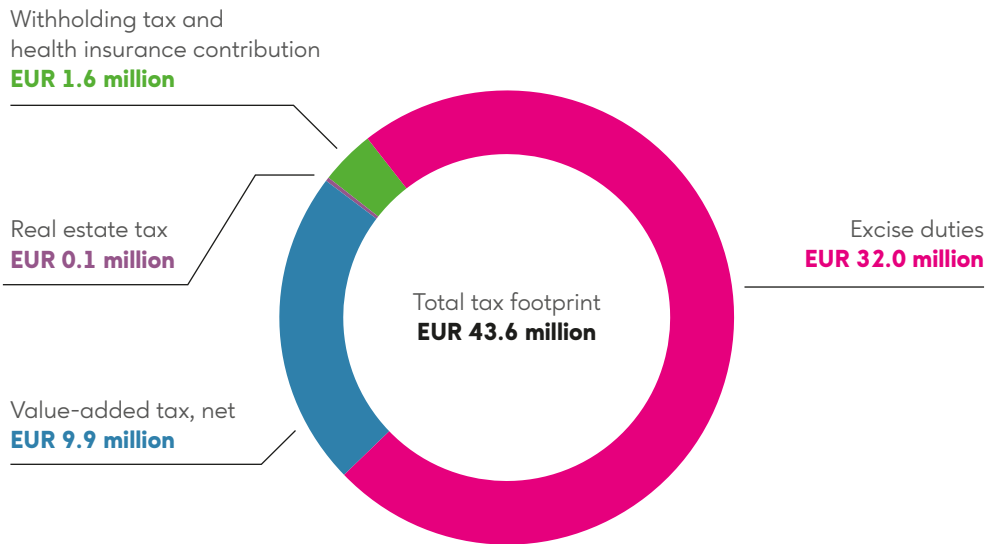
System responsibility according to the Natural Gas Market Act obliges us to secure gas deliveries to customers, which is why it is also important to evaluate the security of supply and reliability of our suppliers.

We have classified our suppliers into three categories: key suppliers, important suppliers, and ordinary suppliers. Key suppliers are critical suppliers for us, without which our operations could be jeopardised. In the spring of 2022, we evaluated the performance of key suppliers and important suppliers for the first two years of operation.

Contact persons of suppliers and users of services and materials participated in the evaluation. We looked at suppliers' performance from three different perspectives: delivery quality, punctuality and smoothness of cooperation. The supplier's ability to take environmental and safety issues into account in their own operations were part of the evaluation of delivery quality.

There were 63 evaluated suppliers, and the average rating on a scale of one to four was 3.4, which means good performance. The largest supplier group was service providers, which numbered 41. 18 material suppliers and 4 contracting providers participated in the evaluation.

Gasgrid Finland's tax footprint

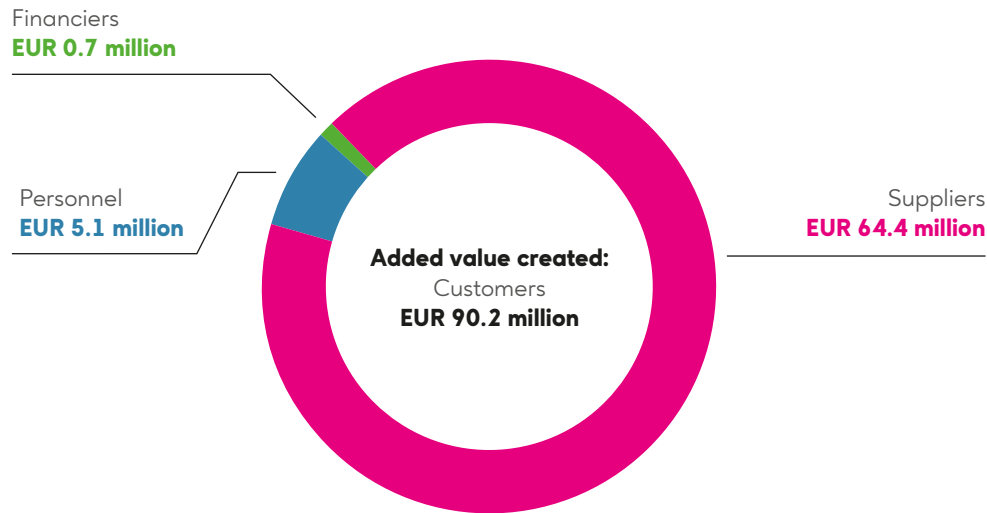


We create economic added value for various stakeholders

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. The exceptional conditions in the energy market significantly weakened the economic added value provided by Gasgrid Finland in 2022.

The added value we provide consists mainly of capacity bookings in the transmission network. We also create added value for our customers through our balance management, centralised data exchange and gas guarantees of origin. Our distributed added 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. Undistributed economic added value was EUR 20,0 million.

Division of created and distributed added value



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.

In 2022, Gasgrid Finland has received a EUR 84,000 grant from Business Finland for research into the future transmission network for clean gases.

In line with our sustainability programme, we systematically monitor our tax footprint. Gasgrid Finland has no foreign subsidiaries, and we pay all of our tax in compliance with Finnish laws and regulations. We paid a net amount of EUR 9.9 million in value added taxes and also settled EUR 32.0 million in excise taxes.

People and culture

Our operations are based on openness, fairness and good team spirit both inside the company and with our stakeholders. Our competent and professional personnel are strongly committed to their work and the company's strategic goals. In 2022, we focused on supporting the well-being of our personnel and carried out a competence mapping exercise for the entire personnel.

The work at Gasgrid Finland is enjoyable and meaningful for society – we are driven by a strong sense of responsibility toward our customers, stakeholders and society. Safety, security of supply and cost-efficiency are our 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 internally and have a culture of listening and active discussion. We are a small company in terms of the number of employees, so everyone has the chance and responsibility to engage in company and personal development by working in challenging roles.

We supported the personnel in an exceptional year

The year 2022 was exceptional in many ways. The Russian war in Ukraine also caused uncertainty and concern among our personnel. We actively strived to support our employees and their coping in the changed operating environment.

During the year, we regularly organised staff meetings, where we had an open

discussion about what kind of feelings and concerns the ongoing war caused. In addition, we expanded our occupational health services by introducing the Mielen Chat and Sparri service. The low-threshold service can be contacted at any time in stressful situations.

We actively discussed in the supervisor forum about supervisors' coping and management challenges during changes. We encouraged people to openly discuss their feelings in their teams and share their own means of coping.



The remote work recommendation continued at Gasgrid Finland until around summer 2022. To support the return to the workplace we introduced a new hybrid working model, which combines office and remote work in a flexible and balanced way. It was developed last year. Based on its guidelines, we want to enable flexible and meaningful work in a variety of situations and needs.

We continued to work on the employee competence mapping. The purpose is to identify what competences are needed in different work roles, so that our competences also support future business and strategy.

In terms of recruitment, 2022 was a busy year. The number of personnel in our expert organisation increased from 51 people a year ago to 56 people – during 2022, nine new experts joined us. One of the recruitments was a replacement. Of the new employees, five are men, four are women, and their average age is 45. The total number of terminated employment relationships was four, i.e. the average turnover of personnel was 7.4% (9.8%).

We actively support the development of professional skills

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

Regular development, performance

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

The development of our employees' professional skills and competences is systematic. We invest in supervisory work, and we provide the personnel with opportunities to develop, expand their competences and receive training. In 2022, a total of 650 training hours were reported, which is more than 12 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 maintain a continuous dialogue with our personnel by, for example, by organising personnel information sessions and encouraging open discussion on the intranet and at the offices.

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 in the last survey of the year, on a scale from 1 to 5, was 4.22, down from the



average in the first survey of the year (4.25). The response rate was 85.4%.

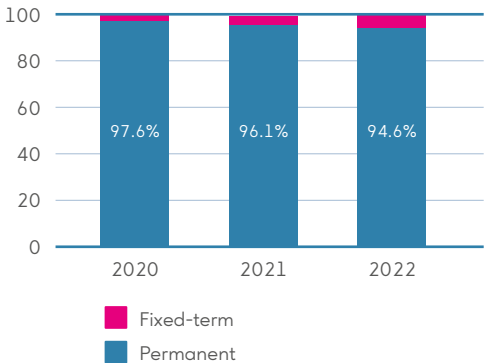
Our employees have access to a diverse range of occupational health and well-being services, which emphasise preventive occupational health care. The company, the occupational health care provider and the employees jointly promote health and safety at work and in the working environment, good health 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.

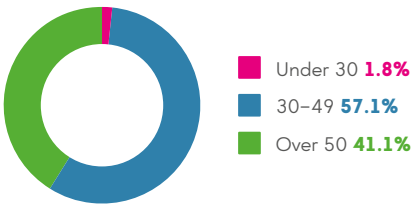
At Gasgrid Finland, we work in accordance with an early intervention model to detect any matters of concern affecting employees' working capacity. Early intervention is a way of acting and communicating in encounters that promote people's well-being at work and in everyday life. We have also set out the ground rules for how we prevent substance abuse problems and intervene rapidly and decisively.

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

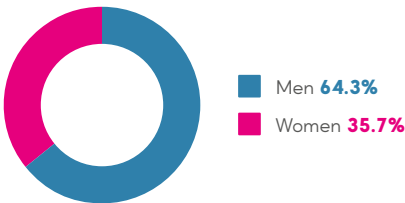
Nature of the employment relationship of personnel



Age distribution of personnel



Gender distribution of personnel



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

Diversity and equality

Gasgrid Finland’s personnel policy, internal and external practices, and management and operating models are based on non-discrimination and gender equality. Every Gasgrid Finland employee plays a part in promoting equality and fairness in everyday work. The goal of equality and non-discrimination work is to identify and prevent structures, expressions and activities that maintain or increase inequality. All of our personnel are covered by a collective agreement, with the exception of the Management Team.

At the end of 2022, our company’s Management Team consisted of one woman and three men. Two of them are in the 30–50-year-old age category, and two members of the Management Team are 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 2022, the proportion of women and men in our personnel remained at the previous year’s level. In 2022, 36% (35%) of

our personnel were women, and 64% (65%) were men.

There were 14 people in supervisory roles, of whom 21% (25%) were women, and 79% (75%) were men.

The age distribution is quite balanced, and the average age of our personnel is 47 years. The majority of the employees are aged between 30 and 50 (57%). Most of our personnel hold a university degree, but the education levels vary from college-level to doctorate degrees.

Of our personnel, 55 worked in full-time employment in 2022. One employee worked part-time in autumn 2022. At the end of 2022, three people worked on fixed-term contracts. We only issue fixed-term employment contracts for purposes such as summer jobs, substitutions or other temporary, project-like tasks. The company does not have zero-hours contracts.

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 have opportunities to influence the decision-making concerning their work. Common guidelines promote equality and fairness between units.

CASE

Competence mapping as a basis for development

In 2022, we continued to work on the competence mapping covering all employees. The purpose of the competence mapping is to ensure that we have the necessary competence in terms of business and our strategy in the future, as well as to identify possible training and development needs. The evaluation was done both as a self-evaluation and by supervisors. Based on the competence mapping, we prepared personal and team-specific future development plans, which will be taken into account in the training planning for 2023 and the years to come. Competence mapping is part of our personnel management goals.

Safety and security of supply

We work uncompromisingly to ensure safe and reliable gas transmission. Our aim is to ensure that there are no accidents, injuries or supply outages in our operations. The year 2022 was the third consecutive year without a single personnel injury and the third year without unplanned supply outages. We also paid special attention to cyber security.

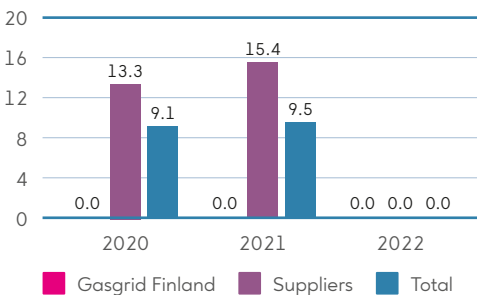
Zero injuries in 2022

Our occupational safety targets are zero injuries and zero accidents in gas transmission. We have succeeded excellently in these targets, and the year 2022 was already the third year without injuries among our personnel. In 2022, there were no injuries on the suppliers' side either. The result has been made possible by committed and responsible personnel and suppliers.

We actively monitor our safety targets and operate in accordance with the certified ISO 45001 occupational health and safety system. Our entire staff and suppliers use our occupational safety management safety system. We use it to report, assign responsibility and investigate all incidents related to occupational safety and report safety inspections. As metrics, we use the number of injuries, the number of dangerous situations/near misses, safety observations and inspections, and the completion time of internal examinations.

Injury frequency

Frequency per million working hours





A proactive safety culture at the heart of everything

The core of our safety culture is proactive safety work. In 2022, we made 237 safety observations and 183 safety walks with personnel and suppliers. Joint safety work creates the basis for excellent results. Our personnel and suppliers complete Gasgrid Finland's safety online course annually. The course extensively covers issues related to safety, such as operations in an emergency and the use of protective equipment. In 2022, 690 people completed the course. We also offered courses related to occupational safety, initial fire extinguishing and first aid as face-to-face or online training.

We have assessed work-related risk factors in many ways. Quick risk assessment is conducted in maintenance work before a significant work task, and 1,930 assessments were

made. Assessment is done by stopping for a moment to think about what we are about to do. The assessment is aided by a checklist, according to which the employee goes through the task before starting work. In projects, we have carried out various risk assessments, such as safety risk analyses (SRA) and potential problem analyses (PPA) of the work package. The operating method has created the basis for responsible and safe work. Regarding the operations of the Inkoo LNG terminal, we drafted guidelines related to occupational health and safety with various experts. One of the most significant was the EHS guidelines, which were drafted together with Fortum.

Incidents

Despite the safety-first mindset, four near misses occurred in our project activities in

2022. The most significant happened in the DN100 conversion project in Ruskeasu, where stones flew onto Gasgrid Finland's site during the excavation of an external site. No personal injuries were caused by the incident. Together with the suppliers, we investigate all near-miss situations and implement corrective measures. There were no Loss of Primary Containment (LOPC) incidents related to process safety in 2022.

21 unauthorised actions were reported at Gasgrid Finland. The severity of the reports was minor. We implemented a safety campaign to prevent unauthorised actions.

Occupational health and safety activities and safety information

We addressed and communicated occupational safety issues in the occupational

health and safety committee, personnel information sessions, the sustainability forum, and the personnel and culture management forum. Our occupational health and safety activities are organised in accordance with the Occupational Health and Safety Act. Our occupational health and safety committee consists of the health and safety delegate, HR manager, and health and safety manager. The occupational health and safety committee expanded in 2022 with one new member, a deputy representative. The occupational health and safety committee discussed issues such as near misses and matters related to coping, and monitored the coronavirus situation. In the personnel and culture management forum, we regularly reviewed issues related to occupational well-being and occupational health.

Cooperation exercises with different actors

In 2022, we practiced cooperation together with the authorities. We practiced with the police in the area of the Inkoo port and compressor station. At the Mäntsälä compressor station, the topic was cooperation between the rescue service, maintenance partners and Gasgrid Finland. The exercises were successful and brought additional information about our activities. During the construction phase of the Inkoo LNG terminal, several different authorities visited the site. In addition, we developed cooperation between the authorities and operators in the area so that operations would be smooth in the event of an emergency.

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 2022, the development themes were the technical information security enhancements of ICT environments and

the implementation of information security deviation detection and protection systems based on new cloud technology. In accordance with our development plan, we continued the continuous development of the information security management model in accordance with the ISO 27001 standard. We introduced, for example, continuity and recovery plans, a cloud strategy, information security situational reporting, and information security training for staff and stakeholders. We organised trainings and current communication to increase the staff's information security awareness. We implemented an information security inspection model, according to which we carried out information security testing, inspections and audits. At the end of the year, we became a member of the cyber security Information Sharing and Analysis Centre E-ISAC for the energy sector and the authorities.

The cyber threat environment caused by the geopolitical situation stabilised at a high level during 2022. Due to the change, starting in the spring, we prepared for exceptional situations with increased readiness and developed cyber resilience with high-level information security deviation situational picture, observation and reaction capabilities.

We take care of security of supply

We maintain the security of gas transmission through vigilant, careful and professional monitoring and operation of the transmission system. Safety, security of supply and

cost-efficiency are our most important principles, which we consider in everything we do, every day. By security of supply, we mean the reliability of customer deliveries, i.e. that our customers get the gas energy they need in a timely manner and at the right pressure level.

Security of gas supply during the year was 100% in line with our target – our customers did not experience any unplanned outages. Nine supply outage threats were related to malfunctions of safety and control devices at supply stations. A supply outage threat is a disturbance or exceptional situation in the gas transmission system or gas transmission control, which can cause a supply outage to the customer.

We are continuously investing in reducing incidents by upgrading station equipment and taking measures to improve operational reliability. For each incident of supply outage, we conduct a root cause analysis to determine the cause of the incident and plan corrective actions to prevent further incidents.

Due to the interruption of gas supply to the Imatra feed point, fewer transmission network modification projects and maintenance work affecting gas transmission were carried out than the previous year. There were nine planned supply outages during the year. Thanks to good advance planning and effective customer cooperation, the energy not supplied during these outages was only 0.0005% in relation to the total gas transmitted. Through projects and maintenance works, we maintain and improve the reliability and efficiency of the transmission network.

CASE

Initial fire extinguishing and first aid training

From the beginning of autumn 2022, we organised initial fire extinguishing and emergency first aid training for the personnel, which was organised by occupational safety trainer Alertum. It was implemented as face-to-face training, which was felt to be welcome after the COVID-19 pandemic. Through the training, we met colleagues that we had not seen except in Teams.

The initial fire extinguishing training started with a theoretical part about fires and ended with a pool fire extinguishing exercise with initial fire extinguishers and an extinguishing blanket. According to the staff, the training was important and instructive. The emergency first aid training included Finnish Red Cross lessons. We went through the steps of emergency first aid in theory and in practical exercises. The training gave us new skills to deal with different emergency situations. Valid initial firefighting and emergency first aid cards are mandatory for all employees and part of the company's safety culture.

Towards carbon neutrality

In 2022, our carbon neutrality work focused on the construction of the LNG terminal and natural gas connecting pipeline, the carbon dioxide emissions of which were counted as indirect greenhouse gas emissions. The carbon dioxide equivalent emission target of our own operations is a 15% reduction, and achieving this is progressing ahead of the target.

Our target is to reduce the carbon dioxide equivalent emissions of our own energy consumption and purchased energy by 15% by the end of 2023 compared to the average for 2020–2021, and achieving this is progressing well, even ahead of the target: In 2022, emissions decreased by 28% compared to the reference period.

In 2022, the purpose was to continue promoting the carbon neutrality roadmap of our own operations, but the global political situation made this difficult. The construction of a floating LNG terminal in the deep harbour of Inkoo required the prioritisation of the security-critical project. Terminal operations will change Gasgrid Finland's focus on reducing emissions and setting



targets. For this reason, we postponed the promotion of the carbon neutrality roadmap of our own operations until after the project.

In 2022, our carbon neutrality work focused on the construction of the LNG terminal and natural gas connecting pipeline, the carbon dioxide emissions of which were counted as indirect greenhouse gas emissions.

Emissions from the floating LNG terminal occurred in December for four days after the ship arrived at the port on 28 December. They will be included in reporting in the next reporting period. The ship's emissions consist of self-use energy consumption for the ship's auxiliary functions and the transmission of gas to the transmission pipeline.

Environmental aspects

The positive climate perspectives of our operations are the energy-efficient 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 natural 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. In 2022, we mapped the environmental aspects and identified the environmental risks for the operations of the floating LNG terminal.

Commitment2050

Gasgrid Finland has prepared a commitment in the Commitment2050 programme in accordance with the decision in principle of the ownership policy, with the goal of preventing and reducing methane emissions by 20 tons per year. In 2022, we reached 5 tonnes of prevented tonnes, because there were fewer projects causing methane emissions than before. Diffuse methane emission leaks were repaired at two sites. With the help of two repairs, we will reduce methane emissions by 29 tons per year in the future. The three-year cumulative realisation of the methane emission commitment already clearly exceeds the 120-tonne methane emission target set by us.

Direct greenhouse gas emissions

Gasgrid Finland's greenhouse gas emissions have been calculated in accordance with the guidelines of the GHG protocol. The results of the emission calculation are expressed in tonnes of carbon dioxide equivalent (t CO₂e), i.e. the company's carbon footprint. Direct greenhouse gas emissions were 9,000 t CO₂e (13,300). Emissions decreased with the end



of Russian gas supply, after which natural gas-powered compressors were hardly used. Methane emissions accounted for 44% of direct greenhouse gas emissions.

Methane emissions consisted of half (50%) diffuse methane emissions and half (50%) process-derived methane emissions from compressor stations and the transmission network. Biogenic CO₂ emissions were generated from biomethane used in cars.

Greenhouse gas emissions from purchased energy

Purchased energy emissions (scope 2) consist of purchased electricity and heat. The electricity we buy is renewable, emission-free electricity purchased with guarantees of origin. At pressure reduction stations, we use electricity purchased by both customers and Gasgrid Finland, and the general emission coefficient of Finnish electricity has been used as the emission factor. Scope 2 emissions were 1,100 t CO₂e (3,300) market based and 3,000 t CO₂e (5,000) location-based. Emissions decreased mainly due to the decrease in purchased heat and the reduced emission coefficient of district heating.

The carbon dioxide emission intensity of scope 1–2 was 810 t CO₂e/TWh (660) in relation to the transmitted gas volume. The figure increased because the transmitted gas volume was halved and emissions did not decrease in the same proportion.

Indirect greenhouse gas emissions

Scope 3 incorporates emission sources that are not owned or controlled by the company. The calculation takes into account the essential emission categories, i.e. products and services, production goods, upstream transport and distribution, waste, business travel, employees' work trips, and downstream transport and distribution. Emissions from gas use are part of the emissions of products sold to customers, and therefore have not been reported as Gasgrid Finland's indirect emissions. Indirect greenhouse gases were 638,000 t CO₂e. Emissions decreased because upstream distribution emissions decreased due to the decrease in gas transmission volume.

Energy consumption

Gasgrid Finland's energy consumption in 2022 was 54.5 GWh (78.1), which consists of the use of natural gas in compression, pressure reduction stations and buildings. In addition, energy consumption includes electricity in various applications and light fuel oil for standby engines. Pressure reduction stations also use district or waste heat from customers' processes. Electricity consumption was increased when the Russian gas supplies ended in May 2022, after which all the gas came from Estonia through the Balticconnector pipeline and was compressed in Inkoo by an electric compressor station. The reduction in natural gas consumption was also affected

by the fact that the natural gas-powered compressor stations in Imatra, Kouvola and Mäntsälä were hardly used. Energy intensity in relation to transmitted gas volume was 4.4 GWh/TWh (3.1), and the figure increased with the halving of natural gas transmission volume.

Decommissioning

131 metres of Gasgrid Finland’s gas pipeline was decommissioned in 2022. The gas pipeline has been made gas-free and left in the ground in a controlled manner. In 2022, we built new gas pipelines totalling approximately 2.3 kilometres, most of which was the connecting pipeline between the Inkoo LNG terminal and the compressor station. In 2023, there are plans for at least one decommissioning due to a pipeline change in the capital region. Regarding buildings, Gasgrid Finland is preparing a demolition plan for the year 2023 for

compressor station B in Imatra. The project aims to remove the compressor unit and its auxiliary equipment. The building is intended to be used as an additional warehouse.

Other development work

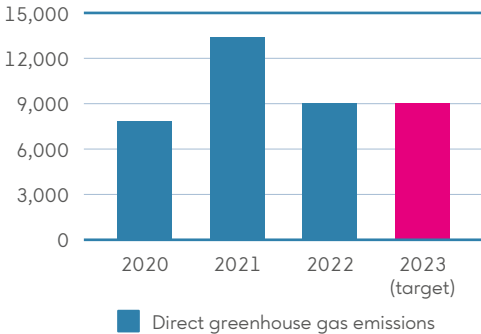
In 2022, we actively promoted waste management development work. Waste management was tendered and switched to a one-supplier model. Waste management was assigned to the responsibilities of different service providers in maintenance. We improved the labelling of waste points in the offices, developed sorting, and prepared waste training for our own staff and those performing cleaning work. The transfer register of waste transfer documents maintained by the Finnish Environment Institute was deployed in autumn 2022.

Regarding the floating LNG terminal, we carried out extensive development

work with our partners. We studied the necessary permits for the project, such as the environmental permit, zoning and water permit. We operate in the port area under Fortum’s environmental permit. We prepared a preliminary noise modelling of the LNG terminal ship, which we will supplement with noise measurements in early 2023. Dealing with noise issues is part of our sustainable operations and important for local residents.

Together with a service partner, we also prepared an environmental assessment of the hydrogen demo project. It is important for our company to identify the local environmental impacts of pipeline projects. The assessment explores items such as natural sites along the pipeline’s route, groundwater areas, ancient monuments, and soil conditions. As the planning progresses, the route of the pipeline can thus be repositioned, taking into account the environmental values of the area.

Greenhouse emissions, t CO₂e



CASE

Calculation of the carbon footprint of the construction project

In 2022, we calculated the carbon footprint for the floating LNG terminal construction project and the 2.2 kilometre long natural gas connecting pipeline from the LNG terminal to the Inkoo compressor station. In the study, CO₂ emissions were calculated using the CEN/TC 350 standards of sustainable construction. All emissions of the project with the scope 1–3 division of the GHG protocol belong to scope 3 emissions in category 2 fixed assets. The calculation included the procurement of raw materials, transportation to manufacturing, product manufacturing, transportation and site operations. The emission calculation for the construction of the gas pipeline was felt to be useful, because the same information can also be used to evaluate the emissions from the construction of future hydrogen pipelines. Emissions from the construction of the gas pipeline were 560 t CO₂e/km, i.e. in relation to one kilometre of gas pipeline built.



Transmission platform of the future

One of the focus areas of our strategy is the development of a transmission platform of the future for gaseous energy and raw materials. The year 2022 was marked by the transformation of the energy market, increased supply risks, and the growth of the LNG market. At the same time, we saw the growth of the goals of clean energy, self-sufficiency and carbon neutrality, as well as the accelerated development of the hydrogen economy and hydrogen projects. During 2022, we focused on creating the conditions for a changing methane infrastructure and market, as well as the foundations for a hydrogen transmission platform.

Our third year of operation was strongly defined by giving up Russian energy and the end of Russian gas supplies. Already in 2021, we analysed possible scenarios for gas sufficiency. It was clear that, in certain challenging scenarios, a new gas import channel would be needed to ensure gas availability and security of supply in Finland. The only solution of sufficient size which could be implemented on a fast schedule was a floating LNG terminal (FSRU terminal), which we set out to implement at the owner's request.

The new gas import channel as well as the ended gas deliveries through the Imatra entry point changed the operation of the existing transmission infrastructure and the gas flow directions. In terms of the future development of the transmission platform, this also made it possible for operators in our market area to utilise the global LNG market. Since Europe needs alternative gas import routes, the terminal can in the future enable the import of hydrogen to the Baltic and Central European markets with the completed GIPL pipeline connection. This import connection can have indirect positive effects on the price level of the European electricity market more broadly and thus also on the electricity prices in Finland.



New gases of the methane infrastructure and biogas

Synthetic methane

The existing methane infrastructure is also centrally connected to the hydrogen economy through P2X production. Hydrogen produced from pure electricity by electrolysis can be used together with recovered carbon dioxide to produce synthetic fuels such as methane. Methane is the same molecule regardless of how it is produced – from natural gas, biogas or synthetically from hydrogen and carbon dioxide. Thus, it can be fed as such into the existing transmission infrastructure. During the year, we did a comprehensive analysis of the potential of synthetic methane. At the same time, we analysed where future synthetic methane production facilities could be built. Finnish CO₂ emission sources, i.e. industrial plants, are largely located in the vicinity of the existing gas network. If synthetic methane production facilities develop near the gas network, producers are connected to the network and a possible distribution channel to the end-use market is created, our existing transmission network can support the achievement of our society's carbon neutrality targets.

Methane is also an important raw material for the chemical and materials industry, from which several chemicals and materials, such as plastics, can be further refined through various chemical processes. Methane is also used as transport fuel in gas cars.



Both our methane and hydrogen transmission platform development work concretely promote the achievement of society's carbon neutrality targets by creating the conditions for the operation of an efficient market. In addition, the development of the hydrogen infrastructure in particular creates the conditions for Finland to grow into a leading country in the hydrogen economy and move towards a carbon-negative society. Our study and development work in 2022 creates an important basis for achieving the targets.

Finland has a significant forest industry, and in its production bio-derived carbon dioxide emissions are generated. In the future, it will be possible to produce new chemicals, materials and products from bio-derived CO₂ emissions with hydrogen. In this case, the new synthetic methane production facilities may also create new methane transport needs to processing plants in the chemical industry or for traffic use. We analysed these future transfer needs initially during 2022, and the work continues.

Biogas

Biogas has been produced and used in Finland for years. The role of biogas will probably grow in Finland in the future. In 2022, we made a preliminary analysis of the growth potential of biogas. With the market situation, the competitiveness of biogas has improved. As society moves more and more towards sustainable solutions, the role of waste and residues in energy production and the circular economy is emphasised.

According to our preliminary analysis, biogas may play a more significant role in the energy system of the future than at present. The existing transmission network can support the utilisation of this gas also in the future.

New hydrogen transmission platform

During 2022, we made significant openings for the development of a new hydrogen transmission infrastructure and market. We launched numerous strategic infrastructure development projects and explored the possibilities of connecting hydrogen production and consumption facilities to the future hydrogen network and the conditions for building hydrogen infrastructure.

Decentralised market

The hydrogen transmission platform of the future will differ from the current gas market. Future hydrogen production will be significantly more decentralised; instead of bringing gas into the network in large quantities from individual feed points, a smaller volume of gas will be fed through several feed points. Consumption will also be more decentralised. That's why even an extensive hydrogen market of the future will operate on different principles than the current gas market. This sets completely new boundary conditions for both the technical operation of the network and the market operator. During 2022, we identified several questions related to the operation of the future network and market and explored answers to them.



Hydrogen storage and sectoral integration

In the production of clean hydrogen, it is essential that the electricity used as a raw material for hydrogen production is produced with renewable or emission-free electricity. The regulatory requirements related to the origin of electricity are still in progress at the EU level. When implemented, they will create completely new types of

flexibility and energy storage needs for the energy system of the future. Since storing electricity, especially in large quantities, is both challenging and expensive, the role of hydrogen storage is highlighted. If hydrogen is produced at times when clean electricity is available – for example, when there is plenty of wind power available – and if it is used when there is a demand for it, the need for hydrogen storage arises. Various solutions exist and are being developed for hydrogen

storage, from small-scale tank and container storage to large-scale geological storage and buffer storage enabled by hydrogen infrastructure. There will be a need for all solutions in the future energy system. The hydrogen pipeline can also act as a storage in itself and enable cost-effective hydrogen storage and thereby provide an important element of flexibility to the energy market.

During 2002, we explored what size storage solution the hydrogen infrastructure

needs and what kind of technical solutions enable its storage. We also tried to understand the value of pipeline hydrogen storage for operators and our customers' future requirements for hydrogen supply and extraction from hydrogen storage. Hydrogen storage and its future market services can indeed offer our customers the opportunity to optimise their operations and thus promote sectoral integration.

Reporting principles

Gasgrid Finland Oy's annual report includes the sustainability report and financial statements in a single report. Assurance was extended to 12 indicators.

Gasgrid Finland's annual report and reporting on the material themes cover the entire operations of Gasgrid Finland Oy. Subsidiaries are generally excluded from reporting. The assurance of sustainability data covers Gasgrid Finland Oy's operations, and any exceptions are recorded in the GRI table of contents 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.

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, guidelines of the Greenhouse Gas Protocol (GHG Protocol) have 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/Kouvola and Inkoo and weighted by the amount of energy. These values are also used as a source for Statistics Finland's fuel classification. The measurement of natural gas quality values was moved from Imatra to Kouvola on 21 May 2022 after the flow of gas from Russia through the Imatra station to Finland stopped.

The energy volumes of natural gas and biogas were calculated on the basis of the higher thermal value, and the use of the higher thermal value is based on the trans-European natural gas network code. The environmental information is the same information that was reported to the supervisory authorities for the sites that require environmental permits. The carbon dioxide emissions from emissions permit sites were assured in January 2023.

A new reporting method has been introduced for the utilities of pressure reduction stations, i.e. gas, heat and electricity, for the data of 2022. The calculation is based on the amount of energy invoiced to customers. In the calculation, part of the data is based on station measurements, part on heating demand calculation, and part on invoicing information received from customers.

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

The entirety of the reporting and the selected indicators were determined based on the update of the sustainability programme that entered into force at the beginning of 2022 and the materiality analysis of sustainability in autumn 2022. From Gasgrid Finland's sustainability programme, the most important indicators are included for each material theme. The selected indicators are listed in the GRI content table.

The report was prepared in compliance with the GRI with reference reporting framework, the standards for the selected indicators, and our own indicators, such as security of supply. The changes are the addition of a few new indicators from the previous year, the introduction of GRI's

new universal standards 2021, and the consideration of the GRI 11 Oil&Gas 2021 sector guideline in reporting.

The assurance was prepared and tendered in the sustainability unit, and the member of the Management Team responsible for sustainability matters approved the assurance as part of the sustainability action plan. The twelve indicators of the report were assured by PricewaterhouseCoopers Oy, and further information can be found in the statement of the independent practitioner. Otherwise, GRI compliance is the responsibility of the reporter in each sub-area. No changes have been made to the 2021 data in the report. The previous report was published on 24 March 2022. This report is Gasgrid Finland's third annual report. Reporting is carried out once a year, and the publication date of the 2022 report was 24 March 2023.

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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 2022 to 31 December 2022, disclosed in Gasgrid Finland Oy's Annual Report 2022 (hereinafter the Selected sustainability information). The assured information is indicated in the Company's GRI Content Index included in Gasgrid Finland Oy's Annual Report 2022.

Selected sustainability information

The selected sustainability information within the scope of assurance covers:

- The economic, social and environmental sustainability indicators as identified in the GRI Content Index in the Company's Annual Report 2022.

Management's responsibility

The Management of Gasgrid Finland Oy is responsible for preparing the Selected sustainability information in accordance with the reporting criteria as set out in Gasgrid Finland Oy's internal reporting instructions described in Gasgrid Finland Oy's Annual Report 2022 and the GRI Standards of the Global Reporting Initiative (collectively Reporting criteria). 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 (ISQC) 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" and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". These standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

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

information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

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

- Interviewing senior management of the Company.
- Conducting a site visit to evaluate the processes and IT systems and how site level data is collected and consolidated into the Company's reporting. The site visit was conducted in Kouvola.
- Interviewing employees responsible for collecting and reporting the information presented in the Selected sustainability information at the Company level as well as at the site level.
- Assessing how Company 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.

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 1 January 2022 to 31 December 2022 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

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

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

Helsinki 22 March 2023

PricewaterhouseCoopers Oy

Tiina Puukkoniemi

Partner, Authorised Public Accountant (KHT)
ESG Reporting & Assurance

Results in figures

GRI 302-1: Energy consumption, GWh

	2022	2021	2020
Fossil fuels	26.1	42.4	19.4
Renewable fuels	0.1	0.1	0
Purchased heat	7.8	21.3	23.0
Purchased electricity	20.5	14.4	23.7
Sold energy	0	0	0
Energy consumption, total	54.5	78.1	66.1

GRI 302-3: Energy intensity, GWh/TWh

	2022	2021	2020
Energy intensity in relation to the volume of transmitted gas *	4.4	3.1	2.6

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

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

	2022	2021	2020
Direct greenhouse gas emissions	9,000**	13,300**	7,800*
Biogenic emissions	20	10	0

* Contains methane and carbon dioxide.

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

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

	2022	2021
Electricity and district heating (market-based) *	1,100	3,300
Electricity and district heating (location-based)	3,000	5,000

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

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

	2022	2021
1. Products and services	2,000	2,000
2. Capital goods	8,000	9,000
4. Emissions related to upstream transport and distribution	624,000	997,000
5. Waste from production	< 50	< 50
6. Business travel	Not calculated	< 1
7. Employee commuting	Not calculated	< 50
9. Downstream transport and distribution	4,000	9,000
Total	638,000	1,018,000

* Material topics selected for calculation.

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

	2022	2021
Emission intensity in relation to the volume of transmitted gas *	810	660

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

403-9: Work-related accidents

	2022	2021	2020
Gasgrid Finland			
Lost-time accidents	0	0	0
Fatalities	0	0	0
Accident frequency per million working hours	0	0	0
Suppliers			
Lost-time accidents	0	2	2
Fatalities	0	0	0
Accident frequency per million working hours	0	15.4	13.3

Own indicators: Security of supply

	2022	2021	2020
Number of unplanned supply outages	0	0	0
Number of planned supply outages	9	22	7
Amount of energy not transmitted during planned outages, GWh	0.055	0.003	0.17
Energy not transmitted during planned outages (%)	0.0005		
Number of incidents that could have led to a supply outage	9	11	9

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

	Women 31 Dec 2022					Men 31 Dec 2022				
	Office personnel	Share, %	Senior and management	Share, %	2022 total	Office personnel	Share, %	Senior and management	Share, %	2022 total
Personnel	3	15	17	85	20	6	17	30	83	36
Under 30 years	1	5	0	0	1	0	0	0	0	0
30-50 years	0	0	11	55	11	3	8	18	50	21
Over 50 years	2	10	6	30	8	3	8	12	33	15
Fixed-term	1	5	2	10	3	0	0	0	0	0
Permanent	2	10	15	75	17	6	17	30	83	36
Alternation leave used	0	0	0	0	0	0	0	0	0	0
Parental leave used	0	0	3	15	3	0	0	0	0	0

	Women 31 Dec 2021					Men 31 Dec 2021					Women 31 Dec 2020			Men 31 Dec 2020		
	Office personnel	Share, %	Senior and management	Share, %	2021 total	Office personnel	Share, %	Senior and management	Share, %	2021 total	Office personnel	Senior and management	2020 total	Office personnel	Senior and management	2020 total
Personnel	2	11.1	16	88.9	18	6	18.2	27	81.8	33	2	10	12	6	24	30
Under 30 years	0	0	1	5.6	1	0	0	0	0	0	0	1	1	0	1	1
30–50 years	0	0	12	66.7	12	4	12.1	18	54.5	22	0	7	7	3	18	21
Over 50 years	2	11.1	3	16.7	5	2	6.1	9	27.3	11	2	2	4	3	5	8
Fixed-term	1	5.6	1	5.6	2	0	0	0	0	0	1	0	1	0	0	0
Permanent	1	5.6	15	83.3	16	6	18.2	27	81.8	33	1	10	11	6	24	30
Alternation leave used	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parental leave used	0	0	2	11.1	2	0	0	0	0	0	0	0	0	1	2	3

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

	2022	2021	2020
Gasgrid Finland			
Number of working hours realised *	98,763	80,698	69,478
Suppliers			
Working hours **	135,266	129,813	150,300

* Partially estimated

** Number of hours estimated

Personnel distribution: Gender and region

	Uusimaa	Kymenlaakso	South Karelia	Total
Women	10	9	1	20
Men	6	29	1	36
Total	16	38	2	56

Personnel distribution: Working time format

	Uusimaa	Kymenlaakso	South Karelia	Total
Full time				
Women	10	8	1	19
Men	6	29	1	36
Total	16	37	2	55
Part-time				
Women	0	1	0	1
Men	0	0	0	0
Total	0	1	0	1

Personnel distribution: Employment type

	Uusimaa	Kymenlaakso	South Karelia	Total
Permanent employees				
Women	8	8	1	17
Men	6	29	1	36
Total	14	37	2	53
Fixed-term				
Women	2	1	0	3
Men	0	0	0	0
Total	2	1	0	3

New employees

	< 30 years	30–50 years	> 50 years	Total
Women				
Uusimaa	0	0	2	2
Kymenlaakso	1	1	0	2
South Karelia	0	0		0
Total	1	1	2	4
Men				
Uusimaa	0	1	1	2
Kymenlaakso	0	3	0	3
South Karelia	0	0	0	0
Total	0	4	1	5

Terminated employment relationships

	< 30 years	30–50 years	> 50 years	Total
Women				
Uusimaa	0	2	0	2
Kymenlaakso	0	0	0	0
South Karelia	0	0	0	0
Total	0	2	0	2
Men				
Uusimaa	0	0	0	0
Kymenlaakso	0	2	0	2
South Karelia	0	0	0	0
Total	0	2	0	2

GRI index

GRI standard	Contents	Oil and gas sector supplement	Location (page number)	Comments	Assurance
	General content				
GRI 2: General disclosures 2021	2-1 Organizational details		4		
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	2-3 Reporting period, frequency and contact point		54		
	2-4 Restatements of information		54		
	2-5 External assurance		54, 55-56		
	2-6 Activities, value chain and other business relationships		10-11, 12		
	2-7 Employees		42-44, 57-60		X
	2-8 Workers who are not employees		57-60		
	2-9 Governance structure and composition		66-68		
	2-10 Nomination and selection of the highest governance body		66-68		
	2-11 Chair of the highest governance body		31-32, 66-68		
	2-12 Role of the highest governance body in overseeing the management of impacts		31-32		
	2-13 Delegation of responsibility for managing impacts		31-32		
	2-14 Role of the highest governance body in sustainability reporting		31-32		
	2-15 Conflicts of interest		66-68		
	2-16 Communication of critical concerns		39-41		
	2-17 Collective knowledge of the highest governance body		31-32		
	2-19 Remuneration policies		71		
	2-20 Process to determine remuneration		71		

GRI standard	Contents	Oil and gas sector supplement	Location (page number)	Comments	Assurance
	2-22 Statement on sustainable development strategy		7-8, 13-14		
	2-26 Mechanisms for seeking advice and raising concerns		39-41		
	2-27 Compliance with laws and regulations		39-41		
	2-28 Membership associations		39-41		
	2-29 Approach to stakeholder engagement		16-17, 18-19, 23-25, 26-28, 31-32, 18-19, 23-25, 26-28, 31-32, 34-36, 42-44, 45-47		X
	2-30 Collective bargaining agreements		42-44		
	Material topics				
GRI 3: Material topics 2021	3-1 Process to determine material topics		34-38		X
	3-2 List of material topics		34-38		X
	3-3 Management of material topics		34-37, 38, 39-41, 42-44, 45-47, 48-50		
	Financial results				
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed		39-41		X
	201-4 Financial assistance received from government		39-41		X
	Anti-corruption and anti-bribery				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	11.20.4	39-41		
	Energy				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	11.1.2	48-50, 57-60		X
	302-3 Energy intensity	11.1.4	48-50, 57-60		
	Emissions				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11.1.5	48-50, 57-60		X
	305-2 Energy indirect (Scope 2) GHG emissions	11.1.6	48-50, 57-60		
	305-3 Other indirect (Scope 3) GHG emissions	11.1.7	48-50, 57-60		
	305-4 GHG emissions intensity	11.1.8	48-50, 57-60		

GRI standard	Contents	Oil and gas sector supplement	Location (page number)	Comments	Assurance
	Employment				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	11.10.2	42-44		X
	Occupational health and safety				
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	11.9.2	45-47		
	403-2 Hazard identification, risk assessment, and incident investigation	11.9.3	45-47		
	403-3 Occupational health services	11.9.4	45-47		
	403-4 Worker participation, consultation, and communication on occupational health and safety	11.9.5	45-47		
	403-5 Worker training on occupational health and safety	11.9.6	45-47		
	403-8 Workers covered by the occupational health and safety management system	11.9.9	45-47		
	403-9 Work-related injuries	11.9.10	45-47, 57-60	Also includes Gasgrid Finland's projects, i.e. FSRU and gas pipeline construction.	X
	Training				
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	11.10.6	42-44		
	404-2 Programs for upgrading employee skills and transition assistance programs	11.10.7	42-44		
	Diversity and equality				
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	11.11.5	42-44, 57-60		X
	Protection of customers' privacy				
GRI 418: Protection of customers' privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		39-41	No cases in 2022.	

GRI standard	Contents	Oil and gas sector supplement	Location (page number)	Comments	Assurance
	Own indicator				
Security of supply	Own indicator		45–47		X
	GRI OGSS 11 (oil and gas sector supplement)				
Decommissioning and restoration		11.7.4	48–50		
		11.7.5	48–50		
Asset management and critical incident management		11.8.3	45–47		
Local communities		11.15.4	34–37	One previous case closed.	
	Non-material indicators of the Oil&Gas sector				
Climate change adaptation, resilience and transition		11.2	Information not available		
Air emissions		11.3	Not relevant		
Biodiversity		11.4	Not relevant		
Waste		11.5	Not relevant		
Water and wastewater		11.6	Not relevant		
Forced labour and modern slavery		11.12	Not relevant		
The right to organise and enter into collective agreements		11.13	Information not available		
Rights of indigenous peoples		11.17	The indicator is not applicable		
Conflicts and security		11.18	Not relevant		
Anti-competitive conduct		11.19	Not relevant		
Payments made to the state		11.20	Not relevant		
Public policy		11.22	The indicator is not applicable		



Governance and remuneration

Our goal is to be a transparent, reliable and responsible company that supports society's transition towards carbon neutrality. Our governance is guided by our 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 Markets 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

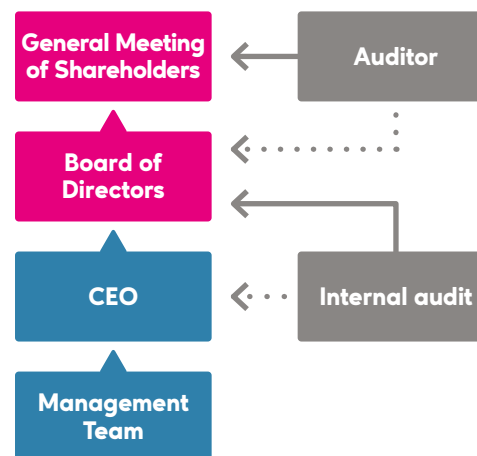
The General Meeting is Gasgrid Finland's supreme decision-making body. The General Meeting adopts the financial statements, decides on the distribution of profits, elects an auditor and the company's Board of Directors, elects the chair of the Board of Directors, decides on the remuneration for the Board 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 2022. Both shareholders were represented at the meeting, representing 100% of the total number of votes carried by all shares.

Organizational structure



Members of the Board of Directors

The shareholders elect the chair and members of the Board of Directors at the Annual General Meeting. The aim is to ensure the diversity of the Board of Directors 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 2022, 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 from 1 June 2022.

Otherwise, the independence of members of the Board of Directors is also assessed with particular reference to the independence criteria laid down in the Act on the Separation of the Natural Gas Transmission System Operator. Therefore, members of the Board of Directors must not have any direct or indirect control or considerable controlling influence in companies engaged in the production or supply of natural gas

or electricity. The members of the Board of Directors must provide the Board of Directors with sufficient information to enable the Board of Directors to assess their independence, and they must notify the Board of Directors of any changes in such information.

Gasgrid Finland had no separate Board committees in the 2022 financial period. The duties of 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. However, Gasgrid’s board has decided to develop its organisation in the future and has decided to establish an audit committee for the financial period 2023. The future audit committee will be chaired by **Saija Kivinen** and the members will be **Kai-Petteri Purhonen** and **Päivi Nerg**.

In accordance with its rules of procedure, 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.

The main tasks of the Board 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 report by the Board of Directors
- 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 15 times in 2022

Attendance of members of the Board of Directors	Number of meetings
Kai-Petteri Purhonen Chair of the Board of Directors	15
Päivi Nerg member of the Board of Directors	15
Asta Sihvonen-Punkka member of the Board of Directors	15
Jero Ahola member of the Board of Directors	15
Saija Kivinen member of the Board of Directors	15

In addition to the members of the Board of Directors, the CEO, CFO and secretary of the Board of Directors regularly attended the meetings. The number of meetings compared to 2021 was increased especially by the start of the business related to the lease of the floating LNG terminal.

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:

- 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 2022, audits were conducted on the company's sustainability management and cybersecurity. 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 include the state of Finland and the company's senior management with their related parties, as well as the group's wholly-owned subsidiaries Baltic Connector Oy, Floating LNG Terminal Finland Oy, Gasgrid Vetyverkot Oy and, until the merger, Gasgrid Finland Services Oy, Finnish Gas Transmission Services and Suomen Kaasuverkko Oy. 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 2022 were intra-Group transactions, which were executed on ordinary commercial terms. There were no transactions with related parties outside the Group.

Financial audit

The General Meeting elects Gasgrid Finland's auditor. In 2022, 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 2022 were EUR 142,000, which consisted entirely of fees for auditing services.

Board of Directors



Kai-Petteri Purhonen
MSc (Economics),
born 1965

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



Päivi Nerg
MSc (Agriculture and
Forestry), born 1958

Director of Rural Vitality,
Central Union of Agricultural
Producers and Forest Owners
Board member
Member of the Board
since 2020
Independent of the company
Not independent of the major
shareholders



Asta Sihvonen-Punkka
LicSc (Economics),
MSc (Forestry), born 1962

Executive Vice President,
Fingrid Oyj
Board member
Member of the Board
since 2020
Independent of the company
Independent of the major
shareholders



Jero Ahola
DSc (Electrical Engineering),
born 1974

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



Saija Kivinen
LLM,
born 1967

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

Management Team



Olli Sipilä
MSc (Economics),
born 1978

CEO



Janne Grönlund
MSc (Technology),
born 1986

Senior Vice President,
Transmission Platform
Investments, Maintenance,
PMO, Operational control
and land use



Petri Dahlström
MSc (Economics),
born 1970

Chief Financial Officer
Finance, HR, Legal affairs, ICT



Virve Wright
Diploma in marketing communi-
cations (MAT), born 1972

Senior Vice President,
Communications, Sustainability
and Public Relations
Communications, Sustainability,
Safety and Public Relations

Changes in the Management Team

Anni Sarvaranta (born 1985), Senior Vice President, Transmission Business, has resigned from Gasgrid Finland, serving in her position until 2 August 2022.

Gasgrid Finland's Management Team will expand from 1 January 2023. In 2023, members of Gasgrid Finland's Management Team will also include **Sara Kärki** Senior Vice President, Hydrogen Development (Operational Director, Vetyverkot Oy) and **Esa Hallivuori** Senior Vice President, Transmission Business.

In addition, **Satu Mattila** was appointed CEO of Floating LNG Terminal Finland Oy as of 9 January 2023. Mattila will be part of the extended management team.

Remuneration report

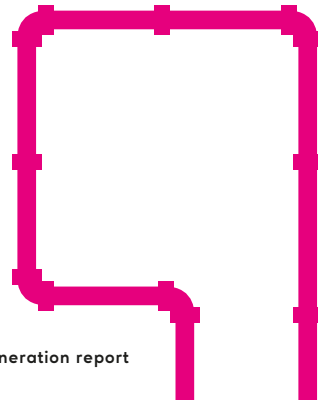
Introduction

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 company does not have a long-term performance bonus system or additional pension benefits for the management. All bonuses are paid in cash, and share-based incentive systems are not in place.

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



Emoluments for the Board of Directors

Emoluments for the Board of Directors in 2022 are shown in the following table:

Emoluments for the Board of Directors in 2022		EUR
Chair of the Board of Directors	2,000/month 600/meeting	
Members of the Board of Directors	1,000/month 600/meeting	

In 2022, 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 2022 (2021)		EUR
Kai-Petteri Purhonen	33,000	
Chair of the Board of Directors	(30,000)	
Päivi Nerg	21,000	
member of the Board of Directors	(18,000)	
Asta Sihvonen-Punkka	21,000	
member of the Board of Directors	(18,000)	
Jero Ahola	21,000	
member of the Board of Directors	(18,000)	
Saija Kivinen	21,000	
member of the Board of Directors	(18,000)	
Total	117,000	(102,000)

Remuneration for the CEO

The following table shows the elements of the CEO's remuneration, as well as the salaries, bonuses and other financial benefits paid in 2022.

Remuneration element 2022 (2021)	Description	EUR
Fixed	Fixed annual salary, including fringe benefits	250,415 (239,540)
Variable target-related bonus	Short-term incentive scheme, paid	63,613 (50,231)
Total remuneration		314,028 (289,771)

In 2022, the remuneration paid to the CEO consisted of a fixed annual salary and a short-term performance bonus. 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

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 transfer 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 advance the benefit of the customer and the society.

Markets and customers

In 2022, the Finnish gas market was revolutionised by Russia's invasion of Ukraine, which started in February. As a result, the natural gas price increase that began at the end of 2021 continued to accelerate in the summer and early autumn of 2022. Gasgrid Finland's customers reserved a total of 15.6 TWh of transmission capacity in 2022, corresponding to a drop of almost one third compared to the previous year's bookings. The high price of gas and the uncertainty of the market caused some of the end customers of the transmission and

distribution networks to cut their gas use or switch to alternative fuels.

In Gasgrid Finland's pricing model, the price paid by customers depends on the length of purchased capacity bookings in addition to the energy transmitted. During the financial period, Gasgrid Finland implemented a significant, on average approximately 15% reduction in transmission prices to its customers. The company organised consultations for its stakeholders on the commercial rules of the guarantees of origin and floating LNG terminal services, as well as on the capacity allocation mechanism of Balticconnector.

Gasgrid Finland's customers include industrial and energy production companies in different market roles, Finnish distribution system operators, and energy trading operators in Finland, the Baltic countries and the rest of Europe. Gasgrid Finland continued the interactive development of the operating conditions of the gas market. In 2022, we organised customer and topical forums for customers and stakeholders on current issues and changes concerning market participants. The feedback from potential customers and other stakeholders and the active public discussion strengthened expectations for

Gasgrid Finland in the development of the future hydrogen infrastructure. In addition, Gasgrid Finland launched the operation of the statutory national guarantees of origin for renewable gases. In addition to active networking, the company systematically monitors the development of customer satisfaction on an annual basis. The exceptional conditions of the gas market were also reflected in the measurement, and Gasgrid Finland's customer satisfaction weakened somewhat compared to the previous year.

Transmission platform and floating LNG terminal

The gas usage in Finland was 11.9 TWh in 2022. Gas consumption in Finland was 11.9 TWh. The company's daily gas transmission has continued as normal despite the exceptional situation and Gasgrid Finland's reliability of supply was 100% in the financial period.

Due to the war, EU sanctions and contractual disagreements related to the import of Russian natural gas to Finland, the import of natural gas through the Imlatra border point to Finland ended on 21 May 2022 and, in addition, Gasgrid decommissioned the Imlatra entry point for the time being due to operational reasons on 14 November 2022. Balticconnector via Estonia remained the only import channel for natural gas. The situation improved somewhat at the beginning of October, when the Hamina LNG

terminal was connected to Gasgrid Finland's transmission network.

In order to respond to the changed situation and to secure Finland's security of supply, Gasgrid Finland opened a completely new gas import point in the port of Inkoo, where a floating LNG terminal ship was leased. With the support of an extensive private and public sector cooperation network, Gasgrid Finland implemented the investments required to connect the terminal in record time. The capacity of the terminal ship is sufficient to serve the demand of the entire regional gas market formed by Finland and the Baltics.

Earnings and financial position

The Group's net sales decreased clearly from the previous financial period and amounted to EUR 90.2 (130.6) million. Profitability also weakened significantly and the operating loss was EUR -11.9 (68.6) million. The loss for the financial period amounted to EUR -14.5 (54.6) million.

	Gasgrid Group		Gasgrid Finland Oy	
	2022	2021	2022	2021
Net sales (EUR million)	90.2	130.6	90.2	130.6
Operating profit (EUR million)	-11.9	68.6	3.1	67.0
Operating profit (%)	-13.2%	52.6%	3.5%	51.3%
Return on equity (%)	-5.7%	22.8%	1.0%	23.1%
Equity ratio (%)	56.0%	63.3%	58.4%	62.8%

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

The Group's operating cash flow was EUR 29.2 (76.8) million. The company's solvency remained good throughout the year. On 31 December 2022, the Group's cash reserves amounted to EUR 58.3 (16.6) million.

Financing

The company's solvency remained at a good level throughout the year despite the exceptional business environment. Gasgrid Finland's interest-bearing debts on 31 December 2022 were EUR 120 million, of which EUR 20 million are short-term interim financing utilised by the floating LNG terminal. Long-term liabilities include a sustainability loan of EUR 80 million, the interest cost of which is partly tied to the realisation of the key indicators of the company's sustainability programme. In addition, the company has diversified its funding sources by entering into a new EUR 20 million unsecured loan with a maturity of three years.

On 31 December 2022, the Group had valid interest rate swaps corresponding to EUR 40 million of notional capital. The contracts are classified as non-hedging instruments in the accounts, and in line with the precautionary principle, they are measured at acquisition cost on the balance sheet date.

Investments

The Group's investments in 2022 amounted to EUR 57.9 (14.9) million. The most significant items were the port investments of the floating LNG terminal and the connection work to the current transmission network.

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 1.2 (2.6) million.

Personnel

The average number of employees in the Group was 54 (47) in 2022. The main reason for the increase in the number of employees was to meet the competence needs identified in the strategy and, on the other hand, to start the operations of the floating LNG terminal. Employee turnover decreased in 2022 and totalled 7.4% (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. As a concrete measure, in 2022 the company carried out a competence mapping exercise of the entire staff. Its purpose is to ensure that Gasgrid Finland has the necessary competence in terms of business and the strategy in the future, as well as to identify possible training and development needs.

Gasgrid Finland requires high-quality supervisory work and fair and equal treatment. The company also monitors the success of this target with a personnel survey conducted twice a year. The average of all of the responses to the latest survey was excellent: 4.22 on a scale from 1 to 5, with a response rate of over 85% of all employees. The results of the surveys are reviewed with the personnel, with the goal of finding tangible development measures.

At Gasgrid Finland, the coronavirus restrictions were gradually lifted from the beginning of 2022, however, at the same time taking into account the health safety of the personnel and partners. The company has successfully established an approach that combines office and remote work.

Shares and shareholders

Suomen Kaasuverkko Oy has merged with Gasgrid Finland during the financial period through a reverse merger, and Gasgrid Finland has cancelled the treasury shares that it received as merger consideration.

After this arrangement, the Finnish government directly owns 100% of the company’s share capital.

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.

Corporate governance

The Annual General Meeting was held on 31 March 2022 at the premises of the Ministry of Finance. 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 2021 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 2021. The General Meeting also discussed the remuneration policy of the bodies, the remuneration report for 2021, 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**. At the beginning of 2023, the board has decided to establish an audit committee, which will start operating after the annual general meeting. 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 included in 2022 CFO **Petri Dahlström** (Finance and support), SVP **Janne Grönlund** (Transmission platform), SVP **Anni Sarvaranta** (Transmission business until 2 August 2022), and SVP **Virve Wright** (Communication, Sustainability, Safety and Public Relations).

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 continuation of Russia’s invasion of Ukraine may increase uncertainty in the energy market.
- The transition of key customers to alternative energy sources or a delay in the start-up of commercial operations of the floating LNG terminal may significantly weaken the Group’s forecasted financial result.
- A physical fault in the transmission network or the floating LNG terminal could cause a transmission outage affecting customers.
- 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

In the financial period, Gasgrid Finland implemented a new sustainability programme, with a fifth theme added: transmission platform of the future. We also performed a materiality analysis of sustainability for our stakeholders in order to be able to focus on the most important issues in our development work.

In the periodic external audit of Gasgrid Finland's certified management system, there were no deviations, which is an exceptionally good result. The company also developed the operating processes of the whistleblowing channel. In addition, the large-scale development of information security was ongoing throughout the year. Gasgrid Finland has no foreign subsidiaries, and the group pays all its taxes in compliance with Finnish laws and

regulations. In line with our sustainability programme, Gasgrid Finland systematically monitors its tax footprint.

Gasgrid Finland is a safe place to work, and the preventive safety culture can be seen in all our activities. In the 2022 financial period, the company achieved its objective of zero accidents among its own personnel. Suppliers also did not suffer any accidents leading to absence during the year.

Research, development and innovation

In the financial period, the focus of RDI activities was, in line with Gasgrid Finland's strategy, to promote our role in the transmission of clean gases in the future. During 2022, the role of the hydrogen economy in particular was recognized in Finland as a nationally important future opportunity, which is partially supported by the development of the hydrogen infrastructure. For this task, a new subsidiary, Gasgrid Vetyverkot Oy, was established in the group.

The share of Gasgrid Finland's RDI costs in net sales increased significantly, mainly due to the acceleration of cooperation projects related to future hydrogen infrastructure, and was 1.4% in the 2022 financial period. Together with other transmission system operators and key industry players, Gasgrid Finland launched e.g. the following projects: Nordic Hydrogen Route – Bothnian Bay,

Nordic-Baltic Hydrogen Corridor, and Baltic Sea Hydrogen Collector. Gasgrid Finland also promoted Finland's first hydrogen transmission infrastructure demonstration project outside an industrial area in cooperation with its customers. Gasgrid Finland also worked closely with other TSOs, industry players and stakeholders, e.g. in Hydrogen Cluster Finland and the European Hydrogen Backbone group.

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 2023

The Group's operating profit is expected to improve from the current level and amount to EUR 0–10 million in 2023.

Regarding the transmission network business, Gasgrid Finland has given the market an announcement about an average 15 percent increase in its transmission prices for 2023. Natural gas consumption is predicted to remain at the level of 2022 in the company's operating area. The start of the commercial operation of the floating LNG terminal is, however, predicted to bring significant new net sales to the Group.

In the 2023 financial period, Gasgrid

Finland will continue to take measures to speed up the development programmes in line with its strategy. Projects related to the hydrogen economy in particular, and the start of the floating LNG terminal business on the other hand, are expected to increase costs considerably for the year 2023.

Board of Directors' proposal for the use of profit

On 31 December 2022, the parent company's distributable assets amounted to EUR 126,305,644.14, including the loss for the financial period of EUR 5,423,663.40.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and EUR 126,305,644.14 be left in unrestricted equity.

Financial statements

Consolidated income statement

Gasgrid Group (EUR thousand)	1.1.-31.12.2022	1.1.-31.12.2021
NET SALES	90,206	130,556
Other operating income	328	320
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-43,901	-22,361
Increase (+)/decrease (-) in inventories	2,829	3,130
External services	-857	-310
Change in investments in progress	28	1
	-41,902	-19,541
Personnel expenses		
Salaries and bonuses	-4,092	-4,275
Personnel add-on expenses		
Pension expenses	-783	-730
Other personnel add-on expenses	-226	-331
	-5,102	-5,336

Gasgrid Group (EUR thousand)	1.1.-31.12.2022	1.1.-31.12.2021
Depreciation and impairment		
Planned depreciation	-19,346	-18,881
	-19,346	-18,881
Other operating expenses	-36,057	-18,489
OPERATING PROFIT	-11,873	68,629
Financial income and expenses		
Other interest and financial income	88	379
Interest expenses and other financial expenses	-726	-1,682
	-638	-1,303
PROFIT BEFORE APPROPRIATIONS AND TAXES	-12,511	67,326
Income taxes	0	-10,482
Change in deferred tax liabilities	-1,944	-2,215
PROFIT FOR THE PERIOD	-14,455	54,629

Consolidated balance sheet

Gasgrid Group (EUR thousand)	31.12.2022	31.12.2021
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	5,833	4,071
Other intangible assets	7,414	8,045
	13,247	12,116
Tangible assets		
Land and water areas	2,528	2,525
Buildings and structures	271,500	264,199
Machinery and equipment	54,938	48,668
Other tangible assets	4,145	4,364
Prepayments and acquisitions in progress	32,136	8,044
	365,246	327,800
Total non-current assets	378,493	339,916
Current assets		
Inventories		
Materials and supplies	3,962	3,471
Work in progress	102	88
Other inventories	5,478	3,140
	9,542	6,698
Receivables		
Non-current		
Other receivables	63	63
Current		
Trade receivables	15,573	26,506
Other receivables	5,890	123
Prepayments and accrued income	1,547	370
	23,072	27,061

Gasgrid Group (EUR thousand)	31.12.2022	31.12.2021
Cash in hand and at bank	58,340	16,575
Total current assets	90,954	50,335
Assets	469,447	390,250
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	96,758	26,313
Retained earnings	170,780	156,151
Profit for the period	-14,455	54,629
Total shareholders' equity	263,083	247,093
Liabilities		
Non-current		
Loans from financial institutions	100,000	80,000
Other liabilities	2,500	0
Total non-current	102,500	80,000
Current		
Loans from financial institutions	20,000	0
Trade payables	32,257	1,724
Other liabilities	10,324	10,299
Accruals and deferred income	5,953	17,748
Deferred tax liability	35,331	33,386
Total current	103,864	63,157
Total liabilities	206,364	143,157
Liabilities and shareholders' equity	469,447	390,250

Consolidated cash flow statement

Gasgrid Group (EUR thousand)	1.1.–31.12.2022	1.1.–31.12.2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	-14,455	54,629
Adjustments		
Planned depreciation	19,346	18,881
Financial income and expenses	638	1,303
Change in deferred tax liabilities	1,944	2,215
Income taxes	0	10,482
Cash flow before change in working capital	7,473	87,510
Change in working capital		
Increase (-)/decrease (+) in inventories	-2,843	-2,878
Increase (-)/decrease (+) in interest-free receivables	4,032	5,012
Increase (+)/decrease (-) in interest-free liabilities	22,623	7,249
Operating cash flow before financial items and taxes	31,285	96,894
Interest paid on operating activities	-607	-1,677
Interest received from operating activities	45	6
Taxes paid on operating activities	-1,479	-18,453
CASH FLOW FROM OPERATING ACTIVITIES	29,243	76,770

Gasgrid Group (EUR thousand)	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from investments		
Investments in tangible and intangible assets	-57,923	-14,903
CASH FLOW FROM INVESTMENTS	-57,923	-14,903
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	40,000	-80,000
Increase in invested unrestricted equity fund	70,445	0
Dividend payout	-40,000	-40,000
CASH FLOW FROM FINANCING ACTIVITIES	70,445	-120,000
CHANGE IN FINANCIAL ASSETS	41,765	-58,133
Cash and cash equivalents at the beginning of the period	16,575	74,708
Cash and cash equivalents at the end of the period	58,340	16,575

Income statement

Gasgrid Finland Oy (EUR thousand)	1.1.–31.12.2022	1.1.–31.12.2021
NET SALES	90,206	130,556
Other operating income	448	320
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-38,966	-22,361
Increase (+)/decrease (-) in inventories	1,051	3,130
External services	-857	-283
Change in investments in progress	28	1
	-38,743	-19,514
Personnel expenses		
Salaries and bonuses	-4,092	-4,275
Personnel add-on expenses		
Pension expenses	-784	-729
Other personnel add-on expenses	-226	-333
	-5,103	-5,337
Depreciation and impairment		
Planned depreciation	-18,045	-18,030
	-18,045	-18,030
Other operating expenses	-25,647	-21,039
OPERATING PROFIT	3,116	66,955

Gasgrid Finland Oy (EUR thousand)	1.1.–31.12.2022	1.1.–31.12.2021
Financial income and expenses		
Income from Group companies	83	107
Other interest and financial income	88	379
Interest expenses and other financial expenses	-724	-1,682
	-554	-1,195
PROFIT BEFORE APPROPRIATIONS AND TAXES	2,562	65,760
Appropriations		
Increase (-)/decrease (+) in depreciation difference	-7,986	-11,073
Group contribution granted	0	-1,899
Income taxes	0	-10,482
PROFIT/LOSS FOR THE FINANCIAL PERIOD	-5,424	42,306

Balance sheet

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Assets		
Non-current assets		
Intangible assets		
Intangible rights	3,210	3,501
Other intangible assets	2,023	2,369
	5,233	5,870
Tangible assets		
Land and water areas	2,232	2,232
Buildings and structures	255,774	259,948
Machinery and equipment	17,246	17,384
Other tangible assets	3,992	4,221
Prepayments and acquisitions in progress	27,765	7,952
	307,010	291,737
Investments		
Shares in Group companies	60,477	26,793
	60,477	26,793
Total non-current assets	372,720	324,401

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Current assets		
Inventories		
Materials and supplies	3,962	3,471
Work in progress	102	88
Other inventories	3,700	3,140
	7,764	6,698
Receivables		
Current		
Trade receivables	15,573	26,506
Loan receivables	35,373	16,935
Other receivables	1,463	123
Prepayments and accrued income	1,189	2
	53,597	43,565
Cash in hand and at bank	38,580	15,484
Total current assets	99,941	65,748
Assets	472,661	390,148

Balance sheet

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	10,000	10,000
Other funds		
Invested unrestricted equity fund	96,758	26,313
Retained earnings	34,971	32,665
Profit/loss for the financial period	-5,424	42,306
Total shareholders' equity	136,306	111,284
Accumulated appropriations		
Depreciation difference	174,916	166,930
Liabilities		
Non-current		
Loans from financial institutions	100,000	80,000
Other liabilities	2,500	0
Total non-current	102,500	80,000

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Current		
Loans from financial institutions	20,000	0
Trade payables	22,770	1,721
Other liabilities	10,217	12,464
Accruals and deferred income	5,953	17,748
Total current	58,939	31,934
Total liabilities	161,439	111,934
Liabilities and shareholders' equity	472,661	390,148

Cash flow statement

Gasgrid Finland Oy (EUR thousand)	1.1.–31.12.2022	1.1.–31.12.2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/loss for the financial period	-5,424	42,306
Adjustments		
Planned depreciation	18,045	18,030
Financial income and expenses	554	1,195
Appropriations	7,986	12,972
Income taxes	0	10,482
Cash flow before change in working capital	21,160	84,985
Change in working capital		
Increase (-)/decrease (+) in inventories	-1,065	-2,878
Increase (-)/decrease (+) in interest-free receivables	8,448	-9,451
Increase (+)/decrease (-) in interest-free liabilities	10,866	8,546
Operating cash flow before financial items and taxes	39,409	81,203
Interest paid on operating activities	-605	-1,677
Interest received from operating activities	45	6
Increase (-)/decrease (+) in loan receivables	-18,355	7,999
Taxes paid on operating activities	-1,479	-18,453
CASH FLOW FROM OPERATING ACTIVITIES	19,015	69,078

Gasgrid Finland Oy (EUR thousand)	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from investments		
Investments in tangible and intangible assets	-66,364	-6,149
CASH FLOW FROM INVESTMENTS	-66,364	-6,149
Cash flow from financing activities		
Increase (+)/decrease (-) in interest-bearing liabilities	40,000	-80,000
Increase in invested unrestricted equity fund	70,445	0
Dividend payout	-40,000	-40,000
CASH FLOW FROM FINANCING ACTIVITIES	70,445	-120,000
CHANGE IN FINANCIAL ASSETS	23,096	-57,070
Cash and cash equivalents at the beginning of the period	15,484	72,555
Cash and cash equivalents at the end of the period	38,580	15,484

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, Floating LNG Terminal Finland Oy and Gasgrid Vetyverkot Oy. In addition, the merged subsidiaries, Gasgrid Finland Services Oy and Finnish Gas Transmission Services, have been combined in the consolidated financial statements until the moment of the merger.

Comparability:

The financial statements for 2022 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.

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

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 network operators, and onward charges for network transmission 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 thousand	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Tariff products	46,008	104,395	46,008	104,395
Balancing services	38,051	20,524	38,051	20,524
Onward charges for relocation work	1,539	2,639	1,539	2,639
Balancing feed-in charges	4,548	2,998	4,548	2,998
Other charges	60	0	60	0
	90,206	130,556	90,206	130,556

2.2. Other operating income

EUR thousand	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Rental income	244	320	244	320
Other income	84	0	204	0
Total	328	320	448	320

2.3. Planned depreciation

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

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

2.4. Auditors' fees

EUR thousand	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Audit and other services	53	86	45	65
Total	53	86	45	65

2.5. Financial income and expenses

EUR thousand	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Other interest and financial income				
Interest income from Group companies	0	0	83	107
Interest income from others	88	6	88	6
Other financial income from others	0	373	0	373
Total	88	379	170	487
Interest expenses and other financial expenses				
Interest expenses to others	579	1,012	579	1,012
Other financial expenses to others	146	670	145	670
Total	726	1,682	724	1,682

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 54 (47) employees in the financial period.
Salaries and bonuses for Gasgrid Finland's bodies in the 2022 financial period:

EUR thousand	1.1.-31.12.2022	1.1.-31.12.2021
Board of Directors	117	102
CEO	314	290
Total	431	392

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

3. Notes to the balance sheet

3.1. Receivables

Other receivables on the consolidated balance sheet, EUR 5,890,050.97 (EUR 122,609.15), are mostly VAT receivables.

Intra-Group receivables:

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Loan receivables	35,373	16,935
	35,373	16,935

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 thousand	Gasgrid Group	Gasgrid Finland Oy
Intangible rights		
Acquisition cost 1 January 2022	7,578	7,572
Increases in the period	3,035	905
Decreases in the period	0	0
Transfers between items	568	0
Acquisition cost 31 December 2022	11,181	8,478
Accumulated depreciation and impairment 1 January	-4,072	-4,071
Depreciation 1 January-31 December 2022	-1,273	-1,197
Accumulated depreciation of decreases	0	0
Transfers between items	-3	0
Accumulated depreciation and impairment 31 December	-5,348	-5,267
Balance sheet value 31 December 2022	5,833	3,210
Other intangible assets		
Acquisition cost 1 January 2022	19,183	13,483
Increases in the period	0	0
Decreases in the period	0	0
Acquisition cost 31 December 2022	19,183	13,483
Accumulated depreciation and impairment 1 January	-11,138	-11,114
Depreciation 1 January-31 December 2022	-631	-346
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-11,768	-11,460
Balance sheet value 31 December 2022	7,414	2,023

EUR thousand	Gasgrid Group	Gasgrid Finland Oy
Land and water areas		
Acquisition cost 1 January 2022	2,525	2,232
Increases in the period	2	0
Decreases in the period	0	0
Acquisition cost 31 December 2022	2,528	2,232
Accumulated depreciation and impairment 1 January	0	0
Depreciation 1 January–31 December 2022	0	0
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	0	0
Balance sheet value 31 December 2022	2,528	2,232
Buildings and structures		
Acquisition cost 1 January 2022	600,694	596,183
Increases in the period	21,140	9,488
Decreases in the period	0	0
Acquisition cost 31 December 2022	621,834	605,671
Accumulated depreciation and impairment 1 January	-336,495	-336,235
Depreciation 1 January–31 December 2022	-13,839	-13,662
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-350,334	-349,897
Balance sheet value 31 December 2022	271,500	255,774
Machinery and equipment		
Acquisition cost 1 January 2022	144,673	111,511
Increases in the period	9,628	2,474
Decreases in the period	0	0
Transfers between items	-568	0

EUR thousand	Gasgrid Group	Gasgrid Finland Oy
Acquisition cost 31 December 2022	153,733	113,984
Accumulated depreciation and impairment 1 January	-95,440	-94,127
Depreciation 1 January–31 December 2022	-3,358	-2,612
Accumulated depreciation of decreases	0	0
Transfers between items	3	0
Accumulated depreciation and impairment 31 December	-98,795	-96,738
Balance sheet value 31 December 2022	54,938	17,246
Other tangible assets		
Acquisition cost 1 January 2022	9,013	8,841
Increases in the period	26	0
Decreases in the period	0	0
Acquisition cost 31 December 2022	9,039	8,841
Accumulated depreciation and impairment 1 January	-4,650	-4,621
Depreciation 1 January–31 December 2022	-245	-229
Accumulated depreciation of decreases	0	0
Accumulated depreciation and impairment 31 December	-4,895	-4,850
Balance sheet value 31 December 2022	4,145	3,992
Prepayments and acquisitions in progress		
Acquisition cost 1 January 2022	8,044	7,952
Increases in the period	54,393	45,186
Decreases in the period	-22,428	-17,499
Transfers between items	-7,874	-7,874
Acquisition cost 31 December 2022	32,136	27,765
Depreciation 1 January–31 December 2022	0	0
Balance sheet value 31 December 2022	32,136	27,765

3.3. Statement of changes in shareholders' equity

Gasgrid Group (EUR thousand)	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January	10,000	26,313	210,780	247,093
Capitalisation	0	70,000	0	70,000
Reverse merger	0	445	0	445
Distribution of profit	0	0	-40,000	-40,000
Loss for the financial period	0	0	-14,455	-14,455
Balance sheet value 31 December	10,000	96,758	156,325	263,083

Gasgrid Finland Oy (EUR thousand)	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Balance sheet value 1 January	10,000	26,313	74,971	111,284
Capitalisation	0	70,000	0	70,000
Reverse merger	0	445	0	445
Distribution of profit	0	0	-40,000	-40,000
Loss for the financial period	0	0	-5,424	-5,424
Balance sheet value 31 December	10,000	96,758	29,547	136,306

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 vote.

3.4. Distributable assets

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Invested unrestricted equity fund	96,758	26,313
Retained earnings	34,971	32,665
Profit/loss for the financial period	-5,424	42,306
Total distributable assets	126,306	101,284

3.5. Non-current liabilities

The company has an unsecured liability loan of EUR 80 million due in 2026. The cost paid on the loan is partially linked to the realisation of the targets of Gasgrid Finland's sustainability programme. A short-term additional loan of EUR 20 million has been drawn from the same arrangement.

The Group has also on 22 November 2022 agreed on a new three-year bank loan of EUR 20 million to finance the investments of the floating LNG terminal.

3.6. Current liabilities

Accruals and deferred income:

Gasgrid Group (EUR thousand)	31.12.2022	31.12.2021
Interest expenses	124	5
Personnel expenses	1,563	1,725
Direct taxes	0	1,479
Excise duties	4,266	14,538
	5,953	17,748

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Interest expenses	124	5
Personnel expenses	1,563	1,725
Direct taxes	0	1,479
Excise duties	4,266	14,538
	5,953	17,748

Other liabilities:

The other liabilities item in the consolidated balance sheet of EUR 10,324,008.88 (EUR 10,299,229.51), consists mainly of VAT liabilities and deferred compensation payments on fixed assets.

Liabilities from Group companies:

Gasgrid Finland Oy (EUR thousand)	31.12.2022	31.12.2021
Trade payables	0	0
Other liabilities	0	2,271
	0	2,271

Deferred tax liability:

Gasgrid Group (EUR thousand)	31.12.2022	31.12.2021
Deferred tax liability	35,331	33,386
Change in deferred tax liabilities	1,944	2,215

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

Nominal values of forthcoming lease payments under existing leases:

EUR thousand	Gasgrid Group		Gasgrid Finland Oy	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Payable in the year after the financial period	48,516	201	195	201
Payable later	423,501	776	688	776
Total	472,017	977	883	977

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

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 4,774,818.31 (EUR 82,495.96). In line with the precautionary principle, derivatives are measured at acquisition cost and a positive fair value change is not recognised. The interest expenses on derivative contracts are recognised under interest expenses in the income statement.

4.3. Holdings in other companies

Subsidiary	Business ID	Domicile	Group ownership	Shareholders' equity (EUR thousand)	Profit/loss for the financial period (EUR thousand)
Baltic Connector Oy	2716791-9	Helsinki	100%	29,992	713
Floating LNG Terminal Finland Oy	3285669-8	Espoo	100%	14,841	-17,409
Gasgrid Vetyverkot Oy	3331856-8	Espoo	100%	1,100	0

During the financial period, the Group companies, Gasgrid Finland Services Oy and Finnish Gas Transmission Services, merged with Gasgrid Finland. In addition, Gasgrid Finland's Board has approved a merger plan, the aim of which is to merge Baltic Connector Oy with the parent company in spring 2023.

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.

Additional information on the separated financial statements:

1. Investments in transmission network fixed assets:

EUR thousand	2022	2021
Transmission network intangible assets	1,174	1,180
Other intangible assets	213	289
Transmission network tangible assets	11,480	3,697
Prepayments and acquisitions in progress	19,705	786
	32,572	5,953

2. Return on investments in the transmission network:

	2022	2021
	0.1%	16.6%

Gasgrid Finland Oy (EUR thousand)	Transmission network		Centralised data exchange		Guarantee of origin	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Net sales	90,032	130,378	114	178	60	0
Other operating income	448	320	0	0	0	0
Materials and services	-38,743	-19,514	0	0	0	0
Materials, supplies and goods	-37,915	-19,231	0	0	0	0
Purchases during the financial period	-38,966	-22,361	0	0	0	0
Other purchases during the financial period	-38,966	-22,361	0	0	0	0
Change in inventories	1,051	3,130	0	0	0	0
External services	-857	-283	0	0	0	0
Other external services	-857	-283	0	0	0	0
Personnel expenses	-5,103	-5,337	0	0	0	0
Salaries and bonuses	-4,092	-4,384	0	0	0	0
Personnel add-on expenses	-1,010	-953	0	0	0	0
Depreciation and impairment	-17,942	-17,927	-103	-103	0	0
Planned depreciation	-17,942	-17,927	-103	-103	0	0
Planned depreciation on network assets	-17,295	-17,521	0	0	0	0
Planned depreciation on other non-current assets	-647	-407	-103	-103	0	0
Other operating expenses	-25,553	-21,002	-42	-37	-53	0
Rent expenses	-2,911	-2,863	0	0	0	0
Other operating expenses	-22,642	-18,139	-42	-37	-53	0
Operating profit (loss)	3,138	66,917	-31	38	8	0
Financial income and expenses	-554	-1,195	0	0	0	0
Return on shares in Group companies	83	107	0	0	0	0
Other interest and financial income	88	379	0	0	0	0
Interest expenses and other financial expenses	-724	-1,682	0	0	0	0
Profit (loss) before appropriations and taxes	2,585	65,722	-31	38	8	0
Appropriations	-7,986	-12,972	0	0	0	0
Change in depreciation difference	-7,986	-11,073	0	0	0	0
Change in depreciation difference on network assets	-7,986	-11,073	0	0	0	0
Group contribution granted (unpaid)	0	-1,899	0	0	0	0
Income taxes	0	-10,482	0	0	0	0
Profit (loss) for the financial period	-5,401	42,268	-31	38	8	0

Gasgrid Finland Oy (EUR thousand)	Transmission network		Centralised data exchange		Guarantee of origin	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Non-current assets	372,363	324,049	249	352	109	0
Intangible assets	4,984	5,518	249	352	0	0
Goodwill	0	0	0	0	0	0
Network intangible assets	3,934	4,033	0	0	0	0
Other intangible assets	1,050	1,485	249	352	0	0
Prepayments	0	0	0	0	0	0
Tangible assets	306,901	291,737	0	0	0	0
Network tangible assets	279,244	283,785	0	0	0	0
Prepayments and acquisitions in progress	27,657	7,952	0	0	109	0
Investments	60,477	26,793	0	0	0	0
Current assets	99,507	65,677	173	71	0	0
Inventories	7,764	6,698	0	0	0	0
Receivables	53,542	43,510	55	55	0	0
Short-term receivables	53,542	43,510	55	55	0	0
Trade receivables	15,518	26,451	55	55	0	0
Prepayments and accrued income	1,189	2	0	0	0	0
Other receivables	36,835	17,058	0	0	0	0
Financial securities	0	0	0	0	0	0
Cash in hand and at bank	38,201	15,468	118	16	261	0
Total assets	471,870	389,726	422	423	369	0

Gasgrid Finland Oy (EUR thousand)	Transmission network		Centralised data exchange		Guarantee of origin	
	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021	1.1.-31.12.2022	1.1.-31.12.2021
Shareholders' equity	135,515	110,861	422	423	368	0
Shares, participations or other similar capital	10,000	10,000	0	0	0	0
Other funds	95,983	25,899	415	415	360	0
Other other funds	95,983	25,899	415	415	360	0
Retained earnings	34,933	32,695	38	-30	0	0
Profit (loss) for the financial period	-5,401	42,268	-31	38	8	0
Accumulated appropriations	174,916	166,930	0	0	0	0
Depreciation difference	174,916	166,930	0	0	0	0
On network assets	174,916	166,930	0	0	0	0
Liabilities	161,438	111,934	0	0	1	0
Long-term liabilities	122,500	80,000	0	0	0	0
Long-term interest-bearing liabilities	122,500	80,000	0	0	0	0
Other long-term interest-bearing liabilities	122,500	80,000	0	0	0	0
Short-term liabilities	38,938	31,934	0	0	1	0
Short-term interest-bearing liabilities	0	0	0	0	0	0
Other liabilities to Group companies	0	0	0	0	0	0
Short-term interest-free liabilities	38,938	31,934	0	0	1	0
Trade payables	22,769	1,721	0	0	1	0
Accruals and deferred income	5,953	17,748	0	0	0	0
Liabilities on group contributions granted	0	1,899	0	0	0	0
Other liabilities to Group companies	0	372	0	0	0	0
Other liabilities	10,217	10,193	0	0	0	0
Total liabilities and shareholders' equity	471,870	389,726	422	423	369	0

Auditor's report

To the Annual General Meeting of
Gasgrid Finland Oy

Report on the audit of financial statements

Opinion

We have audited the financial statements of Gasgrid Finland Oy (3007894-1) for the financial period from 1 January to 31 December 2022. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, and notes to the financial statements, as well as the parent company's balance sheet, income statement, cash flow statement, and notes to the financial statements.

In our opinion, the financial statements, where the parent company's income statement shows a loss of EUR 5,423,663.40, give a true and fair view of the financial position and financial performance of the group and the parent company in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for opinion

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

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

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

financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The going concern basis of accounting is used unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

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

be expected to influence the economic decisions of users made on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.

- Obtain a sufficient amount of appropriate audit evidence about financial information concerning the group's entities or businesses in order to provide an opinion on the consolidated financial statements. We are responsible for guiding, supervising and performing the group's audit. We are solely responsible for the audit opinion.

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

Other reporting obligations

Other information

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

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

drawn up in accordance with the applicable regulations.

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

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

Other opinions based on law

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

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

Other opinions

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

Helsinki, 17 March 2023

Oy Tuokko Ltd

Firm of auditors

Timo Tuokko

Authorised Public Accountant

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

Espoo, 17 March 2023

Kai-Petteri Purhonen

Chair of the Board of Directors

Päivi Nerg

Board member

Asta Sihvonen-Punkka

Board member

Jero Ahola

Board member

Saija Kivinen

Board member

Olli Sipilä

CEO

Auditor's note

A report has been issued today on the completed audit.

Helsinki, 17 March 2023

Oy Tuokko Ltd
Firm of auditors

Timo Tuokko
Authorised Public Accountant



Transmitting energy.



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