

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

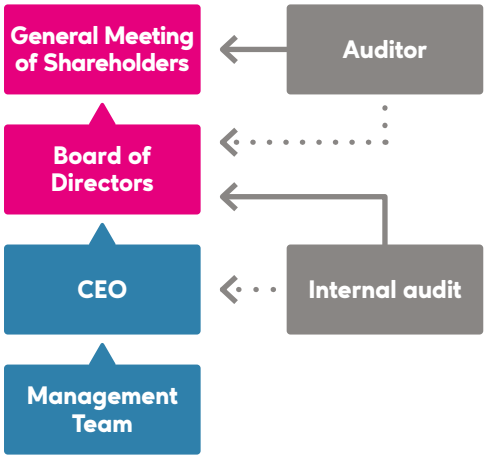
The General Meeting is Gasgrid Finland’s supreme decision-making body. The General Meeting adopts the financial statements, decides on the distribution of profits, elects an auditor and the company’s Board of Directors, elects the chair of the Board of Directors, decides on the remuneration for the Board 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.