

# GOVERNANCE AND REMUNERATION

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

# Corporate Governance Statement

## Introduction

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

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

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

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

## Corporate governance

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

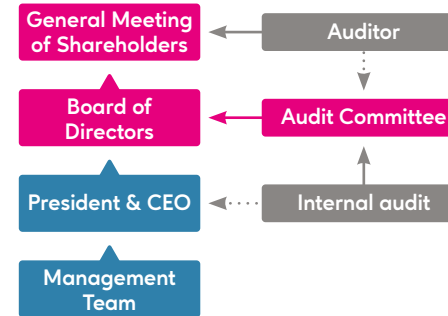
## General Meeting of Shareholders

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

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

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

## Organisational structure



## Board of Directors

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

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

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

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

The main tasks of the Board are:

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

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

The Board of Directors convened 11 times in 2023.

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

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

### Audit Committee

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

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

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

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

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

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

### CEO

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

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

### Management Team

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

company is managed efficiently and operates according to its purpose.

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

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

### Internal audit and risk management

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

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

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

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

### Risk management

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

The effective combination of business management and risk management is based on the risk management policy

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

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

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

### Other reporting information

#### Internal audit

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

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

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

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

### Related-party transactions

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

### Audit

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

# Board of Directors



**KAI-PETTERI PURHONEN**

**M.Sc. (Economics),  
born 1965**

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



**JERO AHOLA**

**D.Sc. (Tech.),  
born 1974**

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



**LAURI KAJANOJA**

**PhD (Political Science),  
born 1968**

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



**SAIJA KIVINEN**

**LL.M.,  
born 1967**

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



**ASTA SIHVONEN-PUNKKA**

**Lic.Sc (Economics),  
M.Sc. (Forestry),  
born 1962**

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

# Management Team



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

CEO



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

Chief Financial Officer  
Finance, HR, Legal affairs, ICT



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

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



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

Senior Vice President,  
Transmission Business



**SARA KÄRKI**  
M.Sc. (Tech.),  
born 1985

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



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

CEO, Floating LNG Terminal  
Finland Oy



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

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

### Changes in the Management Team

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

#### Petri Dahlström

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

#### Janne Grönlund

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

#### Esa Hallivuori

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

#### Sara Kärki

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

#### Virve Wright

Senior Vice President,  
Communications, Sustainability and  
Public Relations

# Remuneration report

## Introduction

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

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

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

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

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

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

## Emoluments for the Board of Directors

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

### Emoluments for the Board of Directors in 2023

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

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

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

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

## Remuneration for the CEO

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

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

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

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





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FI-55100 Imatra

**Inkoo office**  
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FI-10210 Inkoo

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