

# CORPORATE GOVERNANCE STATEMENT

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# CORPORATE GOVERNANCE STATEMENT

## 1. General

Fingrid is a public limited company whose governance is based on the Finnish Limited Liability Companies Act, the Securities Market Act, its articles of association and its shareholder agreement. In 2015, Fingrid complied with the 2010 Corporate Governance Code for Finnish listed companies, according to which this Corporate Governance Statement was drawn up. Any references made to corporate governance code recommendations refer to the 2010 Corporate Governance Code. Fingrid complies with the Code since the company has issued bonds listed on the London Stock Exchange. Fingrid's shares are not subject to public trading. As of 1 January 2016, Fingrid complies with the Finnish Corporate Governance Code 2015 published by the Securities Market Association.

The company's operations and the duties of its administrative bodies are governed by the Electricity Market Act. The Electricity Market Act stipulates that Fingrid's governance and its grid operations are independent of the production and sale of electricity and natural gas. Fingrid's owners must ensure that decision-making concerning Fingrid and decision-making concerning companies that practice the production or sale of electricity or natural gas are kept separate. The confirmed regulatory methods allow the Energy Authority to monitor the reasonableness of the prices of Fingrid's electricity transmission operations, as well as its capabilities to make sufficient investments in the grid, cover its costs and generate a reasonable return for its shareholders. The current regulation methods for the regulatory periods 2016–2019 and 2020–2030 entered into force on 1 January 2016.

Fingrid's corporate governance statement has been drawn up in accordance with recommendation 54 of the Corporate Governance Code. The statement was drawn up as a separate report from the annual report and is dealt with by Fingrid's Board and the Board's audit committee. Fingrid's auditing organisation Price-waterhouseCoopers Oy has verified that this statement has been provided and that the description of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements of the company.

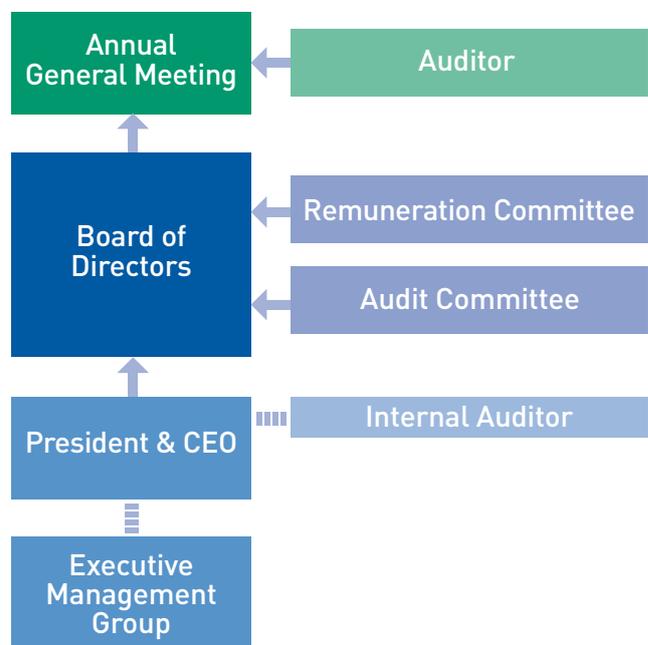
In contrast to what is stipulated in recommendation 1 of the Code, Fingrid has not published the minutes of the annual general meetings on its website. This is due to the small number of shareholders in the company and the fact that the minutes of the general meetings are sent to every shareholder.

Fingrid has no such obligation as set out by recommendation 51 of the Corporate Governance Code to maintain an insider register and as such, there is nothing to report of insider administration because Fingrid shares are not subject to public trading.

The Finnish Corporate Governance Code is available in full at [www.cgfinland.fi](http://www.cgfinland.fi).

## 2. Description of Fingrid's administrative bodies

Fingrid's administrative system is described below, and the tasks of the administrative bodies are described later in sections 3–7.



### 3. Annual general meeting

The annual general meeting is the company's supreme decision-making body. Each shareholder has the right to participate in the annual general meeting and to exercise their right to vote. The shares of the company are divided into Series A shares and Series B shares. Series A shares confer three (3) votes each at the annual general meeting and Series B shares one (1) vote each. When electing members of the Board of Directors, Series A shares confer ten (10) votes each and Series B shares confer one (1) vote each.

Decisions at the annual general meeting are primarily made with a simple majority vote. Certain changes to the articles of association nevertheless require support from a qualified majority. In addition, Series B shareholders have the right to elect one (1) member of the Board.

The annual general meeting confirms the financial statements, decides on the distribution of profits and elects an auditor and the company Board, a Chair and Deputy Chair of the Board and decides on discharging members of the Board and the President & CEO from liability. In addition, the annual general meeting decides on the remuneration paid to the Board of Directors and its committees. The annual general meeting is held once a year, no later than in June. An extraordinary general meeting should be held if the Board so decides or if the Limited Liability Companies Act (Osakeyhtiölaki, 324/2006) so requires.

The annual general meeting is convened by the company Board. In accordance with the articles of association, invitations to general meetings and other notifications shall be sent to the shareholders at the earliest four (4) weeks and at the latest two (2) weeks before the meeting by mailing the invitation to the annual general meeting as a registered letter to each shareholder to the address entered in the share register of the company.

In accordance with recommendation 1 of the Corporate Governance Code, the notice of the general meeting and the following information shall be made available on the company website at least 21 days before the general meeting:

- The total number of shares and voting rights according to classes of shares at the date of the notice

- The documents to be submitted to the general meeting
- Board proposals for decisions
- Any items on the agenda of the general meeting with no proposal for a resolution

In addition, the company will place a summary of the decisions made in general meetings on its website no later than two (2) weeks after the general meeting.

As a rule, Fingrid's President & CEO, Chair of the Board and other Board members, together with the auditor, are present in a general meeting. Also, a person proposed for the first time as a Board member shall participate in the general meeting that decides on his or her election unless there are well-founded reasons for the absence.

Fingrid's annual general meeting was held on 14 April 2015. The main decisions from the annual general meeting have been published on the company's website.

### 4. Board of Directors

Fingrid's annual general meeting elects a Board once per year. Shareholders who hold Series B shares in the company are entitled to elect one (1) member of the Board through a simple majority decision in accordance with the quantity of Series B shares held. Individuals who are Board members in a company which practices the sale or production of electricity or natural gas, or in a body which represents such a company, may not be elected as a member of the Board. The general meeting elects one Board member to serve as the Chair of the Board and one member to serve as the deputy chair of the Board. The Board is convened by the Chair or Deputy Chair of the Board.

In accordance with the articles of association, the Board of Directors consists of five (5) members. The Board constitutes a quorum when more than half of its members are present, and one of these is the Chair or the Deputy Chair. The decisions of the Board of Directors are made through a simple majority on the basis of the Board members present in the meeting. New Board members are familiarised with the company's operations. A Board member's period of office expires at the closing of the next annual general meeting following his or her election.

## 4.1 Duties of the Board of Directors

The tasks and responsibilities of Fingrid's Board are set out by the Limited Liability Companies Act and other applicable legislation, as well as the articles of association. The Board of Directors is responsible for the administration and appropriate organisation of the operations of the company. The Board of Directors makes sure that the company adheres to the relevant rules and regulations, articles of association of the company, and guidelines provided by the annual general meeting. The primary duties and principles of the Board of Directors are also specified in the Board's working order, according to which the Board:

- Decides the company strategy.
- Approves the annual action plan and budget on the basis of the strategy and supervises its implementation.
- Approves Fingrid's management system and other business principles to be determined on the Board level.
- Confirms the values to be followed in Fingrid's operations.
- Approves the total amount of purchases and capital investments and its distribution on the various sectors, and decides separately on budgeted purchases and capital investments in excess of 10 million euros and on purchases and capital investments outside the budget in excess of 2 million euros.
- Reviews and approves the financial statements, interim reports and the related stock exchange releases, as well as the annual review.
- Annually reviews the risks relating to the company's operations and the management of such risks.
- Decides on the operating model of the internal audit and reviews the internal audit reports.
- Appoints and dismisses the President & CEO of the company.
- Approves the basic organisation and composition of the executive management group of the company.
- Decides on the principles of the remuneration system and on the remuneration of the President & CEO and the executive management group.
- Holds some of the meeting at least once a year without the presence of executive management.

- Holds some of the meeting at least once a year with the auditor without the presence of executive management.
- Assesses its work once a year.
- Appoints the members of the audit committee and remuneration committee.
- Appoints an advisory committee whose task is to act as a link between the Board and the company management and electricity users and other stakeholders. The advisory committee has 10–14 members who represent electricity producers, transmitters, sellers, users and other electricity market actors. The term of office is three (3) calendar years. The Board confirms the advisory committee's regulations.
- Deals with other business which the Chair of the Board, a Board member or the President & CEO has proposed for inclusion on the agenda.

## 4.2 Board of Directors in 2015

Until the annual general meeting held on 14 April 2015, the Board consisted of Helena Walldén (Chair), Juha Majanen (Deputy Chair), Juhani Järvi, Sirpa Ojala and Esko Torsti. At the annual general meeting, Helena Walldén (Chair), Juha Majanen (Deputy Chair), Juhani Järvi, Sanna Syri and Esko Torsti were elected as members of the Board.

Of the Board's members, Helena Walldén, Juhani Järvi and Sanna Syri are independent from the company and its significant shareholders; the other members are independent from the company. The company's President & CEO, CFO and general counsel, who is the Board's secretary, participate in Board meetings. Board members do not own shares in the company.

The Board convened 10 times over the course of the year and decided on, among other things, Fingrid's strategy for 2016–2020, the budget for 2016, the financial statements and annual review for 2014, the principles of internal control and risk management as well as all the essential principles affecting the company, the launch of preparations for the Datahub and grid investments of roughly EUR 75 million. In addition, the Board decided on grid pricing for 2016 on the basis of the new financial regulation model. In its meetings, the Board discussed matters which have featured on committees' agendas.

## Fingrid's Board of Directors on 31 December 2015

Name	Year of birth	Education	Main position and independence	Attendance at Board meetings	Attendance at committee meetings
Chair Helena Walldén	1953	M.Sc. (Tech.)	Board work, independent from the company and significant shareholders	10/10	Audit committee 5/5 Remuneration committee 4/4
Deputy Chair Juha Majanen	1969	LL.B.	Ministry of Finance, Head of Fiscal Policy Unit, independent from the company, non-independent from significant shareholders	7/10	Audit committee 5/5
Juhani Järvi	1952	M.Sc. (Finance)	Board work, independent from the company and significant shareholders	10/10	Audit committee 5/5
Sanna Syri (as of 14.4.2015)	1970	Doctor of Science (Technology)	Aalto University, Professor independent of the company, independent from significant shareholders	9/9	Remuneration committee 2/2
Esko Torsti	1964	Lic. Pol.	Ilmarinen Mutual Pension Insurance Company, Vice President, independent from the company and non-independent from significant shareholders	9/10	Remuneration committee 4/4
Sirpa Ojala (until 14.4.2015)	1963	M.Sc. (Tech.)	Board work, independent from the company and non-independent from significant shareholders	1/1	Remuneration committee 1/2

## 5. Board committees

The Board has two (2) committees: the audit committee and the remuneration committee. The Board approves the committees' working orders, which are regularly updated. The Board appoints members of the committees from amongst its own members. Each committee has at least three (3) members. The requirements of the Corporate Governance Code are complied with when appointing members of the audit committee.

The committees appointed by the Board assess their operations once a year.

### 5.1 Audit committee

The audit committee is appointed by the Board of Directors and it assists the Board. The Board of Directors has specified the duties of the audit committee in accordance with recommendation 27 of the Corporate Governance Code, in addition to which the audit committee also assesses the audit plans of the auditor and internal auditor, deals with the auditor's and the internal audit reports and supervises adherence to legislation and to the governance principles set by the Board.

Members of the audit committee were Juha Majanen (Chair), Juhani Järvi and Helena Walldén. The committee convened five times in 2015. The President & CEO, the CFO and general counsel participated in the committee's meetings. In its meetings, the audit committee dealt with issues such as the audit plans and audit reports of the auditor and internal audit, corporate finance and financing principles, and the corporate governance statement. The committee additionally prepared the company's financial reporting concerning matters up for decision by the Board.

## 5.2 Remuneration committee

The remuneration committee is appointed by the Board of Directors and it assists the Board. The Board has specified the duties of the remuneration committee in accordance with recommendation 33 of the Corporate Governance Code. The remuneration committee prepares for the Board of Directors the principles of the remuneration system applied to the executive management and other personnel. The committee also prepares for the Board, on the basis of accepted principles, a proposal concerning the remuneration to be paid to the President & CEO and other members of the executive management group. In addition, the committee prepares matters concerning the election of the President & CEO and members of the executive management group, as well as successor planning.

The members of the remuneration committee were Helena Walldén (Chair), Sirpa Ojala (until 14 April 2015), Sanna Syri (as of 14 April 2015) and Esko Torsti. During 2015, the remuneration committee convened four times. The President & CEO and the HR Director participated in the committee's meetings. Meetings dealt with the remuneration systems for personnel and the executive management group and successor planning.

## 6. President & CEO

The President & CEO conforms with the Limited Liability Companies Act. The President & CEO attends to the administrative routines of the company in accordance with guidelines provided by the Board of Directors. In accordance with the Limited Liability Companies Act, the President & CEO is responsible for ensuring that the company's bookkeeping complies with legislation and that financial management is reliably organised. Assisted by the executive management group, the President & CEO is responsible for the operations

of the company and serves as the Chair of the Board of the subsidiaries. The President & CEO is not a member of the company's Board of Directors.

D.Sc.(Tech.) Jukka Ruusunen (born 1958) has acted as Fingrid's President & CEO since 2007. Ruusunen does not own Fingrid shares nor does he have share-based rights in Fingrid or in a company that belongs to the same group as Fingrid.

## 7. Company management

Fingrid holds key responsibility for the transmission of electricity in the main grid in Finland and thereby the functioning of our entire society. As such, it is important to ensure the social acceptance of our operations through shared values and a Code of Conduct. Operations comply with applicable legislation and international agreements, as well as with principles approved by the Board and policies approved by the executive management group. Fingrid's operating principles are published on the company's website.

The primary duty of Fingrid's executives is to ensure that the company's basic tasks are managed efficiently.

The operations are based on meeting the needs of customers and society, taking into account the obligations laid down in the articles of association, shareholder agreements, electricity system license and Electricity Market Act.

The company's operations are managed in a matrix of four perspectives. These are: customers and stakeholders, finance and business development, internal processes (adequacy of the transmission system, system operation and the promotion of market functioning), and personnel and expertise.

The operational organisation has been organised into functions. The heads of the functions make up the executive management group of the company.

The Board of Directors approves the basic organisation of the company on the level of functions.

Significant special tasks are separated and organised as necessary in a separate company. Such tasks include e.g. special electricity market services, such as the management of the power reserve system and taking care of the guarantees of origin for electricity, which are carried out by Finextra Oy, a wholly owned subsidiary of the parent company.

## 7.1 Executive management group

The executive management group supports the President & CEO in the company's management and decision-making. Its tasks are:

- To define, implement and monitor the strategy.
- To communicate and cascade the strategy.
- To draw up an action plan and budget.
- Financial control and risk management.
- Resource planning, procurement and control.
- External communications and stakeholder dialogue.
- To prepare matters for the Board of Directors.
- To develop the work of the executive management group.

Each member of the executive management group is responsible for day-to-day business operations of the organisation in his or her area of responsibility and for implementing operative decisions.

In addition to President & CEO Jukka Ruusunen, the company's executive management group in 2015 also included Executive Vice President Kari Kuusela (1955), asset management; Executive Vice President Juha Kekkonen (1950), electricity market development; Senior Vice President Jussi Jyrinsalo (1964), customers and grid planning; Senior Vice President Tiina Miittinen (1963), personnel and communications; Senior Vice President Jan Montell (1968), finance and business development; Senior Vice President Reima Päivinen (1958), power system operations; and Senior Vice President Kari Suominen (1964), ICT.

The company's general counsel also participates in the meetings of the executive management group.

The company's executive management group convened 15 times during the year.

## 8. Advisory committee

The company's executive management is assisted by an advisory committee with 10 to 14 members. It serves as a link between the company, its customers and other stakeholders. The advisory committee is an advisory body which provides perspectives on the company's

grid operations and customer services from a customer point of view. The advisory committee widely represents electricity producers, transmitters, sellers, users and other electricity market actors.

The advisory committee is set out in Fingrid's articles of association. The Board of Directors annually confirms the regulations concerning the work of the advisory committee and appoints its members. The term of office of the members of the advisory committee is three years. The President & CEO and Vice President responsible for the company's customer relationships participate in the advisory committee's meetings.

The composition of the advisory committee is set out on the company's website.

The advisory committee convened four times during the year. During the year, the advisory committee dealt with issues related to the new grid tariff structure, market operations, and the separation of grid operations.

## 9. Financial audit and internal audit

### 9.1 Financial audit

An authorised public accounting company selected by the general meeting acts as auditor for the company. The company's financial auditor inspects the accounting, financial statements and financial administration for each financial period and provides the general meeting with reports required by accounting legislation or otherwise stipulated in legislation. The financial auditor reports on his or her work, observations and recommendations for the Board and may also carry out other authorisation-related tasks commissioned by the Board or management.

The annual general meeting of 2015 elected authorised public accountants PricewaterhouseCoopers Oy as the auditor of the company. Authorised public accountant Jouko Malinen serves as the company's responsible auditor. The general meeting decided that the auditor's fee and expenses are paid on the basis of an invoice accepted by the company.

Auditor's fees, EUR 1,000	2015	2014
Auditing fee	45	50
Other fees	74	150
TOTAL	119	200

## 9.2 Internal audit

The Board decides on the operating model for the company's internal audit. The internal audit acts on the basis of plans processed by the audit committee and approved by the Board. Audit results are reported to the object of inspection, the President & CEO, the audit committee and the Board. Upon decision of the Board, an internal audit outsourced to an authorised public accounting company acts within the company. From an administrative perspective, the audit is subordinate to the company's President & CEO. The internal audit provides a systematic approach to the assessment and development of the efficacy of the company's risk management, monitoring, management and administrative processes and ensures their sufficiency and functionality as an independent party. The internal audit has the authority to carry out reviews and to access all information that is essential to the audit. The company's internal audit carries out risk-based auditing on the company's various processes.

In 2015, Deloitte & Touche Oy served as the company's internal auditor and carried out a total of three (3) audits. The audits concerned the company's procurement operations, insurance operations and maintenance management procurements. The total fees paid to Deloitte & Touche Oy for auditing tasks were EUR 43,000.

## 10. Internal control and risk management

### 10.1 Internal control and risk management principles

Fingrid's internal control is a natural component of the company's operations and deals with all those operating methods and procedures whose objective it is to ensure

- effective and profitable operations that are in line with the company's strategy,
- the reliability and integrity of the company's financial and management information,
- that assets are protected,
- that applicable legislation, guidelines, regulations, agreements and the company's own governance and operating guidelines are complied with, and
- a high level of risk management.

Risk management is planned as a whole with the objective of comprehensively identifying, assessing, monitoring and safeguarding the company's operations, the environment, personnel and assets from various threats and risks. Due to the nature of the company's basic mission, risks are also assessed from the perspective of society in general.

Continuity management is a part of risk management. Its objective is to improve the organisation's capacity to prepare and to react in the best possible way should risks occur, and to ensure the continuity of operations in such situations.

Well-functioning internal control is founded on good management, a healthy corporate culture, appropriate procedures and processes, sufficient monitoring procedures, open and transparent distribution of information, continuous monitoring and development of functions and processes and independent verification.

Further information on internal control, risk management and the foremost risks and factors of uncertainty is available on the company's website at [www.fingrid.fi](http://www.fingrid.fi) and in the Board of Directors' annual review.

### 10.2 Arrangement of internal control and risk management and distribution of responsibility

#### 10.2.1 Board of Directors

The company's Board is responsible for organising internal control and risk management, and it approves the principles of internal control and risk management on an annual basis. The board decides on the company's strategic risks and related management procedures as part of the company's strategy and action plan, and monitors their occurrence. The Board decides on the operating model for the company's internal audit. The board regularly receives internal audit and financial audit reports, as well as a status update at least once a year on the strategic risks and continuity threats relating to the company's operations and their management and realisation.

## 10.2.2 Line management and the rest of the organisation

Assisted by the executive management group, the President & CEO is responsible for executing and steering the company's governance, decision-making procedures, control and risk management, and for the assessment of strategic risks and continuity threats at the company level, and their related risk management.

The heads of functions are responsible for the practical implementation of the governance, decision-making procedures, controls and risk-management for their areas of responsibility, as well as for the reporting of deviations and the sufficiency of more detailed guidelines. Directors appointed in charge of the threats to continuity management are responsible for drawing up and maintaining continuity management plans and guidelines, and for arranging sufficient training and practice.

The CFO is responsible for arranging procedures, controls and monitoring at the company level as required by the harmonised operating methods of internal control and risk management. The company's general counsel is responsible for assuring the legality and regulation compliance of essential contracts and internal guidelines, as well as for the procedures these require. Each Fingrid employee is obligated to identify and report any risks or control deficiencies she or he observes and to carry out the agreed risk management procedures.

## 10.3 Arrangement of internal control and risk management related to the financial reporting process

The internal control systems relating to the financial reporting process are part of a more extensive overall system of Fingrid's internal control.

### 10.3.1 Control environment of the financial reporting process

The Group comprises the parent company Fingrid Oyj and its wholly owned subsidiary Finextra Oy. The associated companies are eSett Oy (holding 33.3%) and Nord Pool AS (holding 18.8%). The Group has no joint ventures.

The financial administration of the company is responsible for the Group's centralised financial reporting and for the internal control and risk management of financial reporting. There is monthly reporting of the finan-

cial situation to the executive management group and those with budget responsibility as well as to the heads of units and functions. The reporting includes information on the proceeds, costs and capital investments in the relevant area of responsibility. In addition to financial accounting reports, the reporting covers comprehensive reports which contain business information. These are produced by means of cost accounting and the financial control system.

The interpretation and application of the standards governing financial statements are centralised at the Group's financial administration, which monitors the accounting standards (IFRS, FAS), maintains an account scheme, draws up internal guidelines for the financial statements, and is responsible for the financial reporting process. The process is documented and it specifies how, when and on what schedule the month-end accounts are drawn up.

Fingrid draws up the consolidated financial statements and interim reports in accordance with IFRS reporting standards accepted by the European Union and in accordance with the Finnish Securities Market Act. The annual review and the financial statements of the parent company of the Group are prepared in accordance with the Finnish Accounting Act as well as the guidelines and statements of the Finnish Accounting Standards Board.

The internal control and risk management systems and procedures related to the financial reporting processes, described in more detail below, have been devised so as to make sure that financial reporting by the company is reliable, coherent and timely and that the financial reports published provide an essentially true and fair view of Fingrid's finances.

### 10.3.2 Roles and responsibilities of the financial reporting process

Fingrid's Board of Directors is primarily responsible for the specification of the principles for internal control and risk management related to financial reporting, and the Board of Directors makes sure that these principles are followed in the company. The Board of Directors reviews and accepts the interim reports, annual review and financial statement. The audit committee assists the Board of Directors in this by monitoring the efficiency of internal control, internal audit and risk management systems of the company.

The finance department of the Group is responsible for developing the financial reporting process through

means such as monitoring the development needs of controls related to financial reporting, by supervising the sufficiency and efficiency of these controls, and by making sure that external reporting is correct and up to date and that the regulations pertaining to reporting are followed.

The company's financial auditor and internal auditor carry out inspections relating to financial reporting in accordance with the plan approved by the board.

### 10.3.3 Risk management, control procedures and monitoring of the financial reporting process

Controls pertaining to risk management are set throughout the Group, at all levels and units of the Group. Examples of the controls include internal guidelines, acceptance procedures and authorisations, cross-checking with cost accounting, matching, verifications, assessment of operative efficiency, securing of assets, and differentiation of tasks. The financial administration of the Group is responsible for such control structures relating to the financial reporting process.

The control of the budgeting process is based on the budgeting guidelines, with the financial administration of the Group being responsible for their specification, centralised maintenance, and for monitoring compliance with them. The principles are applied uniformly throughout the Group, and there is a common reporting system in use.

The monthly financial reporting to the executive management group together with the related analyses constitute the primary control and monitoring process in securing the efficiency and purposefulness of the functions and the accuracy of financial reporting. The analyses compare the realised proceed and cost components with the budget and to the previous year, and the budget is compared to the quarterly forecast. The monitoring of cash flow and capital investments is part of this process.

Verification of the accuracy of monthly reporting employs the company's financial control system, which the controllers and heads of units of the company can use to find essential errors and deviations. The accuracy of financial reporting is also ensured through good data

security and data protection. The goal is to avoid risky work combinations wherever possible. User rights are checked regularly, and user rights are determined by the position of a person in the organisation. Backups are taken regularly of the databases used in the financial control system and accounting system. The company has a data security manager who is responsible for the management and development of data networks and data security, as well as for providing personnel with guidance concerning data security matters.

Controls for the financial reporting processes are developed as part of internal control. Personnel is given training in how to monitor the correctness of the information produced by the financial reporting process of the company, concerning cost allocation, posting, acceptance procedures for invoices and receipts, as well as for budgeting and actual result follow-up.

The company's auditor and internal audit carry out regular inspections on the functionality of controls concerning the financial reporting process and on the accuracy of information.

## 11. Related party transactions

The Group's related parties include, in addition to the parent company Fingrid Oyj and subsidiary Finextra Oy, the associated companies Nord Pool AS and eSett Oy, the shareholder entities listed in Note 26 of the company's financial statements, and senior management and their related parties. The top management is composed of the Board of Directors, the President & CEO, and the executive management group. Other related party transactions include transactions concluded with entities in which the State of Finland has a holding in excess of 50 per cent.

The company has not lent money to the top management, and the company has no transactions with the top management.

Business with related parties is conducted at market prices.

# REMUNERATION STATEMENT

## 12. Arrangement of remuneration decision-making

The annual general meeting decides on the remuneration for Board members and the financial auditor. Fingrid's Board of Directors approves the remuneration for the CEO and other management, the remuneration systems for a given year, and the principles of remuneration for personnel.

## 13. Key remuneration principles at Fingrid

### 13.1 Remuneration and other benefits for the members of the Board of Directors

Each member of the Board is paid a fixed annual fee and a meeting fee. The meeting fee is also paid for committee meetings. The members of the Board have no share or share-related remuneration schemes or supplementary pension schemes. Fingrid does not pay pension fees for the Board's remuneration.

### 13.2 Remuneration of executive management

The total remuneration of the members of the executive management group consists of a fixed total salary, a one-year bonus scheme and a three-year long-term incentive scheme. The maximum amount of the one-year bonus scheme payable to the President & CEO is 25 per cent of the annual salary, and the maximum amount payable to the other members of the executive management group is 20 per cent of the annual salary. The maximum amount of the annual long-term incentive scheme payable to the President & CEO is 35 per cent and the maximum amount payable to the other members of the executive management group is 25 per cent.

The criteria for the one-year bonus scheme are cost efficiency, customer satisfaction, functioning of the workplace community, and management. The other criteria comprise the attainment of the key objectives of each member of the executive management group. The criteria for the long-term incentive scheme are operational reliability, electricity market functionality and shareholder value. Social responsibility is taken into account in both the year-long and long-term incentive schemes.

The members of Fingrid's executive management group have no share or share-related remuneration schemes or supplementary pension schemes.

The service terms of the President & CEO have been specified in a separate President & CEO service contract which is approved by the Board of Directors.

The retirement age and pension accrual of the President & CEO are determined in accordance with general pension legislation.

The mutual period of notice for the President & CEO is six months. If the company dismisses the President & CEO, an amount of money corresponding to nine months' fixed salary is paid to the President & CEO in addition to the salary for the period of notice.

### 13.3 Remuneration of personnel

Personnel salaries comprise the basic salary determined according to the content of the task, competence, experience and results, an annual quality bonus that encourages the effective implementation of the strategy, and an incentive bonus to support personal performance. Remuneration is supplemented by other benefits and worktime flexibility organised by the company. Results which form the basis of quality bonuses are measured using annually defined company and function-level indicators. Incentive bonuses are paid for good performance as part of the daily management of personal performance.

## 14. Remuneration report

### 14.1 Board of Directors

The annual general meeting confirmed on 14 April 2015 the following monthly fees for the Board members:

- Chair of the Board EUR 2,400
- Deputy Chair of the Board EUR 1,300
- Board members EUR 1,000

In addition, it was decided that Board members will be paid a meeting fee of EUR 600 for each meeting and committee meeting attended by the member. In 2015, the Board convened 10 times, the audit committee convened five times and the remuneration committee convened four times.

#### Overall fees paid to Board members in 2015:

	On the Board in 2015	Fees total 2015*	On the Board in 2014	Fees total 2014*
Chair Helena Walldén	1.1–31.12	37,800	1.1–31.12	42,000
Deputy Chair Juha Majanen	1.1–31.12	21,000	1.1–31.12	28,200
Juhani Järvi, Board member	1.1–31.12	19,200	6.6–31.12	13,400
Sirpa Ojala, Board member	1.1–14.4	5,200	1.1–31.12	22,200
Sanna Syri, Board member	14.4–31.12	22,800	-	-
Esko Torsti, Board member	1.1–31.12	18,000	1.1–31.12	23,400
Matti Rusanen, Board member			1.1–12.6	11,400
Timo Ritonummi, deputy member			1.1–12.6	1,350
Niko Ijäs, deputy member			1.1–12.6	1,350
Marja Hanski, deputy member			1.1–12.6	1,950
Katja Salovaara, deputy member			1.1–12.6	1,350
Ari Hakala, deputy member			1.1–6.6	1,350
Eeva Grannenfelt, deputy member			6.6–12.6	-

\* Includes annual fee and meeting fees

### 14.2 President & CEO and executive management group

The table below indicates the salaries and benefits of Fingrid's President & CEO and other members of the executive management group in 2015:

	Salaries and benefits	Variable merit pay*	2015	2014
President & CEO	253,500	70,900	324,400	332,900
Executive management group	958,500	188,600	1,147,100	1,104,700
TOTAL	1,212,000	259,500	1,471,500	1,437,600

\*Merit pay earned in 2014 and paid in 2015.