

A man with short, light brown hair and blue eyes, wearing a grey button-down shirt, is looking at a smartphone in his right hand. He is standing in a library or bookstore, with wooden bookshelves filled with books in the background. A woman in a striped shirt is visible in the background, slightly out of focus. The lighting is warm and soft, with bokeh lights visible in the upper right corner.

FINGRID

Remuneration Policy for Governing Bodies

27.2.2024

Remuneration Policy for Governing Bodies

Contents

1	Introduction	3
2	Remuneration principles	3
3	Description of the decision-making process	4
4	Description of the Board's remuneration	5
5	Description of the remuneration of the President & CEO	5
5.1	Components of remuneration used and their relative shares	5
5.2	Basis for determining the variable pay components	5
5.3	Other key conditions applicable to the service relationship	6
5.4	Conditions for deferral and possible clawback of remuneration	6
5.5	Requirements for temporary deviations ...	6
6	Approval and validity	6

1 Introduction

Fingrid's Remuneration Policy for Governing Bodies lays down the principles of remuneration of the company's governing bodies, i.e. the Board of Directors, President & CEO and the deputy CEO. In addition to the description of remuneration, the policy sets forth the decision-making process followed in remunerating the governing bodies and developing the remuneration practices.

The purpose of the remuneration policy is to promote the implementation of the company's business strategy, growth of shareholder value and to attract and engage talent that the company needs.

2 Remuneration principles

Remuneration at Fingrid is guided by the creation of shareholder value, good performance in carrying out basic tasks and the sustainability targets set for the company. The owners', especially the state's and Ilmarinen's, principles are taken into account in remuneration. Remuneration must be in line with the company's values, i.e. be reasonable, fair and competitive. Fingrid openly communicates on the remuneration for governing bodies and the grounds.

Remuneration is a key incentive for Fingrid to guide, motivate and engage the persons working in its governing bodies. Competitive remuneration is an essential tool for hiring competent executives to the company.

The principles of Fingrid's Remuneration Policy for Governing Bodies are followed in the remuneration of the company's Board members, President & CEO and members of the executive management group. The principles also apply to remuneration of personnel. The President & CEO's remuneration metrics are mostly the same as those for the other members of the executive management group and the company's personnel overall. In addition, the same principles are applied to the President & CEO's remuneration as those applied to the entire personnel, for example when determining the company car benefit and supplementary pension plans. There is no share or share-related remuneration scheme or supplementary pension scheme in place at Fingrid.

Principles guiding remuneration at Fingrid:

Fingrid's success in its core mission We secure reliable electricity for our customers and society cost effectively, and we shape the clean, market-oriented power system of the future.
Creating value for shareholders Increasing the value created by the company for shareholders, customers and society.
Fingrid's success in its corporate responsibility targets Corporate responsibility targets are a key method for measuring success in the core mission
Based on corporate values Remuneration is open, reasonable and fair and competitive in terms of overall remuneration, in order for the company to engage competent executives.
Owners' remuneration principles

The company's remuneration committee prepares for the Board of Directors the principles of the remuneration system for executive management and other personnel as well as the remuneration for the President & CEO and the members of the executive management group. This strengthens the consistency of the company's remuneration policy.

The Remuneration Policy for Governing Bodies is updated and presented to the general meeting by default at least every four years. All material changes to the Remuneration Policy for Governing Bodies are always presented to the general meeting, and the general meeting can, if required, give its opinion on the changes. If the majority does not support the presented remuneration policy, a revised remuneration policy must be presented at the latest to the following general meeting. However, the company can, at its own discretion, decide how and to what extent the opinions given by the general meeting are taken into account in preparing the new remuneration policy.

In addition, a remuneration report disclosing the remuneration paid to the company's governing bodies is published annually as an attachment to the Remuneration Policy for Governing Bodies. Information on the remuneration systems in place for the Board of Directors and the President & CEO as well as information on the overall remuneration of the company's executive management group is also presented on the company's website.

The Remuneration Policy for Governing Bodies complies with the legislation in force (Finnish Limited Liability Companies Act and Securities Market Act) and the Corporate Governance Code (Corporate Governance Code for Finnish listed companies 2020), pursuant to which listed companies shall present their remuneration policies for governing bodies to the annual general meeting. The Remuneration Policy for Governing Bodies is published as a stock exchange release in connection with the publication of the invitation to the general meeting and it is available on the company's website throughout its validity.

3 Description of the decision-making process

A decision-making process has been defined for the remuneration of Fingrid's governing bodies, which shall be followed when approving, assessing and implementing the remuneration policy. The decision-making process takes into account and sets forth the measures to prevent and manage potential conflicts of interest.

The decision-making processes pertaining to the remuneration of Fingrid's governing bodies are as follows:

- The general meeting decides on the remuneration of the members of the **Board of Directors**. The Shareholders' Nomination Board prepares the proposals concerning the remuneration of the members of the Board of Directors for the general meeting, and the general meeting makes the final decision on the remuneration.

- The company's Board of Directors decides on the principles of the remuneration system, remuneration and key conditions of the service relationship of the **President & CEO** and the deputy CEO. The remuneration committee appointed by the Board of Directors prepares for the Board of Directors a proposal on the President & CEO's remuneration based on the remuneration policy and other approved principles.

Remuneration is determined taking into account the results of the senior management remuneration statement drawn up by an external consultant, comparing, among other things, the salaries of executives in unlisted commercial companies that are of a similar size in terms of turnover, balance sheet and personnel numbers. The Board of Directors annually decides on the President & CEO's remuneration and implementation thereof based on a proposal made by the remuneration committee.

4 Description of the Board's remuneration

The general meeting decides on the Board's remuneration based on a proposal made by the Shareholders' Nomination Board. The remuneration of the members of the Board of Directors consists of fixed monthly fees and meeting fees. An increased fixed fee is paid to the Board Chair and Deputy Chair. Meeting fees are paid to Board members also for attending the various committees' and the Nomination Board's meetings.

The members of the Board have no share or share-related remuneration schemes or supplementary pension schemes. Fingrid also does not pay pension fees for the Board's remuneration. The decisions of the general meeting concerning the Board members' remuneration are published in the same stock exchange release as the other decisions made by the general meeting.

5 Description of the remuneration of the President & CEO

The company's Board of Directors decides on the remuneration of Fingrid's President & CEO within the framework of the remuneration policy presented to the general meeting and based on the proposal of the remuneration committee. The principles of remuneration for Fingrid's President & CEO are described in the following sections.

5.1 Components of remuneration used and their relative shares

The total remuneration of the President & CEO consists of a fixed total salary and variable pay components, which are a one-year incentive scheme (max. 40 per cent of the fixed annual salary for the earnings year, including fringe benefits and holiday pay) and overlapping three-calendar-year long-term incentive schemes (max. 40 per cent of the fixed annual salary, including fringe benefits and holiday pay). There is no share or share-based remuneration scheme or supplementary pension scheme in place for the President & CEO on behalf of the company. The President & CEO has the possibility to convert part of their monetary remuneration into a company car benefit in accordance with the car policy determined by the company.

What is said above also applies to the deputy CEO, however such that for the deputy CEO, the maximum amounts are 25 per cent of the fixed annual salary in both the one-year and long-term incentive schemes.

5.2 Basis for determining the variable pay components

The incentive schemes are based on a policy stance according to which the annual maximum limit for the total variable remuneration is 40 per cent of the remuneration recipient's fixed annual salary, however such that if the company's and remuneration recipient's performance is exceptionally good, the total annual amount of remuneration can be a maximum of 80 per cent of the fixed salary. This is also in line with the state ownership policy's stance on variable pay in unlisted commercial companies.

The Board of Directors annually decides on the criteria for Fingrid's President & CEO's and deputy CEO's one-year and long-term incentive schemes and their lower and upper limits. The Board of Directors decides on the final realisation of the incentive schemes based on the proposal of the remuneration committee.

The incentive schemes' indicators are based on the remuneration targets, creating shareholder value, and succeeding in the core mission and the corporate responsibility targets.

As a general rule, the variable remuneration components are paid in the beginning of the year following the earnings period in accordance with the payment date confirmed by the Board of Directors.

In specified situations, the Board of Directors is entitled to cancel, cut or defer the remuneration payment date. The payment of the variable remuneration components additionally requires that the President & CEO's service relationship with the company is in force on the variable remuneration payment date, excluding specified exceptional situations.

5.3 Other key conditions applicable to the service relationship

The severance pay and redundancy compensation for Fingrid's President & CEO and their deputy are based on the remuneration policy stances of the state and other shareholders.

No separate compensation is paid to the President & CEO or to the deputy to the President & CEO for tasks related to Fingrid's majority-owned subsidiaries or associated companies.

The Board of Directors can also, for a particular compelling reason, decide on another reward to be paid to the President & CEO.

5.4 Conditions for deferral and possible clawback of remuneration

Fingrid's Board of Directors determines the date on which the variable remuneration is paid and its possible deferral. If the President & CEO's service contract ends due to financial irregularities or other possible suspicions of misconduct, the Board of Directors can demand that the variable remuneration paid out from the scheme be returned to the company.

5.5 Requirements for temporary deviations

In exceptional circumstances, temporary deviations from the terms and conditions of Fingrid's Remuneration Policy for Governing Bodies are possible. Such exceptional circumstances include, for example, a change of President & CEO, M&As, changes in taxation and other similar exceptional circumstances separately specified by the Board of Directors. Temporary deviations can be made if they are deemed relevant for the company's long-term financial interests and the development of shareholder value. The decision about a deviation is made by the Board of Directors. Possible temporary deviations are reported on in the annual remuneration report.

If the deviation is other than temporary, a new remuneration policy must be drawn up and discussed in the general meeting.

6 Approval and validity

This Remuneration Policy for Governing Bodies has been prepared by Fingrid's remuneration committee and approved by the company's Board of Directors. By default, the policy will be in force four years, and it will be presented to the general meeting in March 2024.