

FINGRID

ANNUAL REPORT 2022

Remuneration Report



REMUNERATION REPORT

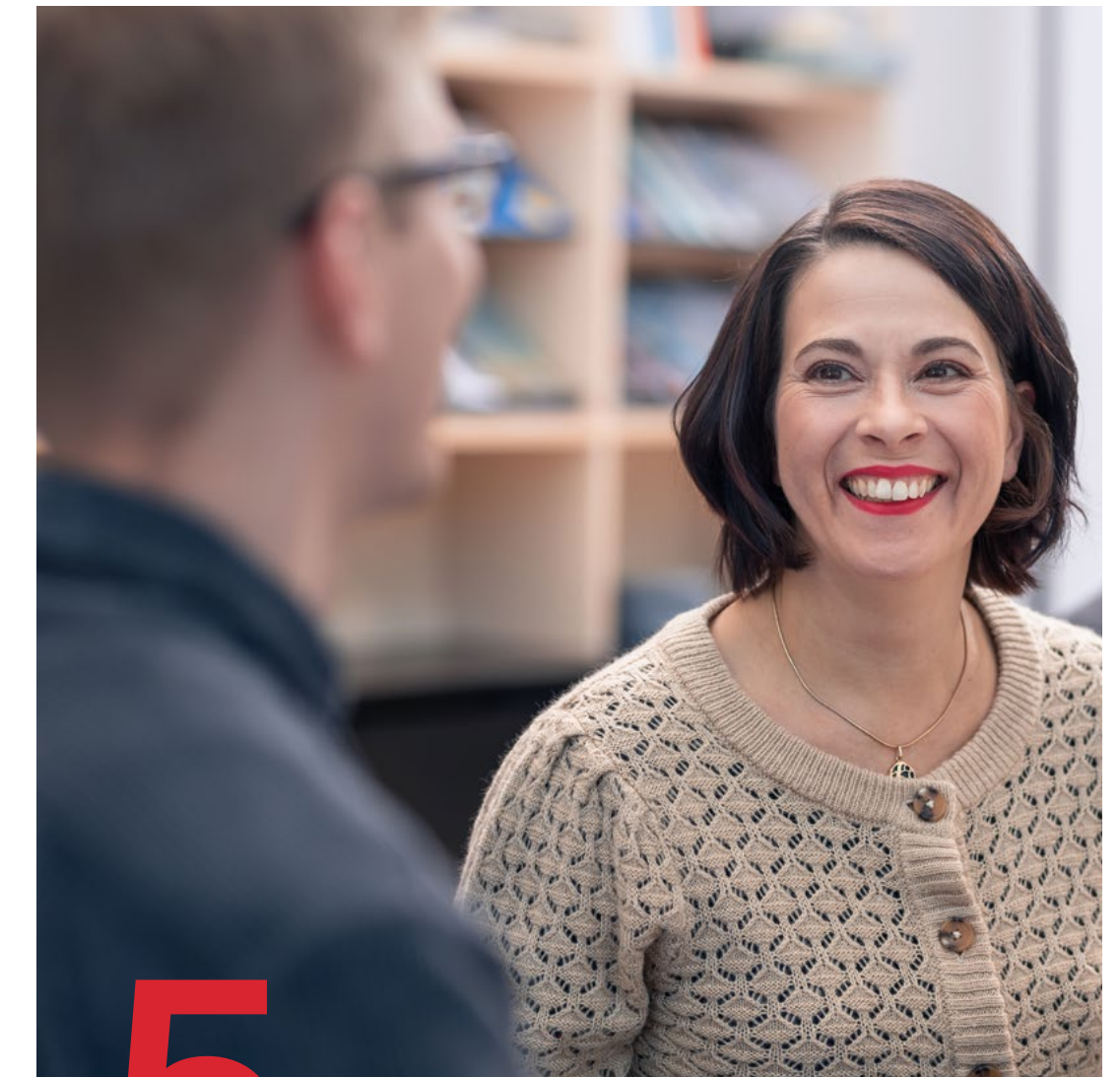
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01

Introduction

The Remuneration Report describes the realisation of the remuneration of the company's Board of Directors, Managing Director, hereinafter referred to as President & CEO, and the deputy to the Managing Director, hereinafter referred to as the deputy to the President & CEO during the previous financial year. The remuneration of the rest of the executive management group is described on the company's website.

The Remuneration Report is published simultaneously with the financial statements and the Report of the Board of

Directors and the Corporate Governance Statement. The report is presented to the annual general meeting and it is available on the company's website.

Remuneration Principles

Fingrid's remuneration principles are written down in the company's Remuneration Policy for Governing Bodies, which the general meeting approved in its meeting on 20 March 2020.

Remuneration at Fingrid is guided by the creation of shareholder value, good performance in carrying out basic tasks

Principles steering remuneration at Fingrid

Fingrid's basic tasks • system security and continuity management • promoting the electricity market • developing the main grid		
Competitive overall remuneration	Incentive systems in line with the basic tasks	Rewards for good performance
Value creation: increasing the value created by the company for shareholders, customers and society		
Owners' remuneration principles and corporate responsibility		



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and the sustainability targets set for the company. The owners', especially the state ownership policy's and Ilmarinen's, principles have been taken into account in remuneration. Remuneration must be reasonable, fair and competitive.

Fingrid's Remuneration Policy for Governing Bodies, as it pertains to the members of the company's Board of Directors, complies with the principles set forth by the state's and the other owners' policies, which require remuneration to be transparent, reasonable and market-based.

As regards the remuneration of the President & CEO, the deputy to the President & CEO, as well as the other members of the executive management group, the company abides by the same principles as those pertaining to the members of the Board of Directors and by the remuneration principles outlined in the

company in general. 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 employee benefits.

Compliance with the Remuneration Policy in 2022

In 2022, the remuneration of Fingrid's Board of Directors, President & CEO and other executives complied with the company's Remuneration Policy. Remuneration is a key incentive for Fingrid to guide, motivate and engage the members of its Board of Directors and management. Competitive remuneration is an essential tool for hiring competent executives to the company.

Through competitive compensation and remuneration, we encourage our executives and other personnel to work productively and to develop operations and steer work towards achieving strategic goals. Successful remuneration also promotes commitment to the company.

The same remuneration policies are followed in terms of the personnel as for the executives: market orientation and rewards for good performance. The market orientation and competitiveness of the fixed salary results in engagement with the company. Short-term remuneration encourages the achievement of annual goals in accordance with the strategy. The management's long-term incentives are also intended to steer the realisation of the strategy and increase the shareholder value and ensure the President & CEO's commitment to the company.

The bonuses paid are in line with the company's performance level and the company's financial development. The development of the performance level of a regulated company in a natural monopoly position must not only be assessed from a financial standpoint. These types of performance indicators are described in the company's annual report. The development of the Board of Directors' and President & CEO's remuneration in relation to the average remuneration change of the company's employees and the company's financial performance over the five previous financial years is described in the attached table.

The CEO-to-employee annual median income ratio in 2022 was 7:1, and the female-to-male annual median income ratio was 0,9:1.

Composition of the Remuneration Committee in 2022

Members of Fingrid's remuneration committee in 2022:

- Juhani Järvi (Chair, until 30 March, 2022),
- Hannu Linna (Chair, from 30 March, 2022)
- Jukka Reijonen (from 30 March, 2022)
- Sanna Syri
- Esko Torsti (until 30 March, 2022).

Remuneration and the company's result over the five previous financial years

	2018	2019	2020	2021	2022
Monthly fee of the Chair of the Board	2,400	2,400	2,400	2,400	2,400
Monthly fee of the Deputy Chair of the Board	1,300	1,300	1,300	1,300	1,300
Monthly fee of a member of the Board	1,000	1,000	1,000	1,000	1,000
Meeting fee	600	600	600	600	600
Overall remuneration of the President & CEO, annual earnings	452,000	522,000	504,000	506,000	507,000
Overall remuneration of the deputy to the President & CEO			226,000	230,000	231,000
Fingrid's employee on average*	70,000	68,000	73,000	72,000	73,000
Company's operating profit, EUR mill.	241.6	115.5	118.4	210.8	290.4

*Includes the salaries and bonuses for Fingrid Oyj and Fingrid Datahub Oy without indirect employer costs, divided by the average number of personnel during the year.

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Remuneration of the Board of Directors in 2022

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 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.

Fingrid's general meeting approved the fees for the members of the Board on 30 March 2022. The fees did not change.

Monthly fees, €	2022
Chair	2,400
Deputy Chair	1,300
Members	1,000
Meeting fees, €	2022
	600



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Fees paid to Board members 2022

Total fees, €	Falling due from 2022	Paid in 2022
Hannu Linna, Chair	4,200	37,200
Päivi Nerg, Deputy Chair	3,100	25,800
Sami Kurunsaari, member*	0	15,000
Jukka Reijonen, member	2,800	15,600
Sanna Syri, member	2,800	22,200
Previous members of the Board		
Juhani Järvi (Chair until 30 March, 2022)		12,000
Esko Torsti (member until 30 March, 2022)		6,000

*Member 30 March – 30 November, 2022

Other Financial Commitments

There are no share or share-based remuneration schemes, supplementary pension schemes or other financial benefits in place for the members of the Board of Directors. Fingrid also does not pay pension fees for the Board's remuneration. None of the Board members are in an employment or service relationship with the company.



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Remuneration of the President & CEO and deputy in 2022

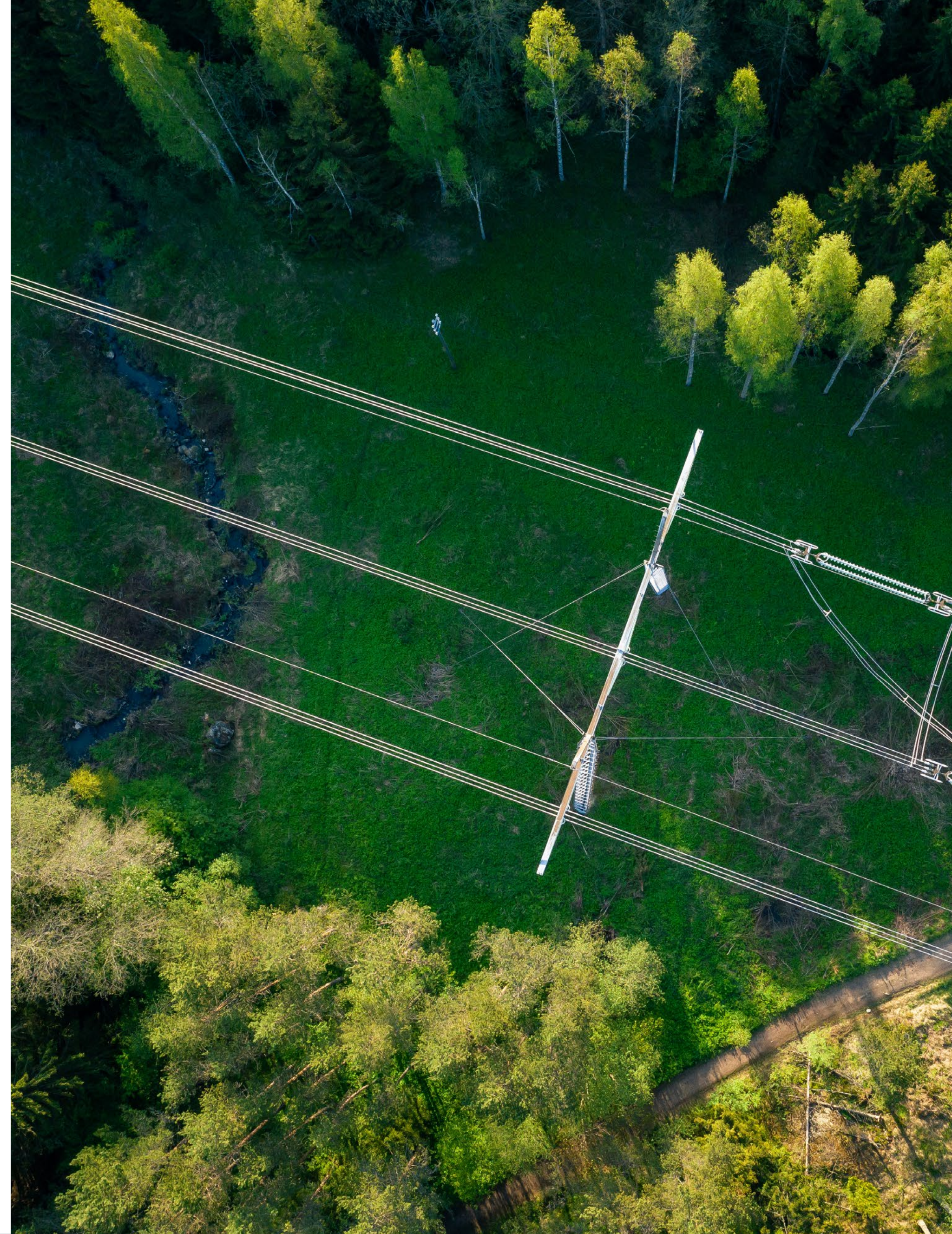
The company's Board of Directors decides on the remuneration of Fingrid's President & CEO and his deputy in accordance with the remuneration policy presented to the general meeting and based on the proposal of the remuneration committee.

Remuneration Components

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) and long-term incentive schemes (max. 40 per cent of the fixed annual salary).

The total remuneration of the deputy to the President & CEO consists of a fixed total salary and variable pay components, which are a one-year incentive scheme (max. 25 per cent of the fixed annual salary for the earnings year) and long-term incentive schemes (max. 25 per cent of the fixed annual salary).

There is no share or share-based remuneration scheme or supplementary pension scheme in place for the President & CEO or his deputy on behalf of the company. The President & CEO and his deputy have the possibility to convert part of their monetary remuneration into a company car benefit in accordance with the car policy determined by the company.



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The President & CEO's 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. If the company's and remuneration recipient's performance is exceptionally good, the total annual amount of remuneration can be, however, 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 total maximum amount of variable remuneration for the deputy to the President & CEO is 50 per cent of the fixed salary.

In 2022, the President & CEO's total salary was EUR 26,000 per month. His salary was increased by EUR 1000 per month at the start of the year. The total salary of the deputy to the President & CEO was about EUR 14,000 and her salary was increased by about EUR 300 during 2022. The total salary of both the President & CEO and his deputy included a car benefit.

Remuneration of the President & CEO and deputy

	Paid in 2022		Total	
	Falling due from 2022			
	Bonuses falling due	Salaries and benefits	Variable remuneration	
President & CEO	197,000	328,000	179,000	507,000
Deputy to the President & CEO	62,000	174,000	58,000	232,000
TOTAL	259,000	502,000	237,000	739,000

Further Employment Terms and Conditions

The mutual period of notice is six months for Fingrid's President & CEO and four months for the deputy to the President & CEO. 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, and an amount corresponding to five months' fixed salary is paid to the deputy to the President & CEO.

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

Short-term Incentive Schemes

The Board of Directors annually decides on the criteria for Fingrid's President & CEO's and the deputy CEO's incentive schemes and their lower and upper limits. Corporate social responsibility is taken

into account in both the one-year and long-term incentive schemes, since most of the metrics used in the remuneration schemes are also the company's key sustainability KPIs.

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.

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The bonuses paid in March 2022 based on the President & CEO's and his deputy's short-term incentive schemes for 2021:

STI 2021, paid in 2022

Weight		Metric	Performance level
President & CEO	Deputy		
20%	25%	FAS	maximum
30%	25%	Net Promoter Score from customers (cNPS)	above target
25%	25%	Leadership, personnel survey results	above target (CEO), target (Deputy)
25%	25%	Personal performance	maximum (President & CEO) above target (Deputy)

The result of the President & CEO's short-term incentive scheme for the 2021 financial year was 34 per cent and for the deputy, 19 per cent of the annual earnings. The merit pay was paid in March 2022.

The bonuses to be paid in March 2023 based on the President & CEO's and his deputy's short-term incentive schemes for 2022:

STI 2022, paid in 2023

Weight		Metric	Performance level
President & CEO	Deputy		
20%	25%	FAS	above target
30%	25%	Net Promoter Score from customers (cNPS)	maximum
25%	25%	Leadership, personnel survey results	maximum (President & CEO) maximum (Deputy)
25%	25%	Personal performance	maximum (President & CEO) above target (Deputy)

The result of the President & CEO's short-term incentive scheme for the 2022 financial year was 39 per cent and for the deputy, 23 per cent of the annual earnings. The merit pay will be paid in March 2023.

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Long-term Incentive Schemes

There is no share-based incentive scheme at Fingrid. Instead, the company applies overlapping three-year long-term incentive schemes, the metrics of which are the extent of the adverse impacts that interruptions to the power system have on customers, how successfully the electricity market functions and the creation of shareholder value.

Long-term incentive scheme 2019–2021

Weight	Metric	Performance level
President & CEO and his deputy		
1/3	Impact of disturbances on customers, system security	above target
1/3	Cross-border transmission restrictions, impact on electricity price disparities between Finland and Sweden	below target
1/3	Shareholder value: dividend income for shareholders	below target

The result of the President & CEO's long-term incentive scheme for 2019–2021 was 23 per cent and for the deputy, 15 per cent of the annual earnings. The merit pay was paid in March 2022.

Long-term incentive scheme 2020–2022

Weight	Metric	Performance level
President & CEO and his deputy		
1/3	Impact of disturbances on customers, system security	above target
1/3	Cross-border transmission restrictions, impact on electricity price disparities between Finland and Sweden	below target
1/3	Shareholder value: dividend income for shareholders	below target

The result of the President & CEO's long-term incentive scheme for 2020–2022 was 21 per cent and for the deputy, 13 per cent of the annual earnings.

The merit pay will be paid in March 2023.

Fingrid delivers. Responsibly.

For more detailed information on Fingrid and the contact persons for various functions, see the company's website at www.fingrid.fi

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