

A large wind turbine is the central focus, positioned on the right side of the frame. The sun is low on the horizon, creating a bright glow behind the turbine's hub. The landscape below is a dense forest of green trees, with a small body of water visible in the distance. Three other wind turbines are visible in the background, spaced out across the horizon. The sky is a mix of blue and orange, indicating a sunset or sunrise. A red decorative shape is in the top-left corner.

FINGRID

ANNUAL REPORT 2023

The transmission system operator Fingrid plays a key role in promoting Finland's competitiveness.

FINGRID

Sustainable Business and Responsibility



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Report of the Board of Directors



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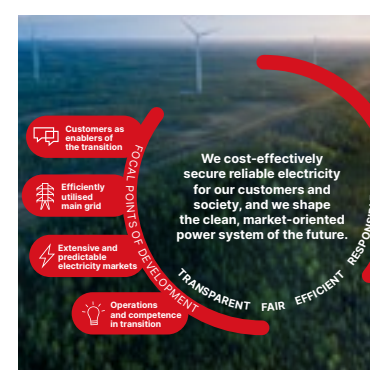


Sustainable Business and Responsibility

FINGRID ANNUAL REPORT 2023

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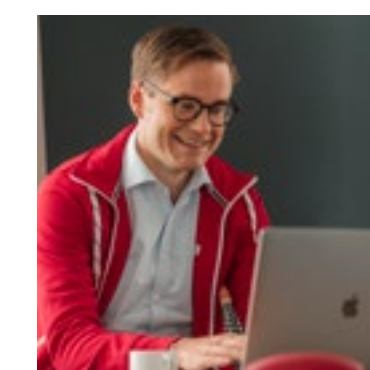
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2023



Finland beginning new electrification leap

The key themes for 2023 were transmission reliability, security of supply and electricity market operations. In terms of the availability of electricity, the winter season 2022–2023 was successful, thanks to the mild and windy weather and Finns' outstanding electricity-saving efforts. The mild weather meant that the price of electricity fell significantly from 2022's peaks. In late spring, negative electricity prices, even over 24-hour periods, were seen for the first time in Finland. Overall, Europe's energy markets recovered to a new normal after disengaging from Russia.

Price fluctuations have been discussed in the media throughout the year, making the functionality of the electricity market

a hot topic. Following the crisis winter, the situation is normal, however, and the market mechanism was operating as intended: the electricity price is the result of a balance in production and consumption. Electricity price fluctuations have come to stay as renewable production increases. Finland's price fluctuations are increased by our position between the cheap North and more expensive price area in southern Sweden. In the future, Finland will connect increasingly to the cheaper price area in northern Sweden when the Aurora Line transmission connection is completed in 2025.

The system security of the main grid stayed at a high level all year. This was an excellent achievement on Fingrid's part in a situation in which we were working on dozens





Tightening sustainability requirements create good opportunities to achieve Finland's climate targets and Fingrid's strategy.

of substations and building hundreds of kilometres of transmission line. The construction work resulted in many challenging outages in the electricity network, but collaboration within Fingrid and between the company and contractors was excellent. Electricity users received a reliable supply of electricity during construction.

The power system's and electricity market's "super week" started on 20 November when the Olkiluoto 3 nuclear power plant went offline, Finland's electricity production and wind power reached a production record, and towards the end of the week, market chaos ensued due to an unprecedented error in a Norwegian company's bid on the power exchange. Fingrid really had to call on all its expertise to manage the power system.

The electrification of Finland

Finland's industry, heating and traffic systems are rapidly taking the road to electrification. Demand for products that do not cause carbon dioxide emissions, such as emission-free steel, fuels, fertilisers and many other products, is growing around the world. The markets are clamouring for clean products and Finland can meet this demand. Industrial investments bring jobs

and well-being to Finland.

The electrification of society and the new kind of industrialisation require massive amounts of electricity. According to Fingrid's assessment, as a result of industrial investments, Finland's electricity consumption can grow as much as 50 per cent this decade! However, a particular type of electricity is needed to win the race. It needs to be emission-free, cheap and secure – the kind of electricity we have in Finland. During 2023, Finland's electricity production was reinforced significantly by the Olkiluoto 3 nuclear power plant and some thousand megawatts in wind power investments. New production records were broken one after the other towards the end of the year. Finland is self-sufficient in terms of energy at an annual level – a historic achievement. Renewable energy will make Finland a very attractive target for industrial investors. Combining competitive production with strong electricity networks, which transmit electricity reliably from production to consumption, results in a winning package. In today's world, reliable electricity networks

and the main grid's ability to connect new projects with the electricity market are some of the most important national competitive factors in industrial projects involving the green transition.

Fingrid's latest ten-year plan for developing the main grid amounts to approximately EUR 4 billion. The plan is based on our best

estimate of the development of electricity consumption and production and will be updated as needed. Development of the grid progressed extremely well in 2023: one hundred investment projects of different sizes were underway simultaneously and we were able to connect a large volume of new renewable energy to the grid. Our collaboration with our customers was successful and we were able to cooperate to find solutions that serve customers and the power system. Years ago, we made a strategic choice to be a customer-oriented transmission system operator and this choice is now bearing fruit, benefiting customers, the power system and the whole of Finland alike.

Responsible Fingrid

Tightening sustainability requirements create good opportunities to achieve Finland's climate targets and Fingrid's strategy. The requirements create a demand for products whose production does not generate emissions. Electrification is the number one option for reducing emissions: direct electrification and indirect electrification with hydrogen.

Modern corporate responsibility rewards companies that work to create a better future. That is the kind of company Fingrid is. Our company has a significant positive impact on mitigating climate change when we build an electricity network that allows Finland to reduce emissions through electrification. We are ready to reduce our own negative climate impacts by, in the future, transferring to electricity network structures whose manufacture or use does not result in emissions. These products are gradually becoming available.

In the area of social responsibility we have secured electricity for society and collaborated extensively with key stakeholders. Results measuring stakeholders' trust and reputation and the results of customer sat-

isfaction surveys have been excellent. The area of social responsibility also includes our active work to promote occupational safety, which we will continue systematically through positive collaboration with our contractors.

For years, Fingrid has focused on strengthening an open and community-oriented corporate culture that encourages development. A healthy and productive work community is the key to the company's long-term success. Our long-term work has also received recognition outside the company. In 2022, we came in third in the Great Place to Work large companies category, followed up by 2023's win in Finland's Most Inspiring Workplaces competition's mid-sized companies category. Based on T-Media's 2023 Reputation&Trust survey conducted in April, Fingrid's reputation among its personnel is at an excellent level. Fingrid's personnel is very committed to implementing the company's strategy and it shows in the results. Great work, let's keep it up!

Jukka Ruusunen,
President & CEO until 31 December 2023

Strong main grid

2024 is an important year in many ways, both for Fingrid and the sector at large. Together, we are building the clean energy system of the future. Creating the system requires investments in both transmission grids and cross-border transmission lines, as well as in electricity production and demand facilities.

The overall role of the networks has become extremely critical because electricity production and demand facilities must be physically connected to one another. To date, attention has focused first on promoting renewable electricity production and subsequently on electrification and using clean electricity in industry, traffic and heating to minimise emissions. At the end of last year, the European Commission published its high level political action plan to speed up the construction of networks.

Finland has long understood the significance of grid infrastructure and developed electricity networks in the long term. This has offered Finland a significant head start when competing for clean transition investments. Fingrid is implementing its biggest ever, EUR 4 billion, investment programme for the next ten years, which will enable us to significantly increase the connection

of emission-free power production and use of clean electricity. Implementation and financing of the programme requires a stable regulatory environment that supports investments to be used for multiple decades.

Building the required transmission connections is a multi-year undertaking. To ensure we are not the reason the energy transformation fails to move forward, we strive to utilise the existing transmission grid as effectively as possible. It is also important to enhance the location of production and consumption close together to reduce the need to build networks. This also serves to conserve nature, just like using existing power line right-of-ways for additional construction.

Our strength is an extensive and predictable electricity market. We are a key part of the joint European internal market for electricity, and a single price area that covers the whole of Finland offers stability in our operating environment. Ahead of us lie significant market changes that have been under preparation for a long time, i.e. the modernisation of the transmission capacity calculation method and balancing power markets. Due to the transformation of the power system, these changes are

necessary and also enable the market to shift to a 15-minute imbalance settlement period instead of an hour.

Alongside the market changes, a continuous challenge is the growing need for reserves required to balance the power system. This is an area where Fingrid's and the market operators' interests meet. Participating in the reserve markets by offering production and demand facilities and energy storage facilities' balancing energy and capacity provide market operators additional earning opportunities. Correspondingly, Fingrid and the whole of Finland's electricity system benefit from the development of the reserve markets' supply.

Cleaning up the energy system comes down to cooperation – none of us can do it alone. We need electricity producers, consumers, network operators, investors, infrastructure developers, service providers and authorities to work towards a shared goal, for Finland's climate targets and success. In this collaboration, Fingrid acts as the glue and the foundation for the entire energy system.

Asta Sihvonon-Punkka,
President & CEO as of 1 January 2024



Operating environment and strategy

Operating environment and megatrends

Clean and secure electricity is a key competitive factor and source of well-being for Finland. The rapidly growing renewable energy production enables the growth and development of different industries and attracts to Finland new industrial investments, whose implementation relies on the availability of emission-free electricity. Industrial investments mean that electricity consumption will grow considerably in Finland. Fingrid plays a key role in the operating environment transformation that will see Finland become carbon neutral by the year 2035. By planning, building and maintaining a secure and sufficient transmission grid and a rapidly developing power system, Fingrid enables the energy transformation.

The entries of Finland's government programme provide a good basis for promoting the green transition during the sitting government's four-year term of office, which began in the spring. Finland's government is committed to multiple actions, including the acceleration of permits for electricity network investments, strengthening Nordic energy sector cooperation and promoting eastern Finland's onshore wind projects and offshore wind projects in the Gulf of Bothnia, in order to guarantee the availability of



electricity and transmission reliability. The goal of the government programme is to elevate Finland to one of Europe's clean energy forerunners.

The European Commission, on the other hand, has set ambitious goals for the volume of renewable energy for 2030 and for a high level of supply security, by improving Europe's energy self-sufficiency. Electricity networks and the active markets play an important role in achieving the set goals. The European Commission has proposed an action plan which will hopefully meet the key challenges related to the expansion, digitalisation and more effective use of the EU's electricity transmission and distribution networks.

The energy sector, including traffic, is responsible for the majority of carbon dioxide emissions, which must be reduced in order to mitigate climate change. Electrification is one way to improve energy efficiency and reduce carbon dioxide emissions quickly by replacing fossil fuels with clean electricity. The EU and Finland are working to speed up this process by, for example, requiring transparent sustainability reporting from companies.

Climate change, electrification, sustainability and digitalisation are four key megatrends impacting Fingrid's operations. Climate and nature goals steer companies towards more responsible actions. Fingrid must also be able to respond to changes in the operating environment by modernising its operations. The company must be able to develop the power system with the help of data and digitalisation and integrate processes between different operators. Fingrid, together with electricity market operators, must have the ability to react quickly and to prepare for various threats, in order to serve its customers and the whole of society as well as possible. The impacts of megatrends on the company's operations are discussed in more detail below.

Environment

Climate change is one of the greatest global challenges in addition to the decline in biodiversity. National climate targets, the increase in extreme weather phenomena and consumers' growing demands for climate change mitigation are strong drivers of the energy transformation and electrification in Finland. On the other hand, the energy sector investments needed to mitigate climate change can locally weaken

biodiversity, the protection of which is also a requirement for sustainable development.

The key impact of Fingrid's business on sustainable development is the climate benefit that is achieved through increasing clean energy in the power system and promoting electrification in different sectors. Together with its partners, Fingrid also identifies and develops solutions to reduce the carbon footprint and other negative environmental impacts caused by its operations. Eco-friendly solutions and technologies are sought out and developed in close cooperation with customers, partners, authorities and policymakers.

Society and security of supply

Electricity is at the heart of Finland's competitiveness and economic growth. Central to the operations and competitiveness of a society undergoing electrification is to secure clean energy, a reasonable price of electricity and a secure supply of electricity. The disturbance-free operation of the energy system is critical. Fingrid plays a leading role in Finland's security of energy supply, and preparing for disturbances and risks and continuity management are part and parcel of the company's normal operations.



During the reporting year, Finland achieved annual average self-sufficiency in electrical energy, but Finland is still dependent on imported electricity from time to time. Transmission reliability requires collaboration and mutual trust between countries, which ensures the proper functioning of cross-border connections and electricity transmission between countries.

The increase in demand for clean electricity enables growing investments in electricity production in Finland. Guaranteeing the availability of affordable and reliable electricity requires major investments in electricity production, electricity networks and maintaining the system balance, and requires the addition of sector integration between electricity and other energy solutions. Fingrid's sizeable investments in developing the main grid pave the way for growing electricity consumption and a high level of supply security also in the future, but the accelerating rate of investments in electricity production and demand facilities will require measures from all electricity market operators.

The increase in renewable energy has already significantly cleaned up the power system and also future power system

growth will be based on clean energy. This development brings to the table both challenges and opportunities. As highly weather-dependent wind and solar power increase, the ability of electricity production to be flexible depending on consumption will weaken, which will lead to more pronounced fluctuations in the electricity price and challenge the management of the electricity system. Demand side flexibility is no longer enough on its own. Other solutions are also required. The requirement of a balance between production and consumption creates new business opportunities for a larger group of operators in flexible electricity consumption, production and storage.

Stakeholders and personnel

The national transmission system operator has a far-reaching impact on society and different stakeholders, all of which have expectations of the company's operations. In addition to a high level of transmission reliability and the growth of a clean power system, Fingrid is expected to carry out concrete measures, not only in climate change mitigation and protecting biodiversity, but also with regard to personnel, customers and other stakeholders.

Continuous dialogue with all stakeholders creates preconditions for the operations and is a key component of Fingrid's sustainable business. Fingrid's customer base has diversified thanks to the energy transformation, as new players have joined the traditional customer base. Additionally, consumers' role in balancing the power system has grown and their interest in the price and availability of electricity has increased. The consumer is also always the one making the decision. Easy-to-understand and up-to-date information on the power system and the related demands is growing in importance. A key stakeholder group is also private individuals from whom Fingrid expropriates a right-of-use for transmission line right-of-ways.

Fingrid's role in the social debate on energy and electricity use has grown. Together with customers, Fingrid creates solutions for the needs of a clean and secure energy system and meets the growing need for information. Fingrid's goal is high customer satisfaction and satisfaction with the company's actions among all stakeholders. This entails understanding stakeholder needs, accurate communication, successful cooperation and a reliable and competent partner network.

A high level of satisfaction among different stakeholders is achieved through open and transparent operations and by realising the company's value propositions. Excellent customer and stakeholder satisfaction is guaranteed by a competent personnel and continuous development. A good personnel experience is based on investing in management, skills development and well-being at work.

Technology

The power system is more real-time and complicated than ever. An example of this is the amount of data and speed required for balancing electricity production and consumption, and the shift to a 15-minute imbalance settlement period in the intraday electricity trade on the Finnish market. Digitalisation offers new tools for managing the electricity system and for building the main grid and cooperation between the various operators.

The growth in the volume of data heightens the need for functioning processes and the transfer of up-to-date information in the partner and customer networks. The rapid availability of information and comprehensive analysis is the basis for decision-making. Process automation has been

carried out for a long time, but going forward, automation combined with AI-based solutions will speed up decision-making even further. From Fingrid's perspective, technological development enables better customer service, among other things. Digitalisation supports the maintenance of up-to-date situational awareness and system security and enables the cost-effective and comprehensive management of the weather-dependent power system. New technological solutions also open up opportunities to utilise grid capacity effectively.

However, digitalisation also involves security threats. Hostile influence and the possibility of surveillance raises the importance of information security and data protection to another level. Developing technology requires learning new things and continuous learning. It is more important than ever to ensure people's competence development and possibilities to utilise new opportunities as the volume of data grows and digitalisation increases in the power system.

Fingrid's strategy

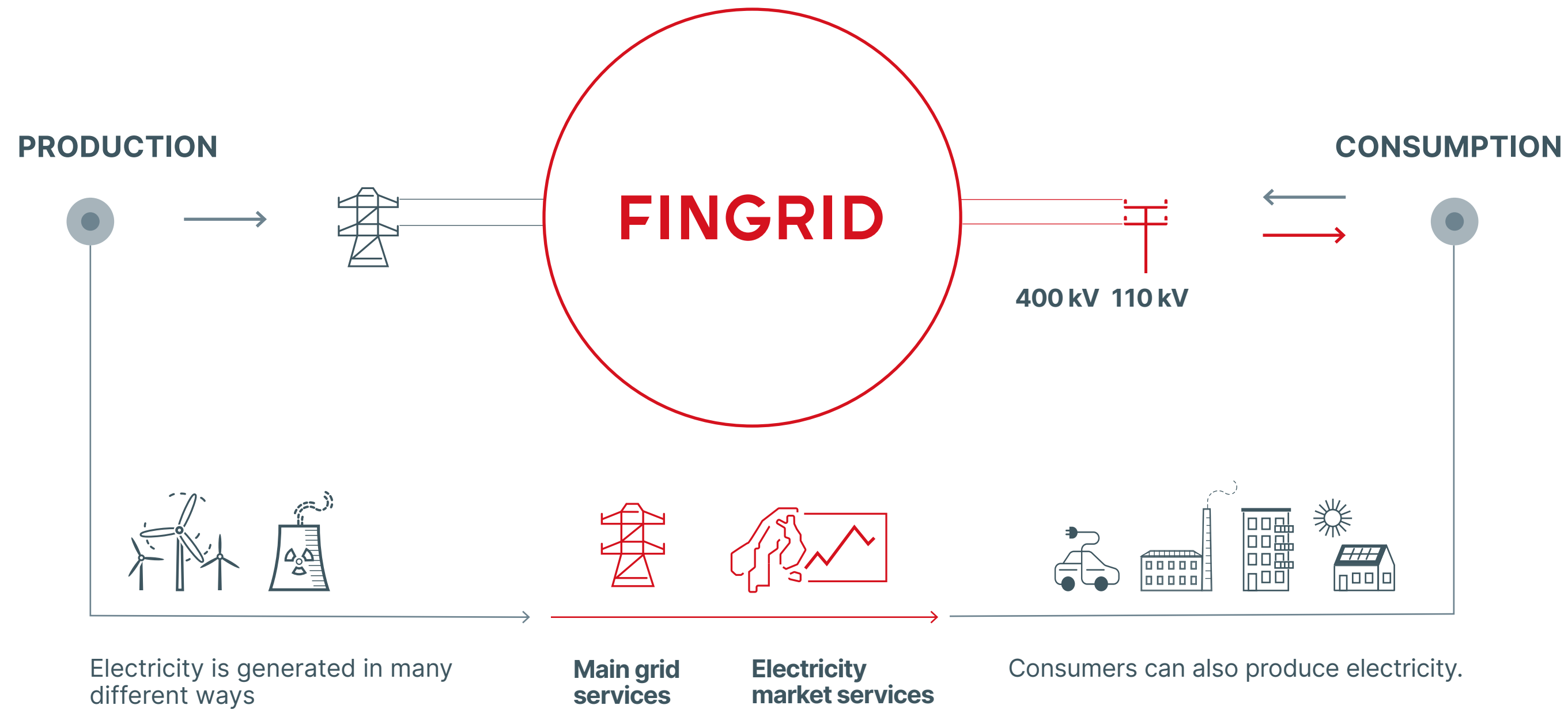
Fingrid is Finland's transmission system operator, whose main owners are the State of Finland and Finnish pension and insurance companies.

Fingrid's operations are based on Finnish and EU legislation. In accordance with the Finnish Electricity Market Act, the company develops the main grid, connects new production and consumption to the main grid, maintains a balance between electricity consumption and generation, and promotes the electricity market.

The EU Regulation on the internal market for electricity obligates Fingrid to cooperate within ENTSO-E, the European Network of Transmission System Operators for Electricity, and also regionally with Nordic and Baltic transmission grid companies, to improve the effectiveness of the internal market in electricity. The company's task is to participate in the drawing up and implementation of the market, operating and connection codes and the proposals prescribed in them. Fingrid's operations are supervised and regulated nationally by the Energy Authority, which has granted the company a licence for the transmission grid operations.

Fingrid's role in the electricity system

Electricity is transmitted to consumers through Fingrid's transmission grid and the distribution networks of other operators.



CROSS-BORDER CONNECTIONS

Fingrid's cross-border connections to Sweden, Estonia and Norway



Vision

The energy system is clean, secure and brings Finland economic wealth. Fingrid is the foundation of the energy system.

Mission

Fingrid ensures reliable and cost-effective electricity for customers and society, and shapes the clean, market-oriented power system of the future.

Values

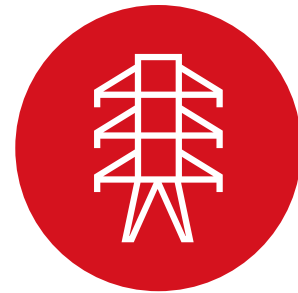
Fingrid is open, fair, efficient and responsible in all its operations. These values guide Fingrid's operations and lay a solid foundation for corporate culture. The realisation of the values is measured and reported on.

Way of working

The corporate culture is open, collaborative and renewing. The company complies with good governance practices. Fingrid employees are known for their expertise. The company develops its operations in cooperation with customers, partners and other stakeholders and treats everyone impartially and with respect. Fingrid achieves the bold and ambitious goals set for its operations and provides high quality and efficiency by combining its core expertise with that of the best players in the world. Fingrid operates responsibly, effectively, and openly, which is how it earns the trust of customers and stakeholders.



Strategic choices



Focusing on the core mission

We excel in accomplishing our core mission in a changing operating environment. We are not expanding into new businesses and do not participate in competitive business.



For the customer

We develop our business operations and operating models actively, together with the customer and with society's interests at heart.



World-class expertise

We ensure the necessary core competence. We cooperate with the best partners. We innovatively utilise the best technologies.



Market focus

We apply a market-oriented approach in all areas. We rely on well-functioning markets to produce the best solutions.



Efficiency and productivity

Our operations are productive. We anticipate changes using joint situational awareness; we share clear goals, prioritise and measure our operations, and we thus ensure concrete results.



Security and responsibility

Fingrid secures the appropriate level of system security in a power system under transformation. Corporate responsibility and safety are highlighted in everything we do.

Strategic focal points of development

Fingrid’s strategy defines the four focal points of development that the company focuses on in order to be able to react quickly to the challenges and megatrends arising from the operating environment. The development focal points are used to improve the company’s operations and to adopt operating models at the company level, across business and perspective lines.

Customers enabling the transformation

To meet Finland’s climate and competitiveness goals, Fingrid must enable the rapid growth of the power system and be able to connect a large volume of electricity consumption and production to the main grid, without sacrificing security and quality. Maintaining high system security cost-effectively requires the availability of all the technical opportunities and flexibilities of production and consumption. Key to achieving this is understanding customers’

needs and technical opportunities and the appropriate market and technical solutions selected based on this.

Thanks to the energy transformation, Fingrid’s customer base has diversified as new players have joined the traditional customer base. An evolving energy system opens up entirely new business opportunities for different electricity market operators. One of Fingrid’s strategic development focal points is to develop its own processes and solutions so that customers are able to access the grid under clear rules, and at the same time have the opportunity to operate on the electricity market in different roles.

Effectively utilised grid

A power system based on weather-dependent production produces the most electricity when it is windy and sunny. Also, the aim is to schedule electricity consumption to take place during these periods of affordable electricity. This necessitates transmission volumes that are simultaneously large but limited in duration. This presents a challenge to grid capacity,

especially if a lot of production and consumption is concentrated in specific areas and far away from each other. In Finland, production is focused on the west coast, while the focal point of consumption is on the south coast.

Fingrid’s objective is to increase the utilisation rate of the grid and enable new customers to be connected in a way that minimises the need for new transmission lines. This can be achieved, first of all, by locating major production and demand facilities closer to one another and harmonising their loads better. On the other hand, the flexibility of electricity production and demand can be utilised in a situation in which the capacity of the grid limits the connected loads. Flexible solutions such as utilising the transmission lines’ weather-dependent current-carrying capacity can be developed also outside the grid. What matters most is finding the most effective and cost-effective solutions for



An evolving energy system opens up entirely new business opportunities for different electricity market operators.

the national economy and the environment, which enable the connecting of new production and demand facilities within the schedule required by customers.

Extensive and predictable electricity market

Finland competes internationally for green transition investments. In this competition, the extent of the markets and their predictability offer a competitive advantage. As renewable production increases, the electricity market requires flexibility and reserves that can guarantee the security of electricity supply. Fingrid is responsible for maintaining and developing the reserve markets and increasing the liquidity of the reserve markets. Also resources remaining outside the reserve markets can support the increasing of liquidity when this is incentivised with interesting business opportunities. Fingrid’s aim is to promote an electricity market that functions as an effective whole. This requires fair and

easy access to the markets and transparent operations and predictability from the markets.


Operations and expertise in the transformation

When modernising the power system, old ways of operating are not enough when faced with the change in the operating environment; Fingrid must be able to develop its operations and expertise to continuously meet needs. What is required is learning and development, understanding mutual dependencies and operating effectively in an uncertain environment. The company and the entire personnel are actively engaged in adopting and using responsible operating methods, new operating models and technologies. Fingrid develops leadership, competence management and shared operating methods to enable the achievement of the set business results, high productivity and corporate responsibility throughout the company’s operations. Going forward, Fingrid will continue to be Finland’s most attractive workplace and partner.



 **Customers as enablers of the transition**

 **Efficiently utilised main grid**

 **Extensive and predictable electricity markets**

 **Operations and competence in transition**

FOCAL POINTS OF DEVELOPMENT

We cost-effectively secure reliable electricity for our customers and society, and we shape the clean, market-oriented power system of the future.

TRANSPARENT FAIR EFFICIENT RESPONSIBLE

OUR VISION
The energy system is clean, reliable and creates economic prosperity for Finland. Fingrid is the cornerstone of the energy system.

Image. Fingrid's strategic development focal points.

Case

Strategic development focal points established through dialogue

During the reporting year, Fingrid employees completed extensive strategy work with the theme “One Fingrid”. The One Fingrid strategy links the company’s four perspectives – customers, finances, internal processes and expertise – together evenly more closely and highlights for the whole of Fingrid the focal points of development, which the company needs to develop.

Due to the rapidly changing operating environment, strategy work needs co-operation across perspective lines and an understanding of the big picture and interdependencies. The strategy work took place through a dialogue between the executive management group and supervisors during the spring. Fingrid’s Board of Directors approved the strategy in June.



Implementation of the strategy

Fingrid's strategy is implemented through four perspectives: Customers & Society, Finance, Internal Processes, and Personnel & Expertise. According to the approach chosen by Fingrid for implementing its strategy, all four perspectives are implemented and developed in a mutually balanced way. Personnel are at the centre of implementing the strategy. This way, the internal processes can function optimally and efficiently produce services and financial benefits for shareholders, customers and the whole of society.

For **Customers and Society** Fingrid is the TSO that provides the best service and offers its customers connections and electricity transmission to meet their needs, as well as pro-market solutions. Fingrid's operations and the resulting effective electricity system are seen as a key competitive edge for Finland. The company's investments, professional operations and support for customers guarantee reliable electricity and access to an effective electricity market for customers. A cost-effective main grid with transmission capacity and good connection possibilities is an ever-important competitive factor for en-

ergy-intensive industry, whose electricity consumption is set to significantly increase in the future.

From the **Finance** perspective, the company's objective is to act in accordance with best management practices and good governance and to ensure the productivity and responsibility of the operations as well as risk management when implementing the strategy. Successful financial steering and preparing for risks enables sustainable corporate finances and transparent and effectively priced services. Fingrid maximises its shareholder and customer value in its decisions responsibly and for the long term, bearing in mind the interests of society. Key capital and risks are managed effectively.

The **Internal Processes** perspective include the company's three basic functions:

- **Adequacy of the transmission system:** Transmission capacity meets customers' and society's needs. We operate safely and efficiently. Quality and capacity are at the correct level and responsibility means concrete actions and requirements.

- **System operation:** Electricity is supplied reliably and with high quality to society, and a balance between electricity production and consumption is retained under all circumstances as renewable electricity production increases.
- **Promoting the electricity market:** The electricity market enables solutions to allow the growth of a clean electricity system. The electricity market is developed in Finland according to EU and national legislation by ensuring the interests of customers.

Fingrid is an open, collaborative, renewing and high-performing work community. The objective of the **Personnel & Expertise** perspective is to be at the leading edge of change and to prepare for the future with world-class expertise using cooperation models and structures together with partners. Fingrid is an excellent employer who attracts and retains the best employees.

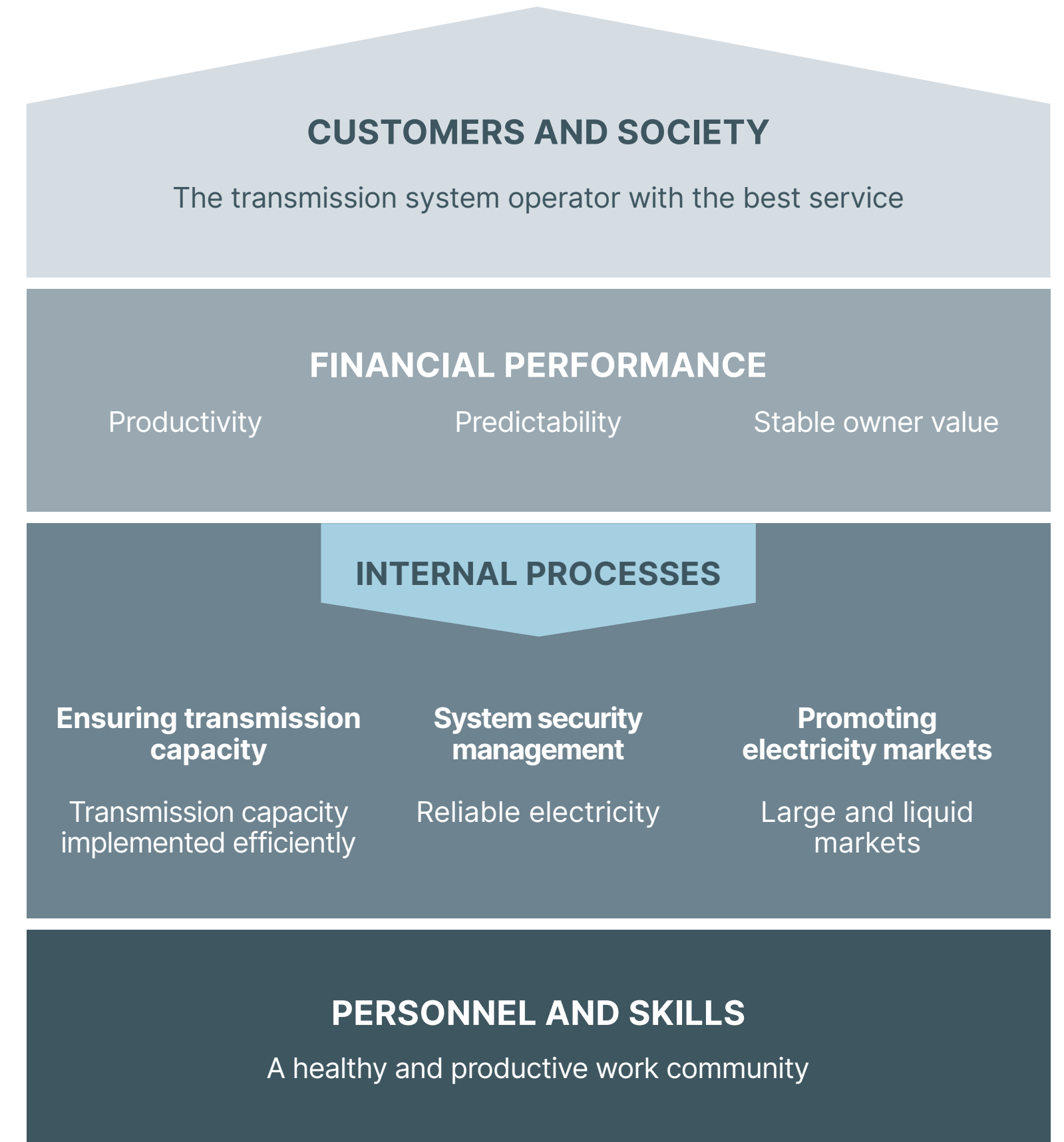


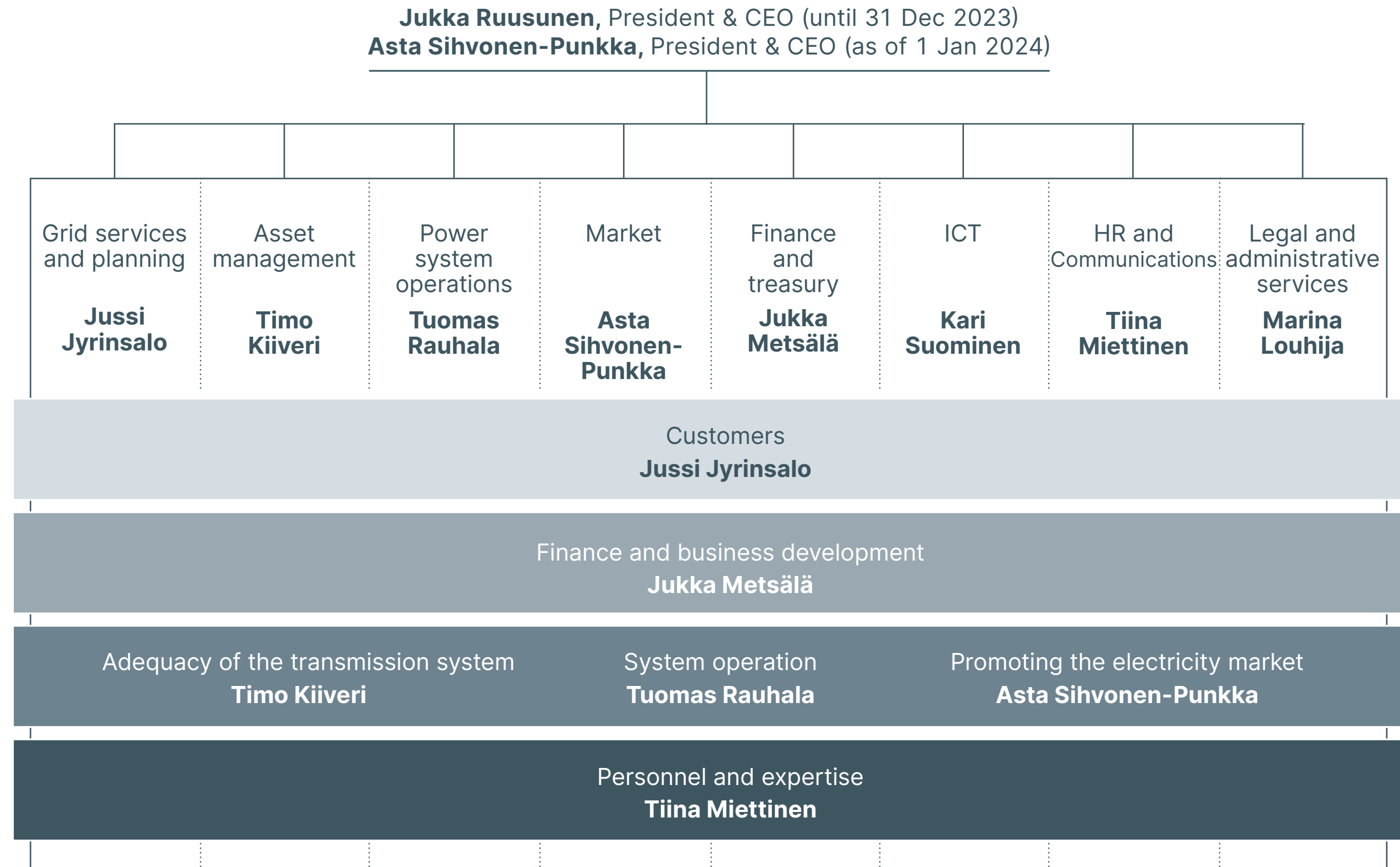
Image. Implementation of the strategy.

Fingrid's organisation

Fingrid operates in a matrix model that highlights shared understanding and actions as well as shared goals at the company level. Thanks to its matrix organisation, the company is an agile player with a flat hierarchy, able to make decisions quickly, while understanding the big picture. The strategy is implemented as a matrix organisation through coordination between the four perspectives and the functional organisation, responding quickly to rapid changes in the operating environment and society and to customers' expectations.

Personnel resources are allocated according to the functions. The managers are in charge of the annual planning, financial steering, risk management and responsibility of the tasks in their respective areas of responsibility and of implementing the action plans according to the business targets set forth in the strategy. The company's management model assigns a dual role to the managers as heads of both operations and perspectives.

Fingrid's matrix organisation 2023



Operations

Customers at the centre of the energy transformation

Key aspects of customer operations:

- The services meet customer needs, and the evolving electricity market opens up new business opportunities for Fingrid's current and new customers. Customers' technical capabilities can be utilised to meet the needs of the entire power system.
- Vision and planning work on the energy system, electricity market and main grid is carried out in close dialogue with customers. Customers are integrated even more solidly into the value chain, which ensures the growth and functionality of the electricity system.
- Fingrid builds the grid connections needed for the energy transformation and develops the main grid and electricity market. To customers, Finland is an even more attractive investment object from the point of view of reliable and cost-efficient electricity supply.
- The price level of Fingrid's services remains competitive and fair in a European comparison.
- Customer and stakeholder satisfaction remains at a high level, and Fingrid is considered as working in the interests of society as a whole. People listen to Fingrid and its word is trusted.



Fingrid's customers include distribution system operators (DSOs), electricity producers, industries consuming electricity and electricity market operators. Thanks to the energy transformation, the customer base has become more diverse in recent years and, for example on the reserve markets, entirely new kinds of customers have entered the picture, supporting the power system's balance and quality.

Services

Fingrid's operations are largely based on performing statutory duties. These duties are performed with maximum customer focus, on impartial and equal terms. Fingrid produces grid and electricity market services for its customers. In accordance with its value propositions, Fingrid is the most market-positive TSO and offers its customers secure and affordable electricity transmission.

Grid services guarantee customers smooth connections to the electricity network and reliable transmission of electricity in the main grid that meets consumers' needs. Our grid services consist of connection into the main grid and developing, operating and maintaining the grid according to the customer's transmission needs.

The grid connections are implemented to meet the customer needs, compatibility between the main grid and the customer's networks is ensured, and a transmission capacity and power quality guarantee is provided at the connection points. Fingrid makes sure that Finland's electricity system operates reliably 24/7, and prepares for any exceptional circumstances and various risks.

The developing power system requires new investments and maintenance of the electricity network, as well as solutions that improve the flexibility of the power system. Maintenance activities and transmission outages are planned carefully in advance to minimise any disturbance they may cause to our customers. Customers' technical capabilities and various power system flexibilities play an important role in the rapid growth of the electricity system.

Our **electricity market services** offer all industry players a unified price area for electricity trade in Finland, and the opportunity to buy and sell imbalance power as well as other market-based solutions to ensure the high quality of the power system.

Fingrid's task is to settle power balances and transmit imbalance power to balance responsible parties. Electricity market services maintain and expand the reserve markets required to balance the power system and bring the benefits of European electricity markets within reach of operators. The electricity markets are developed through grid investments reinforcing transmission connections and with our cross-border transmission connections, we offer access to the European electricity markets and give the markets the largest possible transmission capacity.

The market rules are being developed and electricity market data is published openly and free-of-charge. Multiple electricity market development projects are underway, which are described in more detail in the Annual Report's electricity market section.

The two subsidiaries wholly owned by Fingrid Oyj, Finextra Oy and Fingrid Datahub Oy, produce services that are not part of actual transmission grid operations or electricity network system responsibility. Fingrid Datahub Oy offers an effective information exchange platform for retail mar-



ket parties. Datahub includes information on Finland's 3.8 million points of electricity use and its centralised data exchange services for the electricity retail market is used by electricity suppliers and DSOs when serving electricity users. Finextra Oy, on the other hand, provides services related to guarantees of origin (GO) by granting GO certificates for renewable forms of energy and nuclear power. The company has also implemented a national peak load capacity solution, for which it is still prepared.

Production and consumption connection enquiries increasing

Connection enquiries received by Fingrid for clean electricity production and green technology industrial projects continue to grow. Finland's quickly expanding renewable electricity production and the related opportunities attract industrial operations that use clean and affordable electricity and yield significant industrial investments for Finland. On the back of these investments, Finland's electricity consumption is predicted to grow considerably in the late 2020s.

Electrification is making headway also in electricity consumption, with the increase

in clean energy production capacity and secure transmission of electricity enabling the implementation of industrial consumption investments in the green transition. The number of enquiries looking to connect new types of electricity consumption sites, such as data centres, hydrogen production and metal industry, directly to the main grid have grown. Consumption connection enquiries amounted to some 6,000 megawatts during the year. The enquiries for new industrial consumer connection points based on clean electricity reached 26,000 megawatts. According to the Confederation of Finnish Industries, over EUR 220 billion in green investments are planned for Finland, including electricity consumption, production, transmission grids and other industrial investments.

The growing number of enquiries concerning both production and consumption is an indication of Finland's ability to compete in green transition investments. A new version of Fingrid's Grid Scope map service, which provides a snapshot of the main grid's connectivity status, was released in spring 2023. The new version shows the connection capacity for electricity production and consumption in different parts of Finland. The goal is to support de-

velopment plans for electricity production and consumption and enable the efficient and thorough utilisation of the main grid. Fingrid has started up a preliminary study of possible offshore wind projects' connection points to the grid. The company is currently considering opportunities to improve connection capacity reserving practices to better serve developers of major production and consumption projects.



Case

Microsoft's, Fortum's and Fingrid's joint green transition project

Microsoft's, Fortum's and Fingrid's joint project underway in Espoo is a great example of the green transition in practice. The joint efforts of the three parties guarantee reliable electricity supply for the area, enable growth in industrial electricity consumption and produce clean district heating from a data centre's waste heat.

Both the City of Espoo and Microsoft have set an ambitious goal of carbon neutrality by 2030. For Espoo, an important step towards achieving the goal is to move away from fossil district heating production. For Microsoft, it is important for its data centre to be located where it is possible to use fully renewable

energy. **Patrik Öhlund**, Director, Energy Markets at Microsoft, says that the most important factor when considering the location of investments was to ensure that electricity generated without carbon dioxide is available and that Finland has a very stable and reliable power system.

In Espoo, the Hepokorpi area was designated as the location for the data centre due to its vicinity both to the district heating network and electricity network. The facility will become fully operational when Fingrid's substation is built in Hepokorpi alongside the data centre and heat pump facility.



Close dialogue and digital services

The strong growth in renewable energy production, technological development and regional concentrations are changing the operations of the power system and the conditions for managing it. This development requires changes to operations, further development of capabilities, processes and architecture, as well as new solutions and even closer cooperation among all electricity consumers and producers. With its customers, Fingrid is seeking the most market-driven and most sensible solutions in terms of the national economy to changes, with which the high standard and supply of electricity can be guaranteed in the future.

Fingrid conceives power system and grid visions and the resulting plans more openly and in close dialogue with customers. Publishing the plans at the preparation phase allows stakeholders to participate, increases mutual understanding and finding the right solutions that best serve the markets and customers. In 2023, Fingrid released for its customers' and stakeholders' comment a power system vision, electricity production and consumption forecasts, a main grid development plan and numer-

ous other consultations. In the autumn, Fingrid's and Gasgrid Finland's joint project was completed. The project looked into the future opportunities offered by the electricity and hydrogen transmission infrastructure. Together with other Nordic transmission system operators, Fingrid released at the end of the year the Nordic Grid Development Perspective 2023 review, which presents an overview of the anticipated future of the Nordic power system and focuses in particular on the transformation of the Nordic power system into one based on converter-dominated production. During the reporting year, Fingrid met with customers and stakeholders in multiple webinars and seminars arranged by Fingrid.

With the power system changing and the electricity market becoming more and more real-time, the volume of data and the need for fast analysis and availability for decision-making grows. Fingrid's Open Data online service offers electricity market operators and all interested parties information on Finland's electricity system and the electricity market in digital format, freely and free-of-charge. Fingrid launched the service in spring 2017 as the first European TSO. In 2023, the service

was revamped to offer a more extensive data set for a growing number of users. The service was developed based on customer needs. The objective is to increase the transparency of the electricity system and market and the real-time data, and to enable the development of new open or commercial services for individual operators and promote the effective operation of the electricity market.

Fingrid's pricing is competitive

A rapidly changing operating environment has increased uncertainty in Fingrid's market-based cost items. When market fluctuations are significant, the need for quick upward or downward changes in customer pricing grows. Pricing, however, strives to take a long-term approach. Fingrid's objective is to operate cost-effectively and ensure a continued customer experience of high quality and the competitive pricing of services.

Fingrid's key customer fees related to services are the grid service fee and balance service fee. The objective of the company's pricing is to match the company's costs and allowed financial result at any given time.



Grid service fees are distributed in full to the roughly 70 DSOs operating in Finland, and to a similar number of electricity producers and major electricity consumers. Grid service fees together with reliable electricity transmission have an impact particularly on the competitiveness of electricity-intensive industries.

Balance service pricing tracks the development of operating costs. Balance service fees are the same for electricity consumption and production alike, unlike grid service fees in which the majority of the fees are covered by electricity consumption. Fluctuations especially in the procurement costs of the power system reserves have steered Fingrid to review balance service fees three times during the reporting year to ensure the fees correspond with the cost development of the operations.

Due to exceptionally large area price differences in 2022, Fingrid accumulated a significant amount of congestion income. In line with the Energy Authority's decision, Fingrid uses the congestion income for cross-border investments, to cover operating costs and as revenue recognition, which reduces the amount of grid service fees collected from customers. During 2023, Fingrid waived grid service fees for

six months. This reduced grid customers' fees by altogether some EUR 300 million. Congestion income was also used for cross-border investment projects and they covered costs resulting from electricity cross-border transmission and the development of cross-border transmission. Fingrid plans to waive grid service fees for a total of six months also in 2024.

In the autumn, Fingrid announced that it would be updating the grid connection fees as of 1 January 2024. The fees will be updated at all voltage levels to reflect the rise in substation connection construction costs in accordance with the principles for the grid connection fees.

Customer cooperation forums

Fingrid develops its services openly in collaboration with its customers, to ensure that the different needs of customers are accounted for. The advisory committee and the two other customer committees (grid committee and market committee) play an important role in ensuring interaction and that the customer's voice is heard. The advisory committee and customer committees bring the customer perspective to the operating environment, business operations and services. The forums are advisory discussion forums.



Advisory committee

The advisory committee convened four times during 2023. The topics addressed by the advisory committee in its meetings included the management of system security, the main grid investment plans and the company's finances, future scenarios of the electricity system and the challenges they present, and joint Nordic electricity market development projects.

Members 2023

Stefan Damlin, Vaasan Sähkö Oy
Kristian Gullstén, Napapiirin Energia ja Vesi Oy
Jouni Haikarainen, Lahti Energia Oy
Juha Keski-Karhu, Väre Oy
Lauri Laine, Nurmijärven Sähkö Oy
Petra Lundström, Fortum Oyj
Sami Kervinen, PKS Sähkösiirto Oy
Pirita Mikkanen, Metsä Board Oyj
Heikki Peltomaa, WPD Finland Oy (Chair)
Jyrki Tammivuori, Caruna Oy
Esa Ukkonen, Stora Enso Oyj

Members from Fingrid

Jukka Ruusunen
Jussi Jyrinsalo
Minna Laasonen (secretary)



Grid committee

In 2023, in four meetings, the grid committee reviewed, among other things, the impacts of the wind power production centred on the west coast on the grid's operations, the power balance situation of the previous and upcoming winter, Fingrid's scenarios of the need to develop the grid in the long term, and demand-side management and its costs.

Members 2023

Janne Ala, Kemijoki Oy
Marko Haapala, Rauman Energia Oy
Petri Hyyryläinen, UPM Communications Papers (Chair)
Timo Jutila, Kajave Oy
Mikko Kurki, Sappi Finland Operations Oy
Harri Leppänen, SSAB Europe Oy
Teemu Loikkanen, OX2 Finland Oy
Jenny Martiskainen, Savon Voima Verkko Oy
Magnus Nylander, Porvoon Sähköverkko Oy
Jani Pulli, PVO Vesivoima Oy
Tomi Toivonen, Turku Energia Sähköverkot Oy
Erik Trast, CPC Finland Oy
Kari Vessonen, Caruna Oy

Members from Fingrid

Jussi Jyrinsalo
Petri Parviainen
Katariina Saarinen (secretary)



Market committee

The market committee convened four times in 2023 and discussed in its meetings, among other things, capacity solutions and the reserve market situation, the development scenarios for the power system and numerous electricity market development projects.

Members 2023

Outi Ervasti, Neste Oyj
Maarit Herranen, Äänekosken Energia Oy
Jukka Joronen, Tampereen Sähkölaitos Oy
Antti Keskinen, Ilmatar Oy
Esko Kytömäki, Volue Market Services AS Filial Finland
Mika Laakkonen, Power-Deriva Oy
Reima Neva, EPV Energia Oy
Teija Pelkonen, UPM-Kymmene Oyj (Chair)
Jan Rönnback, Fortum Oyj
Ville Sihvola, Elenia Oy
Harri Sirpoma, Helen Oy
Matti Supponen, Suomen Sähkökäyttäjät ry
Mikael Surakka, Outokumpu Oyj
Raine Pajo, Eesti Energia AS

Members from Fingrid

Asta Sihvonen-Punkka
Jukka Kakkonen (secretary)



Case

Retail chains involved in green transition

More than 80 per cent of S-Group's electricity consumption is produced with its own wind power. Next year, S-Group's wind farm featuring thirteen wind turbines will be completed in Eurajoki. The retail chain will then produce as much electricity using renewable energy as it consumes, which is approximately one terawatt. At the same time, stores' energy-efficiency has been increased by modernising refrigeration equipment, HVAC systems and lighting. The specific energy consumption of the retail group has fallen by 40 per cent since 2010. S-Group's goal is to be carbon neutral with regard to its own operations by 2025.

Its competitor K-Group has developed energy-efficiency by modernising refrigeration equipment and lighting and by using waste heat. K-Group aims to be carbon neutral in 2025 and emission-free in 2030.

More than 30 of Lidl's grocery stores have solar panels, which produce some 20 per cent of their consumption annually. In addition, Lidl has focused on energy efficiency and optimised HVAC systems. In terms of its own operations, Lidl is carbon neutral.

Image. Kesko. K-Citymarket Tammisto in Vantaa has nearly 1,600 solar panels on its roof.



Secure and efficient grid

Key aspects of developing the grid:

- More than ever, the main grid is being built to support the green transition.
- Fingrid plans to invest roughly four billion euros in the main grid over the next ten years.
- The electricity system is being modernised through new technical solutions to meet the challenges presented by a changing operating environment.
- The strong growth in renewable energy production is changing the laws of power system management and challenging the transmission capacity of the grid.
- Fingrid has opened the discussion on ensuring the sufficiency of electricity output in the future.

Fingrid develops and uses the grid to meet customers' and society's needs. The long-term development of the grid ensures that the electricity transmission grid and the entire electricity system meet the requirements set for it in a rapidly changing operating environment. The grid entails legal obligations linked to connecting, system security and the electricity market's operations, which Fingrid must meet.

Finland's competitiveness requires grid investments

The electrification of industrial processes, heat production and electrification of traffic is the next step towards carbon neutrality. Electricity consumption is forecast to grow significantly, which is why Fingrid updated the main grid [development plan](#) for 2024–2033 during the year under review. The estimated investments in the main grid in the updated development plan

are roughly EUR 4 billion. The goal of the grid investments is to create the conditions for Finland's competitiveness in industrial investments and to enable Finland's carbon neutrality goals' achievement by 2035.

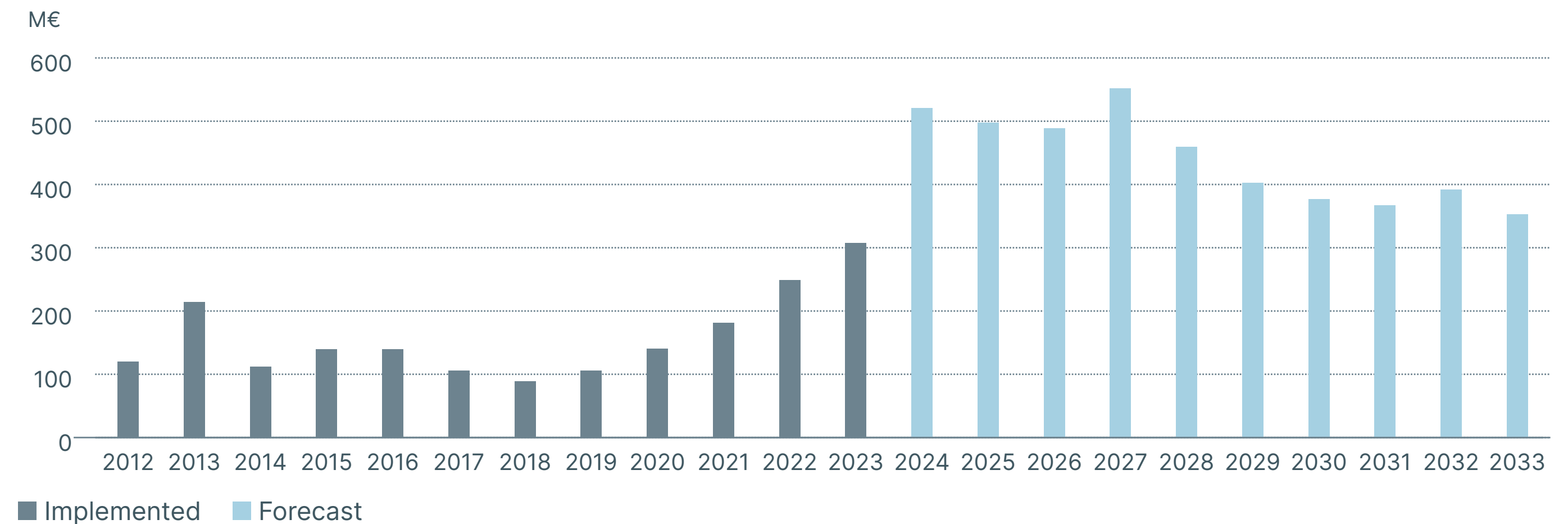
Reinforcing the main grid increases Finland's internal electricity transmission capacity, strengthens cross-border connections and enables the connection of new customer projects to the grid. The

main grid development plan includes 6,100 km of new transmission lines and 128 substation projects, and different alternatives for their implementation are being looked into, taking into account nature and the environment. The plan pays special attention to ensuring that the main grid is developed responsibly. For example, the majority of new transmission lines will be built in the place of or alongside current transmission lines, which will reduce

the land-use changes resulting from the projects.

The main grid investment programme is the current best estimate of future investments and is based on future transmission forecasts and the need to upgrade the grid. The investments are planned in close and confidential cooperation with customers and with TSOs in Europe and the Baltic Sea region.

Fingrid's capital expenditure in the main grid



Case

A carbon-neutral Finland requires a strong grid

Fingrid is planning, in cooperation with the Swedish TSO, a new transmission link, Aurora Line 2, between the countries. Furthermore, a third DC cable is being planned between Finland and Estonia together with Estonia's TSO.

The transmission capacity between northern and southern Finland will be increased through several new 400-kilovolt transmission line connections. The Lake Line will be upgraded by 2026 and the Forest Line by 2030. The plan is to complete the new Ridge Line from Haapajärvi and Kajaani to southern Finland during 2032. A new transmission connection is being planned from northern Finland, extending from Rovaniemi to Vaala.

Two new 400-kilowatt transmission line connections are being planned from Kalajoki and Kristinestad to southern Finland. To enable the utilisation of the significant wind power potential of the Kainuu region, a 400-kilovolt ring network is being planned.

The investment programme also prepares for several substation projects and for the construction of compensation equipment that ensure the system security of the grid as renewable converter-connected wind and solar energy production grows.



Transmission capacity increased, cross-border connections strengthened

In 2023, Fingrid carried out and planned several grid construction projects that strengthen electricity transmission capacity and reliability. The projects include both the construction of transmission lines and the substation construction and modernisation projects.

Finland's main grid consists of some 14,500 kilometres of transmission lines and 128 substations. During the year under review, some EUR 310 million were invested in the grid.

Around Finland, 60 kilometres of **transmission lines** were completed, a total of 555 kilometres of transmission lines were under general planning, and six projects were in the environmental impact assessment phase. Investment decisions were made to build 254 kilometres of transmission line. Some of the more significant transmission line projects in Finland during the reporting year were the upgrading of the 400-kilovolt Lake Line transmission line in the area between Kajaani, Iisalmi and Lapinlahti, increasing the north-south electricity transmission capacity, and the 400-kilovolt underground cable connection being built in Helsinki, which will increase transmission

capacity to match the growth in the capital region's electricity consumption.

The construction of the most important main grid investment of the decade, the 400-kilovolt Aurora Line cross-border connection, which will strengthen electricity transmission capacity between Finland and Sweden, moved forward as planned and in October, the government issued the expropriation permit for the construction of the project's second phase. Upon completion, the Aurora Line will run from the Pyhänselkä substation in Muhos to Messaure in Sweden. The Aurora Line will be completed in 2025 and it will improve the security of electricity supply in Finland and more extensively in the Baltic Sea region. Transmission capacity from Finland to Sweden will grow by roughly 900 megawatts, and from Sweden to Finland by 800 megawatts.

The substation investment wave continued in 2023 when Fingrid built and expanded several **substations** around Finland. In 2023, 15 substation projects of different types were completed. Customers connect to the grid through substations and they play a key role in managing electricity transmission, transmission reliability and the state of the electricity network.

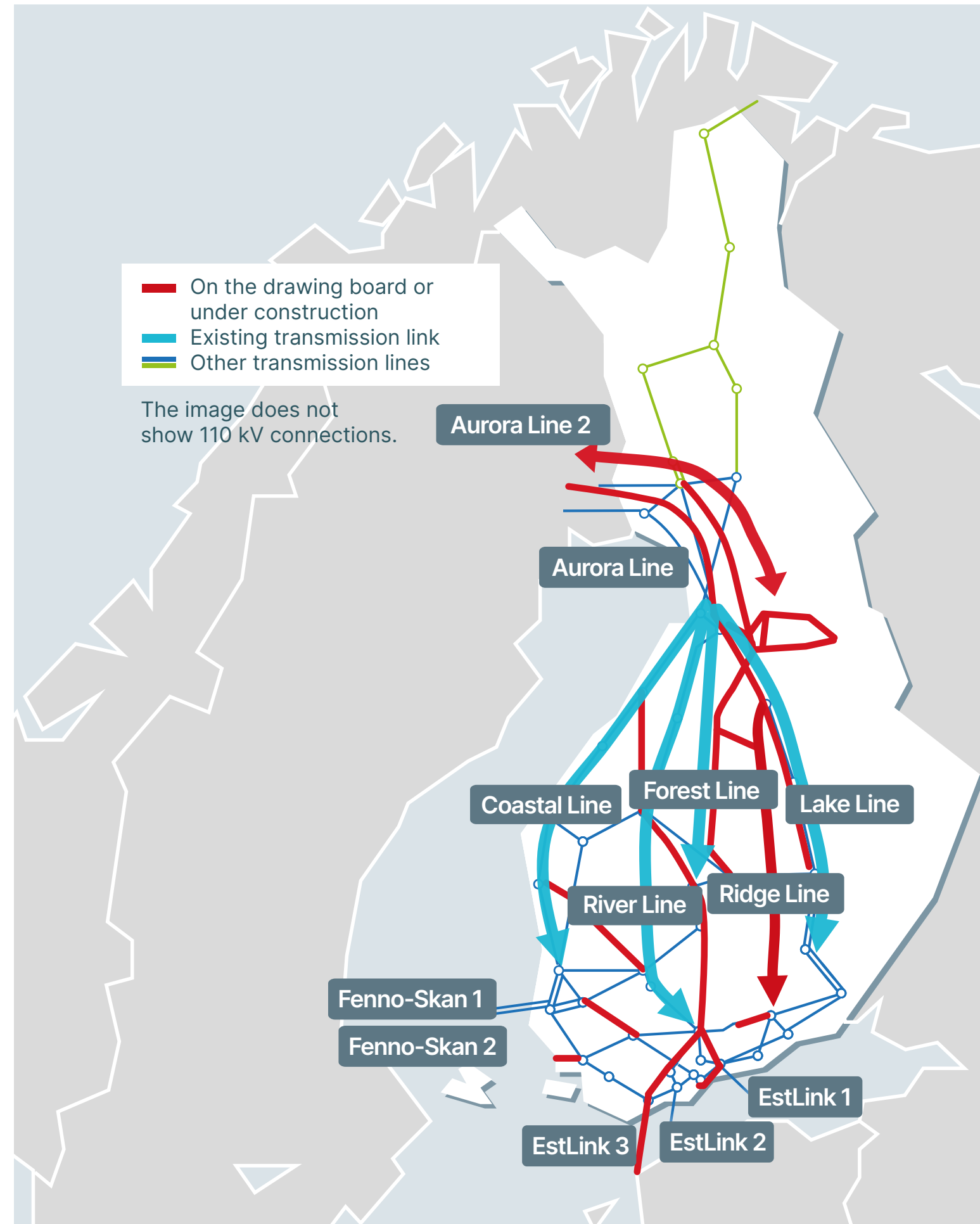


Image. Key transmission lines of Finland's main grid in 2023.

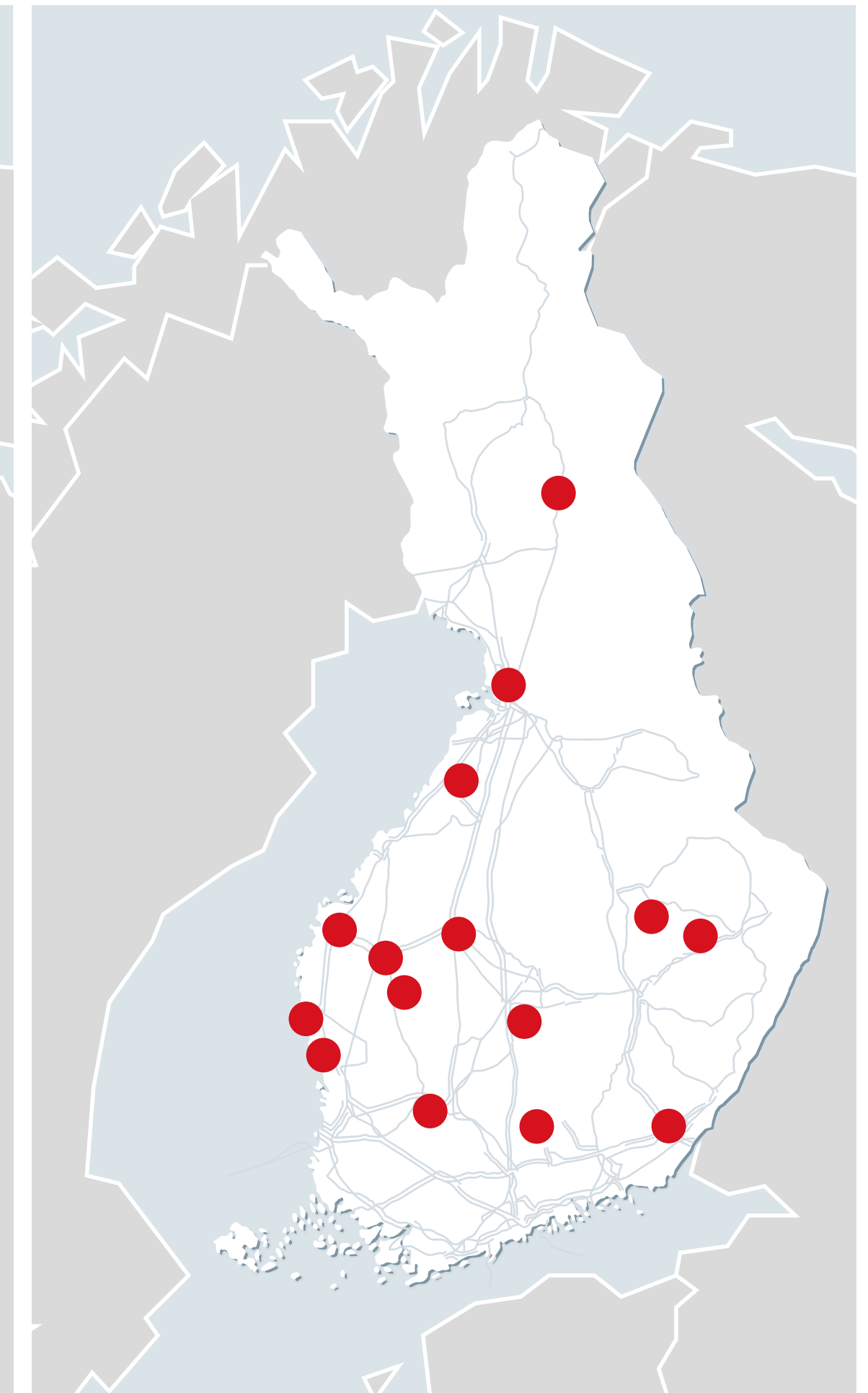


Image. Substations completed in 2023.

Case

Fingrid's cross-border connection projects as part of Europe's energy policy targets

Three of Fingrid's cross-border connection projects have been included in the European Commission's list of Projects of Common Interest (PCI). The projects are Fingrid's and the Swedish TSO Svenska Kraftnät's joint projects Aurora Line and Aurora Line 2 and the Estonian TSO Elering's and Fingrid's joint project EstLink 3.

The construction of the fourth Swedish connection line, Aurora Line 2, is being planned between Finland and Sweden for the early 2030s. Also EstLink 3, the third submarine cable to Estonia, is at the planning stage.

The PCI status shows that the Commission considers the projects in question to be essential to the EU's energy systems' internal markets and the achievement of the energy and climate policy targets. In addition, the projects increase competition on the energy markets and improve the EU's energy security.



Focus on life-cycle and maintenance management

Finland’s main grid represents a totality of assets amounting to several billion euros. Besides building a new network, high-quality maintenance management and correctly timed replacement investments are a cost-effective way of operating and important components of the main grid’s risk and life-cycle management.

Fingrid’s asset management has been certified since 2016 according to the international ISO 55001 standard. Furthermore, the company has a long tradition of measuring operational efficiency and quality, and participation in international benchmark studies. In order to develop its practices, the company has participated since 1995 in the International Transmission Operations and Maintenance Study (ITOMS), which assesses the efficiency and quality of electricity transmission system operators’ maintenance activities. In the study implemented during the year under review, the system security of Fingrid’s main grid was, once again, of the highest grade and its maintenance costs in relation to system security were lower than the average. Fingrid received a Top Performer mention for its substation maintenance.

For five years now, Fingrid has developed the digital condition monitoring of substations. In the new operating model, maintenance is based on detailed data saved in databases on the grid assets, based on which maintenance measures can be timed correctly and processes can be automated. Digital condition monitoring uses the latest technology and is cost-effective. The system is currently used at 27 substations. The objective is to introduce digital condition monitoring extensively in 2025.

Grid’s transmission capacity tested on the west coast

The rapid increase in electronic power converter-dominated and weather-dependent production presents a new kind of challenge to the power system’s stability and increases grid investment needs. In addition to investments, Fingrid is developing means and operating models which make it possible to connect new customer and technologies to the grid so that system security management is accounted for already at the connection or planning stage.

The need for new solutions is highlighted especially on the west coast where a large wind power hub is located. The

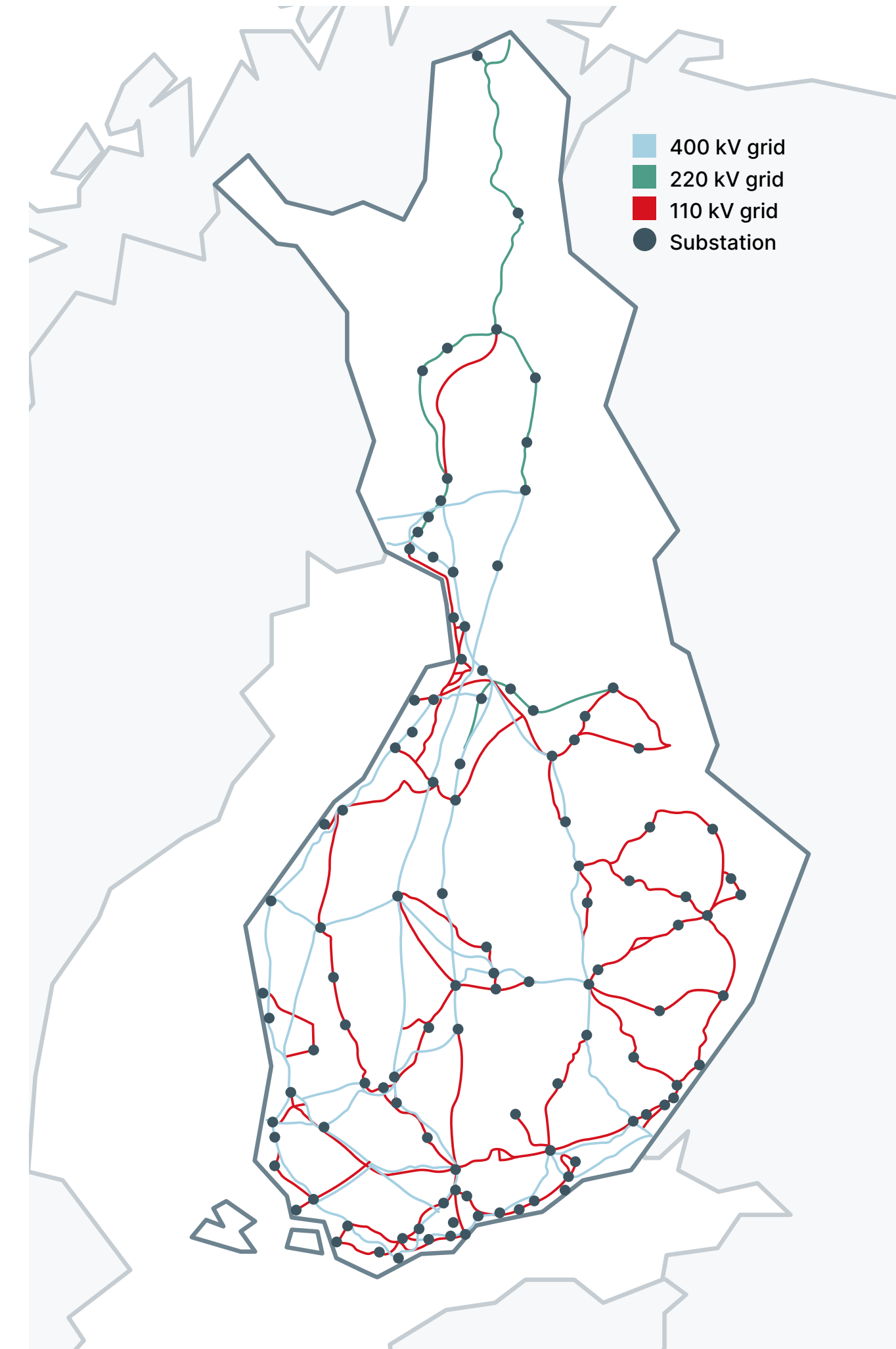


Image. Finland's grid.

west coast, in the area between Pori and Oulu, is currently forecast to generate roughly 5,000 megawatts of wind power production by the end of 2024. Based on international experience and Fingrid's observations, the operations of facilities using converter technology can become unstable if their share of the total regional production becomes large. During 2023, Fingrid cooperated closely with the area's wind power operators to find solutions. Fingrid will also continue to upgrade the main grid sections on the west coast and strengthen them in order to significantly increase the area's electricity transmission capacity and facilitate the connection of new wind power production to the electricity system.

Electricity consumption fell, system security was high

From the perspective of the power system, 2023 was a challenging year at times. Early on in the year, Fingrid prepared for the threat of electricity shortage, in the autumn a fault-ride-through test was prepared and conducted for Olkiluoto 3, and in early August, the grid operations were challenged simultaneously by a transmission outage, a fault in a cross-border transmission line and windless weather conditions. In November, a trading error made by a market

party on the power exchange pushed the electricity exchange price below zero in Finland's area and threatened the stability of the power system.

Despite the challenging events, the usability and reliability of the electricity system were at a very good level during the year under review. This is proof of the high level of Fingrid's preparedness and readiness. During the disturbances, operational capability was excellent and capacity was rapidly recovered for use by the market.

Finns' economical use of electricity and the mild weather reduced electricity consumption in early 2023, but towards the end of the year, electricity consumption returned to its normal level. In 2023, a total of 79.8 (81.6) terawatt hours of electricity were consumed. Fingrid transmitted 71.7 (70.1) terawatt hours of electricity in its grid, representing 83.1 (78.4) per cent of the total transmission volume in Finland. The volume of transmission losses in the main grid was at the level of the previous year, 1.6 (1.6) terawatt hours. This was 2.2

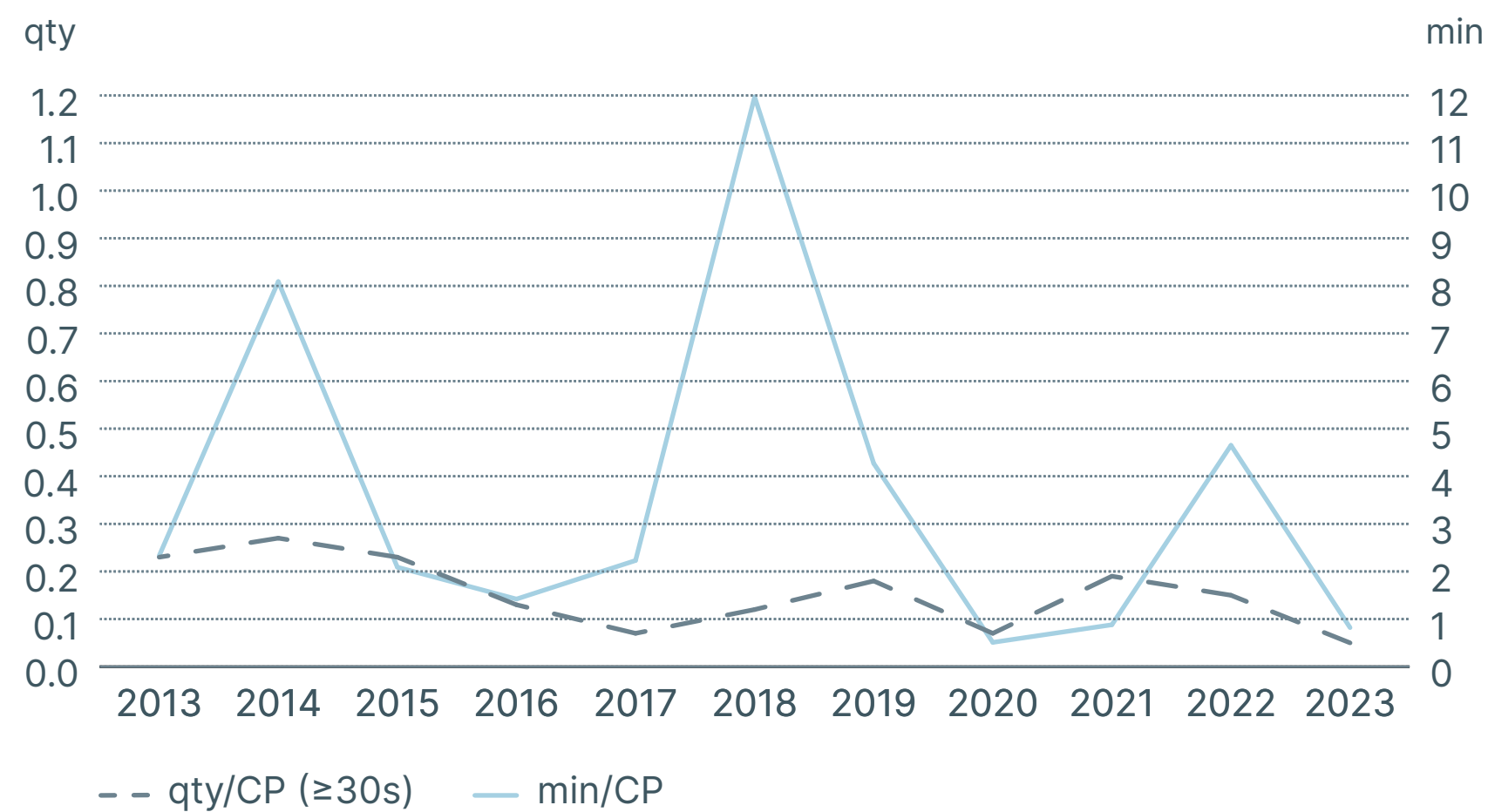
per cent of Fingrid's transmission volume.

In winter 2022–2023, electricity consumption peaked at 12,192 (13,767) MWh/h on Thursday 9 March 2023 between 8 and 9 a.m. Electricity generated in Finland accounted for 11,240 megawatts of the total consumption, and the remaining share was imported from Sweden. The electricity supply was not in jeopardy during the peak consumption hour. The area price of wholesale electricity in Finland was EUR 158.09/MWh between 8 and 9 a.m.

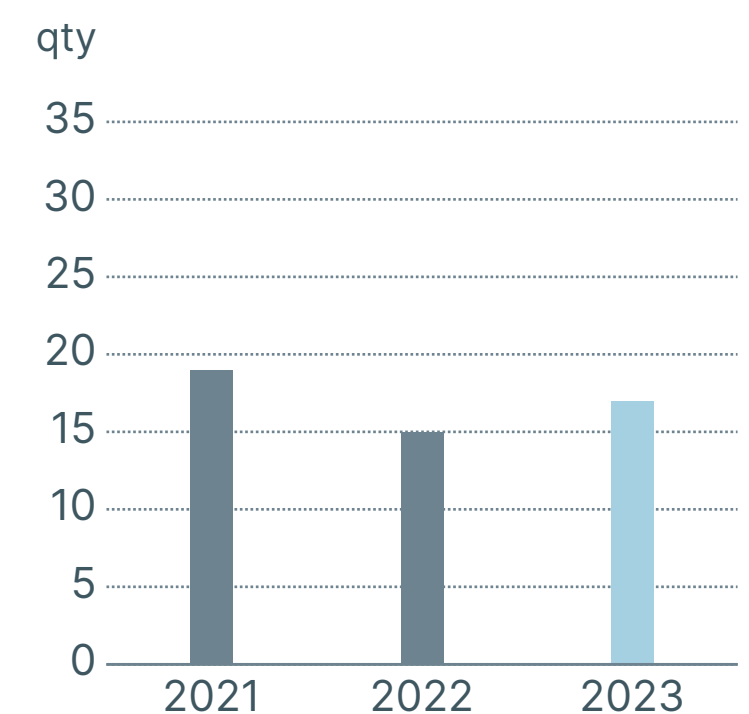
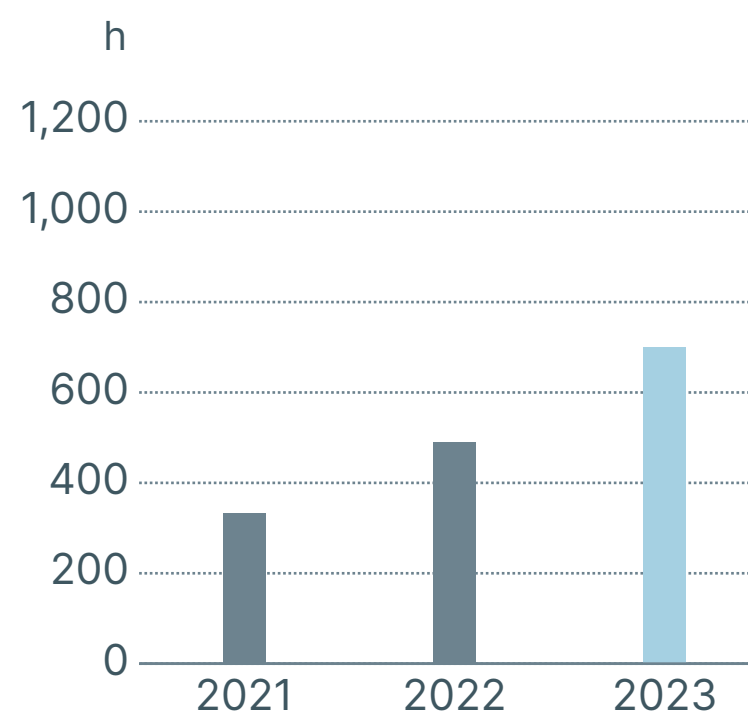
The consumption peak for the entire year, 13,210 MWh, was reached on 27 November between 5 and 6 p.m.

A record-breaking day in electricity production was 27 November 2023, with a total of 14,178 MWh/h of electricity produced in Finland. The wind power production record was broken on 28 November 2023 between 5 and 6 a.m. when 5,551 MWh/h of electricity was produced using wind.

Interruptions at connection points due to grid disturbances



HVDC disturbances, total duration and quantity



Finland’s main grid operated very reliably in 2023, at a high transmission reliability rate. During the year under review, disturbance-clearing readiness was raised just once due to stormy weather in early August. We proactively raise our readiness when factors such as difficult weather are expected to pose challenges to grid maintenance to enable as rapid clearing and communication of disturbances as possible.

The transmission reliability rate was 99.99995 (99.99993) per cent in 2023. An outage in a connection point in the main grid caused by a disturbance in Fingrid’s transmission system lasted an average of 0.8 (4.7) minutes.

During the year under review, a record number of transmission outages planned in advance together with customers were implemented. In connection with the outages, production or the transmission capacity of cross-border connections had to be restricted in some instances in order to guarantee system security. Transmission outages took place throughout Finland, but longer outages occurred largely on the west coast and in northern Finland. The majority of the outages resulted from grid

maintenance and grid building required for renewable energy.

Countertrade costs fell significantly compared to earlier years and amounted to EUR 0.9 (7.3) million. The decline in costs impacted the good reliability of cross-border connections and the lower price of electricity compared to the previous year. Fingrid secures system security through countertrade. Fingrid additionally guarantees the cross-border transmission it has confirmed by carrying out countertrades, i.e. purchasing and selling electricity, up until the end of the 24-hour usage period. The causes of countertrade include outages and disturbances in power plants or in the grid.

Solutions to ensure sufficient power capacity

For winter 2022–2023, Fingrid developed a voluntary power system support model to gain access to all of the flexibility potential available in a situation where there is a shortage of electricity. Close to 50 parties signed up, helping gain access to as much as 500 megawatts of flexible capacity, corresponding to that of one nuclear power plant. Interest in the support procedure was significant. Participants came from

industry, the trade sector, real estate and the public sector in municipalities, hospital districts and water works. In winter 2022–2023, it was not necessary to activate the power system support procedure but flexibility will be required in the future. The majority of respondents announced their willingness to provide voluntary support in the future and Fingrid extended the procedure until spring 2024.

In the year under review, Fingrid initiated a discussion on the sufficiency of capacity in the mid-2020s when the company published a survey on the topic for a stakeholder consultation. Fundamentally, the sufficiency of electricity in Finland

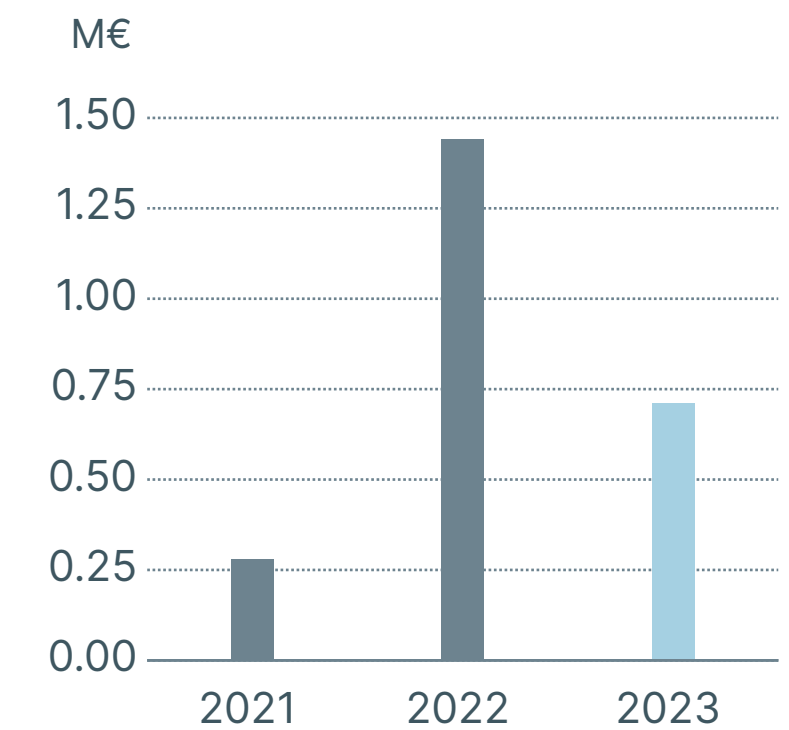
looks good, but if electricity consumption and production develop according to Fingrid’s forecast, many types of solutions are required to ensure sufficient power capacity. The key observations from Fingrid’s analysis on the development of the capacity in the late 2020s have to do with, among other things, increasing flexibility and expansion to new areas. In order to promote the adequacy of electricity, we need new, flexible electricity consumption, comprehensive energy storage solutions or non-weather-dependent electricity production. The work continues under the leadership of the Ministry of Economic Affairs and Employment.



Transmission reliability was at an all-time high in 2023.

Counter trade	Jan-Dec/23	Jan-Dec/22	July-Dec/23	July-Dec/22
Counter-trade between Finland and Sweden, €M	0.1	3.8	0.1	3.8
Counter-trade between Finland and Estonia, €M	0.7	1.7	0.6	0.2
Counter-trade between Finland's internal connections, €M	0.1	1.8	-0.0	1.2
Total counter-trade, €M	0.9	7.3	0.7	5.2

Countertrade costs caused by HVDC disturbances



Case

Ghost bid in the power exchange threatened stability of the power system

On 23 November 2023, an erroneous bid made by a small electricity trader operating in Norway made it onto the power exchange. The company offered for sale in Finland's price area half of the entire country's consumption, i.e. close to 5,800 megawatts. As a result, a large proportion of bids by Finnish electricity producers exited the market.

When the error was noticed, the power exchange stated that the auction could no longer be repeated in order to correct the error. According to the rules of the power exchange, the trader having made the erroneous bid is, however, obligated to correct the error by buying any deficit from the electricity it offered from the intraday markets. Fingrid appealed in the exceptional situation to electricity producers to stay on the market to balance out the missing production and to main-

tain the system's stability. Electricity producers responded to the appeal and production capacity was well available on the markets. The imbalance of consumption and production was corrected through the market's actions and it was possible to use the power system almost as on a normal weekday.

Due to the exceptional situation, electricity was record-cheap on 24 November for consumers using exchange electricity.

The events of the Thursday and Friday in November made headlines around Europe and electricity market regulators will review the event closely. The threatening situation that resulted from the ghost bid may also lead to amendments in the electricity market rules.



Transforming electricity market

Key aspects of the electricity market:

- A well-functioning electricity market and transmission reliability go hand in hand.
- The growing variable renewable capacity requires new operating models on the electricity market. The power system requires more flexibility, which means that also the reserve markets need a larger supply.
- The reserve markets are growing and yield new earnings opportunities for electricity market operators.
- Several significant modernisations will be implemented on the electricity market in upcoming years, which will take the electricity market in a more real-time and market-driven direction.

The energy transformation calls for the revamping of the electricity market. Increasing weather-dependent energy production makes the electricity market less predictable. In order to guarantee the security of supply, trading on the electricity market will move closer to real time, towards the actual time of consumption. This development is both increasing the volume of necessary data and accelerating decision-making.

In order for the power system to operate as much on market terms as possible, it is important that the electricity market and the technical system characteristics are optimally in synch. The market access of versatile and flexible resources as well as diverse trading opportunities close to the electricity consumption hour promote the efficient operation of the electricity market and the market entry of new players.



Case

Fingrid tested the reliability of Olkiluoto 3 with a fault-ride-through test

On 29 November 2023, Fingrid tested the Olkiluoto 3 nuclear power plant's ability to operate during short, temporary disturbances in the main grid. Olkiluoto 3 is the Finnish and Nordic power system's single biggest power plant unit. In terms of the functioning of the power system at large, it was important to ensure that the power plant operates reliably and in a stable manner, also during faults taking place in the grid.

The fault-ride-through test was part of the go-live of Olkiluoto 3 and the intention was to implement it at the start of 2023. However, the test could not be completed successfully at the time. A new time was found towards the end of the year.

During the fault-ride-through test, an actual short-term fault was created in the grid near Olkiluoto 3, during and after which the power plant had to operate

reliably. The arrangements for the test were complicated. Various arrangements ensured that the system security of Finland's electricity system was not endangered at any point. The test day's conditions were favourable for the fault-ride-through test, Finland's electricity consumption was at a moderate level and there was no risk with regard to the adequacy of electricity.

Olkiluoto 3's fault-ride-through test was completed as planned from Fingrid's perspective. As a result, Olkiluoto 3 was disconnected from the grid. Following the test, the power plant began an immediate review of the event and of the changes that needed to be made to ensure that in the future the power plant would operate reliably also during and after the occurrence of faults in the electricity system. One goal is to ensure that Finland's electricity system operates securely and reliably in all situations.



Fingrid's mission is to develop the electricity market. Several significant modernisations will be implemented on the electricity market in upcoming years, which will take the electricity market in a more real-time and market-driven direction. The flexibility of electricity consumption and production is essential for a clean power system: the main theme of changes made in the market structures is to reward flexible market parties and make it possible for the flexibility of consumption, production and inventories to participate in the electricity market.

Electricity market outlook

On the electricity market, the mild weather at the start of the year and consumers' electricity saving measures, the good hydrological situation that continued throughout the year and the regular electricity production that took off at Olkiluoto 3 in April caused the price of electricity to fall, as a whole. A new topic of discussion on the electricity market was the large fluctuations in the electricity price, which have become the new normal in Finland. Behind the price fluctuations can be found the disappearance of balancing power, such as coal and condensing power, as the energy system becomes cleaner, the increase in weather-dependent electricity production, the impacts of the expansion of the

electricity market on the electricity price formation, and Finland's location between two different price areas: the expensive Baltic and cheap northern Sweden. In principle, however, price fluctuations indicate that the market mechanism is working as it should: electricity is cheap when there is plenty of it and the price rises when there is less electricity available.

Thanks to the go-live of Olkiluoto 3 and increasing wind power production, Finland became almost self-sufficient on average at the annual level in 2023. Finland also exported more electricity than before. Electricity was exported from Finland to northern Sweden especially at night. There was also plenty of export to Estonia during the year. A lot of electricity was imported to Finland from northern Sweden.

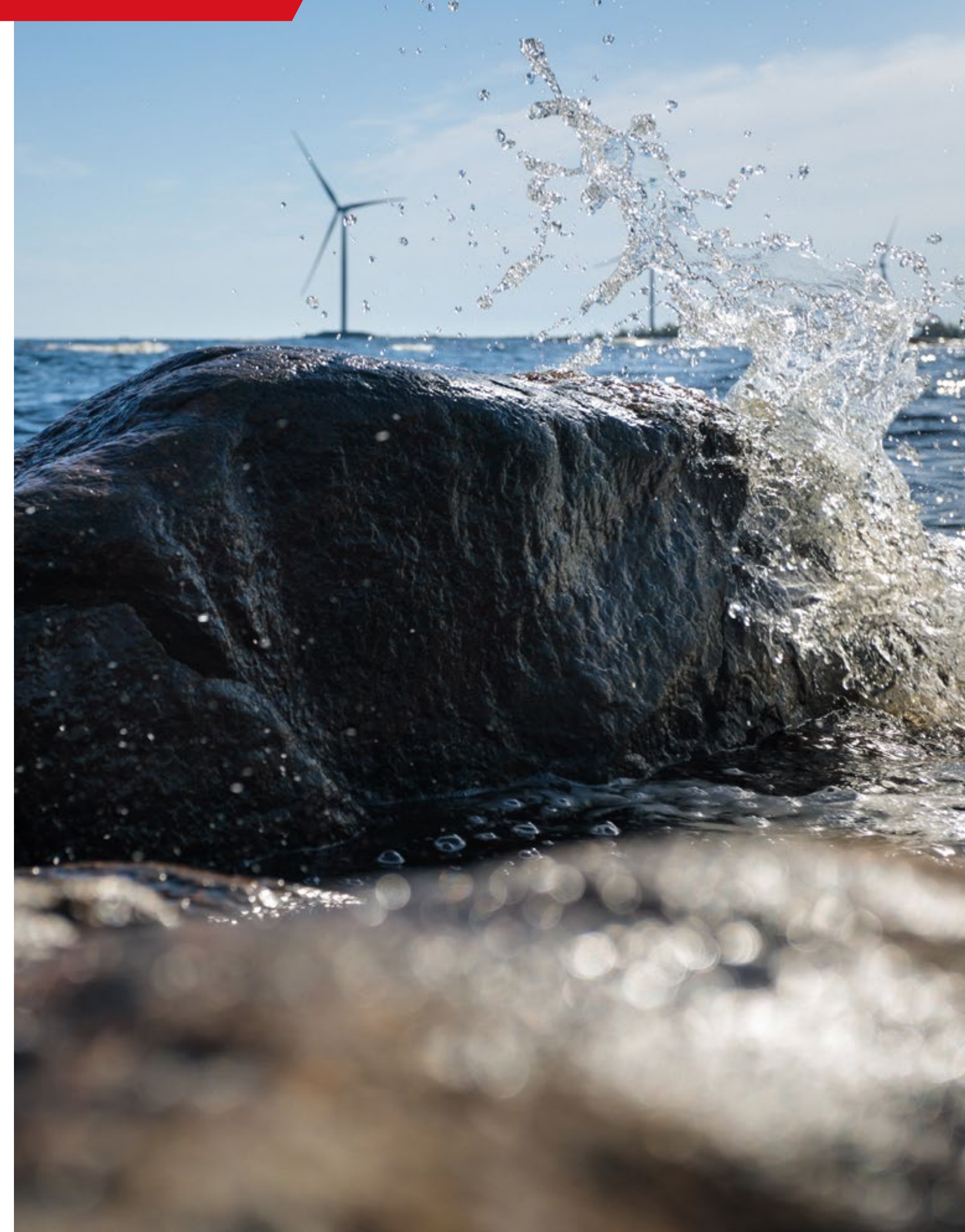
In 2023, the average Nordic price on the day-ahead market was EUR 56,46 (135,86) per megawatt hour, and the area price for Finland was EUR 56,47 (154,03) per megawatt hour. During the year under review, the usability and reliability of transmission connections between Finland and Sweden and Finland and Estonia were good. Electricity area price differences between the countries have fallen and congestion income at Finland's cross-border connec-

tions has decreased.

At the end of 2022, Fingrid and the Estonian TSO Elering adopted financial transmission rights (FTR) instruments for the Finland–Estonia border, allowing them to reserve transmission capacity and thus support the operations of the wholesale electricity market. Transmission rights give market operators new opportunities to hedge electricity prices in long-term electricity trade. There has been demand for FTR instruments and all auctions have been carried out as planned. During the year under review, transmission rights were granted in full, taking into account the maintenance of the EstLink cross-border connections.

At the end of 2023, Fingrid submitted to the Energy Authority its proposal for improving the price risk hedging opportunities between Finland and Sweden. Fingrid proposed investments and other development measures that promote the functioning of the physical electricity market and financial markets for electricity.

At the end of 2023, Fingrid made permanent a new operating model that uses the intraday markets in the management of transmissions during disturbances in



cross-border transmission connections. The objective of the operating model is to guarantee electricity transmission reliability by correcting the regional surplus resulting from the loss of the exporting connection with intraday market sales. The procedure, tested in a two-year pilot project, does not affect the allocating cross-border capacity to the electricity market, nor does it require Fingrid's or the power exchange's customers to make system modifications.

Reliability and transparency are important for promoting the functionality of the markets and the trust of market operators and end consumers. The market surveillance of the balancing power markets received a boost in June, when Fingrid and Nord Pool agreed on expanding the implementation of the market surveillance of the Manual Frequency Reserve (mFRR), i.e. the balancing markets. Under the arrangement, Nord Pool's market surveillance department regularly monitors these markets and reports possible violations to Fingrid. Responsibility for market surveillance and its implementation on the balancing power markets and on other reserve markets lies with Fingrid.

Due to difficulties detected on the EU's

energy markets during the crisis winter of 2022–2023 – concerns related to particularly high and unstable prices and transmission reliability – the EU launched work on reforming the electricity market structures. Early in 2023, the European Commission arranged a public hearing on the reform of the electricity market, to which the European transmission system operators issued a joint response. The Nordic TSOs also released a joint statement, which was submitted to the hearing. The joint statement highlighted a commitment to safeguarding the central features of the current electricity market design, such as marginal pricing. During the spring of 2023, the Commission published proposals in which no significant changes were proposed to the market model. The Commission's proposals concern, in particular, increasing demand response, strengthening investment signals, and the position of consumers on the retail markets. Political consensus was reached on the matter in December.

Heading toward extensive and diverse reserve markets

Maintaining the balance of the power system is one of Fingrid's key tasks. Parties operating in the electricity market plan

balanced consumption and production beforehand, but reserves are required in case of disturbances and precise balancing of consumption and production, keeping the frequency of the electricity system and quality of electricity at the target level. Fingrid procures these reserves from Finland, Estonia and the Nordic countries. Fluctuations in electricity production significantly increase the need to procure reserve products.

Together with the Nordic TSOs, Fingrid maintains and develops joint Nordic reserve marketplaces, which are used to procure the reserves required in balance management. The automated Nordic mFRR energy markets will be adopted in December 2024. This is a requirement for the new Nordic balance management model in which the power system balance mechanism will be automated in the Nordic synchronous area and which will switch to a 15-minute market.

The reserve markets are also expanding into Europe. Fingrid is preparing to connect to PICASSO, the European market platform for the automatic Frequency Restoration Reserve (aFRR), in summer 2024. Simultaneously, an aFRR energy market

will be established in Finland. Also under preparation is connecting in the future to the European mFRR energy markets' MARI market platform.

Fingrid's goal is to attract new operators onto the reserve markets as an extensive and liquid market is the most effective way to maintain the balance of the power system. Typically, reserves are easily produced through regulated types of production such as hydroelectric power. Wind and solar power as renewable and variable types of electricity generation only account for a small share of the reserve markets. However, they have business opportunities also on the reserve markets.

Maintaining the market-based balance of the power system is positively impacted by the shifting of the electricity market from a one-hour to a 15-minute trading period. Finland switched to a 15-minute imbalance settlement period on 22 May 2023, based on the Energy Authority's decision. In this context, in addition to imbalance settlement, a large proportion of the power system's measurements switched over to the 15-minute resolution simultaneously enabling Finland's intraday markets' trading using 15-minute products.

Transmission capacity made effectively available to the market

Fingrid's task on the electricity market is to make available on the market as large a transmission capacity as possible without endangering reliability. This requires both sufficient and secure connections and effective use of the transmission grid. The increase in weather-dependent production also means larger fluctuations in electricity transmission. To continue to enable the effective use of the transmission grid, new methods are required to calculate transmission capacity.

In order to ensure efficient grid operation and system security, the Nordic TSOs are preparing a new flow-based transmission capacity calculation method. The method will improve the allocation of capacity available to the markets and increase trading opportunities in cross-border electricity trade.

Testing of the new calculation method alongside the current method started in the Nordic countries in March 2022 and continued throughout 2023. The goal is to adopt the new calculation method in the final quarter of 2024.

Case

The charging network for electric cars as a disturbance reserve

The quickly expanding charging network for electric cars can be harnessed as a disturbance reserve to support the power system. Electric cars are rapidly growing in number. Of Finland's current 3.2 million cars, around 180,000 are chargeable.

Going forward, traffic will be a significant consumer of electricity, but at the same time, it can also serve as a major resource to the power system.

Liikennevirta's cloud-based management system for electric car charging equipment can be used to control charging stations in real time in order to use them as disturbance reserves supporting the electricity system. Smart technology continuously monitors the electricity system and is able to quickly react to imbalances, for example if the electricity network's frequency falls too much and the power balance is endangered.

This adds up to what is essentially a virtual power plant that can help Finland's electricity system, for example, during power shortages. Reacting does not mean interrupting charging; instead it means dropping the charging power of a large number of charging stations from e.g. 11 kilowatts to 9 kilowatts for a few minutes.

The management system's reaction time is short. Half of the capacity set aside for reserve will be in use within five seconds and the entire reserve within 30 seconds. The operating model guarantees the quality of the power system, but a motorist charging their electric car will not notice a small, short-term drop in power. The time is, however, long enough for the rest of the disturbance reserve to be activated.

In the future, Liikennevirta's technology will allow consumers to time their charging outside price and consumption peaks.



Case

Significant milestone on 22 May 2023 at 1 a.m.

On Monday, 22 May 2023 at 1 a.m., the Finnish electricity market achieved a significant milestone when the 15-min imbalance settlement period (ISP) went live. The transition went according to plan, and the systems of both the imbalance settlement company eSett and Fingrid's Datahub, which provides data exchange services for the electricity retail market, now operate in 15-minute periods.

Work is underway in Nordic and European transmission system operators' and exchanges' projects for implementing cross-border 15-minute trading on both the intraday and day-ahead market. These are expected to become a reality in roughly one year.

Shifting to a shorter 15-minute trading period on the electricity market encourages more precise balancing. The shifting of the electricity market to a shorter temporal resolution will become visible to end-users first as the shifting of energy measurement to an accuracy of 15 minutes. When exchange trading adopts the 15-minute trading period, electricity sellers will have the opportunity to offer a variety of products to end-users, too. For example, products tied to the price of exchange electricity can adapt to the prices changing every 15 minutes. Operators have the chance to adapt their operations with regard to the upcoming 15-minute market and pricing of 15-minute imbalances.



Finance and treasury

Key aspects of finance and treasury:

- The company's solid financial position was maintained despite the uncertainty resulting from cost development stemming from the change in the operating environment and the increase in risk in the operations.
- Falling electricity prices depressed the company's turnover and unit prices of market-based costs. The expansion of the electricity system, however, widened the cost base, thus increasing cost uncertainty.
- The company's investment program proceeded according to plan, marking the biggest annual investments in the main grid in the company's history and enabling climate targets to be met and the growth of the power system.
- Congestion income was used to benefit grid customers by reducing grid service fees and covering rising costs. Dramatic changes in the reserve costs of the power system allocated the price changes to balance service customers.
- The company's responsible operations and the enabling of society's climate targets create a foundation for expanding Fingrid's green financing as the investment programme progresses.

Fingrid's business activities and the regulation of transmission system operations

Fingrid constitutes a natural monopoly as referred to in the Finnish Electricity Market Act (588/2013), with the duties of the transmission grid operator with sys-

tem responsibility defined in the act. The company's operations and financial result are regulated and overseen by the Energy Authority. The Energy Authority determines Fingrid's allowed financial result in the regulatory methods for electricity grid operations over four-year regulatory pe-

riods (2020–2023). The Energy Authority gave its decision on determining Fingrid's reasonable return at the end of 2023, impacting the next regulatory periods during 2024–2031.

The transmission grid operations that are subject to financial monitoring include the transmission of electricity in the nationwide grid owned by the company, development of the electricity market and tasks of the grid operator in the management of the national electricity system and the power balance. These operations constitute the bulk of Fingrid's turnover, costs, result and balance sheet.

The allowed financial result from transmission grid operations is formed when the company's grid assets are valued at the regulatory fair value and the amount of equity and interest-bearing debt in the thus formed adjusted balance sheet are multiplied by the reasonable rate of return determined by the Energy Authority.

The reasonable financial result allowed by the regulation provides a framework for Fingrid's financial planning, investment programme and operational activities, and



is the basis for pricing services. One can calculate the required amount of turnover by adding operating expenses to the result. In addition, financial steering methods include a number of incentives related to the operations' cost-effectiveness, quality, flexibility and innovations which may affect the allowed return level.

The Energy Authority monitors the reasonableness of grid service revenue by regulatory period such that any surplus in the regulatory period must be offset in the next regulatory period. New regulatory methods for the regulatory periods 2024–2027 and 2028–2031 entered into force on 1 January 2024 when the current regulatory period 2020–2023 ended.

Fingrid's turnover is mainly based on the pricing of the transmitted electricity and the production and consumption of electricity by Fingrid's customers, and on the sale of balancing power required to maintain the national electricity balance, and the imbalance power tariff. The congestion income received by the company and recognised in the income statement has significantly affected the company's turnover and other operating income.

For grid services, Fingrid charges its customers for output from and input into the main grid, consumption fees, and a power-based tariff. Most of the overall invoicing is linked to the consumption of electricity as European regulation provides an upper limit for production fees.

Fingrid bears responsibility for Finland's power balance together with customers that are balance responsible parties. Since electricity cannot be stored, and the production and consumption of electricity must be in balance at all times, Fingrid balances the power imbalances of its balance responsible parties by buying and selling balancing power.

Besides revenue and expenses from electricity trade, Fingrid charges balance responsible parties a fixed imbalance power tariff, which covers the costs of balance management, including losses from the imbalance power trade. In balancing the national power balance, Fingrid assumes a financial risk of the balance responsible parties. Collateral is required from the balance responsible parties against this risk when Fingrid supplies the balance responsible parties with balancing power through open deliveries at the electricity consumption hour, whereby the net volume



and price of the supplied electricity is not yet known. The joint Nordic eSett service company manages the settlement of the balance responsible parties' power balance and the invoicing of the imbalance power.

Fingrid's total costs consist of the operating expenses, remuneration and finance costs

and taxes. Electricity area price differences give rise to congestion income, which is allocated to TSOs in accordance with EU regulation. The amount of congestion income is determined by the difference in the price of electricity between the price areas and by the transmission capacity available at any given hour. Fingrid's con-

gestion income comes from the borders between Finland and Estonia and Finland and Sweden. EU regulation defines the use of congestion income for investments, covering costs and use as profit. The Energy Authority decides on the use of the congestion income Fingrid accumulates in line with EU regulation.

Goals for financial steering

The key long-term goals for Fingrid’s financial steering are as follows:

- The cost-effectiveness, responsibility and high productivity of operations to maintain efficient pricing of the services and high service quality. When these goals are met, it is possible for the power system to grow quickly and be able to respond rapidly and with high quality to customer needs. The company’s goal is to rank in the top in international comparisons measuring operational efficiency and quality in grid operations where the company has a long-standing history.
- A high credit rating and sustainable financing, ensuring the availability of long-term, diversified and affordable financing. The company aims to maintain a credit rating of at least ‘A-’.
- Company-level risk management, preparing for unexpected changes in the company’s financial impacts and counterparty risks, as well as continuity management, enabling the implementation of investments and the company’s continuous operation in various risk scenarios.

- Creating shareholder value and high debt service capacity, achieved by maintaining the company’s adjusted income on the level allowed by regulation and dividends at a level that corresponds to shareholders’ profit targets.
- Cost-effectiveness is based on an operating model in which Fingrid focuses on its core mission and combines its core competence and builds the capability to operate in a changing operating environment with

the best players in the industry. Responsible operations can be seen in all of the company’s daily activities and the related decision-making, including the use of the power system, planning and implementing investment projects, the procurement chain and financing. Risk management is carried out through the Enterprise Risk Management model. The objective is to be able to predict sudden changes in the operating environment and to maintain the company’s operational capability in all situations.

High productivity results from the company being able to process and implement the growing needs of both customers and the electricity system without delay and to a high standard and to adapt the company’s operations to the required need at any given time. Active planning and development work takes place together with customers and several stakeholders. Processes and operating models are continuously developed to correspond with the operating environment’s changing needs.

Due to the rapid transformation taking place in the electricity system and the demands it is subject to, new solutions are required to implement change, maintain a high standard and ensure cost-effectiveness. Healthy corporate finances and strong liquidity in all situations is a requirement to allow Fingrid to successfully manage its set obligations.

Fingrid’s world-class efficiency



Financing

The company takes advantage of the opportunities offered by credit ratings at any given time on the international and domestic financial markets. Market-based and diversified financing is sought from several sources. Fingrid's existing loan agreements as well as debt and commercial paper programmes are unsecured and do not include any financial covenants based on financial ratios. The company's funding instruments make it possible to cover debt financing needs solely through green financing. More detailed information on green financing is available in [the corporate responsibility section](#) of the Annual Report.

Financial result for 2023

The Group turnover fell due to the lower electricity price. Imbalance power sales and procurement costs decreased significantly. Balancing the power system results in fluctuations in turnover, which stems from the increasing weather-dependency of electricity production, and the electricity production and consumption forecast uncertainty. Income from grid service fees decreased to EUR 164.5 (333.7) million, due largely to Fingrid waiving the grid service fees for six months. In addition, the electricity consumption on which grid

service revenue is based fell in Finland to 79.8 (81.6) terawatt hours in 2023.

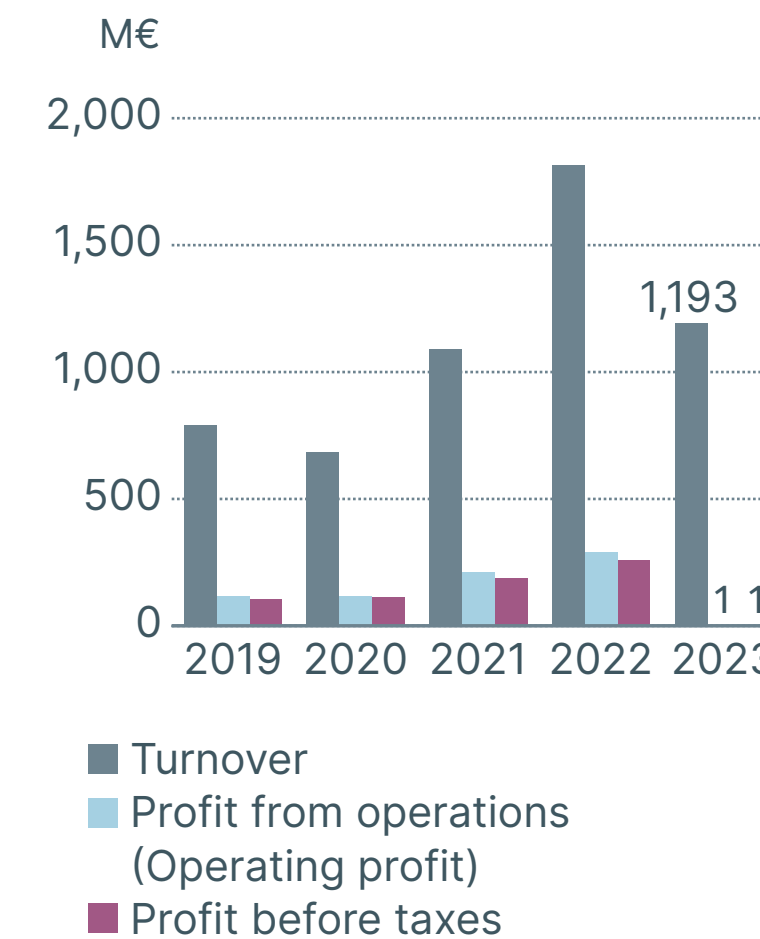
Fingrid's congestion income generated through cross-border transmission connections was significantly lower than last year's due to the lower area price differences between Finland and Estonia and Finland and Sweden. Fingrid's congestion income amounted to EUR 260.1 (942.9) million, of which Fingrid's share was EUR 220.9 (942.9) million. Fingrid's income on the financial transmission rights (FTR) issued on the Finland–Estonian border amounted to EUR 57.0 (0.0) million, and the congestion income credited to the holders of corresponding transmission rights was EUR 96.2 (0.0) million. A total of EUR 284.7 (229.5) million in congestion income was recognised in turnover to cover the waiving of grid service fees and operating expenses, and EUR 118.0 (18.8) million in other operating income to cover FTRs and cross-border capacity costs.

The Group's total costs, excluding the change in the fair value of commodity derivatives, amounted to EUR 1,126.8 (1,695.8) million. Due to the lower price of balancing power, the costs of purchased imbalance power fell to EUR 491.1 (1,141.2)

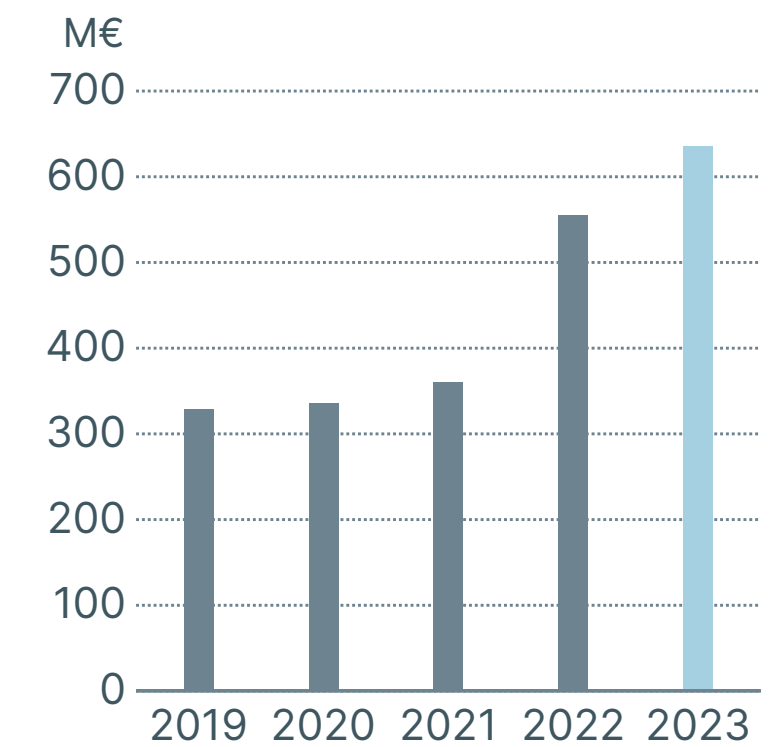
million. Due to a lower electricity price and lower area price differences for electricity, the congestion costs resulting from the surplus in the national electricity balance amounted to EUR 15.5 (69.4) million. Loss power procurement costs came to EUR 75.2 (103.9) million, which resulted from the lower average loss power procurement price of EUR 45.09 (60.32) per megawatt hour. The amount of loss power procured was 1.7 (1.7) terawatt hours. The cost of reserves to safeguard the grid's system security and power balance were on par with the previous year and amounted to EUR 185.6 (186.9) million, despite the higher procurement volume. Due to the progress made in the company's extensive investment programme, depreciation grew to EUR 123.3 (107.9) million. Grid maintenance costs grew to EUR 22.5 (19.6) million. Personnel costs grew to EUR 42.8 (38.1) million, which mainly correlates with the increase in the number of personnel required for the expansion of the operations and the increasing complexity of the power system.

The Group's operating profit excluding the change in the fair value of derivatives was EUR 186.1 (149.8) million. The Group's profit before taxes was EUR 1.3 (257.4)

Turnover and profit from operations 2019–2023, M€



Total costs (without imbalance power and change in the value of derivatives) 2019–2023, M€



million. The result was improved by the growth in the company's allowed profit and the decrease in the Group's net financial costs. The result was weakened by a negative change of EUR -185.1 (140.6) million in the fair value of electricity derivatives and currency derivatives linked to capital expenditure and other operating costs. The Group's operating profit was EUR 1.0 (290.4) million.

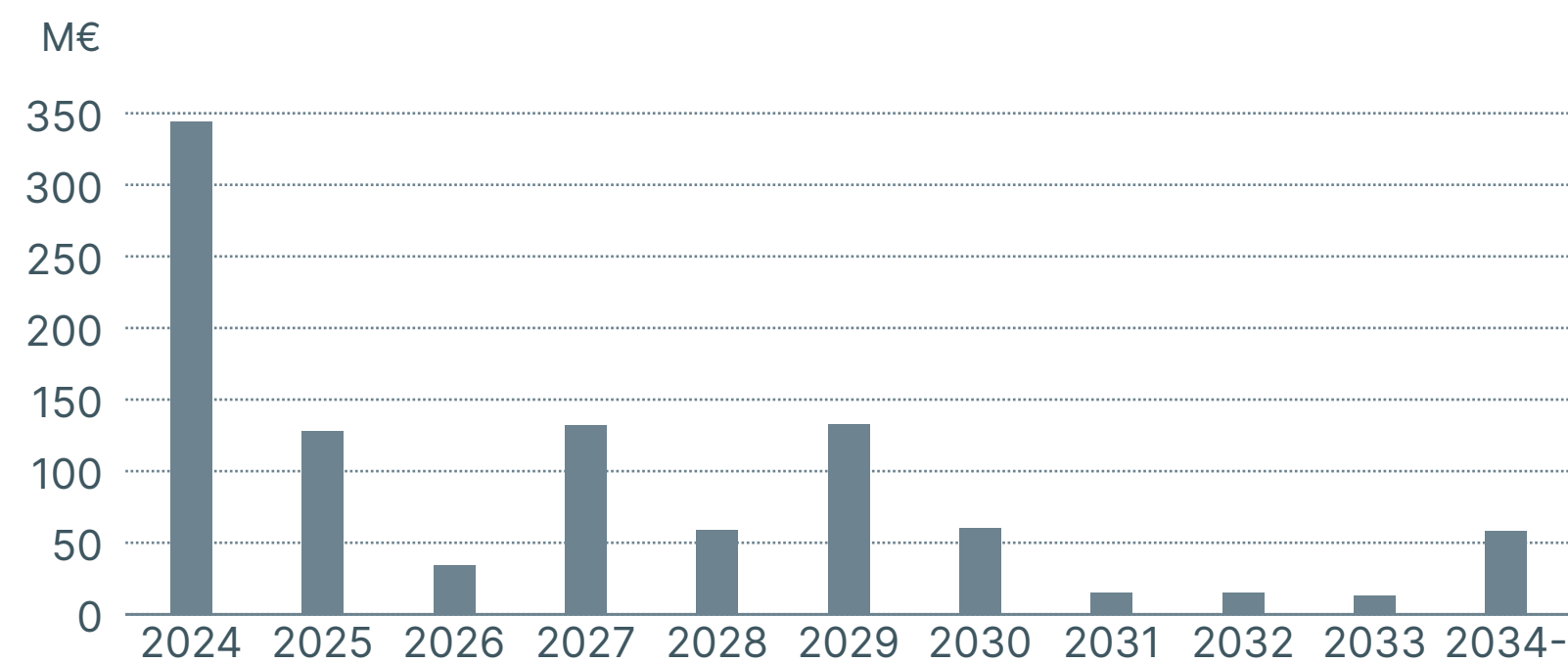
The Group's net financial costs were EUR 0.2 (32.7) million, including EUR 0.6 million in interest expenses on the lease liabilities recognised in the balance sheet. Net financial costs fell after the increase in the interest rate level increased finance income on cash and cash equivalents and due to the positive change in the market value of actual interest rate swaps and derivatives hedging loans.

The equity ratio at the end of the financial year was 20.1 (22.4) per cent.

Interest-bearing borrowings totalled EUR 998.1 (1,056.2) million, of which non-current borrowings accounted for EUR 654.7 (990.4) million and current borrowings for EUR 343.5 (65.8) million.

During the review period, the company's cash assets fell due to the use of congestion income generated in 2022 for waiving grid service fees and due to covering the rising costs of the grid operations instead of raising grid service tariffs. Cash and other financial assets totalled EUR 387.0 (733.4) million on 31 December 2023. The company's financial position remained strong. Fingrid has a EUR 300 million revolving credit facility tied to the responsibility targets. The revolving credit facility's loan period extends until 30 November 2028.

Debt maturity profile, M€





In 2023, approximately 50 R&D projects were underway. Ten theses were completed at Fingrid, all of which were master's theses.

Research and development

Fingrid's research and development activities respond to the challenges of the energy transformation, improve the cost-effectiveness of the operations and increase competence. In 2023, a total of EUR 2.4 (1.8) million was used for Fingrid's own research and development, which corresponds to the amount in previous years.

The R&D work focal point in 2023 was, measured in euros, development work related to ensuring transmission capacity and digitalising grid maintenance methods. The second largest focal area was made in developing system security management. The largest individual project in that area is looking into the challenges involved in the converter-dominated electricity system and how the challenges should be accounted for at the planning phase. The third improvement area is the development of the electricity market.

The R&D portfolio for the year under review highlights two themes: ensuring transmission capacity by modernising the grid and developing the electricity market. In addition to these, projects involving, for example, using AI and IoT technology,

developing Nordic reserve products and utilising satellite data in vegetation clearing have been carried out.

Modernising the grid enables the production of renewable, clean energy and clean industry that requires electrification. The grid is being modernised in a number of ways, including using devices that stabilise the grid and monitoring of the load capacity of transmission lines. Furthermore, studies have been conducted on situations in which it would make sense to transmit hydrogen alongside electricity transmission. Shifting over to clean industry is starting to show up in the form of various projects, for example the manufacture of synthetic methane, green steel and hydrogen production using renewable electricity.

The electricity market is being developed cost-effectively and to promote transmission reliability, with several projects underway. The markets shifted to the 15-min imbalance settlement period during the year under review, which helps to meet the

challenges stemming from the production of variable renewable electricity. In order to allocate transmission capacity to the market, a new (so-called flow-based) method has been developed, which enables more optimised capacity allocation, without endangering system security. A pilot project was also implemented during the year under review, in which a total 550 MW of wind power capacity participated on various reserve markets.

Projects boosting competence and solutions

The powerful increase in wind and solar power production presents a challenge to the electricity system's technical operations. Traditionally, the synchronous machines of heat and hydroelectric power plants have stabilised the grid. In the future, wind and solar power will periodically feed the majority of the power system's total power output through converters.

For identifying and solving the technical challenges arising from this transformation,

Fingrid launched an R&D project "Converter-dominated system" at the end of 2021 and the joint Nordic "Converter Dominated Nordic Grid" project was launched in spring 2022.

In 2022–2023, the "Converter-dominated system" R&D project created the capability to analyse wind, solar and battery power plant operations in a converter-dominated grid, analysed the impacts on the electricity system's technical performance using simulations and measurements, and adopted new technical solutions for maintaining the stability of the grid. Three theses were completed on the project inside Fingrid and collaboratively with Aalto University. The best experts, from Canada and the United States, among other places, were utilised in developing modelling and analysis competence.

The project continues with the publication of a Nordic roadmap and the implementation of studies and measures specified in it. In addition, a doctoral dissertation project financed by Fingrid began at Aalto University in the autumn of 2023 on the long-term need to develop the capabilities

of converters creating the grid for the needs of the Finnish and Nordic system.

Case

Energy infrastructure development work to promote Finland's competitiveness

In spring 2021, Fingrid started up cooperation with Finland's gas transmission grid company Gasgrid Finland. The co-operation's goal is to look into the opportunities of hydrogen economy in Finland and the role of the energy infrastructure as an enabler of the hydrogen economy. The final report for the joint project was published in November 2023.

The report states that Finland has good prerequisites to evolve into a hydrogen economy pioneer, producing 10 per cent of the EU's clean hydrogen. Together with competitive renewable electricity production, the transmission infrastructure for electricity and hydrogen enable the expansion of the hydrogen economy and achievement of climate targets.

Energy transmission and storage play a central role in the growth of the hydrogen economy, with weather-dependent electricity production growing significantly and both electricity and hydrogen production and consumption allocated throughout Finland. Major transmission between production and demand facilities can be implemented cost-effectively through electricity and hydrogen infrastructure development, which utilises both transmission infrastructures with an eye to customers' needs. For example, by utilising the hydrogen grid, hydrogen can be stored and hydrogen production can be located closer to electricity production, allowing energy to be transmitted as hydrogen to its end-use and further processing destinations.

Dozens of industrial hydrogen projects have been initiated in Finland, linked to, for example, fossil-free steel production and electrofuels further processed from hydrogen. The completion of the investments will improve Finland's energy self-sufficiency and security and indirectly generate well-being for the whole of Finland through new high-value products and the growing export industry.



Corporate responsibility

Introduction

Fingrid's mission, as a transmission system operator, is vital for a well-functioning society. Due to increasing electrification of society and the growing use of electric power, securing the reliable supply of electricity in all circumstances is increasingly important. Fingrid monitors the power system 24/7 and has an excellent track record in this task, having achieved a high transmission reliability rate. The supply of electricity was successfully secured also in 2023, despite availability concerns at the beginning of the winter season due to the upheaval of the European energy markets resulting from Russia's war of aggression.

In addition to ensuring the well-being of society, Fingrid's operations also have a crucial positive impact on climate change mitigation. Like other TSOs, Fingrid has a role in meeting one of the biggest sustainability challenges of our time. Finland aims to be carbon neutral in 2035. Achieving this goal is possible by increasing electrification. Fingrid plays an active role in this energy transformation and in climate change mitigation because by designing, building and maintaining the main grid and by developing the electricity market, Fingrid will create a platform for growing a clean power system.



Modernising the energy system requires extensive grid construction efforts and new solutions for managing the changing power system. Timely grid investments are necessary for connecting clean electricity production and consumption to avoid the main grid from hampering the achievement of Finland's climate targets. This is no easy task, and the main grid development plan included hundreds of millions of euros in annual investments by 2033. The heavily weather-dependent renewable energy production will furthermore result in significant changes to power system management and will also require changes in the functioning of the electricity market and introduce new requirements to the users of the power system.

The grid development measures required by the green transition and Finland's electrification will also bring changes to local land use and the natural environment, despite various efforts by the company to reduce the negative environmental impacts from new transmission lines and substations. However, the positive sustainable development impacts from the climate benefits and the reliable electricity infrastructure enabled by Fingrid's grid development measures will far outweigh

the negative impacts. This also calls for an understanding of the overall impacts, alignment of climate protection and nature protection as well as cooperation between various authorities and other players to successfully accomplish grid construction for safeguarding the green transition and sustainable development.

All Fingrid operations are founded on responsible and ethical practices, which practically means listening to the expectations of the personnel, customers and other stakeholders and their engagement, paying taxes to Finland without any tax planning, respecting human rights, complying with labour legislation and regulation, as well as anti-corruption policies. We also expect responsible operations from Fingrid's numerous service providers and suppliers as well as in the related chains of supply.

Value creation

Fingrid's operations create significant shared value for its customers, employees, contract partners, shareholders and the whole of Finnish society. The significance of Fingrid's core mission and a sufficient

and reliable electricity infrastructure for the welfare of society is evident to all people in Finland: power is reliably available, which is not a given in all parts of the world.

The social value makes itself felt in Finland's competitiveness based on clean, reliable and affordable electricity. Fingrid enables this competitiveness by investing in the main grid and cross-border transmission connections, while also maintaining affordable grid pricing. The dividends the company pays to Finnish shareholders and its taxes circulate back to help build the welfare of Finnish society.

In addition to our own personnel, the service providers employed by numerous Fingrid projects also benefit from the value created by us. Another form of value creation is the support for achieving climate policy targets by building a strong main grid and maintaining a well-functioning electricity market necessary for clean electricity.



Fingrid's value creation 2023

01

RESOURCES

- › Personnel and expertise
- › Suppliers and business partners
- › Income and debt financing
- › Electricity from power plants and neighbouring countries
- › Grid transmission lines, substations and reserve power plants
- › Land required for transmission lines; natural resources and materials
- › ICT structures
- › Knowledge capital on electricity, markets and customers

02

BUSINESS PROCESS

- Adequacy of the electricity transmission system**
 - › Grid planning
 - › Grid construction
 - › Grid maintenance
- Management of electricity system operation**
 - › Planning of the operation of the electricity system
 - › Monitoring and control of the electricity system
 - › Managing disturbances and the continuity of the electricity system
- Promoting the electricity market**
 - › Developing market rules to enable a clean electricity system
 - › Promoting the regional electricity markets
 - › Ensuring the continuity of the electricity market
- SERVICES FOR CUSTOMERS**
 - › Main grid services / Electricity market services

03

IMPACTS

- › Enabling a carbon neutral energy system
- › Reliable electricity for society and business
- › Efficiently functioning electricity market
- › Promoting Finland's competitiveness
- › Developing the electricity sector and competence
- › Financial benefits for stakeholders
- › Employment impact and other local benefits from large capex projects
- › Local changes in land use and the environment and energy losses in electricity transmission

04

CREATION OF VALUE

- › Fingrid's nationwide main grid creates a platform for a clean powersystem. Around 60 kilometres of new grid transmission lines and 15 new or expanded substations.
- › Electricity transmission reliability 99.9995%.
- › Wind and solar power was connected to the main grid in the amount of 1,920 megawatts, which will indirectly result in an annual emissions reduction of 189,000 carbon dioxide equivalent tonnes in the future. The reliability of cross-border transmission connections was 98.0%.
- › Fingrid waived grid service fees for its customers for six months. Customers perceive that Fingrid works for the benefit of the whole of society (4.4/5).
- › Personnel feel their work is meaningful and are ready to recommend their employer (eNPS 75). LTIF 7.2. Absences due to illness 1.9%. Training: average of 5 days/employee.
- › One of Finland's largest corporate income tax payers (EUR 32 mill.). Remuneration to financiers and shareholders EUR 163 million.
- › Investments in the grid approx. EUR 310 mill. Fingrid personnel's person-years 485 and service suppliers' person-years 663.
- › Direct CO₂ emissions and indirect emissions due to the company's own electricity consumption and losses totalled 65,000 carbon dioxide equivalent tonnes (Scope 1 and 2). 99% utilisation rate and 78% recycling rate for waste.

Fingrid promotes in particular these UN's Sustainable Development Goals



Strategic corporate responsibility management

Management at Fingrid is strongly based on the company's values: Fingrid is open, fair, efficient and responsible. This is reflected in all of the company's operations. Corporate responsibility is not an isolated function or topic, but a fixed part of Fingrid's strategy and our people's work. Therefore, corporate responsibility is highlighted in everything we do and in all decision-making. Corporate responsibility and compliance management are integrated with Fingrid's strategy, management system and risk management practices.

The highest responsibility for sustainable development principles and promoting them lies with the company's Board of Directors. The Board of Directors approves the company's Code of Conduct and the implementation of the goals. Corporate responsibility aspects are included in the Board of Directors' decision-making on investments, for example, and other strategic decisions. Corporate responsibility reporting to the Board of Directors takes place regularly and as a part of risk management as well.

The President & CEO is responsible for arranging corporate responsibility management and its integration into business operations. The President & CEO and the heads of functions are each responsible for compliance and corporate responsibility management within their areas of responsibility. The executive management group regularly reviews corporate responsibility issues, and alongside financial profitability, social issues and environmental impacts are taken into account in a balanced manner in decision-making. The Compliance and Responsibility Team headed by the company's General Counsel is responsible for corporate responsibility development and reporting at the company level. In terms of the ESG targets of corporate responsibility, each environmental (E), social (S) and governance (G) target has a director appointed by the President & CEO from the executive management group. The appointed director is responsible for development and monitoring together with the General Counsel in charge of corporate responsibility.

Responsibility aspects have an impact on the remuneration of the President & CEO and other executives, as most of the metrics used in the remuneration schemes are also the company's key sustainability KPIs. The key metrics for the short-term remuneration of the management in particular include social responsibility KPIs,

such as customer NPS, and as regards personnel, the personnel survey results. The long-term remuneration metrics are linked especially with climate change mitigation and focus on high system security, functional markets and connecting wind power to the main grid.

The governance system is described in more detail in the Corporate Governance Statement for 2023, and more information on the company's remuneration policies is given in the Remuneration Statement for 2023 and in the Remuneration Policy for Governing Bodies.

Fingrid's ESG Governance




CORPORATE LEVEL RESPONSIBILITY	› Board of Directors
RESPONSIBILITY FOR CORPORATE ESG TARGETS	› A director nominated by the CEO responsible for each individual corporate ESG target
RESPONSIBILITY FOR EXECUTION OF EACH CORPORATE ESG TARGET	› Nominated director
RESPONSIBILITY FOR DEVELOPMENT AND MONITORING	› Nominated director together with the director responsible for corporate responsibility at Fingrid

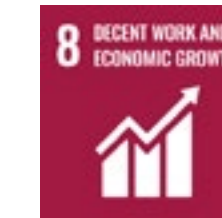
Commitment to UN Sustainable Development Goals a keystone for management policies

In 2016, Fingrid signed the Global Compact initiative of the United Nations. The company is committed to its principles on human rights, labour, the environment and anti-corruption.

The company promotes the UN's Sustainable Development Goals (SDGs). Out of the 17 goals, the ones pertaining to energy, infrastructure and climate actions are the most important for Fingrid. Fingrid's operations promote nine SDGs in particular.

The table below shows how Fingrid's own ESG targets and indicators for corporate responsibility support the three UN SDGs most important for Fingrid. Subsequent sections of this corporate responsibility report will show how the nine SDGs supported in particular by Fingrid align with the company's own corporate responsibility targets.

UN Sustainable Development Goal	SDG-linked indicator or target monitored by Fingrid
	Transmission reliability in the grid, % Maintaining Finland as a single price area Connection of wind power to the grid, MW Development of costs in relation to the general price level
	Grid projects' degree of completion, % Customer satisfaction, cNPS Affordable grid service fees, ENTSO-E price comparison
	SF6 emissions, % Carbon dioxide emissions of transmission losses, tCO ₂ e Energy efficiency, energy savings, MWh



Materiality assessment and double materiality assessment

Fingrid has identified the material corporate responsibility topics in its strategy and core operations. The company has set corporate responsibility ESG targets covering environmental responsibility (E), social responsibility (S) and good governance (G) for the material topics. The foundation for corporate responsibility, the materiality assessment, recognises the impacts of Fingrid’s operations on the economy, people and the environment. The analysis also covers the operating environment, issues raised by stakeholders, legislation and industry trends. A separate corporate responsibility survey carried out in 2022 verified an up-to-date understanding of Fingrid’s key stakeholders’ views and expectations in terms of corporate responsibility. The identified corporate responsibility areas have been prioritised based on the significance of the impacts of Fingrid’s operations and the views of stakeholders.

The greatest impacts of Fingrid’s operations are related to the reliability and security of the power system, climate change mitiga-

tion (enabling more renewables connected to the main grid), and a well-functioning electricity market. Information security and data protection and the impacts of power lines on land use and scenic values are also recognised as key topics, as Fingrid needs to continuously build new grid sections to

enable the green transition. All these material responsibility topics are at the core of the company’s strategy. The company promotes the transition towards a clean power system by reinforcing the main grid and by ensuring that renewable energy has access to the market.

Material impacts of Fingrid’s operations in the 2023 materiality assessment

- Reliability and security of the electricity system
- Connecting renewable electricity production to the electricity system
- Well-functioning electricity market
- Information security and data protection
- Occupational health and safety
- Business ethics and compliance
- Trust of stakeholders
- Customer satisfaction
- Responsible sourcing practices
- Impacts of transmission lines on land use and landscapes
- Competence and personnel well-being
- Protection of nature values and biodiversity
- Circular economy and material efficiency



Each material topic has short-term targets extending to 2025 and long-term targets extending to 2035. The achievement of the targets is monitored and reported on using indicators, each of which has its own appointed director. The targets and the related indicators, including the results, are described in the Responsibility Appendix part of this [corporate responsibility report](#).

In the future, large companies have to report on corporate responsibility in compliance with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). This will impose new requirements also on Fingrid's reporting. Double materiality will be the dominant principle guiding the definition of the material scope of sustainability reporting. This means identifying the material impacts of the company on sustainability issues, on one hand, and how the sustainability issues impact the company's development, revenue and position, on the other hand.

In 2023, Fingrid carried out a double materiality assessment of sustainability reporting, which was approved by the executive management group. The assessment identified Fingrid's material impacts on people and the environment. The assessment furthermore covered material sustainability-related opportunities and risks which could result in financial impacts on Fingrid. In the future, these impacts, opportunities and risks, as well as the related sustainability topics, form the basis for the sustainability reporting expected of Fingrid's corporate responsibility work.

Fingrid's double materiality assessment

Fingrid's material impacts on people and the environment:

- Reliable electricity for society and industry, and promoting Finland's competitiveness
- Enabling climate change mitigation and indirect reduction of CO2 emissions by connecting new renewable energy production and consumption to the grid
- Flexibility and functionality of the electricity market
- Ethical business operations and corporate culture in compliance with the values and regulations
- Trust of customers and stakeholders
- Well-being and safety of own personnel
- Safe working conditions and reasonable contract policies for contractors and suppliers
- Privacy and information security of consumers and security of Fingrid's critical data
- Environmental impacts of transmission line and substation construction and removal and trimming of trees from the power line right-of-ways

Sustainability-related opportunities and risks which could result in financial impacts on Fingrid:

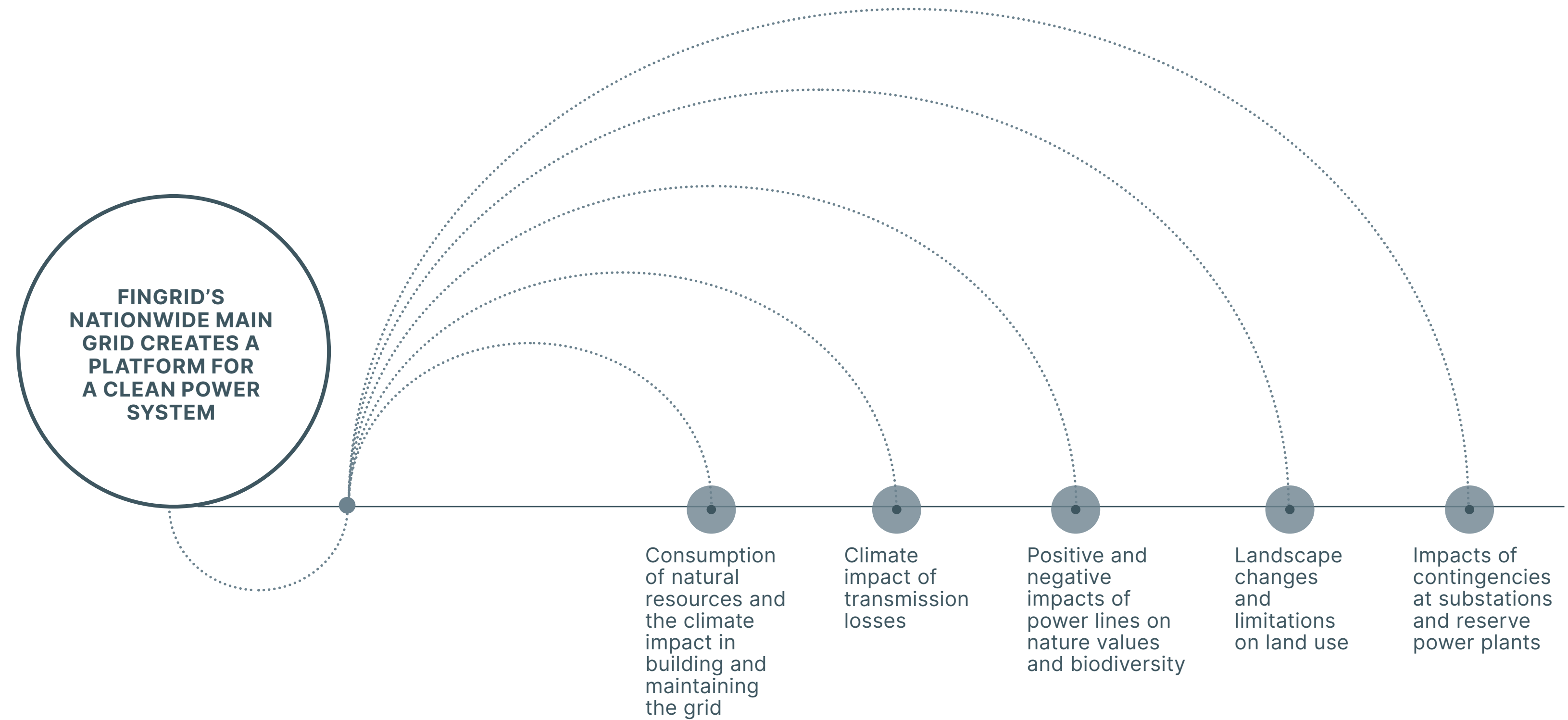
- Investment needs arising from the green transition – opportunity
- Risks arising from the transition to a clean power system (such as system responsibility and adequacy of grid building)
- Impacts from changes in legislation and other regulation on operating conditions and the economy
- Increase of material costs and challenges in availability
- Loss of power regionally or nationwide (blackout)
- Erosion of general acceptance among landowners and close neighbours
- Paralysis of IT systems and loss of power system availability, and a leak of critical information, including Datahub user information
- Warping of corporate culture and consequent decline of operational capability or reputation (action in conflict with the Code of Conduct or values)

Environmental responsibility




The most essential component of Fingrid’s environmental responsibility is the company’s significant positive impact on climate change mitigation. The transfer of clean electricity from production sites to consumption enables the reduction of greenhouse gas emissions in various sectors.

The positive climate impact from Fingrid’s operations consists of the company’s measures to reinforce the main grid and develop the electricity market to meet the needs of both electricity production and the electricity-consuming industries and other societal parties. This results in an indirect reduction of greenhouse gas emissions, in compliance with the climate targets. This positive climate impact from Fingrid’s operations and its importance for sustainable development is far greater than the carbon footprint resulting from the company’s work to accomplish this task. The carbon footprint and other negative environmental impacts will be reduced in line with Fingrid’s land use and environmental policy.

Fingrid’s main environmental aspects



Climate targets and the work to achieve them

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN's SDG
<p>Finland carbon neutral by 2035</p>	<p>Fingrid's investments and development projects enable the reduction of carbon dioxide emissions in electricity production.</p> <p>Grid investments to be carried out to integrate emission-free electricity production to the grid were completed on schedule, the market development projects were completed and the grid's system security remained good.</p>	<p>Enabling the emission-free electricity production required for a carbon neutral Finland and increased demand for electricity.</p> <p>The main grid does not restrict Finland's transition to carbon neutrality, the markets balance out production and consumption, good system security.</p>	<p>Environment Climate – emission-free power system</p>   



Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN's SDG	Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN's SDG
Emission-free transmission losses	Fingrid's grid investments have enabled the integration of new emission-free production into the grid, reducing the CO2 emissions of transmission losses without any carbon offsets Improved energy efficiency based on Fingrid's commitments	In a carbon neutral Finland, transmission losses do not cause any CO2 emissions Fingrid is energy efficient in all of its operations	Environment Climate change – emissions from transmission losses and energy efficiency   	Main grid does not cause SF6 emissions	Reducing SF6 gas emissions using modern technologies and preparing for adoption of new technologies The roadmap for new technologies has been drawn up and a pilot project is underway The main grid's SF6 emissions are low compared with other TSOs	SF6 gas emissions at a minimum, all new gas-insulated switchgear assemblies comply with the selected new technology and are SF6-free The lowest SF6 gas emissions caused by a main grid in the world, when compared with other TSOs	Environment Climate change – SF6 gas emissions   

TSOs' role as enablers of achieving climate targets is widely recognised in various countries. Fingrid is committed to operating in accordance with national and global climate targets, the aim of which is to limit the rise in global temperature to 1.5 degrees.

The electricity production in Finland has successfully transitioned to clean energy sources. Most of the electricity produced in Finland is already generated free of emissions from nuclear, wind, hydroelectric and solar power.

Fingrid has estimated the carbon dioxide emissions from Finland's electricity system in real time since 2019. The calculation formula in use for the **emission factor** is based on real-time production, import and export data, and emission factors for specific types of production. The average emission factor for the electricity consumed in Finland in 2023 was 38 g CO₂/kWh. The emission factor continued to decrease from the previous year, indicating positive progress in achieving Finland's climate targets.

The decrease of the emission factor is explained by an increased share of

low-emission nuclear and wind power in Finland's electricity production, moderate consumption early in the year and the end of cross-border electricity trading with Russia in 2022.

It is necessary to accomplish climate change mitigation and achieve climate targets by power system construction without endangering the reliability of the power system or working conditions in grid building and maintenance. A reliable main grid is essential for society.

The main grid is designed and operated in such a way that individual faults do not result in a disturbance that possibly spreads to the entire grid. The cost of a nationwide transmission blackout to customers and society at large would be significant, in the region of EUR 100 million for each hour of outage. This figure is an important indication of what it means for Fingrid to succeed in its core mission.

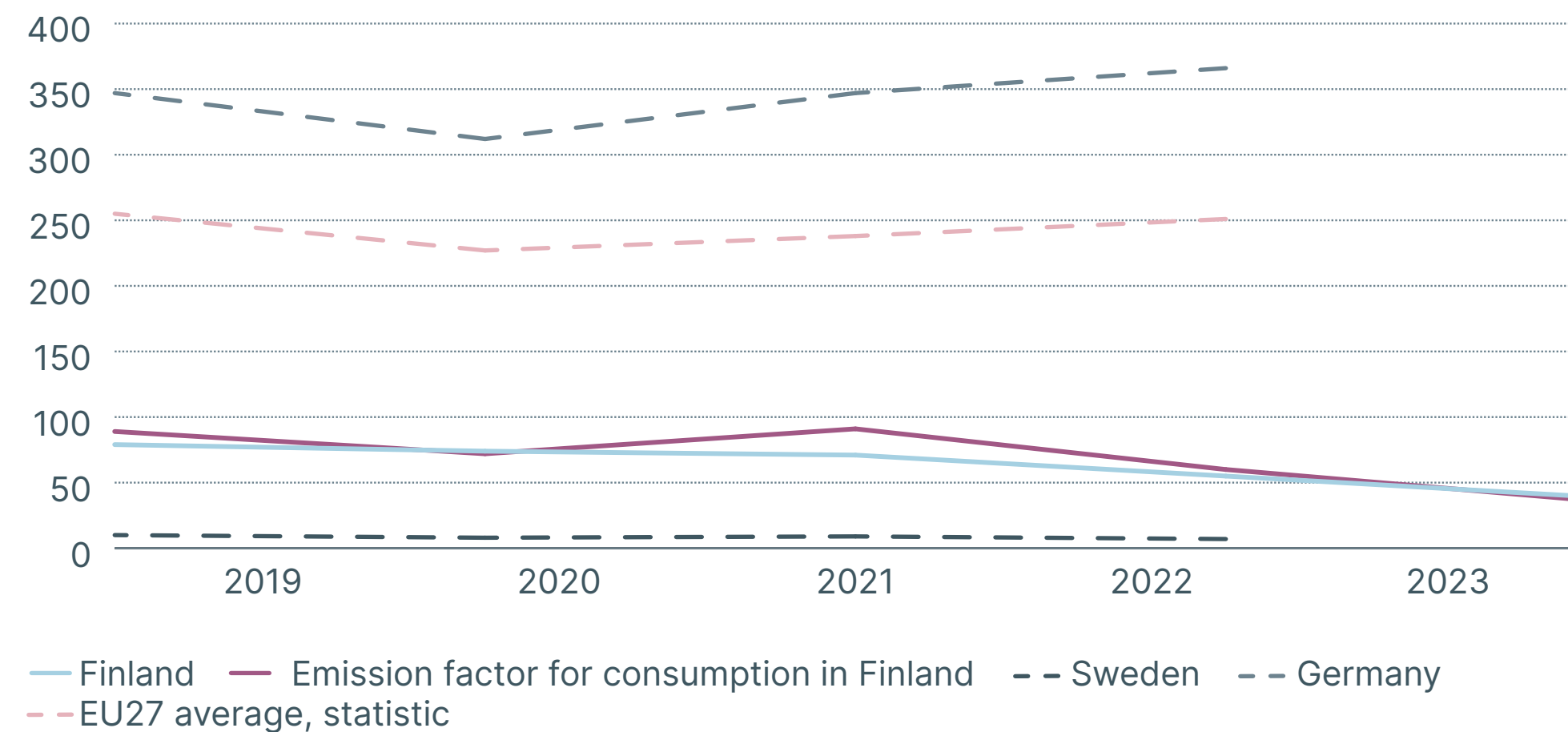
The management of the power system becomes more difficult and demands more cooperation between various parties as the weather-dependent emission-free electricity production increases signifi-

cantly. This is the reason for developing the management of the electricity system, increasing automation and seeking flexibility in production, consumption as well as energy storage to help balance power production and consumption. A key trend

is the increasing participation of power system users in support of the system and in the balancing of electricity production and consumption.

Emission factor of electricity production

CO₂-emission gCO₂/kWh



Emission factors of other countries and average for EU27 countries: European Environment Agency, 2023. Greenhouse gas emission intensity of electricity generation. Link: https://www.eea.europa.eu/ds_resolveuid/0EKWQC5FRZ
 Finland's emission factors: Fingrid, 2023. Real-time CO₂ emissions estimate. <https://www.fingrid.fi/en/electricity-market-information/real-time-co2-emissions-estimate/>

Case

Renovation of the Tammisto substation will improve transmission reliability

The Tammisto substation, a key hub of the electricity supply in the Helsinki region, has been completely modernised and the old outdoor switchgear assembly has been dismantled. The challenging project progressed smoothly from the point of view of the local community, with no blackouts.

The old outdoor switchgear assembly was the size of a football pitch. To save space, it was decided to build a new indoor switchgear assembly aligned with city planning regulations next to it.

The building is at a very visible location, next to the shopping mall Jumbo and the entertainment centre Flamingo, with a lot of traffic passing by. There is also a protected red-brick substation building from the 1950s in the area, currently in

office use. The building material selected for the new substation was red brick, to match the old substation building.

Roughly 1.3 terawatt hours of electricity pass through the substation each year. In addition to Fingrid's powerlines, the substation also connects the power lines of Helen Electricity Network, Caruna and Vantaa Energy Electricity Networks.

The substation renovation improves system security, and the indoor switchgear assembly is better protected from weather and vandalism. Many substations in Finland's power system have reached the end of their life-cycle, and Fingrid is accordingly repairing and replacing them at a record pace. The green transition also increases the need for new substations.

The Tammisto substation was awarded the 2023 Architecture MasterPrize as recognition of exceptional design quality. The substation was designed by Virkkunen & Co Architects.





The key tool for reducing the carbon dioxide emissions caused by transmission losses is to build the main grid to accommodate new clean electricity production.

Energy efficiency and decreasing the impact of transmission losses

Climate targets are promoted by transitioning into cleaner electricity production, by reducing the carbon dioxide emissions from electricity transmission power losses, and by improving energy efficiency. The annual variation of losses resulting in electricity transmission is affected by the status of Nordic electricity production and variations in weather-dependent production. The on-going electrification of society and the growing consumption of electricity will increase the volume of electricity transmission and consequently also the related power losses. The required transmission volume and the power losses would be lower if the production and consumption of electricity, for example wind turbines and hydrogen production, were located in the same area.

A large portion of Fingrid's greenhouse gas emissions is caused by the production of the electricity acquired from the electricity market to replace power losses taking place during electricity transmission. The key tool for reducing the carbon dioxide emissions caused by transmission losses is to build the main grid to accommodate new clean electricity production, which will also reduce the carbon footprint from energy

lost during grid transmission. In 2023, the volume of transmission losses in the main grid amounted to 1.6 terawatt hours, which was on par with the previous year. This was 2.2 per cent of Fingrid's total transmission volume of 71.7 terawatt hours. The greenhouse gas emissions due to transmission losses came to 57,000 carbon dioxide equivalent tonnes. This is clearly less than in the previous year, a consequence of the decline in the emission factor describing the increasing cleanness of the electricity consumed in Finland. Energy-efficient grid investments and equipment procurements are another way of decreasing the transmission losses.

Fingrid is a signatory of the Finnish Energy Efficiency Agreement for Industries. The voluntary energy efficiency agreements are Finland's primary method for meeting the EU's strict obligations for more efficient use of energy. A savings target of 12.9 per cent was set for the agreement period 2017–2025, equalling more than 180,000 megawatt hours of saved energy. This overall savings target was reached

already in 2022, with the biggest reduction in energy consumption, roughly 90,000 megawatt hours, came from the completion of a 400 kilovolt transmission line, the Forest Line.

In 2023, Fingrid commissioned a statutory energy audit compulsory for large companies, including the required site-specific au-

audits. While the already achieved overall savings target was not updated, several energy-efficiency improvement measures were carried out at reserve power plants and substations, including installations of new lighting fixtures, ventilation equipment and air source heat pumps as well as modifications of temperature settings. These minor measures accomplished total energy savings of roughly 660 megawatt hours, more than half of which came from a heating system revamp at the Forssa reserve power plant. The total energy savings were much lower than in recent years because no 400-kilovolt transmission lines were completed during the year, which would have resulted in a more significant boost in the main grid's energy efficiency.

Substations' SF6 gases

Fingrid's transmission grid includes more than a hundred substations, consisting of both air-insulated and gas-insulated switchgear assemblies. Over the decades, sulphur hexafluoride, or SF6 gas, has become established as the most common switching medium and dielectric gas in switchgear assemblies and components. While it has excellent technical properties, the SF6 is a powerful greenhouse gas. The handling of SF6 gas is steered by the EU's F-gas Regulation, which sets limits for leak monitoring and gas handling competence requirements. Furthermore, upcoming regulation will prohibit the use of SF6.

Fingrid has for several years focused on the continuous technical monitoring of SF6 gas to detect even the smallest leaks and to respond to them quickly. Fingrid has also decided to reduce the volumes used as the equipment reaches the end of its service life and new technology enables new solutions. It is not possible to switch out the SF6 gas without modernising the equipment. For the time being, the large-scale use of new solutions is restricted by technical requirements, a lack of technology suitable for higher voltage levels and a lack of practical experience.

The goal for 2023 was to reduce the growth of SF6 gas volumes as much as possible by focusing on SF6-free gas-insulated switchgears. SF6-free technology is used in the new 110-kilovolt gas-insulated projects always when technically possible using commercially available products. During the year, a SF6-free gas-insulated switchgear was completed at Luukkala in Lappeenranta, and SF6-free circuit-breakers were completed at the Heinola outdoor switchgear assembly. Modifications to the Kauppila substation in Kangasniemi and to the Framnäs substation in Kirkkonummi were underway. A modification to make four more substations SF6-free was additionally in the tendering process.

At the end of 2023, Fingrid had roughly 58 tonnes of SF6 gas at its substations. Fingrid's SF6 gas emissions for 2023 totalled 1,100 carbon dioxide equivalent tonnes. This means roughly 43 kilograms of gas and a leakage rate of 0.07%. The long-term annual leakage rate has been very low, less than 0.2% on average, which is among the top results in the International Transmission Operations & Maintenance Study (ITOMS).

Greenhouse gas (GHG) emissions from reserve power plants

In addition to the sulphur hexafluoride gas (SF6) in substations, the company's reserve power stations cause direct greenhouse gas emissions. The reserve power plants are only used in serious disturbances of the power system and in test runs for ensuring their reliable operations, but not in commercial electricity production. The plant-specific hours of operation mainly consist of test runs, in the region of just around ten hours per year. The low running hours of the reserve power plants limit their impacts on air quality and their greenhouse gas emissions, which in 2023 amounted to roughly 5,200 CO2 equivalent tonnes.

Fingrid's reserve power plants are included in the European Union's emissions trading system. The accuracy of the measuring and reporting systems for fuel consumption (light fuel oil) is verified by an accredited emissions trading verifier. A total of 4,757 units (tCO2) of emission allowances were returned, 100% of which consisted of purchased emission right units. Fingrid has not been granted free-of-charge emission rights for the emissions trade period 2021–2030. The purchased emission right

units amounted to 7,000 in 2023. Emissions trading had minor financial significance for Fingrid.

The management of the reserve power plants' environmental impacts is supported by ISO 14001 environmental certification. The environmental management system was recertified in 2023. An energy saving project was completed at the Forssa reserve power plant, resulting in a revamped heating system running completely on waste heat recovered from the power plant's own process. Both inhouse personnel and a service provider received training on several topics, including battery safety. Drills for rescuing an injured person were continued.

Other indirect greenhouse gas emissions

Building up and operating the main grid, which is necessary for mitigating climate change, inevitably also results in emissions and a negative carbon footprint. In 2023, Fingrid's direct greenhouse gas emissions and the indirect emissions due to the company's own electricity consumption and transmission losses (Scope 1 and 2) amounted to roughly 65,000 CO2 equiv-

alent tonnes. Most of the emissions (approx. 88%) were caused indirectly by the electricity production required to replace power losses taking place during electricity transmission. The emissions from the transmission losses (57,000 CO2 equivalent tonnes) decreased, however, because the electricity consumed in Finland was [cleaner](#). Approximately 0.1 per cent of Finland's greenhouse gas emissions are caused by Fingrid (Scope 1 and 2).

Fingrid's greenhouse gas emissions totalled roughly 195,000 CO2 equivalent tonnes when including also the indirect emissions from procurement and supply chains (Scope 1, 2 and 3). This means that almost 70 per cent of Fingrid's GHG emissions are generated along the value chain (Scope 3). Transmission line and substation investments caused around 20 per cent of the total emissions (Scope 1, 2 and 3).

In early 2023, a project to develop carbon footprint calculation was carried out with the help of an external specialist and this also verified the comprehensiveness of Fingrid's Scope 3 emission calculation. In 2022, the Scope 3 emissions included the material procurement for transmission

lines and business travel. The now completed materiality-based GHG inventory was carried out with the 2022 data and indicated how significant the procurement and supply chain emissions are in Fingrid's overall carbon footprint. The calculation was based mainly on the material masses, product-specific emission data and, for the purchased products and services, the amount of euros used per procurement category.

The most significant emission sources in 2022 were the transmission line and substation investments and other key emission sources included the procured products and services, and the supply chain for loss power. Compared with the calculations from the previous years, the emissions from the procurement and supply chain are clearly larger when using the new parameters. It should be noted, however, that the emissions of the value chain significantly depend on the number of active investment projects during a reporting year and thus vary from year to year.

In 2022, roughly 500 kilometres of new transmission lines were taken into use, while the number of transmission line kilo-

metres commissioned in 2023 was around 60. It must also be taken into account that the emissions from construction create a 'carbon peak' for the specific year even though the construction material used for the main grid will last for several decades. The comprehensive GHG inventory creates a good basis for Fingrid's climate change mitigation and emission reduction work and highlights the significance of cooperation and co-creation with suppliers.

Instead of the [emission factor](#) published by Statistics Finland, Fingrid has since 2020 used a more real-time figure for the electricity consumed in Finland. The calculation formula in use for the emission factor is based on real-time production, import and export data, and emission factors for specific types of production. In 2023, Fingrid discarded the arithmetic mean and instead adopted a volume-weighted annual average in its annual reporting. This more accurately reflects the emissions level because the more emission-intensive electricity production takes place during periods with higher electricity consumption. In 2023, the volume-weighted annual average for the emissions from consumed electricity was 38 g CO2/kWh.

Case

Green aluminium reduces the carbon footprint of conductors

The climate change mitigating grid investments carried out by Fingrid consume large amounts of materials, the production of which, all the way from mining and refining to an installable product, causes significant carbon dioxide emissions. More than half of the carbon footprint resulting from the construction of a transmission line has to do with the conductors of power cables. The total manufacturing process of the aluminium wires required for power cables is especially energy intensive. Fingrid purchases the conductors directly from manufacturers, and during the year under review, the company held discussions with its contract partners to reduce their carbon footprint. As a result, the first batch of so-called green

aluminium was produced and delivered in late 2023. The carbon footprint of green aluminium is as low as roughly one quarter of the conventional values. The experience was positive and the plan is to expand the use of green aluminium in Fingrid's upcoming conductor procurement.

Other essential materials in terms of the climate impacts of transmission line construction include steel and concrete. Fingrid monitors the availability and applicability of low-carbon products also regarding these structural materials. Fingrid also joined WWF's campaign aimed to inspire the steel industry to transition to low-carbon production technologies.



Positive climate handprint larger than the negative carbon footprint

From the environmental viewpoint of sustainable development, the most essential aspect of Fingrid's business is the company's positive impact on climate change mitigation and supporting the efforts of other sectors to reduce GHG emissions. The positive impact created by developing the main grid is difficult to measure, but it is clear that the benefit for the climate far outweighs the negative carbon footprint from the operations. The renewable energy production connected to the main grid offers one way to estimate the future climate benefits enabled by Fingrid's operations. In 2023, a total of 1,510 megawatts of wind power and 410 megawatts of solar power was connected to Fingrid's main grid, which will help to indirectly avoid annual emissions worth around 189,000 CO2 equivalent tonnes in the coming years.

During the year, Fingrid concluded agreements on connecting a total of roughly 1,240 megawatts of wind power and 220 megawatts of solar power production to the electricity network. Once realised, this will lead to a substantial positive climate impact, indirectly avoiding annual emis-

sions worth around 152,000 CO2 equivalent tonnes. Furthermore, the growing volume of renewable energy will promote the industrial transformation towards emission-free processes, which will have an even substantially greater positive climate impact.

During the year under review, the enquiries regarding renewable energy connections continued to increase. The total power of new connection enquiries in 2023 amounted to roughly 140,000 megawatts. Around 20 per cent of this was onshore wind power, while offshore wind power amounted to roughly 40 per cent and solar power to roughly 40 per cent. The total power of the connection enquiries at the end of 2023 was around 360,000 megawatts, approximately half of which was onshore wind power, while offshore wind power and solar power each made up around one quarter. The enquiries for new industrial consumer connection points based on clean electricity reached 26,000 megawatts. Furthermore, the connection enquiries for grid energy storage filed in 2023 amounted to roughly 4,000 megawatts, with a grand total of around 5,000 megawatts at the end of the year.

Climate risk management

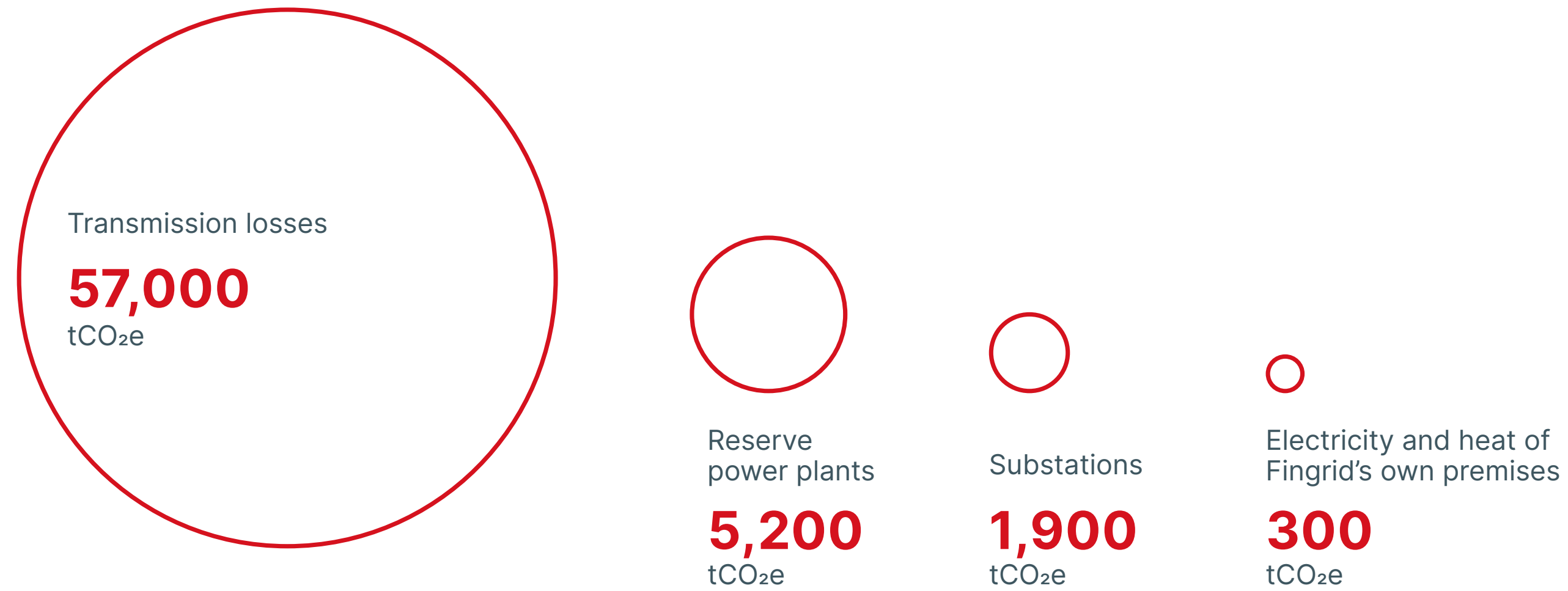
Fingrid has been reporting on its climate impact according to the Global Reporting Initiative (GRI) and the Greenhouse Gas Protocol (GHGP) since 2013. The Task Force on Climate-related Financial Disclosures framework is also applied when disclosing the business risks and opportunities related to climate change. The TCFD fact sheet shows a compilation of the company's climate targets and information on how climate change impacts are taken into account in Fingrid's governance, strategy and risk management.

Fingrid prepares for the physical risks of more frequent and more powerful extreme weather phenomena in grid construction and operations. Due to the critical security of supply aspect of the operations, Fingrid has used this approach for a long time already. Climate change adaptation and management of physical climate risks make up one part of the company's comprehensive risk management. Risk management and both chronic and acute climate threats are described in more detail in this report in connection with the EU Taxonomy.

Fingrid also prepares for the changes linked with the transition to a clean power system, in other words transition risks, which can affect the operational policies and legislation, technologies, markets and the company's reputation. Managing the power system becomes complex as weather-dependent production increases and variations in electricity consumption and production intensify. This development is also reflected in the costs of maintaining the power system, resulting in an increase in costs as well as an increase in cost-related uncertainty. Fingrid aims to build up the main grid at an adequate speed to meet Finland's climate targets. This means proactive environmental impact assessments (EIA), successful stakeholder engagement, fast project permit processes and effective project management. In addition to building the main grid, Fingrid seeks to find solutions that make the use of the main grid more efficient and can increase the number of connections without expanding the grid. In particular the aim is to manage the transition risk arising from the changes in grid operations, in the implementation of system responsibility and in the cost structure resulting from the clean power system.

In 2023, the company prepared a separate assessment for the purpose of incorporating physical climate scenarios and transition scenarios in the company's risk management. The goal is to safeguard adequate risk management in compliance with future requirements for Fingrid due to the EU Taxonomy and sustainability reporting.

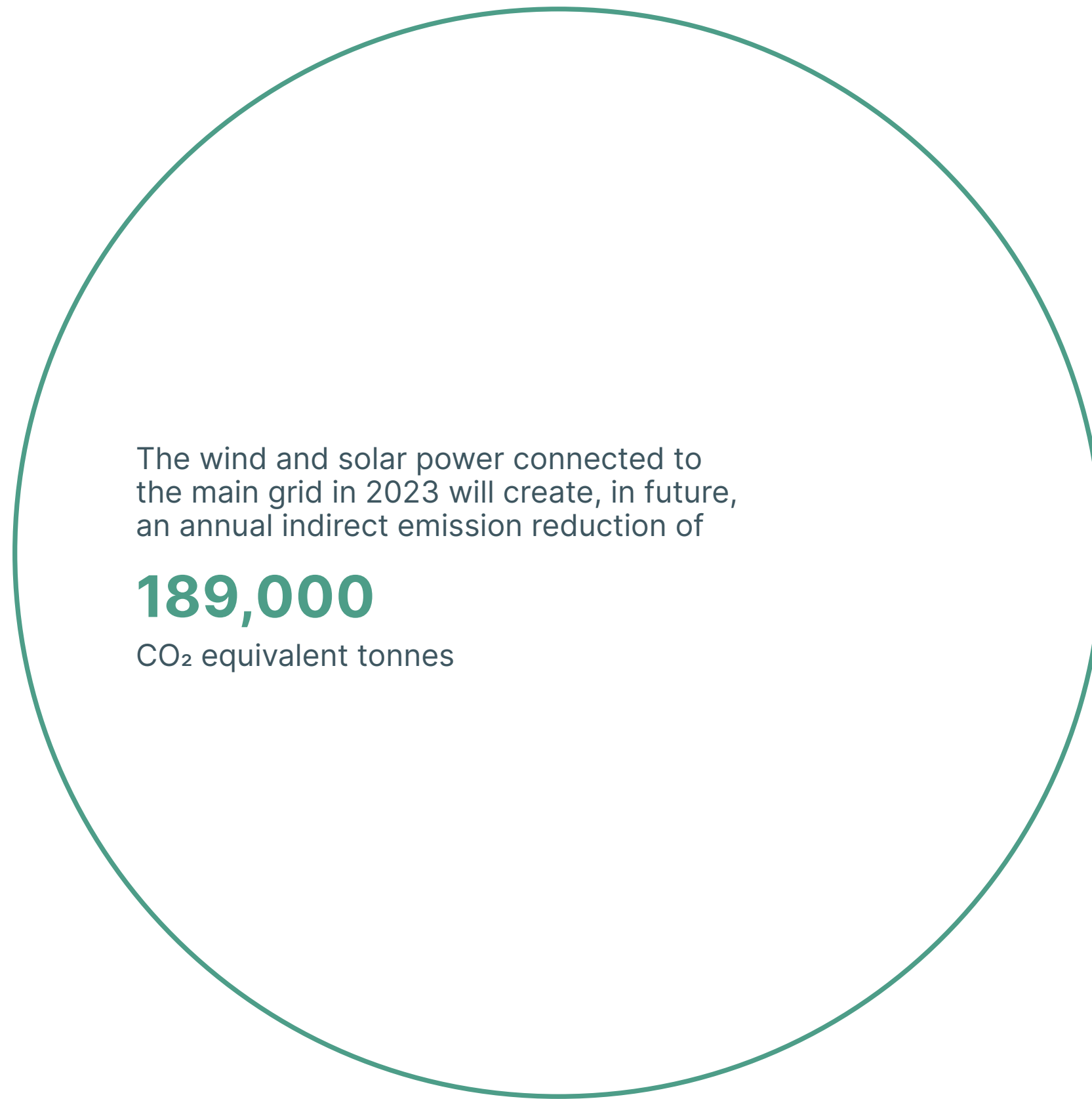
Greenhouse gas emissions from Fingrid's operations in 2023, tCO₂e (scope 1 and 2)



	2023	2022	2021
Transmission losses	57,000	96,000	132,000
Reserve power plants	5,200	6,900	6,800
Substations	1,900	1,900	2,200
Electricity and heat of Fingrid's own premises	300	400	400

In its emissions reporting, Fingrid uses the realtime emission factor for consumed electricity (average of 38 g CO₂/kWh in 2023).

Future indirect annual climate benefit from Fingrid's operations



This equals the annual carbon footprint of some **19,000** Finns.
A Finn's carbon footprint is approximately 10 CO₂ equivalent tonnes on average.

In its emissions reporting, Fingrid uses the realtime emission factor for consumed electricity (average of 38 g CO₂/kWh in 2023).

Circular economy and targets for material use, measures to meet these targets

The main grid’s transmission line structures have a long service life. Normal maintenance gives a transmission line a technical service life of 65 to 80 years, depending on the specific structure, and with improvement maintenance, this can be further extended by roughly 20 years.

The standard replacement cycles of substation equipment are roughly 20, 40 or 60 years. Major maintenance and replacement needs on buildings and other structures are synchronised with the equipment renewals. Chemical safety and material efficiency are major concerns in maintenance work.

The efficiency of the main grid maintenance management is boosted through digital condition monitoring, which produces up-to-date data from the substations. This makes it possible to implement maintenance measures depending on the actual condition of substation equipment, resulting in improved material efficiency and lower emissions due to fewer visits to the substation. In addition to the positive environmental impacts, digital condition

monitoring also improves safety by reducing the risks related to the condition of substation equipment.

The largest material flows of Fingrid’s operations result from investment projects, when new electricity transmission grid sections are built and the old structures are dismantled. The majority of the demolished materials are concrete from the foundations of transmission line towers and substation structures, steel scrap from transmission line towers and substation structures, and metal scrap containing aluminium and steel from the transmission line phase conductors. All of these can be recycled as materials. The number of decommissioned impregnated wooden towers is low and they are used as energy.

In addition to investments, the maintenance of the main grid results in small volumes of decommissioned materials. The waste volumes for transmission line maintenance are low and are not yet included in reporting.

Also the waste volumes resulting from office work and their significance are small for Fingrid, and the reporting only accounts for electrical and electronic equipment waste. Efforts to reduce the environmental

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN’s SDG
Recycling materials and reducing waste	The recycling rate for demolition material from Fingrid’s operations is 90% and the utilisation rate is 98% Reduction of construction waste at worksites and reduction of office waste	New solutions for the recycling and utilisation of materials	Environment Circular economy and material efficiency  

impacts of office work include supporting personnel's environmental know-how and increasing awareness especially about topical environmental issues. This was also the aim of our responsibility-themed 2023 environmental training day for the entire staff.

Fingrid owns all of the decommissioned materials from substations, reserve power plants and transmission line worksites and is responsible for arranging waste management for them. Waste management is arranged in a centralised manner with a single waste management provider. The same service provider that is in charge of transmission line maintenance in the area in question is also responsible for arranging waste management for the transmission lines.

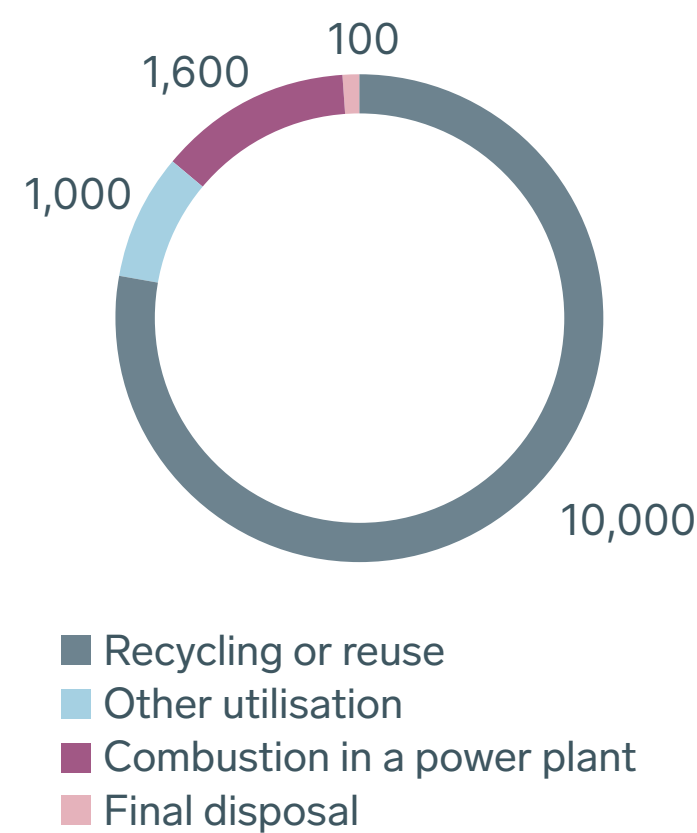
As a client, Fingrid expects its contract partners to apply the waste management hierarchy. Materials to be decommissioned and waste are recycled as efficiently as possible when building new grid sections or dismantling old structures. In addition to careful sorting, the goal is to continuously improve logistics related to material transports and to develop investment project processes so that, for example, the con-

crete and brick being demolished is utilised increasingly in earthworks at the site.

The focus of worksite audits in 2023 were the changes from the amended waste management legislation of the previous year, such as sorting regulations and the requirements concerning waste accounting

and transfer documents. The total volume of waste during the year was approximately 12,300 tonnes, of which hazardous waste made up roughly 1,200 tonnes. Of the resulting material, 78 per cent was recycled and 99 per cent was utilised in some way.

Material volumes generated by Fingrid's operations in 2023, by tonnes



99%

Utilisation rate

78%

Recycling



Protection of nature values and biodiversity targets, work to achieve these





In addition to climate change, another challenge for sustainable development is the loss of biodiversity. The major grid transmission line projects are inherently significant in terms of climate change mitigation. To enable the green transition, Fingrid has to build new transmission lines and substations for the main grid, which results in changes in land use, deforestation and biodiversity impacts. Fingrid actively combats these adverse environmental impacts from its operations. Environmental impacts are incorporated at the earliest possible stage in the planning and decision-making process, alongside financial and technical standpoints.

On the other hand, transmission line right-of-ways can also improve biodiversity. Fingrid therefore actively encourages landowners to make safe use of transmission line right-of-ways for the benefit of people and nature alike. Selected right-of-way areas are kept open by regular clearing, which can replace the habitats of species threatened by disappearing meadows or drained peatlands. The selective clearing

method means that junipers and short trees are left standing, taking into account the safety distances to live conductors and clearing cycles.

Fingrid utilises maximally the transmission capacity of the current main grid and only carries out grid investments when they are necessary for society and the customers' needs. The existing power line right-of-ways amount to roughly 60,000 hectares. Around 80 per cent of the right-of-ways are in forested areas, equalling roughly 0.2 per cent of Finland's forest cover. Fingrid's new grid investments will require roughly 12,000 hectares of new right-of-ways within the next 10 years, amounting to approximately 0.04 per cent of Finland's total forest area.

In addition to new investments, Fingrid aims to increase the utilisation rate of the existing grid and to adopt solutions that will increase the transmission capacity. In 2023, the transmission capacity of the 400-kilovolt grid was increased without any new right-of-ways or transmission lines by allowing and implementing power line crossings on the Coastal Line and by increasing voltage support with shunt compensation equipment at the Vihtavuori

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN's SDG
Reducing negative impacts on nature and improving biodiversity	<p>Successful EIA processes which take into account natural diversity and traditional rural biotopes</p> <p>Developing clearing practices and cooperation with landowners and environmental NGOs has improved biodiversity in transmission line right-of-ways</p> <p>Technical solutions (such as DLR and dynamic shunt compensation) have increased the transmission capacity of the existing grid</p>	<p>Fingrid's transmission line right-of-ways are utilised extensively for projects supporting biodiversity</p> <p>Technical solutions have significantly improved the main grid's transmission capacity, reducing the need to construct new transmission lines</p>	<p>Environment Protection of nature values and biodiversity</p>    

and Arkkukallio substations. Fingrid, wind turbine manufacturers and customers have jointly succeeded in finding technical solutions that enable a reduction in the need for restrictions of renewable energy production during transmission outages and in this way make more efficient use of the grid.

Fingrid's goal is to be a forerunner in grid life cycle management. Land use and environmental impacts are incorporated in planning, construction, use and maintenance operations and when dismantling old grid structures. The goal is to complete grid investment projects and maintenance without any significant environmental deviations. No significant environmental damage took place in Fingrid's operations in 2023.

Replacing mineral oil with non-poisonous and biodegradable ester oil can improve the management of environmental risks at electrical substations. In 2023, the order was placed for a transformer with ester oil insulation for the Vanhakaupunki substation in Helsinki. In 2022, Fingrid procured the first ester-oil-insulated substation equipment for the Kontiolahti substation, which is located on a ground water deposit, and

a transformer with ester oil insulation for the new Hepokorpi substation in Espoo. The deliveries will take place in 2024 and 2025.

Grid building and maintenance is outsourced to contractors and service providers. Fingrid requires commitments in landowner engagement, respect of site-specific environmental values and proper waste and chemical handling from contractors and service providers by means of contractual terms, environmental and safety training, and audits. All personnel working at Fingrid's worksites complete online training on environmental matters. Service providers receive environmental training when investment projects are started, and environmental aspects are monitored on-site as part of worksite monitoring.

In new transmission line projects, the mitigation of adverse impacts on flora and natural habitats in general starts already from the preliminary planning by avoidance of the areas identified as valuable. In the following stage, general planning, negative impacts can be reduced by adequate positioning of the transmission line towers. Construction is preferably scheduled in

winter to leverage the protective effect of frozen soil and snow cover, which makes the construction work easier and reduces damage to the ground. The risk of birds colliding with power lines is reduced by installing diverters at valuable birdlife areas and, if necessary, disturbances can be avoided by limiting construction or maintenance work during the breeding season.

The ecological impacts and the possibility to mitigate them are assessed in major transmission line projects through an environmental impact assessment procedure (EIA) required by law. For projects with minor impacts, this is done by means of an environmental study. Using this assessment data, Fingrid can mitigate impacts and ensure the preservation of valuable sites as the project proceeds to the implementation stage. We also instruct the service providers working in maintenance and vegetation clearing on existing transmission lines to take known valuable flora, fauna or habitats into account and to take proper care of waste and chemicals.

The EIA procedure is an important planning tool for Fingrid to find the environmentally best transmission line right-of-ways in cooperation with landowners, authorities



and other stakeholders. Through the EIA procedure, landowners and other stakeholders receive information and can have a say in the project. Engaging these parties is very important in terms of ensuring that the transmission line adapts to the environment, taking into account various perspectives and stakeholders. Fingrid goes beyond statutory requirements by informing the local communities about the EIA procedures of transmission line projects by means of landowner letters. The letters are supported by ads in local newspapers if necessary. Public EIA outreach events are also arranged to provide information on projects.

The EIA procedure includes identification of any traditional rural biotopes. Fingrid's aim is to increase and restore these valuable habitats and to encourage landowners to maintain and protect the scenic and nature values of transmission line right-of-ways. Through active management, transmission line right-of-ways can be developed into traditional rural biotopes which are valuable in terms of both biodiversity and scenic values. These environments include meadows and pastures shaped by traditional agriculture, which have developed a unique and rich fauna and flora as a result

of centuries of grazing and mowing. Overgrowth, eutrophication and afforestation are the greatest threats to these areas. Fingrid offers financial support for the maintenance of traditional rural biotopes located in power line right-of-ways by means of initial funding and by drawing up a maintenance plan. Overall, the company offers information on utilising transmission line right-of-ways in the form of guidelines for land planners and idea cards for landowners.

A study on shorter clearing cycles at selected power line right-of-way sites for promoting biodiversity was completed in 2023. A new compensation policy was adopted for the clearing of trees at the edges of right-of-ways during transmission line maintenance, aimed at increasing the amount of decaying wood valuable for biodiversity. The landowners will in the future receive a financial compensation from Fingrid if they are willing to leave two-to-four-metre-high tree stumps on their property to increase decaying wood. A new idea card offering advice to combat invasive plant species was also produced in the year under review. Fingrid is aware of its responsibility in stopping the spread of invasive species in its operations.

The massive grid investment programme enabling green transition is directly reflected in the number of necessary environmental impact assessments. Fingrid had several grid projects in the planning stage in 2023. Environmental studies were drawn up to take into account environmental impacts in transmission line projects with less extensive impacts for Espoo-Kirkkonummi, Tampere-Nokia, Keminmaa, Sodankylä and Vihti-Siuntio. Environmental issues were also incorporated into the location planning for numerous new substations. Several EIA processes concerning transmission line projects with major impacts were underway during the year: Alajärvi-Hikiä, Jylkkä-Alajärvi, Kristiinankaupunki-Nokia, an upgrade of the Forest Line, Nuojuankangas-Seite-noikea and Hausjärvi-Anttila.

In compliance with the national land use goals, Fingrid seeks to use existing transmission line routes for its transmission line projects as much as possible. The purpose is to reduce both the new land area taken up by transmission lines and the resulting environmental impacts. Roughly 60 kilometres of new transmission line was taken into use in 2023, largely replacing an existing line or running next to it. This goal also involves challenges, however. A

change in a government decree was, for example, granted to enable the completion of the Lake Line project, which runs along existing right-of-ways. Thanks to this, the existing right-of-way can be widened for a short distance at the edge of state-owned protected areas for this transmission line of major public importance. A decision to modify the protection regulations of a private nature reserve was granted for the Leväsuo-Isokangas transmission line project. Also a petition to loosen the protection regulations of a private nature reserve was submitted for processing in the Alajärvi-Hikiä project to enable a slight widening of the existing right-of-way.

Biggest highlights of environmental responsibility in 2023

- 1,510 megawatts of wind power connected to the main grid
- 410 megawatts of solar power connected to the main grid

Case

Maintaining the grid and caring for nature

A priority in the maintenance of Fingrid's main grid is to not degrade any natural values.

For example, no clearing work is carried out during the breeding season at sites valuable for birdlife, or maintenance requiring heavy machinery is scheduled for winter at some locations to protect the soil and vegetation from the damage that would result if the soil was not frozen.

Various sources of information are used for verifying if protected plants or natural sites exist in an area planned for clearing or trimming of trees at the edge of the right-of-way before the work is started.

Transmission line maintenance can also improve the habitats of various species and boost biodiversity. For example,

when clearing trees at the edges of right-of-ways, landowners can request to have high stumps left standing to increase the amount of decaying wood and offer a breeding ground for various species and burrows for birds.

Transmission line right-of-ways can offer suitable open habitats for many butterfly species suffering from the decline of their natural habitats, meadows and pastures.

At the moment, Fingrid is carrying out a study which monitors the impact of shorter clearing cycles on the reproduction of plants and animals in traditional rural biotopes and arid habitats.



Photo. Harri Nurminen

Case

Grazing cows, shepherding dogs

Matti Tuhkalainen's heifers take care of landscape management and maintain a habitat for a diverse meadow flora and fauna in a transmission line right-of-way. Fingrid's financial support for maintaining traditional rural biotopes helped to get the grazing started.

About two decades ago, organic dairy farmer Matti Tuhkalainen from Mikkeli bought a piece of land on Leinakanniemi, a headland jutting out into the pond Leinakka. Two transmission lines run longitudinally across the headland. Ten years ago they were joined by a third one. The right-of-way covers a total of seven hectares.

The vegetation consisted of broadleaved thicket, but the right-of-way also included bare rock, junipers, flood meadow and a rich meadow flora and fauna threatened by invasive bracken ferns. The area also had some value in terms of the landscape when seen from across the water. All in all, it met Fingrid's funding criteria for maintaining traditional rural biotopes.

*"Fingrid was clearing the thicket in 2019 when we decided to apply for the support so we could start grazing. A specialist from the Rural Women's Advisory Organization came to see the place and draw up a management plan for us," says **Ann-Mari Lintunen**.*

The heifers first got to graze the area in summer 2020 and have returned every summer since then. The landscape has become more open, the thicket grows slower and the cattle have also managed the shoreline by eating reeds. In 2023, the heifers were for the first time joined by sheep, which are more eager to graze in the thicket.

Tuhkalainen's and Lintunen's shepherd dogs, all in all nine border collies, offer priceless help in the transmission line right-of-way and forest pastures totalling 50 hectares.

"Grazing would be impossible without the dogs. They help to find the heifers in the large area, herd them up and make it possible to get them into a trailer for transportation," says Tuhkalainen.



Photo. Maarit Lahikainen

Social responsibility

Fingrid’s operations as the party charged with system responsibility for the power system impact many stakeholders and the whole of society. The key goals include the affordability of grid transmission prices, high quality of the service and Finland’s competitiveness. The operations are based on Fingrid’s values: openness, fairness, efficiency and responsibility. Close and long-term customer and stakeholder collaboration promotes Finland’s transition to carbon neutrality by 2035 and safeguards a disturbance-free power system as the weather-dependent energy production grows. A starting point for the operations is skilled personnel and partners, who recognise the importance of their work for customers, the company and the whole of society.

Personnel and work community targets

A good workplace is not a given, it has to be created. Fingrid wants to be one of the best places to work in Finland. The best way to achieve this is to invest in competence management as well as good, bold leadership, in which the supervisor

is responsible for inspiring and encouraging their team members to continuously develop themselves and improve their performance. Management in Fingrid is strongly based on the company’s values, strategy and Code of Conduct. The purpose of management and supervisory work is to promote collaboration and maintain personnel’s motivation. Healthy, motivated and committed personnel are productive and renewing.

Supervisory work emphasises business acumen based on the One Fingrid strategy as well as a bold coaching style of management, which means managing results and targets, trusting in people, supporting people when they face challenges and boldly addressing shortcomings. Supervisors give specialists considerable independent responsibility and ensure that they understand their duties and the related targets. Upholding trust and clarity is among the most important tasks of HR management.

Specialists have the opportunity to do their work autonomously. Specialist positions come with an inherent responsibility for the work and for developing it, and for

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN’s SDG
An open, collaborative, renewing and high-performing work community	<p>Personnel survey’s top result compared to other specialist organisations</p> <p>Leadership: Fingrid among Finland’s best workplaces</p> <p>Healthy and happy personnel: low absences due to illness, no premature retirement</p> <p>Diverse work community: different educational and ethnic backgrounds, more even gender distribution, even age distribution</p>	<p>Fingrid’s work community is productive, healthy and evolving, and has a diverse personnel structure</p> <p>We are a well-known and attractive workplace, whose supervisory work and leadership practices are second to none</p>	<p>Social responsibility Employees</p>  

strengthening one's own skills. In this sense, all of the employees are the CEOs of their own work. This autonomy involves an understanding of the company's strategy and goals, responsibility and freedom, but also helping others and working as a team to accomplish tasks across organisational boundaries.

Supervisors are regularly trained for their responsible role, each year, on supervisor development days and at Info & Inspiration briefings. In 2023, Fingrid organised in all five days' worth of supervisory training on supervisor days and in various info events. The overall theme is the One Fingrid strategy, which focuses on the company's goals and the significance of cooperation in achieving them. The purpose of common training events and discussions is to ensure consistent practices and guidelines in order to secure productive cooperation.

Healthy and happy personnel

In compliance with its employer promise, Fingrid is a community of experts that maintains and safeguards Finland's electricity system and in this way promotes a well-functioning society as a whole. Fingrid is building a new type of carbon-neutral energy system in Finland. The work community is open and supportive and offers excellent opportunities for personal development and further training, as well as diverse utilisation of knowledge and skills for effective work. Fingrid's promise is to remain one of Finland's best places to work going forward.

The promise to keep the company as one of Finland's best workplaces also means a commitment to take care of employees. A clear strategy and clear expectations of everyone's work promote a feeling of safety in the work community. Fingrid supports the overall well-being of its employees, maintains a good work atmosphere and effective leadership, takes into account individual needs and supports recreational activities and life-long learning.



Staff well-being and the ability to cope at work is supported by comprehensive well-being services and activities. The focus on employees' well-being is a strategic choice of the company. Well-being supports productivity and increases motivation in the work community.

The aim is to prevent illnesses through preventive health care, involving measures such as health check-ups and advice on healthy habits. Fingrid's employees have access to a wide range of comprehensive occupational healthcare and well-being services that aim to support their work capacity and well-being, regardless of the location.

The occupational healthcare agreement and action plan are available to personnel on the company's intranet. Fingrid's occupational healthcare agreement covers an extensive array of doctor's and healthcare services unrelated to work. These include general practitioner's appointments, appointments with specialists based on an occupational healthcare physician's referral, physical therapist and psychologist services, and various minor operations and examinations. During the year under review, a new service called Mielen huoli

('Care of the mind') was introduced to offer low-threshold counselling and short-term therapy.

In addition to statutory insurances, Fingrid offers its personnel group insurance for off-working hours, which covers accidents occurring during leisure.

Occupational healthcare costs before the reimbursements from the public health system (Kela) were EUR 448,942 (382,035) for the entire personnel. The number of absences due to illness has been remarkably low for several years. In 2023, the percentage of absences due to illnesses was 1,9 for the entire personnel. This high age of retirement (65 for several years in a row) and the lowest possible pension contribution category bear further testimony to the well-being of our employees.

Personnel surveys support well-being

Fingrid commissions various personnel surveys each year to support the well-being of personnel. The personnel surveys provide a key tool for developing the operations. The feedback from personnel has inspired Fingrid to revamp its work hour and remote work policies, for example.

The comprehensive PeoplePower survey carried out in 2023 gauges staff engagement: commitment, leadership and performance. The survey compares these aspects with the experience from one's own, immediate work community as well as the entire organisation.

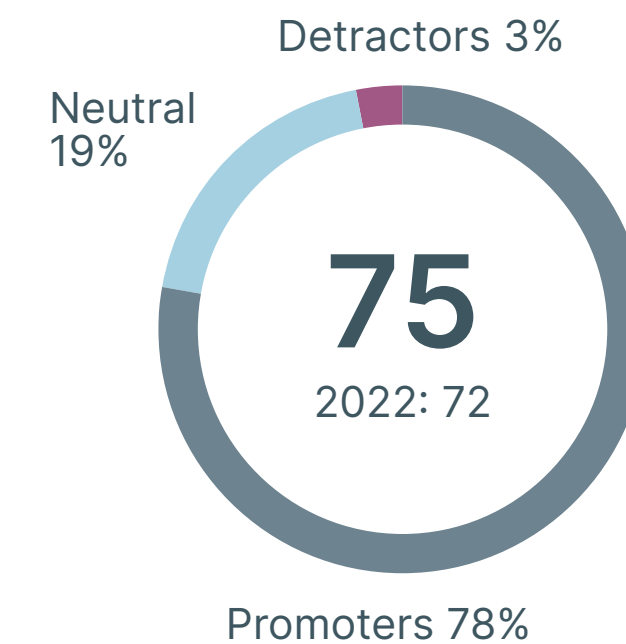
The year-on-year comparison of the improvements and development was based on various themes, such as a unit's team spirit, success in implementing changes, the desirable direction of the company, involving the personnel in decisions concerning them, and fair and equal treatment of people. The identified issues with room for improvement included the availability of information, setting clear targets, and sufficient feedback and recognition.

Fingrid's PeoplePower rating remained at the excellent AAA, with an index of 83.9 on a scale from 1 to 100. Only around six per cent of all the surveyed organisations annually achieve the highest AAA rating category. The survey also gauged the willingness of the personnel to promote their employer, scoring an excellent eNPS of 75.

A comparable PeoplePower survey was conducted also in 2022 and earned Fin-

grid a Finland's Most Inspiring Workplace recognition in March 2023. The recognition is awarded annually to workplaces whose employee engagement results are ranked at the top nationally.

Net Promoter Score from customers (cNPS)



Case

Alumni Day

Fingrid annually welcomes former employees in an event to reconnect with both new and old colleagues. The event has become popular and each year brings together dozens of retirees and colleagues who have left the company to pursue new challenges.

*In 2023, CEO **Jukka Ruusunen** gave the opening address with the latest company news. He was followed by **Juha Hiekkala**, who shared a personal story of the various development stages of the electricity market. Juha Hiekkala had a long career involving electricity market at Fingrid and Imatran Voima before retiring in the summer of 2023.*

Image. Alumni Day is full of happy interactions when current and former Fingrid employees meet to catch up and reminisce. Alumni Day goes back a long way and invitations go out to both retired employees and Fingrid employees who pursued careers elsewhere.



Competence development

The constant development of working life, driven by the evolution of technology and the operating environment, means that the company must have adequate processes for managing change and the people must be able to adapt, take initiative and have the drive to learn new things. The energy transformation challenges the company, which must take care of its constantly renewing sector expertise and service competence, as well as the success factors of the green transition.

Fingrid responds to changes by offering its employees opportunities to develop and grow their competence. The approach of securing expertise as a strategic choice improves the quality of personnel planning and helps the company to better prepare for future needs.

The aim is to secure competence by offering personnel internal and external training, and through job rotation, cooperation across organisational boundaries and switching up duties within teams. Once a year the company carries out unit-specific competence surveys with the objective of ensuring the critical competence required

by the strategy and creating a basis for competence building.

Skill development needs are agreed on in performance reviews, which are held at least twice a year with each permanent Fingrid employee. The employee, together with their supervisor, is responsible for the implementation of the measures agreed on in the development plan.

Fingrid's aim is to support the diversification of competence along two different career paths: The supervisor career path focuses on the diverse development of people leadership and management practices, while the specialist career path is based on developing as a specialist on a six-tier career path from planner to lead specialist. Trainee programmes for imbalance settlement and ICT tasks were for the first time trialled in the specialist path in 2023 to attract motivated young talents.

During the year, Fingrid Academy offered induction events for specialists, online induction courses, user training for office software, project management coaching, written communication training, language training and unit-specific coaching mainly

related to change, work community and emotional skills. A new online induction game and training events promoted careful and consistent information management. Other training opportunities available for specialists included the Loikka programme for improving communications, interaction and lobbying skills, as well as customer service coaching focusing on the company's services and how to communicate on them. A spring coaching day additionally immersed the entire staff in the theme of responsibility.

Fingrid invests a significant sum annually to develop both the work community and the personal development of each employee. In 2023, each Fingrid employee received an average of 5 (5) days of training, and the training costs amounted to EUR 1.4 (1.4) million.



Case

Trainee programme: springboard to the energy industry

Fingrid started a nearly year-long trainee programme focusing on the balance services of the electricity market jointly with Fingrid Datahub and eSett in late 2022. The underlying motivation was the need to ensure the availability of skilled talent to provide the statutory imbalance settlement service also in the future.

Trainee programmes are new to Fingrid, and the first programme offered the participants a chance to get acquainted with the operations of three different companies during their on-site trainee periods.

Miikka Uotila, a BSc graduate of energy and environmental engineering from the Satakunta University of Applied Scienc-

es, and **Niklas Leppäsalo**, soon to graduate as a MSc of technology from the Aalto University, started their ten-month journey in November 2022.

After an induction period, the programme consisted of three months in each of the three participating companies. The trainees had their own mentors in each of the companies.

Both trainees felt that the programme was a very positive chance to get to know the industry. Whereas in a regular job the focus is on the actual tasks of that job, the trainee programme offers a wider perspective of the industry, the electricity market and the roles of different companies in imbalance settlement.



growing consumption of clean electricity in Finland, the historic scale of the main grid construction programme enabling the energy transformation, and the requirements for the development of the electricity market have increased the workload. Increasing business requirements also means a demand for activities supporting business to expand. The modernisation of the electricity system calls not only for more personnel, but also for new operating models and partnerships as well as entirely new competence, particularly for managing weather-dependent and converter-connected electricity production in the power system.

The changes in tasks enable a more diverse personnel structure. While an electrical engineering degree is still the most common qualification in Fingrid, the company's operations require a very wide range of expertise. The management of the power system increasingly depends on ICT technology and processes, and data management. Grid building requires environmental and construction expertise as well as strong project management know-how and customer understanding to ensure an efficient and reliable implementation of the projects. Electricity market development

calls for a range of expertise including market models and electricity trade, also price formation, as well as a good command of European legislation and regulation. The areas of specialisation required for risk management and achieving business targets include comprehensive business, financial and energy market know-how, and leadership experience.

Relationship between the personnel and the employer

The cooperation between the company and personnel is a natural part of developing the work community at Fingrid: personnel are involved in decision-making and their opinions are heard. The statutory cooperation bodies are the cooperation and dialogue meeting and the occupational health and safety committee. Fingrid respects its personnel's freedom of association and right to collective bargaining.

The cooperation and dialogue meeting discusses personnel issues extensively. Employees are represented at the meeting by the shop stewards elected by the senior salaried employees and salaried employees. The company's representatives at the meeting are the Senior Vice President, HR and the HR Manager. Regular interaction

ensures that the personnel is aware of the company's activities and any current issues impacting the activities. The joint meeting was held three times during the year under review. The issues discussed included pay studies, the company's equal opportunity and non-discrimination plan, and topics raised by the personnel, such as coping at work and career advancement.

Statutory OHS matters are handled by the company's OHS committee, which includes elected personnel representatives. The employer's representative in the OHS committee is the OHS Manager appointed by the company.

The cooperation between the employer and personnel is further promoted in the steering group of the Personnel & Expertise perspective, which has representatives from the company's various functions that have been appointed by the executive management group. The steering group especially prepares matters related to the development of the personnel for the executive management group to decide on. Fingrid's SVP, HR and Communications is in charge of the personnel steering group's work and results. The topics discussed during the year under review included

personnel surveys, promotion of diversity and talent management. The Personnel & Expertise steering group convened five times.

Fair remuneration

The goal for Fingrid's pay and remuneration policies is to encourage our personnel to work productively and develop our operations. The pay level and its development are kept competitive compared to the pay level in the energy sector. The pay, remuneration and other employment terms are fair, non-discriminatory and sufficiently transparent in their justifications.

Two studies are used for verifying the competitiveness of energy sector salaries: a survey carried out among the Finnish Energy Industries' members and an annual salary survey by Mercer. The results of both studies are reviewed in a cooperation and dialogue meeting together with the shop stewards. The key results are additionally communicated to all employees at the end of each year.

Personnel salaries comprise the basic salary determined according to the content of the task, competence, experience and results, an annual quality bonus that en-

courages the effective implementation of the strategy, and an incentive bonus to support personal performance. The company reserves two per cent of the payroll for incentive bonuses each year, and they are paid for good performance as part of the daily management of 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 company-level strategic criteria defined annually and criteria based on personal performance. In the year under review, the shared indicators determined 60 per cent of the merit pay result, in addition to which each person had a personal performance indicator with a 40 per cent weight.

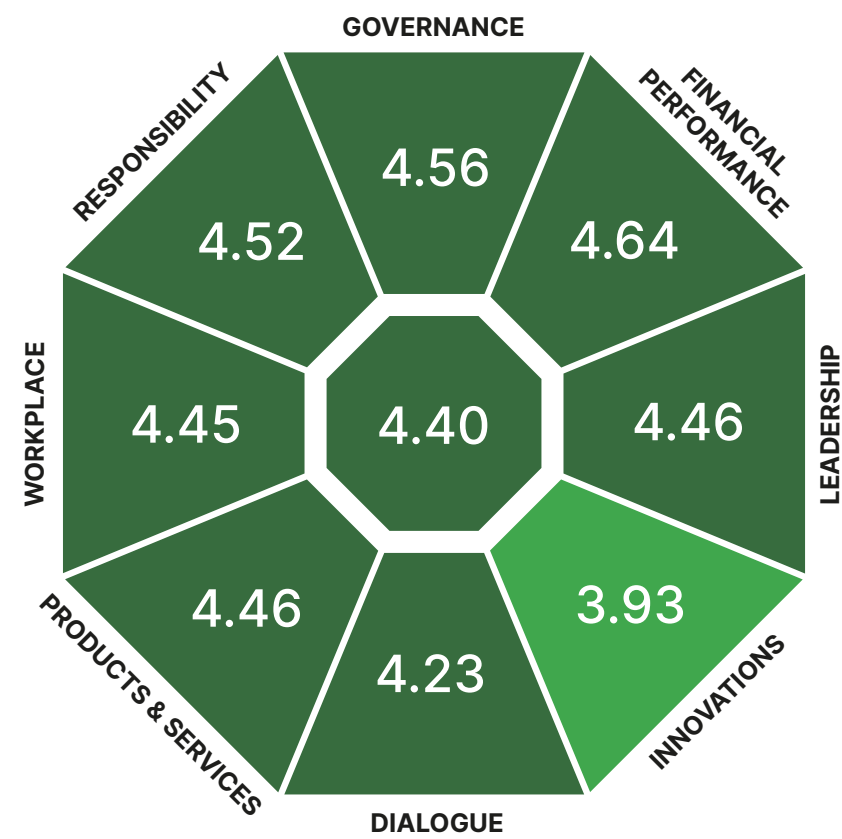
The CEO-to-employee annual median income ratio in 2023 was 7:1, and the female-to-male annual median income ratio was 0,9:1. In terms of percentages, the CEO-to-employee annual median income ratio was 0,9:1.

Case

Fingrid's reputation among the personnel

Fingrid commissions an annual survey on its reputation among stakeholders. In 2023, the reputation survey, carried out by the research company T-Media, for the first time included also Fingrid personnel. The overall score was an excellent 4.40 on a scale from 1 to 5.

The key strengths of Fingrid's reputation were in particular areas related to the workplace and responsibility. Even though all the areas showed great results, even excellent scores always leave some room for improvement, for example in interaction with customers, cost-effectiveness, response to feedback and being a forerunner in the field.



Fingrid's overall reputation score among the personnel (T-Media 2023)



Fingrid's overall reputation score among the personnel on scale from 1 to 5

4.40

Governance
4.56

Dialogue
4.23

Financial performance
4.64

Products & services
4.46

Leadership
4.46

Workplace
4.45

Innovations
3.93

Responsibility
4.52

Generation of societal value


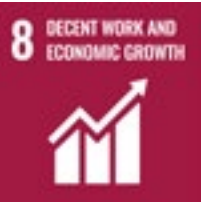
Fingrid’s task is defined in Finland’s Electricity Market Act. The financial profitability of the company is controlled by a regulatory model and by the terms & conditions specified by public authorities for the company’s services. Fingrid’s finances must in all circumstances enable the company to accomplish its core mission. Sustainable and responsible finances are important for us in our societally important core mission and due to the nature of our operations as a natural monopoly. The goals for Fingrid’s financial steering include maintaining well-balanced corporate finances, cost-effectiveness, responsible operations, high operational reliability, company-level risk management, creation of shareholder and customer value, and a high credit rating.

The company’s key financial goals include highly productive operations and a good management of financial risks, maintaining the cost-effectiveness on par with Europe’s best operators, and keeping the services competitive in terms of pricing.

Cost-effective development and maintenance of the main grid and cost-effective solutions to ensure the functionality and

quality of the power system are best accomplished in cooperation with customers and other stakeholders. The operations’ high productivity, including quantifiable value, quality, scheduling and operational costs, forms a solid basis for Fingrid’s services. Fingrid’s services and grid development have a significant impact on Finland’s competitiveness and enables electricity generation and consumption investments in Finland. Fingrid’s goal is to maintain a strong main grid and well-functioning market models so that Finland can remain a single price area for electricity and the transmission reliability rate stays high even in the future. This means that the wholesale price of electricity is the same throughout Finland, which will help enable investments involving electricity generation and consumption everywhere in the country and, more specifically, in locations where the investments can be accomplished most effectively to meet customers’ needs.

The starting points for Fingrid’s investments include the needs of society and the customers, developments on the European internal market in electricity, securing the preconditions for the company’s business operations, and the targets set

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN’s SDG
Owner of critical infrastructure and a major investor in Finland. The employment impact of investments and maintenance on cooperation partners and local communities. A responsible taxpayer.	Implementation of a significant maintenance and investment programme, which benefits the whole of society	Implementation of a significant maintenance and investment programme, which benefits the whole of society	Social responsibility Economy – society  
	Increasing the amount of green financing in the company’s financing arrangements	Increasing the amount of green financing in the company’s financing arrangements	
	Paying taxes without special arrangements	Paying taxes without special arrangements	
	Fingrid continuously improves its efficiency and productivity, and promotes Finland’s competitiveness	Fingrid continuously improves its efficiency and productivity, and promotes Finland’s competitiveness	

by the owners. The company's Board of Directors decides annually on a budget that includes the company's key investment projects and major commitments for the coming years. The Board of Directors always makes a separate decision on major investment schemes. The investments should always be cost-effective and focus on customers' needs. Moreover, the company's investment programme should be financially profitable and feasible without its core mission. As part of its approval decisions for individual investments, the company's Board of Directors also assesses the investment's climate, responsibility and risk impacts.

The long-term planning of the main grid and the related investment and maintenance programme support the implementation of the national climate and energy strategy, maintain system security, increase transmission capacity, and promote the electricity market. In addition, the company's sustainable financial position is secured to ensure the accomplishment of its mission.

The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividends. When deciding on the dividends, however, the

economic conditions, the company's near-term investment and development needs, as well as any prevailing financial steering targets are always taken into account. The company's dividends are paid entirely to Finland, mainly to the state and to Finnish pension and insurance companies. In 2023, we paid approximately EUR 133 million in dividends for the 2022 financial year.

Generation of economic value

Fingrid's profits are channelled to the service and equipment suppliers, electricity market parties, personnel's payroll, payments to financiers, taxes and, finally, to the company's Finnish owners, in the form of dividends. Fingrid is a major investor in Finland. Over the next 10 years, the company will invest roughly four billion euros in the main grid networks and substations and the supporting systems. This will enable a well-functioning electricity market and the transition to a clean power system.

Fingrid operates on a national scale and invests throughout Finland, buying grid construction and maintenance services from external service providers. Proficient maintenance of the power system requires several different electricity market services and their number is increasing due to the

growth of weather-dependent production. Investments in power plants, energy storage, and flexibility in both consumption and production will increase employment opportunities throughout Finland and the Nordics. This way, the company's employment impacts are spread out across an extensive area. Furthermore, new innovations will be created in cooperation with various actors to offer opportunities for new commercial business activities in support of the electricity market and its development. Fingrid itself will not seek any new business opportunities; the goal is to leverage the innovations to achieve new ways to improve the functionality of the electricity market by means of technology, operating models and cost-effectiveness.

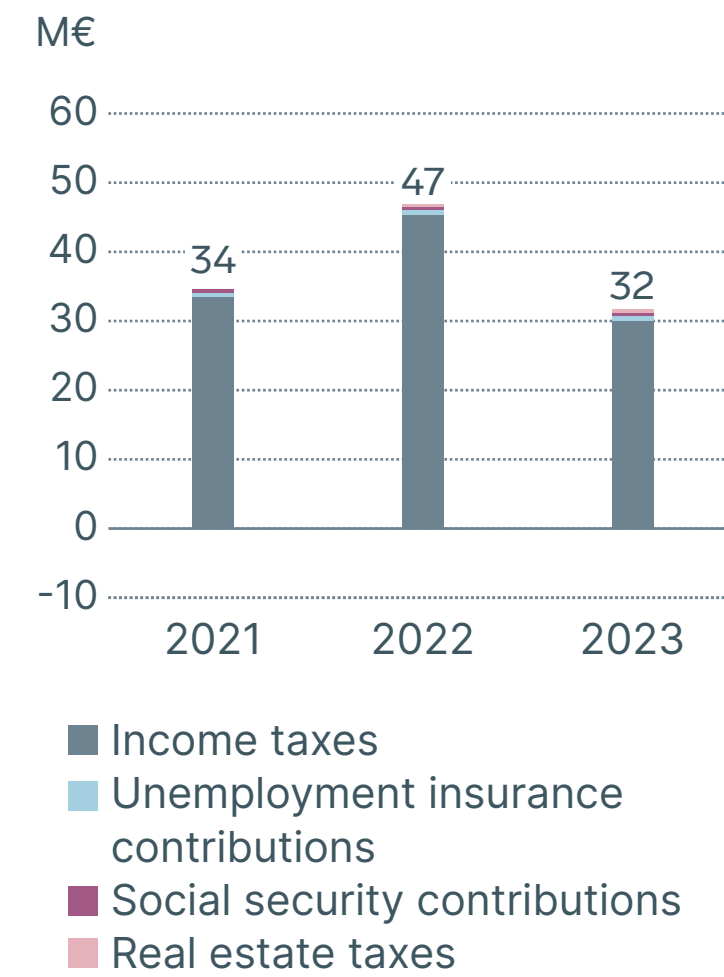


Tax footprint

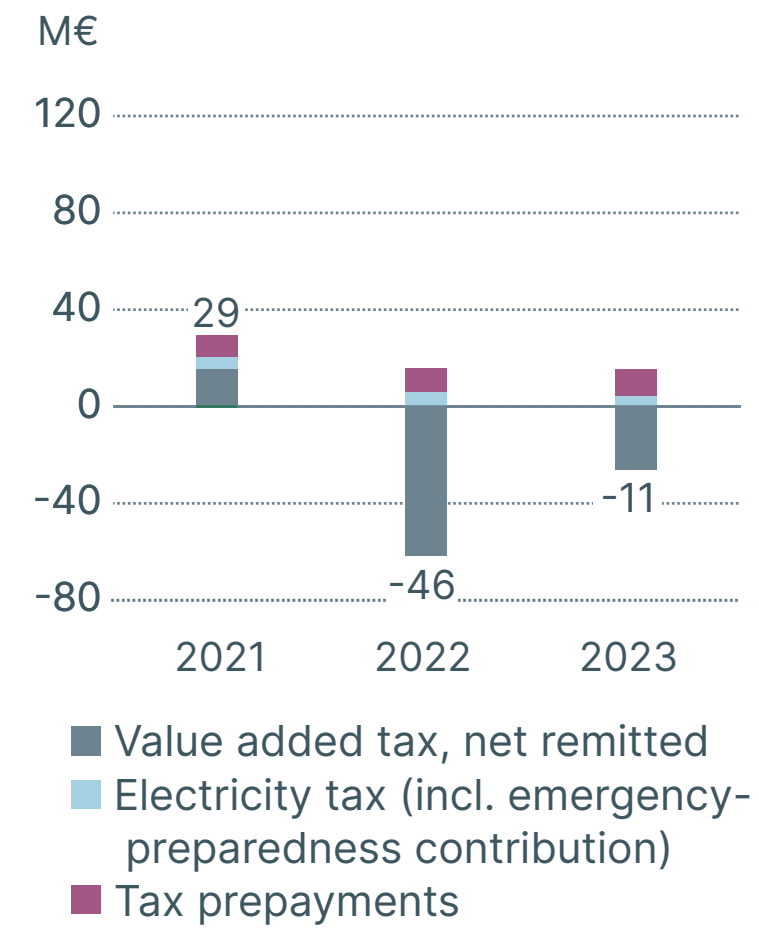
Fingrid is a responsible taxpayer. In 2023, we paid EUR 30 million in income tax. Our tax rate, i.e. the amount of tax to be paid on the company's earnings, corresponds to Finland's corporate income tax percentage (20%). In 2022, Fingrid was Finland's 22nd largest corporate income tax payer, paying EUR 45 million in income tax. In 2023, Fingrid accumulated EUR 28.5 million in depreciation difference, which the company will use to reinforce its financial buffers as the risks in the operating environment increase. Fingrid annually reports on its tax footprint and refrains from any special arrangements to minimise its taxes.

Fingrid's tax footprint

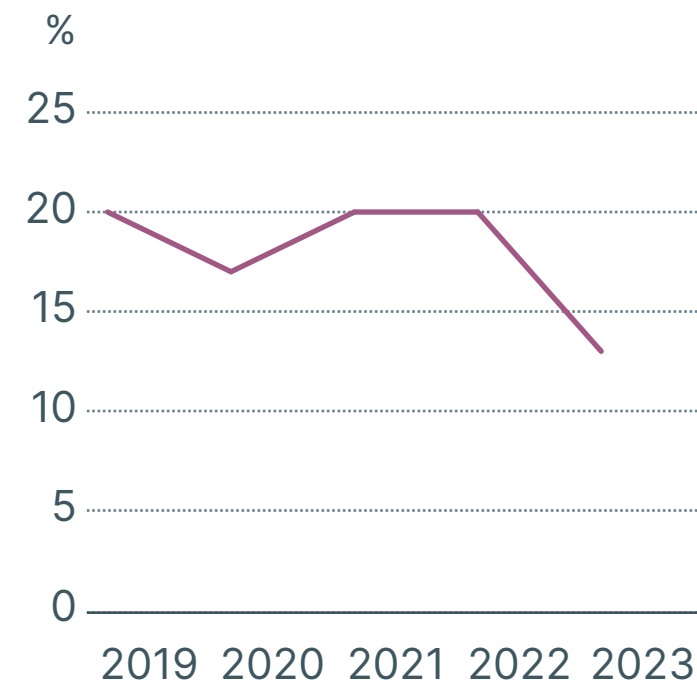
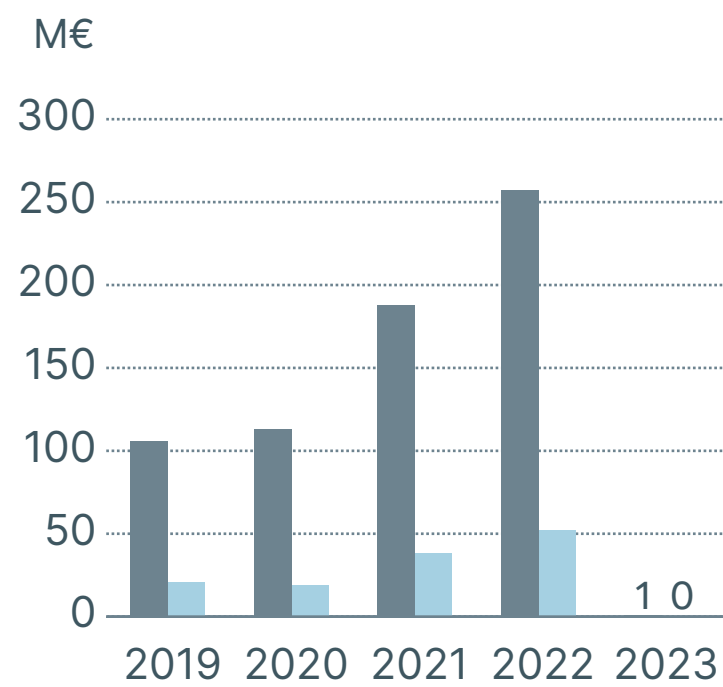
Taxes payable



Taxes to be collected and remitted



Taxes 2019–2023, M€



- Profit before taxes, M€
- Income taxes, M€
- Effective tax rate (%)



Green financing

The cleanness of Finland's power system makes it possible for Fingrid to acquire green financing. The company's current financing strategy is based on green financing. The comprehensively responsible operating model and sustainability goals enable access to sustainable financing schemes.

Fingrid was the first Finnish company to issue a Green Bond in 2017. Green Bonds are used to finance projects that are expected to have long-term net positive environmental impacts. Green Bond projects connect renewable energy production to Fingrid's transmission network, reduce electricity transmission losses, and create smart solutions that save energy and the environment. Fingrid annually reports on the impacts of its Green Bond projects by publishing a separate impact report on its website, under 'Investors'. The report's emissions calculations have been verified by an independent third party.

Fingrid has a EUR 300 million revolving credit facility tied to the responsibility targets. The revolving credit facility's loan period extends until 30 November 2028. Fingrid may benefit from the credit facili-

ty agreement's lower interest rate margin based on achieving the company's three material responsibility targets:

- **Target 1:** Connection of wind power to the grid
- **Target 2:** Reducing greenhouse gas emissions in electricity transmission losses
- **Target 3:** Reduction in combined lost time injury frequency (own personnel and service providers), (LTIF)

The Nordic Investment Bank (NIB) has granted Fingrid a long-term green investment loan for financing the company's investment plan for 2021–2022. The granted EUR 70 million loan can be financed using NIB's green bonds. Green financing supports Fingrid's investments that increase the general reliability of the transmission grid in order to supply electricity to the whole of society and industry.

In 2023, Fingrid established a new Green Finance Framework to integrate Fingrid's sustainable strategy, which enables Finland to reach its climate goals, further into the company's financing activities. In connection with establishing the framework, Fingrid also started a EUR 600 million

Green Euro Commercial Paper Programme, which will be used to cover short-term financing needs with commercial papers with a maturity of no more than one year.

The company's objective is to increase the amount of green financing in its total financing.




Supporting and sponsoring non-profit activities




In all of its operations, Fingrid strives to be impartial, fair and open. Our activities are steered by legislation and reasonableness. According to Finland's Limited Liability Companies Act, Fingrid can use funds for philanthropic or similar purposes, if the amount of the donation is insignificant in view of the company's finances.

Fingrid can thus support non-profit activities based on its sponsorship guidelines with a moderate amount of funds. The main focus is on activities related to research, education, culture and people's well-being taking place in Fingrid's industry. In 2023, the company supported activities such as child and youth work, youth sports and electrotechnical studies with approximately EUR 44,000. Furthermore, the funds budgeted for Christmas gifts

for the personnel and stakeholders were diverted to a charity. During Christmas 2023, Fingrid donated EUR 6,000 to the Mannerheim League for Child Welfare to support activities benefiting the wellbeing of children and young people. In addition to direct sponsorship, Fingrid can support joint societal projects with which the industry's preconditions are improved or harm to nature is reduced. Fingrid does not support religious or political activities.

Customers and goals for stakeholder engagement

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN's SDG
Affordable for customers, fair partner to customers, most market favourable TSO	Customers are happy with Fingrid's services	Customers are happy with Fingrid's services	Social responsibility Customers   
	Among the most affordable TSOs in Europe	Among the most affordable TSOs in Europe	
	Well-functioning electricity market and system security at a good level	We secure reliable transmission of electricity in the main grid, capable of meeting the needs of utility companies and energy intensive industry	
		We provide electricity market operators with a unified price area for electricity in Finland as well as the benefits of the open European electricity markets	

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN's SDG
Fingrid is known for its good reputation and for being a reliable operator and energy influencer	Fingrid is known as a reliable company with a good reputation and is a sought-after partner with understandable goals	Fingrid is well-known throughout Finland and customers are ready to support its responsible operations	Social responsibility Other key stakeholders   
		Fingrid's expertise is valued in Finland, the Nordic countries and Europe	

Fingrid's reputation

The 2023 focus groups in the annual reputation survey conducted for Fingrid by the impartial research and analytics company T-Media were the personnel, general public, customers and policymakers. The results indicate that Fingrid enjoys a high level of trust and a good reputation among all the surveyed groups.

In T-Media's survey model, the reputation of an organisation consists of eight elements: how people perceive its governance, finances, leadership, products or services, interaction, employer image and responsibility. All these areas affect people's views of the organisation.

The surveys conducted in 2023 among the personnel and customers indicate that people have confidence in the company's stable finances, capable leadership, responsible operations and transparent governance. The personnel survey was conducted for the first time and gave a reputation score of 4.40 on a scale from 1 to 5. Customers gave Fingrid a reputation score of 4.15. In this survey method,

a score of 4 or higher is considered excellent, between 3.50 and 3.99 is good, and between 3.00 and 3.49 is fair.

The surveys among the general public and policymakers were conducted in autumn 2023. Among the general public, Fingrid's reputation was fair. The score was rose slightly to 3.32, and also the support from stakeholders improved. The reputation score was higher than ever. The general public's viewpoints show progress in several areas, with the most progress achieved in the appreciation of Fingrid as a good place to work.

As regards policymakers, the reputation score decreased slightly but still remained at a good level of 3.52. Finances again received the best score and interaction the weakest. Maintaining a reliable reputation with policymakers requires constant dialogue and transparency in the organisation's activities.

The overall reputation score among all the surveyed stakeholders was 3.86.

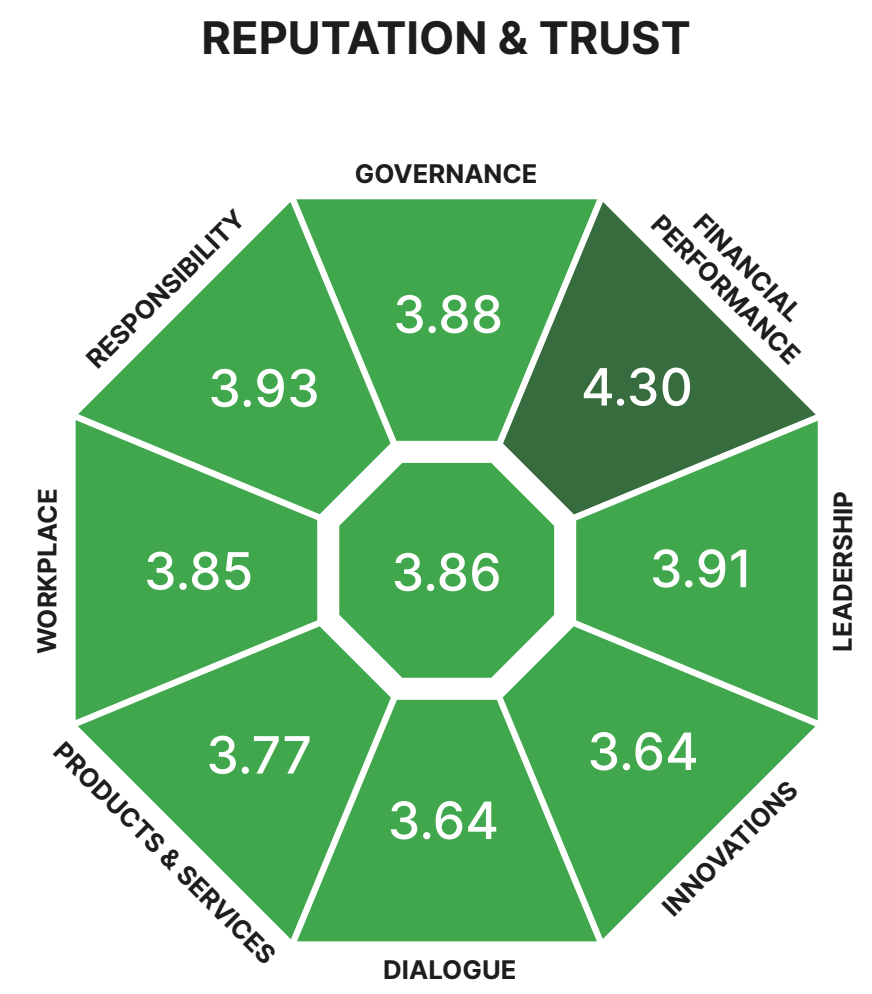
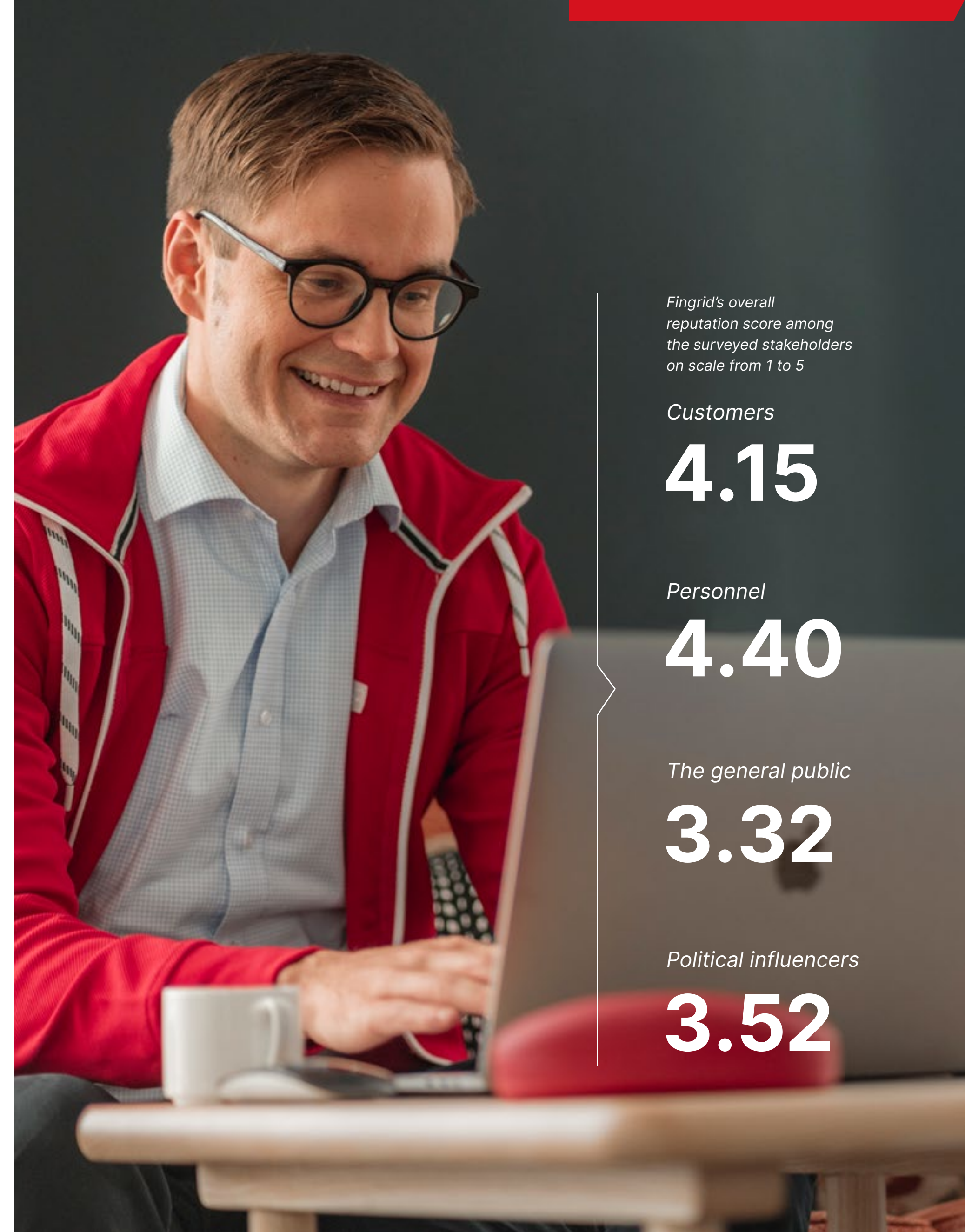


Image. Fingrid's overall reputation score among the surveyed stakeholders.



Fingrid's overall reputation score among the surveyed stakeholders on scale from 1 to 5

Customers

4.15

Personnel

4.40

The general public

3.32

Political influencers

3.52

Customers

The core missions of transmission system operators are quite similar in different countries, despite varying electricity markets. There can be large differences in how this core mission is attended to. Fingrid stands out from other TSOs through its customer focus. One of Fingrid’s most important strategic choices is a focus on customers, the success of which is ensured by providing services that match the customers’ needs and through an effective customer service model and exchange of information.

The company works for the benefit of its customers and society, and the success of this work is actively followed up with various KPIs. Reliable electricity and a well-functioning electricity market are secured for society, and customers are offered new grid connections and transmission services as well as affordably priced services. Grid planning takes place in close collaboration with the customers. The main grid investment projects are based on actual customer needs and aimed at securing high quality transmission in a changing power system. The importance of cooperation will continue to grow as we transition towards a consumer-centric, digital electricity mar-

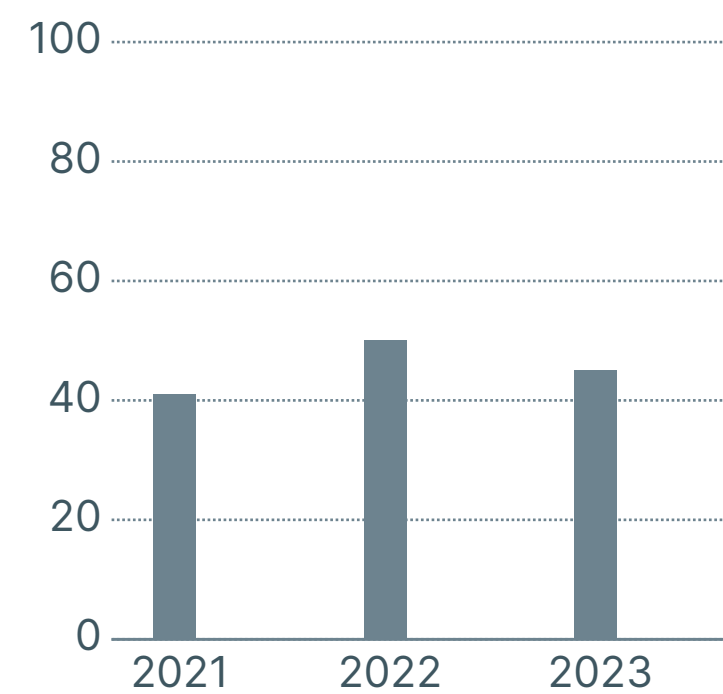
ket. Fingrid has increased solutions that enable customers to more easily acquire information on our services and capabilities to meet their needs, for example. These solutions include our open data services and the newly opened Verkkokiikari or ‘Grid Scope’ service on our website to provide information on grid connection possibilities. Furthermore, the company actively communicates information about the electricity market, and grid development plans and their implementation.

The promise ‘Fingrid delivers. Responsibly.’ reflects many key issues. To the customers, we promise to deliver, i.e. to transmit electricity in the main grid reliably and affordably. The quality of the services is maintained at a level that ensures that the number of operational disturbances and outages remains low. Fingrid’s operations secure the functioning and growth of one of Europe’s cleanest power systems. The operations are efficient, and the grid transmission prices are among the lowest in Europe.

Fingrid gauges the satisfaction of its customers with its services and operations with annual surveys. In the autumn 2023 survey, Fingrid’s net promoter score from

customers was 45 (50). Customers trust that Fingrid works for the good of the whole society and appreciate the competence, problem-solving skills and service-mindedness of the company’s specialists. Customers feel that Fingrid’s services work well. Individual services were assessed on a scale from 1 to 5. The average score for grid services was 4.20 and for electricity market services 4.04. Operational cooperation received excellent reviews in terms of individual services, whereas the customers felt that balance services have the most room for improvement.

Net Promoter Score from customers (cNPS)



Stakeholder engagement and trust

Secure supply of electricity is a crucial service for society. Fingrid's operations involve several different stakeholders with different expectations of Fingrid. The most important expectation is that of reliable electricity transmission and power system balancing. Fingrid engages the stakeholders with an open attitude, with active high-quality interaction, listening to the stakeholders' opinions and views.

The stakeholder engagement is based on the company's values and ways of working as well as the core mission and role in society. Respectful interaction is a must in all stakeholder engagement. The employees receive training to better understand various stakeholders' expectations and the principles of responsible and ethical business practices.

The executive management group and Board of Directors regularly monitor the success of stakeholder interaction. The stakeholders identified in the materiality analysis, their expectations and key measures related to stakeholder engagement are listed in the attached table.

	Stakeholders' expectations	Fingrid's measures 2023
Owners and financiers	<ul style="list-style-type: none"> Responsible business and good governance Improvement in profitability Preservation of shareholder value and stable return development Debt service consistent with agreements Transparent reporting 	<p>The company was successful in creating shareholder value and paid owners the expected dividends.</p> <p>We continued systematic dialogue with the financiers and transparent financial communications on the company's strategy, finances and business.</p>
Customers	<ul style="list-style-type: none"> Reliable electricity and a well-functioning electricity market Services that meet customers' needs Affordable pricing Predictable operations 	<p>Two large Fingrid Current events were organised for customers and several webinars on projects to develop the electricity market. Various customer groups were met face-to-face. Meetings with many new customer groups, in addition to wind turbine owners: industrial investors, solar power plants and battery storage systems. Fingrid's advisory committee convened four times, and the grid committee and the market committee four times each. Customer communication took place through a newsletter and the customer magazine.</p>
Employees	<ul style="list-style-type: none"> Equal treatment and rewards Well-being in the work community Occupational safety Professional development opportunities Stable employment 	<p>Fingrid Academy offered diverse training for the personnel. A coaching event for the entire personnel took place in May, focusing on corporate responsibility in their own work. Fingrid's strategy was addressed in discussion events for the whole personnel and in coaching sessions for supervisors.</p>

	Stakeholders' expectations	Fingrid's measures 2023
Policy-makers	<ul style="list-style-type: none"> Reliable electricity Shaping the clean and market-oriented power system of the future Well-functioning electricity market Participation in the electricity market 	<p>The contacts with policymakers were exceptionally frequent in 2023 due to the electricity market impacts of Russia's war of aggression. Fingrid's representative was present in the parliamentary Commerce Committee's meetings concerning issues such as the current energy policies in the EU and Finland, climate policy planning in the land use sector, and the climate and energy strategy. Various political parties also requested Fingrid's representatives to speak at their engagements.</p>
Authorities and NGOs	<ul style="list-style-type: none"> Promotion of common interests Clear, reliable and timely communication Expertise 	<p>Meetings with national and local authorities related to the grid investment programme, building more wind power, and especially adequacy of electricity in the winter 2022–2023. Security of supply issues were also highly topical.</p>
Contractors and service providers	<ul style="list-style-type: none"> Occupational safety Responsible treatment of suppliers Predictability and continuity 	<p>Several info events, training sessions, and meetings of safety supervisors and the suppliers' occupational safety group, and worksites received newsletters to support safety communication. Fingrid's and service providers' joint 'Main Grid Day' event also addressed occupational safety. The management had meetings with key service providers. Fingrid took over some of the commodity risks linked with the materials needed for grid investments.</p>
Landowners and neighbours	<ul style="list-style-type: none"> Responsible operating methods in land-use and environmental matters to reduce negative impacts Proactive and reliable contact 	<p>Communications and direct contacts at different stages of transmission line projects and during maintenance. In EIA procedures, events for the general public, letters to landowners and advertisements in local newspaper, and online feedback system.</p>
Other partners	<ul style="list-style-type: none"> Expertise Promotion of common interests 	<p>The cooperation between Nordic and the Baltic Sea region's TSOs was particularly active. Several multi-year development projects are underway.</p>

Landowners

Cooperation with landowners and neighbours living near grid transmission lines is important to Fingrid. When planning new transmission lines, the cooperation starts already during the preliminary planning stage, when the environmental impacts and the possibilities to mitigate them are addressed. The land and trees under the transmission lines remain the property of the landowner. We help landowners identify where they can influence a transmission line project and encourage them to safeguard their rights. Respectful interaction with people and cooperation aimed at reducing the harm caused to humans and nature are pursued throughout the life cycle of the transmission line. Fingrid actively communicates to the landowners and continuously develops its practices based on feedback.

Fingrid's goal is successful interaction with landowners and neighbours of transmission line right-of-ways, in compliance with the company's land-use and environment policy. In 2023, Fingrid surveyed the landowners related to the Hikiä-Orimattila transmission line project completed during year and received a score of 3.5 (scale from 1 to 5). The score was below our target (>4). The

expectations for improvement expressed by the landowners focused mainly on communications.

In order to be able to build, operate and maintain a transmission line, Fingrid expropriates a right-of-use to the transmission line area from private landowners. In 2023, an expropriation permit decision was granted for the following transmission lines: Lake Line, Leväsoo-Isokangas, Kauppila-Hännilä, Siikajoki-Sorsaraivio, Vuennonkoski-Viitajärvi, Huittinen-Forssa and Vanhakaupunki-Länsisalmi. An expropriation permit application was made for the Tervakorpi-lisalmi, Petäjaskoski-Nuoluankangas, Kopula-Hankasalo, Nurmijärvi-Lautala and Kaupunginhaka-Sannainen transmission line projects. The compensation process for compulsory purchase was concluded in the Torna-Lautakari and Isohaara-Simojoki/Simojoki-Raasakka projects. Ten hearings in accordance with the Redemption Act were held with landowners. Fingrid purchased one property, located partly in the existing right-of-way, to carry out in a practical manner the Alajärvi-Hikiä transmission line project, which has proceeded from the EIA procedure to the general planning stage.



Fingrid does not rule on the compensations for compulsory purchases. These compensations, to be paid by Fingrid, are determined in an expropriation procedure carried out by the National Land Survey of Finland. During the year under review, landowners' dissatisfaction with the compensations for compulsory purchases was highlighted in media and was also addressed during Fingrid's EIA procedures. One reason for this was that the construction volume of energy infrastructure and the number of expropriations have increased as Finland transitions to clean energy production, and in addition to Fingrid, also commercial wind power players expropriate land.

Fingrid increased its communications to landowners on compensation levels and highlighted its official status as the party carrying out a task specified in the Electricity Market Act. In connection with amending the Act on the Redemption of Immovable Property and Special Rights, the Finnish government included in its agenda the goal to reinforce the protection of private ownership by renewing the grounds for compensation and by increasing the compensations to be paid for expropriated transmission line right-of-ways.

The schedule for this reform has not been confirmed. The act on the expropriation permits for specific projects with land-use implications, which affects the rules for how the results of EIA procedures should be accounted for in an expropriation permit procedure, was also under review.

According to the government bill for expropriation permits act, the ruling on an expropriation permit must include the requirement for the transmission line route, the implementation methods and dates of implementation, and the monitoring of the impacts of the project necessary for limiting any adverse effects.

Other key stakeholders

European legislation and regional solutions on market rules have a significant impact on the electricity markets. Fingrid actively participates in the preparation and implementation of EU legislation together with European, national and regional authorities, and other transmission system operators. The idea is to safeguard the best interests of our Finnish stakeholders. In electricity transmission connections between neighbouring countries and within Finland, we try to avoid transmission bottlenecks.

Fingrid works together with Finnish political influencers and authorities to develop the electricity system and to reinforce the main grid so that Finland can achieve its carbon neutrality goal and maintain the balance and quality of the electricity system.

Financers, credit rating agencies and shareholders expect us to plan the company's finances, investments, risk management and financing in the long term. It is essential that Fingrid is seen as a financially stable counterparty in all business activities. The company's decision-making and operations are based on the right information at the right time and on our objective to be an efficient, profitable and responsible company which systematically manages its risks.

Contractors and service providers are a significant resource for our company through their expertise and the work input we receive from them. Contractors' and service providers' main expectations include a safe working environment and the possibility to plan for future service needs and situations collaboratively.

Fingrid also collaborates with various research institutions, international research organisations and institutes of higher education. The company annually has dozens of R&D and thesis projects underway, seeking innovations that will enable the transformation of the energy system.

We regularly survey our stakeholders' views on the company. The surveys are intended to bring in feedback on the company's operations and to help us take stakeholders' wishes and insights on the company into account in the company's operations. Customer satisfaction and the development of the company's reputation as well as success in various projects are frequent survey topics, and the results are used also for identifying the material responsibility impacts, risks and possibilities.

Targets of supply chain management




Responsible procurement practices are impactful in Fingrid’s outsourcing-based business model. Fingrid uses many different service providers in its business. Service and goods suppliers are required to commit to Fingrid’s Supplier Code of Conduct or their own similar code. The code covers issues such as business practices, human rights, labour rights, occupational safety, the environment, and anti-corruption in compliance with the United Nations’ Global Compact initiative.

The Supplier Code of Conduct is always applied to procurements worth at least EUR 60,000 and they are linked to material, equipment, ICT etc. purchase agreements. Compliance is monitored on a risk basis, and the remedying of any detected deviations is supported in cooperation with the suppliers. Fingrid’s Supplier Code of Conduct is a condition for being included in supplier registers used in recurring substation and transmission line procurements. In addition, contractual partners are subject to separate contract terms related to the use of subcontractors and workforce, and to occupational safety and

environmental matters. Assessments are also carried out during projects, monitoring the technical implementation as well as the management of occupational safety and environmental issues at the worksite. Operational excellence affects the final score of the assessment, which is taken into account as quality scores in future competitive bids.

Construction work on the grid is carried out on a project basis, in separate substation and transmission line projects as well as in so-called turn-key contracts. The main contractor, acting in the role of Fingrid’s contractual counterparty, is in charge of the detailed design, the procurement of material and equipment as well as building and installations until commissioning. The main contractor on a specific project may have several subcontractors and must submit the most significant subcontractors for approval by Fingrid. Fingrid also directly procures various materials, such as transformers and conductors.

The qualifications of the contractors and service suppliers carrying out grid construction and maintenance are verified primarily by means of various supplier registers and shortlisting procedures. A

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN’s SDG
Fingrid is a responsible buyer of services and goods	<p>Responsibility requirements included in all of the company’s sourcing activities</p> <p>No major deviations or problems in contractor obligation or employment relationship matters</p> <p>Supplier audits cover 95% of the value of ex works deliveries in 2025</p>	<p>Extensive and comprehensive responsibility requirements included in all of the company’s procurements</p> <p>No major deviations or problems in contractor obligation or employment relationship matters</p> <p>Comprehensive and continuous auditing in the service provider field further down the supply chain</p>	<p>Social responsibility Supply chain</p>   

validation system to ensure the proper qualifications of employees for performing maintenance on transmission lines and substations is also in place.

The 15 biggest direct contractual partners in the construction and maintenance of Fingrid's main grid transmission lines account for roughly 90 per cent of the contractual volume, each with an order book of more than EUR 10 million with Fingrid. Twenty other suppliers additionally have more than one million euros in contracts with Fingrid. There are two companies with regional contracts on transmission line maintenance and four companies with regional substation maintenance contracts. Fingrid has one primary contract partner for reserve power plant maintenance.

In basic grid maintenance, service providers and their subcontractors use Finnish workforce. In 2023, foreign workforce was used in the clearing of transmission line right-of-ways (around three quarters from the Baltic countries, Poland, Ukraine and Thailand) and, on minor scale, in some specialist fields. Both the contractors' and subcontractors' use mostly Finnish workforce for grid building work. In 2023, substantial numbers of non-Finnish per-

sonnel working on grid building sites originated from for example the Baltics, Turkey and Spain. Small numbers of non-Finnish personnel worked in reserve power plants maintenance, mainly in jobs requiring specialist skills.

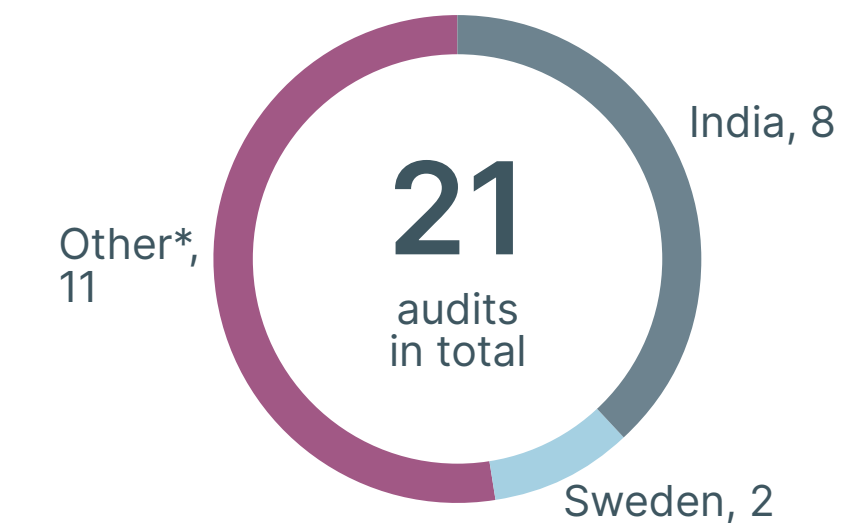
Fingrid verified compliance with the responsibility requirements through several risk-based audits. As part of the procurement process, regular checks were performed to ensure that the elected suppliers are not subject to mandatory exclusion criteria based on procurement legislation for special sectors or international sanctions.

Worksite responsibility audits are used to verify service providers' compliance with contractor obligations, occupational safety and environmental requirements. The goal is to support the service provider in even safer and more eco-friendly ways of working. During 2023, 14 sites were audited, from investment project worksites to maintenance operations. The most common deviations detected during the worksite audits concerned working at height, management of safety qualifications and the tightened waste sorting requirements. In addition to work sites, one concrete plant supplying materials to the worksites was

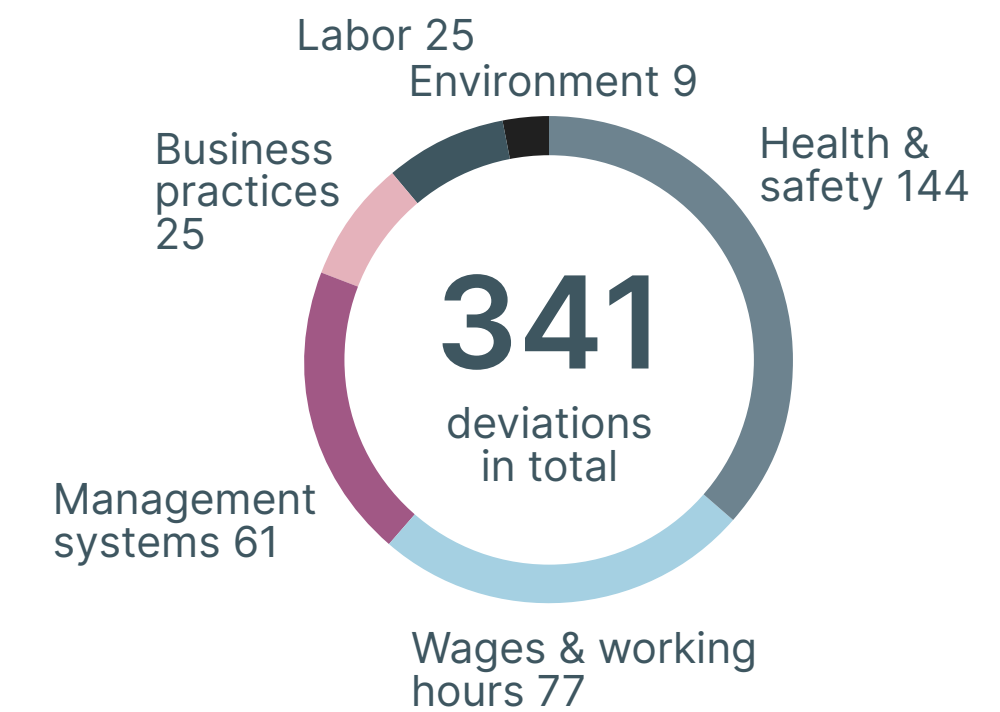
also audited for safety and environmental compliance. Four audits were carried out by an independent auditor in projects concerning the use of non-Finnish workforce. Regional state administrative agencies performed inspections at four clearing worksites.

Fingrid's main contractors are in charge of most of the goods procurement from abroad. In 2023, third-party supplier audits were carried out at 21 production plants in altogether 13 countries, including Brazil, India, Romania, South Korea and Turkey. Four of the audits were follow-up inspections to verify the rectification of non-compliance issues from earlier audits. The audited plants included producers of cabling, substation equipment and steel towers, for example. The audited companies included both Fingrid's direct contractual partners and their suppliers, but also possible future material and equipment suppliers. The observed deviations were typically related to occupational health and safety or work hours and pay. In addition to the production plant audits, Fingrid also piloted service provider audits outside Finland in 2023.

Audits related to international material sourcing by country and distribution of findings



*Other (1/country): Brazil, Spain, South-Korea, Italy, Poland, France, Romania, Germany, Switzerland, Turkey and USA



Targets for occupational safety and the safety of the main grid

Occupational health and safety come first in all of Fingrid’s activities. It is important for us that each of our employees and every service provider employee working at a Fingrid worksite returns home healthy and in one piece. Each employee has the right and obligation to stop work that they consider to be dangerous. Fingrid’s operations also comply with regulatory requirements, which means that each person is also entitled to refuse to perform work that they consider to be hazardous. Our worksites and transmission lines must not pose a hazard to the public either.

Promoting occupational health and safety

Fingrid’s occupational health and safety management is steered by Fingrid Oy’s occupational health and safety policy and goals. We apply an OHS management system based on the ISO 45001 standard, the scope of which has been limited to the functions and units working with grid building and maintenance and reserve power plants. The management system was audited in 2023 and a decision was also made to expand its scope to Fingrid’s

entire personnel. Fingrid’s action plan for occupational health and safety, mandated in the Occupational Safety and Health Act, is defined to apply to Fingrid’s entire in-house personnel.

In addition to our own personnel, it is equally important to guarantee the occupational health and safety of the personnel of the service providers working at our worksites. Fingrid requires a high level of occupational safety in investment projects and maintenance alike. Contract terms concerning Fingrid’s safety are appended to all agreements. The workplace safety and working conditions of suppliers working at Fingrid’s worksites is ensured with measures such as regular worksite visits, management’s occupational safety rounds and sustainability audits. Our global sourcing practices require a third-party verifier on a risk-based approach to ensure compliance with occupational safety standards at the workplaces of our equipment and material suppliers.

Identifying hazards, risk assessment and investigation

Fingrid’s occupational health and safety procedures are continuously developed and our work environments are upgraded

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN’s SDG
Each of our employees and everyone working at a Fingrid worksite returns home healthy and safely – at the end of every workday. Main grid does not cause harm to the public.	Low LTIF (less than 5) No serious occupational safety deviations Fingrid is known for exceptional occupational safety The main grid is safe, no accidents or health impacts	Zero workplace accidents No serious occupational safety deviations Fingrid is known for exceptional occupational safety The main grid is safe, no accidents or health impacts	Social responsibility Occupational safety and the safety of the main grid  

on the basis of risk assessments and workplace surveys. All accidents, near misses and safety observations are investigated and the lessons learned are implemented.

Occupational safety deviations are classified in three classes based on the severity and risk of potential outcomes. The extent of the investigation and responsibility for it are based on the severity classification. The investigation, reporting and the delegation of responsibility for corrective actions and follow-up take place in the HSEQ reporting system. Safety observations can also be made anonymously at the address www.fingrid.fi/havainto. Fingrid's OHS committee coordinates the risk assessments of the company's own personnel. Risk assessments are processed in the OHS committee. The identification of hazards in investment projects and maintenance and the evaluation of risks is divided into several stages.

We ensure the quality of the risk assessments with the support of specialists and through sufficient training. The internal audit results for OHS are processed annually in the Management Review and, according to the scope required, in the OHS committee. The OHS committee annually creates

an action plan based on factors such as risk assessments, safety observations, occurred accidents and near misses.

Occupational healthcare services

Fingrid has an agreement with occupational healthcare services that applies to all persons employed by Fingrid. The occupational healthcare services make workplace visits to the company's various locations and, in this way, take part as a healthcare specialist in the identification and assessment of the risks affecting the company's occupational health and work ability. In addition they provide recommendations for measures to prevent and mitigate the risks. The quality of occupational healthcare services is monitored and steered regularly through steering group activities. We require our service providers to provide an account of the arrangement of occupational healthcare services as stated in the Act on the Contractor's Obligations and Liability when Work is Contracted Out.

Participation in OHS development

Fingrid has a legally required OHS committee, whose chairman is the OHS Manager. In the committee, employees are represented by occupational safety representatives from several areas of operations.

The OHS committee convenes regularly and its memorandums are available to the personnel. The employees may also make suggestions to the committee for developing occupational health and safety.

Service providers can make propositions on their own initiative and give feedback on occupational safety issues at joint meetings, through the HSEQ reporting system and in the suppliers' occupational safety group. The memorandums of the group's meetings are published on Fingrid's website.

OHS topics are communicated on twice a year in the Safety on the lines magazine. Occupational safety briefings are also held, where current issues and any accidents and near misses that have occurred and any reported safety observations are reviewed.

Training and development

The occupational safety handbook contains the occupational safety training requirements for functions and units that the OHS management system applies to. Training organised for personnel is planned annually depending on need and discussed in the internal occupational safety group



and OHS committee. Developing safety skills is the responsibility of each Fingrid employee and their supervisor.

The occupational safety qualification requirements for service providers are described in the contract terms concerning safety. We annually organise occupational safety training for service providers as needed, on topics such as electrical safety, occupational safety, and safety-related contract terms.

The 2023 occupational safety theme was "Safety as a part of each day". Several OHS briefings and training events were arranged for Fingrid's personnel and service providers on topics such as the contractual terms on safety and environmental themes, which were updated in the year under review. In-house personnel also received training on initial fire response, traffic safety and first aid in emergencies. The occupational safety handbook and safety instructions were updated.

Occupational safety 2023

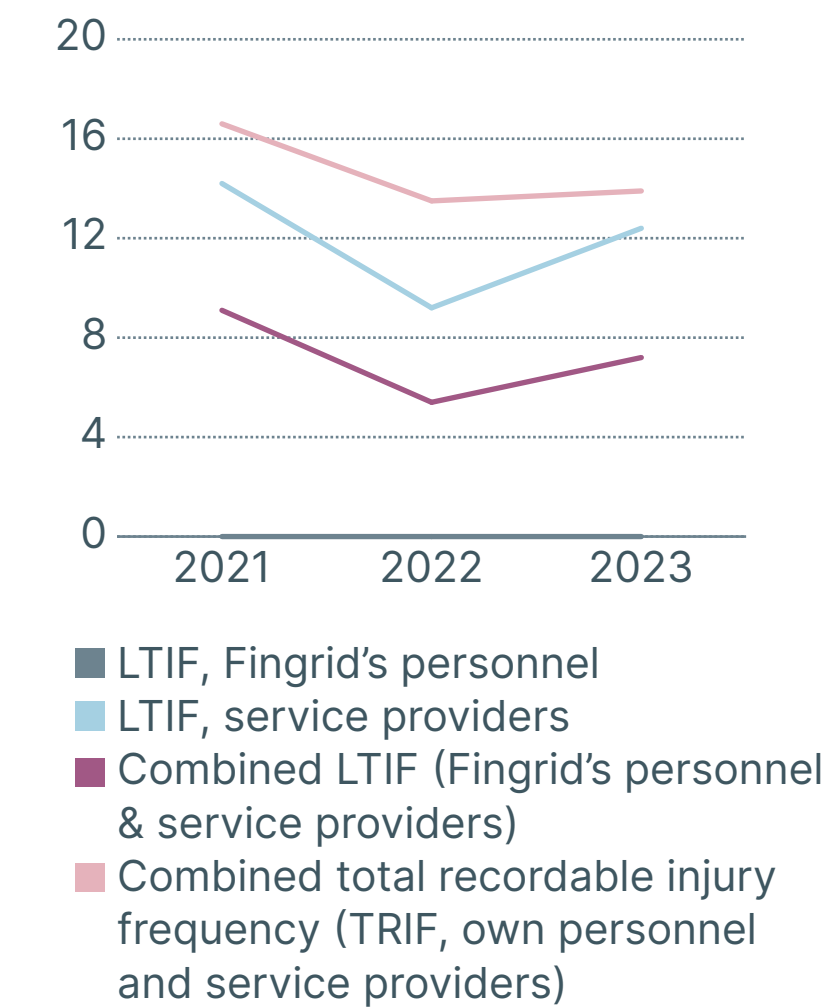
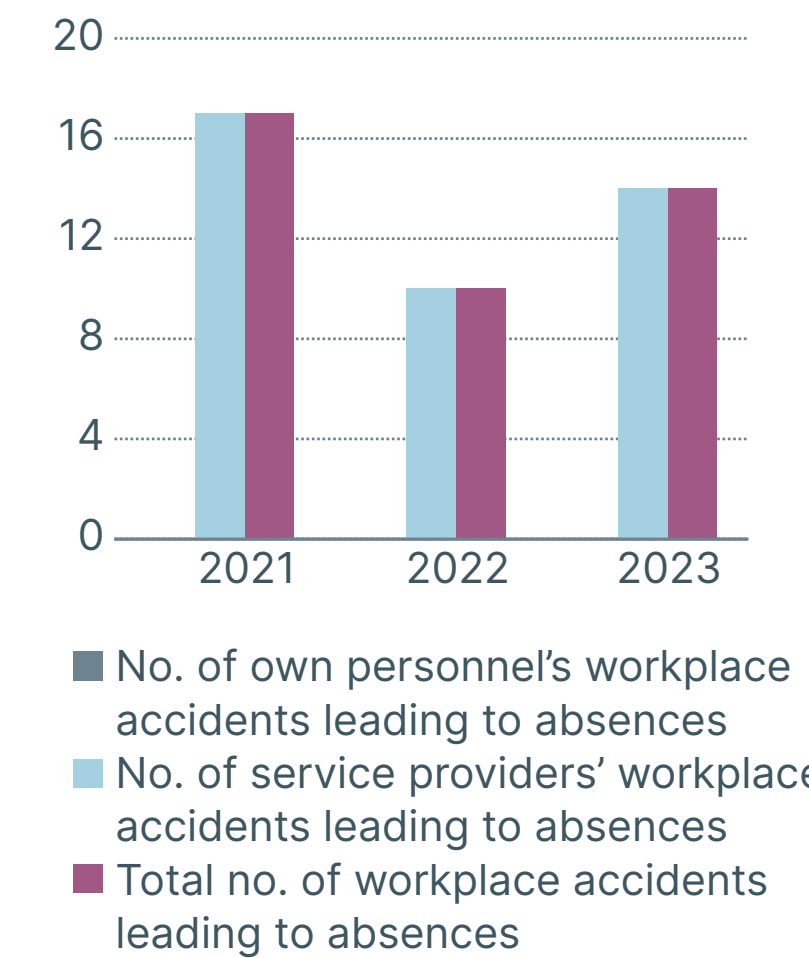
One of Fingrid's long-term goals is to improve the occupational safety culture and, in this way, achieve its zero-accident ob-

jective. In 2023, once again, Fingrid's own personnel did not experience any lost-time accidents. A total of 14 (10) absences due to accidents at the workplace were recorded among the service providers, of which 3 (6) were classified as serious. The service providers' and Fingrid's combined lost time injury frequency (LTIF) increased from the previous year to 7.2 (5.4) absences due to accidents at the workplace per million worked hours.

Various types of contusions caused a significant share of workplace accidents in 2023. Exceptionally, only a small proportion of the workplace accidents resulted from slipping and tripping. The number of recordable workplace accidents among Fingrid's own personnel was 2 (6) and those of the service providers 25 (19). The service providers' and Fingrid's combined TRIF rate was 13.9 (13.5) recordable workplace accidents per million hours worked.

We also measure the work carried out to achieve occupational safety. The number of safety observations fell from the previous year. A total of 560 (640) safety observations were made at Fingrid's worksites.

Lost Time Injury Frequency (LTIF) and workplace accidents



Safety of the main grid

In addition to occupational safety, it is important for Fingrid that the main grid does not pose any danger to people or the functioning of the power system. During 2023, no personal injuries were caused by the main grid to the public.

Safety is a key aspect of grid planning. The safety of the transmission lines is guaranteed through careful and pre-emptive maintenance. A systematic inspection programme is in place for the transmission line structures and right-of-ways. The undergrowth below the transmission lines is cleared regularly, while the height of the forests next to transmission lines is controlled by helicopter sawing and felling operations so that any trees falling over do not come into contact with the transmission lines.

Faults identified in inspections are repaired pre-emptively before they cause interruptions in electricity transmission or a hazard in the transmission line's vicinity. In 2023, inspections were performed on some 6,700 kilometres of transmission line. Around 5,100 hectares of transmission line clearings were trimmed, and roughly 32,400 cubic metres of wood was felled

in the bordering forests. More than 9,000 landowners were contacted with regard to the measures. With these measures, the transmission lines remain secure and above all are safe for their environment.

The ongoing green transition underscores the overall understanding of biodiversity protection and climate change mitigation as well as Fingrid's statutory responsibility to develop the main grid and safeguard the reliability of the power system. Mitigation of climate change and biodiversity loss must be harmonised with the statutory mission of securing the functionality and well-being of society, where Fingrid's role is that of a public official. During the year under review, decisions were granted on allowing maintenance clearings at the edges of transmission line right-of-ways at Rörstrand in Sipoo and at Lemmenlaakso in Järvenpää. In 2022, the Uusimaa Centre for Economic Development, Transport and the Environment (ELY Centre) prohibited Fingrid from felling trees at the right-of-way edges, citing conservation grounds. The work is a part of regular maintenance of the main grid and necessary for accomplishing Fingrid's obligations in compliance with the Electricity Market Act. Another ongoing case is related to transmission line

maintenance; Fingrid submitted an appeal concerning a permit to deviate from the prohibition of destroying and degrading a breeding and resting site of the flying squirrel.

Regular guidelines are issued on work and other activities near the electricity network. Fingrid actively participates in land-use planning together with municipalities and associations of local authorities to ensure safety and land-use reservations for the grid. In 2023, Fingrid issued roughly 300 statements on land-use plans and environmental impact assessments. In addition, Fingrid directed the construction work and activities taking place near grid installations by issuing roughly 450 statements that included safety instructions and land-use restrictions. Fingrid also carried out several related reviews and provided inductions.

People are concerned about the electromagnetic fields in the vicinity of transmission lines. Electromagnetic fields are everywhere around us and one of the sources of these fields are transmission lines. However, the limit values set by the Ministry of Social Affairs and Health for public exposure are not exceeded in the vicinity of transmission lines. In 2023, we

continued to publish, jointly with an independent expert party, status reports on global medically oriented research on electromagnetic fields. There is no new, conflicting evidence of the health impacts.

Highlights of social responsibility in 2023

- Fingrid received an eNPS score of 75 from the personnel
- Fingrid received a Finland's Most Inspiring Workplace recognition
- System security of the electricity transmission in the main grid was 99.99995%
- Fingrid was Finland's 22nd largest corporate income tax payer in 2022
- Fingrid received a cNPS score of 45 in the customer survey

Good governance

The basis of good governance in Fingrid is openness and a responsible operating model, as well as the guiding principles for operations. Fingrid’s management complies with the applicable laws, regulations and recommendations of the Finnish Governance Code for listed companies, and with the principles, policies and guidelines decided within the company.

The main aspects of the goals and requirements of responsible and ethical operations, good governance and risk management have been defined in the company’s values, Code of Conduct and internal control and risk management principles, which have been separately approved by the Board of Directors. The corporate culture is based on openness and the personnel’s strong commitment to the company’s values and Code of Conduct.

[The Corporate Governance Statement 2023](#) gives a more detailed account of good governance at Fingrid.

Goals

Responsibility vision	Short-term target 2025	Long-term target 2035	Corporate responsibility viewpoint and UN’s SDG
<p>We commit to and require others to commit to responsibility and listed companies’ good governance in line with our values. Balanced risk-return ratio for the owners and financiers. The continuity and profitability of our operations through good risk management. Open and comprehensive external reporting and communications. High-level information security and responsibility for data.</p>	<p>Our entire work community is committed to a responsible way of working and open communications</p> <p>The company’s guidelines are in line with legislation and the company’s personnel has received training in the rules and know the guidelines</p> <p>Dividend income in line with shareholders’ targets</p> <p>High credit rating</p> <p>No significant information security or data protection breaches resulting in adverse business impacts</p>	<p>Fingrid is known for its exemplary responsibility work and open external reporting</p> <p>From the owners’ and financiers’ point of view, Fingrid is an open, stable and productive company</p> <p>Fingrid is known for its high-quality information security and ability to protect personal data and business critical data</p>	<p>Good governance</p>   

Corporate culture and Code of Conduct

Fingrid's values guide the work of our professional community and lay a solid foundation for our corporate culture. Fingrid's intent, in line with its values, is an open, fair, efficient and responsible work community.

One of the company's core values is openness. Encouraging the sharing of information and promoting a culture of openness are seen to improve the company's productivity and customer service and to serve in the best interest of society. Excellent, deliberate sharing of information boosts the learning of both individuals and the organisation and understanding the needs of stakeholders in all business operations, which in turn serves to improve the company's evolution and performance of its task as well as the quality of customer service.

Openness also means that the personnel have the right to open, up-to-date and active communication. A high standard of communications promotes the personnel's understanding of the company's goals and operations. Communication is also a way to ensure that the personnel is committed

to the company. Communications comply with the communication policy approved by the Board of Directors, taking into account the requirements of the Finnish Corporate Governance Code for listed companies.

At Fingrid, all non-confidential information is, as a general rule, open and accessible to all in the shared information management system. The intranet and Teams are additional interactive communication channels that are open to everyone and enable the entire personnel to take part in dialogue. Sharing information can help merge the competence of different professionals across boundaries and bolster the organisation's practices, while also enhancing value creation for customers and society. At the same time, it can help prevent unnecessary mistakes, build reputation, and take control of the organisation's capabilities, knowledge and skills.

Openness is increased by our flat hierarchy and straightforward communication style. Together, these allow for a bold exchange of ideas and the expression of different opinions. Everyone is equal in the work community and the management is closely involved in daily business. Daily operations involve a lot of informal touchpoints and



people find it easy to approach one another. The open, dialogue-oriented culture is most clearly reflected in people's sincere willingness to help their colleagues and to act in the best interest of the company and society overall.

The values are reflected in people's behaviour at Fingrid, which is characterised by cooperation, helping colleagues and responsible action. The impact that Fingrid's operations have on society make it necessary in and of itself to work systematically and responsibly, which is why clear processes and guidelines are a high priority for the company.

For years now, Fingrid has consciously strived to build its corporate culture through various leadership approaches. The matrix organisation was built to increase cooperation. The personnel can attend events intended for exchanging information, and there are regular discussions on values, shared ways of working and responsibility. The responsibility theme was discussed extensively at the personnel's Coaching Day in spring 2023: one of the topics was, what responsibility means in the work of an individual employee and when meeting stakeholders.

A responsible and ethical Code of Conduct

Fingrid holds key responsibility for the electricity system and the main grid in Finland and thereby the functioning of the entire society. As such, it is important to ensure the social acceptance of our operations through shared values and a Code of Conduct.

Fingrid is committed to responsible and ethical practices to promote sustainable development. Every Fingrid employee makes a commitment to work in compliance with our Code of Conduct, which is based on the United Nations' Global Compact initiative and the principles guiding business operations and human rights. The Code of Conduct includes Fingrid's human rights commitment. We expect the service providers and goods suppliers who operate as our contractual partners to comply with our Supplier Code of Conduct or other corresponding, separately agreed on requirements.

Compliance with the Code of Conduct is monitored and ensured by leadership and through the actions of the entire work community. One tool used for this is our online induction course. We require all of

our employees to regularly complete the induction course. Fingrid also has in place ethical principles for the use of artificial intelligence.

Human rights and environmental due diligence has for long been a part of applying Fingrid's Code of Conduct. The environmental precautionary principle is included in Fingrid's Code of Conduct.

In 2023, Fingrid continued to monitor the regulatory development on corporate responsibility regarding human rights and updated the company's human rights action plan. Fingrid started sharpening its responsibility focus on human rights in 2016 with an overall assessment of the impacts and risks to human rights. The assessment was carried out in accordance with the UN's Guiding Principles on Business and Human Rights and in compliance with a due diligence process. The impact and risk assessment on which this Human Rights Due Diligence (HRDD) process is based on was updated during the year under review with support from third-party experts. The descriptions of other areas in the HRDD process were also edited for more clarity and more concrete specifics in Fingrid's operations. The analysis of the current

status showed no changes in Fingrid core functions since the previous assessment, but the impact of the energy transformation also affect the impacts and risks to human rights faced by the company. The factors affecting Fingrid's responsibility for human rights include the company's status as a natural monopoly in its sector, its security of supply role and the majority ownership of the State of Finland. The key human rights themes of the operations are the protection of life and health, data protection and human rights in the supply chain. Fingrid ensures the supply of electricity, a critical service both to society and individuals, resulting in positive impacts on people and human rights. On the other hand, disturbances in the transmission of electricity in the main grid can cause wide-ranging and serious negative repercussions for people, including major impacts on the most basic human rights, such as the right to life and health.

In the 2023 personnel survey, employees gave a score of 4.5 (on a scale from 1 to 5) when surveyed about responsible practices.

Feedback channels and reporting misconduct

Fingrid's personnel and external stakeholders have access to several feedback and reporting channels. The personnel have been provided instructions for their use on Fingrid's intranet and in induction training.

Feedback is collected through personnel and stakeholder surveys. Feedback can also be given personally to supervisors or supervisors' supervisors based on the 'one above' principle. Shop stewards or the HR unit can also be given feedback.

If an activity is suspected to be in breach of Fingrid's Code of Conduct or the law, and the information cannot be directly conveyed to Fingrid's contact person, a confidential and independent whistleblowing channel is also available. The channel is intended for use when misconduct or crime is suspected which could concern, for example, accounting, conflicts of interest, corruption, the securities markets or other financial irregularities.

All suspected breaches are investigated confidentially and professionally, with discretion. At Fingrid, the reports are handled

by a Legal Counsel, the General Counsel and the President & CEO. Any reports are reported on to the company's Board of Directors, taking into account the protection of privacy.

In 2023, Fingrid received two reports through the whistleblowing channel. They did not involve suspected misconduct.

Compliance of the business operations

The aim of Fingrid's management and leadership is to implement the strategy approved by the Board of Directors and achieve the business goals responsibly and sustainably, in an effective manner. This requires the correct allocation of financial and human resources, and the optimal utilisation of information.

Fingrid complies with laws and regulations. Good governance, risk management, sufficient controls and internal audit principles steer all of our operations. Internal control and risk management procedures enforcing good governance are applied in management and leadership. The company stays up to date on amendments to laws and regulations and ensures that princi-



ples, policies and other guidance remain in line with the applicable regulations. Business is planned and managed in such a way that we can demonstrate compliance with the requirements. This applies to the company's internal operations, but also to the services that the company sources externally.

The main aspects of the goals and requirements of responsible and ethical operations, good governance and risk management have been defined in the company's values, Code of Conduct and internal control and risk management principles, which have been separately approved by the Board of Directors.

The company complies with the Board-approved insider guidelines and related party principles, as well as separately maintained guidelines concerning conflicts of interest and judicial disqualification. Our goal is to ensure that the guidelines steering our business remain up to date.

Financial steering

Steering measures include operating guidelines and procedures that we follow in order to ensure that key measures for

risk management, as defined by the management, are implemented effectively.

The process and steering descriptions that support significant expenditure, decision-making and risk management, and good governance and the quality of operations are maintained in the company's guideline database within the sphere of automatic monitoring and a uniform approval process.

The effectiveness of the steering is monitored regularly as part of management. The Board of Directors and the audit committee regularly monitor the company's financial result, financing and performance. At the same time, they monitor whether the company has sufficient processes to assess risks and the effectiveness of steering in terms of financial reporting at all levels of the organisation.

The audit committee supervises the company's finances, financial reporting, risk and continuity management, and internal control and audit as part of the company's corporate governance. Deficiencies in internal control are communicated in a timely manner to the parties responsible

for corrective actions and, if needed, to the management and Board. Internal audit annually assesses the internal control of the financial reporting processes and the related processes and procedures as part of its audits of business processes. The role of the internal auditor is held by an independent third-party auditing body who reports directly to the Board's audit committee.

Internal audits

Internal control and audit create verified information on the efficiency of the company's processes and the functioning and legality of procedures. At Fingrid, the internal audit is outsourced to an external independent auditing body that meets the quality requirements for internal auditing. The auditing body annually decides together with the Board of Directors the areas to be audited.

An internal audit can focus on a broad range of topics: for example, on a general level, on the management of investment projects or the completion of a single project. Audits are carried out to ensure everything from the appropriateness of business to developing support functions'

processes. The observations of internal audits are reacted on as decided by the Board of Directors. Four internal audits were carried out in 2023: a follow-up audit on the Nordic RCC centre, and audits on HR management and reporting, energy market management system and the management of transmission line crossings. The audits resulted in one significant observation linked with the still partially incomplete energy market management system.

More on internal audits can be found in the [Corporate Governance Statement 2023](#).

Anti-corruption and anti-terrorism measures

Fingrid strictly opposes the grey economy and abstains from money laundering or corruption, such as blackmail and bribery. Fingrid requires each employee to commit to this by adopting the Code of Conduct and external contractual partners to commit by adopting the Supplier Code of Conduct.

In addition, Fingrid has several operating models in place to prevent corruption, bribery and other financial irregularities. These are related to, among other things, the use

of funds, verifying invoices and receipts, accepting gifts and hospitality, verification of commitments, counterparty verification and sanctions screening. Third-party service providers and systems are used in sanctions screening. Exclusion criteria approved by Fingrid are used in public procurement to prevent the grey economy and to ensure the suppliers' reliability and operational capabilities. Fingrid ensures that corruption, bribery and other financial irregularities are prevented through up-to-date principles, guidelines as well as steering and induction.

Risk management and continuity management

Governance of risk management

Fingrid's risks are managed according to the internal control and risk management principles approved by the Board of Directors.

The nature and crucial importance of Fingrid's operations to society are strongly reflected in the company's risk management culture and its development. Fingrid is responsible for the functioning of Finland's power system, which makes it fundamentally a risk management company. Proactive, unified, active and up-to-date risk management is based on the principle of three defence lines to ensure a balanced delegation of responsibility at the company level and between functions. According to this principle, the assessment of the risk environment, proactive risk management, continuity management, planning of control measures, follow-up controls and reporting, and management of the overall system make up a seamless system.

Risk management is planned and governed holistically. The objective is to comprehen-

sively identify, assess and monitor various threats and risks that the company's operations, environment, personnel and property are subjected to and which also have societal implications, and to be protected against them. Ensuring systematic corporate safety & security is a part of risk management.

Continuity management is included in comprehensive risk management. The objective is to improve the organisation's readiness and to prepare, in the best possible way, for the realisation of various risks and ensure the continuity of operations in such situations.

The planning of comprehensive risk management during normal times contributes to the contingency planning during societal states of emergency as required of a company with duties critical to the national security of supply.

Proactive risk management

The company's risks are divided based on significance into strategic and major business risks to be reported to the company's Board of Directors, and operational risks.

Fingrid's societal responsibility as the foundation for risk management



Key elements of Fingrid's risk management

COMPREHENSIVE RISK MANAGEMENT

PROACTIVE RISK MANAGEMENT

Predicting and managing uncertainties during normal times

→ Systematic identification and assessment of risks and implementation of risk management measures

CONTINUITY MANAGEMENT

Management of continuity threats and restoration during normal times

→ Maintenance of preparedness plans based on the chosen threat scenarios, and scenario-based rehearsals

CONTINGENCY PLANNING

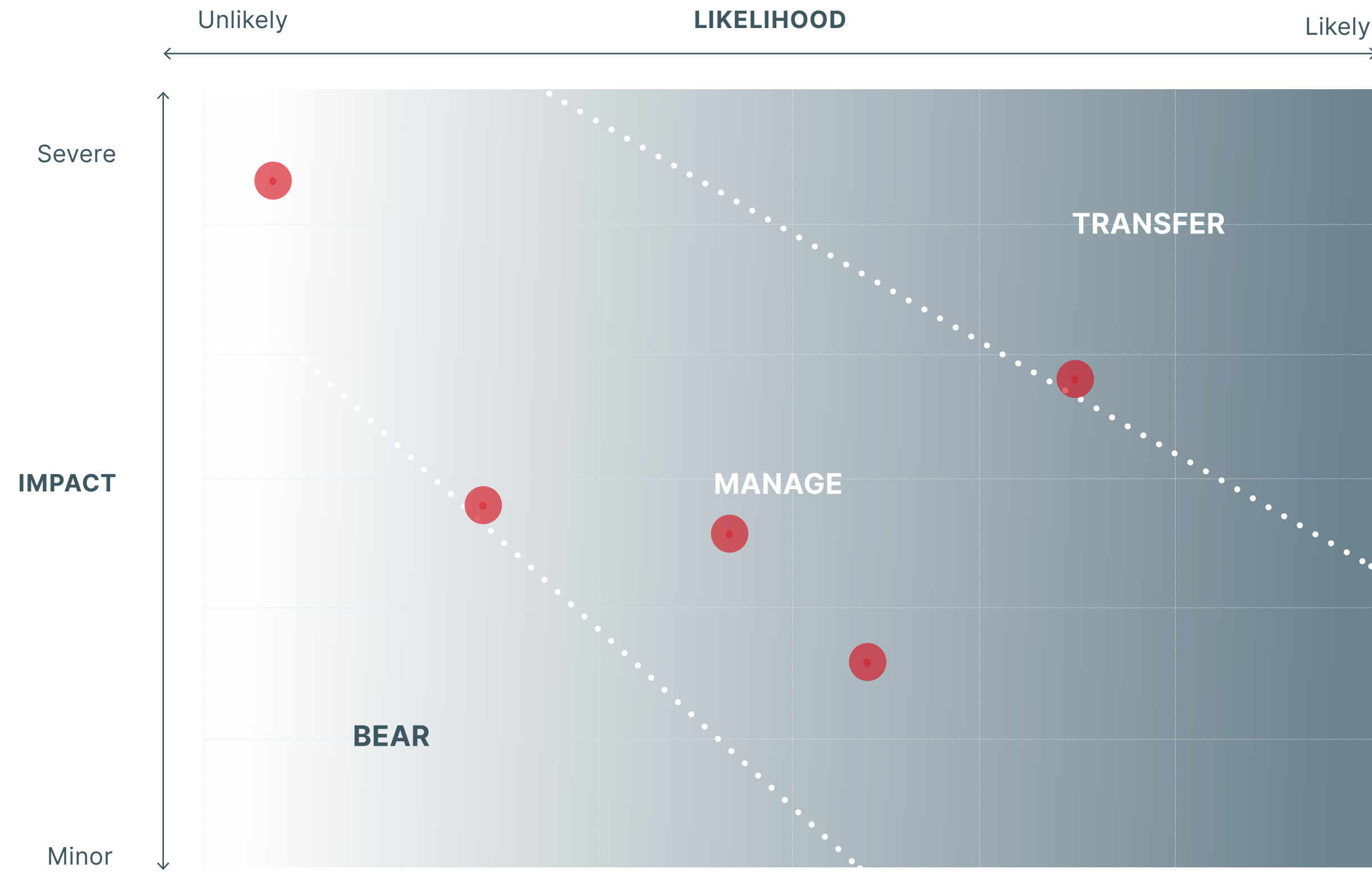
Emergency preparedness

→ Maintenance of the contingency plan as a continuation of the preparedness plans for normal time and rehearsal

CORPORATE SAFETY & SECURITY



Risk matrix



Risks are identified and assessed in a consistent manner as part of the company's strategy process and in connection with significant changes affecting operations. Risk management measures are planned and recorded in the risk management system where their implementation is also monitored regularly.

Risks identified in the risk assessment are classified in relation to the risk management measures into one of three groups:

- risk factors that are deemed significant in terms of their impacts and which are to be transferred, if possible, by contracts, insurance, derivatives or similar means,
- risk factors that are deemed moderate in terms of their impacts and which the company can manage through clear controls and other practical measures, and
- risk factors that are deemed minor in terms of their impacts and whose consequences we can bear, but which require monitoring.

The company's risk management is continuous and aims to engage the entire personnel to identify the risks associated with

the company's operations and implement risk management measures as part of their day-to-day work. An overall risk assessment is carried out annually based on an assessment of the operating environment. The planning of risk management measures is part of strategy implementation planning and the day-to-day routines of Fingrid employees. In order to manage the risks with significant impacts, risk management projects with separate responsibility are launched as needed on the company level in order to arrange supplementary measures and monitoring.

Fingrid's operating environment and risk environment have changed dramatically over the last few years. An ERM 2025 (Enterprise Risk Management) development project was launched during the year under review to reinforce the implementation of risk management measures. The project was preceded by a thorough assessment of the present situation, which resulted in development targets set especially to proactively identify cross-organisational risk factors on the basis of scenarios. Furthermore, risk assessments will be substantially modified by supplementing the conventional likelihood & financial impact approach with other equally important fac-

Strategic risks



SEVERE ELECTRICITY DISTURBANCE

- › Regional or Finland-wide main grid disturbance

SIGNIFICANT NEGATIVE CHANGE IN REGULATION

- › A derailing of business prerequisites
- › A legislative change that brings down shareholder value and credit rating

DISTORTION IN CORPORATE CULTURE

- › Disregarding sustainability requirements, and misconduct
- › Unprofessional activities under a monopoly

tors such as how fast the risk is changing and how it is likely to affect the management of system security or the company's reputation.

Both strategic and financially significant business risks are reported to the company's Board of Directors annually. Risks are actively reported, and the reports are supplemented with additional information in connection with significant business projects and changes in the operating environment.

As a general rule, risks are protected against if the costs that the protection entails are justified in relation to the magnitude of the risk. Protective measures are always taken against risks involving major personal injuries or environmental damage. Risk protection takes place by reducing the likelihood of an adverse event and/or its impacts on Fingrid and society. The most important protective measures are:

- supporting Fingrid's risk management culture and improving employees' risk awareness
- comprehensive strategy work and operational planning

- influencing the regulation of operations
- limiting risk through contractual arrangements
- developing technical solutions and operations, modifying procedures, and active communication
- auditing operations and reporting on and monitoring the implementation of measures
- derivatives and insurance policies.

Continuity management

Continuity management measures are aimed at reducing the direct impacts of a realised risk and to accelerate recovery from an adverse event. The planning of continuity management is based on threat scenarios that are created based on a risk and operating environment analysis.

The scenarios are used to assess the company's ability to maintain the functionality of critical processes and systems during emergencies when proactive risk management has failed. Among the scenarios that must be analysed are the loss of business premises or IT systems, a prolonged blackout and extreme weather conditions. The

necessary recovery plans are drawn up and the implementation of the plans is rehearsed for the most significant continuity threats.

The technical and administrative preparedness required by proactive risk management and, in particular, continuity management is guided on the company level by the preparedness policy, and by the system defence plan that the company maintains in accordance with the Finnish Electricity Market Act.

Contingency planning

Fingrid is deeply involved with ensuring Finland's security of supply arrangements. Fingrid is a company with duties critical to the national security of supply and must be able to continue its operations even when emergency legislation is in force.

Fingrid maintains a contingency plan as part of the system defence plan referred to in the Finnish Electricity Market Act. Fingrid is an active participant in the collaboration to develop the energy sector's preparedness activities, and Fingrid's CEO is the chairman of the national Emergency Supply Council.



Corporate safety & security

Fingrid's corporate safety & security arrangements are an integral aspect of the overall risk management. Safety & security planning and actions are steered with the relevant policy and other guidelines. The related key areas include occupational safety, environment, safety & security of real estate, premises and personnel, safety of rescue operations, as well as the management of internal and external risks of misconduct and crime. Further guidance on the planning and continuous development of the various subareas of corporate safety & security is also provided in other policies, such as the digital security policy, and the related specific guidelines.

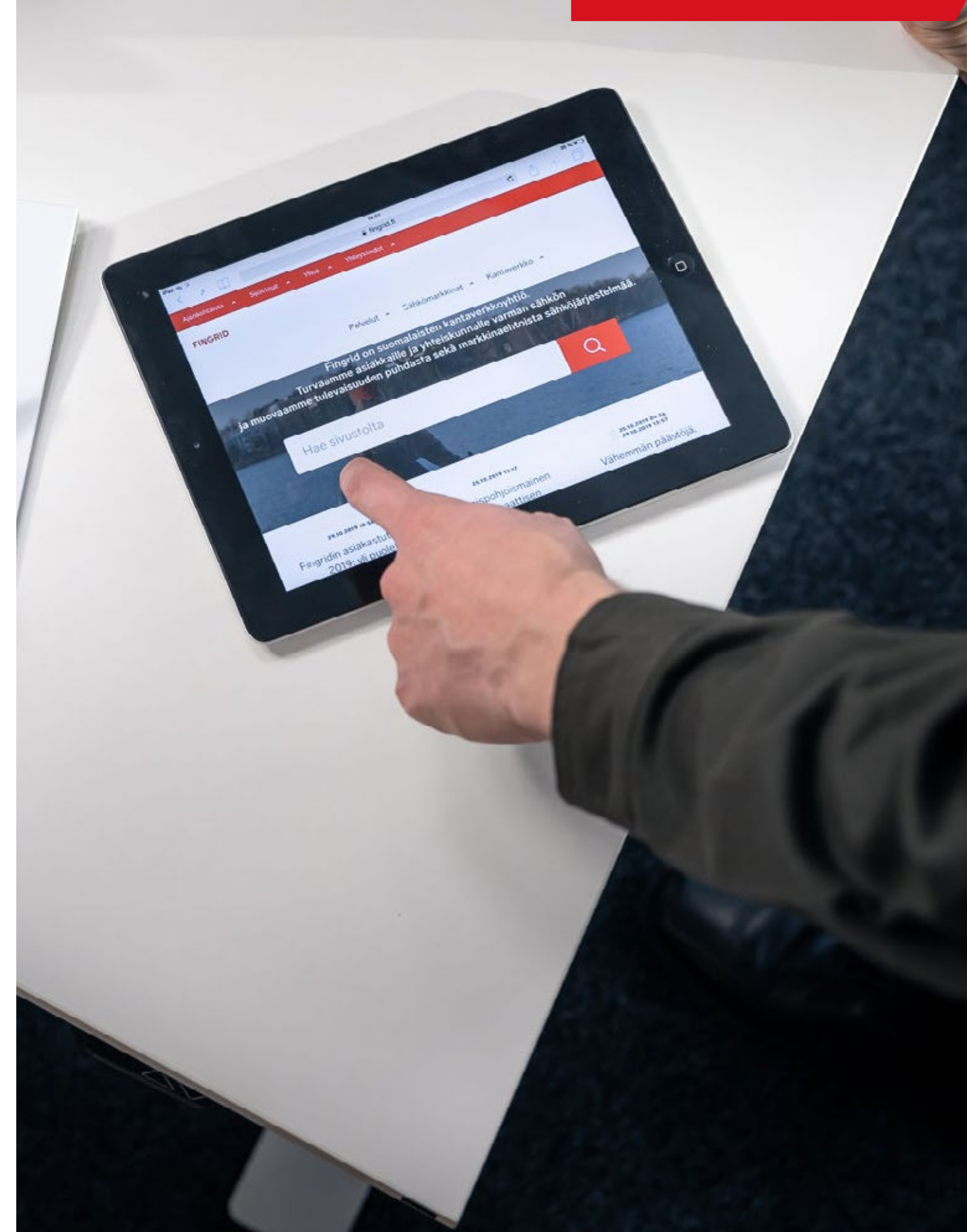
Information security and data protection

The management of Fingrid's information security arrangements comply with the ISO 27001 standard. During 2023, Fingrid continued efforts to improve the personnel's information security skills, as the personnel plays a significant role in identifying and reporting different types of deviations. A continuous focus on the personnel has brought about clear improvements in Fingrid's information security level. An information security campaign titled Tietoturvan kulttuurin vuosi ('The Year of Information Security Culture') continued throughout the year. Fingrid personnel also received guidelines on the safe use of generative AI tools.

When handling personal data, data protection must be ensured proactively and comprehensively for the total lifespan of the personal data. The processing of per-

sonal data must be systematic and documented and comply with guidelines as well as with the EU's General Data Protection Regulation and other legislation related to data protection. Fingrid has created its own written guidelines on data protection, and data protection issues are also part of the online induction programmes. In addition, targeted training and exercises are held for people operating in different roles. Data responsibility plays a key role in Fingrid's information security and data protection operating models.

No significant information security and data protection breaches resulting in adverse business impacts were detected in 2023. Four reports of information security breaches were submitted to the national Data Protection Ombudsman. According to Fingrid's assessment, the breaches did not result in a probable high risk to the registered person and did not call for further action.



Case

Hazardi-Hessu instructed Fingrid employees on information security

Fingrid was granted ISO 27001 information security certification in 2022. The audit report contained particularly positive remarks about the effort made by the entire personnel to improve information security. An excellent information security culture is not a static phenomenon, however – it must be maintained and built systematically. This is the reason for Fingrid’s “Tietoturvan kulttuurin vuosi 2023” campaign (‘The Year of Information Security Culture’),

which challenged all employees to pay attention to information security.

Hazardi-Hessu, the mascot character of the campaign, offered lots of practical tips and secure ways of working throughout the year. In addition to him, many information security experts spoke on information security from the viewpoint of attacks, protection, supervision and employees.



Corporate responsibility supplement

Reporting principles

In order to ensure transparency and comparability, Fingrid is in compliance with the Global Reporting Initiative (GRI) guidelines. The boundaries of the social and environmental data do not include the associated companies. The information on reporting was verified by an independent third party, except for the review of the EU Taxonomy Regulation reporting. Requirements for corporate responsibility reporting by state-owned companies are also taken into account. A Communication on Progress (COP) report in compliance with the UN's Global Compact initiative was prepared separately from the Annual Report. The business risks and opportunities related to climate change are disclosed on Fingrid's website, adapted from the TCFD framework (Task Force on Climate-related

Financial Disclosures). The Report of the Board of Directors also includes reporting on Fingrid's non-financial information.

In 2023, Fingrid started to prepare for the disclosures required by the Corporate Sustainability Reporting Directive (CSRD) and for a unified reporting format also in compliance the International Financial Reporting Standards (IFRS). The preparations for disclosure in alignment with the EU Taxonomy Regulation were also continued. The taxonomy is designed to support sustainable finance by channelling money into projects that are sustainable in terms of climate change and the environment. The reporting obligation under this regulation is not, for the time being, obligatory for Fingrid, but the company reports in compliance with the regulation on a voluntary basis.



MATERIAL TOPICS FOR FINGRID	MANAGEMENT PERFORMANCE PROCEDURE AT FINGRID	FINGRID'S MANAGEMENT INDICATORS	MATERIAL TOPICS FOR FINGRID'S OPERATIONS
Reliability and security of the electricity system	<ul style="list-style-type: none"> Principles for managing system security Reserve policy Balance service policy Contingency policy Reserve power plant management policy Company security policy 	<ul style="list-style-type: none"> System security: Transmission reliability in the grid Lost-time injuries frequency 	<ul style="list-style-type: none"> GRI 203: Indirect economic impacts Electricity availability and transmission reliability Demand-side management System efficiency Research and development GRI 403: Occupational health and safety GRI 416: Customer health and safety
Connecting renewable electricity production to the electricity system	<ul style="list-style-type: none"> Principles of ensuring transmission capacity Grid planning, building and maintenance management policies 	<ul style="list-style-type: none"> Connecting emission-free production to the grid Project's degree of completion: Third AC connection to Sweden, North-South transmission: Forest Line, North-South transmission: Lake Line II Transmission losses, CO2 emissions Energy efficiency, energy savings SF6 emissions 	<ul style="list-style-type: none"> GRI 2: Strategy, policies and practices GRI 201: Economic performance GRI 302: Energy GRI 305: Emissions
Information security and data protection	<ul style="list-style-type: none"> Digital security policy Data management policy Data protection policy Document management policy 	<ul style="list-style-type: none"> Protection of business critical and personal data (personal data, grid model) 	<ul style="list-style-type: none"> GRI 418: Customer privacy
Well-functioning electricity market	<ul style="list-style-type: none"> Principles for promoting the electricity market Loss power procurement policy Transmission capacity allocation and congestion management policy 	<ul style="list-style-type: none"> Well-functioning markets: Maintaining Finland as a single price area 	<ul style="list-style-type: none"> GRI 2: Stakeholder engagement
Occupational health and safety	<ul style="list-style-type: none"> Practices and goals of Fingrid Oyj's occupational health and safety management Occupational safety handbook 	<ul style="list-style-type: none"> LTIF: Combined lost time injury frequency (own personnel and service providers) Safety of the main grid: Number of accidents to the public 	<ul style="list-style-type: none"> GRI 403: Occupational health and safety GRI 416: Customer health and safety

MATERIAL TOPICS FOR FINGRID	MANAGEMENT PERFORMANCE PROCEDURE AT FINGRID	FINGRID'S MANAGEMENT INDICATORS	MATERIAL TOPICS FOR FINGRID'S OPERATIONS
Business ethics and compliance	<ul style="list-style-type: none"> Fingrid's Code of Conduct Management principles Internal control and risk management principles Ensuring impartiality in preparing matters and decision-making Related party principles HR policy Insider guidelines Disclosure Policy Corporate finance principles Financing policy 	<ul style="list-style-type: none"> Score for responsible operations in personnel survey Up-to-dateness of principles and policies steering operations Internal audits Risk management, continuity management Credit rating (S&P, Fitch) Dividend payout capacity: Moderate dividend income for owners that takes into account the company's financing needs Green financing: Total amount in company's financing arrangements Financial efficiency: Development of costs in relation to the general price level Effective tax rate: Paying taxes according to Finland's corporate income tax rate 	<ul style="list-style-type: none"> GRI 2: Strategy, policies and practices GRI 406: Non-discrimination GRI 205: Anti-corruption and anti-bribery GRI 415: Public policy GRI 206: Anti-competitive behaviour GRI 201: Economic performance GRI 207: Tax
Trust of stakeholders	<ul style="list-style-type: none"> Fingrid's Code of Conduct Land use and environment policy Communications policy 	<ul style="list-style-type: none"> Satisfaction of landowners: Satisfaction with the management of investment projects Company's reputation among different stakeholders: Stakeholder surveys Willingness of service providers to work with Fingrid: Functioning of service provider market 	<ul style="list-style-type: none"> GRI 2: Stakeholder engagement Local communities
Customer satisfaction	<ul style="list-style-type: none"> Fingrid's Code of Conduct Communications policy 	<ul style="list-style-type: none"> Customer satisfaction: cNPS Affordable grid service fees: ENTSO-E price comparison 	<ul style="list-style-type: none"> GRI 201: Economic performance GRI 2: Stakeholder engagement
Responsible sourcing practices	<ul style="list-style-type: none"> Fingrid's Supplier Code of Conduct Procurement policy 	<ul style="list-style-type: none"> Deviations or problems in contractor obligation or employment relationship matters 	<ul style="list-style-type: none"> GRI 2: Strategy, policies and practises GRI 204: Procurement practices
Impacts of transmission lines on land use and landscapes	<ul style="list-style-type: none"> Land use and environment policy 	<ul style="list-style-type: none"> Utilising existing transmission line right-of-ways Positive environmental impacts of technical solutions 	<ul style="list-style-type: none"> GRI 304: Biodiversity
Competence and personnel well-being	<ul style="list-style-type: none"> Management principles HR policy Equal opportunity and non-discrimination plan 	<ul style="list-style-type: none"> Finland's best workplace: Result of personnel survey Healthy and happy personnel: Absences due to illness, Retired Diverse work community: Equal opportunity, non-discrimination and diversity 	<ul style="list-style-type: none"> GRI 2: Activities and workers GRI 401: Employment GRI 404: Training and education GRI 405: Diversity and equal opportunity
Protection of nature values and biodiversity	<ul style="list-style-type: none"> Land use and environment policy 	<ul style="list-style-type: none"> Completed biodiversity improving projects Environmental deviations 	<ul style="list-style-type: none"> GRI 304: Biodiversity
Circular economy and material efficiency	<ul style="list-style-type: none"> Land use and environment policy 	<ul style="list-style-type: none"> Recycling rate Utilisation rate Measures to reduce the environmental impact of office work 	<ul style="list-style-type: none"> GRI 306: Waste

EU Taxonomy

Electricity transmission is classified as a taxonomy-eligible sustainable economic activity, which has technical assessment criteria in place for assessing taxonomy-alignment. In terms of climate change mitigation, the transmission of electricity has been defined as an enabling activity with which other sectors' greenhouse gas emissions can be significantly reduced. In terms of adapting to climate change, the criteria concern the electricity transmission's preparedness for the risks related to physical changes in the climate system. The criteria for the four other environmental targets, which are linked to climate change adaptation, resource efficiency and promotion of circular economy, pollution prevention as well as protection of biodiversity and ecosystems, do not, according to Fingrid's interpretation, contain activities relevant to the company's operations.

In 2023, the taxonomy-related efforts focused on the required disclosures and calculations of the proportions of Fingrid's operations that are taxonomy-eligible and meet the technical assessment criteria related to climate change mitigation. The three key performance indicators (KPIs) required by the taxonomy were calculated:

turnover, capital expenditure and operating expenses. The starting point for the assessment was the fact that electricity transmission has been classified as a taxonomy-eligible sustainable economic activity. However, the peak load capacity income from Fingrid's operations is not taxonomy-eligible because it is not directly related to the transmission and use of electricity in the main grid and, according to Fingrid's interpretation, there are no other taxonomy-eligible activities that could be applied in this case. Due to the same reason, the Datahub and the guarantee of origin certificate service are also not classified as taxonomy-eligible even though they have a positive impact on climate change mitigation.

When assessing the taxonomy-alignment of Fingrid's operations, an essential criterion is met in that the transmission system is an interconnected European system. However, a Fingrid operation is not compliant with the taxonomy criteria if it includes infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 g CO₂e/kWh measured on a life cycle basis. Such connections are rare and were

ruled out of the calculations of taxonomy-aligned operations. Fingrid's reserve power activities were also ruled out of the calculations, on the same grounds. The intelligent measurement systems in use at Fingrid have been verified to comply with the criteria set in the Regulation.

Another aspect of the assessment was to verify that Fingrid's operations contributing significantly to climate change mitigation do not cause serious harm to the other environmental taxonomy targets applicable to electricity transmission. Climate change adaptation requires the identification, assessment and management of the physical risks arising from climate change. The nature and crucial importance of Fingrid's operations to society, as a company critical to the national security of supply, are strongly reflected in the company's risk management culture and its development. The climate risks and the impacts from climate change adaptation have been assessed as part of the comprehensive risk management. The climate-related contingency measures focus on various context-specific risks. The scenarios analysed for continuity management purposes include extreme weather conditions. According to Fingrid's annual risk management process, all strategic and business risks and the related changes in



the operating environment and risk management measures are updated once a year, and the risks and risk management measures are actively followed up as part of the management's reporting.

As regards transmission lines, persistent climate risks are especially linked to changes in the temperature and precipitation as well as impacts of wet soil at tower foundations. Rising temperatures and shorter ground frost seasons have an impact on the construction of transmission lines and maintenance methods. The identified acute climate-related threats include periods of extreme heat or cold, storms and heavy rain. These threats require measures such as contingency plans for more rapid icing of conductors and ice formation at new locations, maintaining sufficient fault repair capacity and identifying areas vulnerable to flooding. Warmer summers and drought periods will increase the risk of wildfires, which must be taken into account in the ways of working.

The Do No Significant Harm (DNSH) principle for the transition to circular economy requires a waste management plan to ensure comprehensive re-use or recycling according to the waste management hierarchy. Fingrid's systematic and goal-ori-

ented waste management complies with this taxonomy criterion by means of contractual terms and conditions for suppliers and waste classification documents. To prevent and reduce pollution, Fingrid has in place an occupational health and safety management system based on the ISO 45001 standard, which is considered to meet the principles of the International Finance Corporation's (IFC) environmental, health and safety guidelines. Fingrid complies with the applicable standards and operational methods to reduce any health impacts from electric and magnetic fields. The limit values set by the Finnish Ministry of Social Affairs and Health for public exposure are not exceeded in the vicinity of transmission lines. Taxonomy-alignment additionally requires that no polychlorinated biphenyls (PCBs) are used in the operations. Fingrid does not use any PCBs in its overhead lines. The production and import of PCBs has been prohibited in Finland since 1990. Due to the often long life cycle of grid equipment, PCBs have still been detected in minor amounts in samples taken from old power transformers and when dismantling oil-insulated equipment. The detected PCB concentrations have generally been low, however. This type of equipment will be dismantled by waste management suppli-

ers using appropriate methods as soon as their service life ends due to other reasons. In the taxonomy-alignment calculations, the proportion of the equipment containing PCBs has been deducted from the power and instrument transformer groups.

Fingrid's operations also do not cause any significant harm to the protection of biodiversity and ecosystems and restoring them. Fingrid carries out environmental impact assessments in compliance with the EIA Directive and implements the measures identified in EIA procedures as necessary to reduce and compensate harm to the environment. Fingrid carries out appropriate assessments in compliance with the Habitats Directive and the Bird Directive in vulnerable areas and their vicinities (including the Natura 2000 network of protected areas, UNESCO world heritage sites, biodiversity hot spots and other nature reserves) and implements the necessary harm reduction measures.

As a minimum level of protection, the Taxonomy Regulation requires measures to ensure that the OECD Guidelines for Multinational Companies and the UN Guiding Principles on Business and Human Rights are complied with. Fingrid has verified the related procedures and estimates that it



meets the minimum safeguards of social responsibility and has in place procedures to oversee their compliance in the company's own operations as well as in business relationships, in compliance with the due diligence obligation.

In 2016, Fingrid signed the UN Global Compact initiative and defined the Code of Conduct for its personnel in compliance with these principles and the UN's Guiding Principles on Business and Human Rights. The public Code of Conduct approved by the Board of Directors also includes Fingrid's human rights commitment drawn up with assistance from a third-party specialist. Fingrid requires its service providers and suppliers to commit to the Supplier Code of Conduct, which covers issues such as business practices, human rights, labour rights, occupational safety, the environment, and anti-corruption in compliance with the United Nations' Global Compact initiative. The Supplier Code of Conduct is also publicly available on Fingrid's website.

As early as 2016, Fingrid started to further sharpen its human rights focus with an overall assessment in compliance with the UN's Guiding Principles. The themes selected for a closer examination of human rights impacts and risks were Fingrid's own

personnel, employees in the procurement and supply chain, people affected by the grid building and maintenance activities and linked with Fingrid's land use and environmental topics, and consumer customers related to the datahub activities. Since then, Fingrid has annually updated its human rights action plan drawn up on the basis of the assessment and reviewed the need for an overall update of the assessment. An update of the assessment of human rights impacts and risks and a description of the HRDD process were started with support from external specialists in 2023.

Human rights and environmental due diligence has for long been a part of applying Fingrid's Code of Conduct. Compliance with the human rights due diligence principle is an ongoing and extensive activity, considering the size of the company and the fact that it does not operate multinationally. The due diligence process meets Fingrid's obligation to continuously assess, prevent and, if necessary, rectify harmful human rights impacts. The process is based on the assessment of Fingrid's human rights impacts, which identified the company's existing practices and their development needs in order to integrate the responsibility for human rights with the compa-

ny's functions, monitoring activities and communication. The related continuous follow-up measures include personnel and landowner surveys, occupational safety KPIs and audits. The monitoring also covers compliance in data protection and safe processing of personal data. The landowner dialogue in significant transmission line projects starts from the environmental impact assessment (EIA) procedure and continues throughout the life cycle of the transmission line in compliance with Fingrid's land-use and environmental policy. Fingrid aims at a constant dialogue also with service providers and suppliers, including risk-based audits at grid worksites in Finland and at foreign production plants as well as a follow-up of the rectification of any detected deviations.

Fingrid intervenes in any activities harming human rights in compliance with the human rights commitment, including corrective action when needed. Fingrid specifies in its Supplier Code of Conduct that suppliers are obligated to rectify any breaches they commit within a deadline agreed with Fingrid. The suppliers must also ensure and oversee, as regards deliveries to Fingrid, that their own suppliers comply with legislation and the agreed corporate responsibility requirements. The imple-





A substantial part of Fingrid's operations mitigates the greenhouse gas emissions from other sectors.

mentation of due diligence measures is communicated as a part of Fingrid's public corporate responsibility reporting, which also covers negative human rights impacts, if any. All communications serve to support awareness of the whistleblower channel available to anyone on Fingrid's public website and of the procedures designed to protect whistleblowers.

Anti-corruption and the prohibition to offer or accept an undue benefit are included in the Supplier Code of Conduct and in Fingrid's own Code of Conduct, which obligate the entire personnel, with various practices in place to oversee compliance at the company level. The Code of Conduct also prohibits any support to political activities by Fingrid. More detailed instructions linked to the Code of Conduct for areas such as business gifts and ensuring impartiality include other principles, policies and guidelines, and induction programmes. The internal control and risk management principles define the operating models to be used in internal control and risk management, including the control measures applicable for bribe cases, requests of bribes and prevention of extortion. The risk of the corporate culture becoming skewed is reported annually to the Board of Direc-

tors, covering any behaviour in conflict with the Code of Conduct and Fingrid's values. The company-level public reporting includes corruption or bribery cases, if any.

Fingrid complies in all its operations with the principles and regulations of Finnish and EU competition law. This obligation also applies to the company's customer organisations. Separate public guidelines on the compliance of competition law are in place for Fingrid's advisory committee, other committees and similar working groups. The obligation of honest, ethical and professional tendering processes in compliance with clear and transparent principles is included in the company's Code of Conduct. An extensive array of procurement

training is available to all Fingrid personnel each autumn, and smaller supplementary training events are arranged throughout the year.

As regards taxation, Fingrid honours its Code of Conduct by being a responsible tax payer and by refraining from

tax planning. The company has no taxation risk strategy approved by the Board of Directors.

According to the assessment of the operations in 2023, a substantial proportion of Fingrid's operations is eligible for the taxonomy and aligned with the taxonomy criteria and significantly mitigates the greenhouse gas emissions from other sectors.

Fingrid's taxonomy KPIs for climate change mitigation are as follows:

	Taxonomy-eligible	Taxonomy-aligned
Turnover	98.2%	95.8%
Capital expenditure	100%	98.7%
Operating expenses	100%	82.3%



Calculation of taxonomy KPIs

Fingrid has calculated its taxonomy KPIs in compliance with the Delegated Regulation (EU) 2021/2178, Annex 1. The calculations include a denominator defined for the turnover, capital expenditure and operating expense, and both a taxonomy-eligible and taxonomy-aligned numerator. The KPIs are calculated as a fraction: numerator / denominator.

Fingrid has calculated the KPIs only for one environmental target, climate change mitigation, to avoid double calculations.

The account in the next paragraph shows the calculation principles for turnover, capex and opex, and the items included in the denominator and numerator of the KPI. A report table in compliance with the Taxonomy Regulation is also shown.

Calculation of the turnover KPI

The denominator used for calculating the taxonomy turnover KPI is the total turnover of the Fingrid Group for 2023. The accounting principles applied to the turnover are described in Fingrid's financial statements.

The taxonomy-eligible turnover (numerator) was calculated by deducting the peak load capacity income, Datahub's turnover and the guarantee-of-origin service turnover included in other operating income from the total turnover.

The taxonomy-aligned turnover (numerator) was calculated by deducting the items linked directly to Fingrid's power plants connected to the main grid and with estimated emissions over the life cycle exceeding 100 g CO₂e/kWh from the taxonomy-eligible turnover. A revenue proportion matching the production base of the power and instrument transformers containing PCB and of the reserve power plants was also deducted. This deduction was technically allocated to grid service revenue.

Operations	Turnover according to the financial statements, M€ (denominator)	Taxonomy-eligible turnover, M€ (numerator)	Taxonomy-aligned turnover, M€ (numerator)
Grid service revenue		164.5	137.7
Imbalance power sales	682.6	682.6	680.6
Congestion income	284.7	284.7	284.7
Peak load capacity income	0.03	0	0
ITC income	20.8	20.8	20.8
Datahub revenue	20.6	0	0
Other operating income	19.9	19.2	19.2
Total	1 193.1	1 171.8	1 143.1

Taxonomy-eligible turnover 98.2% and taxonomy-aligned turnover 95.8%.

Financial year N	2023			Substantial Contribution Criteria						'Does Not Significantly Harm' criteria (DNSH criteria)						Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		M€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Electricity transmission and distribution	4.9	1 143	95.8%	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A	E
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1 143	95.8%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	N/A	
Of which Enabling		1 143	95.8%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	N/A	E
Of which Transitional																		

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)

				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)								N/A	
Electricity transmission and distribution	4.9	29	2.4%	KEL	E/KEL	E/KEL	E/KEL	E/KEL	E/KEL								N/A	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		29	2.4%	100%	0%	0%	0%	0%	0%								N/A	
A. Turnover of Taxonomy eligible activities (A.1+A.2)		1 172	98.2%	100%	0%	0%	0%	0%	0%								N/A	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities	21	1.8%
TOTAL	1 193	100%

N/EL = Non-eligible;
EL = Eligible

Total turnover in accordance with figures reported by Fingrid Group. Fingrid Group's accounting principles for turnover can be found in section 3.3 of the financial statements.

Calculation of the capex KPI

The denominator used for calculating the capital expenditure KPI according to the taxonomy consists of Fingrid's property, plant and equipment as disclosed in the financial statements and of capitalised lease agreements. The accounting principles of these capital items are described in Fingrid's financial statements.

The taxonomy-eligible numerator used for capital expenditure was calculated by deducting the proportions of peak load capacity, Datahub and the guarantee-of-origin service from the property, plant and equipment included in the denominator. The capitalised lease agreements do not belong to the electricity transmission and distribution activities; it can instead be

interpreted that they should be examined using the criteria of activity 7.7. However, Fingrid did not examine the taxonomy-eligibility or -alignment of the lease agreements in 2023, and therefore the resulting capital expenditure has been ruled out from the taxonomy-aligned nominator.

The taxonomy-aligned numerator for capital expenditure was calculated by deducting from the taxonomy-eligible numerator the items linked either to reserve power plants or directly to Fingrid's power plants connected to the main grid and with estimated emissions over the life cycle exceeding 100 g CO₂e/kWh. All of Fingrid's taxonomy-aligned capital expenditure is linked with asset items or processes related to taxonomy-aligned financial operations.

Capital expenditure	Capital expenditure, M€ (denominator)	Taxonomy-eligible proportion of capital expenditure, M€ (numerator)	Taxonomy-aligned proportion of capital expenditure, M€ (numerator)
Property, plant and equipment	299.8	299.8	269
Capitalised lease agreements		0	0
Total	299.8	299.8	269

Taxonomy-eligible capital expenditure 100% and taxonomy-aligned capital expenditure 98.7%.

Financial year N	2023			Substantial Contribution Criteria						'Does Not Significantly Harm' criteria (DNSH criteria)						Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		M€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Electricity transmission and distribution	4.9	296	98.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		296	98.7%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	N/A		
Of which Enabling		296	98.7%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	N/A	E	
Of which Transitional																			

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)

				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Electricity transmission and distribution	4.9	4	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4	1.3%	100%	0%	0%	0%	0%	0%								N/A		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		300	100%	100%	0%	0%	0%	0%	0%								N/A		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities	0	0.0%
TOTAL	300	100%

N/EL = Non-eligible;
EL = Eligible

Capital expenditure and total investments in accordance with figures reported by Fingrid Group. Fingrid Group's accounting principles for capital expenditure can be found in section 4.2 of the financial statements.

Calculation of the opex KPI

The denominator used for calculating the operating expense KPI for the taxonomy covers non-capitalised costs linked with research and development activities (excluding administrative costs), grid maintenance costs linked to Fingrid's grid assets and costs related to land leases. The grid maintenance costs account for both purchased services and the cost of in-house personnel.

In terms of operating expenses, all business activities are taxonomy-eligible because the Datahub, peak load capacity services and guarantee-of-origin services do not, according to Fingrid's interpretation, cre-

ate operating expenses referred to in the Taxonomy Regulation.

The taxonomy-aligned numerator for operating expense was calculated by deducting from the taxonomy-eligible operating expense the items linked with grid maintenance costs or land lease costs of reserve power plants or Fingrid's power plants connected to the main grid and with estimated emissions over the life-cycle exceeding 100 g CO₂e/kWh. The impact of equipment containing PCB on grid maintenance costs was estimated and deducted from the numerator. According to Fingrid's interpretation, research & development activities are in their entirety both tax-

onomy-eligible and taxonomy-aligned. All of Fingrid's taxonomy-aligned capital expenditure is linked with asset items or processes related to taxonomy-aligned financial operations.

Capital expenditure	Operating expenses, M€ (denominator)	Taxonomy-eligible proportion of operating expenses, M€ (numerator)	Taxonomy-aligned proportion of operating expenses, M€ (numerator)
Research and development costs	2.4	2.4	2.4
Grid maintenance costs	36.1	36.1	29.1
Capitalised lease agreements	1.1	1.1	1.1
Total	39.6	39.6	32.6










Taxonomy-eligible operating expenses 100% and taxonomy-aligned operating expenses 82.3%.









Financial year N	2023			Substantial Contribution Criteria						'Does Not Significantly Harm' criteria (DNSH criteria)						Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)				Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity transmission and distribution	4.9	33	8.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	N/A	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		33	82.3%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	N/A		
Of which Enabling		33	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	N/A	E	
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Electricity transmission and distribution	4.9	7	17.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		7	17.7%	100%	0%	0%	0%	0%	0%								N/A		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		40	100%	100%	0%	0%	0%	0%	0%								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0	0.0%																
TOTAL		40	100%																

N/EL = Non-eligible;
EL = Eligible

Actual values of the environmental responsibility KPIs, tables

Target indicators and target levels for environmental responsibility and achieved figures

Indicator	Description	UN's SDG	2021–2025	Target monitoring: how we did in 2023
Environmental target indicators and target levels				
System security	Transmission reliability in the grid, %		99.9995%	99.99995% transmission reliability of the main grid
Well-functioning markets	Maintaining Finland as a single price area		yes	Finland only had one electricity wholesale market price area
Connecting emission-free production	Connection of wind power to the grid, MW		+5,000 MW	1,240 megawatts worth of connection agreements were concluded in 2023
Third AC connection to Sweden	Project's degree of completion, %		100% in 2025	Target for completion unchanged
North–South transmission: Forest Line	Project's degree of completion, %		100% in 2022	The project was completed on schedule in autumn 2022
North–South transmission: Lake Line II	Project's degree of completion, %		60% in 2025	The target for completion in 2026 unchanged
All markets in 15-minute periods	Project's degree of completion, %		100% in 2025	Finland switched to a 15-minute imbalance settlement period on 22 May 2023. At the same time, it became possible to trade in 15-minute products on the intraday markets within Finland. The other aspects of the 15-minute market rollout on various marketplaces will be postponed.
SF6 emissions	%, emissions/volume		0.1% in 2025	SF6 emission leakage rate was 0.07%
Transmission losses, CO2 emissions	tCO2e		According to Finland's goals	Transmission loss emissions were 57,000 tCO2e. The 2025 target is 84,000 tCO2e.

Indicator	Description	UN's SDG	2021–2025	Target monitoring: how we did in 2023
Energy efficiency	Energy savings, MWh		181,000 MWh	The measures carried out in 2023 saved 660 megawatt hours and altogether 182,600 megawatt hours have been saved during the entire agreement period
Recycling of materials	Recycling rate, %		90%	The recycling rate was 78%
Utilisation rate of materials	Utilisation rate, %		98%	The utilisation rate was 99%
Measures to reduce the environmental impact of office work	qty		+ 1/year	Coaching day arranged for the personnel to increase understanding of responsibility themes
Completed biodiversity improving projects	qty		+ 1/year	A study on shorter clearing cycles at selected power line right-of-way sites for promoting biodiversity was completed. A new compensation policy was adopted for the clearing of trees at the edges of right-of-ways during transmission line maintenance, aimed at increasing the amount of decaying wood valuable for biodiversity.
Utilising existing transmission line routes	Utilisation rate (for new transmission line kilometres)		90%	The utilisation rate was nearly 100%. The roughly 60 kilometres of new transmission line taken into use in 2023 largely replaced an existing line or run next to it.
Positive environmental impacts of technical solutions	Number of adopted solutions increasing the transmission capacity of the existing grid		+ 1/year	The crossings on the Coastal Line were constructed and shunt compensation equipment was added to the Vihtavuori and Arkkukallio substations. New technical solutions were discovered with wind turbine manufacturers and customers to enable less restriction of renewable energy production during transmission outages.
Environmental deviations	Number of significant deviations		0	No significant deviations detected

Environmental responsibility statistics

ENERGY CONSUMPTION		2023	2022	2021
Direct				
Light fuel oil	t	1,600	2,000	1,700
	GJ	68,500	85,500	71,900
Indirect				
Electricity transmission power losses	GWh	1,540	1,600	1,450
	GJ	5,536,000	5,752,000	5,218,000
Reserve power plants' auxiliary energy	GWh	10	11	13
	GJ	36,600	40,100	47,400
Reserve power plants' district heating	GWh	0.4	1.1	0.7
	GJ	1,500	4,100	2,500
Substation auxiliary energy	GWh	22.3	19.1	19.5
	GJ	80,200	68,800	70,200
Electricity of Fingrid's own premises	GWh	2.6	2.5	2.6
	GJ	9,200	9,100	9,300
District heating of Fingrid's own premises	GWh	1.3	1.3	1.3
	GJ	4,700	4,800	4,600
ENERGY INTENSITY				
Fingrid's total energy consumption divided by turnover	GJ/1000 €	4.8	3.3	5.0

GREENHOUSE GAS (GHG) EMISSIONS*	2023	2022	2021
Direct emissions (Scope 1), tCO ₂ e	6,000	7,000	6,000
Indirect emissions (Scope 2), tCO ₂ e	59,000	98,000	135,000
Total (Scope 1 and 2), tCO ₂ e	65,000	105,000	141,000
Other indirect emissions (Scope 3), tCO ₂ e	130,000	146,000	25,000
Total (Scope 1, 2 and 3), tCO ₂ e	195,000	251,000	165,000

GREENHOUSE GAS (GHG) EMISSIONS*	2023	2022	2021
Direct emissions (Scope 1)			
Reserve power plant fuels, tCO ₂ e	5,000	6,000	5,000
Substations' sulphur hexafluoride, tCO ₂ e	1,100	800	400
Total, tCO₂e	6,000	7,000	5,000

Indirect emissions (Scope 2)

Transmission losses, tCO ₂ e	57,000	96,000	132,000
Reserve power plants' auxiliary energy, tCO ₂ e	400	700	1,200
Reserve power plants' district heating, tCO ₂ e	100	200	100
Substation auxiliary energy, tCO ₂ e	800	1,100	1,800
Electricity used at Fingrid's own premises, tCO ₂ e	100	200	200
District heating of Fingrid's own premises, tCO ₂ e	200	200	200
Total, tCO₂e	59,000	98,000	135,000

Other indirect emissions (Scope 3)***

Purchased products and services (Category 1), tCO ₂ e	21,800	-	-
Materials for transmission line investments (Category 2), tCO ₂ e	12,100	144,000	24,100
Materials for substation investments (Category 2), tCO ₂ e	27,400	-	-
Other investments (Category 2), tCO ₂ e	4,100	-	-
Supply chain of the purchased loss power and energy production (Category 3), tCO ₂ e	60,500	-	-
Waste (Category 5), tCO ₂ e	2,200	-	-
Commuting and business travel (Categories 6 and 7), tCO ₂ e***	1,200	800	300
Fuel for leased reserve power plants (Category 8), tCO ₂ e****	1,000	1,000	1,000
Total, tCO₂e	130,000	146,000	25,000

* According to Statistics Finland, the total CO₂ equivalent emissions in Finland in 2022 were 46.0 million carbon dioxide tonnes. The share of Fingrid's Scope 1 and 2 emissions of all Finnish CO₂ emissions amounted to approximately 0.1% in 2022. Fingrid's CO₂ emission calculations are based on the EU emissions trading system (EU-ETS) and on the international Greenhouse Gas (GHG) Protocol standards. The emission factors for electricity used in Fingrid's CO₂ calculations are based on the annual averages of Fingrid's real-time electricity consumption data (2023, volume-weighted: 38 kg CO₂/MWh, 2022, arithmetic: 60 kg CO₂/MWh and 2021, arithmetic: 91 kg CO₂/MWh). The presented Scope 2 emissions figure is location-based. The CO₂ calculations are also based on Statistics Finland's most recent emission factor for district heat production and IPCC 2021 (AR6) Global Warming Potentials (GWPs). The CO₂ emissions from district heating were calculated using the average for the last three statistical years published by Statistics Finland, 158 kg CO₂/MWh, as the emission factor.

** The Scope 3 calculations have been improved to cover all of the emissions.

*** Only business travel reported until 2022.

**** Included in the Scope 2 emissions in reporting until 2022.

GREENHOUSE GAS EMISSIONS INTENSITY

		2023	2022	2021
Fingrid's direct (Scope 1) and indirect (Scope 2) GHG emissions divided by amount of electricity transmitted	gCO ₂ e/ kWh	0.9	1.5	2.0

Total volume of waste by type and disposal method

	2023	2022	2021
Total waste volume, tonnes	12,300	12,000	8,900

By type of waste:

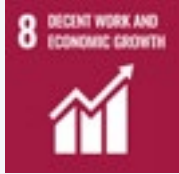
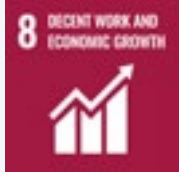





Hazardous waste, tonnes	1,200	700	900
Ordinary waste, tonnes	11,100	11,300	8,000




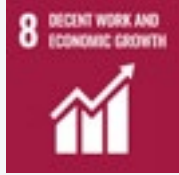
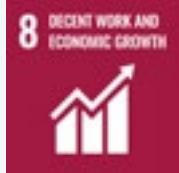

By disposal method:

Recycling and reuse, tonnes	9,600	9,800	7,000
Other utilisation, tonnes	1,000	700	900
Combustion in a power plant, tonnes	1,600	1,400	900
Final disposal, tonnes	120	70	80
Recycling rate, %	78	82	78
Utilisation rate, %	99	99	99

Actual values of the social responsibility KPIs, tables

SOCIAL TARGET INDICATORS AND TARGET LEVELS

Indicator	Description	UN's SDG	2025	Target monitoring: how we did in 2023
Personnel				
Finland's best workplaces	Result of personnel survey		Among Finland's best workplaces	Target achieved. Fingrid again achieved the excellent AAA PeoplePower rating (index of 83.9 on a scale from 1 to 100).
Healthy and happy personnel	Absences due to illness Retired		<2% No premature retirement	Absences due to illness were at 1.9%. No cases of premature retirement on partial disability pension.
Diverse work community	Equal opportunity, non-discrimination and diversity		No incidents of discrimination More diverse personnel structure	No incidents of discrimination. The personnel has a healthy age structure.
Finance				
Green financing	Total amount in company's financing arrangements		The goal is to increase the amount of green financing in the company's total financing	Establishment of a green financing framework and a green commercial paper programme. Readiness to implement new green financing arrangements.
Financial efficiency	Development of regulation costs matching the general price levels		Rise in controllable costs slower than the general development in the industry	The controllable costs increased faster than the industry average due to expanded operations
Effective tax rate	Paying taxes according to Finland's corporate income tax rate		Paying taxes according to the corporate income tax rate in force at any given time	Fingrid paid EUR 30.3 mill. in taxes in 2023. Fingrid was Finland's 22nd largest corporate income tax payer in 2022.
Customers				
System security Well-functioning markets			Defined under climate targets	
Customer satisfaction	cNPS		>50	cNPS was 45
Affordability of grid service fees	ENTSO-E price comparison		Among 3 most affordable	ENTSO-E price comparison has been interrupted

Indicator	Description	UN's SDG	2025	Target monitoring: how we did in 2023
Other key stakeholders				
Satisfaction of landowners	Satisfaction with the management of investment projects (scale from 1 to 5)		>4	The overall grade was 3.5
Company's reputation among different stakeholders	Stakeholder surveys		Fingrid is a well-known company and sought-after partner among all stakeholders	Fingrid's reputation was surveyed among the personnel, general public, customers and policymakers. The results indicate that Fingrid enjoys a good reputation among all the surveyed groups.
Willingness of service providers to work with Fingrid	Functioning of service provider market		Competitive, well-functioning and high-quality service provider markets	A lot of quotes were received, especially for the most critical projects
Occupational safety				
Lost-time injuries frequency	Combined lost time injury frequency (own personnel and service providers), (LTIF)		<5	LTIF was 7.2
Safety of the main grid	Number of accidents to the public		0	No harm to the public
Supply chain				
Procurement chain responsibility	No. of deviations or problems in contractor obligation or employment relationship matters		No major deviations	One non-Finnish contractual partner was missing from the tax prepayment register. The mistake was corrected immediately when it was detected.

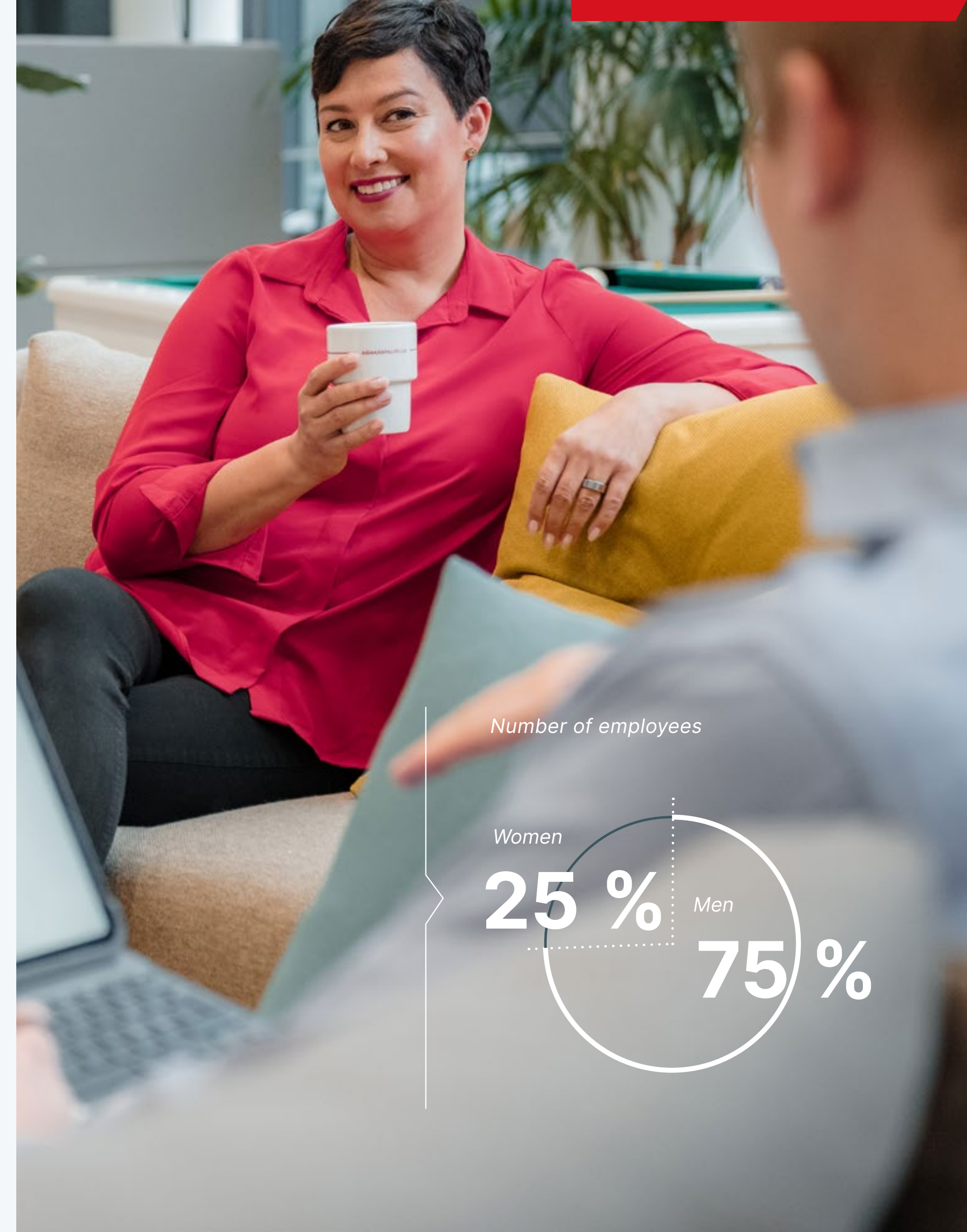
Social responsibility statistics

Personnel and service providers

NUMBER OF EMPLOYEES	2023	Men	Women	2022	Men	Women	2021	Men	Women
Permanent	493	368	125	439	332	107	400	301	99
	91%	75%	25%	90%	76%	24%	89%	75%	25%
Temporary	51	36	15	50	33	17	51	31	20
	9%	71%	29%	10%	66%	34%	11%	61%	39%
Full-time	496	373	123	451	344	108	418	316	102
	91%	75%	25%	92%	76%	24%	93%	76%	24%
Part-time	48	31	17	38	21	17	33	16	17
	9%	65%	35%	8%	55%	45%	7%	48%	52%
Total	544	404	140	489	365	124	451	332	119
Average	527			480			440		

GENDER DISTRIBUTION* BY EMPLOYEE GROUP	Men 2023	Women 2023	Men 2022	Women 2022	Men 2021	Women 2021
Board of Directors	3	2	2	2	3	2
	60%	40%	50%	50%	60%	40%
Executive management	6	3	6	3	6	3
	67%	33%	66%	33%	66%	33%
Senior salaried employees	361	114	324	95	294	87
	76%	24%	77%	23%	77%	23%
Salaried employees	1	8	1	9	1	9
	11%	89%	10%	90%	10%	90%

* The Board of Directors and personnel groups reported by gender and age distribution of permanent personnel (quantity).



Number of employees

Women

25 %

Men

75 %

PERSONNEL BY LOCATION	2023	2022	2021
Helsinki	463	410	382
Hämeenlinna	21	21	18
Oulu (previously Oulunsalo)	19	18	16
Jyväskylä (previously Petäjävesi)	17	17	13
Rovaniemi	4	4	4
Vaasa	7	6	4
Varkaus	13	13	14

AGE DISTRIBUTION OF PERMANENT PERSONNEL*	2023	2022	2021
Under 29 yrs.	56	47	43
30–39 yrs.	157	137	119
40–49 yrs.	147	130	117
50–59 yrs.	96	89	83
60–69 yrs.	37	36	38
Average age	43	43	44

TYPES OF EMPLOYMENT	2023	2022	2021
New permanent employment contracts	62	61	40
Number of expired employment contracts, incl. retired employees	22	28	13
Retired	7	7	3
Average retirement age	65	65	65
Average length of employment in years*	8	9	10
Number of persons made redundant	0	0	0
Incoming turnover rate	12.6	13.9	10%
Outgoing turnover rate	4.5	6.4	3.3%

Incoming and outgoing turnover rates not reported by age group and gender. The report accounts for absolute values; percentage rates not reported due to a low turnover rate.

* Fingrid was established in 1996 and its operations started in 1997. The previous company's personnel were transferred to the company as serving employees.

NEW, PERMANENT EMPLOYMENT CONTRACTS, BY AGE GROUP, no. of persons	2023	2022	2021
Under 29 yrs.	13	9	12
30–39 yrs.	23	32	16
40–49 yrs.	20	15	8
50–59 yrs.	6	5	4
60–69 yrs.	0	0	0

**EXPIRED PERMANENT EMPLOYMENT CONTRACTS,
BY AGE GROUP, no. of persons**

	2023	2022	2021
Under 29 yrs.	3	5	0
30–39 yrs.	5	7	5
40–49 yrs.	5	6	3
50–59 yrs.	1	3	1
60–69 yrs.	8	7	4

Percentage of employees retiring within the next 5 years, %

7

Percentage of employees retiring within the next 10 years, %

17

The estimate is based on the lowest possible retirement age for old-age pension according to the statutory pension system.

**PERSONNEL AND SERVICE PROVIDERS,
MAN-YEARS**

	2023	2022	2021
Man-years, Fingrid's personnel*	485	447	391
Man-years, service providers**	663	642	703
Man-years total	1,148	1,089	1,094

* As of 2022, man-years also include Fingrid Datahub Oy.

**Reporting covers the service providers' work hours included in Fingrid's internal monitoring. In 2023, grid building and maintenance operations amounted to approx. 1,127,000 work hours, equalling 663 man-years.

EDUCATION LEVEL OF PERMANENT PERSONNEL

	2023	2022	2021
Basic and secondary education	25	21	22
Lowest level of tertiary education	31	31	32
Bachelor's degree	163	146	134
Master's degree	264	231	203
Post-graduate degree	10	10	9

NUMBER OF TRAINING HOURS BY GENDER

	2023	2022	2021
Training hours per person, women	47	26	23
Training hours per person, men	38	31	21
Training hours per person	40	31	21
Training days per person	5	5	3
Training hours, total	21,112	16,942	9,609

OCCUPATIONAL ACCIDENTS, FINGRID PERSONNEL	2023		2022		2021	
	Workplace	Commute	Workplace	Commute	Workplace	Commute
Absences due to illness, %	1.9%/4.2 days/person		1.6%/3.6 days/person		1%/2.3 days/person	
No. of accidents leading to absences	0	1	0	0	0	0
of which serious accidents (no. of absences of more than 30 days and/or permanent injury)	0	0	0	0	0	0
No. of recordable workplace accidents, no absence	2	4	6	3	4	5
No. of recordable workplace accidents, total	2	5	6	3	4	5
Lost-time injuries frequency, workplace accidents resulting in absence (LTIF)*	0	1.2	0	0	0	0
Total recordable injury frequency (TRIF)*	2.4		7.9		5.9	
No. of work-related fatalities	0	0	0	0	0	0
No. of occupational diseases diagnosed	no cases		no cases		no cases	
No. of safety observations	16		11		26	

* The calculation method was updated and the data for 2022 and 2021 was corrected retrospectively.

** LTIF in line with Zero Accidents. As of 2022, LTIF also includes Fingrid Datahub Oy.

WORKPLACE ACCIDENTS, SERVICE PROVIDERS	2023	2022	2021
No. of workplace accidents leading to absences	14	10	17
of which serious (no. of absences of more than 30 days and/or permanent injury)	3	6	1
No. recordable workplace accidents, no absence	11	9	10
No. of recordable workplace accidents, total	25	19	27
Lost-time injuries frequency, workplace accidents resulting in absence (LTIF)	12.4	9.2	14.2
Total recordable injury frequency (TRIF)	22.2	17.4	22.6
No. of safety observations	543	629	508

COMBINED WORKPLACE ACCIDENTS (FINGRID PERSONNEL AND SERVICE PROVIDERS)	2023	2022	2021
Combined lost time injury frequency (Fingrid personnel and service providers), workplace accidents resulting in absence (LTIF)*	7.2	5.4	9.1
Combined total recordable injury frequency (TRIF, Fingrid personnel and service providers)	13.9	13.5	16.6

Finance

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, €1,000	2023	2022	2021
Income from customers			
Turnover	1,193,182	1,815,242	1,090,924
Other operating income	119,729	171,387	64,937
Profit from changes in the fair value of derivatives	0	-141,018	-62,267
Contributions received	-11	-115	-224
Dividend income	0	410	2,904
Income from investments and loans	13,564	852	381
Total	1,326,465	1,846,759	1,096,655
Payments to service and equipment suppliers and electricity market parties			
Purchases, materials and services	914,628	1,508,975	773,553
Other costs	231,192	41,330	37,990
Changes in fair value	-185,088	-432	-66
Voluntary additional personnel expenses and compensation for expenses (excl. training)	-2,455	-2,039	-1,552
Real estate taxes	-502	-440	260
Contributions to charities, NGOs etc.	-9	-32	-11
Total	957,767	1,547,362	810,173
Remuneration to personnel			
Salaries, remunerations, social security contributions	46,889	42,104	37,810
Voluntary additional personnel expenses and compensation for expenses (excl. training)	2,455	2,039	1,552
Total	49,343	44,144	39,363

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, €1,000	2023	2022	2021
Payments to providers of capital			
Dividend*	137,110	133,037	133,037
Finance costs	25,579	17,345	13,972
Total	162,690	150,383	147,009
Payments to government and community investment			
Income tax for the financial year	30,336	45,340	33,522
Real estate tax	502	440	-260
Contributions and sponsoring	9	32	11
Total	30,847	45,813	33,273
Economic value retained for developing operations	125,818	59,058	66,837

* The dividend for 2023 is the Board of Directors' proposal to the Annual General Meeting. The reporting on economic impacts does not include Fingrid's investments, which has been accounted for elsewhere in the annual reporting.

CONTRIBUTIONS RECEIVED, €1,000	2023	2022	2021
Tekes (Finnish Funding Agency for Technology and Innovation)	54,	39	0
EU: Horizon 2020 Framework Program	-12	75	79
National Emergency Supply Agency	0	0	145
EU: Connecting Europe Facility (CEF Energy) grant	5,547	15,703	0
Total	5,589	15,818	224

FINGRID'S TAX FOOTPRINT, MEUR	2023	2022	2021
Taxes payable			
Income tax	30.34	45.34	33.52
Unemployment insurance contributions	0.64	0.63	0.53
Social security contributions	0.55	0.47	0.46
Real estate taxes	0.50	0.44	-0.26
Taxes payable total	32.03	46.88	34.25
Taxes to be collected and remitted			
Value added tax, net remitted	-26.25	-61.61	15.58
Electricity tax (incl. emergency-preparedness contribution)	4.41	5.91	4.81
Tax prepayments	10.78	9.70	9.01
Taxes to be remitted total	-11.06	-46.00	29.40









Stakeholders

Our stakeholder surveys	Target group	Scope
Reputation survey	Customers Employees Policymakers Authorities Technology professionals The general public	Every 2–3 years, 2023 most recent Every 2–3 years, 2023 most recent Every 2–3 years, 2023 most recent Every 2–3 years, 2022 most recent Once a year or every two years, 2022 most recent Once a year
Customer satisfaction survey	Customers	Once a year
Personnel survey	Employees	Once a year
Completed transmission line projects	Landowners	Always at the end of a project



Actual values of the good governance KPIs

INDICATORS AND TARGET LEVELS RELATED TO GOOD GOVERNANCE

Indicator	Description	UN's SDG	2025	Target monitoring: how we did in 2023
Code of Conduct				
Personnel's view on responsibility of ways of working	Personnel surveys: score for responsible operations (1–5)		>4	Personnel survey grade 4.5 on a scale of 1–5
Up-to-dateness of principles and policies steering operations	Principles and policies updated according to the annual cycle		Everything updated at least every two years and the company's operating practices comply with these	All principles and policies are updated at least according to the annual cycle
Internal audits			No critical shortcomings identified in internal audits	Internal audits resulted in one significant observation linked with the new energy market management system
Risk management, continuity management				
Risk management, continuity management			No significant realised risks resulting from the company's deficient preparedness. Continuity exercises carried out 100% according to the planned schedule.	No significant risks related to poor preparedness materialised and the continuity exercises were carried out
Liiketoimintakriittisen ja henkilötiedot, verkkomalli)	Ensure that business critical data can only be accessed by those who need it		No significant information security or data protection breaches resulting in adverse business impacts	No significant information security and data protection breaches resulting in adverse business impacts detected
Finance – owners and financiers				
Credit rating	Credit rating (S&P, Fitch) at least 'A-' (at least from one)		Company's credit rating at a level that ensures the availability of financing at an affordable cost	The minimum credit rating level was exceeded
Dividend payout capacity	Moderate dividend income for owners that takes into account the company's financing needs		Absolute amount of dividend and share of parent company's profits (%)	Dividend income in line with shareholders' expectations was achieved

GRI content index

Standard	GRI content	Location	Additional information and omissions
The organization and its reporting practices			
GRI 2-1	Organizational details	Report of the Board of Directors	Fingrid is a public limited company operating in Finland. Fingrid's headquarters is located in Helsinki.
GRI 2-2	Entities included in the organization's sustainability reporting		The Sustainable business and responsibility report covers information on the Fingrid Group. The Group has two subsidiary companies, Finextra Oy and Fingrid Datahub Oy, which are 100% owned by Fingrid Oyj.
GRI 2-3	Reporting period, frequency and contact point		The reporting period covers the financial period, from 1 January to 31 December 2023. Sustainability is reported every year. Additional information: viestinta@fingrid.fi
GRI 2-4	Restatements of information		Any changes to information from previous reports are stated in connection with the relevant information.
GRI 2-5	External assurance	Independent assurance statement	Independent third-party assurance of the Sustainable business and responsibility 2023 report is conducted by Ernst & Young Oy. A limited assurance engagement covers all information presented in the Report except the disclosures based on the EU Taxonomy Regulation.
Activities and workers			
GRI 2-6	Activities, value chain and other business relationships	Fingrid's strategy Value creation Strategic corporate responsibility management Report of the Board of Directors Targets of supply chain management	
	Length of above and underground transmission and distribution lines	Operations	The main grid owned by Fingrid encompasses approximately 14,500 kilometres of 400-, 220- and 110-kilovolt transmission lines, plus 128 substations, and 3 HVDC stations.
	Allocation of CO2e emissions allowances or equivalent, broken down by emissions trading scheme	Climate targets and the work to achieve them Report of the Board of Directors	Fingrid's reserve power plants are included in the European Union's emissions trading system. The accuracy of the measuring and reporting systems for fuel consumption is verified by an accredited emissions trading verifier. A total of 4,757 (6,006) units (tCO2) of emission allowances were returned, 100% of which consisted of purchased emission right units. Fingrid has not been granted free-of charge emission rights for the emissions trade period 2021–2030. Purchased emission right units amounted to 7,000 in 2023. Emissions trading had minor financial significance for Fingrid.

Standard	GRI content	Location	Additional information and omissions
GRI 2-7	Employees	Personnel and work community targets	Fingrid has very rarely working contracts with non-guaranteed working hours. They can be used for students working occasionally or retired employees who may assist the company in specific projects. Fingrid does not keep non-guaranteed working hours contracts separately, but they are included in the group of part-time employees.
	Working hours of the personnel and service providers	Diverse work community	Reporting covers the service providers' working hours included in Fingrid's internal monitoring. In 2023, grid building, and maintenance operations amounted to roughly 1,127,000 work hours, equaling 663 man-years. In addition, in Fingrid's premises external workforce of different service providers are working in the reception services, guarding, cleaning and IT-support on a daily basis. Occasionally external service providers' employees work in facility maintenance and project-based consulting tasks. The amount of these service providers' employees is not significant and working hours are not reported.
GRI 2-8	Workers who are not employees	Diverse work community Targets of supply chain management	
Governance			
GRI 2-9	Governance structure and composition	Corporate Governance Statement	
GRI 2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	
GRI 2-11	Chair of the highest governance body	Corporate Governance Statement	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Statement	
GRI 2-13	Delegation of responsibility for managing impacts	Strategic corporate responsibility management	

Standard	GRI content	Location	Additional information and omissions
GRI 2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Statement	Fingrid's responsibility reporting is based on the materiality assessment. It is evaluated annually, as a part of the strategy process, to ensure that it is up to date and the Executive Management Group confirms the most important issues concerning Fingrid's operations as well as the adequacy of the management approach for these issues. Board of Directors reviews the materiality assessment and approves it as a part of the strategy. The Executive Management Group reviews and approves the Sustainable business and responsibility report before its publication. In the Report of the Board of Directors relevant non-financial information is disclosed based on the materiality assessment.
GRI 2-15	Conflicts of interest	Corporate Governance Statement	
GRI 2-16	Communication of critical concerns	Corporate Governance Statement Feedback channels and reporting breaches	
GRI 2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	Members of the Board of Directors have the adequate knowledge on the material sustainable development in the sector and the Board of Directors regularly monitors sustainable development topics.
GRI 2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement	The Board of Directors evaluates the activities annually and the process is described in the Corporate Governance Statement. The evaluation includes corporate responsibility and sustainable development related topics.
GRI 2-19	Remuneration policies	Remuneration Report Fair remuneration	The reports account for the principles of remuneration policies and systems for the Board of Directors and senior executives.
GRI 2-20	Process to determine remuneration	Remuneration Report Fair remuneration	In remuneration Fingrid complies with the principles set forth by the state's and other owners' policies. Remuneration principles are described in the Remuneration Policy which was approved in the Annual General Meeting in 2020. Remuneration principles of the State are defined in the Government Resolution on the State Ownership Policy 8 April 2020. Other owners' views on remuneration are confirmed annually when making decisions on remuneration first in the Board's Remuneration Committee and after that in the Board of Directors. In the Annual General Meeting the actual remuneration and remuneration principles are reviewed. In order to support decision-making, the Board of Directors commissions annually an independent consulting company (during recent years EVLI Alexander Incentives) to conduct a remuneration survey of management, where Fingrid's management compensations are compared to respective companies.

Standard	GRI content	Location	Additional information and omissions
GRI 2-21	Annual total compensation ratio	Fair remuneration	
Strategy, policies and practices			
GRI 2-22	Statement on sustainable development strategy	Review by the President & CEO	
GRI 2-23	Policy commitments	Managing risks and continuity Corporate culture and Code of Conduct	Human rights and environmental due diligence have long been a part of applying Fingrid's Code of Conduct. The precautionary principle is included in Fingrid's Code of Conduct and the UN's Global Compact initiative, which Fingrid has committed to. The environmental impacts of new transmission lines are determined according to an environmental impact assessment procedure as required under the legislation on the EIA procedure or, for projects with minor impacts, by means of an environmental study. Fingrid's reserve power plants are subject to an environmental permit. Fingrid's Code of Conduct includes a commitment to respect human rights.
GRI 2-24	Embedding policy commitments	Fingrid's corporate responsibility management and targets Good governance	
GRI 2-25	Processes to remediate negative impacts	Strategic corporate responsibility management Targets of supply chain management Feedback channels and reporting misconduct	Fingrid's personnel has access to several feedback and reporting channels. The personnel have been provided instructions for their use. Fingrid also has a confidential and independent reporting channel open for external stakeholders, who can make reports anonymously. Fingrid requires its suppliers to commit to responsible and ethical business conduct through the Supplier Code of Conduct, the realisation of which is monitored using a risk-based approach.
GRI 2-26	Mechanisms for seeking advice and raising concerns	Feedback channels and reporting breaches	
GRI 2-27	Compliance with laws and regulations		No significant fines or sanctions during the reporting period.
GRI 2-28	Membership associations		ENTSO-E (European Network of Transmission System Operators – Electricity), Finnish Energy Industries, Cigré (International Council on Large Electric Systems), FIBS Corporate Responsibility Network

Standard	GRI content	Location	Additional information and omissions
Stakeholder engagement			
GRI 2-29	Approach to stakeholder engagement	Stakeholders and customers	
GRI 2-30	Collective bargaining agreements		Fingrid complies with the collective labour agreement for salaried employees and senior professional employees in the energy industry. These agreements cover the entire personnel excluding top management.
	Company's contractors' personnel covered by the collective labour agreements by country		According to the Act on the Contractor's Obligations and Liability when Work is Contracted Out, the entire chain of contractors at Fingrid's worksites is obligated to operate in compliance with applicable Finnish collective labour agreements both regarding Finnish and non-Finnish workforce.

Standard	GRI content	Location	Additional information and omissions
Material topics			
GRI 3-1	Process to determine material topics	Materiality assessment and double materiality assessment	<p>Fingrid’s materiality analysis is evaluated annually, as a part of the strategy process, to ensure that it is up to date and the Executive Management Group confirms the most important issues concerning Fingrid’s operations as well as the adequacy of the management approach for these issues. The assessment of the economic, social and environmental impacts of Fingrid’s operations, as well as the impacts on stakeholders’ decision-making, takes into account the strong connection between sustainability, strategy and business and its impact on Fingrid’s ability to create value, as well as the value-chain-wide requirements of the GRI reporting guidelines. A thorough materiality assessment was conducted in 2014, which included a broad background analysis, meetings attended by dozens of experts from Fingrid, and a stakeholder survey sent out to roughly 700 individuals. In 2022, a separate corporate responsibility survey was again conducted for key stakeholders.</p> <p>In 2023, Fingrid conducted a double materiality assessment, and material sustainability topics were identified based on impacts, risks and opportunities, which lays a foundation to fulfil the future obligations for Fingrid’s sustainability reporting. The double materiality assessment consists of three phases: mapping the value chain, assessment of environmental and social impacts and assessment of financial impacts for Fingrid. Potential impacts were evaluated over the short (reporting period), medium (1–5 years) and long (over 5 years) time horizons. The impact assessment was conducted in a series of workshops. When mapping the value chain, a broad range of potentially relevant sustainability topics were assessed by utilising Fingrid’s previous materiality assessment materials. The impact materiality assessment covered identification of Fingrid’s impact pathways to people and the environment, and recognition of actual and potential sustainability impacts. After the identification and assessment, the material impacts were validated by Fingrid’s specialists. The third phase covered an identification of financial impacts resulting from sustainability-related risks and opportunities and analysing their impact on Fingrid’s business. The assessment continued from the impacts identified in the previous phase. Then financial impacts were evaluated and prioritised, and finally validated by Fingrid’s experts. A large number of Fingrid’s management representatives and experts from different operations participated in all the workshops.</p>

Standard	GRI content	Location	Additional information and omissions
GRI 3-2	List of material topics	Materiality assessment and double materiality assessment	The matters prioritised as material for Fingrid and their corresponding GRI reporting aspects are presented in the Sustainable business and responsibility report.
GRI 3-3	Management of material topics	Strategic corporate responsibility management Materiality assessment and double materiality assessment Actual values of the environmental responsibility KPIs, tables Actual values of the social responsibility KPIs, tables Actual values of the good governance KPIs	

ECONOMIC RESPONSIBILITY STANDARDS

Economic performance

GRI 201-1	Direct economic value generated and distributed, €1,000	Generation of societal value Actual values of the social responsibility KPIs, tables
GRI 201-4	Financial assistance received from government, €1,000	Actual values of the social responsibility KPIs, tables

Indirect economic impacts

GRI 203-2	Significant indirect economic impacts	Operations Climate targets and the work to achieve them
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Procurement practices

GRI 3-3	Management of material topics	Targets of supply chain management
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Standard	GRI content	Location	Additional information and omissions
Anti-corruption			
GRI 205-1	Operations assessed for risks related to corruption	Anti-corruption and anti-terrorism measures Managing risks and continuity	At the company level several internal control and risk management models are in place to prevent corruption, bribery and other financial irregularities. Anti-corruption is a part of Fingrid's Code of conduct and Fingrid's Supplier Code of Conduct. One of the risks annually reported to the Board of Directors is risk for biased corporate culture covering actions against the company's Code of Conduct and values.
GRI 205-2	Communication and training about anti-corruption policies and procedures	Corporate culture and Code of Conduct Targets of supply chain management	Our managers and the entire work community ensure that behaviour is in line with the Code of Conduct. One tool used for this is our online induction course. We require all our employees to regularly complete the induction course.
GRI 205-3	Confirmed incidents of corruption and actions taken	Feedback channels and reporting breaches	No incidents of corruption during the reporting period.
Anti-competitive behaviour			
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Feedback channels and reporting breaches	On 11 January 2024, the Energy Authority issued a decision on a request by Teollisuuden Voima (TVO) for an investigation into Fingrid's actions. The Energy Authority's decision states that Fingrid has not committed a breach of competition legislation. Fingrid filed an appeal concerning grid load limitation obligations with the Market Court on 15 February 2024.
Tax			
GRI 207-4	Country-by-country reporting	Tax footprint Actual values of the social responsibility KPIs, tables	
Electricity availability and transmission reliability			
GRI 3-3	Management of material topics	Secure and efficient grid	
Demand-side management			
GRI 3-3	Management of material topics	Customers at the centre of the energy transformation	

Standard	GRI content	Location	Additional information and omissions
Research and development			
GRI 3-3	Management of material topics	Research and development	
System efficiency			
GRI 3-3	Management of material topics	Electricity transmission losses and energy efficiency	
ENVIRONMENTAL RESPONSIBILITY STANDARDS			
Energy			
GRI 302-1 GRI 302-2	Energy consumption within the organisation Energy consumption outside of the organisation	Actual values of the environmental responsibility KPIs, tables	
GRI 302-3	Energy intensity	Actual values of the environmental responsibility KPIs, tables	
Water			
GRI 303-5	Water consumption		Water consumption and wastewater are not essential factors in electricity transmission or in the operation of substations and reserve power plants. Household water is consumed at our facilities, substations and reserve power plants.
Biodiversity			
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protection of nature values and biodiversity and impacts on land use and scenic values	

Standard	GRI content	Location	Additional information and omissions
Emissions			
	Greenhouse gas emissions	Climate targets and the work to achieve them	
GRI 305-1	Direct (Scope 1) GHG emissions	Greenhouse gas (GHG) emissions from reserve power plants Substations' SF6 gases Actual values of the environmental responsibility KPIs, tables	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy efficiency and decreasing the impact of transmission losses Actual values of the environmental responsibility KPIs, tables	
GRI 305-3	Other indirect (Scope 3) GHG emissions	Other indirect greenhouse gas emissions Actual values of the environmental responsibility KPIs, tables	
GRI 305-4	GHG emissions intensity	Actual values of the environmental responsibility KPIs, tables	
GRI 305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Actual values of the environmental responsibility KPIs, tables	
Waste			
GRI 306-1	Waste generation and significant waste-related impacts	Circular economy and targets for material use, measures to meet these targets	
GRI 306-2	Management of significant waste-related impacts	Circular economy and targets for material use, measures to meet these targets	
GRI 306-3	Waste generated	Circular economy and targets for material use, measures to meet these targets	
GRI 306-4	Waste diverted from disposal	Circular economy and targets for material use, measures to meet these targets	
GRI 306-5	Waste directed to disposal	Circular economy and targets for material use, measures to meet these targets	

Standard	GRI content	Location	Additional information and omissions
SOCIAL RESPONSIBILITY STANDARDS			
Employment			
GRI 401-1	New employee hires and employee turnover; total numbers, by age group, gender and region	Diverse work community	
	Percentage of employees retiring within the next 5 and 10 years	Diverse work community	
	Number of workdays of contractors' and contractors' employees working in construction, operation and maintenance duties	Diverse work community	The report accounts for the total working hours of service providers see GRI 2-7.
	Proportion of suppliers' and contractors' employees who have taken part in occupational safety training	Promoting occupational health and safety	The report accounts for the OHS development project.
Occupational health and safety			
GRI 403-1	Occupational health and safety management system	Promoting occupational health and safety	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Promoting occupational health and safety	
GRI 403-3	Occupational health services	Healthy and happy personnel	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Promoting occupational health and safety	
GRI 403-5	Worker training on occupational health and safety	Promoting occupational health and safety	
GRI 403-6	Promotion of worker health	Healthy and happy personnel Promoting occupational health and safety	

Standard	GRI content	Location	Additional information and omissions
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Promoting occupational health and safety	
GRI 403-8	Workers covered by an occupational health and safety management system	Promoting occupational health and safety	
GRI 403-9	Work-related injuries; types and rates of injuries (LTIF), occupational diseases, lost days, absenteeism, and number of work-related fatalities, by region and by gender	Promoting occupational health and safety	
	Contractors' and suppliers' OHS-related performance	Promoting occupational health and safety	The number of injuries, injuries frequency and fatalities reported
GRI 403-10	Work-related ill health	Promoting occupational health and safety	
Training and education			
GRI 404-1	Average hours of training per year per employee; by gender and by employee category	Competence development	
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes; to facilitate continued employability and the management of career endings	Competence development	
Diversity and equal opportunities			
GRI 405-1	Diversity of governance bodies; composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group, and other indicators of diversity	Diverse work community	
GRI 405-2	Ratio of basic salary and remuneration of women to men	Fair remuneration	

Standard	GRI content	Location	Additional information and omissions
Non-discrimination			
GRI 406-1	Incidents of discrimination and corrective actions taken	Feedback channels and reporting misconduct	No incidents of discrimination during the reporting period.
Local communities			
	Result of landowner survey	Landowners	
Public policy			
GRI 415-1	Political contributions; total value by country and recipient/beneficiary		Fingrid does not provide any direct or indirect support, including non-monetary support, to political activities.
Customer health and safety			
	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	Safety of the main grid	No cases of personal injury to the public during the reporting period caused by Fingrid's electricity equipment or their use in 2023. No claims related to incidents of this kind were presented to the company during the reporting period.
Availability			
	Power outage frequency	Report of the Board of Directors Secure and efficient grid Disclosures based on the SASB standard	
	Average power outage duration	Report of the Board of Directors Secure and efficient grid Disclosures based on the SASB standard	
Customer privacy			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information security and data protection Feedback channels and reporting breaches	No incidents during the reporting period.

Disclosures based on the SASB standard

Code	SASB Accounting Metric	Fingrid Disclosures	2023	Unit of measure	More information
Greenhouse Gas Emissions & Energy Resource Planning					
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under:	Greenhouse gas emissions, scope 1	6,000	Metric tons (t) CO ₂ -e	
	(2) emissions-limiting regulations	Percentage of scope 1 emissions covered by the EU emission trading system	81%	Percentage (%)	
	(3) emissions-reporting regulations	Percentage of scope 1 emissions covered by the reporting obligation of the EU emission trading system	81%	Percentage (%)	
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	Greenhouse gas emissions, scope 2 from transmission losses (location-based)	57,000	Metric tons (t) CO ₂ -e	Fingrid uses a real-time factor for electricity consumed (average in 2023 38 g CO ₂ /kWh)
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	<p>Short-term targets 2025: Finland climate neutral by 2035</p> <ul style="list-style-type: none"> - Fingrid's investments and development projects enable the reduction of carbon dioxide emissions in electricity production. - Grid investments to be carried out to integrate emission-free electricity production to the grid were completed on schedule, the market's development projects were finished and the grid's system security remained good. <p>Emission-free transmission losses:</p> <ul style="list-style-type: none"> - Finland's grid investments have enabled the integration of new emission-free production into the grid, which has reduced the carbon dioxide emissions of transmission losses without emission compensation. - Improved energy efficiency based on commitments. <p>Main grid does not cause SF6 emissions:</p> <ul style="list-style-type: none"> - Reducing SF6 gas emissions using modern technologies and preparing for adoption of new technologies. - The roadmap for new technologies has been drawn up and a pilot project is underway. - The grid's SF6 emissions are low compared with other TSOs. 			Fingrid sustainable business and responsibility 2023 report , p. 56-57

Code	SASB Accounting Metric	Fingrid Disclosures	2023	Unit of measure	More information
		<p>Long-term targets 2035: Finland climate neutral by 2035 - Enabling the emission-free electricity production required for a climate neutral Finland and increased demand for electricity. - The main grid does not restrict Finland's transition to climate neutrality, the markets balance out production and consumption, good system security.</p> <p>Emission-free transmission losses: - In a climate neutral Finland, transmission losses do not cause any CO2 emissions. - Fingrid is energy efficient in all of its operations.</p> <p>Main grid does not cause SF6 emissions: - SF6 gas emissions at a minimum, all new gas-insulated switching substations comply with the selected new technology and are SF6-free. - The lowest SF6 gas emissions caused by a main grid in the world, when compared with other TSOs.</p>			Fingrid sustainable business and responsibility 2023 report , p. 56-57
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Not applicable to Fingrid operations			
Air Quality					
IF-EU-120a.1	Air emissions of the following pollutants:				
	(1) NOx (excluding N2O)	Nitrogen oxides, NOx	30	Metric tons (t)	
	(2) SOx	Sulphur dioxide, SO2	0.2	Metric tons (t)	
	(3) Particulate matter (PM10)	Not relevant in Fingrid's operations			
	(4) Lead (Pb)	Not relevant in Fingrid's operations			
	(5) Mercury (Hg)	Not relevant in Fingrid's operations			
	Percentage of each in or near areas of dense population	Fingrid's reserve power plants are not located in areas of dense population.		Percentage (%)	

Code	SASB Accounting Metric	Fingrid Disclosures	2023	Unit of measure	More information
Water Management					
IF-EU-140a.1	(1) Total water withdrawn (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Not relevant in Fingrid's operations Water consumption and wastewater are not significant factors in electricity transmission or in the operation of substations and reserve power plants. Household water is consumed at our facilities, substations and reserve power plants.			
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Not relevant in Fingrid's operations			
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Not relevant in Fingrid's operations			
Coal Ash Management					
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Not applicable to Fingrid operations No coal combustion in Fingrid's operations			
IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Not applicable to Fingrid operations No coal combustion in Fingrid's operations			
Energy Affordability					
IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Not applicable to Fingrid operations. Fingrid is Finland's national transmission system operator (TSO). Fingrid does not set retail electric rates.			

Code	SASB Accounting Metric	Fingrid Disclosures	2023	Unit of measure	More information
IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Not applicable to Fingrid operations. Fingrid is Finland's national transmission system operator (TSO). Fingrid does not have residential customers.			
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Not applicable to Fingrid operations. Fingrid is Finland's national transmission system operator (TSO). Fingrid does not have residential customers.			
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	According to a study carried out by the European Network of Transmission System Operators for Electricity (ENTSO-E) in 2021, the transmission tariffs for electricity in the Finnish main grid are the second lowest in Europe, when compared with transmission systems of a similar size. The ENTSO-E transmission tariffs comparison is now interrupted. For 2023, Fingrid has waived grid service fees for six months. This will reduce grid customers' fees by altogether some EUR 233 million. Fingrid plans to waive grid service fees for a total of six months also in 2024.			Fingrid sustainable business and responsibility 2023 report , p. 22
Workforce Health & Safety					
IF-EU-320a.1	(1) Total recordable incident rate (TRIR)	Combined total recordable injury frequency (TRIF, own personnel and service providers)	13.9	Rate	
	(2) Fatality rate	Number of work-related fatalities	0	Rate	
	(3) Near miss frequency rate (NMFR)	Near miss frequency rate	61.1	Rate	Fingrid sustainable business and responsibility 2023 report , p. 94-97
End-Use Efficiency & Demand					
IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Not applicable to Fingrid operations.			

Code	SASB Accounting Metric	Fingrid Disclosures	2023	Unit of measure	More information
IF-EU-420a.2	Percentage of electric load served by smart grid technology	Not applicable to Fingrid operations.			
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	Not applicable to Fingrid operations.			
Nuclear Safety & Emergency Management					
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Not applicable to Fingrid operations. No nuclear power in Fingrid's operations			
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	Not applicable to Fingrid operations. No nuclear power in Fingrid's operations			
Grid Resiliency					
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	No incidents in 2023	0	Number of incidents	
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI)	System Average Interruption Duration Index per connection point (CP)	0.82	minutes/CP	
	(2) System Average Interruption Frequency Index (SAIFI)	System Average Interruption Frequency Index (SAIFI)	0.05	Quantity/CP	
	(3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Customer Average Interruption Duration Index (CAIDI)	18.2	minutes/event	

Code	SASB Accounting Metric	Fingrid Disclosures	2023	Unit of measure	More information
Activity Metrics					
IF-EU-000.A	Number of: (1) residential, (2) commercial customers and (3) industrial customers served	Customers connected to the Fingrid's grid.	146	Number	
IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	Fingrid's transmission volume, TWh	71.7	Terawatt hours (TWh)	
IF-EU-000.C	Length of transmission and distribution lines	The main grid owned by Fingrid encompasses approximately 14,500 kilometres of 400-, 220- and 110-kilovolt transmission lines, plus 128 substations, and 3 HVDC stations.	14,500	Kilometres (km)	
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	Energy produced with the fuels consumed by reserve power plants and leased reserve power plants. 100% of electricity generated in regulated markets in Finland. Fingrid's own power plants and leasing power plants are not used for commercial electricity production.			
		Own reserve power plants	4.9	Gigawatt hours (GWh)	
		Leased reserve power plants	1.0	Gigawatt hours (GWh)	
		Percentage in regulated markets	100	Percentage (%)	
IF-EU-000.E	Total wholesale electricity purchased	Reserve power plants' auxiliary energy and Electricity of Fingrid's own premises	35.0	Gigawatt hours (GWh)	

Independent assurance statement

To the Management of Fingrid Oyj Scope

We have been engaged by Fingrid Oyj (hereafter Fingrid) to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, and by AA1000AS v3 Standard (limited assurance according to the AA1000AS standard, moderate assurance), hereafter referred to as the engagement, to report on sustainability information in Fingrid's Annual Report 2023 (the "Subject Matter") for the period 1.1.-31.12.2023. The Subject Matter includes corporate responsibility information defined in more detail in the Sustainable business and responsibility section of Fingrid's Annual Report, and in the GRI and SASB indices, as well as Global Compact reporting information. The Subject Matter excludes taxonomy reporting and its indicators. The assignment corresponds to the type 2 assignment of the AA1000AS standard, where the assurance assignment includes not only the AA Principles but also the verification of the reliability and quality of the information.

Criteria applied by Fingrid

In preparing the sustainability information in the Annual Report 2023, Fingrid applied the Global Reporting Initiative (GRI) Sustainability Reporting Standards, Communication on Progress (COP) reporting guidelines of the UN Global Compact initiative and Sustainability Accounting Standards Board's (SASB) industry-specific Electric Utilities & Power Generators guidelines (the "Criteria"). As a result, the Subject Matter information may not be suitable for another purpose.

Fingrid's responsibilities

Fingrid's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and in accordance with AccountAbility's assurance standard (AA1000AS v3), and the terms of reference for this engagement as agreed with Fingrid on 22.8.2022. ISAE 3000 standard require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The AA1000AS standard requires the planning and execution of the assurance engagement performed in a way that it provides limited assurance as to whether the corporate responsibility information complies with AccountAbility's reporting principles (AA1000) and whether the information is reliable and of high quality. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

Ernst & Young also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement

is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the Subject Matter, and applying analytical and other appropriate procedures.

Our procedures included:

- a. To develop the knowledge and understanding of Fingrid's material sustainability topics, organization and activities,

- b. Interviews with senior management to understand Fingrid's sustainability management,
- c. Interviews with personnel responsible for gathering and consolidation of the Subject Matter to understand the systems, processes and controls related to gathering and consolidating the information,
- d. Assessing sustainability data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data,
- e. Performing recalculation of reported information and evaluating the correctness of underlying data and narrative disclosures,
- f. Assessing AccountAbility (AA1000) Principles (participation of stakeholders, determination of relevant topics of corporate responsibility, meeting the expectations of stakeholders and impact assessment) as part of the evaluation of the implementation of the aforementioned measures.

We also performed such other procedures as we considered necessary in the circumstances.

Limitation of the Assignment

In a limited assurance assignment, the methods of obtaining evidence are more limited than in a reasonable assurance assignment, which is why more limited assurance is obtained than in a reasonable assurance assignment.

We have designed and performed the engagement in such a way that we obtain enough evidence for limited assurance on which to base our conclusions, and thus it does not provide all of the evidence required to obtain reasonable assurance.

The scope of the assignment covers corporate responsibility information for the reporting period 1 January 2023 – 31 December 2023 and does not include corporate responsibility information from previous reporting periods. The assurance covers the Subject Matter previously defined in the section Scope, and the assurance does not apply to other information published in the annual report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the period 1.1-31.12.2023, in order for it to be in accordance with the Criteria.

Applying AccountAbility (AA1000) principles of corporate responsibility:

- **Involvement of stakeholders:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts, based on which it would be reasonable to assume that essential stakeholders were not taken into account in the measures related to the participation of stakeholders or that the principle of the participation of stakeholders was not taken into account in the development of corporate responsibility procedures. In its annual report, Fingrid has identified its key stakeholders, set goals related to the involvement of stakeholders and reported on measures to involve stakeholders. Stakeholder group work is monitored regularly at the management team and board level.
- **Determining the essential topics of corporate responsibility:** Based on

the assurance work done and the evidence we have obtained, we have not come across any facts, based on which there is reason to assume that the determination of Fingrid's materiality topics of corporate responsibility does not give a fair picture of the material topics regarding corporate responsibility. Fingrid has carried out a materiality analysis to identify key impacts and published its results in its annual report. The materiality analysis has been carried out in accordance with the GRI standard and the topics have been prioritized based on the significance of the effects of Fingrid's operations and the views of stakeholders. Fingrid regularly monitors stakeholders' views by conducting stakeholder surveys. The results are also used to identify key responsibility themes. Both short-term and long-term goals have been set for each relevant topic, which are monitored and reported on using appropriate metrics.

- **Responding to stakeholders' expectations:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts that would give a reason to assume that Fingrid has not applied the principle of responding to stakeholders' expectations with regard to the topics to be reported. In its an-

nual report, Fingrid has identified the expectations of various stakeholders and described the measures taken to meet them.

- **Assessment of impacts:** Based on the assurance work done and the evidence we have obtained, we have not come across any facts that would make it reasonable to assume that Fingrid has not measured, monitored and evaluated its impacts on the ecosystems surrounding the company. Fingrid's essential effects, indicators and goal monitoring are described in the annual report for each area of corporate responsibility.

Quality and reliability of corporate responsibility data

Based on the assurance work done and the evidence we have obtained, we have not come across any facts that would give a reason to assume that the presented corporate responsibility information is not reliable and high-quality in essential parts based on the reporting criteria, or does not give an adequate and correct picture of Fingrid's corporate responsibility in essential parts.

Recommendations

Based on the assurance work we have done and the evidence we have obtained,

we are not aware of any significant changes or additions that should be made to the Subject Matter in order for it to meet the requirements of the Criteria.

- Fingrid has developed its internal control processes, however Fingrid may consider adding analytical review of sustainability information as part of data verification, to detect and correct any discrepancies before external validation of information. In addition, Fingrid may consider automatic data validations to enhance quality and reliability.
- We recommend to compare the current content of reporting to Corporate Sustainability Reporting Directive (CSRD) and its standards (ESRS) during year 2024 and to develop the content of the report to meet the requirements of the new directive. Furthermore, we recommend examining the development of processes and the division of responsibilities considering the new requirements of CSRD, especially in terms of data management.

Helsinki, 4 March 2024

Ernst & Young Oy

Authorized Public Accountant Firm

Mikko Ryttilahti

Authorized Public Accountant

Nathalie Clément

Leader of Climate Change & Sustainability Services



AA1000
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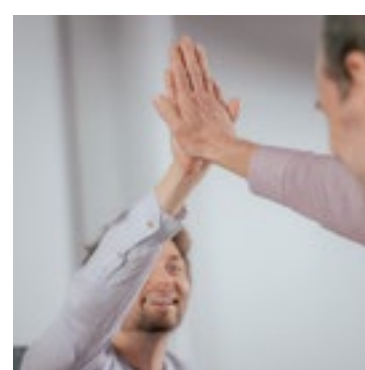
An aerial photograph showing a multi-lane highway curving through a vast, dense forest. In the foreground, several high-voltage power lines stretch across the scene, supported by metal towers. The sun is low in the sky, creating a bright lens flare and casting long, soft shadows across the trees. The overall scene is a mix of natural greenery and human-made infrastructure.

Report of the Board of Directors

FINGRID ANNUAL REPORT 2023

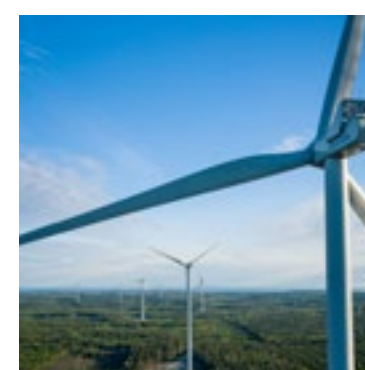
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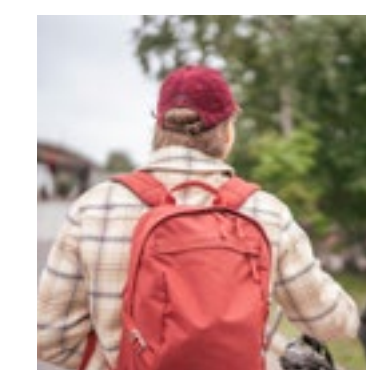
The number of personnel has grown significantly in recent years

15



Corporate responsibility is at the core of the company's strategy

17



Events after the review period

26



Financial result and financing

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year. Fingrid's consolidated financial statements have been drawn up in accordance with the same accounting principles as in 2022.

Since the crisis winter of 2022, the price of electricity has fallen from its peak thanks to a mild winter and the normal operation of the electricity market. Although the average price of electricity has fallen, the variation in the electricity price has been large, resulting from the fluctuation in weather-dependent production and the availability of production plants and transmission connections. As the relative share

renewable energy production increases, electricity price variations are here to stay.

The Group turnover fell due to the lower electricity price. Imbalance power sales and procurement costs decreased significantly. Balancing the power system results in fluctuations in turnover, which stems from the increasing weather-dependency of electricity production, and the electricity production and consumption forecast uncertainty. Income from grid service fees decreased to EUR 164.5 (333.7) million, due largely to Fingrid waiving the grid service fees for six months. In addition, the electricity consumption on which grid service revenue is based fell in Finland to 79.8 (81.6) terawatt hours in 2023. Fingrid's congestion income generated through cross-border transmission connections was significantly lower than last year's due



to the lower electricity area price differences between Finland and Estonia and Finland and Sweden. Fingrid's congestion income amounted to EUR 260.1 (942.9) million, of which Fingrid's share was EUR 220.9 (942.9) million. Fingrid's income on the Financial Transmission Rights (FTR) issued on the Finland–Estonian border amounted to EUR 57.0 (0.0) million, and the congestion income credited to the holders of corresponding transmission rights was EUR 96.2 (0.0) million. A total of EUR 284.7 (229.5) million in congestion income was recognised in turnover to cover the waiving of grid service fees and operating expenses, and EUR 118.0 (18.8) million in other operating income to cover FTRs and cross-border capacity costs.

The Group's costs, excluding the change in the value of commodity derivatives, amounted to EUR 1,126.8 (1,695.8) million. Due to the lower price of balancing power, the costs of purchased imbalance power fell to EUR 491.1 (1,141.2) million. Due to a lower electricity price and lower area price differences for electricity, the congestion costs resulting from the surplus in the national electricity balance amounted to EUR 15.5 (69.4) million. Loss power costs came to EUR 75.2 (103.9) million, which

resulted from the lower average loss power procurement price of EUR 45.09 (60.32) per megawatt hour. The amount of loss power procured was 1.7 (1.7) terawatt hours. The cost of reserves to safeguard the grid's system security and power balance were on par with the previous year and amounted to EUR 185.6 (186.9) million, despite the higher procurement volume. Due to the progress made in the company's extensive investment programme, depreciation grew to EUR 123.3 (107.9) million. Grid maintenance costs grew to EUR 22.5 (19.6) million. Personnel costs grew to EUR 42.8 (38.1) million, which mainly correlates with the increase in the number of personnel required for the expansion of the operations and the increasing complexity of the power system.

The Group's operating profit excluding the change in the fair value of derivatives was EUR 186.1 (149.8) million. The Group's profit before taxes was EUR 1.3 (257.4) million. The result was improved by the growth in the company's allowed regulatory profit and the decrease in the Group's net financial costs. The result was weakened by a negative change of EUR -185.1 (140.6) million in the fair value of electricity derivatives and currency derivatives linked to capital

expenditure and other operating costs. The market value of electricity derivatives fell as a result of the decline in the electricity price and maturity of derivatives. Electricity derivatives amounted to 4.0 TWh (4.5 TWh) at the end of 2023. Profit for the financial year was EUR 1.2 (205.8) million. The equity ratio at the end of the financial year was 20.1 (22.4) per cent.

The company currently has a EUR 4 billion investment programme under way for the next ten years. In 2023, the company's total investments grew to EUR 322.0 (276.1) million due to increasing capital expenditure to enable the green transition and growing electricity consumption. This included a total of EUR 303.8 (246.0) million invested in the transmission grid and EUR 2.8 (3.7) million for reserve power. ICT investments amounted to EUR 8.8 (11.0) million. A total of EUR 2.4 (1.8) million was used for R&D projects during the year under review.

The parent company's turnover was EUR 1,209.7 (1,808.7) million, profit for the financial year EUR 141.4 (114.4) million and distributable funds EUR 174.4 (166.0) million.

The allowed regulatory profit in line with the regulatory method regulating reason-

able return in transmission grid operations rose in 2023 from the previous year, which was the result of a higher interest rate level, the company's increased investments and utilisation of accumulated deficits. Based on the company's own calculations, the allowed regulatory profit amounts to a surplus of around EUR 35 million for 2023. The cumulative surplus on the allowed regulatory profit for the 2020–2023 regulatory period is EUR 25 million. Accounting for the deficit in the allowed regulatory profit accumulating in earlier regulatory periods, some EUR 28.5 million, the allowed regulatory profit for the 2020–2023 regulatory period is in deficit.

The Energy Authority decides on the use of the congestion income received by Fingrid for investments, to cover costs and for use as turnover in line with EU regulation. A regulatory letter submitted to Fingrid by the Energy Authority in 2023 specifies the use of congestion income in 2024. The decision concerning the use of congestion income is provided in conjunction with the regulatory decisions given for each of the company's regulatory periods, after each regulatory period. Fingrid's unused congestion income is recorded on the balance sheet under short- and long-term

non-interest-bearing liabilities. Congestion income will be used for future investments increasing cross-border transmission capacity, allocated to costs related to cross-border transmission capacity maintenance-related costs and by recognising it as revenue for the benefit of customers.

Turnover and other operating income, € million	Jan-Dec/23	Jan-Dec/22	July-Dec/23	July-Dec/22
Grid service revenue	164.5	333.7	80.9	128.8
Sales of imbalance power	682.6	1,160.2	339.2	776.9
Cross-border transmission income		11.1		-0
Congestion income	284.7	229.5	190.1	189.7
Peak load capacity income*	0.0	7.2	-0	0.1
ITC income	20.8	23.1	6.7	7.8
Datahub income	20.6	15.0	10.4	8.8
Other turnover	19.9	35.5	11.2	24.2
Change in the value of derivatives		140.9		-99
Other operating income	119.7	30.5	74.4	6.7
Turnover and other income total	1,312.9	1,986.6	712.8	1,043.3
Costs, € million	Jan-Dec/23	Jan-Dec/22	July-Dec/23	July-Dec/22
Purchase of imbalance power	491.1	1,141.2	254.6	761.9
Loss power costs	75.2	103.9	41.2	64.2
Depreciation	123.3	107.9	64.3	55.5
Cost of reserves	185.6	186.9	114.1	109.9
Personnel costs	42.8	38.1	21.5	18.7
Grid maintenance costs	22.5	19.6	13.9	11.5
Costs from transmission rights	96.2		61.2	
Cost of peak load capacity*	0.0	6.9	0.0	0.0
ITC charges	20.7	18.1	7.0	9.1
Other costs	69.4	73.3	36.1	45.5
Change in the value of derivatives	185.1	0.4	18.5	0.0
Costs total	1,311.9	1,696.1	632.3	1,076.4
Operating profit excluding the change in the fair value of commodity derivatives	186.1	149.8	99.0	66.3
Operating profit of Group, IFRS	1.0	290.4	80.5	-33.1

* Peak load capacity income and costs are related to the securing of sufficient electricity supply during peak consumption hours in compliance with the Finnish Peak Load Capacity Act.

The Group's net financial costs were EUR 0.2 (32.7) million, including EUR 0.6 million in interest expenses on the lease liabilities booked into the balance sheet. Net financial costs fell after the increase in the interest rate level increased finance income on cash and cash equivalents and due to realised interest rate hedges and the positive change in the market value derivatives hedging loans. The change in the fair value of financial derivatives was EUR 4.9 million negative (EUR 24.8 million negative).

Interest-bearing borrowings totalled EUR 998.1 (1,056.2) million, of which non-current borrowings accounted for EUR 654.7 (990.4) million and current borrowings for EUR 343.5 (65.8) million. At the end of the year, the company's interest-bearing borrowings included a total of EUR 31.2 million in lease liabilities, consisting of EUR 3.2 million in short-term liabilities, to be paid within a year.

During the review period, the company's cash assets fell due to the use of congestion income generated in 2022 for waiving grid service fees and due to covering the rising costs of the grid operations instead

of raising grid service tariffs. Cash and cash equivalents and other financial assets totalled EUR 387.0 (733.4) million on 31.12.2023. The company's financial position remained strong.

Operations

Strategy

Fingrid is Finland's transmission system operator, whose main owners are the State of Finland and Finnish pension and insurance companies.

The company's operations are based on Finnish and EU legislation. In accordance with the Finnish Electricity Market Act, the company develops the main grid, connects new production and consumption to the main grid, maintains a balance between electricity consumption and generation, and promotes the electricity market.

The EU Regulation on the internal market for electricity obligates Fingrid to cooperate within ENTSO-E, the European Network of Transmission System Operators for Electricity, and also regionally with Nordic and Baltic transmission grid companies, to improve the effectiveness of the internal market in electricity. The company's task is to participate in the drawing up and implementation of the market, operating and connection codes and the proposals prescribed in them. Fingrid's operations are supervised and regulated nationally by the Energy Authority, which has granted the company a licence for the transmission grid operations.



Mission

Fingrid ensures reliable and cost-effective electricity for customers and society, and shapes the clean, market-oriented power system of the future.

Vision

The energy system is clean, secure and brings Finland economic wealth. Fingrid is the foundation of the energy system.

Values

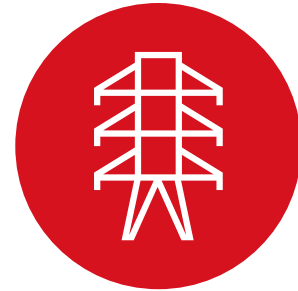
Fingrid is open, fair, efficient and responsible in all its operations. These values guide Fingrid's operations and lay a solid foundation for corporate culture. The realisation of the values is measured and reported on.

Way of working

The corporate culture is open, collaborative and renewing. The company complies with good governance practices. Fingrid employees are known for their expertise. The company develops its operations in cooperation with customers, partners and other stakeholders and treats everyone impartially and with respect. Fingrid achieves the bold and ambitious goals set for its operations and provides high quality and efficiency by combining its core expertise with that of the best players in the world. Fingrid operates responsibly, effectively, and openly, which is how it earns the trust of customers and stakeholders.



Fingrid has made the following strategic choices:



Focusing on the core mission

Fingrid excels in accomplishing its core mission in a changing operating environment. The company will not expand into new businesses or participate in competitive business.



For the customer

Business operations and operating models are actively developed together with the customer and with society's interests at heart.



World-class expertise

The necessary core competencies are maintained in-house, and Fingrid cooperates with the best partners. Fingrid innovatively utilises the best technologies.



Market focus

Fingrid applies a market-oriented approach in all areas because effective markets will produce the best solutions.



Efficiency and productivity

Fingrid's operations are productive. Changes are anticipated using joint situational awareness; clear goals are shared, operations are prioritised and measured. This is how concrete results are ensured.



Security and responsibility

Fingrid secures the existing good level of system security in a power system under transformation. Corporate responsibility and safety are highlighted in all activities.

Strategic focal points of development

Fingrid's strategy defines the four focal points of development that the company focuses on in order to be able to react quickly to the challenges and megatrends arising from the operating environment. The development focal points are used to improve the company's operations and to adopt operating models at the company level, across business and perspective lines.

Customers enabling the transformation

To meet Finland's climate and competitiveness goals, Fingrid must enable the rapid growth of the power system and be able to connect a large volume of electricity consumption and production to the main grid, without sacrificing security and quality. Maintaining high system security cost-effectively requires the availability of all the technical opportunities and flexibilities of production and consumption. Key to achieving this is understanding customers' needs and technical opportunities and the appropriate market solutions and technical solutions selected based on this.

Effectively utilised grid

Fingrid's objective is to cost-effectively increase the utilisation rate of the grid and

enable new customers to be connected in a way that minimises the need for new transmission lines and takes environmental aspects into consideration. This can be achieved by locating major production and demand facilities closer to one another and better harmonising their capacity and loads. The utilisation rate can also be increased by means of flexibility both in production and consumption, and flexible solutions can be developed for the grid.

Extensive and predictable electricity market

Finland competes internationally for green transition investments. In this competition, the extent of the markets and their predictability offer a major competitive advantage. As renewable production increases, the electricity market requires flexibility and reserves that can guarantee the security of electricity supply. Fingrid is responsible for maintaining and developing the reserve markets and increasing their liquidity. The company's aim is to promote an electricity market that functions as an effective whole. This requires fair and easy access to the markets and transparent operations and predictability from the markets.

Operations and expertise in the transformation

A response to the change in the operating environment due to the modernisation of the electricity system requires constant development of the company's operations and expertise. Fingrid develops leadership, competence management and shared operating methods to enable the achievement of the set business results, high productivity and corporate responsibility throughout the company's operations. Going forward, Fingrid will continue to be Finland's most attractive workplace and partner.

Implementation of the strategy

Fingrid's strategy is implemented through four perspectives: Customers & Society, Finance, Internal Processes, and Personnel & Expertise. According to the approach chosen by Fingrid for implementing its strategy, all four perspectives are implemented and developed in a mutually balanced way.

For **Customers and Society** Fingrid is the TSO that provides the best service and offers its customers connections and electricity transmission to meet their needs, as well as pro-market solutions. Fingrid's operations and the resulting effective elec-

tricity system are seen as a key competitive edge for Finland.

From the **Finance** perspective, the company's objective is to act in accordance with best management practices and good governance and to ensure the productivity and responsibility of the operations when implementing the strategy. Fingrid secures shareholder value and customer value responsibly and for the long term, bearing in mind the interests of society. Key capital and risks are managed effectively.

The perspective of **Internal Processes** consists of the company's three operational processes:

- **Adequacy of the transmission system:** Transmission capacity meets customers' and society's needs. Fingrid operates safely and efficiently. Quality and capacity are at the correct level. Responsibility means actions.
- **System operation:** Electricity is supplied reliably to a carbon-neutral society, and a balance between electricity production and consumption is maintained under all circumstances.
- **Promoting the electricity market:** The electricity market enables a clean

electricity system. The electricity market is developed in Finland according to EU and national legislation by ensuring the interests of customers.

Fingrid is an open, collaborative, renewing and high-performing work community. The objective of the Personnel & Expertise perspective is to be at the leading edge of change and to prepare for the future with world-class expertise. Fingrid is an excellent employer who attracts and retains the best employees.

Customers

Fingrid's operations are largely based on performing statutory duties. This task is performed with maximum customer focus, on impartial and equal terms. Fingrid's customers include distribution system operators (DSOs), electricity producers, industries consuming electricity and other electricity market operators. Thanks to the energy transformation, the customer base has become more diverse in recent years and, for example on the reserve markets, entirely new kinds of customers have entered the picture, supporting the power system's balance and quality.

Fingrid produces grid and electricity market services for its customers.

Grid services guarantee customers smooth connections to the electricity network and reliable transmission of electricity in the main grid that meets consumers' needs. Grid services consist of connection into the main grid and developing, operating and maintaining the grid according to the customer's transmission needs. The connection enquiries received by Fingrid for clean electricity production and green technology industrial projects continued to grow. The total capacity of new connection enquiries for electricity production at the end of 2023 was around 360,000 megawatts, roughly half of which was onshore wind power, while offshore wind power and solar power each made up around one quarter. Electrification is also making headway in electricity consumption, with the increase in clean energy production capacity and secure transmission of electricity enabling the implementation of industrial consumption investments for the green transition. Enquiries looking to connect new types of electricity consumption sites, such as data centers, hydrogen production and battery storage, and the metal industry directly to the main grid have grown, and connection enquiries totalled some 26,000 megawatts at the end of 2023. The growing number of enquiries concerning both production and

consumption is an indication of Finland's good ability to compete in green transition investments. Fingrid plays a key role in enabling this development.

Electricity market services offer all industry players a unified price area for electricity trade in Finland, and the opportunity to buy and sell imbalance power as well as other market-based solutions to ensure the high quality of the power system. Electricity market services maintain and expand the reserve markets required to balance the power system and offer the benefits of open European electricity markets. Electricity markets are supported by grid investments reinforcing the transmission connections. Cross-border transmission connections offer access to the European electricity markets and give the markets the largest possible transmission capacity. The two subsidiaries wholly owned by Fingrid Oyj, Finextra Oy and Fingrid Datahub Oy, produce services that are not part of actual transmission grid operations or electricity network system responsibility. Fingrid Datahub Oy offers an effective information exchange platform for retail market parties and Finextra Oy provides services related to guarantees of origin (GO).

Fingrid's key customer fees related to services are the grid service fee and balance service fee. The objective of the company's pricing is to match the company's costs and allowed regulatory profit at any given time. Balance service pricing tracks the development of operating costs. Fluctuations especially in the procurement costs of the power system reserves have steered Fingrid to review balance service fees three times during the reporting year to ensure the fees correspond with the cost development of the operations. Fingrid announced that it will update the grid connection fees to match the rise in substation connection construction costs in accordance with the principles for the grid connection fees as of 1 January 2024. Due to exceptionally large area price differences in 2022, Fingrid accumulated a significant amount of congestion income. During 2023, Fingrid waived grid service fees for six months. This reduced grid customers' fees by altogether some EUR 220 million. Fingrid used congestion income also for cross-border investment projects and they covered costs resulting from electricity cross-border transmission and the

Fingrid develops and operates the grid to meet customers' and society's needs.

that Fingrid works for the good of the whole society and appreciate the competence, problem-solving skills and service-mindedness of the company's experts.

Main grid

Fingrid develops and operates the grid to meet customers' and society's needs. The starting points are the anticipation of needs, correctly timed grid construction, promoting the effectiveness of the electricity market, cost-effectiveness, and managing the ageing of the grid. The long-term development of the grid ensures that the electricity transmission grid and the entire electricity system meet the requirements set for it in a rapidly changing operating environment.

The electrification of society is the next step towards carbon neutrality. Electricity

development of cross-border transmission.

Fingrid gauges the satisfaction of its customers with its services and operations with annual surveys. In the autumn 2023 survey, Fingrid's net promoter score from customers was 45 (50). Customers trust

consumption is forecast to grow significantly, which is why Fingrid updated the main grid development plan for 2024–2033 during the year under review. The goal of the grid investments is to create the conditions for Finland's competitiveness in industrial investments and to enable Finland's carbon neutrality goals' achievement by 2035.

The main grid investment programme is the current best estimate of future investments and is based on future transmission forecasts and customer needs to upgrade the grid. The estimated grid investments included in the development plan amount to roughly four billion euros. The development plan includes 6,100 km of new transmission lines and 128 substation projects, and different alternatives for their implementation are being looked into, taking into account nature and the environment.

In 2023, Fingrid carried out and planned several grid building projects that strengthen electricity transmission capacity and reliability. The projects include both the construction of transmission lines and the substation construction and modernisation projects. During the year under review, the grid investments totalled roughly EUR

310 million, and 15 substation projects and roughly 60 kilometres of transmission lines were completed. A total of 555 kilometres of transmission lines were under general planning, and six projects were in the environmental impact assessment phase. During the period under review, investment decisions were made to build 254 kilometres of transmission line.

The construction of the most important main grid investment of the decade, the 400-kilovolt Aurora Line cross-border connection, which will strengthen electricity transmission capacity between Finland and Sweden, moved forward as planned and in October, the government issued the expropriation permit for the construction of the project's second phase. Some of the more significant transmission line projects in Finland during the reporting year were the upgrading of the 400-kilovolt Lake Line transmission line in the area between Kajaani, Iisalmi and Lapinlahti, increasing the north-south electricity transmission capacity, and the 400-kilovolt underground cable connection being built in Helsinki, to increase transmission capacity to match the growth in the capital region's electricity consumption.

Finland's main grid comprises some 14,500 kilometres of transmission lines and 128 substations. The main grid represents a totality of assets amounting to several billion euros, which is why, besides building a new network, high-quality maintenance management and correctly timed replacement investments are also important components of the main grid's life-cycle management.

Fingrid's asset management has been certified since 2016 according to the international ISO 55001 standard. Furthermore, the company has a long tradition of measuring operational efficiency and quality, and participation in international benchmark studies. In the review year's International Transmission Operations and Maintenance Study (ITOMS), Fingrid once again received the highest grade for the system security of its main grid, and the maintenance costs in relation to system security were lower than the average. Fingrid received a Top Performer mention for its substation maintenance. Fingrid has a long track record of digital condition monitoring at substations, using the latest technology and achieving high cost-effectiveness. The system is currently used at 27 substations. The objective is to introduce digital condition monitoring extensively in 2025.

Electricity system

The mild weather and Finns' economical use of electricity reduced electricity consumption in early 2023, but towards the end of the year, electricity consumption returned to its normal level. Electricity consumption in Finland amounted to 79.8 (81.6) terawatt hours in 2023. Fingrid transmitted a total of 71.7 (70.1) terawatt hours of electricity in its grid, representing 83.1 (78.4) per cent of the total transmission volume in Finland (consumption and inter-TSO). The volume of transmission losses in the main grid remained at the level of the previous year, 1.6 (1.6) terawatt hours. This was 2.2 per cent of Fingrid's total transmission volume.

The go-live of Olkiluoto 3 and the increasing wind power production boosted Finland very close to a neutral net power balance at an annual level. A lot of electricity was exported to Estonia over the year, and during the summer season, also to Sweden. Electricity was imported from northern Sweden to Finland particularly during the winter season, often at maximum capacity during daytime hours. In 2023, 10.7 (16.6) terawatt hours of electricity was imported from Sweden to Finland, and 2.2 (1.2) terawatt hours was exported from Finland to Sweden. The average Nordic price on the day-ahead market in 2023 was EUR



56.44 (135.86) per megawatt hour, and the area price for Finland was EUR 56.47 (154.04) per megawatt hour. The emission factors of Finnish electricity production and consumption have significantly decreased thanks to clean production and the termination of Russian imports. The emission factor for production was 38.5 (55.21) grams of carbon dioxide per kilowatt hour and for consumption, 35.5 (59.79) grams of carbon dioxide per kilowatt hour.

The electricity transmissions between Finland and Estonia were dominated by exports from Finland to Estonia, totalling 7.0 (6.8) terawatt hours. In 2023, 0.4 (0.4) terawatt hours of electricity was imported from Norway to Finland. During the year under review, the usability and reliability of transmission connections between Finland and Sweden and Finland and Estonia were good. Electricity area price differences between the countries have fallen and congestion income at Finland's cross-border connections has decreased.

In winter 2022–2023, electricity consumption peaked at 12,192 (13,767) MWh/h on Thursday 9 March 2023 between 8 and 9 a.m. Electricity generated in Finland accounted for 11,240 megawatts of the total

consumption, and the remaining share was imported from Sweden. The area price of wholesale electricity in Finland was EUR 158.09/MWh during the peak consumption hour. The consumption peak for the entire year, 13,210 MWh, was reached on 27 November 2023 between 5 and 6 p.m.

A record-breaking day in electricity production was 27 November 2023, with a total of 14,178 MWh/h of electricity produced in Finland. The wind power production record was broken on 28 November 2023 between 5 and 6 a.m. when 5,551 MWh/h of electricity was produced using wind.

Power system operation	Jan-Dec/23	Jan-Dec/22	July-Dec/23	July-Dec/22
Electricity consumption in Finland TWh	79.8	81.6	39.9	39.1
Inter TSO transmission in Finland, TWh	6.5	7.8	3.2	3.5
Transmission within Finland, TWh	86.3	89.4	43.1	42.6
Fingrid's transmission volume TWh	71.7	70.1	36.7	33.6
Fingrid's electricity transmission to customers, TWh	62.4	62.0	32.1	29.8
Fingrid's loss power volume TWh	1.6	1.6	0.8	0.8
Electricity transmission Finland - Sweden				
Exports to Sweden TWh	2.2	1.2	0.8	0.4
Imports from Sweden TWh	10.7	16.6	5.3	8.9
Electricity transmission Finland - Estonia				
Exports to Estonia TWh	7.0	6.8	3.8	3.3
Imports from Estonia TWh	0.1	0.0	0.0	0.0
Electricity transmission Finland - Norway				
Imports from Norway TWh	0.4	0.4	0.2	0.2
Electricity transmission Finland - Russia				
Imports from Russia TWh	0.0	3.6	0.0	0.0

Transmission reliability reached its best-ever result during the review period and amounted to 99.99995 (99.99993) per cent. An outage in a connection point in the main grid caused by a disturbance in Fingrid's transmission system lasted an average of 0.8 (4.7) minutes. The cost of the disturbances (regulatory outage costs) was EUR 3.6 (4.7) million. The calculation is based on the calculation model approved by the Energy Authority.

Countertrade costs arise from, among other things, transmission grid disturbances and problem situations. In the year under

review, countertrade costs totalled EUR 0.9 (7.3) million. The decline in costs was due to the good reliability of cross-border connections and the lower price of electricity compared to the previous year. Fingrid secures system security through countertrade. Fingrid additionally guarantees the cross-border transmission it has confirmed by carrying out countertrades, i.e. purchasing and selling electricity, up until the end of the 24-hour usage period. The causes of countertrade include outages and disturbances in power plants or in the grid.

Counter trade	Jan-Dec/23	Jan-Dec/22	July-Dec/23	July-Dec/22
Counter-trade between Finland and Sweden, €M	0.1	3.8	0.1	3.8
Counter-trade between Finland and Estonia, €M	0.7	1.7	0.6	0.2
Counter-trade between Finland's internal connections, €M	0.1	1.8	-0.0	1.2
Total counter-trade, €M	0.9	7.3	0.7	5.2

Electricity market

In the electricity market, the price of electricity fell as a whole. This was the result of, among other things, a mild winter, the good hydrological situation that continued throughout the year and the regular electricity production that took off at Olkiluoto 3 in April. A new topic of discussion on the electricity market was the large fluctuations in the electricity price. Behind the price fluctuations can be found the disappearance of balancing power as the energy system becomes cleaner, the increase in weather-dependent electricity production, the impacts of the expansion

of the electricity market on the electricity price formation, and Finland’s location between two different price areas.

Due to the concerns related to prices and transmission reliability on the EU’s energy markets during the crisis winter of 2022–2023, the EU launched work on reforming the electricity market structures. Early in 2023, the European Commission arranged a public hearing on the reform of the electricity market, to which the European transmission system operators issued a joint response. In addition to this, the Nordic TSOs published a joint statement

which highlighted a commitment to safeguarding the central features of the current electricity market design, such as marginal pricing. During the spring of 2023, the Commission published proposals in which no significant changes were proposed to the market model. Political consensus was reached on the matter in December.

During the year under review, the usability and reliability of transmission connections between Finland and Sweden and Finland and Estonia were good. Electricity area price differences between the countries have levelled out compared to the corresponding period of the previous year, and congestion income along Finland’s cross-border connections has decreased. The price difference between Finland and Estonia started to increase in May–June due to, among other things, maintenance work on EstLink 2.

Fingrid’s congestion income from cross-border transmission lines totalled EUR 317.0 (942.9) million. Congestion income between Finland and Sweden totalled EUR 114.9 (775.6) million. The links between Finland and Estonia generated EUR 145.1 (167.4) million in congestion income.

Electricity market	Jan-Dec/23	Jan-Dec/22	July-Dec/23	July-Dec/22
Nordic system price, average €/MWh	56.44	135.86	42.69	155.75
Area price Finland, average €/MWh	56.47	154.03	52.64	202.53
Congestion income between Finland and Sweden, € million*	229.9	1,551.1	129.4	1,071.4
Congestion hours between Finland and Sweden %**	37.8	74.7	39.3	74.6
Congestion income between Finland and Estonia, € million*	290.2	334.7	185.5	188.9
Congestion hours between Finland and Estonia %	53.6	38.2	60.7	33.2

* The congestion income between Finland and Sweden and between Finland and Estonia is divided equally between the relevant TSOs. The income and costs of the transmission connections are presented in the tables under 'Financial result'.

** The calculation of a congestion hour between Finland and Sweden refers to an hour during which Finland’s day-ahead area price differs from Sweden’s SE1 or SE3 area price.



To increase the cross-border transmission capacity between Finland and Sweden, a third AC connection, called the Aurora Line, is under construction in cooperation with the Swedish TSO and is planned for completion in 2025. The construction of a fourth connection line between Finland and Sweden is planned for the early 2030s. Also EstLink 3, the third submarine cable to Estonia, is at the planning stage. The increased transmission capacity will support a decrease in the price disparities between the countries.

Fingrid and the Estonian TSO Elering have in use Financial Transmission Rights (FTR) instruments for the Finland–Estonia border, allowing them to reserve transmission capacity and support the operations of the wholesale electricity market. Transmission rights give market operators new opportunities to hedge electricity prices in long-term electricity trade. During the year under review, all auctions were implemented as planned and transmission rights were granted in full, taking into account the maintenance of the EstLink cross-border connections. At the end of the review period, Fingrid submitted to the Energy Authority its proposal for improving the

price risk hedging opportunities between Finland and Sweden. Fingrid proposed investments and other development measures that promote the effectiveness of the physical electricity market and financial markets for electricity.

Fingrid's task is to develop the electricity market. Several significant modernisations are currently being implemented on the electricity market and this will continue in upcoming years, taking the electricity market in a more real-time and market-driven direction. Key projects include the Nordic Balancing Model and transmission capacity calculation development. Moreover, a wide array of development work is under way to promote the market entry of flexible resources that support the functionality of the electricity system.

Finland switched to a 15-minute imbalance settlement period on 22 May 2023, based on the Energy Authority's decision. In addition to imbalance settlement, a large proportion of the power system's measurements switched over to the 15-minute resolution, simultaneously enabling Finland's intraday markets' trading using 15-minute products.

In order to ensure efficient grid operation and system security, the Nordic TSOs are preparing to adopt a new flow-based transmission capacity calculation method. The goal is to adopt the new calculation method in the final quarter of 2024.

The changes in the electricity system will increase the need for reserves in balancing the power system. The automated Nordic mFRR energy markets will be adopted in December 2024. The reserve markets are also expanding into Europe. Fingrid is preparing to connect to PICASSO, the European market platform for the automatic Frequency Restoration Reserve (aFRR), in summer 2024. Simultaneously, an European aFRR energy market will be established in Finland. Also under preparation is connecting in the future to the European mFRR energy markets' MARI market platform.

Personnel

Changes in the operating environment have significantly affected the number, tasks and skill requirements of Fingrid's personnel. The drivers behind these changes are the energy transformation and the unprecedented grid construction programme in support of it, as well as the requirements for the development of the electricity market. The transforming power system calls not only for more personnel, but also for new operating models and partnerships as well as entirely new competence.

The number of personnel has grown significantly in recent years. Fingrid Oyj employed 544 (489) persons, including temporary employees, at the end of the year. The number of permanent personnel was 493 (439) and the average age was

43 (43). At the end of the year, 26 (25) per cent of the personnel were women and 74 (75) per cent were men.

Fingrid commissions personnel surveys each year to support the well-being of personnel. A comprehensive PeoplePower survey was carried out in 2023. According to the results, Fingrid's strengths include atmosphere at work, leadership and business culture, trust in the employer and commitment. Fingrid maintained its excellent AAA PeoplePower rating, with an index of 83.9 on a scale from 1 to 100. Only around six per cent of all the surveyed organisations annually achieve the AAA rating. The company's employees gave Fingrid a net promoter score (eNPS) of 75. Based on the PeoplePower survey results, Fingrid was awarded with the Finland's Most Inspiring Workplaces recognition in the mid-sized



eNPS
net promoter
score

75

companies category in 2023. The recognition is awarded annually to workplaces whose employee engagement results are ranked at the national top.

Fingrid responds to changes in the operating environment by continuously developing its operations according to needs. From the personnel, this requires the ability to adapt, initiative and the drive to learn new things. Fingrid offers its employees opportunities to develop and grow their competence. The aim is to secure competence by offering personnel training both in-house and by outsourced providers, as well as through job rotation and switching up duties within teams. Fingrid invests a significant sum annually to develop both the work community and the personal development of each employee. In 2023, each Fingrid employee received an average of 5 (5) days of training, and the training costs totalled EUR 1.4 (1.4) million.

Occupational health and safety come first in all of Fingrid's activities. The company's goal is zero accidents and zero serious occupational safety deviations. Health and safety management is steered by the Fingrid Oyj's occupational health and safety

policy and goals as well as by an OHS management system based on the ISO 45001 standard. During the year under review, the management system was audited and expanded to cover Fingrid's entire personnel, while it previously was limited to the functions and units involved with grid building, maintenance and reserve power plants. Fingrid's own personnel had 0 (0) lost-time accidents in 2023. The service providers' personnel had 14 (10) lost-time accidents, of which 3 (6) were classified as serious. The service providers' and Fingrid's combined lost time injury frequency (LTIF) increased from the previous year to 7.2 (5.4) absences due to accidents at the workplace per million worked hours.



Corporate responsibility

Fingrid is committed to responsible and ethical practices to promote sustainable development. In addition to securing the well-being of society, the company's grid investments enable the green transition and the growth of a future clean energy system. The most material impacts of Fingrid's operations are related to the reliability and security of the electricity system, climate change mitigation, and the growth and effectiveness of the electricity market. Information security and data protection and the impacts of power lines on land use and scenic values are also recognised as key topics, when it is necessary for Fingrid to build new grid sections and to further develop the electricity market to enable the green transition. These material responsibility topics are at the core of the company's strategy.

Fingrid promotes through its operations particularly the UN's global Sustainable Development Goals (SDGs) related to climate actions, energy and infrastructure. Fingrid's responsibility targets are divided into environmental responsibility, social responsibility and good governance based on the ESG model (Environment, Social, Governance). Targets for 2025 and 2035 have been set for each key factor, with which the implementation of corporate responsibility is steered. Corporate responsibility metrics affect the remuneration of the President & CEO and the company executives and is also a part of the entire personnel's remuneration system. Most of the metrics used in the remuneration schemes are also the company's key sustainability KPIs.



Corporate responsibility and compliance management are integrated with Fingrid's strategy, management system and risk management practices. Fingrid's Board of Directors approves the company's Code of Conduct and monitors the achievement of the goals. The President & CEO is responsible for arranging corporate responsibility management and its integration into business operations. The President & CEO and the heads of functions are each responsible for compliance management and corporate responsibility ESG targets within their areas of responsibility.

Fingrid has committed to the United Nations' Global Compact initiative since 2016. The company's Code of Conduct is in line with the principles of this global corporate responsibility initiative on human rights, labour, environment and anti-corruption. In the 2023 survey, Fingrid's personnel gave a score of 4.5 (on a scale from 1 to 5) when surveyed about responsible practices. The net promoter score of Fingrid's employees (eNPS) was 75, and customers' cNPS score was 45.

Fingrid's Code of Conduct includes a human rights commitment. The Code of Conduct also includes a requirement to promote diversity in all activities. The company guarantees equal opportunities, rights and

treatment to all employees and complies with the principles of non-discrimination, equality and diversity in its personnel policy. Human rights and environmental due diligence has for long been a part of applying Fingrid's Code of Conduct. The Code of Conduct further includes an environmental precautionary principle.

Fingrid started sharpening its responsibility focus on human rights in 2016 with an overall assessment of the impacts and risks to human rights. The assessment was carried out in accordance with the UN's Guiding Principles on Business and Human Rights and in compliance with a human rights due diligence process (HRDD). The impact and risk assessment on which the HRDD process is based on was updated during the year under review with support from third-party experts.

Respect for human rights is also included in the corporate responsibility commitment Fingrid expects from its suppliers and their realisation is monitored using a risk-based approach. The suppliers must ensure and oversee, as regards deliveries to Fingrid, that their own suppliers comply with legislation and the agreed corporate responsibility requirements. Contract terms are additionally applied to the use of subcontractors and workforce, and to

occupational safety and environmental matters. In international goods sourcing, altogether 21 (23) third-party sustainability audits were carried out in 2023.

The most essential component of Fingrid's environmental responsibility is the company's significant positive impact on climate change mitigation. The positive climate impact from Fingrid's operations consists of the company's measures to reinforce the main grid and develop the electricity market to meet the needs of both electricity production and the electricity-consuming industries and other societal parties. The company's other significant environmental aspects are related to the impacts on natural habitats, landscape changes and land use restrictions due to transmission lines, the climate impact of power losses during electricity transmission, possible contingencies at substations and reserve power plants, and the consumption of natural resources and the climate impact during grid construction and maintenance.

From a climate risk viewpoint, Fingrid prepares for the physical risks of extreme weather phenomena, which are becoming more common and more powerful, in grid construction and operations. Due to the critical security of supply aspect of the operations, Fingrid has used this approach for

a long time already. Fingrid also prepares for the changes linked with the transition to a clean power system, in other words transition risks, which can affect the operational policies and legislation, technologies, markets and the company's reputation. Managing the power system becomes complex as weather-dependent production increases and variations in electricity consumption and production intensify. This development is also reflected in the costs of maintaining the power system, resulting in an increase in costs as well as an increase in cost-related uncertainty. Fingrid aims to build up the main grid and to find other ways of making the necessary transmission capacity available to meet Finland's climate targets quickly enough. This means proactive environmental impact assessments, successful stakeholder engagement, fast project permit processes and effective project management. In addition to building the main grid, Fingrid seeks to find and implement together with customers solutions that make the use of the main grid more efficient and can increase the number of connections without expanding the grid. In particular the aim is to manage the transition risk arising from



Fingrid is committed to responsible and ethical practices to promote sustainable development.

the changes in grid operations, in the implementation of system responsibility and in the cost structure resulting from the clean power system.

In 2023, Fingrid's direct greenhouse gas emissions and the indirect emissions due to the company's own electricity consumption

and transmission losses (Scope 1 and 2) amounted to roughly 65,000 CO2 equivalent tonnes. Fingrid's greenhouse gas emissions totalled roughly 195,000 CO2 equivalent tonnes when including also the indirect emissions from procurement and supply chains (Scope 1, 2 and 3). In 2023, a total of 1,510 megawatts of wind power and 410 megawatts of solar power was connected to Fingrid's main grid, which will help to indirectly avoid annual emissions worth around 189,000 CO2 equivalent tonnes in the coming years. During the year, Fingrid additionally concluded new agreements on connecting a total of roughly 1,240 megawatts of wind power and 220 megawatts of solar power production to the electricity network. Once realised, this will lead to a substantial positive climate impact, indirectly avoiding annual emissions worth around 152,000

CO2 equivalent tonnes. A real-time factor for electricity consumed (on average 38 g CO2/kWh in 2023) is used in the emissions reporting; the data is published on Fingrid's website as a part of the open electricity market data.

Landowners of the right-of-way areas and other stakeholders were taken into account when building and maintaining the main grid, and environmental impacts were mitigated at all life-cycle stages in accordance with Fingrid's land use and environmental policy. An environmental impact assessment (EIA) procedure was underway in 2023 for six transmission line projects. Similarly to occupational safety standards, outsourced contractors and service providers were required to commit to environmentally responsible operating practices through contract terms, training and audits. Compliance with environmental requirements, occupational safety and contractor obligations was verified in a total of 14 (11) of Fingrid's worksites or maintenance operations. No significant environmental deviations occurred in grid building and maintenance. The total volume of waste was approximately 12,300 (12,000) tonnes, of which 99 (99) per cent was utilised in some way and 78 (82) per cent was recycled. The management of the reserve power plants' environmental

impacts was supported by ISO 14001 environmental certification. A total of 4,757 (6,006) units (tCO2) of emission rights were returned, 100 per cent of which consisted of purchased emission right units.

The basis of good governance in Fingrid is openness and a responsible operating model, as well as the guiding principles for operations. Fingrid's Code of Conduct includes a prohibition on money laundering and corruption, such as blackmail and bribery. Personnel and external stakeholders have a confidential and independent whistleblowing channel available to them. Two reports were made through the channel in 2023, and neither of them was linked with any suspected misconduct. No breaches of anti-competition laws, complaints related to the privacy of private individuals, incidents of bribery or other corruption, human rights violations or discrimination incidents occurred in Fingrid's operations. No significant information security and data protection breaches resulting in adverse business impacts were detected. The company does not support religious or political activities. Fingrid reports on its tax footprint and refrains from any special arrangements to minimise taxes. Fingrid was Finland's 22nd largest corporate income tax payer in 2022.



Corporate responsibility performance is reported according to the Global Reporting Initiative framework and the data is verified by an independent external party. In 2023, Fingrid started to prepare for the disclosures required by the Corporate Sustainability Reporting Directive (CSRD) and for a unified reporting format also in compliance the International Financial Reporting Standards (IFRS). The preparations for disclosure in alignment with the EU Taxonomy Regulation were also continued. The taxonomy is designed to support sustainable finance by channelling money into projects that are sustainable in terms of climate change and the environment. The reporting obligation under

this regulation is not, for the time being, obligatory for Fingrid, but the company reports in compliance with the regulation on a voluntary basis. Electricity transmission is classified as a taxonomy-eligible sustainable economic activity, which has technical assessment criteria in place for assessing taxonomy-alignment. In terms of climate change mitigation, the transmission of electricity has been defined as an enabling activity with which other sectors' greenhouse gas emissions can be significantly reduced. In terms of adapting to climate change, the criteria concern the electricity transmission's preparedness for the risks related to physical changes in the climate system. In the year under review,

calculations were made on the portions of Fingrid's operations that are taxonomy-eligible and meet the assessment criteria related to climate change mitigation. Measures were additionally taken to ensure that the company meets the minimum safeguards of social responsibility in its operations and has in place procedures to oversee their compliance. This applies both to the company's own operations and business relationships, in compliance with the due diligence obligation. More information on the EU Taxonomy and overall corporate responsibility work in 2023 is available in the Sustainable Business and Responsibility report to be published on 14 March 2024.

Internal control and risk management

Fingrid's risks are managed according to the internal control and risk management principles approved by the Board of Directors.

Organisation of internal control

Fingrid's internal control is an integral part of the company's operations and addresses all those operating methods and procedures whose objective it is to ensure:

- effective and profitable operations in line with the company's strategy,
- the reliability and integrity of the company's financial and management information,
- protection of the company's assets,
- compliance with the applicable legislation, guidelines, regulations, agreements and the company's own gov-

ernance and operating guidelines as well as the quality thereof, and

- a high standard of risk management.

Risk management is planned holistically, with the objective of comprehensively identifying, assessing, monitoring and safeguarding the company's operations, the environment, personnel and assets from various threats and risks.

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.

Further information on internal control, risk management and the foremost risks and



factors of uncertainty is available on the company's website.

Board of Directors

The company's Board of Directors is responsible for organising internal control and risk management, and it approves the principles of internal control and risk management every two years or more often, if necessary. The Board defines the company's strategic risks and related management procedures as part of the company's strategy and action plan and monitors their implementation. 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, major business risks and continuity threats relating to the company's operations, and their management and realisation.

Line management and other organisation

Assisted by the executive management group, the President & CEO is responsible for implementing and steering the company's governance, decision-making procedures, control and risk management, and for the assessment of strategic risks, major business 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 detailed guidelines. The directors appointed to be in charge of threats to continuity management are responsible for drawing up and maintaining continuity management plans and guidelines, and for arranging sufficient training and practice.

The Chief Financial Officer 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 at the company level for assuring the legality and regulation compliance of essential contracts and internal guidelines, taking into account the company's interests, 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.

Financial audit

An authorised public accounting company selected by the Annual General Meeting acts as auditor for the company. The company's financial auditor inspects the accounting, financial statements and governance for each financial period and provides the AGM 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 of Directors and may also carry out other verification-related tasks commissioned by the Board or management.

Internal audit

The Board of Directors 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 internal audit is subordinate to the President & CEO. The internal audit provides



Risk management is planned and implemented holistically.

a systematic approach to the assessment and development of the efficacy of the company's risk management, monitoring, management and governance 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. Fingrid's internal audit carries out risk-based auditing on the company's various processes.

Foremost risks

Since Fingrid plays a significant role in Finnish society, the impact of risks is assessed from both the company's and society's perspective. Strategic risks are considered to be events that may lead to a material deterioration in the company's ability to operate or in its corporate image or, in the worst-case scenario, events that may lead to the company's operations being called into question by society.

The most significant of the company's three identified strategic risks is a severe disturbance related to the functionality of the power system, leading to a regional or nationwide blackout. Extensive disturbances to the power system can be caused

by a technical malfunction, an extreme weather event, human error, an accident or vandalism. A blackout can paralyse society's functions and cause major damage to Finnish business and industry.

A significant negative change in regulation constitutes a material strategic risk for the company's operations, affecting the company's responsibilities, scope of its mission and financial preconditions. Financial regulation directly impacts shareholder value, financing and credit ratings, and this way creates the framework for the company's investment programme and mitigation of financial risk.

The third strategic risk for the company's operations is the possibility of a distortion in the corporate culture under the cover of monopolistic operations, which can surface in the form of disregard for sustainability requirements or other unprofessional behaviour.

In addition to the strategic risks, the Board of Directors regularly receives reports on business risks that have been identified as material and which are related to financial regulation, the electricity market, customer activities, the investment programme, information security, personnel and safe-



guarding the company's assets. This category additionally includes various risks linked with major financial value, such as compliance, the management of electricity transmission, solvency and liquidity, the management of loss power and reserves, and counterparty risks.

As the company's operating environment changes, the risk of the operations has grown. A weather-dependent, expanding electricity system and large-capacity production units increase the significance of power system management and balance service business in the company's operations. The expanding, increasingly complex electricity system will increase the share of market-based costs, such as reserve, loss power and congestion costs, of the company's total costs and also their significance in corporate finances. Predicting the market-based costs will be increasingly difficult due to the volatility of electricity prices and transmission conditions. The company's major investment programme will increase the number of planned outages and the related transmission restrictions. The company will compensate some of the volatility of market-based costs in customer pricing by recognising congestion income as revenue also in 2024. Fingrid

assumes a significant financial risk of the balance responsible parties by maintaining the national power balance. The changes in the price of imbalance power can also unexpectedly increase the company's counterparty risks, which the company mitigates mainly by the collaterals required from the balance responsible parties and by other operational terms specified in the terms and conditions of the balance service.

The company's operations, its financial preconditions and the possibilities to mitigate risk are regulated by the Energy Authority. The decisions on the methods of overseeing transmission grid operations for 2024–2027 and 2028–2031 and on the terms and conditions of balance service, including the collaterals required from the balance responsible parties, were received at the end of 2023.

Fingrid's risk management and foremost risks are explored in greater detail in the company's annual report and on its website. Fingrid's financing risks are described in more detail in sections 5.2 and 5.3 of the consolidated financial statements. No substantial risks were realised in 2023.



Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 31 March 2023. In 2023, the Board of Directors consisted of Hannu Linna (Chair), Leena Mörttinen (Deputy Chair and member as of 31 March 2023), Päivi Nerg (Deputy Chair and member until 31 March 2023), Jero Ahola (as of 31 March 2023), Anne Jalkala (as of 31 March 2023), Jukka Reijonen and Sanna Syri (until 31 March 2023).

PricewaterhouseCoopers Oy was elected as the auditor of the company, with Martin Grandell, Authorised Public Accountant KHT, serving as the responsible auditor.

The Board of Directors has two committees: the audit committee and the remuneration committee.

The members of the audit committee were Hannu Linna (Chair until 31 March 2023), Leena Mörttinen (Chair and member as of 31 March 2023), Jero Ahola (as of 31 March 2023) and Päivi Nerg (until 31 March 2023).

The members of the remuneration committee were Hannu Linna (Chair), Anne Jalkala (as of 31 March 2023), Jukka Reijonen and Sanna Syri (until 31 March 2023).

Jukka Ruusunen served as President & CEO of the company. He retired on 31 December 2023. Asta Sihvonen-Punkka was appointed Fingrid's President & CEO as of 1 January 2024. Fingrid has an executive management group which supports the President & CEO in the company's management and decision-making.

A Corporate Governance Statement, required by the Finnish Corporate Governance Code, has been provided separately. The statement and other information required by the Code are also available on the company's website at www.fingrid.fi.



Share capital

The company's share capital is EUR 55,922,485.55. Fin-grid shares are divided into Series A shares and Series B shares. The number of Series A shares is 2,078 and the number of Series B shares is 1,247. The voting and dividend rights related to the shares are described in more detail in the notes to the financial statements and in the articles of association available on the company's website.



Legal proceedings and proceedings by authorities

Teollisuuden Voima Oyj (“TVO”) lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. Fingrid’s view is that the claims made by TVO are unfounded. Fingrid lodged a statement of defence with the Energy Authority concerning the claims made by TVO in its request for an investigation.

The EU Agency for the Cooperation of Energy Regulators (ACER), on 14 September

2022, made a decision on long-term price risk hedging opportunities between Finland and Sweden. In its decision, ACER required the Finnish and Swedish TSOs to ensure the availability of other long-term cross-zonal hedging products and develop the necessary arrangements for providing hedging products. Fingrid filed an appeal against the decision to ACER’s Board of Appeal on 14 November 2022. The Board of Appeal issued its resolution on the appeal on 24 October 2023, where it confirmed ACER’s original decision. Fingrid submitted to the Energy Authority on 22 December 2023 its proposal for improving the price risk hedging opportunities between Finland and Sweden.

Fingrid received an expropriation permit for the widening of the Torna–Lautakari right-of-way for the neutral line on 27 October 2022. In the kick-off meeting for

the expropriation procedure on 1 December 2022, the expropriation committee decided that the expropriating party is obligated to assume responsibility for the tree stands within the scope of the rights and restrictions set in the expropriation permit, unless otherwise agreed. The final meeting of the expropriation procedure was held on 16 November 2023. Fingrid has appealed the decision concerning the Torna-Lautakari tree stands’ expropriation to the Southwest Finland District Court’s Land Rights Court on 22 December 2023.

On 20 December 2023, Fingrid Datahub Oy filed a proposal with the Energy Authority to change the model concerning Fingrid Datahub Oy’s financial regulation for the regulatory period 2024–2027 and simultaneously proposed that the regulatory model be developed further.



Events after the review period and future outlook

Fingrid Group's result for the 2024 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to increase compared to 2023. This estimation includes the recognition of congestion income in the company's turnover and other operating income. The implementation of the investment programme is proceeding, which raises the level of company's investments in 2024. Increasing weather dependence in electricity production poses a challenge to forecasting electricity transmission and increases fluctuations in the national power balance and its maintenance. The availability and price of flexible power production and power system flexibility will influence the cost of the reserves necessary for managing the power balance and safeguarding system

security. Fluctuations in the electricity market prices and availability of system flexibility will increase uncertainty in the company's market-based costs. The company's debt service capacity is expected to remain stable.

On 21 September 2023, Fingrid announced that it will waive grid service fees for January, February and June of 2024. The company moreover plans to waive grid service fees for three other months in the latter half of 2024. A separate decision on that will be made by summer 2024. The goal is also, in future, to use accruing congestion income actively for investments that will increase cross-border transmission capacity and to cover operating costs to benefit Fingrid's customers.



On 2 January 2024, Fingrid appealed the Energy Authority's decision on the terms and conditions of balance service at the Market Court. The appeal mainly concerns the collateral model for balance responsible parties presented in the decision. In November 2023, the Energy Authority issued a decision on the terms and conditions for balance responsible parties, which include the principles for how collateral requirements are determined. The Energy Authority's decision includes major changes to the current collateral terms and conditions and sets apart Finland's collateral model from that used in other Nordic countries. The most significant changes to the current collateral model include a major reduction in the required collaterals, elimination of the requirement to provide an adequate additional collateral and a possible collateral ceiling.

On 29 January 2024, Fingrid appealed the Energy Authority's decision on the methods concerning the specification of the return for the electricity transmission grid operations for the sixth regulatory period 1 January 2024–31 December 2027 and seventh regulatory period 1 January 2028–31 December 2031 at the Market Court. According to Fingrid's assessment,

the decision on the regulatory methods is a significant weakening of the electricity transmission grid operations' reasonable return regulatory method that expired at year-end. In Fingrid's view, the assessment of impacts in preparing the regulatory model decision has been deficient and there are still issues open to interpretation related to the presented decision. Fingrid's goal is a solution that would also enable the future development of the main electricity grid, allowing the hundreds of billions in green transition investments in Finland to be implemented as planned.

On 15 February 2024, Fingrid appealed the decision given by the Energy Authority on 11 January 2024 on the scope of the national transmission system operator's systems responsibility regarding the grid connection of the OL3 nuclear power plant at the Market Court. Teollisuuden Voima Oyj ("TVO") lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant

to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. The Energy Authority states in its decision on 11 January 2024 that Fingrid fulfilled its development, connection and transmission obligations in accordance with the Electricity Market Act. The Energy Authority also found the 1,300 MW power limit specified in Fingrid's connection terms justified and did not find Fingrid to have restricted Olkiluoto 3's access to the grid.

HiQ Finland Oy (named changed on 6 February 2024 to Friends Technology Oy) presented a claim for a revised decision and filed an appeal with the Market Court on Fingrid's procurement decision related to the procurement of the user license for an integration platform on 6 February 2024. On 16 February 2024, Fingrid revoked its procurement decision and reported on 19 February 2024 to the Market Court that the procurement decision had been revoked. Following the revoking of the procurement decision, the Market Court will decide on the claim for legal costs presented by HiQ Finland Oy. Fingrid considers the claim for legal costs to be excessive.



Board of Directors' proposal for the distribution of profit

The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividends. When making the decision, however, the economic conditions, the company's near-term capital expenditure and development needs as well as any prevailing financial targets of the company are always taken into account.

Fingrid Oyj's parent company's profit for the financial year was EUR 141,421,233.34 and distributable funds in the financial statements total EUR 174,350,037.55. Since the close of the financial year, there have been no material changes in the company's financial position and, in the Board of Directors' view, the proposed dividend distribution does not compromise the company's solvency.

After the closing date, the Board of Directors has proposed to the Annual General Meeting of shareholders that, on the basis of the balance sheet adopted for the financial period that ended on 31 December 2023, a dividend of EUR 54,100.00 at maximum per share be paid for Series A shares and EUR 19,800.00 at maximum for Series B shares, for a total of EUR 137,110,400.00 at maximum. The dividends will be paid in two instalments. The first dividend instalment of EUR 36,000.00 for each Series A share and EUR 13,200.00 for each Series B share, totalling EUR 91,268,400.00, will be paid on 26 March 2024. The second instalment of EUR 18,100.00 at maximum per share for each Series A share and EUR 6,600.00 at maximum per share for each Series B share, totalling EUR 45,842,000.00 at maximum in dividends, will be paid according to the Board's decision after the half-year

report has been confirmed, based on the authorisation given to the Board in the Annual General Meeting. The Board has the right to decide, based on the authorisation granted to it, on the payment of the second dividend instalment after the half-year report has been confirmed and it has assessed the company's solvency, financial position and financial development. The dividends that have been decided on with the authorisation given to the Board will be paid on the third banking day after the decision. The authorisation is proposed to remain valid until the next Annual General Meeting.



Annual General Meeting 2024

Fingrid Oyj's Annual General Meeting is scheduled to be held on 21 March 2024 in Helsinki.

In Helsinki, on 27th February 2024

Fingrid Oyj
Board of Directors



A man with short brown hair, wearing a light brown sweater over a white collared shirt, is smiling and pointing his right hand towards a large presentation screen. The screen displays a world map with various regions highlighted in shades of blue. The background is slightly blurred, showing the back of a person's head in the foreground. The overall lighting is bright and professional.

Financial Statements

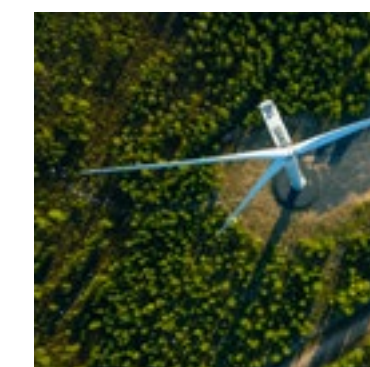
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1 Consolidated key figures

CONSOLIDATED KEY FIGURES

		2023 IFRS	2022 IFRS	2021 IFRS	2020 IFRS	2019 IFRS
Extent of operations						
Turnover	MEUR	1,193.2	1,815.2	1,090.9	682.5	789.4
Capital expenditure, gross	MEUR	322.0	276.1	213.5	169.7	126.9
- of turnover	%	27.0	15.2	19.6	24.9	16.1
Research and development expenses	MEUR	2.4	1.8	3.0	4.5	3.4
- of turnover	%	0.2	0.1	0.3	0.7	0.4
Personnel, average		517	480	440	400	384
Personnel at the end of period		544	489	451	408	380
Salaries and remunerations total	MEUR	35.8	31.9	28.2	26.7	22.3
Profitability						
Operating profit	MEUR	1.0	290.4	210.8	118.4	115.5
- of turnover	%	0.1	16.0	19.3	17.3	14.6
Profit before taxes	MEUR	1.3	257.4	187.6	113.3	105.8
- of turnover	%	0.1	14.2	17.2	16.6	13.4
Return on investments (ROI)	%	1.6	16.3	11.7	7.0	6.4
Return on equity (ROE)	%	0.2	30.1	23.5	14.3	11.6



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		2023 IFRS	2022 IFRS	2021 IFRS	2020 IFRS	2019 IFRS
Financing and financial position						
Equity ratio	%	20.1	22.4	25.3	27.4	32.0
Interest-bearing net borrowings	MEUR	535.2	322.7	938.5	1,049.0	1,037.2
Net gearing	%	91	45	145	166	151
Share-specific key figures						
Dividend/A shares	€	54,100.00*	52,500.00	52,500.00	53,500.00	58,500.00
Dividend/B shares	€	19,800.00*	19,200.00	19,200.00	19,600.00	21,400.00
Equity/share	€	176,802	216,469	194,573	190,210	206,213
Number of shares at 31 Dec						
– Series A shares	shares	2,078	2,078	2,078	2,078	2,078
– Series B shares	shares	1,247	1,247	1,247	1,247	1,247
Total	shares	3,325	3,325	3,325	3,325	3,325

* The Board of Directors' proposal to the Annual General Meeting on the maximum dividend to be distributed



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CALCULATION OF KEY FIGURES

Return on investment, %	=	$\frac{\text{Profit before taxes + interest and other finance costs}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the year)}} \times 100$	Equity per share, €	=	$\frac{\text{Equity}}{\text{Number of shares at closing date}}$
Return on equity, %	=	$\frac{\text{Profit for the financial year}}{\text{Equity (average for the year)}} \times 100$	Interest-bearing net borrowings, €	=	Interest-bearing borrowings - cash and cash equivalents and financial assets
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Balance sheet total - advances received}} \times 100$	Net gearing, %	=	$\frac{\text{Interest-bearing borrowings - cash and cash equivalents and financial assets}}{\text{Equity}} \times 100$
Dividends per share, €	=	$\frac{\text{Dividends for the financial year}}{\text{Average number of shares}}$			

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2 Consolidated financial statements (IFRS)

Introduction

Useful information about Fingrid's financial statements

- Notes are compiled under specific themes to provide the best representation of Fingrid.
- Chapters 3–6 consist of notes to the consolidated financial statements.
- At the start of each section there is an introduction on how the notes were prepared.
- Accounting principles are shown at the end of each note, in a separate box and recognizable by the use of symbol.
- Interesting facts about Fingrid's operating environment are highlighted in infoboxes throughout the notes to the financial statements. The infoboxes can be recognized by the use of symbol.



Consolidated key figures

Consolidated financial statements (IFRS)

Benchmark for TSO operations (IFRS)

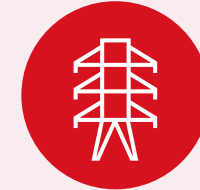
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Fingrid's business model and the regulation of transmission system operations

Fingrid constitutes a natural monopoly as referred to in the Finnish Electricity Market Act (588/2013), with duties defined in legislation. The Energy Authority defines the monitoring methods for Fingrid's grid operations for two four-year regulatory periods at a time. The fifth regulatory period ended in 2023. The Energy Authority has defined the monitoring methods for the sixth and seventh regulatory periods, i.e. for 2024–2027 and 2028–2031. The monitoring methods define the maximum annual financial regulatory profit for Fingrid by the regulation. The Energy Authority also confirms other terms and conditions for Fingrid's regulated operations.

The reasonable financial regulatory profit by the regulation forms the starting point for Fingrid's financial planning and pricing. The turnover to be charged for the services can be calculated by adding operating expenses to the result. The turnover of Fingrid's main grid segment essentially consists of the fees collected from the grid customers. The bulk of the grid service fees comes from the consumption of electricity, whereas electricity production only contributes a small portion. In addition to electricity consumption, the grid service fees are based on the output from and input into the grid and power-based tariffs. The turnover of the balance services segment comes from the balancing power sold to maintain the national pow-

er balance and separate balance service fees, which are used to cover the costs of power system reserve and imbalance management. Fingrid's total costs consist of the operating expenses, including the costs of the segments mentioned above, and finance costs and taxes, which are excluded from the regulatory calculations. Fingrid's operations are regulated, including both reporting segments, i.e. the main grid segment and balance services segment.

The so-called adjusted profit, realised in compliance with the regulation, is calculated by adjusting the parent company's operating profit according to the Energy Market Authority's regulation methods and by adding the impact of the incentives.

Any realised regulatory profit over a regulatory period that exceeds the allowed return is a surplus that must be offset at the latest during the next regulatory period, e.g. in the form of lower prices for customers or by not carrying out the price increases corresponding to the rise in costs. If the realised regulatory profit over a regulatory period is below the allowed financial result, a deficit is created which Fingrid may recover from customers, e.g. in the form of higher future prices. Surplus or deficit is not booked into the financial statements. Fingrid's aim is to achieve the allowed financial result in the regulatory period.

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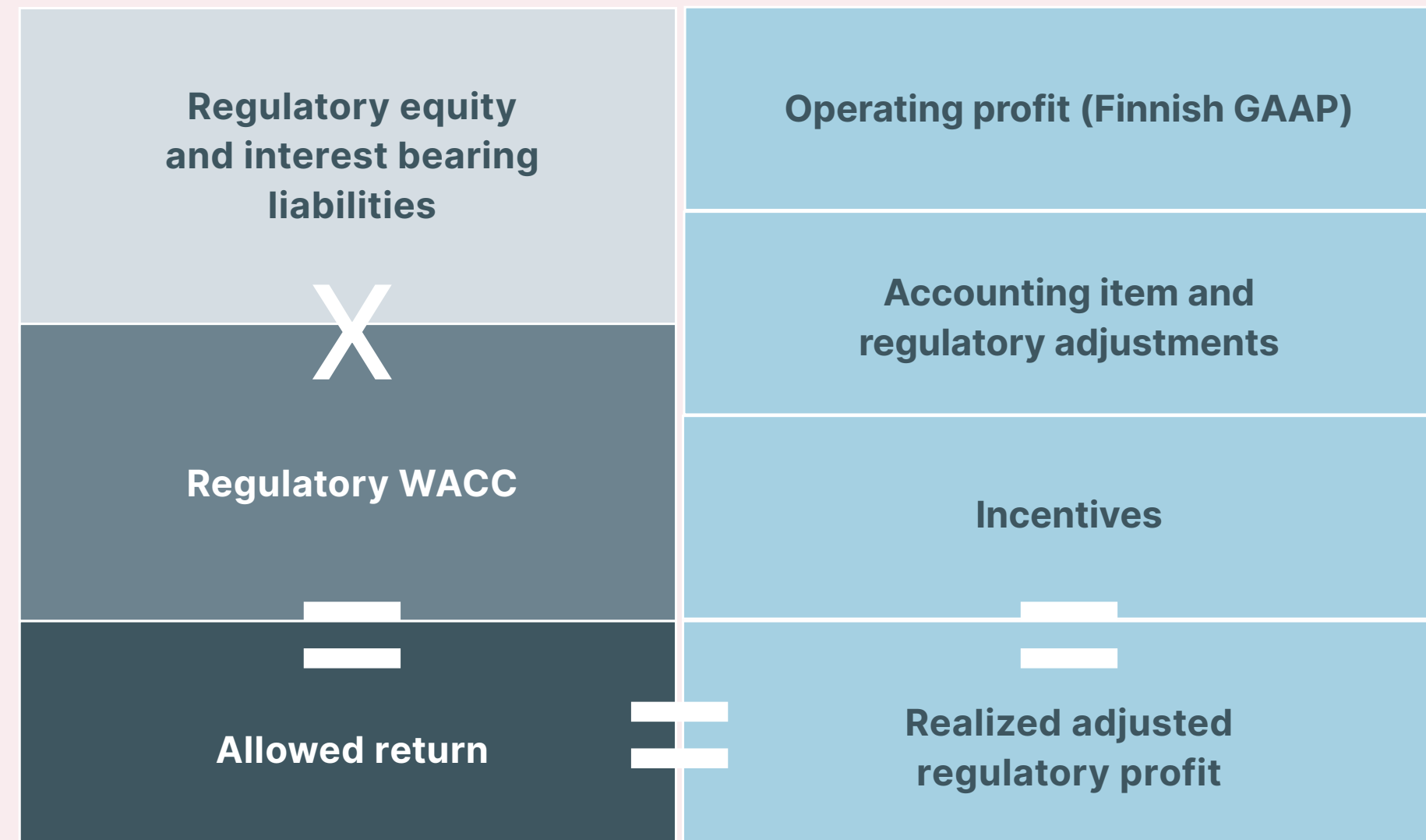
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In the regulatory period ending in 2023, Fingrid achieved the allowed regulatory profit and recognised EUR 28.5 million in cumulative deficit from the previous reg-

ulatory period of 2016–2019. The table below shows Fingrid’s own approximation for the realised regulatory profit for 2023.

	2023	2022
WACC (pre-tax)	5.24%	4.13%
Adjusted capital, M€	ca. 3,100	ca. 3,000
Allowed financial result, M€	ca. 165,	ca. 125
Deficit(-)/Surplus(+), M€	ca. 35	ca. 5
Regulatory period 2020-2023 Deficit (-)/Surplus(+), M€	ca. 25	ca. -10
Cumulative Deficit (-)/Surplus(+), M€	ca. -4	

Fingrid also engages in other regulated business operations deviating from the monitoring of reasonable return described above, but their impact on the company’s financial result and balance sheet is negligible.

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2.1 Income statement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€1,000	Notes	1 Jan–31 Dec, 2023	1 Jan–31 Dec, 2022
TURNOVER	2	1,193,182	1,815,242
Other operating income	3	119,729	171,387
Materials and services	6	-914,628	-1,508,975
Personnel expenses	10	-42,782	-38,057
Depreciation	13,14	-123,302	-107,852
Other operating expenses	7,15	-231,192	-41,330
OPERATING PROFIT		1,008	290,416
Finance income	19	20,922	1,545
Finance costs	19	-21,163	-34,216
Finance income and costs		-241	-32,670
Share of profit of associated companies		572	-364
RESULT BEFORE TAXES		1,339	257,382
Income taxes		-179	-51,551
RESULT FOR THE FINANCIAL YEAR		1,160	205,831

€1,000	Notes	1 Jan–31 Dec, 2023	1 Jan–31 Dec, 2022
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Translation reserve		-16	9
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		1,144	205,840
Profit attributable to:			
Equity holders of parent company		1,160	205,831
Total comprehensive income attributable to:			
Equity holders of parent company		1,144	205,840



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2.2 Consolidated balance sheet

ASSETS

€1,000	Notes	31 Dec 2023	31 Dec 2022
NON-CURRENT ASSETS			
Intangible assets:	14		
Goodwill		87,920	87,920
Land use rights		102,463	100,932
Other intangible assets		63,635	63,489
		254,018	252,341
Property, plant and equipment:	13		
Land and water areas		24,142	21,390
Buildings and structures		355,298	297,610
Machinery and equipment		642,048	584,972
Transmission lines		695,618	710,465
Other property, plant and equipment		110	110
Prepayments and purchases in progress		271,781	183,811
		1,988,997	1,798,359
Right-of-use-assets	15	29,974	28,745
Investments in associated companies	26	13,291	12,734
Other long-term investments	22	75,937	
Other long-term receivables	4	74	74
Derivative instruments	24	6,204	67,205
Deferred tax assets	11	51,513	50,631
TOTAL NON-CURRENT ASSETS		2,420,008	2,210,089

€1,000	Notes	31 Dec 2023	31 Dec 2022
CURRENT ASSETS			
Inventories	9	19,104	18,698
Derivative instruments	24	36,109	166,646
Trade receivables and other receivables	4,26	66,984	88,275
Other financial assets	22	133,278	349,988
Cash in hand and cash equivalents	21	253,737	383,445
TOTAL CURRENT ASSETS		509,212	1,007,051
TOTAL ASSETS		2,929,220	3,217,140

Notes are an integral part of the financial statements.

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EQUITY AND LIABILITIES

€1,000	Notes	31 Dec 2023	31 Dec 2022
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	25	55,922	55,922
Share premium account	25	55,922	55,922
Translation reserve	25	-7	9
Retained earnings	25	476,028	607,905
TOTAL EQUITY		587,866	719,759
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	106,984	136,260
Borrowings	16	626,628	963,351
Provisions	27	2,870	3,119
Derivative instruments	24	19,867	22,494
Lease liabilities	15,16	28,044	27,035
Accruals	8	507,907	677,435
		1,292,299	1,829,693
CURRENT LIABILITIES			
Borrowings	16	340,309	63,047
Derivative instruments	24	1,367	357
Lease liabilities	15,16	3,162	2,748
Trade payables and other liabilities	8	704,217	601,536
		1,049,055	667,688
TOTAL LIABILITIES		2,341,354	2,497,382
TOTAL EQUITY AND LIABILITIES		2,929,220	3,217,140

Notes are an integral part of the financial statements.



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2.3 Consolidated statement of changes in equity

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

€1,000	Share capital	Share premium account	Translation reserve	Retained earnings	Total equity
Balance on 1 Jan 2022	55,922	55,922	0	535,111	646,956
Comprehensive income					
Profit or loss				205,831	205,831
Other comprehensive income					
Translation reserve			9		9
Total other comprehensive income adjusted by tax effects					
			9		9
Total comprehensive income					
			9	205,831	205,840
Transactions with owners					
Dividend relating to 2021				-133,037	-133,037
Balance on 31 December 2022	55,922	55,922	9	607,905	719,759
Balance on 1 Jan 2023	55,922	55,922	9	607,905	719,759
Comprehensive income					
Profit or loss				1,160	1,160
Other comprehensive income					
Translation reserve			-16		-16
Total other comprehensive income adjusted by tax effects					
			-16		-16
Total comprehensive income					
			-16	1,160	1,144
Transactions with owners					
Dividend relating to 2022				-133,037	-133,037
Balance on 31 Dec 2023	55,922	55,922	-7	476,028	587,866

Notes are an integral part of the financial statements.

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2.4 Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT

€1,000	1 Jan–31 Dec, 2023	1 Jan–31 Dec, 2022
Cash flow from operating activities:		
Profit before taxes	1,339	257,382
Adjustments:		
Business transactions not involving a payment transaction:		
Depreciation	123,302	107,852
Capital gains/losses (-/+) on tangible and intangible assets	1,930	-3,519
Other adjustments		-2,513
Share of profit of associated companies	-572	364
Gains/losses from the assets and liabilities recognised in the income statement at fair value	185,088	-140,586
Connection agreements	36,229	14,174
Recognition of congestion income	-402,684	-248,284
Finance income and costs	241	32,670
Impact from changes in the fair value of the investment	4,815	-360
Changes in working capital:		
Change in trade receivables and other receivables	23,796	45,592
Change in inventories	-406	-4,465
Change in trade payables and other liabilities	-30,022	42,742
Congestion income	317,013	942,939
Change in provisions	-34	-151
Interests paid	-35,525	-17,746
Interests received	29,041	7,219
Taxes paid	-34,237	-39,267
Net cash flow from operating activities	219,313	994,040

€1,000	1 Jan–31 Dec, 2023	1 Jan–31 Dec, 2022
Cash flow from investing activities:		
Purchase of property, plant and equipment	-287,931	-250,385
Purchase of intangible assets	-9,969	-16,564
Purchase of other assets	-161,594	-3,924
Proceeds from sale of other assets	60,661	6,503
Proceeds from sale of property, plant and equipment	50	5,032
Repayment of loan receivables	188	375
Dividends received		410
Contributions received	5,547	15,703
Capitalised interest paid	-6,524	-3,728
Net cash flow from investing activities	-399,572	-246,578
Cash flow from financing activities:		
Proceeds from non-current financing (liabilities)		35,000
Payments of non-current financing (liabilities)	-55,996	-47,662
Payments from current financing (liabilities)		-85,216
Dividends paid	-133,037	-133,037
Principal elements of lease payments	-3,131	-2,722
Net cash flow from financing activities	-192,164	-233,638
Change in cash as per the cash flow statement	-372,424	513,823
Opening cash as per the cash flow statement	733,433	219,609
Closing cash as per the cash flow statement	361,009	733,433

Notes are an integral part of the financial statements.

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3 Benchmark for TSO operations (IFRS)

- Chapter three contains general information about the Group and the general accounting principles applied to the consolidated financial statements.
- The chapter describes how Fingrid's turnover and result are formed and how they relate to the allowed regulatory profit in compliance with regulation. The impact of the regulation is reflected in Fingrid's day-to-day operations and revenue collection.
- The chapter describes Fingrid's operating receivables and liabilities, as well as the risk management they entail.
- People are Fingrid's most important resource, which is why information related to personnel has been included here, in the first note.
- Fingrid is a substantial tax payer, and Fingrid does not use tax planning. The note on taxes is at the end of this chapter, in chapter 3.9.



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3.1 General information about the Group and general accounting principles

Fingrid Oyj is a Finnish public limited liability company responsible for electricity transmission in Finland's main grid. The nationwide grid is an integral part of the power system in Finland. The transmission grid is the trunk network to which major power plants and major consumers, such as industry and regional electricity distribution networks, and cross-border transmission connections are connected.

Finland's main grid is part of the Nordic power system, which is connected to the system in Central Europe via high-voltage direct current transmission links. Finland also has DC links with Russia and Estonia. Cross-border transmission between Finland and Russia ended in May 2022.

The main grid encompasses more than 14,500 kilometres of 400, 220 and 110 kilovolt transmission lines, plus more than 100 substations.

Fingrid is in charge of planning and monitoring the operation of the main grid and for maintaining and developing the sys-

tem. The company is responsible for the national power balance and for ensuring that electricity consumption and production are always balanced. An additional task is to participate in work carried out by ENTSO-E, the European Network of Transmission System Operators for Electricity, and in preparing European market and operational codes as well as network planning.

Fingrid offers grid and balance services, as well as other services related to the electricity markets, such as data exchange, Financial Transmission Rights (FTR) and the market related to power system reserves, to its contract customers, i.e. electricity producers, network operators and industry. Fingrid serves the electricity market by maintaining adequate electricity transmission capacity, by securing the pre-conditions of maintaining power balance, by removing bottlenecks in cross-border transmission links and by providing market data.

The consolidated financial statements include the parent company Fingrid Oyj and its wholly owned subsidiaries Finextra Oy and Datahub Oy. The consolidated associated companies are eSett Oy (ownership

25.0%) and Nordic RCC A/S (ownership 25.0%). The Group has no joint ventures.

Fingrid issues bonds under the Euro Medium Term Note (EMTN) programme. Fingrid Oyj's issuances under the EMTN programme are generally listed on the London and Irish stock exchanges. Fingrid shares are not listed. Fingrid has at its disposal a European and national commercial paper programme for procuring short-term financing. The commercial paper programmes are unlisted.

Critical accounting estimates and judgements

When the consolidated financial statements are drawn up in accordance with the IFRS, the company management needs to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded

and conditional items presented. These estimates and assumptions are based on historical experience, understanding of the electricity market's development and other justified assumptions which are believed to be reasonable under the conditions which constitute the foundation for the estimates of the items recognised in the financial statements. The energy markets are undergoing a major transformation. The actual amounts may differ from these estimates. In the financial statements, estimates have been used for example, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes and provisions. Critical estimates and judgements by management are described by topic in the notes, and the judgement or estimates related to which are in accordance with the following table.

Estimate of the purchase and sale of imbalance power	Chapter 3.3
Inter-Transmission System Operator Compensation (ITC)	Chapter 3.3
Deferred tax assets and liabilities	Chapter 3.9
Determination of the fair value measurement of grid assets	Chapter 4.1
Determination of the depreciation periods of property, plant and equipment, and intangible assets	Chapter 4.2
Assessment of use of additional options on leases	Chapter 4.3

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Operating segments

Main grid segment

The main grid segment includes development & maintenance of the main grid, the connection of new production and consumption to the network, electricity transmission, grid operation and the development of unified electricity markets and reserves related to maintaining the electricity system. The segment's turnover consists of main grid tariff income, connection fees, and income from reactive power and other income related to transmission grid operations. The congestion income portion recognised in turnover is linked to the main grid segment. The segment's expense items include e.g. depreciations of grid investments, reserves to ensure the main grid's operation and the development thereof, the purchase of loss power, congestion costs, countertrades, network maintenance and electricity market development costs. Income and costs caused by transmission grid congestion, financial transmission rights (FTR), gains and losses from the sale of grid assets, and depreciation and amortisation are included in the main grid segment. Seasonal and annual variations are typical in the segment's turnover and operating result.

The main grid segment's turnover fell to EUR 549.0 (647.9) million. Grid service fees were waived in January, February, June, July, November and December. This was compensated by recognising EUR 284,7 million in congestion income in the company's result.

Operating profit declined to EUR 145.8 (215.8) million. The balance services segment's operating result was high during the review period, which temporarily reduced the operating result of the main grid segment, with Fingrid's result being in line with the allowed regulatory profit. No structural changes took place in the main grid segment's profitability compared to previous years.

Balance services segment

The balance services segment includes activities related to national balance management and imbalance settlement, and market development activities. In addition, development of the reserve markets related to balance management and the procurement of the corresponding reserves is included in the balance services segment. The segment's turnover consists of the balance service's tariff income and sales of imbalance power, and the segment's

costs consist of purchases of imbalance power, reserve capacity costs and other operational costs related to balance management and imbalance settlement. The balance services segment's information corresponds to the balance service result, separated according to the Electricity Market Act, presented in the parent company's notes to the financial statements..

The balance service's turnover was EUR 700.5 (1,231.9) million as a result of the drop in the price of imbalance power compared with the previous year. Balance service tariffs were increased to €1.7/MWh in January, decreased to €1.2/MWh in May and increased to €1.5/MWh in November.

The balance service's operating result was EUR 68.7 (-58.7) million. Changes in imbalance power tariffs follow the cost development and the accumulation of imbalance power trade's gross profit. Variations in reserve costs were great, and the reserve costs were lower than predicted early in the year and greater than expected towards the end of the year, as a result of which imbalance power tariffs were adjusted. In addition, imbalance power tariffs were used during the reporting period to cover the balance service's losses from previous years.

Main grid segment, MEUR	2023	2022
Turnover	549.0	647.9
Profit before taxes	145.8	215.8

Balance services segment, MEUR	2023	2022
Turnover	700.5	1,231.9
Profit before taxes	68.7	-58.7

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Result by business segment

The segment information is FAS-compliant, and it is reconciled with the IFRS consolidated financial statements.

1. SEGMENTS, MEUR

31 Dec 2023

Business segment	Main grid	Balance services	Other activities and eliminations	Group, total
Turnover	549.0	700.5	-56.3	1,193.2
Depreciation	-116.0	-0.7	-6.6	-123.3
Operating profit	145.8	68.7	-213.5	1.0
Finance income and costs			-0.2	-0.2
Profit before taxes				

31 Dec 2022

Business segment	Main grid	Balance services	Other activities and eliminations	Group, total
Turnover	647.9	1,231.9	-64.5	1,815.2
Depreciation	-102.7	-0.4	-4.8	-107.9
Operating profit	215.8	-58.7	133.4	290.4
Finance income and costs			-32.7	-32.7
Profit before taxes				

Other activities include Fingrid's other statutory public service obligations that are not part of actual transmission grid operations or transmission system responsibility. These tasks include peak load capacity services and guarantee-of-origin

services for electricity, as well as centralised information exchange services for the electricity markets. The subsidiaries Fingrid Datahub Oy and Finextra Oy oversee these tasks. Other activities also includes the parent company's administrative and

ICT services for subsidiaries. Income and expense items between the parent company and subsidiaries are eliminated in the Group reporting. IFRS items include among other things, changes in the market value of electricity derivatives, recognition of

connection fees over time according to IFRS 15, and recognition of leases over time according to IFRS 16.

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Accounting principles

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year. Fingrid's consolidated financial statements have been drawn up in accordance with the same standards as in 2022.

Segment reporting

Starting in June 2023, Fingrid switched to reporting on two operating segments. No changes have taken place in Fingrid's operations or organisational structure. The operating segments reported on by the Group now consist of the main grid segment and the balance services segment. The main grid segment includes development & maintenance of the main grid, the connection of new production and consumption to the network, electricity transmission, grid operation and the development of unified electricity markets. The bal-

ance services segment includes activities related to national balance management and imbalance settlement. Promoting the reserve and balancing power markets, which balance the power system, are also included in the balance services segment. Both the main grid segment and the balance services segment are the company's regulated business operations, which are supervised by the Energy Authority. Geographical data is not presented, as Fingrid operates only in Finland. The Group also has other tasks that fall under its statutory public service obligations, and these have been included in other activities within the segment information.

Segment information is reported in a manner consistent with internal reporting to the chief operating decision-maker. In line with the company's management principles, the chief operating decision-maker, who is responsible for allocating resources to the operating segments and for assessing the results of the segments, is the President & CEO.

The segment information is FAS-compliant, and it is reconciled with the IFRS consolidated financial statements. The segments' results are assessed on the basis of the operating result. The segments' combined operating results constitute grid operations' operating profit, which serves as the basis for the calculation of the actual adjusted result compatible with regulation. Costs are allocated to the segments in accordance with the matching principle, which creates a basis for pricing the services. Finance income and costs are not allocated to the segments, as the Group's cash assets are controlled by Group Treasury.

Variations between the segments' results and turnover are typical. The segments form the basis for the calculation of Fingrid's adjusted result compatible with the reasonable return regulation, and thus the results development of one segment can also affect the other segment over time to avoid exceeding the allowed regulatory profit set for the operations. The segments' service prices are adjusted to correspond to costs over time.

Segment information is published every six months as part of the Group's IFRS financial statements and half-year review.

Foreign currency transactions

The consolidated financial statements are presented in euros, which is the functional currency of the parent company. Transactions and financial items denominated in foreign currencies are recognised at the European Central Bank's (ECB) euro foreign exchange reference rate at the transaction date. Receivables and liabilities denominated in foreign currencies are valued in the financial statements at the ECB's reference rate at the closing date. Foreign exchange gains and losses from business are included in the corresponding items above operating profit. Foreign exchange gains and losses from financial instruments are recognised at net amounts in finance income and costs.



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3.2 The company's general risk management processes and policies

In the risk management process, the risk factors linked with operative activities, assets and financing are estimated systematically according to unified criteria. The risks are divided into strategic risks and major business risks to be reported to the Board of Directors, and into operational risks. Hedging a risk will be implemented when the cost of the hedge is in reasonable relation to the size of the risk. A general objective is to transfer significant risks by contracts, insurances or derivatives. The risks deemed to be moderate in terms of their impacts are managed by Fingrid independently, through clear controls and other practical measures.

Risk management is planned holistically 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 a societal perspective.

The Board approves the key principles of internal control and risk management and any amendments to them. The Board of Directors approves the primary actions for risk management as part of the corporate strategy, indicators, action plan, and budget. The Board of Directors (audit committee) receives a situation report annually, or more frequently if necessary, on the major risks relating to the operations of the company and on the management of such risks.

In 2023, Fingrid continued the implementation of its enterprise risk management development programme aimed at identifying and managing the interdependencies of individual risks more effectively. The programme is a response to the increasing demands on risk management resulting from the change in the operating environment. The person in charge of implementing the development programme is the company's CFO, who reports on its progress to the company's Board of Directors as part of annual risk management reporting.



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3.3 Formation of turnover and financial result

Grid service revenue is mainly determined by electricity consumption. The proportion of the fees allocated to electricity production is small, in compliance with EU legislation. The Energy Market Authority approves the pricing structure for grid services, on the basis of which Fingrid sets the unit prices for electricity transmission during the winter period and for consumption during other times. In addition to consumption invoicing, Fingrid additionally charges fees for output from and input into the grid, and power-based tariffs. Within the framework of grid services, a customer obtains the right to transmit electricity to and from the main grid through its connection point. Fingrid waived the grid service fees for six months in 2023 and used congestion income to offset the substantial increase in costs to the benefit of its customers. More information on congestion income is provided in section 4.1.

Fingrid is responsible for the continuous power balance in Finland at all times by buying and selling balancing power in Finland. Fingrid buys and sells balancing power in order to stabilise the hourly power balances of electricity market operators (balance responsible parties) and this way assumes financial counterparty risk for each balance responsible party. Imbalance power trade and imbalance pricing are based on a balance service agreement with impartial and public terms and conditions.

ITC compensation is, for Fingrid, income and/or costs which the transmission system operator receives for the use of its grid by other European transmission system operators and/or pays to other transmission system operators when using their grid to serve its own customers.

2. TURNOVER, €1,000	2023	2022
Grid service revenue	164,528	333,747
Sales of imbalance power	682,616	1,160,181
Cross-border transmission income		11,067
ITC income	20,753	23,068
Peak load capacity	29	7,190
Congestion income	284,720	229,450
Datahub income	20,636	15,019
Other operating income	19,900	35,519
Total	1,193,182	1,815,242

3. OTHER OPERATING INCOME, €1,000	2023	2022
Rental income	402	589
Capital gains on fixed assets		4,802
Contributions received	11	115
Congestion income	117,964	18,834
Gains from measuring derivatives at fair value		141,018
Other income	1,352	6,030
Total	119,729	171,387

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Accounting principles

Revenue recognition

Sales recognition takes place on the basis of the delivery of the service. Electricity transmission is recognised once the transmission has taken place, and balance power services are recognised on the basis of the delivery of the service. Congestion income is recognised for each month in accordance with the Energy Authority's approval. Indirect taxes and discounts, etc., are deducted from the sales income when calculating turnover.

IFRS 15 Revenue from Contracts with Customers

The fundamental principle of the IFRS 15 standard is that sales revenue should be recognised when control over the goods or the service is transferred to the customer.

A five-step process should be applied when recognising sales revenue:

- Identification of client contracts
- Identification of distinct performance obligations
- Specification of the contractual transaction price
- Allocation of the transaction price to individual performance obligations, and
- Recognition of sales revenue when each performance obligation is met.

Sales recognition takes place on the basis of the supply of the service. Electricity transmission is recognised once the transmission has taken place. Balance power services are recognised on the basis of the delivery of the service. Fingrid has defined the performance obligations related to each agreement, and revenue recognition has been examined separately for each per-

formance obligation. When determining the extent to which a performance obligation is met, a single method should be applied for all performance obligations to be met over time.

Connection agreements are long term and can be terminated, at the earliest, 15 years from the date when they entered into force. If a customer does not receive an individual item of goods or a service against the connection fee, this must be recognised as revenue in the same way as the other revenue according to the contract, generally over the contract term. The revenue from connection agreements is accrued in IFRS turnover over a period of 15 years.

The company reviews the revenue recognition principles for new products or when the business models change.

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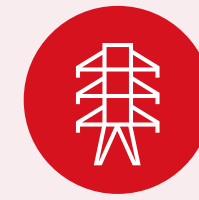
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Judgements and estimates

Estimate of the purchase and sale of imbalance power

The income and expenses of imbalance power are ascertained through a nationwide imbalance settlement procedure, which is based on the Ministry of Employment and Economy's 9 December 2008 decree on the disclosure obligation related to the settlement of electricity delivery. The final imbalance settlement is completed no later than 13 days from the delivery month, which is why the income and expenses of imbalance power in the financial statements are partly based on preliminary imbalance settlement. The estimate is based on the preliminary imbalance settlement information provided by the imbalance settlement. For foreign bal-

ances, the calculations have been verified with the foreign counterparties.

Inter-Transmission System Operator Compensation (ITC)

Compensation for the transit transmissions of electricity has been agreed upon through an ITC (Inter-Transmission System Operator Compensation) agreement. The centralised calculations are carried out by ENTSO-E (the European Network of Transmission System Operators of Electricity). ITC compensation is determined on the basis of the compensation paid for use of the grid and transmission losses. The ITC calculations take into account the electricity transmissions between the various ITC agreement countries. ITC compensation can represent both an income

and a cost for a transmission system operator. Fingrid's share of the ITC compensation is determined on the basis of the cross-border electricity transmissions and imputed grid losses. ITC compensation is invoiced retroactively after all parties to the ITC agreement have approved the invoiced sums. Control is carried out monthly. This is why the uninvoiced ITC compensations for 2023 have been estimated in the financial statements. The estimate has been made using actual energy border transmissions in Finland and unit compensations, which have been estimated by analysing the actual figures from previous months and data on grid transmissions during these months.



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3.4 Revenue-related receivables and credit risk management

4. TRADE RECEIVABLES AND OTHER RECEIVABLES, €1,000	2023	2022
Non-current:		
Other receivables	74	74
Total	74	74
Current:		
Trade receivables	17,095	34,157
Receivables from associated companies	18,014	192
Accrued income	16,800	30,348
Other receivables	15,074	23,578
Total	66,984	88,275
Total	67,058	88,349
Essential items included in short-term accruals	2023	2022
Accruals of sales	10,255	27,196
Accruals of purchases/prepayments	2,410	1,836
Interest receivables	4,135	1,316
Total	16,800	30,348

Credit risk management – customers

According to The Electricity Market Act, the company is obliged to accept regional and distribution network operators joining the grid as well as mainly large electricity producers and consumers that meet certain conditions as its customers. Accordingly, the company cannot choose its customers based on a credit risk analysis or collect different fees from them. In general, collateral are not required from the company's customers to secure sales payments, but in the event of an overdue payment, this is possible. The company's balance service customers are required to have collaterals to cover open imbalance power sales receivables and the estimated future counterparty risk due to the use of imbalance power. The collateral requirements are defined in the terms and conditions of balance service approved by the customer. The collaterals of balance service customers are managed by eSett

Oy. Fingrid's unit in charge of customer relationships is responsible for verifying the creditworthiness of main grid customers. The procedure following a customer payment default is defined in the terms and conditions of the Main Grid Contract. At the turn of the year, the company had minor outstanding receivables, of which the credit risk was considered to be low, and the company estimates it will receive these payments. The company has no impairments related to receivables.

Netting of sales receivables and trade accounts payables

The sales receivables and trade accounts payables are netted in the balance sheet as presented in the table below. The netted items are associated with purchases and sales of imbalance power. The company has a legally enforceable right of set-off to these items in any circumstance and will use this right.

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5. NETTING OF TRADE RECEIVABLES AND TRADE PAYABLES, €1,000

	2023			2022		
	Gross amount of trade receivables/ trade payables	Amount of netted items	Net amount of trade receivables and trade payables presented in the balance sheet	Gross amount of trade receivables/ trade payables	Amount of netted items	Net amount of trade receivables and trade payables presented in the balance sheet
Trade receivables *	101,853	-67,179	34,674	125,351	-91,192	34,159
Trade payables	127,205	-67,179	60,026	163,724	-91,192	72,532

* Including trade payables from associated



Accounting principles

Trade and other receivables

Trade receivables and other receivables are recognised initially at the transaction price; subsequently they are measured at amortised cost using the effective interest rate method.

Possible credit losses are assessed based on historical amounts of credit losses by taking into account forward-looking information on economic developments and receivable-specific assessments. Impairment losses are recognised directly, under

other operating expenses, to reduce the carrying amount of the receivables. Fingrid did not have any impairment losses during the periods presented here.



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3.5 Operating expenses, liabilities and credit risk management for purchases

Cost increases due to new tasks and external changes on the electricity market affecting operations has been a special characteristic of grid operations in recent years. The new tasks include the changes required by the European network codes and the costs for developing these tasks and developing the Nordic imbalance settlement and the related markets. Some of the new tasks and responsibilities are assigned to Fingrid by law, which means the company must increasingly develop and back up its operations. The cost factors also include the expansion and increased complexity of the electricity system, society's increasing dependency on the electricity system and needs related to information security, as well as the preparation and implementation of the company's extensive investment programme. Fingrid continues to be one of the most cost-effective TSOs in the world in international benchmark studies. An indication of high productivity is also the fact that the operating environment has expanded significantly more than the operating costs have grown. The most significant cost items are the imbalance

power procurement, reserve costs and loss power costs.

Reserves are needed to maintain the grid's frequency and system security. The electricity market participants plan in advance the balance of their consumption and production, but the balancing of deviations during the delivery hour requires reserves, which Fingrid acquires from the markets it maintains. Reserves refer to power plants, demand facilities and energy storage facilities, which are able to adjust their electric power as needed. There are many types of reserves, and they are divided up based on their purpose.

Loss power costs arise based on transmission losses in the main grid and the price of electricity. The company hedges against the cost of procuring loss power with derivatives. Information on loss power costs can be found in chapter 3.7.

The Group's R&D costs in 2023 amounted to EUR 2.4 (1.8) million.

6. MATERIALS AND SERVICES, €1,000	2023	2022
Purchase of imbalance power	491,072	1,141,171
Cost of reserves	185,243	186,482
Loss power costs	75,204	103,875
Maintenance management costs	21,081	18,312
ITC costs	20,734	18,078
Peak load capacity costs	0	6,915
Other materials and services	121,294	34,141
Total	914,628	1,508,975

7. OTHER OPERATING EXPENSES, €1,000	2023	2022
Contracts, assignments etc. undertaken externally	30,090	27,970
Gains/losses from measuring derivatives at fair value	185,088	432
Other rental expenses	1,126	740
Other expenses	14,888	12,189
Total	231,192	41,330

Auditors' fees	2023	2022
PricewaterhouseCoopers Oy		
Auditing fee	195	149
Other fees	77	52
Total	272	201

Auditors' fees are included in other operating expenses.

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8. TRADE PAYABLES AND OTHER LIABILITIES, €1,000	2023	2022
Non-current:		
Accruals: congestion income*	387,081	677,435
Other accruals	120,826	
Total	507,907	677,435
Current:		
Trade payables	60,026	57,256
Debts to associated companies	353	15,740
Interest payable	14,418	13,510
Value added tax	637	306
Electricity tax	777	817
Accruals	626,561	507,344
Other debt	1,445	6,564
Total	704,217	601,536
Total	1,212,124	1,278,970
Essential items included in short-term liabilities	2023	2022
Personnel expenses	10,691	9,815
Accruals of sales and purchases	26,057	106,163
Tax liabilities	1,163	5,064
Congestion income*	588,650	386,301
Total	626,561	507,344

*Information on the accrual and use of congestion income can be found in chapter 4.1.

Credit risk in purchasing

The heads of functions are responsible for managing the counterparty risks related to the company's service and equipment suppliers. The procurement policy and guidelines, and separate instructions set out the guarantees and financial eligibility criteria required of Fingrid's suppliers and their monitoring.

General procurement principles

The Group follows three alternative procurement methods when purchasing goods or services. When the value of the purchase is less than 60,000 euros and the benefits of a competitive tender are smaller than the costs of the purchase, the purchase can be executed without a

competitive tender or it can be executed through an oral request. A written order or purchasing agreement is always drawn up. When the estimated value of the procurement exceeds 60,000 euros but is below the threshold values applied to public procurements, the procurement is subject to competitive bidding by requesting written bids from the supplier candidates. When the public procurement threshold values that apply to Fingrid (in 2023: EUR 431,000 for goods and services, EUR 5,382,000 for construction projects, EUR 431,000 for design competitions and EUR 5,382,000 for right-of-use agreements) are exceeded, the company follows the public procurement legislation applied to special sectors.

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3.6 Inventories

Fingrid prepares for outages by owning and maintaining reserve power plants. The inventories contain fuel for reserve power plants, spare parts for submarine cables, back-up equipment and parts for substations, and repair equipment for

transmission lines. The aim of stockpiling is to achieve sufficient preparedness at the substations and on the transmission lines owned by Fingrid in case of faults and events possibly occurring during times of crisis.

9. INVENTORIES, €1,000	2023	2022
Materials and consumables		
Material stocks	10,399	9,915
Fuel stocks	8,705	8,783
Total	19,104	18,698

The use of inventories was entered as an expense of EUR 1.7 (2.2) million.



Accounting principles

Inventories

Inventories are measured at the lower of acquisition cost or net realizable value. The acquisition cost is determined using the FIFO principle. The net realizable value is the estimated market

price in normal business reduced by the estimated future costs of completing and estimated costs required by sale. Inventories consist of material and fuel inventories.



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3.7 Management of commodity risks

The company is exposed to electricity price and volume risk through transmission losses so that the company must acquire so-called loss power in an amount corresponding to the electricity transmission losses. A deviation from the predicted volume of electricity transmission can result in a deviation in the company's turnover and operating profit. This can be a surplus or deficit compared with the allowed reasonable return for the year in question, which the company will aim to offset during the regulatory period.

Loss power purchases and the price hedging thereof are based on the Corporate Finance Principles approved by the Board of Directors. The physical loss power is procured from the NordPool power exchange at the day's market price. The price risk of loss power procurement is hedged with electricity derivatives. The purpose of price hedging is to reduce the impact of market price volatility and enable sufficient predictability for loss power cost. The hedging service is outsourced to an external portfolio manager who decides on the implementation and timing of the hedge according to the specifications of

the loss power policy and the given instructions. The portfolio manager implements the hedge with an OTC counterparty either directly or via the power exchange. The purchase price of loss power is hedged using derivatives such that the hedge horizon is four years at maximum. The price hedging is implemented with listed futures and forward contracts, including OTC forwards, which did not include collateral requirements in 2023. The counterparty risk of bilateral contracts is managed with counterparty-specific limits.

Commodity risks other than those related to loss energy purchases arise if the company enters into purchasing agreements in which the price of the underlying commodity influences the final price of the investment commodity (commodity price risk). The company uses derivatives to hedge against commodity price risks to the extent that the hedging instruments of the risk in question are cost-effectively available and the risk cannot otherwise be hedged.

A summary of the derivatives is presented in Note 24.



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3.8 Personnel – the cornerstone of our operations

Fingrid Oyj employed 544 (489) persons, including temporary employees, at the end of the year. The number of permanent personnel was 493 (439). Of the personnel employed by the company, 26 (25) per cent were women and 74 (75) per cent were men. The average age of the personnel was 43 (43).

10. PERSONNEL EXPENSES, €1,000	2023	2022
Salaries and bonuses	35,828	31,858
Pension expenses - contribution-based schemes	5,751	5,074
Other additional personnel expenses	1,204	1,125
Total	42,782	38,057
Salaries and bonuses of top management	2,241	2 251

Personnel costs amounted to EUR 46.8 (42.1) million, of which EUR 4.1 (4.0) million was capitalised to investment projects.

NUMBER OF SALARIED EMPLOYEES IN THE COMPANY DURING THE FINANCIAL YEAR:	2023	2022
Personnel, average	517	480
Personnel, 31 Dec	544	489

In 2023, the Group applied a remuneration system for senior management; the general principles of the system were accepted by the Board of Directors of Fingrid Oyj on 21 December 2022. The total remuneration of the President & CEO and 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 CEO was 40 per cent of the annual salary and to the other members of the executive management group 25 per cent of the annual salary. The maximum amount of the annual long-term incentive scheme payable to the CEO was 40 per cent and to the other members of the executive management group 25 per cent.

The Group currently has contribution-based pension schemes only. The pension security of the Group's personnel is arranged by an external pension insurance company. Pension premiums paid for contribution-based schemes are recognised as an expense in the income statement in the year to which they relate. In contribution-based schemes, the Group has no legal or factual obligation to pay additional premiums if the party receiving the premiums is unable to pay the pension benefits.

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Accounting principles

Employee benefits

Pension obligations

The company has only defined contribution-based pension schemes. A defined contribution-based pension arrangement refers to a pension scheme according to which fixed contributions are paid into a separate entity, and the Group bears no legal or actual obligation to make additional contributions if the fund does not contain sufficient funds to pay out benefits based on work performed during current and previous

financial periods to all employees. Under defined contribution-based pension schemes, the Group pays mandatory, contractual or voluntary contributions into publicly or privately managed pension insurance policies. The Group has no other contribution obligations in addition to those payments. The payments are entered as personnel costs when they fall due. Advance payments are entered in the balance sheet as assets insofar as they are recoverable as refunds or deductions from future payments.



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3.9 Taxes

The company will pay its income taxes in accordance with the underlying tax rate, without special tax arrangements. Income taxes consist of direct taxes and the change in deferred tax: EUR -30.4 (-45.4) million and EUR 30.2 (-6.2) million respectively. Fingrid's effective tax rate is essentially comparable to Finland's corporate tax rate of 20%, taking into account Fingrid's share of the associated company's revenue. In 2023, Fingrid accumulated EUR 28.5 million in depreciation difference, which the company will use to reinforce its financial buffers as the risks in the operating environment increase.

11. DEFERRED TAX ASSETS AND LIABILITIES, €1,000

Changes in deferred taxes in 2023:

Deferred tax assets	31 Dec 2022	Recorded in income statement at profit or loss	31 Dec 2023
Provisions	624	-50	574
Trade payables and other liabilities	1,928	-45	1,883
Losses confirmed in taxation	1,679	-611	1,068
Derivative instruments	4,870	-655	4,214
Congestion income	24,728	-5,014	19,714
Connection fees (IFRS 15)	16,503	7,246	23,749
Lease liabilities (IFRS 16)	208	39	246
Property, plant and equipment, tangible and intangible assets	91	-27	64
Total	50,631	882	51,513
Deferred tax liabilities			
Accumulated depreciations difference	-55,779	-5,700	-61,479
Property, plant and equipment, tangible and intangible assets	-33,740	-1,738	-35,478
Other receivables	987	-672	316
Other financial assets	-139	-963	-1,102
Borrowings	-1,613	45	-1,568
Derivative instruments	-45,976	38,304	-7,673
Total	-136,260	29,276	-106,984

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DEFERRED TAX ASSETS AND LIABILITIES, €1,000

Changes in deferred taxes in 2022:

Deferred tax assets	31 Dec 2021	Recorded in income statement at profit or loss	31 Dec 2022
Provisions	621	2	624
Trade payables and other liabilities	1,973	-45	1,928
Losses confirmed in taxation	2,059	-380	1,679
Derivative instruments	554	4,316	4,870
Congestion income	7,950	16,779	24,728
Connection fees (IFRS 15)	13,668	2,835	16,503
Lease liabilities (IFRS 16)	165	42	208
Property, plant and equipment, tangible and intangible assets	118	-27	91
Total	27,109	23,522	50,631
Deferred tax liabilities			
Accumulated depreciations difference	-55,779		-55,779
Property, plant and equipment, tangible and intangible assets	-32,471	-1,268	-33,740
Other receivables	1,633	-646	987
Other financial assets	-211	72	-139
Borrowings	-1,658	45	-1,613
Derivative instruments	-18,041	-27,936	-45,976
Total	-106,528	-29,733	-136,260

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Accounting principles

Income taxes

Taxes presented in the consolidated income statement include the Group companies' accrual taxes for the profit of the financial year, tax adjustments from previous financial years and changes in deferred taxes. Deferred taxes are recorded in accordance with Finland's statutory corporate tax rate of 20%. Taxes are recognised in the income statement unless they are linked with other comprehensive income, in which case the tax is also recognised in other comprehensive income. Such items in the Group consist solely of available-for-sale investments.

Deferred tax assets and liabilities are recognised on all temporary differences between the tax values of asset and liability items and their carrying amounts using the liability method. Deferred tax is recognised using tax rates valid up until the closing date. The deferred tax liabilities arising from the original recognition of goodwill will not be recognised, however. Deferred tax liabilities will also not be recognised if they are caused by the original recognition of the asset or liability and the item is not related to a merger and the transaction will not affect the accounting totals or the taxable revenue during its implementation. The deferred tax assets are shown as

non-current receivables and deferred tax liabilities correspondingly as non-current liabilities.

The largest temporary differences result from the property, plant and equipment depreciation difference, depreciations, financial instruments, recognition of connection fees, and from the use of congestion income for capital expenditure. The deferred tax asset from temporary differences is recognised up to an amount which can likely be utilised against future taxable income.



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4 Long-term investor (IFRS)

- Chapter four focuses on Fingrid's assets, and above all, the most important ones: grid assets and factors affecting them.
- The chapter takes a look at the company's goodwill and provides a description of other property, plant and equipment, and intangible assets.

4.1 Grid assets

The company's total capital expenditure in 2023 amounted to EUR 322.0 (276.1) million. This included a total of EUR 303.8 (246.0) million invested in the transmission grid and EUR 2.8 (3.7) million for reserve power. ICT investments amounted to EUR 8.8 (11.0) million. A total of EUR 2.4 (1.8) million was used for R&D projects during the year under review. In 2023, Fingrid completed 15 power system substations and 56 kilometres of transmission lines.

Grid assets are recognised at fair value for the purposes of the company's regulatory balance sheet. The regulatory fair value of the transmission network assets (adjusted replacement cost) is calculated by adding up the adjusted replacement costs for each grid component; these are calculated by multiplying the unit price specified by the Energy Authority with the number of grid components. In compliance with the regulatory monitoring method, the unit prices

from 2022 are used for calculating the fair value of the main grid in 2023. The adjusted present value in use for a grid component is calculated based on the adjusted replacement cost, using the useful life and mean lifetime data of the grid component.

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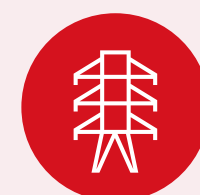
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Congestion income

Congestion income is generated because of an insufficient transmission capacity between the bidding zones of an electricity exchange. In such cases, the bidding zones become separate price areas, and the transmission link joining them generates congestion income in the electricity exchange as follows: congestion income [€/h] = transmission volume in the day-ahead markets [MW] * area price difference [€/MWh]. The basis for this is that a seller operating in a lower priced area receives less for their power than what a buyer pays for it in a higher priced area. The additional income caused by this price difference, i.e. congestion in-

come, remains in the electricity exchange, which then pays the income to the TSOs as per the contractual terms. Congestion income from cross-border connections is divided evenly between the transmission system operators of the two countries. Finland is a single price area and congestion income is not generated from the internal transmission connections. The congestion income received by a grid owner must be used for the purposes stated in EU Regulation 2019/943, Article 19: guaranteeing the actual availability of the allocated capacity, maintaining or increasing interconnection capacities through network investments, covering the costs of maintaining said capacity, and recognising congestion income

in the company's turnover.

The long-term transmission rights (LTTR) adopted between Finland and Estonia are Financial Transmission Rights (FTR) from Finland to Estonia, which are issued by the transmission system operators and cleared financially. The underlying asset of FTRs is the price difference between the Finnish and Estonian price areas. The FTRs are offered as yearly and monthly products and cover roughly two thirds of the electricity transmission capacity between Finland and Estonia. The owner of an FTR is entitled to receive a payment when the price difference is positive in the agreed transmission direction. This payment to the FTR holder

is included in the costs to be covered by Fingrid's congestion income. The FTRs are distributed to the buyers in an auction on the pan-European trading platform, which determines the price according to the margin pricing principle, at the point where demand and supply meet. The auction prices paid for FTRs are included in the congestion income accrued to Fingrid. In Europe, the Joint Allocation Office (JAO) is responsible for arranging the auctions and maintaining the trading platform.

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12. CONGESTION INCOME, €1,000	2023	2022
Unused on 1 Jan	1,063.7	488.7
Accumulated congestion income	317.0	942.9
Incomes matching congestion income	284.7	229.5
Expenses matching congestion income	21.8	18.8
Allocated to transmission right compensations	96.2	0.0
Investments matching congestion income	2.3	119.6
Unused on 31 Dec	975.7	1,063.7

Fingrid's congestion income from cross-border transmission lines totalled EUR 317.0 (942.9) million. EUR 975.7 (1,063.7) million in congestion income remains unused and will be used for future cross-border transmission capacity investments to improve the effectiveness of the electricity market and to cover costs related to cross-border transmission and the operations of the electricity markets; it will also be recognised in the company's turnover to the benefit of customers. The congestion income accrued to Fingrid was lower than the congestion income used, which decreased the amount of accrued congestion income on the balance sheet.

The majority of the accrued unused congestion income was generated during the exceptional energy market conditions of 2022. Unused congestion income is included in the company's financial assets and, in line with the Treasury Policy, mainly invested in low-risk fixed income instruments and used for meeting the company's short-term financial needs. The Energy Authority decides in its regulatory decision for the regulatory period on the use of the congestion income received by Fingrid in line with EU regulation. The Energy Authority issues annually an advance guideline for the use of congestion income in its regulatory letter.

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Congestion income

The congestion income is included as accruals in the item Other liabilities in the balance sheet. Of accruals, congestion income is recognised in the income statement in other operating income in compliance with the accrual of costs defined in regulation and in turnover to the extent that congestion income can be directly recognised for the benefit of grid customers. Alternatively, they are entered in the balance sheet against investments, as defined by regulation, to lower the acquisition cost of property, plant and equipment, which lowers the depreciation of the property, plant and equipment in question. Fingrid reports the share of congestion income to be used during the next year in short-term liabilities.

The Energy Authority's regulatory letters during the regulatory period guide the use of congestion income. The Energy Authority issues a decision on the use of congestion income as part of its supervisory decision on the reasonable return.

Public contributions

Public contributions received from the EU or other parties related to property, plant and equipment are deducted from the acquisition cost of the item, and the contributions consequently reduce the depreciation made on the item. Other contributions are distributed as income over those periods when costs linked with the contributions arise. Other contributions received are presented in other operating income.



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4.2 Tangible and intangible assets

13. PROPERTY, PLANT AND EQUIPMENT, €1,000	2023	2022
Land and water areas		
Cost at 1 Jan	21,390	20,406
Increases 1 Jan–31 Dec	2,752	984
Cost at 31 Dec	24,142	21,390
Carrying amount 31 Dec	24,142	21,390
Buildings and structures		
Cost at 1 Jan	418,587	378,042
Increases 1 Jan–31 Dec	73,435	41,544
Decreases 1 Jan–31 Dec	-588	-1,000
Cost at 31 Dec	491,434	418,587
Accumulated depreciation 1 Jan	-120,977	-109,060
Decreases, depreciation 1 Jan–31 Dec	434	693
Depreciation 1 Jan–31 Dec	-15,593	-12,610
Carrying amount 31 Dec	355,298	297,610
PROPERTY, PLANT AND EQUIPMENT, €1,000	2023	2022
Machinery and equipment		
Cost at 1 Jan	1,368,163	1,299,992
Increases 1 Jan–31 Dec	111,528	73,245
Decreases 1 Jan–31 Dec	-22,145	-5,074
Cost at 31 Dec	1,457,547	1,368,163
Accumulated depreciation 1 Jan	-799,904	-758,901
Decreases, depreciation 1 Jan–31 Dec	20,525	4,485
Depreciation 1 Jan–31 Dec	-54,843	-45,489
Carrying amount 31 Dec	623,325	568,259
Transmission lines		
Cost at 1 Jan	1,403,793	1,369,854
Increases 1 Jan–31 Dec	23,943	43,923
Decreases 1 Jan–31 Dec	-1,426	-9,984
Cost at 31 Dec	1,426,311	1,403,793

€1,000	2023	2022
Accumulated depreciation 1 Jan	-693,328	-663,777
Decreases, depreciation 1 Jan–31 Dec	1,219	9,507
Depreciation 1 Jan–31 Dec	-38,583	-39,058
Carrying amount 31 Dec	695,618	710,465
PROPERTY, PLANT AND EQUIPMENT, €1,000	2023	2022
Capitalised interest on machinery and equipment and transmission lines		
Cost at 1 Jan	20,924	15,763
Increases 1 Jan–31 Dec	2,818	5,161
Cost at 31 Dec	23,743	20,924
Accumulated depreciation 1 Jan	-4,211	-3,530
Depreciation on capitalised interest 1 Jan–31 Dec	-809	-681
Carrying amount 31 Dec	18,723	16,714
Other property, plant and equipment		
Cost at 1 Jan	110	118
Decreases 1 Jan–31 Dec		-7
Cost at 31 Dec	110	110
Carrying amount 31 Dec	110	110
Prepayments and purchases in progress		
Cost at 1 Jan	183,811	235,206
Increases 1 Jan–31 Dec	314,308	127,711
Decreases 1 Jan–31 Dec		-6,315
Transfers to other tangible and intangible assets 1 Jan–31 Dec	-226,339	-172,791
Cost at 31 Dec	271,781	183,811
Carrying amount 31 Dec	271,781	183,811
Property, plant and equipment	1,988,997	1,798,359

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14. INTANGIBLE ASSETS, €1,000	2023	2022
Goodwill		
Cost at 1 Jan	87,920	87,920
Cost at 31 Dec	87,920	87,920
Carrying amount 31 Dec	87,920	87,920
Land use rights		
Cost at 1 Jan	100,932	100,737
Increases 1 Jan–31 Dec	1,531	197
Decreases 1 Jan–31 Dec		-2
Cost at 31 Dec	102,463	100,932
Decreases, depreciation 1 Jan–31 Dec		
Carrying amount 31 Dec	102,463	100,932
Other intangible assets		
Cost at 1 Jan	119,002	107,223
Increases 1 Jan–31 Dec	10,761	15,880
Decreases 1 Jan–31 Dec	-1,073	-4,102
Cost at 31 Dec	128,690	119,002
Accumulated depreciation 1 Jan	-55,513	-52,235
Depreciation 1 Jan–31 Dec	-10,149	-7,082
Other intangible assets	63,028	59,685
Decreases, depreciation 1 Jan–31 Dec	607	3,804
Carrying amount 31 Dec	63,635	63,489
Intangible assets	254,018	252,341



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Land use rights are not depreciated but tested annually for impairment in connection with the testing of goodwill.

The entire business of the Fingrid Group is grid operations in Finland with system responsibility, which the full goodwill of the Group in the balance sheet is fully allocated to. The goodwill included in the balance sheet amounts to EUR 87.9 million and has not changed during the periods under review. Since, per the regulation, the fair value of the net assets included in the company's grid assets is approximately EUR 2,865.0 million compared to the carrying amount of EUR 2,243.0 million in net assets, which includes land use rights and goodwill, the book value of the asset items has not decreased.



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Accounting principles

Property, plant and equipment

Grid assets form most of the property, plant and equipment. Grid assets include, among other things, 400 kV, 220 kV, 110 kV transmission lines, direct current lines, transmission line right-of-ways, substations and the areas they encompass (buildings, structures, machinery and equipment, substation access roads), gas turbine power plants, fuel tanks, generators and turbines.

Property, plant and equipment are valued in the balance sheet at the original acquisition cost less accumulated depreciation and potential impairment. If an asset is made up of several parts with useful lives of different lengths, the parts are treated as separate items and are depreciated over their separate useful lives.

When a part of property, plant and equipment that is treated as a separate item is replaced, the costs relating to the new part are capitalised. Other

subsequent costs are capitalised only if it is likely that the future economic benefit relating to the asset benefits the Group and the acquisition cost of the asset can be determined reliably. Repair and maintenance costs are recognised in the income statement when they are incurred.

Borrowing costs, such as interest costs and arrangement fees, directly linked with the acquisition, construction or manufacture of a qualifying asset form part of the acquisition cost of the asset item in question. A qualifying asset is one that necessarily requires a considerably long time to be made ready for its intended purpose. Other borrowing costs are recognised as an expense. Borrowing costs included in the acquisition cost are calculated on the basis of the average borrowing cost of the Group.

Property, plant and equipment is depreciated over the useful life of the item using the straight-line method. Depreciation on property, plant and equipment taken into

use during the financial year is calculated on an item-by-item basis from the month of introduction. Land and water areas are not depreciated. The expected economic

lives are verified at each closing date, and if they differ significantly from the earlier estimates, the depreciation periods are amended accordingly.

The depreciation periods of property, plant and equipment are as follows:

Buildings and structure	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20-40 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal costs	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

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Gains or losses from the sale or disposition of property, plant and equipment are recognised in the income statement under either other operating income or expenses. Property, plant and equipment are derecognised in the balance sheet when their economic useful life has expired, the asset has been sold, scrapped or otherwise disposed of to an outsider.

Goodwill and other intangible assets

Goodwill created as a result of the acquisition of enterprises and businesses is composed of the difference between the acquisition cost and the net iden-

tifiable assets of the acquired business valued at fair value. Goodwill is allocated to the transmission grid business and is tested annually for impairment. Impairment testing is carried out by comparing the regulatory fair value to the carrying amount of net assets included in the company's grid assets. Regulatory recognition at fair value is presented in chapter 4.1. and impairment is discussed in chapter 4.2.

Other intangible assets consist of computer software and land use and emission rights. Computer software is valued at its original acquisition cost and depreciated on a straight line basis during its estimated useful life. According to IFRIC's 2021 agen-

da resolution on the interpretation of the IAS 38 standard, cloud service software (SaaS) does not meet the criteria of an intangible asset if the software is managed by a service provider. The costs of the configuration and tailoring services for the cloud services in question are recognised as a cost for the financial year if the service linked to the cloud service can be separated from other SaaS services. If the service cannot be separated from the other SaaS services, the costs are recognised as a prepayment, which is recognised as a cost during the contractual period of the SaaS services.

Land use rights, which have an indefinite useful life, are not depreciated but are tested annually for impairment.

More on emission rights in chapter 6.2.

Subsequent expenses relating to intangible assets are only capitalised if their economic benefits to the company increase compared to before. In other cases, expenses are recognised in the income statement when they are incurred.

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4.3 Lease agreements

The Group's leases mainly relate to office premises. The durations of the leases vary, and they may include options for extension and termination.

A right-of-use asset and a corresponding liability are recognised for leases at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

15. LEASES, €1,000	2023	2022
Right-of-use-assets:		
Right-of-use-assets, buildings and structures		
Cost at 1 Jan	28,745	30,239
Increases 1 Jan–31 Dec	4,554	1,439
Depreciation 1 Jan–31 Dec	-3,325	-2,934
Cost at 31 Dec	29,974	28,745
Carrying amount 31 Dec	29,974	28,745
Lease liabilities:		
Non-current	28,044	27,035
Current	3,162	2,748
Total	31,206	29,783
Amounts recognised in the income statement		
Depreciation of right-of-use assets – buildings	3,325	2,934
Interest costs	631	612
Costs related to short-term leases and leases of low-value assets	1,054	831

The outgoing cash flow from leases in 2023 totalled EUR 3.8 (3.3) million.

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Lease agreements

Fingrid Oyj mainly acts as a lessee, and most of the leases are for office premises. The lessee recognises all the leases as right-of-use assets and lease liabilities in the balance sheet, except for items of short duration (lease terms of less than 12 months) and of insignificant value. A right-of-use asset and a corresponding liability are recognised in the balance sheet at the date at which the leased asset is available for use by the Group. The right-of-use asset is depreciated as straight-line depreciations, over the shorter of lease term and useful life of the underlying asset. The interest cost

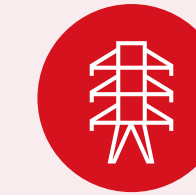
of lease liabilities is recorded in finance costs. Lease liability payments are stated in the cash flow of financing activities and the related interest in interest expenses.

The length of the lease period is the time during which the agreement cannot be cancelled. Lease agreements may include extension options and these are taken into account in the length of the lease period, if the management considers it highly likely that they will be used.

The real-estate leases do not clearly define the interest rate implicit in the lease, which is why Fingrid uses as the interest rate an estimate of the company's incremental

borrowing rate for real estate leases. The incremental borrowing rate is determined for the entire real-estate lease portfolio, whereby all real-estate leases are discounted using the same interest rate. The discount rates applied in discounting leases under IFRS 16 are based on the market yield on the company's publicly quoted bonds.

Short-term leases or leases of low-value assets, which are expensed in equal instalments, consist of vehicle lease payments, lease payments for land and water areas and lease payments for small machinery and equipment.



Judgements and estimates

Lease agreements concerning right-of-use assets often include extension and termination options. The company's management has estimated how likely it is that the agreements will be extended. The lease period will be reassessed if the option is used or is not used.

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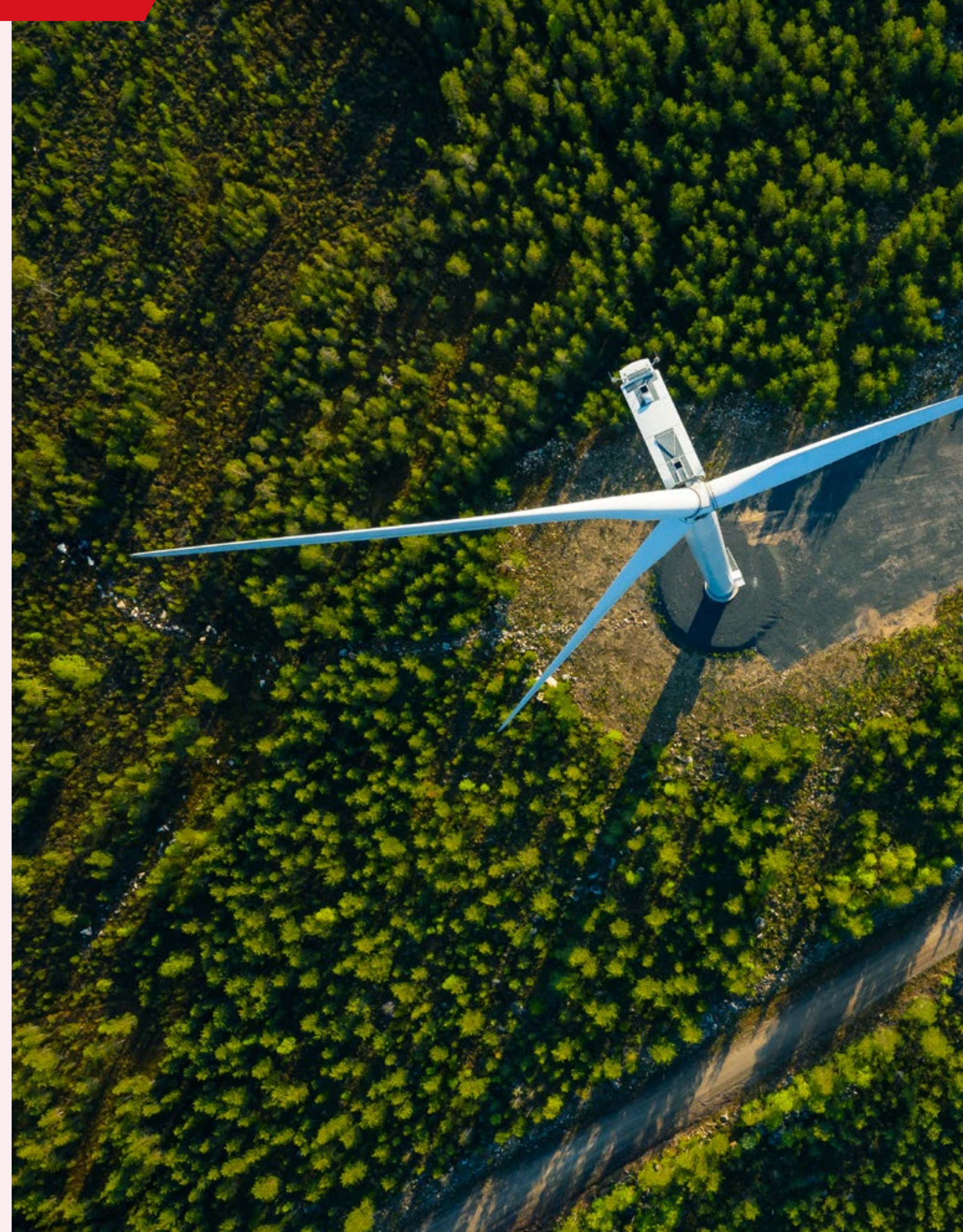
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- Chapter five describes how Fingrid's financing is formed and the related risk management. The chapter also presents how short-term financial assets that maintain liquidity are formed.
- The end of the chapter contains a summary of the financial assets and financing liabilities, as well as derivatives, that the company uses exclusively for risk management purposes. The risks relate to various market risks, i.e. the electricity and commodity price risk and the interest rate and exchange rate risk. Management of the electricity price and volume risk is described in chapter 3.7.
- The chapter describes the company's principles of capital management, ownership structure and dividend distribution policy.



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5.1 Capital management

Equity and liabilities as shown in the balance sheet are managed by Fingrid as capital.

The company must have a capital structure to support consistently strong credit ratings, reasonable cost of capital and adequate dividend pay-out capability. The principal aim of Fingrid's capital management and grid asset management is to ensure uninterrupted operations and value retention as well as rapid recovery from any exceptional circumstances.

The company aims to maintain a credit rating of at least 'A-'. The company has not

set specific key financial ratio targets for accounting balance sheet or regulatory balance sheet capital management, but instead monitors and controls the overall situation, for which credit ratings and their underlying risk analyses and other parameters create a foundation.

The company's credit rating remained high in 2023. This reflects the company's strong overall financial situation, its key role as an implementer of climate targets, and its debt service capacity. Fingrid has credit rating service agreements with S&P Global Ratings (S&P) and Fitch Ratings (Fitch).

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5.2 The organisation of financing activities and the principles for financial risk management

The company has a holistic approach to the management of financing activities, encompassing external financing, as well as managing liquidity, counterparty and financial risks, and supporting business operations in matters related to financing in general.

Fingrid's financial capital consists of equity and debt financing. The share of equity from the balance sheet total was 20.1% and that of liabilities 79.9% in 2023. The IFRS 16 standard reduced the share of equity by 0.2% points. Regulatory equity was 68.3% and liabilities were 31.7% of the regulatory balance sheet in 2023.

Fingrid Oyj is exposed to several types of financing risk in the management of its overall financing. The objective of financial risk management is to foster shareholder

value by securing the financing required for the company's business operations, by hedging against the main financial risks and by minimising financing costs within the risk limits.

The derivative instruments used for hedging are approved annually in the Treasury Policy. The company uses derivative instruments to hedge interest rate, foreign exchange and commodity risks.

Corporate finance principles

The Board of Directors of Fingrid Oyj approves the Corporate Finance Principles which define how Fingrid Oyj manages financing as a whole, including a minimum target for the company's credit rating. The external financing of Fingrid Group is carried out by Fingrid Oyj.

Risk management execution and reporting

Fingrid's Chief Financial Officer is responsible for arranging overall risk management in the company, with a key role held by the operative risk management and reporting of financing in line with the company's Corporate Finance Principles and Treasury Policy. The CFO regularly reports to the President & CEO and the Board (audit committee) on the implementation of financing and risk management.

Risk management processes

The Treasury unit is responsible for the operative monitoring of risk management, for the risk system and models and methods used to assess, monitor and report on risks. As part of comprehensive risk management, the Treasury unit is in charge of operative management of the company's guarantee and insurance portfolio.

Fair value hierarchy

In the presentation of fair value, assets and liabilities measured at fair value are categorised into a three-level hierarchy. The appropriate hierarchy is based on the input data of the instrument. The level is determined on the basis of the lowest level of input for the instrument that is significant to the overall fair value measurement.

Level 1: inputs are publicly quoted in active markets.

Level 2: inputs are not publicly quoted and are based on observable market parameters either directly or indirectly.

Level 3: inputs are not publicly quoted and are unobservable market parameters.

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5.3 Financial liabilities, financial costs and managing the financial risks

The company takes advantage of the opportunities offered by credit ratings at any given time on the international and domestic money markets. Market-based and diversified financing is sought from several sources. The goal is a balanced maturity profile. Fingrid's existing loan agreements, debt and commercial paper programmes are unsecured and do not

include any financial covenants based on financial ratios. The EUR 1.5 billion EMTN programme designed for Fingrid's long-term financing is listed on the Irish Stock Exchange (Euronext Dublin).

Green financing

Green financing is a key component of Fingrid's financing strategy and responsible

operating model. The company's objective is to substantially increase the share of green financing in its total financing. In 2023, Fingrid established a new Green Finance Framework to integrate Fingrid's sustainable strategy, which enables Finland to reach its climate goals, further into the company's financing activities. In connection with establishing the framework,

Fingrid also established a EUR 600 million Green Euro Commercial Paper Programme, which will be used to cover short-term financing needs with commercial papers with a maturity of no more than one year.

16. BORROWINGS, €1,000	2023			2022			Hierarchy level
	Fair value	Balance sheet value	%	Fair value	Balance sheet value	%	
Non-current							
Bonds	368,977	368,086		657,551	671,506		Level 2
Loans from financial institutions	262,780	258,541		296,316	291,845		Level 2
Lease liabilities	631,756	626,628 28,044		953,867	963,351 27,035		
		654,671	66%		990,386	94%	
Current							
Bonds	299,560	299,955		29,935	30,000		Level 2
Loans from financial institutions	40,669	40,355		33,166	33,047		Level 2
Lease liabilities	340,229	340,309 3,162		63,101	63,047 2,748		
		343,471	34%		65,795	6%	
Total	971,985	998,143	100%	1,016,968	1,056,181	100%	

The fair values of borrowings are based on the present values of cash flows. Loans raised in various currencies are measured at the present value on the basis of the yield curve of each currency. Borrowings denominated in foreign currencies are translated into euros at the mid-rates quoted by the ECB at the closing date.

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17. BONDS INCLUDED IN BORROWINGS, €1,000				2023	2022
Currency	Nominal value	Maturity	Interest	Balance sheet value	
EUR	30,000	11 Sep 2023	2,71%		30,000
EUR	300,000	3 Apr 2024	3,50%	299,955	299,802
EUR	70,000	7 May 2025	0,527%	70,000	70,000
EUR	100,000	23 Nov 2027	1,125%	99,708	99,636
EUR	25,000	27 Mar 2028	2,71%	25,000	25,000
EUR	10,000	12 Sep 2028	3,27%	10,000	10,000
EUR	80,000	24 Apr 2029	2,95%	80,000	80,000
EUR	30,000	30 May 2029	2,888%	30,000	30,000
				614,662	644,438
NOK	100,000	16 Sep 2025	4,31%	8,896	9,511
NOK	500,000	8 Apr 2030	2,72%	44,482	47,557
				53,378	57,068
Bonds, long-term total				368,086	671,506
Bonds, short-term total				299,955	30,000
Total				668,041	701,506



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18. RECONCILIATION OF DEBT, €1,000

	Borrowings due within 1 year	Borrowings due after 1 year	Total
Debt on 1 Jan 2022	135,481	1,022,636	1,158,118
Cash flow from financing activities	-85,216	-12,662	-97,879
Exchange rate adjustments		-2,999	-2,999
Other changes not involving a payment transaction	146	-1,204	-1,058
Transfer to short-term loans	15,385	-15,385	
Debt on 31 Dec 2022	65,795	990,386	1,056,181
Cash flow from financing activities		-55,996	-55,996
Exchange rate adjustments		-3,689	-3,689
Other changes not involving a payment transaction	368	1,278	1,647
Transfer to short-term loans	277,308	-277,308	
Debt on 31 Dec 2023	343,471	654,671	998,143

Other changes are mainly made up of IFRS 16 impacts.

Reconciliation of net debt, €1,000

	2023	2022
Cash in hand and cash equivalents	253,737	533,445
Financial assets recognised in the income statement at fair value	107,272	199,988
Purchase of other assets	101,943	
Borrowings - repayable within one year	343,471	65,795
Borrowings - repayable after one year	654,671	990,386
Net debt	535,191	322,748

Financial assets recognised at fair value through profit and loss are liquid investments traded on active markets. Purchase of other assets consists of investments in debt instruments. Net debt is the difference between the company's debt and its cash in hand and cash equivalents, and purchase of other assets. The development of net debt is monitored actively.

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19. INTEREST INCOME AND EXPENSES FROM LOANS AND OTHER RECEIVABLES, €1,000	2023	2022
Interest income on financial assets in income statement at fair value	7,638	742
Interest income on cash, cash equivalents and bank deposits	13,284	644
Profits from assets recognised at fair value through profit and loss		-360
Net foreign exchange gains and losses from borrowings, derivatives and FX-accounts	-0	0
Dividend income		410
Other finance income		110
	20,922	1,545
Interest expenses on borrowings	-29,582	-20,775
Net interest expenses on interest rate and foreign exchange derivatives	3,748	4,693
Gains/losses from measuring derivative contracts at fair value	435	-19,595
Net foreign exchange gains and losses from borrowings, derivatives and FX-accounts	-570	-108
Interest expenses on lease liabilities (IFRS 16)	-631	-612
Interest expenses on financial assets in income statement at fair value		-360
Other finance costs	-1,088	-1,187
	-27,688	-37,944
Capitalised finance costs, borrowing costs; at a capitalisation rate of 2.7% (note 13)	6,524	3,728
Total	-241	-32,670



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Managing the market risks of debt

The company issues bonds in the international and domestic money and debt capital markets. Fingrid's borrowings are issued in both fixed and floating interest rates and in several currencies. They thus expose Fingrid's cash flow to interest rate and exchange rate risks. Fingrid uses derivative contracts to hedge against these risks. Fingrid generally holds issued bonds to maturity and thus does not value its bonds in the balance sheet at fair value or hedge against the fair value interest rate risk. The currency risks related to bonds and the interest rate risk of foreign currency are fully hedged.

Transaction risk

The company uses derivatives to fully hedge against exchange rate risks when it is cost-effective to do so and against commodity price risks to the extent that the hedging instruments of the risk in question are cost-effectively available and hedging cannot otherwise be implemented, for instance, through contracts. During the financial year, the company used currency

and metal derivatives to hedge business transaction risks. A summary of the derivatives is presented in Note 24.

Interest rate risk

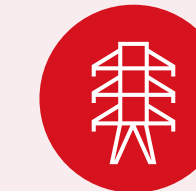
The company is only exposed to euro denominated interest rate risk from its business operations, assets and borrowings. The company's borrowings are, both in terms of principal and interest payments, fully hedged against exchange rate risks. Cash and cash equivalents and financial assets recognised in the income statement at fair value are denominated in euros.

The interest rate risk inherent in Fingrid's operations is caused by changes in the risk-free interest in the WACC model. If the risk-free interest rate rises/falls by one percentage unit, the pre-tax WACC rises/falls by 1.125 percentage units.

The objective of managing the interest rate risk on the loan portfolio is to minimise interest costs in the long term. The aim is to keep the average interest rate period of the gross interest exposure for the

loan portfolio (derivatives and liabilities) at around twelve (12) months. The loan portfolio's interest rate risk arises from market interest rate volatility, which decreases or increases the annual interest expenses on the company's floating-rate loans. When

market interest rates increase/decrease, the interest expenses of the floating-rate loans also increase/decrease. The company hedges this so-called cash flow risk with derivatives.



Determination of the reasonable rate of return in regulation and operational interest rate risk

The reasonable rate of return on adjusted capital committed to grid operations is determined by using the weighted average cost of capital model (WACC). The WACC model determined by the Finnish Energy Authority illustrates the average cost of the capital used by the company, where the weights are the relative values of equity and debt. The

weighted average of the costs of equity and interest-bearing debt are used to calculate the total cost of capital, i.e. the reasonable rate of return per the regulation. The reasonable return is calculated by multiplying the adjusted capital invested in network operations by the WACC.

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Liquidity risk

Fingrid is exposed to liquidity and refinancing risks arising from the redemption of loans, payments and fluctuations in cash flow from operating activities. The liquidity of the company must be arranged so that liquid assets (cash and cash equivalents, and financial assets recognised in the income statement at fair value) and available long-term committed credit lines can cover 110% of the refinancing needs for the next 12 months.

The company has a revolving credit facility agreement of EUR 300 million signed on 30 November 2021. The revolving credit facility's loan period extends until 30 November 2028. The facility is committed and has not been drawn. Additionally, the company has at its disposal a total of EUR 90 million in overdraft limits with banks to secure liquidity.

The refinancing risk is managed with the aim of building an even maturity profile in which the share of long-term loans in a single year constitutes less than 30 per cent of the total debt and the average ma-

turity of the company's loan portfolio is at least three years. To secure refinancing, the company makes wide use of diverse sources of financing. The high credit rating and good bank and investor relations enable ready access to the debt capital market and thus minimises the company's debt refinancing risks and financing costs.

The counterparty risks of financing activities are caused by asset management companies, derivatives counterparties, insurance companies and bank counterparties. The company minimises any counterparty risks and can, if necessary,

demand guarantees from counterparties to strengthen its risk position. As a rule, credit rating categories are the decisive factor in specifying the counterparty limit.

Contractual repayments and interest costs on borrowings are presented in the next table. The repayments and interest amounts are undiscounted values. Finance costs arising from interest rate swaps are often paid in net amounts depending on the nature of the swap. In the following table, they are presented in gross amounts.

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20. PAYMENTS UNDER FINANCING AGREEMENTS IN CASH, 1000 €

31 Dec 2023		2024	2025	2026	2027	2028	2029-	Total
Bonds	repayments	300,000	78,896		100,000	35,000	154,482	668,378
	interests	17,818	7,318	6,566	6,566	5,441	5,646	49,355
Loans from financial institutions	repayments	40,355	46,381	30,623	28,718	28,718	124,101	298,896
	interests	11,742	6,420	4,776	4,241	3,773	17,387	48,339
Lease liabilities	repayments	3,162	3,110	3,170	3,225	3,064	15,475	31,206
	interests	583	524	464	403	342	909	3,226
Cross-currency swaps	payments	2,843	2,197	1,551	1,587	1,654	3,405	13,238
Interest rate swaps	payments	9,492	3,915	2,609	2,746	288		19,050
Currency derivatives	payments	3,517	1,080	1,067				5,664
Total		389,511	149,842	50,825	147,487	78,280	321,406	1,137,352
Cross-currency swaps	receivables	1,593	1,977	1,210	1,210	1,210	3,630	10,830
Interest rate swaps	receivables	3,805	1,821	1,452	1,452	327		8,857
Currency derivatives	receivables	3,370	992	992				5,355
Bought interest rate options	receivables	5,233						5,233
Total		14,002	4,790	3,654	2,662	1,537	3,630	30,275
Total		375,510	145,052	47,171	144,825	76,744	317,776	1,107,078

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		31 Dec 2022	2023	2024	2025	2026	2027	2028-	Total
Bonds	repayments		30,000	300,000	79,511		100,000	192,557	702,068
	interests		18,741	17,928	7,428	6,649	6,649	11,338	68,735
Loans from financial institutions	repayments		33,047	39,073	45,099	29,341	27,436	150,896	324,892
	interests		9,602	10,955	8,469	6,754	5,859	25,469	67,109
Lease liabilities	repayments		2,748	2,732	2,685	2,738	2,786	16,094	29,783
	interests		564	513	462	409	356	1,075	3,380
Cross-currency swaps	payments		2,211	2,716	2,751	2,001	2,016	6,006	17,701
Interest rate swaps	payments		8,754	9,037	5,192	3,732	3,788	372	30,877
Currency derivatives	payments		10,808	2,349	1,080	1,067			15,304
Total			116,477	385,304	152,678	52,691	148,891	403,807	1,259,848
Cross-currency swaps	receivables		1,703	1,703	2,113	1,294	1,294	5,174	13,282
Interest rate swaps	receivables		3,801	3,805	1,821	1,452	1,452	327	12,657
Currency derivatives	receivables		10,743	2,250	1,034	1,034			15,061
Bought interest rate options	receivables		9,797	4,720					14,517
Total			26,044	12,478	4,968	3,779	2,746	5,501	55,517
Total			90,433	372,825	147,710	48,912	146,145	398,306	1,204,331

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Borrowings

Borrowings are initially recognised at fair value net of the transaction costs incurred. Transaction costs consist of bond prices above or below par value, arrangement fees, commissions and administrative fees that are directly related to the loan. Borrowings are subsequently measured at amortised cost; any difference between the loan amount and the amount to be repaid is recognised in the income statement over the loan period using the effective interest rate method. Borrowings are derecognised when they mature and are repaid.

Commitment fees to be paid on credit facilities are entered as transaction costs related to the loan insofar as partial or full utilisation of the facility is likely. In such cases, the fee is capitalized in the balance sheet until the facility is utilised. If there is no proof that loans included in a facility are likely to be drawn in part or in full, the fee will be recognised as an upfront payment for liquidity services and amortized over the maturity of the facility in question.

5.4 Summary of the cash and cash equivalents, financial assets, financial liabilities and derivatives

21. CASH AND CASH EQUIVALENTS, €1,000	2023	2022
Cash assets and bank account balances	128,737	383,445
Bank deposits, max. 3 months	125,000	
Total	253,737	383,445

22. OTHER FINANCIAL ASSETS, €1,000	2023	2022	Hierarchy level
Non-current:			
Purchase of other assets	75,937	0	Level 1
Total	75,937	0	
Current:			
Fixed income funds	107,272	199,988	Level 1
Purchase of other assets	26,006	150,000	Level 2
Total	133,278	349,988	
Total	209,214	349,988	

Purchase of other assets is a part of the company's overall liquidity management. These investments consist of debt instruments. The total market value of the 'purchase of other assets' items amounted to EUR 102.6 million on 31 December 2023.



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The carrying amounts of Fingrid's financial assets and liabilities by measurement category are as follows:

23. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, €1,000

Balance sheet item 31 Dec 2023	Assets/liabilities recognised in income statement at fair value	Financial assets/liabilities measured at amortised cost	Total	Note
Other long-term investments:				
Available-for-sale investments		75,937	75,937	
Interest rate and currency derivatives	43		43	24
Electricity derivatives	6,161		6,161	24
Metal derivatives				24
Current financial assets:				
Interest rate and currency derivatives	5,428		5,428	24
Electricity derivatives	30,626		30,626	24
Metal derivatives	55		55	24
Loan receivables from associated companies				26
Trade receivables and other receivables		49,494	49,494	4
Other financial assets	107,272	26,006	133,278	22
Cash in hand and cash equivalents		253,737	253,737	21
Financial assets total:	149,585	405,174	554,759	



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CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, €1,000

	Assets/liabilities recognised in income statement at fair value	Financial assets/liabilities measured at amortised cost	Total	Note
Non-current financial liabilities:				
Borrowings		654,671	654,671	16
Interest rate and currency derivatives	18,022		18,022	24
Electricity derivatives	1,845		1,845	24
Metal derivatives				24
Current financial liabilities:				
Borrowings		343,471	343,471	16
Interest rate and currency derivatives	426		426	24
Electricity derivatives	901		901	24
Metal derivatives	40		40	24
Trade payables and other liabilities		100,855	100,855	8
Financial liabilities total	21,234	1,098,997	1,120,231	



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CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, €1,000

Balance sheet item 31 Dec 2022	Assets/liabilities recognised in income statement at fair value	Financial assets/liabilities measured at amortised cost	Total	Note
Other long-term investments:				
Interest rate and currency derivatives	11,197		11,197	24
Electricity derivatives	55,710		55,710	24
Metal derivatives	37		37	24
Current financial assets:				
Interest rate and currency derivatives	3,098		3,098	24
Electricity derivatives	163,308		163,308	24
Metal derivatives	45		45	24
Loan receivables from associated companies		188	188	26
Trade receivables and other receivables		62,671	62,671	4
Other financial assets	199,988	150,000	349,988	22
Cash in hand and cash equivalents		383,445	383,445	21
Financial assets total:	433,381	596,304	1,029,684	
Non-current financial liabilities:				
Borrowings		990,386	990,386	16
Interest rate and currency derivatives	22,232		22,232	24
Current financial liabilities:				
Borrowings		65,795	65,795	16
Interest rate and currency derivatives	161		161	24
Trade payables and other liabilities		192,669	192,669	8
Financial liabilities total	22,393	1,248,850	1,271,243	

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Accounting principles

FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

The Group classifies the financial assets and liabilities in accordance with its business model and in compliance with IFRS 9. The classification is accomplished on the basis of the objective of the business model and the contract-based cash flows from the investments.

Cash and cash equivalents

Cash and cash equivalents on the balance sheet consist of cash in hand and bank deposits with an initial maturity of no more than three months. In the cash flow statement, cash and cash equivalents also include fixed income funds due to their liquid nature. Cash

and cash equivalents are derecognised when they mature, are sold or otherwise disposed of.

Other financial assets

The financial assets classified in this category on the balance sheet consist of short-term investments in fixed income funds, bank deposits kept for more than three months, and money market securities and other short-term fixed income instruments linked with an asset management contract. The asset management investments are booked on the balance sheet at amortised cost. On the cash flow statement, they are booked in 'Cash flow from investing activities'. Financial assets recognised at fair value in the income statement are booked into the balance sheet at fair val-

ue at the settlement date. Subsequently, the financial assets are measured on each reporting day at fair value, and the change in their value is recognised in the income statement under finance income and costs. Derivatives are also included in this group but are presented on the balance sheet on their own lines.

Investments

The 'Other long-term investments' on the balance sheet consist of investments in listed bonds linked with the asset management contract, in which the maturity of an individual bond is no more than three years. The asset management investments are booked on the balance sheet at amortised cost. On the cash flow statement, they are booked in 'Cash flow from invest-

ing activities'. The Group actively tests each instrument for impairment and if the impairment criteria are met, the impairment is booked into the income statement.

Financial assets are derecognised when they mature, are sold or otherwise disposed of such that their risks and revenues have been transferred.

Financial liabilities

Financial liabilities consist of loans and derivative instruments. Loans are items recognised at amortised cost. Loans are recognised in accounting with transaction costs deducted, after which the loans are measured at amortised cost using the effective interest rate method.

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24. DERIVATIVE INSTRUMENTS, €1,000

€1,000	2023				2022				Hierarchy level
	Fair value pos. 31.12.23	Fair value neg. 31.12.23	Net fair value 31.12.23	Nominal value 31.12.23	Fair value pos. 31.12.22	Fair value neg. 31.12.22	Net fair value 31.12.22	Nominal value 31.12.22	
Interest rate and currency derivatives									
Cross-currency swaps		-7,944	-7,944	55,990		-4,607	-4,607	55,990	Level 2
Currency derivatives	7	-340	-333	5,172	109	-356	-247	11,901	Level 2
Interest rate swaps	283	-10,164	-9,882	280,000	302	-17,430	-17,128	280,000	Level 2
Bought interest rate options	5,181		5,181	300,000	13,884		13,884	550,000	Level 2
Total	5,471	-18,448	-12,977	641,162	14,294	-22,393	-8,099	897,891	
Electricity derivatives									
Electricity forward contracts	36,787	-2,746	34,041	4,0	219,475	-458	219,017	4,5	Level 2
Total	36,787	-2,746	34,041	4,0	219,475	-458	219,017	4,5	
Metal derivatives									
Metal swaps	55	-40	15	302	81		81	342	Level 2
Total	55	-40	15	302	81		81	342	

The net fair value of derivatives indicates the realised profit/loss if they had been closed on the last trading day of 2023. Accounting practices for electricity derivatives were redefined during the 2023 financial year, and the comparative disclosures for 2022 were adjusted to reflect

the new booking practice. The fair value of electricity derivatives is no longer booked specifically for each product but instead per contract. The adjustment applies to note 24 and note 23.

The company uses derivative instruments

to hedge interest rate, foreign exchange and commodity risks and, by default, holds the contracts until maturity. The derivative instruments used for hedging are approved annually. A valid framework agreement (ISDA or other agreement) must be in place with the derivative counterparty before

concluding a transaction. The derivatives falling under the scope of an ISDA agreement can be netted in conditional circumstances such as default or bankruptcy. The company had financial and metal derivatives that can be netted as per ISDA at a total fair value of EUR -13.0 (-8.1) million

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on 31 December 2023. In addition, the company had electricity derivatives with OTC counterparties that can be netted as per a framework agreement at a total fair value of EUR 34.0 (219.0) million.

The derivative transactions hedging the company's loan portfolio consist of interest rate and cross currency swaps as well as purchased cap options, which serve to hedge most of the loan portfolio from a sudden change in short-term interest rates. During the financial year, the company used currency and metal derivatives to hedge business transaction risks. Currency derivatives are used to fix the exchange rate for non-euro-denominated contracts related to business operations. Electricity derivatives are designed to hedge the price risk of future loss power purchases. Metal derivatives are used to hedge against the metal price risk arising from purchases insofar as it cannot otherwise be managed, typically with fixed contracts between the supplier and client. The management of electricity price risk is described in chapter 3.7.

The sensitivity of the loan portfolio to interest rate risk is measured by using a Cash Flow at Risk (CFaR) type of model, more specifically the Autoregressive Integrated Moving Average (ARIMA) model. The key parameters of the model are the 3-month and 6-month Euribor rates, where the historical time series serve as a basis for a forward-looking simulation of the probable future interest expenses for Fingrid's loan portfolio. The exposure on which the sensitivity analysis is calculated includes all of the Group's interest-bearing borrowings, the loan portfolio's derivatives and interest-rate options purchased to hedge against unexpected changes in interest rates. According to the model, there is a 95% probability that Fingrid's interest expenses will amount to a maximum of EUR 31.6 million during the next 12 months.

The sensitivity of the net fair value of currency derivatives to exchange rates on the reporting date is measured as a 10 per cent change in exchange rates between the euro and foreign currencies. The sensitivity analyses gauge changes in the spot and

future rates on the reporting date while keeping the other factors constant. If the euro had been 10% stronger/weaker compared to foreign currencies on 31 December 2023, the impact on the Group's profit before taxes would have been EUR 0.4 million negative/EUR 0.5 million positive.

The change in the fair value of the electricity derivatives used for hedging the price of Fingrid's loss power purchases recognised in the operating profit was EUR 185.0 negative (EUR 140.9 million positive). The volatility in the fair value of electricity derivatives can be significant. The negative impact on profit resulted from the effect of lower market quotations for electricity derivatives on the fair value of the electricity derivatives. Fingrid holds its bought derivatives to maturity. In 2023, 2.63 TWh of electricity derivatives reached maturity, and 2.20 TWh of new derivatives were taken, amounting a negative net change of 0.44 TWh.

The sensitivity of the fair value of electricity derivatives in relation to changes

in the price of electricity is measured as the difference a 10 per cent fluctuation in market price would have on outstanding electricity derivatives on the reporting date. An increase/decrease of 10 per cent in the market price of electricity would have an impact of EUR 13.9 million/EUR -13.9 million on the Group's profit before taxes.

The change in the fair value of metal derivatives was EUR 0.1 million negative. The sensitivity of the fair value of metal derivatives in relation to the price of metals is measured as the difference a 20 per cent fluctuation in market price would have on outstanding metal derivative contracts on the reporting date. An increase/decrease of 20 per cent in the market price of metals would have an impact of EUR 0.5 million positive/EUR 0.5 million negative on the Group's profit before taxes.

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Derivative instruments

Derivatives are initially recognised at fair value according to the date the derivative contract is concluded, and are subsequently re-measured at fair value. The fair value of derivatives on the reporting date are based on calculation methods in line with market practice. Changes in the fair value of derivatives are recognised directly in the income statement. The Group does not apply hedge accounting, and the rules applied to hedge accounting ac-

ording to IFRS 9 do not affect the company's accounting procedures. The company uses derivative contracts only for hedging purposes according to the Corporate Finance Principles, the Treasury Policy and the loss power policy.

Electricity derivatives

The company enters into electricity derivative contracts in order to hedge the price risk of electricity purchases in accordance with the loss power forecast.

Metal derivatives

The company concludes metal derivative agreements to hedge against the metal price risk arising from purchases.

Interest and currency derivatives

The company enters into derivative contracts in order to hedge loans' interest rate and foreign exchange risk and the foreign exchange risk of purchases. A derivative asset or liability is recognised at its original fair value. Derivatives are measured at fair value at the closing date, and the change

in fair value is recognised in the income statement under finance income and costs. Currency derivatives have been measured at the forward prices. Interest rate and currency swaps have been measured at the present value on the basis of the yield curve of each currency. Interest rate options have been valued using generally accepted option pricing models in the market.

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5.5 Equity and dividend distribution

The company's share capital is EUR 55,922,485.55. Fingrid shares are divided into Series A shares and Series B shares. The number of Series A shares is 2,078 and the number of Series B shares is 1,247.

The maximum number of shares is 13,300, as in 2022. The shares have no par value.

Series A shares confer three votes each at the Annual General Meeting and Series B shares one vote each. When electing members of the Board of Directors, Series A shares confer 10 votes each at the Annual General Meeting and Series B shares one vote each.

Series B shares have the right before Series A shares to obtain the annual minimum dividend specified below from the funds available for profit distribution. If the annual minimum dividend cannot be distributed in some year, the shares confer a right to

receive the undistributed amount from the funds available for profit distribution in the subsequent years; however, such that Series B shares have the right over Series A shares to receive the annual minimum dividend and the undistributed amount.

Fingrid Oyj's Annual General Meeting decides on the annual dividend

Eighty-two per cent of the dividends to be distributed for each financial year is distributed for all Series A shares and eighteen per cent for all Series B shares, however such that EUR twenty million of the dividends to be distributed for each financial year is first distributed for all Series B shares. If the above-mentioned EUR twenty million minimum amount for the financial period is not distributed (all or in part) for Series B shares in a financial period, Series B shares confer the right to receive the undistributed minimum amount

in question (or the accumulated undistributed minimum amount accrued during such financial periods) in the next profit distribution, in any disbursements paid out, or in any other distribution of assets prior to any other dividends, disbursements or asset distribution until the undistributed minimum amount has been distributed in full for Series B shares. There are no non-controlling interests.

Equity is composed of the share capital, share premium account, revaluation reserve (incl. fair value reserve), translation reserve, and retained earnings. The translation reserve includes translation differences in the net capital investments of associated companies in accordance with the equity method of accounting. The profit for the financial year is booked in retained earnings.

Share premium account

The share premium account includes the difference between the counter value of the shares and the value obtained. The share premium account consists of restricted equity as referred to in the Finnish Limited Liability Companies Act. The share capital can be increased by transferring funds from the share premium account. The share premium account can be decreased in order to cover losses or, under certain conditions, it can be returned to the owners.

Changes to equity funds during the financial year are presented in the statement of changes in equity.

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SHAREHOLDERS BY CATEGORY 31 DEC 2023	Number of shares	Of all shares %	Of votes %
Public organisations			
Financial and insurance institutions	1,557	46.83	29.12
Total	3,325	100.00	100.00

Shareholders, 31 Dec 2023	Number of shares	Of all shares %	Of votes %
Republic of Finland, represented by the Ministry of Finance	1,227	36.90	49.20
Aino Holding Ky	878	26.41	11.74
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
National Emergency Supply Agency	540	16.24	21.67
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life	6	0.18	0.08
Elo Mutual Pension Insurance	1	0.03	0.01
OP Insurance Ltd	1	0.03	0.01
The State Pension Fund	1	0.03	0.01
Total	3,325	100.00	100.00

25. SHAREHOLDERS BY CATEGORY

The share capital is broken down as follows	Number of shares	Of all shares %	Of votes %
Series A shares	2,078	62.50	83.33
Series B shares	1,247	37.50	16.67
Total	3,325	100.00	100.00

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Fingrid's dividends are distributed such that the shareholders receive a reasonable return on their invested capital, but also such that the company's financial position remains stable.

Fingrid Oyj's distributable funds in the financial statements total EUR 174,350,037.55. Based on the 2022 financial statements, EUR 133.0 (133.0) million was paid in dividends. Since the closing date, the Board of Directors has proposed to the Annual General Meeting of shareholders that, on the basis of the balance sheet adopted for the financial period that ended on 31 December 2023, a dividend of EUR 54,100.00 at maximum per share be paid for Series A shares and EUR 19,800.00 at maximum for Series B shares, for a total of EUR 137,110,400.00 at maximum. The dividends shall be paid in two instalments. The first instalment of EUR 36,000.00 for each Series A share and EUR 13,200.00 for each Series B share, totalling EUR 91,268,400.00, shall be paid on 26 March 2024. The second instalment of EUR 18,100.00 at maximum per share for each Series A share and EUR 6,600.00 at maximum per share for each Series B

share, totalling EUR 45,842,000.00 at maximum in dividends, shall be paid subject to the Board's decision after the half-year report has been confirmed, based on the authorisation given to the Board in the Annual General Meeting. The Board has the right to decide, based on the authorisation granted to it, on the payment of the second dividend instalment after the half-year report has been confirmed and it has assessed the company's solvency, financial position and financial development. The dividends that have been decided on with the authorisation given to the Board shall be paid on the third banking day after the decision. It will be proposed that the authorisation remains valid until the next Annual General Meeting.

The distributable funds are calculated on the basis of the parent company's equity. Dividends are paid based on the distributable funds of the parent company.

The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividends. When making the decision, however, the

economic conditions, the company's near-term capital expenditure and development needs as well as any prevailing financial targets of the company are always taken into account.

The table below indicates the differences between the consolidated IFRS income statement and the parent company's FAS income statement.

BRIDGE CALCULATION FROM IFRS RESULT TO FAS RESULT, MEUR	2023	2022
Consolidated profit for the financial period (IFRS)	1.2	205.8
Deferred tax	-35.2	23.0
Cancellation of the depreciation of rights of use to line areas	-3.5	-3.4
FAS / IFRS differences in financial costs	-6.6	-3.8
Eliminations and other FAS / IFRS differences	-6.8	-0.4
IFRS 15 revenue recognition	36.2	14.2
Change in the market value of derivatives	184.7	-121.0
Change in depreciation difference	-28.5	0.0
Parent company profit for the financial period (FAS)	141.4	114.4



Accounting principles

Dividend distribution

The Board of Directors' proposal concerning dividend distribution is not recorded in the financial statements. The liability and equity is recognised only after a decision is made by the Annual General Meeting of Shareholders.



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6 Other information (IFRS)

- Chapter six contains the rest of the notes.
- First, a presentation of the Group companies and related parties information is described in their own section.
- Later, other notes follow in the same sequence they appear in the income statement and balance sheet.

6.1 Group companies and related parties

The Group has two Fingrid's wholly-owned subsidiaries, Finextra Oy and Fingrid Datahub Oy.

Finextra Oy is a subsidiary wholly-owned by Fingrid Oyj established to handle the statutory public service obligations not included in actual grid operations or transmission system responsibility. These tasks include peak load capacity services and guarantee-of-origin services for electricity.

No power plants participated in the peak load capacity system in 2023. The Energy Authority oversees Finextra's operations and reasonable returns from its services.

Fingrid Datahub Oy handles the operational activities linked to the Datahub and is responsible for the system development of Datahub. The key duties of the subsidiary are to offer and develop centralised electricity market information exchange



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services and other related services for electricity market participants and to govern the register information of consumption sites required by the electricity market. The datahub is a centralised information exchange system for retail markets that stores data from all of Finland's 3.8 million electricity metering points.

The associated companies, eSett Oy (holding 25.0 per cent) and Nordic RCC A/S (holding 25.0 per cent), have been consolidated accordingly. Nordic RCC supports Nordic TSOs in managing system security and sets the electricity system's transmission capacities.

The investments in associated companies included in the balance sheet are composed of the following:

26. INVESTMENTS IN ASSOCIATED COMPANIES, 1000 €	2023	2022
Non-current		
Interests in associated companies	13,291	12,734
Current		
Loan receivables from associated companies		188
Total	13,291	12,922

Financial summary of associated companies, €1,000

2023	Non-current		Current assets		Turnover	Profit/loss	Ownership (%)
	Assets	Liabilities	Assets	Liabilities			
eSett Oy	5,516		108,955	105,473			
Nordic RCC AS	42,321	2,469	13,593	9,433	30,579	1,204	25.0
2022	Non-current		Current assets		Turnover	Profit/loss	Ownership (%)
	Assets	Liabilities	Assets	Liabilities			
eSett Oy	5,991		150,966	148,640	8,493	880	25.0
Nordic RCC AS	40,324	2,606	9,938	4,844	13,138	-1,946	25.0

The Group's associated companies indicated in the tables are treated in the consolidated financial statements using the equity method of accounting.



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The company has an equity investment in Danish kroner in an associated company, which results in exposure to translation risk. The translation risk is not significant, and the company does not hedge against this risk.

Equity investments in associated companies, €1,000	2023	2022
Cost at 1 Jan	12,734	1,854
Increases	580	11,469
Decreases	-8	-597
Translation reserve	-16	9
Carrying amount 31 Dec	13,291	12,734

There are no material temporary differences related to associated companies on which deferred tax assets or liabilities have been recognised.

The subsidiaries, associated companies and parent company (Fingrid Oyj) described above are related parties of the Group. In addition, the shareholder entities mentioned in chapter 5.5 and the top management and its related parties are also considered related parties. The top management is composed of the Board of Directors, the President & CEO, and the executive management group. All transac-

tions between Fingrid and related parties take place on market terms. The company has not lent money to the top management, and the company has no transactions with the top management. At the close of the reporting period, the Republic of Finland owned 53.1 per cent of the company's shares. The Finnish Parliament has authorised the Ministry of Finance to reduce the state's ownership in Fingrid Oyj to no more than 50.1 per cent of the company's shares and votes. The company applies in its related party disclosures the practical relief as defined in IAS 24.25.

Transactions with associated companies, €1,000	2023	2022
Sales	17	18
Expense adjustments	-1	8
Purchases	9,670	4,928
Receivables	18,014	4
Liabilities	353	15,740
Loan receivables		188

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Subsidiaries

The subsidiaries encompass all companies over which the Group has control. The Group is considered to have control over a company if the Group's holding results in exposure to variable returns or if the Group is entitled to variable returns and it can influence these returns by exercising its control over the company. The subsidiaries are consolidated into the consolidated financial statements starting from the day on which the Group gained control over the company. Consolidation is discontinued once the control ceases to exist.

Consolidation of operations is carried out using acquisition cost method.

Transactions, receivables and liabilities between Group companies and any unrealised profits from internal transactions are eliminated. Unrealised losses are also eliminated unless the transaction indicates an impairment of the disposed asset. If necessary, the financial statements of the subsidiaries have been adjusted to correspond to the accounting principles applied by the Group.

Associated companies

The associated companies include all companies over which the Group has significant influence but no control or joint control. This is generally based on a shareholding amounting to 20–50% of the votes.

Investments in associated companies are initially recognised at the acquisition cost

and subsequently handled using the equity method. According to the equity method, investments are initially recorded at the acquisition cost and this is subsequently adjusted by recognising the Group's share of the profit or loss after the time of acquisition in the income statement and the Group's share of any changes in the investment object's other comprehensive income in other comprehensive income. Any dividends received or to be received from the associated companies and joint ventures are deducted from the investment's carrying amount.

If the Group's share of the losses of an investment recognised according to the equity method equals or exceeds the Group's holding in the company in question, including any other non-current re-

ceivables without collaterals, the Group will not recognise any additional losses unless it has obligations or it has made payments on behalf of the company.

A share corresponding to the Group's ownership interest is eliminated from the unrealised profits between the Group and its associated companies and joint ventures. Any unrealised losses are also eliminated unless the transaction indicates an impairment of the disposed asset. If necessary, the accounting principles applied by the investments to be recognised according to the equity method have been adjusted to correspond to the principles applied by the Group.

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6.2 Other notes

Emission rights

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. Emission rights purchased in 2023 amounted

to 7,000 units (tCO2). Emissions trading had minor financial significance for Fingrid. CO2 emissions included in emissions trading totalled 4,757 (6,006) tonnes in 2023.



Accounting principles

Emission rights

Emission rights acquired free of charge are recognised in intangible assets at their nominal value, and purchased emission rights at their acquisition cost. A liability is recognised for emission rights to be returned. If the Group has sufficient emission rights to cover the return obligations, the liability is recognised at the carrying amount corresponding to the emission rights in question. If there are not sufficient emission rights to cover the return obligations, the liability is recognised

at the market value of the emission rights in question. No depreciation is recognised on emission rights. They are derecognised in the balance sheet at the time of transfer when the actual emissions have been ascertained. The expense resulting from the liability is recognised in the income statement under the expense item 'Materials and services'. Capital gains from emissions rights are recognised under other operating income.



Accounting principles

Provisions

A provision is recorded when the Group has a legal or factual obligation based on an earlier event and it is likely that fulfilling the obligation will require a payment, and the amount of the obligation can be estimated reliably.

The provisions are valued at the present value of the costs required to cover the obligation. The discounting factor used in calculating the present value is chosen so that it reflects the market view of the time value of money at the assessment date and the risks pertaining to the obligation.

27. PROVISIONS, €1,000	2023	2022
Provisions for creosote-impregnated towers 1 Jan	3,119	3,107
Increase in provisions		163
Decrease in provisions	-215	
Provisions used	-34	-151
Provisions 31 Dec	2,870	3,119

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28. COMMITMENTS AND CONTINGENT LIABILITIES, €1,000	2023	2022
Pledges	289	283
Other financial commitments		
Rent security deposit	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	599	522
Commitment fee for subsequent years	1,302	1,250
	1,939	1,810
Unrecognised investment commitments	520,930	316,497

The investment commitments consist of agreements signed by the company to carry out grid construction projects and to procure the datahub system.

Payment obligations from right-of-use agreements for reserve power plants:	2023	2022
In one year	4,237	8,500
In more than one year and less than five years	11,576	14,770
In more than five years	4,241	5,285
Total	20,055	28,555

Under its system responsibility, Fingrid is also obligated to maintain a rapid response disturbance reserve to prepare for disruptions to the power system. In order to ensure the availability of this disturbance

reserve, Fingrid has, in addition to its reserve power plant capacity, acquired power plant capacity suited to this purpose by long-term Right-of-use agreements.



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Legal proceedings and proceedings by authorities

Teollisuuden Voima Oyj (“TVO”) lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. Fingrid’s view is that the claims made by TVO are unfounded. Fingrid lodged a statement of defence with the Energy Authority concerning the claims made by TVO in its request for an investigation.

The EU Agency for the Cooperation of Energy Regulators (ACER), on 14 September 2022, made a decision on long-term price risk hedging opportunities between Finland and Sweden. In its decision, ACER required the Finnish and Swedish TSOs to ensure the availability of other long-term cross-zonal hedging products and develop the necessary arrangements for providing hedging products. Fingrid filed an appeal

against the decision to ACER’s Board of Appeal on 14 November 2022. The Board of Appeal issued its resolution on the appeal on 24 October 2023, where it confirmed ACER’s original decision. Fingrid submitted to the Energy Authority on 22 December 2023 its proposal for improving the price risk hedging opportunities between Finland and Sweden.

Fingrid received an expropriation permit for the widening of the Torna–Lautakari right-of-way for the neutral line on 27 October 2022. In the kick-off meeting for the expropriation procedure on 1 December 2022, the expropriation committee decided that the expropriating party is obligated to assume responsibility for the tree stands within the scope of the rights and restrictions set in the expropriation permit, unless otherwise agreed. The final meeting of the expropriation procedure was held on 16 November 2023. Fingrid has appealed the decision concerning the Torna-Lautakari tree stands’ expropriation to the Southwest Finland District Court’s Land Rights Court on 22 December 2023.

On 20 December 2023, Fingrid Datahub Oy filed a proposal with the Energy Authority to change the model concerning Fingrid

Datahub Oy’s financial regulation for the regulatory period 2024–2027 and simultaneously proposed that the regulatory model be developed further.

Events after the closing date

Fingrid Group’s result for the 2024 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to increase compared to 2023. This estimation includes the recognition of congestion income in the company’s turnover and other operating income. The implementation of the investment programme is proceeding, which raises the level of investments in 2024. Increasing weather dependence in electricity production poses a challenge to forecasting electricity transmission and increases fluctuations in the national power balance and its maintenance. The availability and price of flexible power production and power system flexibility will influence the cost of the reserves necessary for managing the power balance and safeguarding system security. Fluctuations in the electricity market prices and availability of flexibility will increase uncertainty in the company’s market-based costs. The company’s debt service capacity is expected to remain stable.

On 21 September 2023, Fingrid announced that it will waive grid service fees for January, February and June of 2024. The company moreover plans to waive grid service fees for three other months in the latter half of 2024. A separate decision on that will be made by summer 2024. The goal is also, in future, to use congestion income actively for investments that will increase cross-border transmission capacity and to cover operating costs to benefit Fingrid’s customers.

On 2 January 2024, Fingrid appealed the Energy Authority’s decision on the terms and conditions of balance service at the Market Court. The appeal mainly concerns the collateral model for balance responsible parties presented in the decision. In November 2023, the Energy Authority issued a decision on the terms and conditions for balance responsible parties, which include the principles for how collateral requirements are determined. The Energy Authority’s decision includes major changes to the current collateral terms and conditions and sets apart Finland’s collateral model from that used in other Nordic countries. The most significant changes to the current collateral model include a major reduction in the required

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collaterals, elimination of the requirement to provide an adequate additional collateral and a possible collateral ceiling.

On 29 January 2024, Fingrid appealed the Energy Authority's decision on the methods concerning the specification of the return for the electricity transmission grid operations for the sixth regulatory period 1 January 2024–31 December 2027 and seventh regulatory period 1 January 2028–31 December 2031 at the Market Court. According to Fingrid's assessment, the decision on the regulatory methods is a significant weakening of the electricity transmission grid operations' reasonable return regulatory method that expired at year-end. In Fingrid's view, the assessment of impacts in preparing the regulatory model decision has been deficient and there are still issues open to interpretation related to the presented decision. Fingrid's goal is a solution that would also enable the future development of the grid, allowing the hundreds of billions in green transition investments in Finland to be implemented as planned.

On 15 February 2024, Fingrid appealed the decision given by the Energy Authority on 11 January 2024 on the scope of the

national transmission system operator's systems responsibility regarding the grid connection of the OL3 nuclear power plant at the Market Court. Teollisuuden Voima Oyj ("TVO") lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. The Energy Authority states in its decision on 11 January 2024 that Fingrid fulfilled its development, connection and transmission obligations in accordance with the Electricity Market Act. The Energy Authority also found the 1,300 MW power limit specified in Fingrid's connection terms justified and did not find Fingrid to have restricted Olkiluoto 3's access to the grid.

HiQ Finland Oy (named changed on 6 February 2024 to Friends Technology Oy) presented a claim for a revised decision and filed an appeal with the Market Court on Fingrid's procurement decision related to

the procurement of the user license for an integration platform on 6 February 2024. On 16 February 2024, Fingrid revoked its procurement decision and reported on 19 February 2024 to the Market Court that the procurement decision had been revoked. Following the revoking of the procurement decision, the Market Court will decide on the claim for legal costs presented by HiQ Finland Oy. Fingrid considers the claim for legal costs to be excessive.

Group's contact information and approval of the financial statements

Fingrid Oyj is a Finnish public limited liability company incorporated under the Finnish Companies Act. Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Fingrid's registered office is in Helsinki at the address P.O. Box 530 (Läkkisepäntie 21, 00620, Helsinki), 00101 Helsinki.

A copy of the consolidated financial statements is available on the website [fingrid.fi](https://www.fingrid.fi) or at Fingrid Oyj's head office.

The amounts in the financial statements are expressed in thousands of euros and

are based on the original acquisition costs, unless otherwise stated in the accounting principles or notes.

Fingrid Oyj's Board of Directors has accepted the publication of these financial statements in its meeting on 27 February 2024. In accordance with the Finnish Companies Act, the shareholders have the opportunity to adopt or reject the financial statements in the shareholders' meeting held after their publication. The shareholders' meeting can also amend the financial statements.

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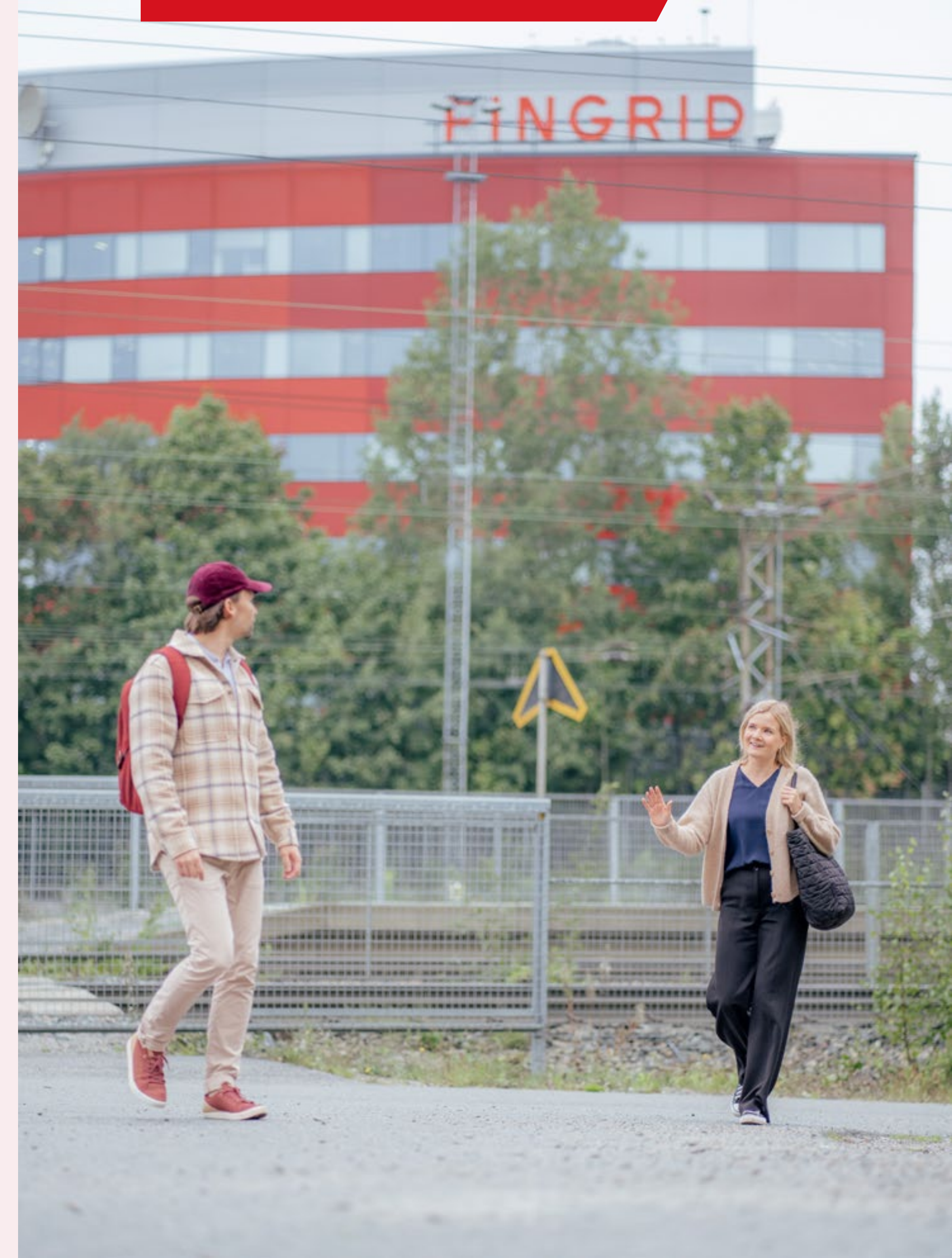
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7 Parent company financial statements (FAS)

7.1 Parent company income statement

	Notes	Jan-Dec/2023 €	Jan-Dec/2022 €
TURNOVER	2	1,209,655,756.33	1,808,655,910.56
Other operating income	3	119,723,400.41	30,368,229.41
Materials and services	4	-914,897,529.81	-1,502,334,281.59
Personnel costs	5	-41,017,969.50	-36,857,050.42
Depreciation and amortisation expense	6	-116,699,688.17	-103,099,128.51
Other operating expenses	7,8	-42,274,017.62	-39,688,247.85
OPERATING PROFIT		214,489,951.64	157,045,431.60
Finance income and costs	9	-9,218,380.50	-14,164,501.10
PROFIT BEFORE APPROPRIATIONS AND TAXES		205,271,571.14	142,880,930.50
Appropriations			
Change in depreciation difference		-28,500,000.00	0.00
Income taxes	10	-35,350,337.80	-28,508,309.42
PROFIT FOR THE FINANCIAL YEAR		141,421,233.34	114,372,621.08

Notes are an integral part of the financial statements.



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7.2 Parent company balance sheet

	Notes	31 Dec 2023 €	31 Dec 2022 €
ASSETS			
Intangible assets:			
Other intangible assets	12	69,858,133.75	67,003,464.10
		69,858,133.75	67,003,464.10
Tangible assets	13		
Land and water areas		24,142,922.17	21,390,895.06
Buildings and structures		355,246,091.65	297,554,684.20
Machinery and equipment		622,169,509.33	567,041,338.29
Transmission lines		682,722,040.23	697,101,924.61
Other property, plant and equipment		110,452.46	110,452.46
Prepayments and purchases in progress		266,338,242.13	181,961,718.12
		1,950,729,257.97	1,765,161,012.74
Interests in Group companies		16,895,995.35	16,895,995.35
Interests in associated companies		12,736,342.75	12,736,342.75
Other investments		75,244,605.50	
		104,876,943.60	29,632,338.10

	Notes	31 Dec 2023 €	31 Dec 2022 €
TOTAL NON-CURRENT ASSETS		2,125,464,335.32	1,861,796,814.94
Inventories	15	19,104,410.38	18,698,053.52
Loan receivables from Group companies	16	35,416,295.43	43,904,337.63
Deferred tax assets	10	19,714,345.52	24,728,381.92
Other receivables	16	74,010.35	74,010.35
		55,204,651.30	68,706,729.90
Trade receivables		14,780,596.17	32,161,631.91
Receivables from Group companies	17	5,866,737.85	5,795,123.61
Receivables from associated companies	18	18,014,145.71	191,699.06
Other receivables	19	15,905,662.85	24,628,336.41
Prepayments and accrued income	20,21	19,993,024.51	32,686,585.55
		74,560,167.09	95,463,376.54
Financial securities	22	127,802,770.76	349,314,320.46
Cash in hand and bank receivables	22	253,737,021.96	383,444,760.76
TOTAL CURRENT ASSETS		530,409,021.49	915,627,241.18
TOTAL ASSETS		2,655,873,356.81	2,777,424,056.12

Notes are an integral part of the financial statement.

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	Notes	31 Dec 2023 €	31 Dec 2023 €
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY			
	23		
Share capital		55,922,485.55	55,922,485.55
Share premium account		55,922,485.55	55,922,485.55
Profit from previous financial years		32,928,804.21	51,593,583.13
Profit for the financial year		141,421,233.34	114,372,621.08
TOTAL SHAREHOLDERS' EQUITY		286,195,008.65	277,811,175.31
ACCUMULATED APPROPRIATIONS	24	307,396,757.27	278,896,757.27
PROVISIONS FOR LIABILITIES AND CHARGES	31	2,870,000.00	3,119,000.00
LIABILITIES			
Non-current liabilities			
Bonds	25,26	370,989,990.71	670,989,990.71
Loans from financial institutions		258,541,293.04	291,844,821.79
Accruals	30	387,080,551.92	677,434,593.92
		1,016,611,835.67	1,640,269,406.42

	Notes	31 Dec 2023 €	31 Dec 2023 €
CURRENT LIABILITIES			
Bonds	25	300,000,000.00	30,000,000.00
Loans from financial institutions		40,354,810.83	33,046,953.09
Trade payables		59,452,721.57	56,181,802.55
Liabilities to Group companies	27	4,426,772.61	4,845,445.40
Liabilities to associated companies	28	352,920.00	15,739,663.46
Other liabilities	29	2,176,258.60	7,339,593.16
Accruals	30	636,036,271.61	430,174,259.46
		1,042,799,755.22	577,327,717.12
TOTAL LIABILITIES		2,059,411,590.89	2,217,597,123.54
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,655,873,356.81	2,777,424,056.12

Notes are an integral part of the financial statements.



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7.3 Parent company cash flow statement

	1 Jan–31 Dec, 2023 €	1 Jan–31 Dec, 2022 €
Cash flow from operating activities:		
Profit before taxes	205,271,571.14	142,880,930.50
Adjustments:		
Depreciation	116,699,688.17	103,099,128.51
Capital gains/losses (+/-) on tangible and intangible assets	1,930,195.41	-3,566,658.78
Interest and other finance costs	9,218,380.50	14,164,501.10
Recognition of congestion income	-402,684,378.02	-248,284,424.39
Other adjustments		-2,513,333.37
Changes in working capital:		
Change in trade receivables and other receivables	24,114,031.54	43,055,106.21
Change in inventories	-406,356.86	-4,465,284.15
Change in trade payables and other liabilities	-30,982,445.20	46,543,682.08
Congestion income	317,013,106.23	942,938,568.99
Change in provisions	-33,820.00	-151,240.00
Interest paid	-41,711,184.12	-20,875,826.94
Interest received	31,109,125.94	7,218,673.36
Taxes paid	-34,205,731.99	-39,253,671.61
Net cash flow from operating activities	195,332,182.74	980,790,151.51

	1 Jan–31 Dec, 2023 €	1 Jan–31 Dec, 2022 €
Cash flow from investing activities:		
Purchase of property, plant and equipment	-287,931,456.19	-250,385,495.58
Purchase of intangible assets	-8,622,699.69	-7,969,162.05
Purchase of other assets	-161,593,939.24	-3,923,671.06
Proceeds from sale of other assets	60,661,474.12	6,503,393.75
Proceeds from sale of property, plant and equipment	50,000.00	5,032,228.00
Contributions received	5,547,158.04	15,702,841.96
Loans granted		-6,000,000.00
Repayment of loan receivables	8,675,542.20	375,000.00
Dividends received	150,000.00	457,890.41
Net cash flow from investing activities	-383,063,920.76	-240,206,974.57
Cash flow from financing activities:		
Payments of current financing (liabilities)		-85,216,382.79
Proceeds from non-current financing (liabilities)		35,000,000.00
Payments of non-current financing (liabilities)	-55,995,671.01	-47,662,337.67
Change in group account receivables and liabilities	-474,253.41	4,516,063.28
Dividends paid	-133,037,400.00	-133,037,400.00
Net cash flow from financing activities	-189,507,324.42	-226,400,057.18
Change in cash and cash equivalents and financial assets	-377,239,062.44	514,183,119.76
Cash and cash equivalents and financial assets 1 Jan	733,090,995.54	218,907,875.78
Cash and cash equivalents and financial assets 31 Dec	355,851,933.10	733,090,995.54

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7.4 Notes to the financial statements of parent company

1. ACCOUNTING PRINCIPLES

Fingrid Oyj's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). The items in the financial statements are valued at original acquisition cost.

Foreign currency transactions

Commercial transactions and financial items denominated in foreign currencies are recognised at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Interest-bearing liabilities and receivables and the derivatives hedging these items are valued at the mid-rate quoted by the ECB at the closing date. Foreign exchange gains and losses on interest-bearing liabilities and receivables, and on the instruments hedging these items, are recognised at maturity under finance income and costs. Foreign exchange rate differences arising from the derivatives used to hedge commercial currency flows are recognised

to adjust the corresponding item in the income statement.

Interest and currency derivatives

Interest rate and currency swaps, currency derivatives and interest rate options are used, in accordance with the Treasury Policy, to hedge the interest rate and foreign exchange risk, as well as the commercial items, in Fingrid's balance sheet items. The accounting principles for derivative contracts are the same as for the underlying items. The interest rate items of interest rate and cross-currency swaps and interest rate options are accrued and recognised in the income statement under interest income and costs. The interest portion of currency derivative contracts hedging the interest-bearing liabilities and receivables is accrued over the maturity of the contracts and recognised under finance income and costs. Premiums paid or received on interest rate options are accrued over the hedging period.

Electricity derivatives

Fingrid hedges its loss power purchases against price risk with listed futures and forward contracts, and on the OTC market, with contracts comparable to financial products. The profits and losses arising from these contracts are used to adjust the loss energy purchases in the income statement in the period in which the hedging impacts profit or loss.

Metal derivatives

The company concludes metal derivative agreements to hedge against the metal price risk arising from purchases.

Research and development expenses

Research and development expenses are treated as annual expenses.

Valuation of fixed assets

Fixed assets are capitalised under immediate acquisition cost. Planned straight-line depreciation on the acquisition price is calculated on the basis of the useful life of the fixed asset. Depreciation on fixed assets taken into use during the financial year is calculated on an item-by-item basis from the month of introduction.

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The depreciation periods are as follows:

Goodwill	20 years
Other non-current expenses:	
Rights of use to line areas	30–40 years
Other rights of use according to useful life, maximum	10 years
Computer software	3–10 years
Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20–40 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110–220 kV	30 years
Creosote-impregnated towers and related disposal costs*	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10–20 years
Machinery and equipment	
Substation machinery	10–30 years
Gas turbine power plants	20 years
Other machinery and equipment	3–5 years

* Disposal costs are discounted at present value and added to the value of the fixed asset and recognised under provisions for liabilities and charges.

Goodwill is depreciated over a 20-year period, since grid operations are a long-term business in which income is accrued over several decades.

Emission rights

Emission rights are treated in accordance with the net procedure in conformance with statement 1767/2005 of the Finnish Accounting Board.

Valuation of inventories

Inventories are recognised according to the FIFO principle at acquisition cost, or at the lower of replacement cost or probable market price.

Cash in hand, bank receivables and financial securities

Cash in hand and bank receivables include cash assets and bank balances. Financial securities are investments in short-term fixed income funds or time deposits in banks. Purchase of other assets consists of investments in debt instruments. Quoted securities and comparable assets are valued at the lower of original acquisition cost or probable market price.

Interest-bearing liabilities

Fingrid's non-current interest-bearing liabilities consist of loans from financial institutions and bonds issued under the Euro Medium Term Note (EMTN) programme. The current interest-bearing liabilities consist of commercial papers issued under the domestic and international programmes and of the current portion of noncurrent borrowings and bonds maturing within a year. The outstanding notes under the programmes are denominated in euros and foreign currencies. Fingrid has both fixed and floating rate debt. The interest is accrued over the maturity of the debt. The differential of a bond issued over or under par value is accrued over the life of the bond. The arrangement fees of the revolving credit facilities are, as a rule, immediately recognised as an expense, and the commitment fees are recognised as an expense over the maturity of the facility.

Financial risk management

The principles applied to the management of financial risks are presented in chapters 5.2 and 5.3 of the Notes to the Consolidated Financial Statements.

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Income taxes

Taxes include the accrued tax corresponding to the profit for the financial year as well as tax adjustments for previous financial years.

Deferred taxes

The company enters deferred tax assets for the congestion income it uses for investments, and they become taxable income and tax in the year in which

they were used. The tax assets entered for congestion income are recognised in accordance with the depreciation used in taxation for investments covered by congestion income. Congestion income allocated to investments is entered as a reduction in acquisition cost. For the rest, deferred tax assets and liabilities are not recorded in the income statement or balance sheet, but are instead presented in the notes.

2. TURNOVER, €1,000	2023	2022
Grid service income	200,757	347,922
Imbalance power sales	682,616	1,160,181
Cross-border transmission	0	11,067
ITC income	20,753	23,068
Congestion income	284,720	229,450
Other operating income	20,810	36,968
Total	1,209,656	1,808,656

3. OTHER OPERATING INCOME, €1,000	2023	2022
Rental income	396	587
Capital gains of fixed assets		4,802
Contributions received	11	115
Congestion income	117,964	18,834
Other income	1,352	6,030
Total	119,723	30,368

4. MATERIALS AND SERVICES, €1,000	2023	2022
Purchases during the financial year	769,881	1,345,912
Loss energy purchases	75,203	103,827
Change in inventories, increase (-) or decrease (+)	-406	-4,465
Materials and consumables	844,677	1,445,274
Services	70,220	57,061
Total	914,898	1,502,334

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5. PERSONNEL EXPENSES, €1,000	2023	2022
Salaries and bonuses	34,364	30,860
Pension expenses	5,492	4,899
Other personnel expenses	1,163	1,098
Total	41,018	36,857

Salaries and bonuses of the members of the Board of Directors and President and CEO, €1,000	2023	2022
Hannu Linna, Chairman (since 20 March 2020)	44	41
Päivi Nerg, Vice Chairman (until 30 March 2023)	8	29
Leena Mörttinen Vice Chairman (since 31 March 2023)	20	
Jero Ahola, Member of the Board (since 31 March 2023)	17	
Anne Jalkala, Member of the Board (since 31 March 2023)	16	
Juhani Järvi, Chairman (until 30 March 2022)		12
Sami Kurunsaari, Member of the Board (until 30 November 2022)		15
Jukka Reijonen, Member of the Board (since 30 March 2022)	23	18
Sanna Syri, Member of the Board (until 30 March 2023)	7	25
Esko Torsti, Member of the Board (until 30 March 2022)		6
Jukka Ruusunen, President and CEO	541	507
Personnel, average	496	459
Personnel, 31 Dec	520	470



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6. DEPRECIATION ACCORDING TO PLAN, €1,000	2023	2022
Other non-current expenses	8,326	6,532
Buildings and structures	15,590	12,606
Machinery and equipment	54,668	45,370
Transmission lines	38,116	38,591
Total	116,700	103,099

7. OTHER OPERATING EXPENSES, €1,000	2023	2022
Contracts, assignments etc. undertaken externally	23,156	22,933
Other rental expenses	4,657	3,944
Other costs	14,461	12,812
Total	42,274	39,688

8. AUDITORS' FEES, €1,000	2023	2022
PricewaterhouseCoopers Oy		
Auditing fee	162	119
Other fees	77	52
Total	239	171

9. FINANCE INCOME AND COSTS, €1,000	2023	2022
Dividend income from Group companies	150	48
Dividend income from others		410
Interest income from Group companies	2,077	1,718
Interest income from associated companies	1	5
Interest and other finance income from others	32,399	7,696
	34,628	9,877
Interest and other finance costs to others	-43,553	-24,028
Interest and other finance costs to Group companies	-293	-13
	-43,846	-24,041
Total	-9,218	-14,165



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10. INCOME TAXES, €1,000	2023	2022
Income taxes for the financial year	30,366	45,304
Income taxes for the previous financial years	-30	-17
Changes in deferred taxes	5,014	-16,779
Total	35,350	28,508

The company will pay its income taxes in accordance with the underlying tax rate, with no tax planning.

Deferred tax assets in balance sheet, €1,000	2023	2022
On temporary differences from congestion income	19,714	24,728
Total	19,714	24,728

Deferred tax assets and liabilities of balance sheet, €1,000

Deferred tax assets

On temporary differences	574	624
Total	574	624

Deferred tax liabilities

On temporary differences	450	528
On appropriations	61,479	55,779
Total	61,929	56,308
Total	61,355	55,684

11. GOODWILL, €1,000	2023	2022
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	128,664	128,664
Accumulated depreciation according to plan 1 Jan	-128,664	-128,664
Accumulated depreciation in excess of plan 31 Dec	0	0

12. INTANGIBLE ASSETS, €1,000	2023	2022
Cost at 1 Jan	184,697	180,704
Increases 1 Jan–31 Dec	11,647	8,097
Decreases 1 Jan–31 Dec	-567	-4,103
Cost at 31 Dec	195,777	184,697
Accumulated depreciation according to plan 1 Jan	-117,694	-114,965
Decreases, depreciation according to plan 1 Jan–31 Dec	101	3,804
Depreciation according to plan 1 Jan–31 Dec	-8,326	-6,532
Carrying amount 31 Dec	69,858	67,003
Accumulated depreciation difference 1 Jan	-43,872	-44,559
Changes in depreciation difference reserve 1 Jan–31 Dec	1,812	687
Accumulated depreciation in excess of plan 31 Dec	-42,061	-43,872

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13. TANGIBLE ASSETS,

€1,000	2023	2022
Land and water areas		
Cost at 1 Jan	21,391	20,407
Increases 1 Jan–31 Dec	2,752	984
Decreases 1 Jan–31 Dec		-0
Cost at 31 Dec	24,143	21,391
Buildings and structures		
Cost at 1 Jan	418,487	377,942
Increases 1 Jan–31 Dec	73,435	41,544
Decreases 1 Jan–31 Dec	-588	-1,000
Cost at 31 Dec	491,334	418,487
Accumulated depreciation according to plan 1 Jan	-120,932	-109,018
Decreases, depreciation according to plan 1 Jan–31 Dec	434	693
Depreciation according to plan 1 Jan–31 Dec	-15,590	-12,606
Carrying amount 31 Dec	355,246	297,555
Accumulated depreciation difference 1 Jan	-15,743	-14,584
Changes in depreciation difference reserve 1 Jan–31 Dec	-357	-1,159
Accumulated depreciation in excess of plan 31 Dec	-16,100	-15,743

€1,000	2023	2022
Machinery and equipment		
Cost at 1 Jan	1,364,036	1,295,864
Increases 1 Jan–31 Dec	111,415	73,245
Decreases 1 Jan–31 Dec	-22,145	-5,074
Cost at 31 Dec	1,453,306	1,364,036
Accumulated depreciation according to plan 1 Jan	-796,994	-756,110
Decreases, depreciation according to plan 1 Jan–31 Dec	20,525	4,485
Depreciation according to plan 1 Jan–31 Dec	-54,668	-45,370
Carrying amount 31 Dec	622,170	567,041
Accumulated depreciation difference 1 Jan	9,535	7,479
Changes in depreciation difference reserve 1 Jan–31 Dec	-16,393	2,056
Accumulated depreciation in excess of plan 31 Dec	-6,858	9,535
Transmission lines		
Cost at 1 Jan	1,385,232	1,351,293
Increases 1 Jan–31 Dec	23,943	43,923
Decreases 1 Jan–31 Dec	-1,426	-9,984
Cost at 31 Dec	1,407,750	1,385,232
Accumulated depreciation according to plan 1 Jan	-688,130	-659,046
Decreases, depreciation according to plan 1 Jan–31 Dec	1,219	9,507
Depreciation according to plan 1 Jan–31 Dec	-38,116	-38,591

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€1,000	2023	2022
Carrying amount 31 Dec	682,722	697,102
Accumulated depreciation difference 1 Jan	-228,816	-227,232
Changes in depreciation difference reserve 1 Jan–31 Dec	-13,562	-1,583
Accumulated depreciation in excess of plan 31 Dec	-242,378	-228,816
Other property, plant and equipment		
Cost at 1 Jan	110	118
Decreases 1 Jan–31 Dec		-7
Cost at 31 Dec	110	110
Prepayments and purchases in progress		
Cost at 1 Jan	181,962	232,037
Increases 1 Jan–31 Dec	307,784	123,869
Decreases 1 Jan–31 Dec		-6,315
Transfers to other tangible and intangible assets 1 Jan–31 Dec	-223,407	-167,630
Cost at 31 Dec	266,338	181,962
Tangible assets total*	1,950,729	1,765,161



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14. INVESTMENTS, €1,000	2023	2022
Interests in Group companies		
Cost at 1 Jan	16,896	843
Increases 1 Jan–31 Dec		16,053
Cost at 31 Dec	16,896	16,896
Interests in associated companies		
Cost at 1 Jan	12,736	1,501
Increases 1 Jan–31 Dec		11,236
Cost at 31 Dec	12,736	12,736
Other shares and interests		
Cost at 1 Jan		6,587
Decreases 1 Jan–31 Dec		-6,587
Cost at 31 Dec		
Other investments		
Cost at 1 Jan		
Increases 1 Jan–31 Dec	95,711	
Decreases and transfers to short-term financial securities 1 Jan–31 Dec	-20,466	
Cost at 31 Dec	75,245	
Investments total	104,877	29,632
15. INVENTORIES, €1,000	2023	2022
Materials and consumables at 31 Dec	19,104	18,698
Total	19,104	18,698

16. OTHER NON-CURRENT RECEIVABLES, €1,000	2023	2022
Loan receivables from Group companies	35,416	43,904
Deferred tax assets	19,714	24,728
Other non-current receivables	74	74
Total	55,205	68,707

17. RECEIVABLES FROM GROUP COMPANIES, €1,000	2023	2022
Current:		
Trade receivables	291	307
Interest receivables	9	
Other receivables	56	
Loan receivables	5,488	5,488
Prepayments and accrued income	23	
Total	5,867	5,795

18. RECEIVABLES FROM ASSOCIATED COMPANIES, , €1,000	2023	2022
Current:		
Trade receivables	17,578	2
Interest receivables		2
Loan receivables		188
Prepayments and accrued income	436	
Total	18,014	192

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19. OTHER RECEIVABLES, €1,000	2023	2022
Interest and other financial items	13,878	22,291
Other receivables	2,028	2,337
Total	15,906	24,628

20. ACCRUED INCOME, €1,000	2023	2022
Interest and other financial items	8,432	4,872
Accruals of sales and purchases	11,561	27,814
Total	19,993	32,687

21. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN ACCRUED INCOME, €1,000	2023	2022
Par value differentials	1,369	562

22. FINANCIAL SECURITIES, CASH IN HAND AND BANK RECEIVABLES, €1,000	2023	2022
Short-term fixed income funds	102,115	199,314
Cash in hand and bank receivables	253,737	383,445
Financial securities, deposits over 3 months	25,688	150,000
Total	381,540	732,759

23. SHAREHOLDERS' EQUITY, €1,000	2023	2022
Share capital 1 Jan	55,922	55,922
Share capital 31 Dec	55,922	55,922
Share premium account 1 Jan	55,922	55,922
Share premium account 31 Dec	55,922	55,922
Profit from previous financial years 1 Jan	165,966	184,631
Dividend distribution	-133,037	-133,037
Profit from previous financial years 31 Dec	32,929	51,594
Profit for the financial year	141,421	114,373
Shareholders' equity 31 Dec	286,195	277,811
Distributable shareholders' equity	174,350	165,966

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Number of shares	Series A shares	Series B shares	Total
1 Jan 2023	2,078	1,247	3,325
31 Dec 2023	2,078	1,247	3,325

Series A shares confer three votes each at the Annual General Meeting and Series B shares one vote each. When electing members of the Board of Directors, Series A shares confer 10 votes each at the Annual General Meeting and Series B shares one vote each.

Series B shares have the right before Series A shares to obtain the annual dividend specified below from the funds available for profit distribution. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available

for profit distribution in the subsequent years; however, such that Series B shares have the right over Series A shares to receive the annual dividend and the undistributed amount.

Fingrid Oyj's Annual General Meeting decides on the annual dividend

Eighty-two (82) per cent of the dividends to be distributed for each financial year is distributed for all Series A shares and eighteen (18) per cent for all Series B shares, however such that EUR twenty (20) million of the dividends to be distributed for each

financial year is first distributed for all Series B shares. If the above-mentioned EUR twenty (20) million minimum amount for the financial period is not distributed (all or in part) for Series B shares in a financial period, Series B shares confer the right to receive the undistributed minimum amount in question (or the accumulated undistributed minimum amount accrued during such financial periods) in the next profit distribution, in any disbursements paid out, or in any other distribution of assets prior to any other dividends, disbursements or asset distribution until the undistributed minimum amount has been distributed in full for Series B shares.

There are no non-controlling interests.

24. ACCUMULATED APPROPRIATIONS, €1,000	2023	2022
Accumulated depreciation from the difference between depreciation according to plan and depreciation carried out in taxation	307,397	278,897
Total	307,397	278,897

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BONDS, €1,000				2023	2022
Currency	Nominal value	Maturity	Interest	Balance sheet value	
EUR	30,000	11 Sep 2023	2.71%		30,000
EUR	300,000	3 Apr 2024	3.50%	300,000	300,000
EUR	70,000	7 May 2025	0.527%	70,000	70,000
EUR	100,000	23 Nov 2027	1.125%	100,000	100,000
EUR	25,000	27 Mar 2028	2.71%	25,000	25,000
EUR	10,000	12 Sep 2028	3.27%	10,000	10,000
EUR	80,000	24 Apr 2029	2.95%	80,000	80,000
EUR	30,000	30 May 2029	2.888%	30,000	30,000
				615,000	645,000
NOK	100,000	16 Sep 2025	4.31%	12,512	12,512
NOK	500,000	8 Apr 2030	2.72%	43,478	43,478
				55,990	55,990
Bonds, long-term total				370,990	670,990
Bonds, short-term total				300,000	30,000
Total				670,990	700,990



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26. LOANS FALLING DUE IN FIVE YEARS OR MORE, €1,000	2023	2022
Bonds	153,478	188,478
Loans from financial institutions	124,101	150,896
Total	277,579	339,375

27. LIABILITIES TO GROUP COMPANIES, €1,000	2023	2022
Current:		
Other liabilities	4,427	4,845
Total	4,427	4,845

28. LIABILITIES TO ASSOCIATED COMPANIES, €1,000	2023	2022
Current:		
Trade payables		15,276
Accruals	353	463
Total	353	15,740

29. OTHER LIABILITIES, €1,000	2023	2022
Current:		
Electricity tax	777	817
Other liabilities	1,400	6,522
Total	2,176	7,340

30. ACCRUALS, €1,000	2023	2022
Non-current:		
Congestion income*	387,081	677,435
Total	387,081	677,435
Current:		
Interest and other financial items	17,261	14,820
Salaries and additional personnel expenses	10,311	9,454
Accruals of sales and purchases	18,651	14,567
Tax debts	1,163	5,032
Congestion income*	588,650	386,301
Total	636,036	430,174
Total	1,023,117	1,107,609

*Information on the accrual and use of congestion income can be found in note 36

31. PROVISIONS FOR LIABILITIES AND CHARGES, €1,000	2023	2022
Creosote-impregnated and CCA-impregnated wooden towers, disposal costs	2,870	3,119
Total	2,870	3,119



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32. DERIVATIVE AGREEMENTS, €1,000

	2023				2022				Hierarchy level
	Fair value pos. 31.12.23	Fair value neg. 31.12.23	Net fair value 31.12.23	Nominal value 31.12.23	Fair value pos. 31.12.23	Fair value neg. 31.12.23	Net fair value 31.12.23	Nominal value 31.12.23	
Interest rate and currency derivatives									
Cross-currency swaps		-7,944	-7,944	55,990		-4,607	-4,607	55,990	Level 2
Currency derivatives	7	-340	-333	5,172	109	-356	-247	11,901	Level 2
Interest rate swaps	283	-10,164	-9,882	280,000	302	-17,430	-17,128	280,000	Level 2
Bought interest rate options	5,181		5,181	300,000	13,884		13,884	550,000	Level 2
Total	5,471	-18,448	-12,977	641,162	14,294	-22,393	-8,099	897,891	
Electricity derivatives									
Electricity forward contracts	36,787	-2,746	34,041	4,0	219,475	-458	219,017	4,5	Level 2
Total	36,787	-2,746	34,041	4,0	219,475	-458	219,017	4,5	
Metal derivatives									
Metal swaps	55	-40	15	302	81		81	342	Level 2
Total	55	-40	15	302	81		81	342	

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33. COMMITMENTS AND CONTINGENT LIABILITIES, €1,000	2023	2022
Rental liabilities		
Liabilities for the next year	4,236	4,044
Liabilities for subsequent years	30,562	31,939
	34,799	35,983
Right-of-use agreements		
Liabilities for the next year	4,237	8,500
Liabilities for subsequent years	15,818	20,055
	20,055	28,555
Pledges given as collateral for regulatory charges	289	283
Other financial commitments		
Rent security deposit	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	599	522
Liabilities for subsequent years	1,302	1,250
	1,939	1,810
Unrecognised investment commitments	520,718	315,844

The investment commitments consist of agreements signed by the company to carry out grid construction projects.

34. Legal proceedings and proceedings by authorities

Teollisuuden Voima Oyj ("TVO") lodged a request for an investigation with the Energy Authority on 25 May 2022 related to the claims by TVO that Fingrid has neglected its obligation to develop the main grid as stated in the Finnish Electricity Market Act and/or other applicable legislation, and that, as a result, it has placed unlawful restrictions on connecting the Olkiluoto 3 nuclear power plant to the grid, and that Fingrid is in breach of its administrative obligations linked to carrying out its public administrative task. Fingrid's view is that the claims made by TVO are unfounded. Fingrid lodged a statement of defence with the Energy Authority concerning the claims made by TVO in its request for an investigation.

The EU Agency for the Cooperation of Energy Regulators (ACER), on 14 September 2022, made a decision on long-term price risk hedging opportunities between Finland and Sweden. In its decision, ACER required the Finnish and Swedish TSOs to ensure the availability of other long-term

cross-zonal hedging products and develop the necessary arrangements for providing hedging products. Fingrid filed an appeal against the decision to ACER's Board of Appeal on 14 November 2022. The Board of Appeal issued its resolution on the appeal on 24 October 2023, where it confirmed ACER's original decision. Fingrid submitted to the Energy Authority on 22 December 2023 its proposal for improving the price risk hedging opportunities between Finland and Sweden.

Fingrid received an expropriation permit for the widening of the Torna-Lautakari right-of-way for the neutral line on 27 October 2022. In the kick-off meeting for the expropriation procedure on 1 December 2022, the expropriation committee decided that the expropriating party is obligated to assume responsibility for the tree stands within the scope of the rights and restrictions set in the expropriation permit, unless otherwise agreed. The final meeting of the expropriation procedure was held on 16 November 2023. Fingrid has appealed the decision concerning the Torna-Lautakari tree stands' expropriation to the Southwest Finland District Court's Land Rights Court on 22 December 2023.

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35. Separation of businesses in accordance with the electricity market act

Imbalance power and regulating power

Each electricity market participant must have an open supplier for its electricity production and procurement and for electricity consumption and deliveries. The open supplier must designate a balance responsible party for the open delivery it delivers to an electricity market participant, and the balance responsible party carries out imbalance settlement for the electricity production and procurement and the use and transmission of electricity linked with the open delivery in question through this open delivery or the linked continuous chain of open deliveries. The balance responsible party signs a balance service agreement with Fingrid. Fingrid buys and sells imbalance power to settle any imbalance in the hourly power balance of a balance responsible party. Imbalance pricing is based on the balance service agreement with impartial and public terms and conditions.

Fingrid is responsible for maintaining a power balance in Finland at all times by buying and selling balancing power. The balance responsible parties can participate in the Nordic balancing power market by submitting bids on their available capacity. The terms and conditions of participation in the balancing power market and the pricing of balancing power are based on the balancing power market agreement.

Fingrid is responsible for organising national imbalance settlement. A company jointly owned by the Finnish, Swedish, Norwegian and Danish transmission system operators, eSett Oy, draws up the imbalance settlement and manages the guarantees set by the balance responsible parties. The imbalance settlement takes place after the delivery hour by determining the actual electricity generation, consumption, electricity trading and any imbalance adjustments for reserve activation. The outcome of the balance settlement is the power balance for each balance responsible party.

Management of balance operation

In accordance with a decision by the Energy Market Authority, Fingrid Oyj shall separate the duties pertaining to nation-

al power balance operation by virtue of Chapter 12 of the Electricity Market Act. Balance responsibility is part of financially regulated grid operations.

The income statement of the balance service unit is separated by means of cost accounting as follows:

Income	direct
Separate costs	direct
Production costs	matching principle
Administrative costs	matching principle
Depreciation	matching principle in accordance with Fingrid Oyj's depreciation principle
Finance income and costs	on the basis of imputed debt
Income taxes	based on result

The average number of personnel during 2023 was 10 (9).

The operating profit was 9.8 (-4.8) per cent of turnover.

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MANAGEMENT OF BALANCE OPERATION, SEPARATED INCOME STATEMENT

	1 Jan–31 Dec, 2023 €1,000	1 Jan–31 Dec, 2022 €1,000
TURNOVER	700,530	1,231,884
Materials and services	-628,403	-1,286,028
Personnel costs	-1,354	-850
Depreciation and amortisation expense	-746	-365
Other operating expenses	-1,326	-3,369
OPERATING PROFIT	68,701	-58,728
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	68,701	-58,728
Appropriations	-91	-146
PROFIT/LOSS FOR THE FINANCIAL YEAR	68,611	-58,873

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

	31 Dec 2023€ 1,000	31 Dec 2022 €1,000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	2,311	994
Tangible assets		
Machinery and equipment	707	7
Investments		
Interests in associated companies	1,501	1,501
TOTAL NON-CURRENT ASSETS	4,519	2,501
CURRENT ASSETS		
Non-current		
Current receivables		
Trade receivables	14,616	39,450
Receivables from associated companies	17,578	192
Other receivables		6,814
	32,194	46,456
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	32,195	46,457
TOTAL ASSETS	36,714	48,958



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SHAREHOLDERS' EQUITY AND LIABILITIES

	31 Dec 2023€ 1,000	31 Dec 2022 €1,000
EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	-51,490	7,383
Profit for the financial year	68,611	-58,873
TOTAL SHAREHOLDERS' EQUITY	17,438	-51,173
ACCUMULATED APPROPRIATIONS	-314	-405
LIABILITIES		
Current liabilities		
Trade payables	6,350	8,870
Other debt	5,485	
Liabilities to Group companies	7,755	76,390
Liabilities to associated companies		15,276
	19,590	100,536
TOTAL LIABILITIES	19,590	100,536
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	36,714	48,958

Development of information exchange

It is Fingrid's task to develop the exchange of information required for electricity trade and imbalance settlement as set out in the Electricity Market Act. Fingrid's information exchange services are part of the electricity markets' information exchange environment. In order to develop the effective and accurate exchange of information, Fingrid works in close co-operation with e.g. electricity market parties, interest groups, service providers, supervisory authorities, legislators, organisations that develop national and international communications and other transmission system operators.

In accordance with a decision by the Energy Market Authority, Fingrid Oyj must separate the duties pertaining to the development of information exchange by virtue of Chapter 12 of the Electricity Market Act. The development of information exchange is a financially regulated part of grid operations.

The separation of the income statement for the development of information exchange is realised by means of cost accounting as follows:

Income	direct
Separate costs	direct
Administrative costs	matching principle
Income taxes	based on result

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DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED INCOME STATEMENT

	1 Jan–31 Dec, 2023 €1,000	1 Jan–31 Dec, 2022 €1,000
TURNOVER		
Other operating expenses		-26
OPERATING PROFIT		-26
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		-26
Income taxes		5
PROFIT/LOSS FOR THE FINANCIAL YEAR		-21

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED BALANCE SHEET

	31 Dec 2022 €1,000
ASSETS	
CURRENT ASSETS	
Receivables from Group companies	68
Other receivables	11
TOTAL CURRENT ASSETS	79
TOTAL ASSETS	79

SHAREHOLDERS' EQUITY AND LIABILITIES

	1 Jan–31 Dec, 2022 €1,000
EQUITY	
Share capital	
Profits/losses from previous financial years	3
Profit for the financial year	65
TOTAL SHAREHOLDERS' EQUITY	-21
LIABILITIES	47
Current liabilities	
Trade payables	
Liabilities to Group companies	32
	32
TOTAL LIABILITIES	32
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	79



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Grid operations

Grid operations refers to licensed electricity system operation that takes place on the electricity grid. Electricity system operations are defined in Chapter 1 of the Electricity Market Act (588/2013) and grid operations are defined in Chapter 5. Of Fingrid Oyj's operations, activities related to the management of the power reserve system and guarantees of origin for electricity, as well as the Datahub system are not included in grid operations. Operations that are not part of grid operations constitute 'other operations' as referred to in Chapter 12 of the Electricity Market Act and must be separated from grid operations in accordance with that Chapter.

The income statement and balance sheet of grid operations and other operations have, in compliance with Chapter 12 of the Electricity Market Act, been separated by means of cost accounting as follows:

Income	direct
Separate costs	direct
Production costs	matching principle
Administrative costs	matching principle
Depreciation	matching principle in accordance with Fingrid Oyj's depreciation principle
Finance income and costs	on the basis of imputed debt
Income taxes	based on result
Balance sheet items	matching principle



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	TRANSMISSION SYSTEM OPERATION		OTHER OPERATION	
	1 Jan–31 Dec, 2023 €1,000	1 Jan–31 Dec, 2022 €1,000	1 Jan–31 Dec, 2023 €1,000	1 Jan–31 Dec, 2022 €1,000
SEPARATED INCOME STATEMENT			SEPARATED INCOME STATEMENT	
TURNOVER	1,208,041	1,806,530	TURNOVER	1,614
Other operating income	119,723	30,368	Personnel costs	-299
Purchases during the financial year	-769,881	-1,345,912	Other operating expenses	-1,316
Loss power procurement	-75,203	-103,827	OPERATING PROFIT	-0
Change in stock	406	4,465	Revenue from group companies	150
Grid service charges	-93	-196	Other interest and financial income in group companies	2,077
Other services	-70,127	-56,865	Other interest and financial expenses in group companies	-293
Personnel costs	-40,719	-36,476	Other interest and financial expenses	-1,488
Depreciation and amortisation expense	-6,625	-3,769		
Depreciation according to plan for the electricity grid	-110,075	-99,330	PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	446
Other operating expenses	-36,302	-34,000	Income taxes	-89
Renting expenses	-4,657	-3,944	PROFIT/LOSS FOR THE FINANCIAL YEAR	357
OPERATING PROFIT	214,490	157,045		
Other interest and financial income	32,401	7,701		
Income from other fixed assets		410		
Other interest and financial expenses	-42,065	-22,986		
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	204,825	142,170		
Accumulated depreciation difference for the electricity grid	-31,677	-3,177		
Accumulated depreciation difference for other non-current assets	3,177	3,177		
Income taxes	-35,261	-28,366		
PROFIT/LOSS FOR THE FINANCIAL YEAR	141,064	113,803		

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SEPARATED BALANCE SHEET

TRANSMISSION SYSTEM OPERATION

	31 Dec 2023 €1,000	31 Dec 2022 €1,000
ASSETS		
Intangible assets:		
Intangible assets of the electricity grid	57,316	57,600
Other intangible assets	12,543	9,404
	69,858	67,003
Tangible assets of the electricity grid	1,642,227	1,545,054
Other property, plant and equipment	42,164	38,145
Prepayments and purchases in progress	266,338	181,962
	1,950,729	1,765,161
Investments	87,981	12,736
	87,981	12,736
TOTAL NON-CURRENT ASSETS	2,108,568	1,844,901
Inventories	19,104	18,698
Receivables		
Non-current		
Other receivables	19,788	24,802
	19,788	24,802
Current		
Trade receivables	32,359	32,164
Other receivables	15,906	23,761
Prepayments and accrued income	20,429	33,744
	68,693	89,668
Financial securities	127,803	349,314
Cash in hand and bank receivables	252,546	382,145
TOTAL CURRENT ASSETS	487,935	864,628
TOTAL ASSETS	2,596,503	2,709,529

SEPARATED BALANCE SHEET

TRANSMISSION SYSTEM OPERATION

	31 Dec 2023 €1,000	31 Dec 2022 €1,000
SHAREHOLDERS' EQUITY AND LIABILITIES		
EQUITY		
Share capital	55,920	55,920
Share premium account	55,922	55,922
Profit from previous financial years	32,808	51,555
Profit for the financial year	141,064	113,803
TOTAL SHAREHOLDERS' EQUITY	285,715	277,200
Accumulated depreciation difference for grid assets	331,455	305,149
Accumulated depreciation difference for other assets	-24,058	-26,252
PROVISIONS FOR LIABILITIES AND CHARGES	2,870	3,119
LIABILITIES		
Non-current liabilities		
Bonds	339,503	628,171
Loans from financial institutions	236,598	273,221
Accruals	387,081	677,435
	963,182	1,578,826
Bonds	300,000	30,000
Loans from financial institutions	40,355	33,047
Trade payables	59,453	71,458
Other liabilities	2,169	7,793
Accruals	635,363	429,189
	1,037,339	571,487
TOTAL LIABILITIES	2,000,521	2,150,313
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,596,503	2,709,529

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SEPARATED BALANCE SHEET	OTHER OPERATION	
	31 Dec 2023 €1,000	31 Dec 2022 €1,000
ASSETS		
Intangible assets:		
Investments	16,896	16,896
	16,896	16,896
TOTAL NON-CURRENT ASSETS	16,896	16,896
CURRENT ASSETS		
Non-current		
Other receivables	35,416	43,904
	35,416	43,904
Trade receivables	291	307
Other receivables	5,544	5,488
Prepayments and accrued income	32	
	5,867	5,795
Cash in hand and bank receivables	1,191	1,299
TOTAL CURRENT ASSETS	42,474	50,999
TOTAL ASSETS	59,370	67,895

SEPARATED BALANCE SHEET	OTHER OPERATION	
	31 Dec 2023 €1,000	31 Dec 2022 €1,000
SHAREHOLDERS' EQUITY AND LIABILITIES		
EQUITY		
Share capital	3	3
Profit from previous financial years	121	39
Profit for the financial year	357	569
TOTAL SHAREHOLDERS' EQUITY	480	611
Bonds	31,487	42,819
Loans from financial institutions	21,943	18,624
	53,430	61,444
Liabilities to Group companies, interest bearing	4,426	4,845
Liabilities to Group companies	1	1
Other liabilities	8	10
Accruals	1,026	985
	5,460	5,841
TOTAL LIABILITIES	58,890	67,284
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	59,370	67,895

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Other non-current assets included in the separated balance sheet for grid operations

SEPARATED BALANCE SHEET	TRANSMISSION SYSTEM OPERATION	
	31 Dec 2023 €1,000	31 Dec 2022 €1,000
ASSETS		
Intangible assets:		
Other intangible assets	12,543	9,404
	12,543	9,404
Tangible assets		
Land and water areas	20,141	17,908
Buildings and structures	11,051	10,798
Machinery and equipment	8,613	6,687
Transmission lines	2,249	2,642
Other property, plant and equipment	110	110
Prepayments and purchases in progress	266,338	181,962
	308,502	220,107
Investments:		
TOTAL NON-CURRENT ASSETS	321,045	229,511



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INTANGIBLE ASSETS, €1,000	2023	2022
Intangible assets of the electricity grid, €1,000		
Carrying amount 31 Dec	57,316	57,600
Carrying amount 1 Jan	-57,600	-61,251
Depreciation according to plan 1 Jan–31 Dec	4,331	4,126
Decreases 1 Jan–31 Dec	466	188
Total	4,512	662
Other intangible assets, €1,000		
Carrying amount 31 Dec	12,543	9,404
Carrying amount 1 Jan	-9,404	-4,487
Depreciation according to plan 1 Jan–31 Dec	3,995	2,406
Decreases 1 Jan–31 Dec		111
Total	7,134	7,434
INTANGIBLE ASSETS TOTAL	11,647	8,097

PROPERTY, PLANT AND EQUIPMENT, €1,000	2023	2022
Tangible grid investments, 1,000 €		
Carrying amount 31 Dec	1,642,227	1,545,054
Carrying amount 1 Jan	-1,545,054	-1,487,817
Depreciation according to plan 1 Jan–31 Dec	105,744	95,204
Decreases 1 Jan–31 Dec	1,980	1,226
Total	204,897	153,667
Other property, plant and equipment, €1,000		
Carrying amount 31 Dec	42,164	38,145
Carrying amount 1 Jan	-38,145	-33,633
Depreciation according to plan 1 Jan–31 Dec	2,630	1,363
Decreases 1 Jan–31 Dec		155
Total	6,648	6,030
Prepayment and purchases in progress, €1,000		
Carrying amount 31 Dec	266,338	181,962
Carrying amount 1 Jan	-181,962	-232,037
Decreases 1 Jan–31 Dec	223,407	174,104
Total	307,784	124,028
TANGIBLE ASSETS TOTAL	519,330	283,725

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36. CONGESTION INCOME IN GRID OPERATIONS

The congestion income received by a grid owner must be used for the purposes stated in EU Regulation 2019/943, Article 19: guaranteeing the actual availability of the allocated capacity, maintaining or increasing interconnection capacities through network investments, covering the costs of maintaining said capacity and recognising congestion income in the company's turnover. The congestion income is included as accruals in the item Other liabilities in the balance sheet. Of accruals, congestion income is recognised in the income statement in other operating income in compliance with the accrual of costs defined

in regulation and in turnover to the extent that congestion income can be directly recognised for the benefit of grid customers. Alternatively, they are recognised in the balance sheet against investments, as defined by regulation, to lower the acquisition cost of property, plant and equipment. As a result, this lowers the depreciation of the property, plant and equipment in question. Fingrid reports the share to be used during the next year in short-term liabilities. The Energy Authority's regulatory letters during the regulatory period guide the use of congestion income. The Energy Authority issues a decision on the use of congestion income as part of its supervisory decision on the reasonable return.

Congestion income, €1,000	2023	2022
Congestion income on 1 Jan	1,063,736	488,716
Accumulated congestion income	317,013	942,939
Returns matching congestion income	-284,720	-229,450
Expenses matching congestion income	-21,806	-18,834
Allocated to transmission right compensations	-96,158	
Investments matching congestion income	-2,334	-119,635
Congestion income on 31 Dec	975,731	1,063,736

Countertrade

The countertrade used to safeguard system security in transmission grid operations results in costs. The countertrade costs arising from countertrade at cross-border transmission connections can be covered by congestion income.

Counter trade, €1,000	2023	2022
Countertrade between Finland and Sweden	137	3,752
Countertrade between Finland and Estonia	651	1,749
Countertrade between Finland's internal connections	73	1,787
Total counter-trade	861	7,289

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37. EMISSION RIGHTS

The use of emission rights had no impact on the financial result in 2023.

	2023	2022
Total CO2 emissions tCO2	4,757	6,006

38. PERMANENT LOCATION IN DENMARK IN INCOME TAXATION

Joint Nordic operational planning organisation

In 2018, Fingrid established, jointly with Svenska Kraftnät, Statnett and Energinet.dk, the Nordic Regional Security Coordinator (Nordic RSC) in Copenhagen for inter-TSO operational planning between the countries. The unit included Fingrid employees who provided the service for Fingrid's parent company, and this oper-

ation constituted a permanent location in terms of income taxation and generated income taxable to Denmark. The unit's operational activities ended on 30 June 2022, when the new Nordic RCC A/S was established for the incorporation of RSC. Nordic RCC A/S, which launched its operations on 1 July 2022, is a joint venture of the four Nordic TSOs. Chapter 6.1 takes a closer look at the Nordic RCC. Fingrid had no permanent office in Denmark at the end of 2023.

	1 Jan–31 Dec, 2023 €1,000	1 Jan–31 Dec, 2022 €1,000
INCOME STATEMENT		
TURNOVER		906
Personnel costs		-135
Other operating expenses		-728
OPERATING PROFIT	0	43
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	0	43
Income taxes		-9
PROFIT/LOSS FOR THE FINANCIAL YEAR	0	34

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Helsinki, 27 February 2024

Hannu Linna
Chair

Leena Mörttinen
Deputy Chairman

Jero Ahola

Anne Jalkala

Jukka Reijonen

Asta Sihvonen-Punkka
President & CEO

Auditor's notation

A report on the audit carried out has been submitted today.

Helsinki, 27 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Martin Grandell, APA

An aerial photograph of a wind farm at sunset. The sun is low on the horizon, casting a warm orange glow over a dense green forest. Several wind turbines are visible, with one large turbine in the foreground on the right side of the frame. The sky is a mix of orange, yellow, and blue.

Corporate Governance Statement

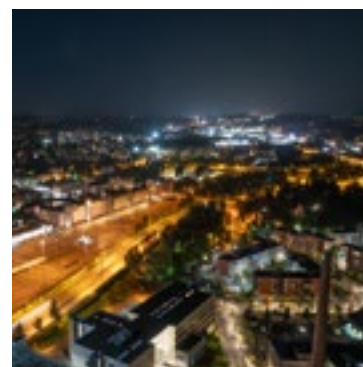
FINGRID ANNUAL REPORT 2023

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General

Fingrid is a public limited company whose governance is based on the Finnish Limited Liability Companies Act, the Market Abuse Regulation, the Securities Market Act, the company's articles of association and its shareholder agreements. Fingrid complies in its operations with the Corporate Governance Code for Finnish listed companies published by the Securities Market Association because the company has issued bonds listed on the Ireland and London Stock Exchanges. This corporate governance statement has been drawn up in accordance with the recommendations and the reporting requirements of Finland's Corporate Governance Code. Fingrid's shares are not subject to public trading.

The company's activities are primarily regulated by the Electricity Market Act. The Electricity Market Act stipulates that Fingrid's governance and its grid operations must be independent of the production

and sale of electricity and natural gas. Fingrid's owners must ensure that they keep decision-making which concerns Fingrid separate from decision-making concerning companies which practice the production or sale of electricity or natural gas. 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 its grid and cover its costs. The Energy Authority confirms the allowed earnings for each regulatory period. The regulatory methods for the regulatory periods 2016–2019 and 2020–2023 entered into force on 1 January 2016. The Energy Authority has confirmed the regulatory methods for the period 2024–2031 on 29 December 2023.

Fingrid's corporate governance statement has been drawn up as a separate report from the annual review and has been processed by Fingrid's Board and the Board's

audit committee. Fingrid's auditing organisation PricewaterhouseCoopers 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.

The Finnish Corporate Governance Code is available in full at CGFINLAND.FI

Description of Fingrid's administrative bodies



Fingrid's administrative system is described above, and the tasks of the administrative bodies are described later on pages 4-17.

General meeting

The general meeting is the company's supreme decision-making body. Each shareholder has the right to participate in the 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 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 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. Up-to-date information on the total number of shares

and voting rights in each share class is published on Fingrid's website.

The general meeting adopts the financial statements, decides on the distribution of profits, and elects an auditor and the company Board, elects 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 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 shall be held if the Board so decides or if the Limited Liability Companies Act (Osakeyhtiölaki, 324/2006) so requires.

The 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 at the earliest four (4) weeks and at the latest two (2) weeks before the meeting as a registered letter to each shareholder to the address entered in the share register of the company.

The notice of the general meeting and the following information is published on the company website at the latest 21 days before the general meeting:

- Proposals concerning the composition and remuneration of the Board and the auditors
- Remuneration report of the governing bodies
- Methods complied with while preparing the proposal for the election of the Board
- Information on the proposed Board members and an assessment of their independence
- Other proposals made by the shareholders and to be addressed by the general meeting
- Documents to be submitted to the general meeting
- Board proposals for decisions

- Procedure according to which the Board members are to be appointed in compliance with the articles of association

Each shareholder has the right to have an item falling within the competence of the general meeting by virtue of the Limited Liability Companies Act addressed by the general meeting. The shareholder must submit his or her request to have the item discussed by the annual general meeting such that the company has sufficient time to process the matter before delivering the notice of the annual general meeting. The company publishes on its website a date by which shareholders must submit their requests to have a specific matter addressed by the annual general meeting and an email address to which the requests should be sent.

The company publishes the minutes of the general meetings on its website no later than two (2) weeks after the meeting.

As a rule, the Chair of the Board and other Board members, Fingrid's President & CEO, together with the auditor, are present at the 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 31 March 2023. The minutes of the annual general meeting have been published on the company's website.

Shareholders' Nomination Board

The Nomination Board's tasks are defined in the Nomination Board's rules of procedure approved by the general meeting (28 March 2018) and they are in line with the Corporate Governance Code's recommendation 19. The Nomination Board's task is to prepare proposals concerning the appointment and remuneration of the members of the Board of Directors for the annual general meeting and to evaluate the activities of the Board of Directors. The Nomination Board was established to operate until further notice.

The Nomination Board shall include three (3) representatives of the Company's shareholders and the Chairman of the Board of Directors, who shall serve as an expert member in the Nomination Board. The three (3) shareholders with the largest share of the votes have the right to appoint

one (1) member each to the Nomination Board. If a shareholder does not wish to use their right to appoint a member, the right shall be transferred to the next largest shareholder who would otherwise not be entitled to appoint a member.

The Nomination Board must make its proposal to the company's annual general meeting each year, and no later than the 31st of January preceding the next annual general meeting.

The members of the Shareholders' Nomination Board were Karri Safo, Senior Government Adviser, Ministry of Finance, nominated by the State of Finland; Mikko Räsänen, Senior Portfolio Manager, Ilmarinen, nominated by Mutual Pension Insurance Company Ilmarinen; and Erkki Ryyänen, Director, OP, nominated by Aino Holdingyhtiö Ky. The term of office of the Nomination Board's members ends at the termination of the annual general meeting following the appointment of the member.

In 2023, the Nomination Board convened three (3) times and the meeting attendance percentage was 100. The Nomination Board prepared a proposal on the number of members, the composition and remuneration of the Board of Directors to the annual general meeting and evaluated the activities of the Board of Directors. In addition, the Nomination Board addressed topics related to the diversity of the Board of Directors and the areas of expertise needed in the Board of Directors.

Board of Directors

Fingrid's annual general meeting elects a Board of Directors once per year. In accordance with the articles of association, the Board of Directors consists of five (5) members. 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 (1) Board member to serve as the Chair of the Board and one (1) member to serve as the Deputy Chair of the Board. The Board is convened by the Chair or Deputy Chair of the Board.

The Board constitutes a quorum when more than half of its members are present, and one (1) 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 term of office expires at the closing of the next annual general meeting following his or her election.

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.



*Fingrid's Board of Directors from 31.3.2023.
From left Leena Mörntinen, Hannu Linna,
Jukka Reijonen, Jero Ahola and Anne Jalkala.*

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 and the financial status of the company;
- Approves Fingrid's management system and other business principles to be determined on the Board level as well as the insider guideline and the principles governing the monitoring of related party transactions;
- Confirms the values to be followed in Fingrid's operations;
- Approves the total amount of purchases and capital investments and their distribution on the various sectors, and decides separately on budgeted purchases, capital investments and sales in excess of EUR 10 million, and on purchases, capital investments and sales outside the budget in excess of EUR 2 million;
- Reviews and approves the audit plan, financial statements, the half-year report and the related stock exchange releases, as well as the annual review;
- Addresses and decides on the proposals to be presented to the annual general meeting in accordance with the regulations of the Limited Liability Companies Act and the recommendations in the Corporate Governance Code;
- Annually reviews the risks relating to the company's operations and the management of such risks;
- Decides on the operating model and annual plan of the internal audit and reviews the internal audit reports;
- Approves the Corporate Governance Statement;
- Addresses the company's corporate social responsibility report at least once a year;
- Appoints and dismisses the President & CEO of the company and the deputy managing director;
- Approves the basic organisation and composition of the executive management group of the company;
- Decides on appointments to the boards of the company's subsidiaries and associated companies and addresses the nominations for the managing directors of subsidiaries and associated companies;
- Decides on the remuneration policy and remuneration report of the company's governing bodies, and on the remuneration and other benefits of the President & CEO and the executive management group members;
- Holds part of the meeting at least once a year without the presence of executive management;
- Holds part of the meeting at least once a year with the auditor without the presence of executive management;
- Assesses its own activities, work methods and efficiency once a year;
- Appoints from amongst its own members the audit committee and remuneration committee, including the chairs of these committees;
- Appoints an advisory committee whose task is to act as a link between the Board and the company management and customers. 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; and

- Addresses other business which the Chair of the Board, a Board member or the President & CEO has proposed for inclusion in the agenda.

Board of Directors in 2023

The Board of Directors in 2023 was represented by Hannu Linna (Chair), Leena Mörttinen (Deputy Chair as of 31 March 2023), Päivi Nerg (Deputy Chair until 31 March 2023), Jero Ahola (as of 31 March 2023), Anne Jalkala (as of 31 March 2023), Jukka Reijonen and Sanna Syri (until 31 March 2023).

Of the Board's members, Hannu Linna, Jero Ahola, Anne Jalkala, Päivi Nerg and Sanna Syri were independent from the company and its significant shareholders. Leena Mörttinen and Jukka Reijonen were independent from the company, but not from its significant shareholders, because they both have been in a service relationship with a significant shareholder. 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 twelve (12) times over the course of the year. The Board approved the financial statements and annual review

for 2022, decided on Fingrid's strategy and as a part of the company's strategy on the principles and goals of corporate social responsibility, and the budget and annual action plan for 2024, and the internal audit plan for 2023 and the grid pricing for 2024. In addition, the Board discussed regularly on the implementation of the development project, which was decided on 2022, concerning the enterprise risk management (ERM). It also handled company's strategic risks and decided on moving into segment reporting. Further, the Board discussed on Energy Authority's decision draft on the regulatory methods for 2024–2031 and the terms and guarantee model of the balance service.

Fingrid's President & CEO, D.Sc. (Tech.) Jukka Ruusunen announced that he will retire on 31 December 2023. The Board appointed Asta Sihvonen-Punkka, Licentiate in Economics, M. For., as Fingrid's President & CEO as from 1 January 2024. The Board appointed Timo Kiiveri, M.Sc. (Tech.), MBA, as deputy managing director as from 1 January 2024 as Asta Sihvonen-Punkka will take over as President & CEO.

Again, record number of new investments was decided in 2023. Major investment decisions made during the year were e.g.

among others improvement of the Estlink 1, several new power stations and their renewals. Due to risen investment costs, the Board decided also on several additional investments, e.g. among others Aurora Line 2 and data center on the Helsinki metropolitan area. In addition, it was decided on further investments in main grid and ICT.

In addition to the previous ones, it was decided on the significant principles affecting the company: principles for ensuring the transmission capacity, principles for managing system security, principles for promoting the electricity market, insider guidelines, principles of internal control and risk management and the new disclosure policy. The Board decided also on the remuneration of the executives as well as the personnel's remuneration structure and addressed the executives' successor and replacement planning. Further, the Board addressed the company's grid vision and followed up the progress of Fingrid Datahub Oy's operations.

The customers of the company and representatives of the various stakeholder groups participated in the Board meetings and expressed their views on Fingrid's operations from the different perspectives.

Fingrid's Board of Directors 2023

Name	Year of birth	Education	Main position and independence	Attendance at Board meetings	Attendance at committee meetings
Hannu Linna Chair	1955	M.Sc. (Technology) eMBA	Board work, independent from the company and significant shareholders	12/12	Audit committee 4/4 Remuneration committee 3/3
Leena Mörttinen Deputy Chair (member as of 31 March 2023)	1967	M.Sc. (Finance)	Ministry of Finance, Permanent Under-Secretary, independent from the company and non-independent from significant shareholders	10/12 (member as of 31 March 2023)	Audit committee 3/4 (member as of 31 March 2023)
Päivi Nerg Deputy Chair (member until 31 March 2023)	1958	M.Sc. (Agriculture & Forestry)	The Central Union of Agricultura Producers and Forest Owners (MTK), Vitality Leader, (during the board membership), independent from the company and significant shareholders	2/12 (Deputy Chair and member until 31 March 2023)	Audit committee 1/4 (member until 31 March 2023)
Jero Ahola (member as of 31 March 2023)	1974	D.Sc. (Technology)	LUT, Professor and Head of Department of Electrical Engineering independent from the company and significant shareholders	10/12 (member as of 31 March 2023)	Audit committee 3/4 (member as of 31 March 2023)
Anne Jalkala (member as of 31 March 2023)	1982	D.Sc. (Technology)	Vaisala Oyj, Chief Sustainability and Strategy Officer, independent from the company and significant shareholders	10/12 (member as of 31 March 2023)	Remuneration committee 2/3 (member as of 31 March 2023)
Jukka Reijonen	1963	M. Sc.	Ilmarinen Mutual Pension Insurance Company, Head of alternative investments, independent from the company and non-independent from significant shareholders	12/12	Audit committee 1/4 (member as of 31 March 2023) Renumeration committee 3/3
Sanna Syri (member until 31 March 2023)	1970	D.Sc. (Technology)	Aalto University, Professor, independent from the company, independent from significant shareholders	2/12 (member until 31 March 2023)	Audit committee 1/4 (member until 31 March 2023) Remuneration committee 1/3 (member until 31 March 2023)

Board members 31 Dec 2023



Hannu Linna

Chair

Master of Science (Technology), eMBA, born in 1955
Board member as of 20 March 2020

Main position:

Board work

Key positions of trust:

- Gasgrid vetyverkot Oy, Board member 2023–

Previous work experience:

- Vaasan Sähkö Oy, Managing Director 2001–2018
- Korpelan Voima, Managing Director of the municipal partnership 1994–2001
- Mellano Oy, Managing Director 1992–1994
- Pyhännän Rakennustuote Oy IT Manager 1984–1990, Project Manager 1991
- Imatran Voima Oy 1979–1984
- and various other positions

Previous positions of trust:

- EPV Energia Oy, Board member 2001–2019
- Voimapiha Oy (Indalsälven), Board member 2013–2018
- Vapo Oy/VapoTimber Oy, Board member 2009–2017
- Finnish Energy Industries, Board member 2008–2009 and 2015–2017,
- Power-Deriva Oy, Board member 2006–2018
- PRT-Forest Oy, Board member 2005–2014, Deputy Chair 2007–2009, Chair 2010–2014
- Mellano Oy, Board member, 1995–2002
- and various other positions of trust

Independent from the company and significant shareholders.

Holds no shares in the company or in a company that belongs to the same group as Fingrid.



Leena Mörttinen

Deputy Chair

D.SocSc. (Econ.), born in 1967
Board member as of 31 March 2023

Main position:

Ministry of Finance, International and Financial Markets Affairs, Permanent Under-Secretary 2020–

Key positions of trust:

- Finnish National Theatre Foundation, Board member, 2016–
- University of Helsinki Research Foundation, Advisory Board, Chair 2015–

Previous work experience:

- Ministry of Finance, Financial Markets Department, Director General 2017–2020
- Finnish Family Firms Association, Executive Director 2015–2017
- Confederation of Finnish Industries EK, Competitiveness and Growth, Director and member of the management team 2012–2015
- Nordea Group, European Affairs, Head of Group 2009–2012
- Nordea Bank Finland, Head of Savings Finland 2009–2009
- Nordea Bank Finland, Chief Economist 2006–2008
- Bank of Finland, Financial Markets and Statistics Department, Advisor 2005–2006
- European Central Bank, Directorate Financial Stability and Supervision, Senior Expert 2002–2005
- Bank of Finland, Financial Markets Department, Economist 1999–2002
- University of Helsinki, Economics Department, Research Unit on Economic Structures and Growth, Researcher 1995–1999

Independent of the company, non-independent on significant shareholders.

Holds no shares in the company or in a company that belongs to the same group as Fingrid.



Jero Ahola

D.Sc. (Tech.), Electrical Engineering, born in 1974
Board member as of 31 March 2023

Main positions:

- Lappeenranta-Lahti University of Technology (LUT), Head of the Department of Electrical Engineering 2021–
- Lappeenranta-Lahti University of Technology (LUT), Professor of Energy Efficiency in Electricity-driven Systems, Department of Electrical Engineering 2014–
- Solar Foods Oy, Advisory partner and co-founder 2017–
- Elstor Oy, Advisory partner and co-founder 2017–
- Afstor Oy, Advisory partner and co-founder 2017–

Key positions of trust:

- Gasgrid Finland Oy, Board Member 2020–
- CLIC Innovation Oy, Board Member or Deputy Board Member 2017–
- European Power Electronics Association (EPE), Executive Council (Ex-officio) and Scientific Council, Member 2017–

Independent of the company and significant shareholders.

Holds no shares in the company or in a company that belongs to the same group as Fingrid.



Anne Jalkala

D.Sc. (Tech.), born in 1982
Board member as of 31 March 2023

Main position:

Vaisala Oyj, Chief Sustainability and Strategy Officer 2022–

Key positions of trust:

- Tampere University, Commerce and Audit Committee, Board Member 2020–, Chair 2022–
- Finnish Foundation for Technology Promotion, Delegate 2018–

Previous work experience:

- Fortum Oyj, 2016–2022, various areas of responsibility, latest as a Vice President, Digital Growth Businesses
- Lappeenranta University of Technology (LUT), Head of LUT School of business and Management 2015–2016
- Lappeenranta University of Technology (LUT) Professor in Business Marketing 2010–2016
- Stanford University (SCANCOR), visiting Scholar 2013–2014
- Bocconi University, visiting Research Scholar 2007–2008
- Lappeenranta University of Technology (LUT), Researcher 2006–2010

Independent of the company and significant shareholders.

Holds no shares in the company or in a company that belongs to the same group as Fingrid.





Jukka Reijonen

M.Sc. (Tech.), born in 1963

Board member as of 30 March 2022

Main position: Ilmarinen Mutual Pension Insurance Company, Head of Alternative Investments 2018–2023

Key positions of trust:

- Metsämassi Oy, Chairman of the Board 2017–2023
- The Forest Company, Board member and audit committee member 2019–
- Tieyhtiö Valtatie 7 Oy, Board member 2018–2023
- Valtatie 7 Holding Oy, Board member 2018–2023
- Buffalo HoldCo Oy, Board member 2018–2023
- SSC Lunni Oy, Deputy Board member 2018–2023
- SSC Esko Oy, Deputy Board member 2018–2023
- SSC Kiisla Oy, Deputy Board member 2018–2023
- SSC Suula Oy, Deputy Board member 2018–2023
- SSC Uikku Oy, Deputy Board member 2018–2023
- SSC Ukko Oy, Deputy Board member 2018–2023
- SSC Ahti Oy, Deputy Board member 2018–2023

Previous work experience:

- Mutual Pension Insurance Company Etera, Head of Real Assets 2015–2018
- Mutual Pension Insurance Company Etera, Head of Client Financing 2014–2015
- Danske Bank, Senior Client Executive, Head of Institutional Clients 2011–2013
- Royal Bank of Scotland Plc, Head of Public Sector Finland 2007–2010
- Royal Bank of Scotland Plc, Head of Nordisk Renting Finland 2009–2010
- Kaupthing Bank Oyj, Senior Relationship Director 2007–2007
- Municipality Finance Plc, different positions 1994–2007
- Postipankki Oy, different positions 1991–1994

Independent of the company, non-independent on significant shareholders.

Holds no shares in the company or in a company that belongs to the same group as Fingrid.

Diversity of the Board of Directors

The Board of Directors' diverse composition supports the accomplishment and development of the goals and targets set by the company for its operations. An aim of the company is for all Board members to have adequate and mutually complementary experience and expertise in the areas essential for both the operations and societal role of the company. Fingrid additionally strives to assess the composition of the Board in terms of age and gender, taking into account the gender equality targets recommended by the state ownership policy and the other owners. The proposal for the composition of the Board of Directors is prepared by the Nomination Board, which includes three (3) representatives of the Company's shareholders and the Chairman of the Board of Directors, who shall serve as an expert member in the Nomination Board.

Fingrid Board members possess wide-ranging and international business and management expertise. The sectors and areas of expertise represented in the Board include industry, the energy sector, corporate social responsibility, financing and accounting, as well as state administration. On 31 December 2023, forty per cent of the Board members were female and sixty per cent male. The ages of the Board members range between 41 and 68 years.



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 committees.

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

Audit committee

The audit committee is appointed by the Board of Directors to assist the Board. The Board has specified the duties of the audit committee in its working order in accordance with recommendation 16 of the Corporate Governance Code. According to the

working order, it is the audit committee's task to carry out its duties under the law and the tasks in line with the Corporate Governance Code's recommendation 16, and to address any other matters within the scope of the committee's duties as it sees fit and carry out other tasks specifically assigned to it by the Board.

The members of the audit committee were Hannu Linna (Chair until 31 March 2023), Leena Mörttinen (Chair and member as of 31 March 2023), Jero Ahola (as of 31 March 2023), Päivi Nerg (until 31 March 2023). The audit committee convened four (4) times in 2023. The President & CEO, the CFO and General Counsel participated in the committee's meetings.

In its meetings, the audit committee addressed issues such as the financial statements, Report of the Board of Directors and the dividend proposal 2022, the half-year



report, the auditor's reports, the internal audit's reports, the company's strategic risks and risk management, segment reporting, processes and risks related to IT security, basis for determining the grid service fees, corporate finance principles, Corporate Governance Statement and impacts of the energy crisis on company's economy. The internal audit reports concerned i) international commitments, ii) the follow-up audit of the Nordic RCC A/S iii) main processes and reporting concerning human resources, iv) the crossing statement process and v) new energy accounting system (ESJ). The committee additionally prepared matters up for decision by the Board and the company's financial reporting and bond programmes.

Remuneration committee

The remuneration committee is appointed by the Board of Directors to assist the Board. The Board has specified the duties of the remuneration committee in its working order in accordance with recommendation 17 of the Corporate Governance Code. Accordingly, the duties of the remuneration committee include, among other things, preparing the company's remuneration

policy and the remuneration report. The committee also prepares for the Board, on the basis of accepted principles, a proposal concerning the salaries and other benefits to be paid to the President & CEO and other members of the executive management group. The committee's duties furthermore include preparing matters concerning the election of the President & CEO and other members of the executive management group and the recruitment processes and successor planning, as well as planning remuneration for the rest of the personnel and organisational development.

The remuneration committee consisted of Hannu Linna (Chair), Anne Jalkala (as of 31 March 2023), Jukka Reijonen and Sanna Syri (until 31 March 2023). In 2023, the remuneration committee convened three (3) times. The President & CEO and the Senior Vice President, HR and Communications participated in the committee's meetings. Topics discussed in the meetings included the remuneration schemes for the personnel, the executive management group and the President & CEO as well as management successor planning and deputising arrangements.



Managing Director and the Deputy Managing Director

The managing director, hereinafter referred to as the President & CEO, is a corporate body, as defined in the Limited Liability Companies Act, and attends to the ongoing management of the company in accordance with guidelines laid down by the Board of Directors. In accordance with the Limited Liability Companies Act, managing director 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 furthermore responsible for the operations of the company and the implementation of the Board of Directors' decisions 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.

Jukka Ruusunen (D.Sc. Tech., born 1958) has acted as Fingrid's President & CEO since 2007. He has retired on 31 December 2023.

The deputy managing director is in charge of the company's managing director's duties when acting in the capacity of deputy managing director. Asta Sihvonen-Punkka, Licentiate in Economics, M.For. (born 1962) acted as deputy managing director in 2023. She acted also as the head of Fingrid's Markets function. Asta Sihvonen-Punkka was appointed as Fingrid's President & CEO as of 1 January 2024. As deputy managing director was appointed M.Sc. (Tech.), MBA, Timo Kiiveri as from 1 January 2024. In addition, he acts as a head of the Asset management function.

The President & CEO or the Executive Vice President do not own Fingrid's shares nor do they have share-based rights in Fingrid or in a company that belongs to the same group as Fingrid.



Company management

Fingrid holds key responsibility for the transmission of electricity in Finland's main grid and thereby for the entire society's ability to function. In its operations, Fingrid complies with the applicable legislation and international conventions as well as the principles approved by the Board of Directors and the policies approved by the President & CEO and addressed by the executive management group. Fingrid's Code of Conduct is 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 and other applicable national and EU legislation.

Fingrid's operations are managed in a matrix of four perspectives. These are: customers

and society, finance, internal processes (adequacy of the transmission system, system operation and promoting the electricity market), 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 peak load capacity 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 Fingrid. Another subsidiary wholly owned by the parent company Fingrid, Fingrid Datahub Oy, is in charge of providing the electricity markets' centralised data exchange service and related services to



electricity market parties and is responsible for the management of the registered information required by the electricity market and the development of these functions.

Executive management group

The executive management group supports the President & CEO. Its tasks are:

- to prepare the strategy and to communicate and implement it to ensure efficient and effective operations, and to monitor the implementation of the strategy,
- to draw up an action plan and budget,
- to implement financial control and risk management,
- to implement resource planning, procurement and control,
- to implement external communications and stakeholder dialogue,
- to prepare matters for the Board of Directors, and
- to develop the work of the executive management group.

Each member of the executive management group is responsible for the day-to-day business operations of the organisation in his or her area of responsibility and for implementing operative decisions. In addition to Jukka Ruusunen, President & CEO, the executive management group in 2023 consisted of:

- Asta Sihvonen-Punkka, Lic. Econ., M. For (born 1962), Executive Vice President, Markets,
- Jussi Jyrinsalo, Lic. Tech. (born 1964), SVP, Transmission System Services and Grid Planning,
- Timo Kiiveri, M.Sc., MBA, CBM (born 1967), SVP, Asset Management,
- Marina Louhija, LL.M., eMBA (born 1968), General Counsel, Legal and Administrative Affairs, Compliance and Sustainability,
- Tiina Miettinen, M.Sc. (Politics), M.Sc. (Knowledge Management), CBM (born 1963), SVP, HR and Communications,
- Jukka Metsälä, M.Sc. (Tech.), MBA (born 1979), CFO,
- Tuomas Rauhala, D.Sc. (Tech.) (born 1979), SVP, Power System Operations, and
- Kari Suominen, M.Sc. (Tech.), MBA, CBM (born 1964), CIO.

The members of the executive management group do not own Fingrid shares nor do they have share-based rights in Fingrid or in a company that belongs to the same group as Fingrid.

The executive management group convened 16 times in 2023.



*Fingrid's Executive management group 2023.
From left President & CEO Jukka Ruusunen, executive management group
Tiina Miettinen, Timo Kiiveri, Tuomas Rauhala, Asta Sihvonen-Punkka,
Jussi Jyrinsalo, Marina Louhija, Jukka Metsälä, Kari Suominen.*

Advisory committee

Fingrid's Board of Directors appoints an advisory committee with 10 to 14 members to serve as a link between the company and its customers. The advisory committee is an advisory body which provides perspectives on the development of the company's operational environment, business 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 annually confirms the regulations concerning the work of the advisory committee. The term of office of the members of the advisory committee is three years. The President & CEO and the Senior 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. The topics addressed by the advisory committee in its meetings included the power system operations in Finland and other Nordic countries, the main grid investment plans and the sufficiency of transmission capacity, the scenarios of Fingrid's grid vision and the related challenges as well as electricity market's common Nordic development projects. In addition, Customers' presentations on current topics were on the agenda in each meeting.



*Advisory Board 2023.
Back row from left Sami Kervinen (PKS Sähkösiirto Oy), Kristian Gullsten (Napapiirin Energia ja Vesi Oy),
Jussi Jyrinsalo (Fingrid Oyj), Jyrki Tammivuori (Caruna Oy), Lauri Laine (Nurmijärven Sähkö Oy),
Jouni Haikarainen (Lahti Energia Oy), Juha Keski-Karhu (Väre Oy), Stefan Damlin (Vaasan Sähkö Oy).
Front row from left Minna Laasonen (Fingrid Oyj), Heikki Peltomaa (WPD Finland Oy), Jukka Ruusunen (Fingrid Oyj),
Esa Ukkonen (Stora Enso Oyj). Pirtta Mikkanen (Metsä Board Oyj) ja Petra Lundström (Fortum Oyj) are missing from the photo.*

Internal control and risk management

Internal control and risk management principles

Fingrid's internal control is an integral part of the company's operations and addresses all those operating methods and procedures whose objective it is to ensure:

- effective and profitable operations in line with the company's strategy,
- the reliability and integrity of the company's financial and management information,
- protection of the company's assets,
- compliance with the applicable legislation, guidelines, regulations, agreements and the company's own governance and operating guidelines as well as the quality thereof, and
- a high standard of risk management.

Risk management is planned holistically, with the objective of comprehensively identifying, assessing, monitoring and safeguarding the company's operations, the environment, personnel and assets from various threats and risks.

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.

Further information on internal control, risk management and the foremost risks and factors of uncertainty is available on the company's website and in the Board of Directors' annual review.



Arrangement of internal control and risk management and distribution of responsibility

Board of Directors

The company's Board of Directors is responsible for organising internal control and risk management, and it approves the principles of internal control and risk management at least every two years or more often, if necessary. The Board defines the company's strategic risks and related management procedures as part of the company's strategy and action plan and monitors their implementation. 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, major business risks and continuity threats relating to the company's operations, and their management and realisation.

Line management and other 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, major business 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, risks and controls as well as risk management for their areas of responsibility, and for the reporting of deviations, and the sufficiency of detailed guidelines. The directors appointed to be in charge of threats to continuity management are responsible for drawing up and maintaining continuity management plans and guidelines, and for arranging sufficient training and practice.

The Chief Financial Officer is responsible for arranging and developing 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 at the company level for assuring the legality and regulation compliance of essential contracts and internal guidelines, taking into account the company's interests, 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.

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.

Control environment of the financial reporting process

The Group comprises the parent company Fingrid Oyj and its wholly owned subsidiaries Finextra Oy and Fingrid Datahub Oy. Additionally, Fingrid Oyj has associated companies, eSett Oy (holding 25%) and Nordic RCC A/S (holding 25%). 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. The executive management group and those with budget responsibility as well as the heads of units and functions receive a monthly report of the

financial situation. These reports include 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 steering 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 the half-year report in accordance with IFRS reporting standards accepted by the EU and in accordance with the Finnish Securities Market Act. The annual review and the financial statements of the Finnish companies included in 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.

Roles and responsibilities of the financial reporting process

Fingrid's Board of Directors is primarily responsible for defining the principles of internal control and risk management related to financial reporting, and the Board makes sure that these principles are followed in the company. The Board reviews and approves the half-year report, the annual review and the financial statements. The audit committee assists the Board in this by monitoring the efficiency of the company's internal control, internal audit and risk management systems.

The finance function 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.

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 all 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 the 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 information security and data management. Risky work combinations are avoided wherever possible. User rights are checked regularly and de-

termined by the position of a person in the organisation. The databases used in the financial control system and accounting system are backed up regularly. The company has an information security manager who is responsible for the management and development of data networks and information security, as well as for providing personnel with guidance concerning information 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.



Financial audit and internal audit

Financial audit

An authorised public accounting company selected by the annual general meeting and approved by the Finland Chamber of Commerce 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 AGM 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 of Directors and may also carry out other verification-related tasks commissioned by the Board or by the management.

The annual general meeting of 2023 elected authorised public accountants PricewaterhouseCoopers Oy as the auditor of the company. Authorised public accountant Martin Grandell serves as the company’s responsible auditor. The general meeting decided that the auditor’s fee and expenses are paid on the basis of a reasonable invoice accepted by the company.

Internal audit

The Board of Directors 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 approved by the Finland Chamber of Commerce acts within the company. From an administrative perspective, the internal audit is subordinate to the President & CEO. The internal audit provides a systematic approach to the assessment and develop-

ment 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. Fingrid’s internal audit carries out risk-based auditing on the company’s various processes.

In 2023, BDO Oy served as Fingrid’s internal auditor and carried out a total of five (5) audits. The audits concerned i) international commitments, ii) the follow-up audit of the Nordic RCC A/S, iii) main processes and reporting concerning human resources, iv) the crossing statement process and v) new energy accounting system (ESJ). The total fees paid to BDO Oy for the aforementioned auditing tasks amounted in total to EUR 85.844,56.

Auditor’s fees, EUR 1,000	2023	2022
Auditing fees	162	119
Other fees	77	52
TOTAL	239	171



Related party transactions

The Group's related parties include, in addition to the parent company Fingrid Oyj, subsidiaries Finextra Oy and Fingrid Datahub Oy, and the associated companies eSett Oy and Nordic RCC A/S, the shareholder entities listed in the company's financial statements, and senior management and their related parties. The senior 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. Fingrid's related

party transactions are accounted for in the notes to the financial statements.

In the decision making concerning related party transactions, Fingrid sees to it that any conflicts of interest are taken into account, and no one included in the related parties or a representative of a related party participates in deciding on a related party transaction. Business with related parties is conducted at market prices. Fingrid maintains a list of its related parties.

Fingrid complies with the related party principles approved by the Board of Directors.



Main procedures relating to insider administration

Fingrid complies with the Market Abuse Regulation (MAR), Nasdaq Helsinki Oy's insider guidelines, the Central Bank of Ireland's (CBI), the UK's Financial Conduct Authority's (FCA) and the Financial Supervisory Authority's (FIN-FSA) up-to-date guidelines on the governance and management of insider information. Fingrid additionally has insider guidelines approved by the Board of Directors, which describe the key principles for insider issues to be applied within the company. The company's General Counsel, Marina Louhija, is in charge of insider administration.

Fingrid's permanent insiders consist of the Board of Directors, President & CEO, members of the executive management group as well as any person considered to regularly have access, due to their duties, to insider information concerning Fingrid. Project-specific lists of insiders are drawn up as necessary. Such lists include any persons in charge of preparations for the

project who have access to insider information related to the project. Fingrid additionally applies a so-called extended closed window to the persons who participate in the preparation of the half-year report, management reviews and/or financial statements, including any external consultants and experts.

The lists related to Fingrid's insider administration are not public. Only the person in charge of insider administration and her assistants have access to them.

According to Fingrid's insider guidelines, permanent or project-specific insiders and the persons under the extended closed window rules may not, on their own account or on the account of a third party, trade in Fingrid's financial instruments within thirty (30) days prior to the publication of Fingrid's financial statements release and the regularly published half-year report release and management reviews.



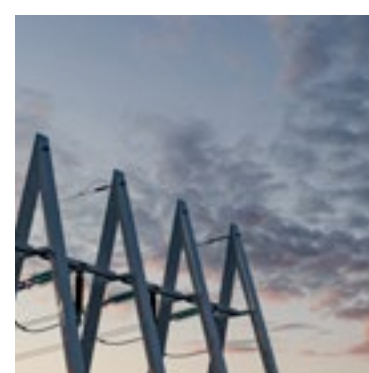
A photograph of three people in an office setting. In the foreground, a man with short brown hair is seen in profile, wearing a light purple shirt. In the background, a woman with shoulder-length brown hair is smiling, wearing a white sweater. In the foreground on the right, a man with medium-length brown hair and a light beard is smiling, wearing a light blue button-down shirt. The background is a blurred office environment with a window and a plant.

Remuneration Report

FINGRID ANNUAL REPORT 2023

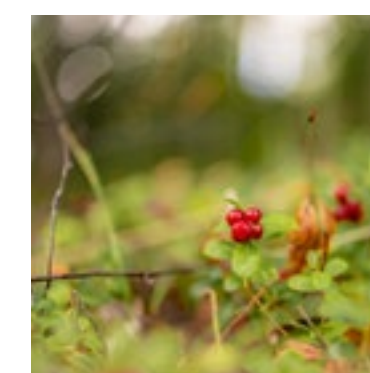
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*Remuneration
of the Board
of Directors
in 2023*

5



*Long-
term
Incentive
Schemes*

9



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, 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

Principles steering remuneration at Fingrid

Fingrid’s basic tasks		
<ul style="list-style-type: none"> • 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		



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 and the responsibility 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 to 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 2023

In 2023, 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 produc-

tively 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 as well as ensure the senior management'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



The bonuses paid are in line with the company's performance level and financial development.

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 2023 was 7:1, and the female-to-male annual median income ratio was 0,9:1.

Composition of the Remuneration Committee in 2023

Members of Fingrid's remuneration committee in 2023:

- Hannu Linna, Chair
- Anne Jalkala (from 31 March 2023)
- Jukka Reijonen
- Sanna Syri (until 31 March 2023)

Remuneration and the company's result over the five previous financial years	2019	2020	2021	2022	2023
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, €	522,000	504,000	506,000	507,000	540,000
Overall remuneration of the deputy to the President & CEO, €		226,000	230,000	231,000	247,000
Fingrid's employee on average*, €	68,000	73,000	72,000	73,000	74,000
Company's operating profit, excluding changes in the fair value of derivatives, EUR mill.	142,1	115,4	148,6	149,8	186,1

*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.



Remuneration of the Board of Directors in 2023

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 31 March 2023. The fees did not change.

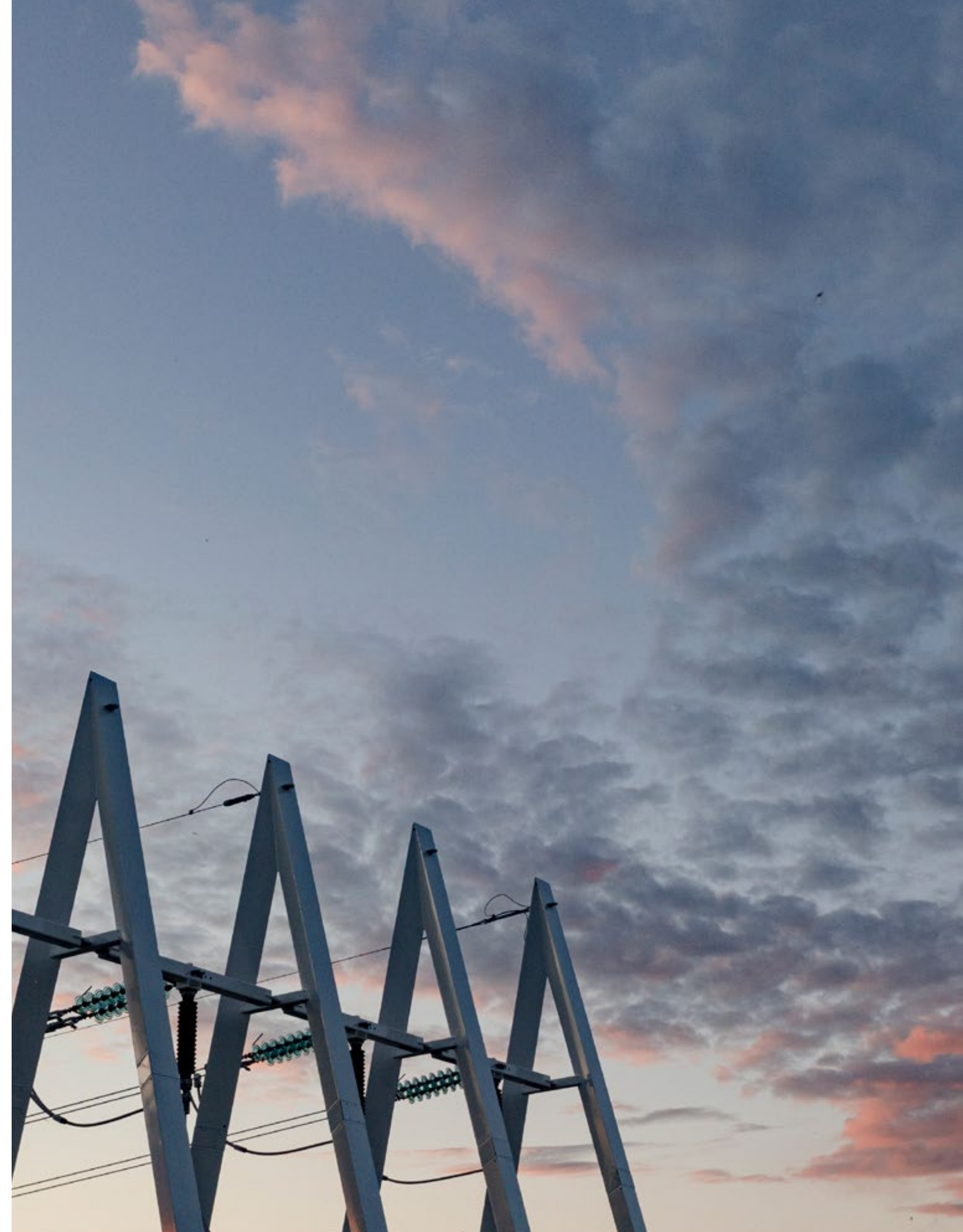
Other Financial Commitments

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.

Fees paid to Board members 2023

Total fees, €	falling due from 2023	paid in 2023
Hannu Linna, Chair	1,200	42,600
Leena Mörttinen, Deputy Chair (from 31 March 2023)	1,200	18,300
Jero Ahola (from 31 March 2023)	1,200	15,600
Anne Jalkala (from 31 March 2023)	600	15,600
Jukka Reijonen	600	22,800
Previous members of the Board		
Päivi Nerg, Deputy Chair (until 31 March 2023)		7,500
Sanna Syri (member until 31 March 2023)		7,200

Monthly fees, €	2023
Chair	2,400
Deputy Chair	1,300
Members	1,000
Meeting fees, €	2023
	600



Remuneration of the President & CEO and deputy in 2023

Fingrid's Board of Directors decides on the remuneration of the 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

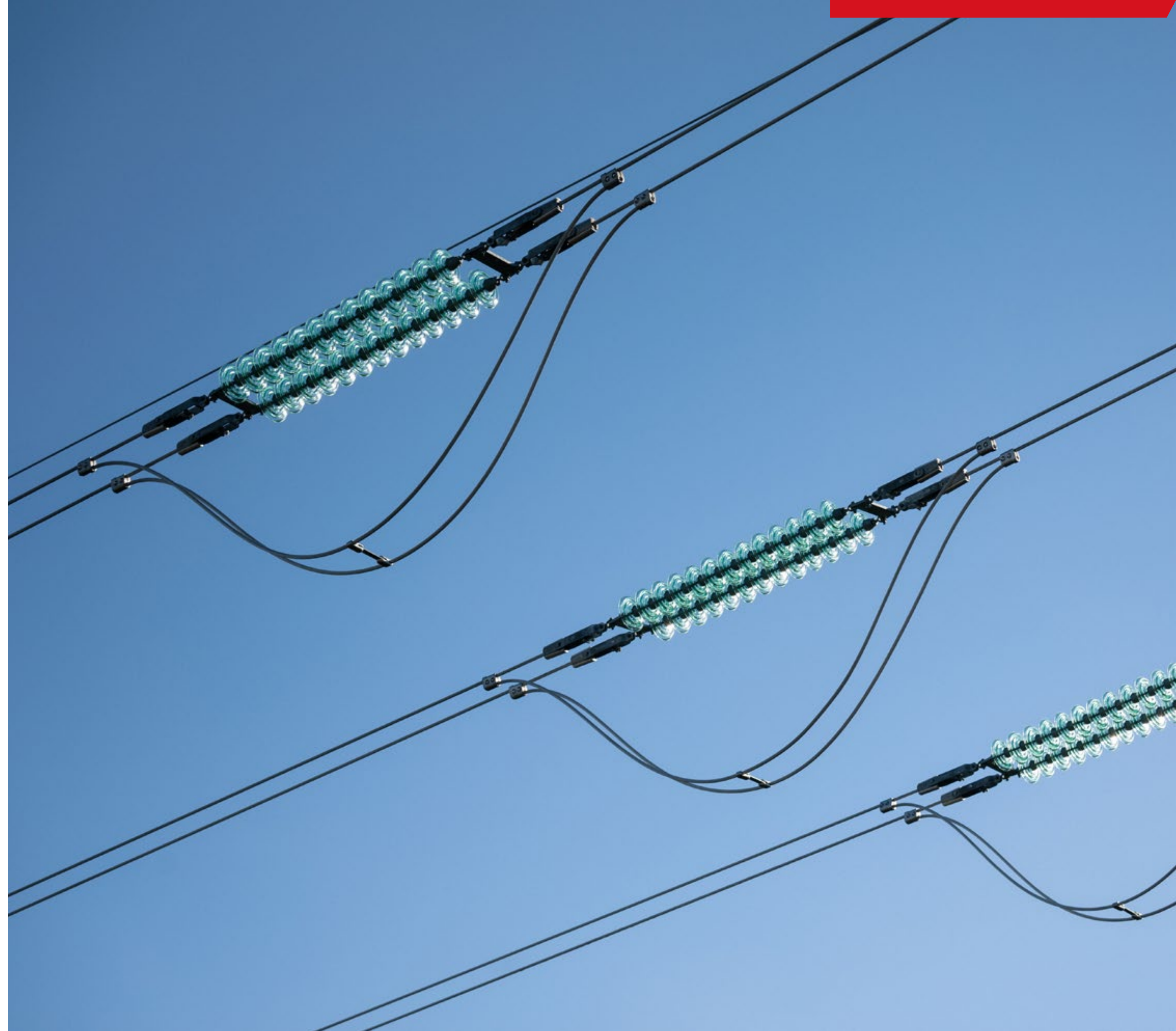
The total remuneration of the President & CEO consisted of a fixed total salary and variable pay components, which were a one-year incentive scheme (max. 40 per cent of the fixed annual salary for the earnings year) and long-term incentive schemes (max. 40 per cent of the fixed annual salary).

The total remuneration of the deputy to the President & CEO consisted of a fixed total salary and variable pay components, which

were 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 was 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 had the possibility to convert part of their monetary remuneration into a company car benefit in accordance with the car policy set up by the company.

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 2023, the President & CEO's total salary was EUR 27,700 per month at the end of the year. His salary was increased by EUR 1,700 during 2023. The total salary of the deputy to the President & CEO was some EUR 14,900 and her salary was increased by EUR 800 during 2023. The total salary of both the President & CEO and his deputy included a car benefit.

Further employment Terms and Conditions

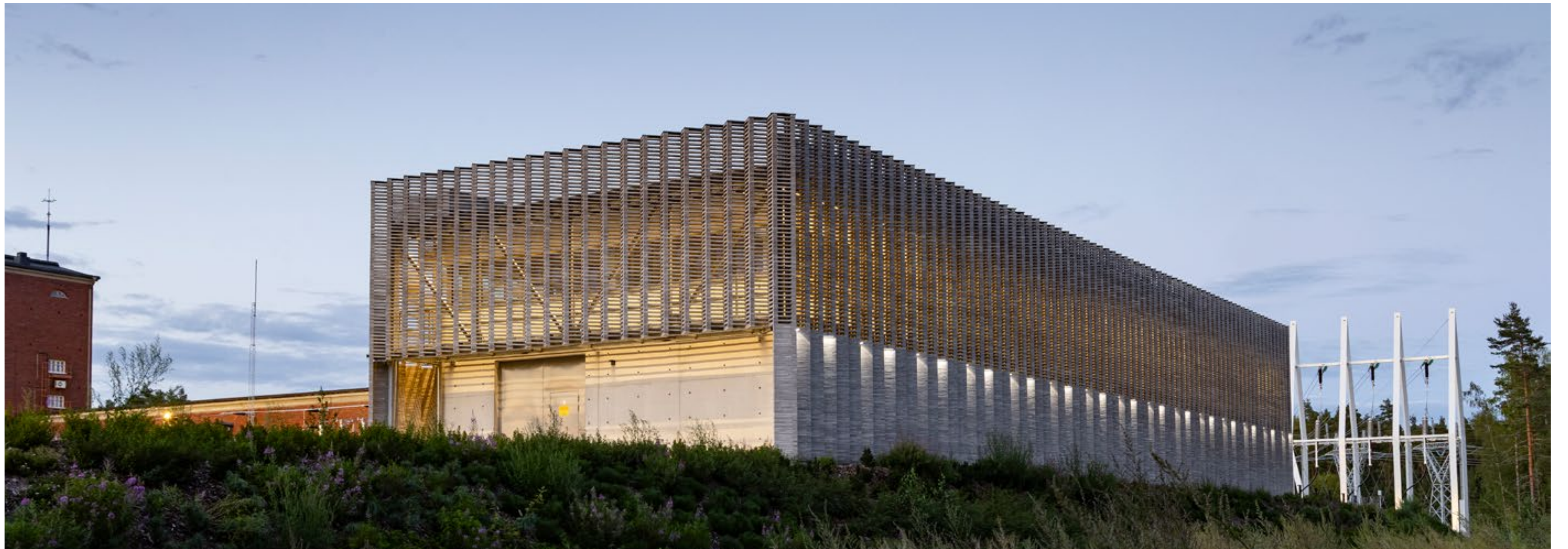
The mutual period of notice was six months for Fingrid's President & CEO Jukka Ruusunen and four months for the deputy to the President & CEO Asta Sihvonen-Punkka in 2023. President & CEO Ruusunen's CEO contract additionally specified a nine-month redundancy compensation and

his deputy Asta Sihvonen-Punkka a five-month redundancy compensation if the company were to dismiss the President & CEO or his deputy.

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

Remuneration of the President & CEO and deputy

	Falling due from 2023	Paid in 2023		Total
	Bonuses falling due	Salaries and benefits	Variable remuneration	
Jukka Ruusunen, President & CEO	213,000	343,000	197,000	540,000
Asta Sihvonen-Punkka, Deputy to the President & CEO	66,000	184,000	63,000	247,000
TOTAL	279,000	527,000	260,000	787,000



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 responsibility plays a key role in the one-year incentive scheme. In 2023, the responsibility KPIs used in short-term remuneration were the customer NPS score and leadership indicator, with which the personnel’s commitment to and satisfaction with the company were measured. In addition, the personal performance of the President & CEO and his deputy were assessed through 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.

The bonuses paid in March 2023 based on the President & CEO’s and his deputy’s short-term incentive schemes for 2022 are described in the attached table.

The result of the President & CEO’s short-term incentive scheme for the 2022 fi-

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
25 %	25 %	Personal performance, several metrics	maximum (President & CEO) above target (Deputy)

ncial year was 39 per cent and for the deputy, 23 per cent of the annual earnings. The merit pay was paid in March 2023.

The bonuses to be paid in March 2024 based on the President & CEO’s and their deputy’s short-term incentive schemes for 2023 are described in the attached table.

The result of the President & CEO’s short-term incentive scheme for the 2023 financial year was 32 per cent and for the deputy, 17 per cent of the annual earnings. The merit pay will be paid in March 2024.

STI 2023, paid in 2024

Weight		Metric	Performance level
President & CEO	Deputy		
20 %	25 %	Company’s financial result	below target
30 %	25 %	Net Promoter Score from customers (cNPS)	above target
25 %	25 %	Leadership, personnel survey results	maximum
25 %	25 %	Personal performance, several metrics	maximum (President and CEO) above target (Deputy)



Long-term Incentive Schemes

There is no share-based incentive scheme at Fingrid. Instead, the company applies overlapping three-year long-term incentive schemes.

Corporate responsibility plays an important role also when setting up long-term incentive schemes.

In the incentive schemes for 2020–2022 and for 2021–2023, all of the metrics were the company’s responsibility KPIs. The metrics were the extent of the disturbance caused to customers by outages in the power system, promoting the electricity market and creating shareholder value.

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 was paid in March 2023.

The result of the President & CEO’s long-term incentive scheme for 2021–2023 was 30 per cent and for the deputy, 19 per cent of the annual earnings. The merit pay will be paid in March 2024.

LTI 2020–2022, paid in 2023

Weight	Metric	Performance level
President & CEO and his deputy		
1/3	Impact of disturbances on customers, system security	above target
1/3	Market harm of cross-border transmission restrictions	below target
1/3	Shareholder value: dividend income for shareholders	below target

LTI 2021–2023, paid in 2024

Weight	Metric	Performance level
President & CEO and his deputy		
25 %	Impact of disturbances on customers, system security	above target
25 %	Market harm of cross-border transmission restrictions	below target
25 %	Shareholder value: dividend income for shareholders	maximum
25 %	Grid transmission tariff level	was not assessed due to lack of comparative data



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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