

1. Arrangement of remuneration decision-making

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

2. Key remuneration principles at Fingrid

2.1. Remuneration and other benefits for the members of the Board of Directors

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

2.2. Remuneration of the President & CEO

The service terms of the President & CEO have been specified in a separate President & CEO service contract which is approved by the Board of Directors. The retirement age and pension accrual of the President & CEO are determined in accordance with general pension legislation.

The total remuneration of the CEO consisted in 2016 of a fixed total salary, a one-year bonus scheme (max. 25 per cent of the annual pay for the earnings year), and a three-year long-term incentive scheme (max. 35 per cent of the annual pay for the earnings year). There is no share or share-based remuneration scheme or supplementary pension scheme in place for the CEO on behalf of the company.

The criteria for the CEO's one-year bonus scheme in 2016 were cost efficiency, customer satisfaction, functionality of the workplace community, and leadership. An additional criterion was a strategic project concerning the reliability of cross-border transmission. The criteria for the long-term incentive scheme are system security, electricity market functionality and shareholder

value. Corporate social responsibility is taken into account in both the year-long and long-term incentive schemes.

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

2.3. Remuneration of executive management

The total remuneration of the members of the executive management group consists of a fixed total salary, a one-year bonus scheme, and a three-year long-term incentive scheme. The maximum amount of the one-year bonus scheme is 20 per cent of the annual pay for the earnings year. The annual maximum amount of the long-term incentive scheme is 25 per cent of the annual pay for the earnings year.

The criteria for the executive management's one-year bonus scheme in 2016 were cost efficiency, customer satisfaction, functionality of the workplace community, and leadership. The criteria additionally comprised the attainment of the key objectives of each member of the executive management group. The criteria for the long-term incentive scheme are operational reliability, electricity market functionality and shareholder value. Corporate social responsibility is taken into account in both the year-long and long-term incentive schemes.

There is no share or share-based remuneration scheme or supplementary pension scheme in place for Fingrid's executive management group on behalf of the company.

2.4. Remuneration of the personnel

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

3. Remuneration report

3.1. Board of Directors

The annual general meeting confirmed the following monthly fees for the Board members on 6 April 2016:

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

In addition, it was decided that Board members will be paid a meeting fee of EUR 600 for each meeting and committee meeting attended by the member. In 2016, the Board convened 8 times, the audit committee convened 5 times and the remuneration committee convened 4 times.

Total fees paid to Board members in 2016:

	On the Board in 2016	Fees total 2016*	On the Board in 2015	Fees total 2015*
Chair Helena Walldén	1.1.–6.4.	11,143	1.1.–31.12.	37,800
Juhani Järvi, Board member/ Chair since 6 April 2016	1.1.–31.12.	35,800	1.1.–31.12.	19,200
Deputy Chair Juha Majanen	1.1.–31.12.	25,200	1.1.–31.12.	21,000
Sanna Syri, Board member	1.1.–31.12.	21,000	14.4.–31.12.	12,800
Esko Torsti, Board member	1.1.–31.12.	21,600	1.1.–31.12.	18,000
Anu Hämäläinen, Board member	6.4.–31.12.	15,460	-	-
Sirpa Ojala, Board member	-	-	1.1.–14.4.	5,200

* Including monthly fees and meeting fees

2.5. President & CEO and executive management group

The table below indicates the salaries and benefits of Fingrid's President & CEO and other members of the executive management group in 2016:

	Salaries and benefits*	Variable merit pay**	2016	2015
President & CEO	253,000	99,000	352,000	324,400
Executive management group	989,000	229,000	1,218,000	1,147,000
TOTAL	1,242,000	328,000	1,570,000	1,471,500

* Asta Sihvonen-Punkka joined Fingrid on 1 January 2016 and has served in the executive management group as of 1 March 2016. Juha Kekkonen served in the executive management group until 28 February 2016 and left the company on 30 June 2016.

** Merit pay earned in 2015 and paid in 2016.