Contents of the annual report and reporting principles

Fingrid draws up the consolidated financial statements and interim reports in accordance with the IFRS reporting standards accepted by the European Union and in accordance with the Finnish Securities Market Act. The consolidated financial statements include the parent company Fingrid Oyj and its wholly owned subsidiary Finextra Oy. The consolidated associated companies are Porvoon Alueverkko Oy (ownership 33.3%), Nord Pool Spot AS (ownership 18.8%) and eSett Oy (ownership 33.3%). The annual review and the financial statements of the Group's parent company and its subsidiary are prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Finnish Accounting Standards Board. The information on personnel is based on the calculation systems used by human resources management, and the calculation of the relevant information is in compliance with the general guidelines of the Finnish Accounting Standards Board concerning the preparation of annual reviews. The environmental data is collected from the information reported to the authorities and from the company's own data collection systems. An external emissions trading verifier has verified the company's carbon dioxide emission report.

Corporate responsibility reporting focusses on the main economic, social and environmental impacts of Fingrid Group's operations. The boundaries of the social and environmental data do not include the associated companies. In its corporate responsibility reporting, Fingrid applies the international GRI G4 (Global Reporting Initiative) reporting guidelines such that standard disclosures required by the guidelines, and indicators required by sector disclosures for the energy industry are reported. The reported data is compiled in a GRI Content Index. Requirements for corporate responsibility reporting by state-owned companies are also taken into account.

Fingrid's annual report for 2014 will be published in electronic format on the company's website. The previous annual report was published on 1 April 2014. The annual report also includes Fingrid's corporate responsibility reporting. The reporting period covers the financial period 1 January to 31 December 2014. Feedback and questions about the annual report and Fingrid's corporate responsibility can be sent to viestinta@fingrid.fi.

REVIEW BY THE CEO

The world is growing increasingly complex and international, extreme weather events are becoming more frequent, and society has become increasingly dependent on the electricity supply. In the light of these megatrends, **continuity management** was a natural key theme for Fingrid in 2014.

We are, by nature, a risk-management organisation whose role includes continuously analysing risks related to the company, the electricity system and the operating environment – and effectively managing those risks. Due to our important role in society, we carry out those tasks from both the company's and society's perspective. In an increasingly complex world, performing risk analyses and controlling risks is becoming more and more difficult, and we increasingly have to consider how Fingrid and all of Finland would cope if a risk were to be realised. Going forward, continuity management will play an increasingly important role in our risk management. A large part of our personnel has contemplated possible risk scenarios playing out in the company and they have made contingency plans for them. We have also developed our preparedness for cyber threats. In Rovaniemi we conducted an exercise to return electricity to Finland following a complete power blackout. The mission was to execute the start-up without assistance from the grids of neighbouring countries.

Our new customer operations model has been well-received by **our customers**. We engaged in a dialogue with our customers on the structure of grid tariffs ahead of the switchover to the new regulatory period in 2016. We came to a common understanding about the upcoming tariff structure well in advance.

There are naturally also concerns in our customer base; among them are especially bottlenecks in the transmission grid and regional price differences in the electricity market. The price of electricity was clearly higher in Finland than in other Nordic countries and Germany. The regional price differences were the result of Finland's structural deficit in terms of electricity production. In the coming years, Finland will be strongly dependent on electricity imports. Because the transmission connections are limited, not all of the electricity that would otherwise be transmitted to Finland on market terms can be transmitted. Our task is to ensure through all available means that the cross-border connections function reliably and to make the entire existing transmission capacity available to the market. ▸▸

Our task is to ensure through all available means that the cross-border connections function reliably and to make the entire existing transmission capacity available to the market.

That is what we have focussed on and it is what we will continue to do.

In recent years, we have made substantial **investments** in cross-border transmission connections which the electricity market has made commendable use of. In 2014, we also invested heavily in the Ostrobothnian grid system and in modernising the nearly 100-year-old east-west transmission connection known as the Iron Lady. This work will continue over the next few years. The growth in renewable energy in Finland is apparent at Fingrid as well, with a high number of wind-power-related substation projects under way. The projects have been challenging. Customers expect the electricity stations to be up and running on a tight schedule immediately after their permit matters for wind-power construction have been settled.

In recent years, we have strongly focussed on developing **occupational safety**, in terms of both guidelines and working methods. The results of our efforts are visible, and the severity and frequency of accidents have taken a downward turn at our sites.

Our finances are on a stable foundation, despite major capital expenditure in recent years. A further testament to this is our credit rating, which is among the highest of all companies in Finland. We are well-balanced in terms of the customer perspective and generating shareholder value. Our dividend payout capacity corresponds with the targets set by our shareholders, while our grid fees are among the lowest in Europe.

In 2014, we budgeted our result for the first time to correspond to the return level in compliance with the regulatory maximum return permitted for transmission system operators. However, market-based returns and costs differed from the forecasts such that we were able to lower grid fees by nearly 50 per cent in December 2014. We also decided to lower grid fees in 2015 by an average of two per cent from the 2014 level.

And Finnish society benefits, too: we pay substantial dividends to the state and to Finnish pension and insurance companies, and we are one of the largest corporate income taxpayers in Finland. We are also a major employer, both directly and indirectly through our service providers.

As the **electricity market** develops, transmission system operators must take stock of their role. We have traditionally viewed ourselves as strictly an enabler of wholesale market operations. But we have now broadened our outlook and assumed an active role in developing communication related to the retail market. We have developed communication services related to electricity trade and imbalance settlement in close co-operation with electricity market parties.

We have also made a proposal concerning Finland's future data hub communication solution. If introduced, this solution, together with hourly electricity metering, would elevate Finland's retail electricity market to the top ranks globally, from the perspective of both market efficiency and its degree of digitisation. The solution is now in the hands of Finland's political decision-makers. We are also preparing for the globalisation of the retail market by launching the joint Nordic balance settlement service company eSett.

Finnish society and our customers benefit from an efficient, well-run and highly motivated Fingrid team. Our long-term goal is to rank in the top ten in the Great Place to Work Finland survey. Fingrid was ranked 25th in the general series in the 2014 survey – so there is room for improvement. It is fitting, then, that our main theme for 2015 is management.

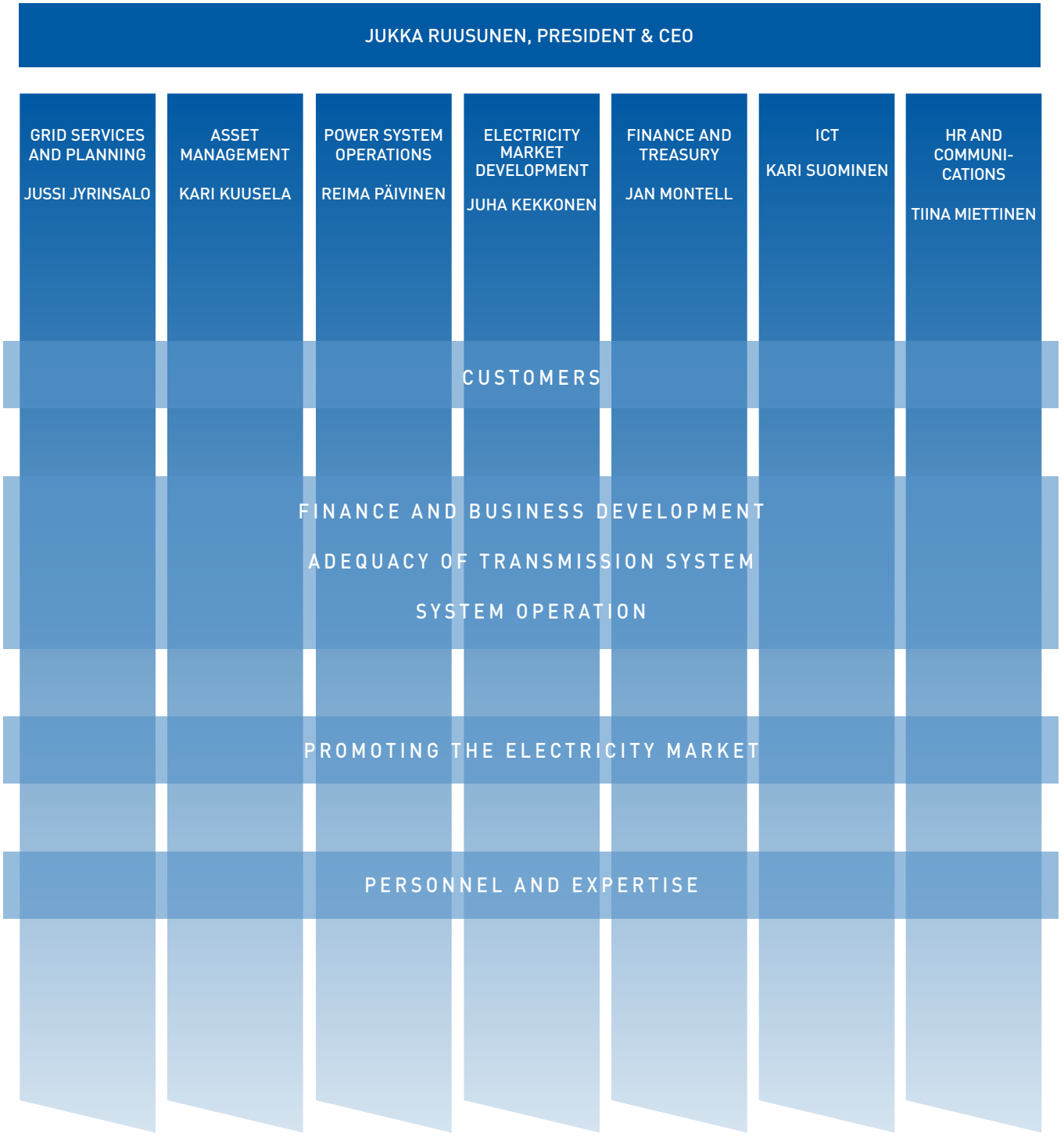
Jukka Ruusunen
President & CEO

In recent years, we have strongly focussed on developing occupational safety.

FINGRID IN BRIEF

- Fingrid Oyj is a Finnish public limited liability company responsible for electricity transmission in the high-voltage transmission system in Finland.
- Fingrid's nationwide grid is an integral part of the power system in Finland. The transmission grid is the high-voltage trunk network that covers all of Finland. Major power plants, industrial plants and regional electricity distribution networks are connected to the grid.
- Fingrid guarantees a disturbance-free electricity supply in Finland. During this decade, some 2,000 kilometres of new transmission lines and 20 substations will be built.
- Fingrid's customers include grid companies, electricity producers, electricity consumers and electricity market parties. The company provides these groups with various services, such as connecting consumption and production to the main grid, imbalance power trade and imbalance settlement, transmission system security, well-functioning electricity markets and supervision of market parties' interests, and producing electricity market information.
- The Finnish power system is part of the common Nordic power system. The Nordic system is connected to the system in Central Europe via high-voltage direct current transmission links. There are also high-voltage direct current links from Finland to Russia and Estonia.
- The transmission system owned by Fingrid encompasses approx. 14,000 kilometres of 400, 220 and 110 kilovolt transmission lines plus more than 110 substations.
- Fingrid is responsible for planning and monitoring the operation of the Finnish electricity transmission system and for maintaining and developing the system. The company is also tasked with participating in work carried out by ENTSO-E, the European Network of Transmission System Operators for Electricity, and in preparing European network codes and European network planning.
- Fingrid is developing new services to improve market efficiency. Since 1 April, 2014, the company has been responsible for granting guarantees of origin for electricity. Fingrid is also revamping the electronic exchange of information on the market as a means of harmonising and enhancing the business processes of especially retailers and grid companies.
- Fingrid is owned by the State of Finland (holding 67.7%), Ilmarinen Mutual Pension Insurance Company (19.9%) and other institutional investors 12.4%.
- The company was established on 29 November 1996.
- Operations started on 1 September 1997.
- Turnover EUR 567 (543) million.
- Balance sheet total EUR 2.15 (2.18) billion.
- Fingrid owns 18.8 per cent of electricity exchange Nord Pool Spot AS.
- Bonds issued by Fingrid in the capital market are quoted on the London Stock Exchange.
- Fingrid owns the balance services company eSett together with Statnett and Svenska Kraftnät. The company will offer imbalance settlement services to parties on the Finnish, Norwegian and Swedish electricity markets as of February 2016.
- Number of personnel at year-end: 313 (287), with 282 (268) permanent employees.
- Fingrid is headquartered in Helsinki, and the company also has offices in Hämeenlinna, Oulu, Petäjävesi, Rovaniemi and Varkaus.

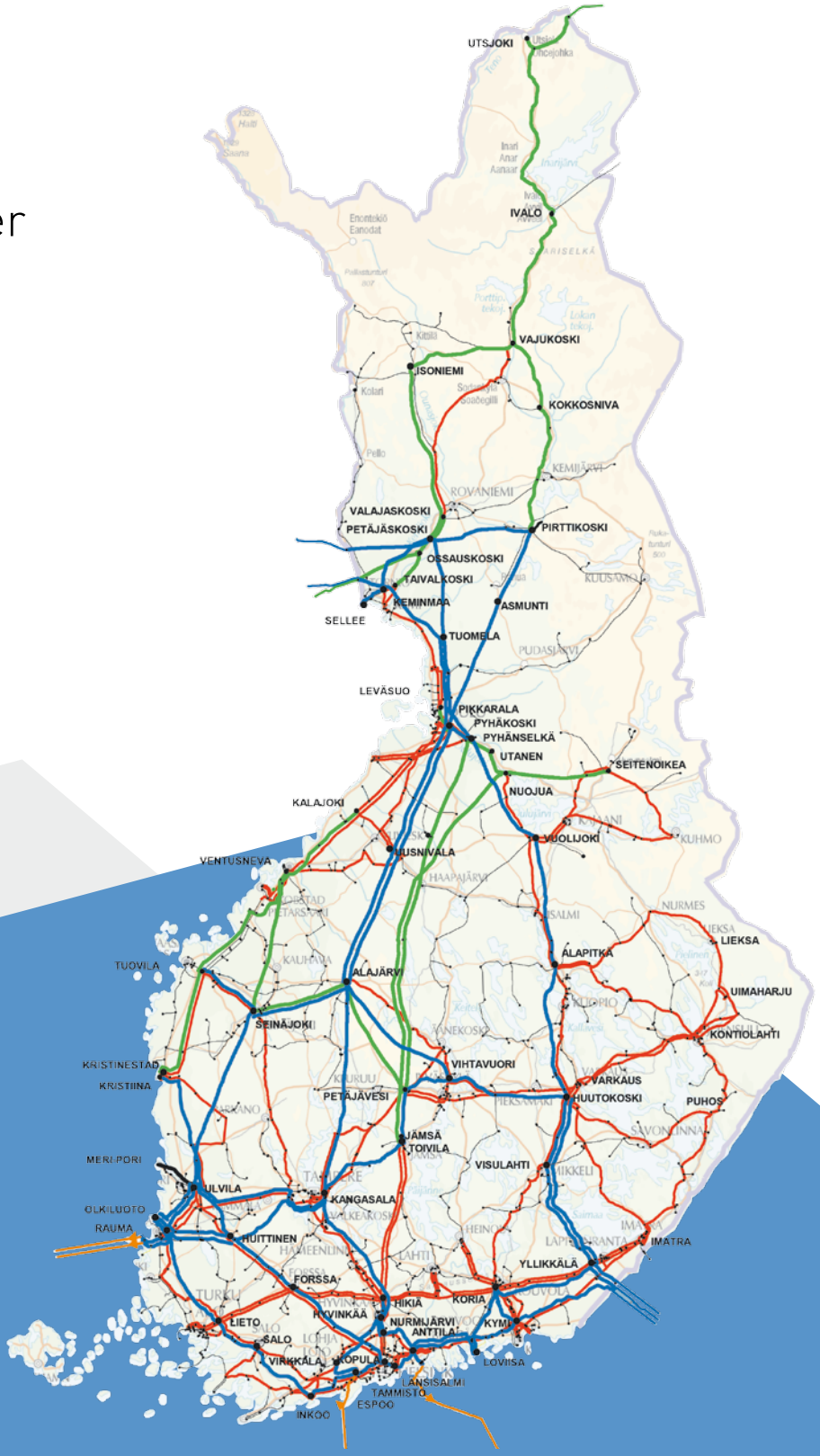
Fingrid Oyj, organisation 1 January 2015



Fingrid Oyj's power transmission grid

1 January 2015

- 400 kV grid (4,500 km)
- 220 kV grid (2,300 km)
- 110 kV grid (7,500 km)
- HVDC
- network owned by others



Fingrid's nationwide grid is an integral part of the power system in Finland.

OPERATING ENVIRONMENT

The **megatrends** that have a significant impact on Fingrid's operations are the security of energy supply and electricity dependency, climate change, globalisation, corporate responsibility and digitalisation.

Society is demanding an increasingly reliable electricity supply. Throughout Europe and also in Finland, the **security of energy supply** has become a central theme of energy policies. In Finland's energy policy, this is reflected in the goal of increasing **self-reliance** in electricity purchases. Finland actively participates in developing common European electricity markets that will bring increased efficiency to the industry, will promote transmission reliability and will introduce new forms of electricity production with low emissions. The subsidy systems for renewable energy are threatening the market-based approach. At the same time, traditional production capacity that can be used to regulate the power system is disappearing. The challenge for the future will be to guarantee that Finnish households and industry have reliable, cost-effective and environmentally friendly electricity – without interruption.

Fingrid's main task is to keep Finland powered every second. The company invests strongly in developing the European and Baltic electricity markets and strives, through its own activities, to promote the operations of the electricity markets. By developing the transmission grid, Fingrid enables electricity production investments that support self-reliance. Transmission grid investments promote the operations of the electricity market and the shift to an energy system that produces less emissions, and thus support sustainable development. Preparedness for extreme weather events caused by **climate change** is being built up in the utilisation and maintenance of the transmission grid.

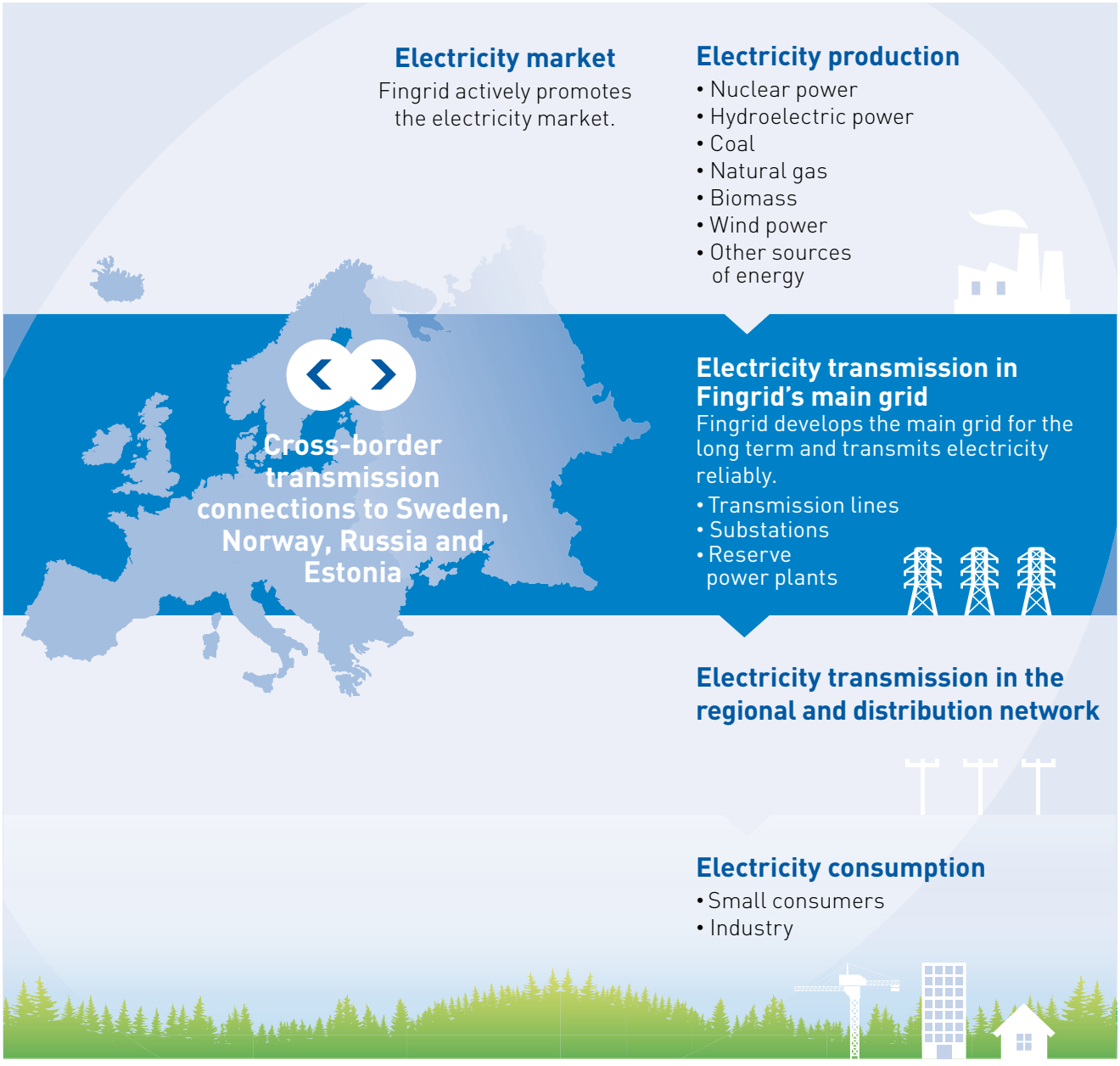
Globalisation creates economic opportunities for financing, service production markets, equipment procurement and labour markets. The global financial market has been unstable in recent years, and Fingrid is a small actor in the international markets. A high credit rating is important for the company, in terms of both securing financing and in its price.

As Fingrid's operating model is based on outsourced services, it requires well-functioning service production markets. Global competition supports the operations of these markets. On the other hand, the company must also compete in the international markets for the best service providers. Fingrid has traditionally relied on Finnish expertise when it comes to its own workforce, but the internationalisation of the labour market opens up new opportunities for the company to diversify its know-how. ▸▸

Responsible business operations are based on the premise that, as an integral part of society, companies are today expected to bring solutions to the common challenges faced by society. As Finland's transmission system operator, Fingrid has an important role in Finnish society. To meet high standards in this task, excellent quality is expected in all areas of corporate responsibility: economic, environmental and social. The company ensures responsible operations by integrating responsibility in the company's strategy work, management and day-to-day operations. Fingrid's procurement chains are becoming longer and increasingly globalised, which makes ensuring responsible operating practices all the more challenging.

As a result of **digitisation**, the importance of IT and telecommunications is growing. These technologies are crucial to the company's operations, and they introduce many new opportunities for developing the business. However, the integrity of the company's IT and telecommunications systems plays a key role in the company's risk management and continuity management. The cyber safety of the transmission grid will be a central factor in the performance of Finland's electricity system in future.

Fingrid's role – from electricity production to consumption



FINGRID'S VISION AND VALUES

The task of a transmission system operator is to work for the benefit of its customers and society. Fingrid's vision is to be a forerunner in transmission system operation on the increasingly international electricity market. Our corporate values are transparency, impartiality, efficiency and responsibility, and these guide our practical operations and choices every day.

FINGRID. POWERING FINLAND.

FINGRID'S VISION

- Forerunner in transmission system operation

FINGRID'S VALUES

TRANSPARENCY

IMPARTIALITY

EFFIENCY

RESPONSIBILITY

MISSION AND OPERATING MODEL

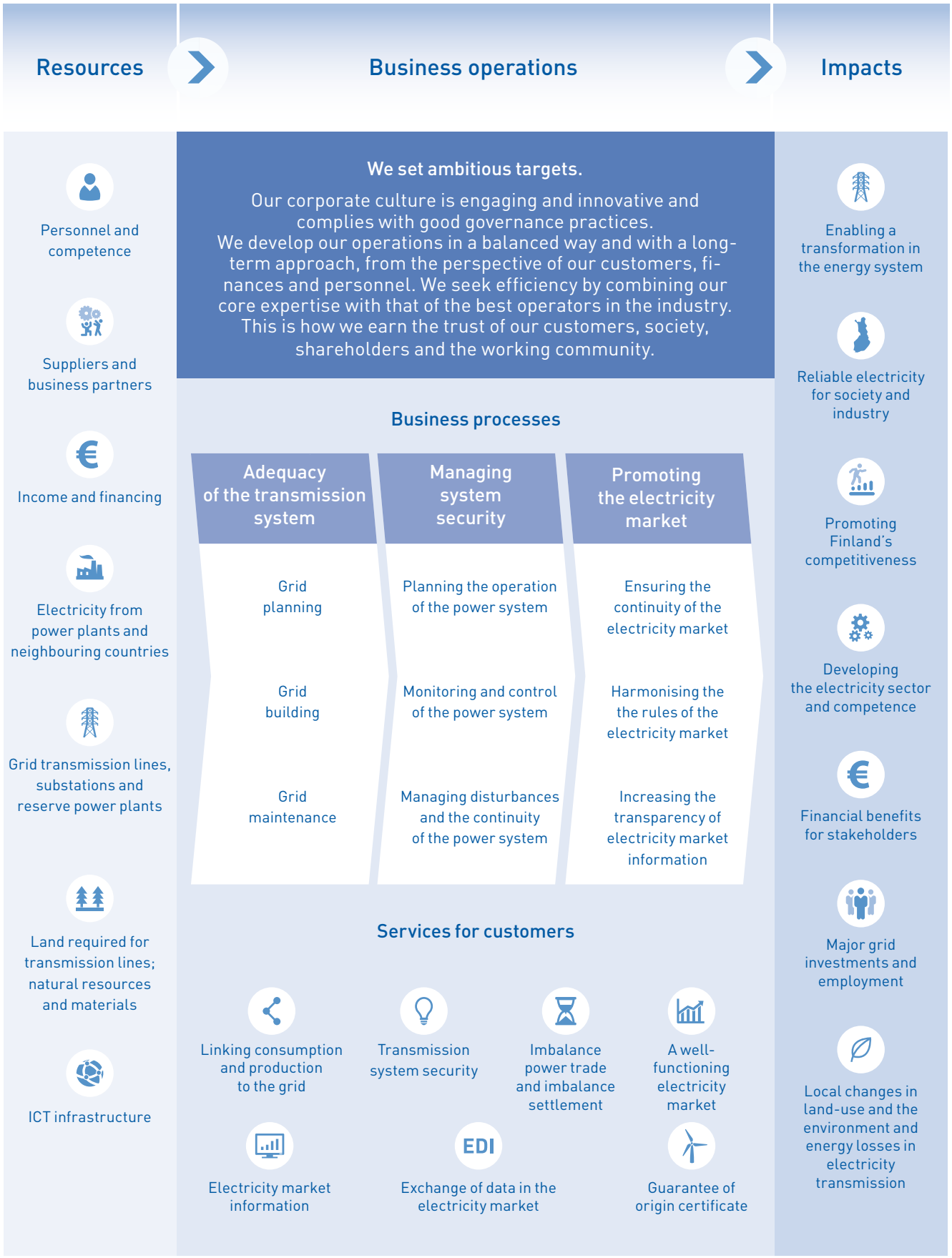
FINGRID'S BASIC TASK

We work for the benefit of our customers and society:

- We transmit electricity reliably.
- We actively promote the elctricity market.
- We develop the transmission system over the long term.

Fingrid makes sure that Finland obtains and will continue to obtain electricity without disturbance. We are involved in developing Finnish society and the well-being of all citizens. We have a positive effect on the daily lives of Finns via our mission: to transmit electricity reliably, to actively promote the electricity market, and to develop the transmission system over the long term.

Fingrid's business model



STRATEGY

In preparing and executing the company's strategy, we have examined the requirements set by our vision as fairly as possible from four different perspectives.

We set ambitious goals for everything we do. Our corporate culture is engaging and innovative and complies with good governance practices. We develop our operations in a balanced way and with a long-term approach from the perspectives of our customers, finances, processes and personnel. We seek efficiency by combining our core competence with the best actors in the industry. This is how we earn the trust of our customers, society, shareholders and the working community.

As the structures of electricity production change, we are keeping the nation powered every second and the markets rolling. We carry out grid investments safely and effectively. New production is connected to the electricity grid. We foster a good atmosphere and strong performance in the work community. Risk management responds to changing conditions and the company has continuity plans for exceptional situations. For our shareholders, we secure a return on investments that is in line with the targets.

Customers and stakeholders expect Fingrid to secure a reliable electricity supply for the nation, as well as a well-functioning electricity market. Services are developed in line with customer needs and affordable grid transmission pricing is ensured. Fingrid is an independent actor on the markets and serves all its customers equally. Customers include electricity producers, electricity market actors, large-scale industrial companies and electricity companies. Fingrid offers its customers electricity transmission and electricity market services.

Financial management is based on the premise that we can respond to the expectations of society in the long term by working cost-effectively and providing shareholder value. Fingrid's objective is to be a forerunner in transmission system operation on the increasingly international electricity market. This means continuously developing our operations and ensuring their cost-effectiveness.

Fingrid's internal processes are described according to the company's main duties. Our organisation model is based on a matrix structure that supports effective implementation and comprehensively engages personnel. ▸▸

Managing system security requires proactive and reliable electricity transmission. The aim is to keep the nation powered and to ensure that the consumption and production of electricity in Finland's power system is always balanced. We work around the clock, seven days a week to ensure this.

Fingrid promotes the functioning of the electricity market by taking active part in its maintenance and development. We aim to keep electricity transmission connections between countries sufficient, to provide sufficient information concerning markets and to take care of balance services efficiently. Common European electricity markets that function efficiently also benefit consumers.

In securing transmission capacity, the essential objectives are to carry out capital investments on the grid efficiently and at a time that is right for the national economy and to guarantee maintenance work on the grid. The grid is constructed and maintained safely and in a flexible manner to correspond to society's electricity production and consumption needs.

We develop our personnel and expertise to ensure that our working community is productive, innovative and healthy. The company's strategy is updated annually. Dozens of Fingrid employees throughout the organisation take part in this work either by helping to set goals or by analysing our operating environment. A balanced personnel perspective is a component in all decision-making.

Strategic projects

At the core of Fingrid's strategy implementation are the following company-level strategic projects:

- **Implementing European network codes**
- **Improving the reliability of cross-border connections**
- **Creating international reserve markets**
- **Developing the exchange of electricity market information**
- **Grid pricing in 2016**
- **Digitising business processes**
- **Management development**

Each project is assigned a person responsible on the executive management group level. Strategic projects are carried out in the organisation as part of the annual action plan. The executive management group regularly monitors the progress of the projects.

Fingrid is an independent actor on the markets and serves all its customers equally.

The perspectives of Fingrid's strategy

Customers and society

We secure reliable electricity and a well-functioning electricity market for society.
We offer affordable services that meet our customers' needs.

Finance

We operate cost-effectively and bring value to our owners.

Internal processes

Adequacy of the transmission system

We carry out investments and maintenance safely and efficiently at the right time.

System operation

We operate the national grid proactively and reliably.

Promoting the electricity market

We actively maintain and develop the electricity market.

PERSONNEL AND EXPERTISE

The cornerstone of our operations is a productive, innovative and healthy working community.

Fingrid's strategic targets and indicators

	Our target in 2014	How did we do?	What are our targets in 2015?
CUSTOMERS AND SOCIETY			
High transmission system security	Economic disadvantage inflicted on customers by disturbances in the transmission grid less than EUR 4.5 million.	+ Economic disadvantage to customers amounted to EUR 4.2 million.	Target less than EUR 3.5 million.
Satisfied customers	Average grade from customer survey min. 8.5. Average grade from stakeholder survey min. 8.5.	− Fingrid's average grade was 8.4.	Average grade from customer survey min. 8.6.
Affordable pricing	ENTSO-E's European tariff level comparison: top three.	0 Fingrid was among the most affordable 25%.	ENTSO-E's European tariff level comparison: top three in comparison group of 16 countries.
FINANCES			
High credit rating	- (new target)		To maintain Fingrid's credit rating at the A- level at least.
Good dividend payout capacity	- (new target)		Dividend income that is in line with shareholders' targets.
Good cost-effectiveness	- (new target)		To maintain the current solid cost-effectiveness and to continuously improve productivity.
Return on equity	Proceeds in accordance with the regulatory model (WACC) from the start of 2014.	+ The permitted proceeds were attained.	Not part of the targets for 2015.
Targeted capital structure	Equity ratio approx. 30%.	+ The equity ratio was 31.0%.	Not part of the targets for 2015.
INTERNAL PROCESSES			
Long-term development of the grid to meet the needs of customers and the electricity market	Implementation of the 10-year capital investment programme concerning the transmission grid in a manner which enables the execution of the Finnish climate and energy strategy: investment projects on schedule and within budget.	+ The investment projects were realised and the ongoing projects and procurements proceeded as planned.	Target unchanged.

	Our target in 2014	How did we do?	What are our targets in 2015?
A well-functioning electricity market	The key electricity market development projects and services developed were realised as planned.	+ Price coupling was successfully introduced in northwestern Europe's electricity markets, and the regulation on capacity allocation and congestion management was adopted by the EU member states. EstLink 2 increased the market's transmission capacity. Fingrid assumed responsibility for guarantees of origin.	Target unchanged.
Procurement chain responsibility	Responsibility requirements will be in use on all worksites by the end of 2015. No deviations or problems in contractor obligation or employment relationship matters.	+ Responsibility requirements were in place and audits at work sites continued as part of contractor obligations. Suppliers of goods and services were also audited to ensure responsibility.	Target unchanged.
High level of occupational safety	Accident frequency less than 10 by the end of 2015 (both Fingrid personnel and service providers).	+ The accident frequency was 6. There were no serious or fatal accidents on Fingrid's sites.	Target unchanged.
Responsible land use and environmental policy	No significant environment-related deviations. Consistent use of farm-land pylons.	+ No significant environment-related deviations. Environmental training for contractors was increased and environmental monitoring was developed at work sites. Field pylons were used consistently.	Environmental deviation target remains the same, the use of field pylons is not included.
Maintenance efficiency	- (new target)		Top three in international maintenance comparisons.
Operational efficiency	- (new target)		Top three in international operational comparisons.
PERSONNEL AND COMPETENCE			
Good workplace atmosphere	Key figures of the Towards a Better Working Community study by the Finnish Institute of Occupational Health: maintaining high level.	+ The key figure rose to 16, which is better than in other specialist organisations on average.	Target unchanged.
Good management	Great Place to Work survey, general series: Among the top 10.	No survey in 2014.	Target unchanged (survey carried out every two years).
Responsible operating methods	Personnel to be trained in responsibility and to participate in the development of practices by the end of 2014.	+ Responsibility management was integrated with financial and business development. Fingrid's operating principles were updated.	Continuous responsibility coaching for personnel and their participation in developing operating methods.

MANAGEMENT SYSTEM

Management and leadership that is in accordance with the company's values is engaging, encouraging, equal and transparent. Leadership is developed at all levels through work community and supervisor coaching. The company participates in HR management comparison surveys as a means of applying best practices.

Management methods are improved on the basis of changes in the operating environment, experiences gained, comparison surveys and workplace atmosphere questionnaires. In addition, management development projects are initiated as needed on the basis of feedback from the annually held results and target discussions, and on the basis of exit interviews.

Fingrid requires that everyone in a managerial position has assimilated the company's values, strategy and operating principles, works in accordance with these, and is able to communicate them to personnel and ensure that they are complied with. This will help us reach our goal of having a work community that operates according to shared principles and rules.

CEO and executive management group

The President & CEO is responsible for managing the administrative routines of the company in keeping with the Limited Liabilities Companies Act. The President & CEO is supported in his work by the company's executive management group (EMG). The EMG's decisions are implemented by the authority of the President & CEO. The EMG also supports its members in their decision-making. The task of the EMG is to prepare, implement and monitor the company's strategy, in accordance with the company's four perspectives. It ensures that the strategy is sufficiently communicated and implemented, and that action plans and budgets are drawn up in accordance with the objectives of the strategy. It has a central role in steering the company's finances and in its risk management, and participates in preparing and implementing matters that require a decision by the Board of Directors. The members of the EMG are responsible for external communication and public relations pertaining to their area of responsibility. The EMG outlines the development of HR matters and plans human resources for the long term. The EMG is also active when it comes to developing its own activities.

The responsibilities and authorities of the members are determined according to the responsibilities inherent in their business area, on the basis of the authority of the position. The goal is to **achieve clarity in the division of responsibility, readiness to make decisions quickly**, and making decisions at appropriate levels of authority. The authority to make decisions and grant approval, as well as the right to sign documents, is granted on an individual level according to separate guidelines. A deputy has been appointed for each member of the EMG in order to ensure the continuity of operations. ▸▸

Matrix

The company's **operations are managed in a matrix of four perspectives: customers, finance & business development, internal processes, and personnel & competence**. The internal processes consist of: ensuring transmission capacity, managing system security and promoting the electricity market.

For each perspective, the President & CEO appoints an owner who is responsible for its activities and development: preparing the strategy and guidelines, and planning, scheduling and steering the key measures in line with the strategy. The owner is responsible for directly managing the process or perspective, with the support of the steering group, and for setting strategic targets together with the President & CEO and the Executive Management Group, who appoints the members of the steering groups.

The owners of the perspectives are in charge of purposefully organising the steering and working groups and the teams in order to ensure that the implementation of the strategy, monitoring, follow-up and measuring of the results can be ensured in the long term. The owners are also responsible for development, effectiveness and risk management related to their perspective. This also means responsibility for forecasting and monitoring substantial costs, revenue and investments related to the perspective, as well as for ensuring the cost-effectiveness of the business solutions.

Business areas

The directors of the business areas are responsible for the annual planning and budgeting of tasks in accordance with the strategy, and for cost-effectively implementing the tasks in their area of responsibility. This involves ensuring that the annual targets set for the business areas are reached, that their related risks are controlled and that the operations are measured and reported on accordingly.

The directors are responsible for managing, maintaining and developing their personnel's motivation and well-being and for ensuring a sufficient level of resources. The resources available to the director must be allocated cost-effectively, as must the procurement of services. The business area director is additionally responsible for internal communication related to his/her own area of responsibility.

Instruction system

The company's instruction system is composed of three levels: policies approved by the executive management group specify the principles approved by the Board of Directors and are complemented by the more detailed guidelines given by the perspectives and the business areas.

Management principle documents approved by Fingrid's Board:

- **Fingrid's operating principles**
- **Personnel and management principles**
- **Corporate finance and procurement principles**
- **Financing principles**
- **Internal control and risk management principles**
- **Grid development and maintenance management principles**
- **Principles for managing system security**
- **Principles for promoting the electricity market.**

Management and leadership that is in accordance with the company's values is engaging, encouraging, equal and transparent.

MEMBERS OF THE EXECUTIVE MANAGEMENT GROUP

Jukka Ruusunen
CEO

Born in 1958, Doctor of Technology
CEO since 2007
Member of the executive management group since 2007
Employed by Fingrid since 2007

Kari Kuusela
Executive Vice President

Born in 1955, M.Sc. (Tech)
Member of the executive management group since 1999
Employed by Fingrid since 1997

Juha Kekkonen
Executive Vice President

Born in 1950, M.Sc. (Tech.)
Member of the executive management group since 1997
Employed by Fingrid since 1997

Jussi Jyrinsalo

Born in 1964,
Licentiate in Technology
Member of the executive management group since 2005
Employed by Fingrid since 1997

Tiina Miettinen

Born in 1963,
Master of Political Sciences
Member of the executive management group since 2013
Employed by Fingrid since 2007

Jan Montell

Born in 1968, M.Sc. (Econ.)
Member of the executive management group since 2013
Employed by Fingrid since 2013

Reima Päivinen

Born in 1958, M.Sc. (Tech.)
Member of the executive management group since 2005
Employed by Fingrid since 1997

Kari Suominen

Born in 1964, M.Sc. (Tech), MBA
Member of the executive management group since 2013
Employed by Fingrid since 2013

Full introduction of the executive management group:http://annualreport.fingrid.fi/en/2014/executive_management_group

CORPORATE RESPONSIBILITY

In accordance with Fingrid's mission, corporate responsibility is a natural element of the company's way of operating. By looking after the transmission of electricity in the national grid, Fingrid bears great responsibility for keeping society running.

Fingrid's strategy and its various perspectives form the starting point also for its **corporate responsibility, which is recognised as an important part of business expertise**. Corporate responsibility increases Fingrid's ability to create value for stakeholders and ensure society's approval of its operations.

Corporate responsibility is managed at Fingrid as an integrated part of overall management, supported by the company's regular management system. Fingrid's Board of Directors approves the company's Code of Conduct and monitors the company's compliance in operating responsibly. Corporate responsibility has not been assigned to a specific Board member.

Fingrid's CEO and the heads of functions are each responsible for corporate responsibility issues within their area of responsibility. In all decision-making and when assessing operations, equal consideration is given to social issues and environmental impacts, alongside profitability issues.

Corporate responsibility is co-ordinated at the company level by the steering group for Fingrid's finance and business development perspective, which is headed by the Chief Financial Officer. The steering group is supported by the company's business development working group, which is composed of development managers. During the year, a change was made to how responsibility is co-ordinated, better linking corporate responsibility to Fingrid's basic operations and the development thereof. Corporate responsibility is now a systematic, targeted component of Fingrid's annual cycle of management.

Key targets have been set by identifying matters that are essential to Fingrid's strategy and operations. Fulfilment of the targets serves as the basis for the executive management's and personnel's remuneration. Corporate responsibility is part of the annual planning of operations and an integral, strategy-based component in assessing development opportunities and risks and devising measures for the subsequent year.

Responsible operations are ensured through shared values and, among other things, the company's Code of Conduct, which is based on the UN Global Compact Initiative and which all Fingrid employees must comply with in their work. ▸▸

During the year under review, the Code of Conduct was updated, a company-level online orientation programme was implemented, and the familiarisation of new employees with the Code of Conduct was assured. Planning of online orientation intended for all employees was additionally started, relating to the updated Code of Conduct.

It takes the commitment of both managers and the entire work community to ensure that behaviour is in line with Fingrid's Code of Conduct. Fingrid's employees can receive advice in applying the Code of Conduct from the company's legal services. Suspicions of behaviour that goes against the Code must be reported to a supervisor, Fingrid's management or internal audit without delay. Suspected breaches are investigated with confidentiality and discretion, ensuring that no negative consequences befall the person reporting the behaviour. Behaviour that goes against the Code of Conduct will lead to a discussion with the supervisor and, if necessary, other disciplinary measures.

Fingrid also strives to promote responsible behaviour throughout the supply chain. Fingrid requires that its service and goods suppliers comply with a Supplier Code of Conduct or with their own similar code. Corporate responsibility requirements are applied to contracts that have a value of at least EUR 30,000. The requirements cover such issues as business practices, human rights, workers' rights, occupational health and safety and environmental matters. Fulfilment of the requirements is monitored on a risk basis and, if necessary, Fingrid works together with the contractual partner to rectify any deficiencies. During the year, responsibility requirements were also set as criteria for entry into Fingrid's supplier register. Fingrid is prepared to commit, through similar principles, to the corporate responsibility requirements set by its contractual partners on Fingrid's operations.

A total of five supplier audits were carried out in 2014 to verify that goods purchases complied with Fingrid's responsibility requirements. Fingrid's own personnel handled the audits, which revealed one significant deficiency related to the use of personal protective gear. Shortcomings were additionally observed in, among other areas, chemical and occupational safety, employee inductions, documentation and supply chain management.

As a significant employer in construction and maintenance work, Fingrid recognises both its obligation to investigate and its responsibility to **combat the grey economy** when using foreign workforce. To that end, new contractual terms for employing subcontractors and workforce were published during the year. Throughout Finland, supplier audits were continued on the transmission system operator's work sites as part of contractor obligations. They revealed deficiencies related to, in particular, subcontractors' operations. The deficiencies were investigated and improved as a collaborative effort.

In order to improve its transparency and comparability, Fingrid has reported on its corporate responsibility in accordance with the international Global Reporting Initiative (GRI) framework since 2011. In 2014, Fingrid adopted the latest GRI G4 framework, according to which standard disclosures in accordance with the guidelines are reported. The GRI Content Index presents Fingrid's reported disclosures.

Fingrid's corporate responsibility work focuses on matters that are important with respect to the company's basic operations. ▸▸

Fingrid requires that its service and goods suppliers comply with a Supplier Code of Conduct

This was ensured in 2014 by updating the assessment of the substantial financial, social and environmental impacts of Fingrid's operations, as well as the impacts on stakeholders' decision-making. In updating the materiality assessment, the increasingly strong connection between responsibility and strategy and business operations was taken into consideration, as were the requirements of the revised guidelines, which cover the entire value chain.

The first phase in the work to update the materiality assessment was to conduct a broad background analysis to identify and evaluate potential important corporate responsibility matters in terms of Fingrid's operations. The next phase involved shortlisting and prioritising. For that, support was provided by work meetings involving dozens of Fingrid experts and the stakeholder survey that was sent to some 700 people. The response rate in the stakeholder survey was 38 per cent, and the results of the survey reinforced previous notions of the expectations of stakeholders when it comes to Fingrid's operations. Various stakeholder groups raised very convergent issues and gave Fingrid **a score of 8.6 on a scale of 4 to 10 for its corporate responsibility.** In the final phase of the materiality update, Fingrid's executive management group processed the results of work meetings and the stakeholder survey and confirmed the matters that are most important for Fingrid's operations. The adequacy of management practices was also ensured. The matters prioritised for Fingrid as being key issues and their corresponding GRI G4 reporting aspects are presented in the figure and in the GRI Content Index.

Responsibility continues to be developed in a balanced manner in all of Fingrid's strategic perspectives and processes. Characteristically for Fingrid, the aim is to engage the entire personnel in the continuous development of the company's operating practices also when it comes to responsibility issues.

In the efforts to define Fingrid's key issues, the company has identified its **most important stakeholder groups**. The aim is to achieve open, impartial dialogue with all stakeholders in order to reach common ground. Fingrid aims to engage in a dialogue with and gather feedback from its stakeholders and to publish material on its operations transparently so that the material is available to all.

Finland's **National Climate and Energy Strategy** poses challenges for stakeholder work. New wind and nuclear power plants are under planning, which means new transmission lines and electricity substations will need to be connected to the grid. The opinions of landowners, people living near transmission lines and local communities must be taken into consideration when planning such projects. The results of a company image survey directed at landowners in autumn 2014 showed that Fingrid is known as a reliable, competent and responsible company. Fingrid's overall grade of 7.69 (7.57) as an operator shows a clear improvement from the previous year. The respondents expressed that they would like to see an improvement in communication during the construction phase of new transmission lines.

KEY EVENTS OF 2014

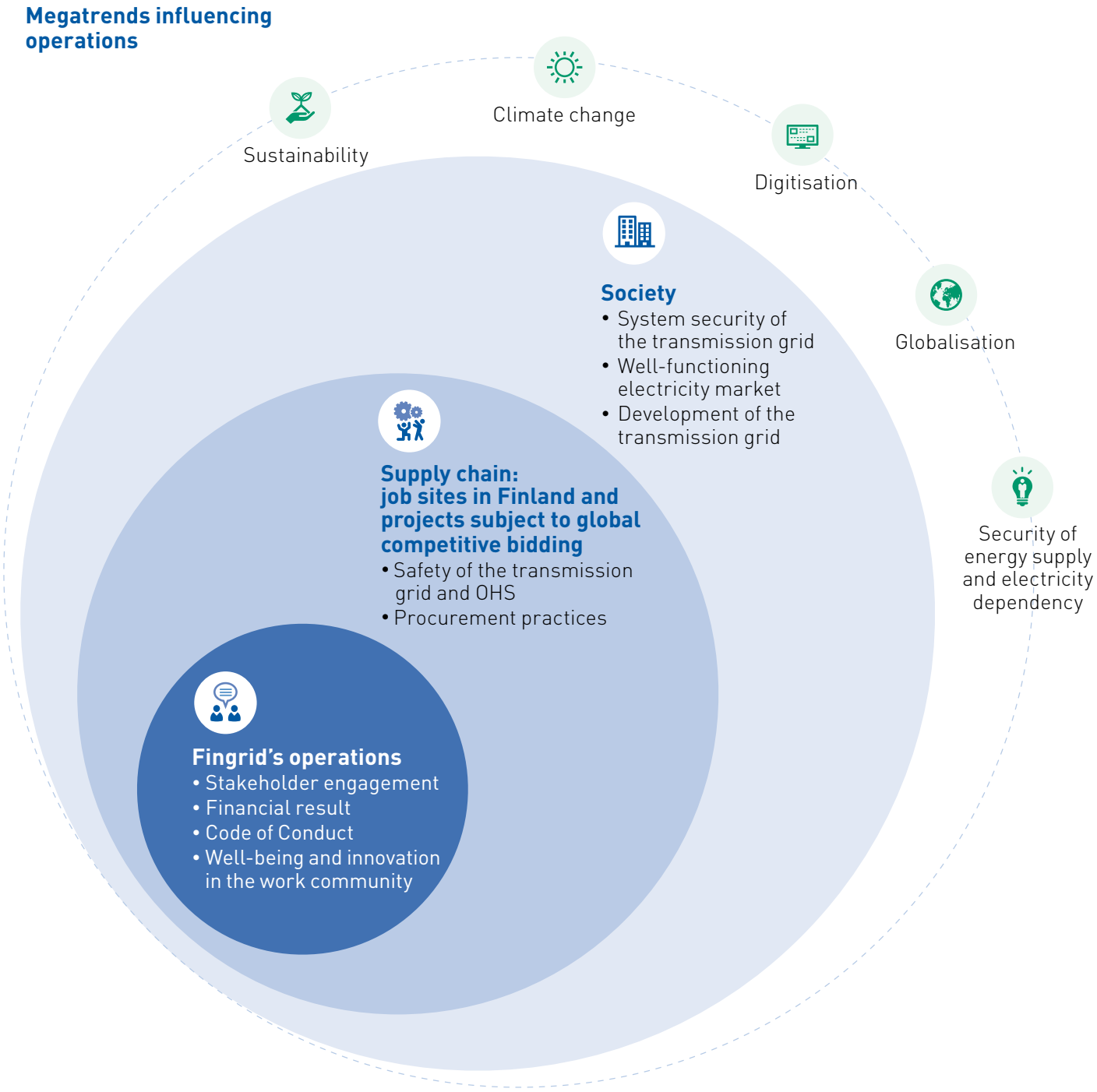
Fingrid recognised as promoter of electronic communications

FICORA, the Finnish Communications Regulatory Authority, in September 2014 named Fingrid 'Electronic communications promoter'. The grounds for the recognition were that Fingrid ensures the security of its operations in an exemplary manner and thus improves national information security.

Fingrid was praised for increasing the exchange of information related to information security threats and for enabling information security deviations to be discussed openly, which in turn enables up-to-date and true situational awareness. In addition, Fingrid's operations have promoted the launch of FICORA's HAVARO monitoring system in new organisations.

The recognition is awarded annually to a party who has promoted to a significant extent the development and spread of electronic communications in Finland.

Fingrid & responsibility – key issues and the areas affected



FINGRID'S STAKEHOLDERS AND MEASURES

Stakeholders	Measures in 2014
Customers	• Electricity Market Day (7 April), Grid Day (3 September), System Security Day (25 November). Nearly 400 guests took part in these events. A live webcast of the event made it possible for anyone to watch the events. • Vaasa Wind Exchange (18–19 March) • Energy Fair (28–30 October) • Seminar for balance providers (21 November) • Numerous regional customer events • Discussions dealing with the preparation of network codes on the European level • Events on connection terms and their development • Events to develop the terms of grid services and the tariff structure • Advisory Committee, 4 meetings/year • Grid Committee, 4 meetings/year • Operations Committee, 4 meetings/year • Market Committee, 3 meetings/year • Customer service: in particular, connection of wind power to the grid • Customer magazine, 3 issues/year • Customer newsletter, 12 issues/year • Customer survey (November)
Personnel	• "My Strategy" discussions I (results and targets) and II (development) • TTL ParTy workplace satisfaction survey • Intranet • Personnel events: 22 May, 12 September, 28 November, and CEO briefings in the spring and autumn, morning coffee info sessions on Friday mornings • Fingrid's family day (3 June) • Electronic induction for new employees • Orchidea tool for supporting idea generation • Leisure time exercise and cultural events arranged by the personnel association
Shareholders	• Annual General Meeting (6 June); Extraordinary General Meeting (18 June) • Board work: 16 meetings/year • Personal contacts
Financers and credit rating agencies	• Maintaining a high credit rating with at least two of the leading international credit rating agencies • Proactive and open communication with financers and debt investors
Contractors and service providers	• Meetings and feedback sessions • Audits • Shared IT systems • Competitive bidding and contract negotiations • Terms of contract and technical specifications • Occupational safety campaign • Occupational safety magazine "Turvallisilla linjoilla" published in June and December

Stakeholders	Measures in 2014
Landowners and neighbours of transmission lines	• Seven public events related to planned transmission line projects • Bulletins for landowners concerning the planning and construction of transmission line projects and on handling vegetation • Map-based feedback service and other communications • The Metko exhibition in Jämsä for the heavy machinery industry • Publication "Yhteisillä linjoilla" (June) • Survey on Fingrid's reputation among landowners (September)
Media	• Press conferences: Inauguration of the EstLink 2 connection; progress of the transmission line project in western Finland; the Valve 2014 major disturbance exercise in Rovaniemi; Electricity Market Day; Grid Day; System Security Day • About 160 press releases, stock exchange releases and topical news on the internet • Making personal contacts • Continuous media monitoring and publicity analysis • Energy industry media barometer (January)
Authorities and organisations: Energy Authority, Finnish Energy Industries, National Land Survey of Finland, Ministry of Agriculture and Forestry, Central Union of Agricultural Producers and Forest Owners, Radiation and Nuclear Safety Authority, Ministry of Employment and the Economy, Ministry of the Environment, regional and local authorities, National Emergency Supply Agency	• Co-operation and liaison with relevant authorities • Working groups and committees • Statements • Work of the Power and District Heat Pool • Authority survey (November)
Other partners: other TSOs, industrial organisations, universities and research institutes, land use planners, NGOs, political decision-makers	• Participation in and contribution to ENTSO-E, and other international and national industry co-operation • Participation in research and development projects, co-operation with educational establishments, part-time professorship at Aalto University • Dialogue on land-use planning • Contact with political decision-makers • Contact Forum recruitment fair (23 January) • IT sector recruitment fair (6 November) • Survey of employer image among students (May 2014) • National survey on trust and reputation carried out among the general population (June 2014)

CUSTOMERS

The introduction and development of Fingrid's customer operations model was continued during the year under review. The services and the persons in charge of them at the customer interface were defined in greater detail, and a customer management system (CRM) was introduced to support the work. **Customer feedback** was actively collected by means of surveys and conversations with each customer. Customers were actively involved in developing Fingrid's services and their pricing.

Fingrid's overall score in the **customer satisfaction survey** decreased slightly, to 8.4 (8.6). According to the survey, particularly bottlenecks in the transmission grid from Sweden to Finland and the resulting price differences had a negative impact on customer satisfaction. In Fingrid's view, the current situation is primarily the result of a structural production deficit in Finland rather than insufficient electricity import capacity as such. Fingrid will use all means available to improve the availability of existing cross-border transmission capacity and also to examine any possibilities to increase transmission capacity. Another development target, according to the results of the customer satisfaction survey, is to increase Fingrid's visibility among new customer groups, such as users of information exchange services and guarantees of origin.

The four-year contract period for grid services will terminate by the end of 2015. During this contract period, it has become clear that there is room for renewal in the contractual terms and pricing structure, for which solutions were sought in collaboration with customers during the year under review. In terms of the **grid tariff,** customers basically would like to ▸▸

see a transparent and simple pricing structure – however, such that a matching principle is complied with to a sufficient degree. Due to this principle, the value of the tariff will in future be based on, in addition to energy, also on the power rating, and the pay share of production will be increased. A power rate component will be added because the grid is designed and built according to the required power rate. The pay share of production will be increased once the matching principle has been reviewed and updated to comply with today's conditions. The tariff structure was narrowed during the customer negotiations carried out during the year, and it can now, under updated contractual terms, be used in customer-specific contract negotiations. Fingrid prepared for the separation of grid operations required by the Electricity Market Act in negotiations with customers, particularly concerning radial power lines to be excluded from the definition of grid in the future.

Several **wind power projects** kept customer service and grid designers busy throughout the year. While only relatively few wind turbines are starting up annually, there are hundreds of wind power projects waiting for land-use decisions and permits. Fingrid collaborates closely with wind power developers, from project feasibility studies right down to the commissioning of a new wind farm. Possibilities to connect wind turbines to the grid and any need to reinforce the grid are determined for each project, and the developer is provided with a cost estimate and schedule. At the same time, Fingrid is building several new transmission lines and substations, which will entail changes to existing customer connections and many challenging transmission outages and operating conditions. Despite these challenges, the cooperation between customers and Fingrid was successful and free of any major problems during the year under review.

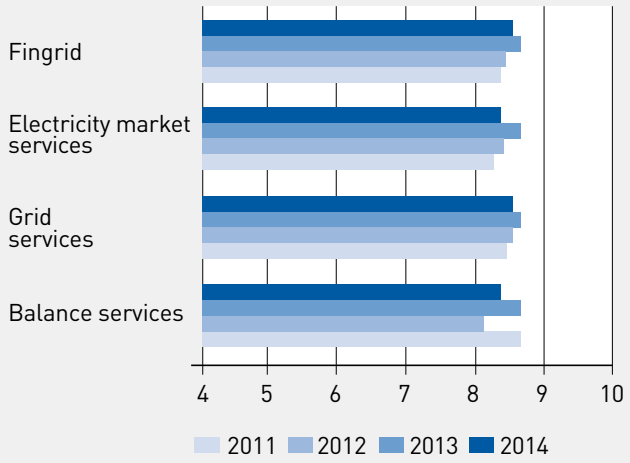
In order to develop the effective and accurate **exchange of electricity market information**, Fingrid worked in close co-operation with e.g. electricity market parties, interest groups, service providers, supervisory authorities, legislators, organisations that develop national and international communications and other transmission system operators. This also involved an investigative project to determine a future electricity market information exchange solution (data hub). Wide-ranging participation throughout the industry and profound expertise made it possible to accurately describe the existing status of data exchange, a broad analysis of possible solutions and the final decision. A working group and a reference group were established to support the work of Fingrid's project group through their broad expertise and efforts to commit the industry to the project. The events organised during the investigation included three stakeholder meetings that gathered more than 300 industry representatives. Development of the Nordic balance settlement also continued in close co-operation with customers. The Nordic reference group of this undertaking met three times to consider the model and develop it as well as the related practices. Fingrid additionally organised, in co-operation with ▸▸

CUSTOMERS LINKED TO THE GRID (31 DECEMBER 2014)

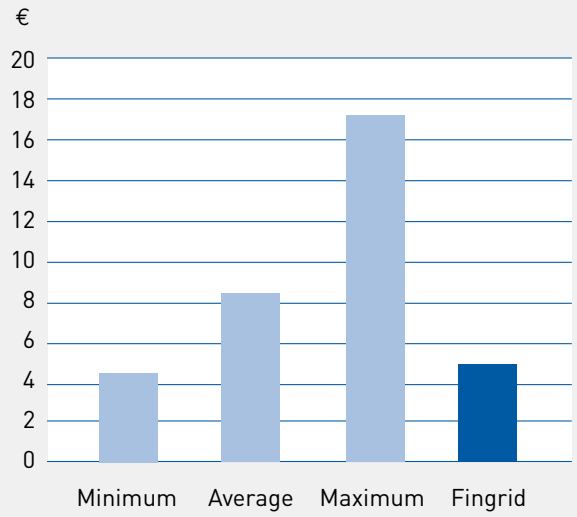
	December 2014		December 2013	
	Customers	Connection points	Customers	Connection points
Distribution network	60	409	60	406
Production	25	50	23	45
Industry	28	40	29	42
Institutional customers	1	44	1	44
Total	114	543	113	537

CUSTOMER AND STAKEHOLDER SATISFACTION

Ratings for Fingrid on a scale of 4 to 10



PRICE OF ELECTRICITY TRANSMISSION



Includes costs related to grid operation, such as investments, loss energy, and system services, but not other costs that are not directly related to grid operation, such as public service obligations, feed-in tariffs for renewable energy, and peak load capacity.

The comparison includes the EEA countries with a grid company in charge of both 110 kV and 400 kV infrastructure. The 16 countries included in the comparison are: Belgium, Croatia, Czech Republic, Denmark, Estonia, France, Hungary, Iceland, Ireland, Latvia, Lithuania, Norway, Poland, Romania, Slovakia, and the UK.

Adato and the Finnish Energy Industries, training events for market operators on the new balance settlement model, in addition to the annual NBS (Nordic Balance Settlement) info days.

As required by law, Fingrid's subsidiary Finextra stepped into its role as the body responsible for the electronic register for **electricity guarantees of origin** on 1 March 2014. The guarantees of origin are certificates intended to assure that the electricity from a specific producer is from renewable sources or combined heat and power (CHP) production. Register services for guarantees of origin were continued for customers through service agreements. A new electronic register, developed in co-operation with certificate of origin customers, was introduced during the year. Finextra was accepted as a member of the Association of Issuing Bodies (AIB), a European certification organisation, as of 1 January 2015. AIB combines the national electronic registers and makes it possible to distribute standardised certificates of origin in Europe.

Customer committees and Advisory Committee

Fingrid has an Advisory Committee and three customer committees. The Advisory Committee serves as a channel of interaction between the company and its customers. Fingrid uses the committee to distribute information on its current affairs and plans. The representatives of the customer groups, in turn, can take a stand on the matters discussed within the committee and also introduce their own proposals to the agenda. The Advisory Committee deals with the company's entire field of operations and services offered to customers. A major theme of the Advisory Committee in 2014 was the development of the structure of the grid tariff. The matter was discussed in each of the four meetings during the year, and a common understanding was reached on the new tariff structure scheduled to be introduced during the regulatory period starting in 2016.

The customer committees deal with matters in their respective sectors. The Operations Committee discusses and expresses opinions on matters related to the development of procedures used for the operation of the power system and maintenance of system security. The Market Committee is an advisory discussion forum which assists Fingrid in the development of the Nordic and European electricity markets. The Grid Committee serves as a co-operation body in system development and in the management of system-related property.

Advisory Committee

Antti Koskelainen, Outokumpu Oyj (Chairman)
Raimo Härmä, Kymenlaakson Sähköverkko Oy
Tapio Jalonen, Rovakaira Oy
Jussi Jyrinsalo, Fingrid Oyj (Secretary)
Juhani Järvelä, Oulun Energia
Jussi Laitinen, Tampereen Sähkölaitos Oy
Juha Lindholm, Vatajankosken Sähkö Oy
Jukka Mikkonen, Stora Enso Oyj
Jorma Myllymäki, Elenia Oy
Marko Nylund, Pohjolan Voima Oy
Risto Penttinen, Fortum Oyj
Jukka Ruusunen, Fingrid Oyj (President & CEO)
Seppo Tuomisto, Kemira Oyj
Rami Vuola, EPV Energia Oy

Operations Committee

Reima Päivinen, Fingrid Oyj (Chairman)
Hannu Halminen, Boliden Harjavalta Oy
Mikael Heikkilä, Fortum Power and Heat Oy
Teppo Härkönen, Helen Sähköverkko Oy
Teuvo Jouhten, PVO-Vesivoima Oy (missing from photo)
Jonne Jäppinen, Fingrid Oyj (Secretary)
Pekka Pollari, UPM Energia
Jukka Rajala, Etelä-Pohjanmaan Alueverkko Oy
Ismo Reinikka, E.ON Kainuun Sähköverkko Oy
Erkki Tiippana, VR-Rata Oy Ab

Market Committee

Juha Kekkonen, Fingrid Oyj (Chairman)
Juha Hiekkala, Fingrid Oyj (Secretary)
Jouko Isoviita, Oulun Energia Oy
Mika Laakkonen, Kymppivoima Hankinta Oy
Janne Laine, Energiakolmio Oy
Mikko Lepistö, SSAB
Sami Oksanen, Nord Pool Finland Oy
Raimo Peltola, Fortum Power and Heat Oy
Ari Sormunen, Kuopion Energia
Anne Särkilahti, UPM-Kymmene Oyj
Harri Tiittanen, Power-Deriva Oy
Jouni Väisänen, RAO Nordic Oy (missing from photo)

Grid Committee

Kari Kuusela, Fingrid Oyj (Chairman)
Jyrki Havukainen, Porvoon Alueverkko Oy
Jorma Heikkilä, Metsä Fibre Oy
Markku Hyvärinen, Helen Sähköverkko Oy
Suvi Lokkinen, Fingrid Oyj (Secretary)
Petri Parviainen, Fingrid Oyj
Matti Ryhänen, Savon Voima Verkko Oy
Henrik Suomi, Caruna Oy (missing from photo)
Antti Timonen, Oulun Energia Siirto ja Jakelu Oy
Jaakko Tuomisto, Teollisuuden Voima Oy
Seppo Tupeli, Herrfors Nät-Verkko Oy Ab

CORPORATE FINANCES

Key long-term goals for Fingrid's financial control:

- Good cost-effectiveness and continuous improvement of productivity in order to keep service prices at a moderate level. The company's goal is to keep its cost-effectiveness on a par with the best in Europe and grid pricing in the best 25 per cent of the comparison group.
- A high credit rating to ensure the availability of diversified long-term financing, low financing costs and good ability to take care of the company's liabilities.
- Creating shareholder value by keeping the company's adjusted income at the level permitted by regulation and by paying dividends in compliance with shareholders' profit targets.

Fingrid aims to guarantee the stable pricing development of its services through long-term planning of the company's finances, capital expenditure, risk management and financing. Neither investments nor any other decisions are made to meet short-term financial targets. The company's consistently high rankings in annual international comparison studies on the cost-effectiveness and quality of grid operators, and the international certification for the management of physical assets (PAS 55) granted to Fingrid serve as proof of the cost-effectiveness of the company's operations and of its effective management of cost and other risks related to grid assets.

Fingrid's profits will also show increasing volatility in future, and this is likely to be reflected in pricing as well – both upwards and downwards. The reason behind this is, in particular, volatility in market-based congestion income and cross-border transmission income as well as in cost items such as reserve capacity and loss energy. Fingrid will continue to set its service pricing one year at a time, however, striving for pricing development that is as steady as possible in light of the prevailing uncertainties mentioned above. Prolonged major volatility on the market may continue to necessitate price amendments even within a single year, now that the level of the company's annual profits has reached the regulatory maximum level.

A considerable share of the income collected by Fingrid will be used in **domestic investments**. In addition to this, other types of expenditure covered by the company's income include services procured from suppliers, payroll, compensations for land owners and financers, taxes and, finally, reasonable dividends to the owners, i.e. the State of Finland and domestic pension and insurance companies.

Improved finances

The consolidated profit for 2014 was EUR 106 (91) million. The return on investments (ROI) was 7.6 (6.3) per cent and the return on equity (ROE) was 16.3 (15.0) per cent. The profit for 2014 was improved primarily by a significant increase in congestion income from the connection between Finland and Sweden. The Group's turnover was EUR 567 (543) million. Other operating income was EUR 5 (4) million. The consolidated operating profit for 2014 was EUR 143 (115) million. Of the changes in the value of electricity derivatives, EUR 6 (-6) million was recognised in the income statement.

Grid service income was EUR 326 (321) million. Grid tariffs were raised by eight per cent at the beginning of 2014 due to a rise in market-based costs and because of the company's substantial investment programme. In December, the tariffs were lowered by approximately 45 per cent due to differences in the expected and actual market-driven profits and costs. Electricity consumption in Finland decreased by 0.8 per cent (1.5) compared with 2013. Fingrid transmitted 67.1 (64.6) terawatt hours of electricity in its grid.

Fingrid aims to guarantee the stable pricing development of its services through long-term planning of the company's finances, capital expenditure, risk management and financing.

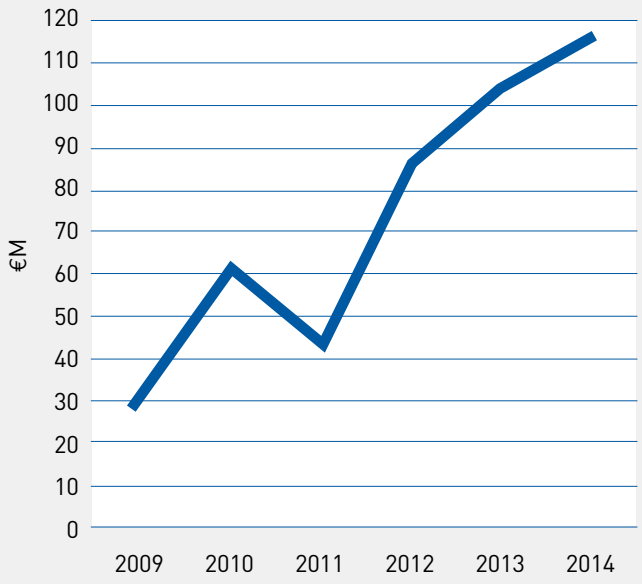
Sales of imbalance power decreased to EUR 151 (159) million due to lower imbalance power prices. Fingrid's congestion income on the connection between Finland and Sweden increased significantly, to EUR 49 (19) million, due to large differences in the area prices of electricity caused by the market situation. Between Finland and Estonia, the congestion income on the connection decreased. Cross-border transmission income between Finland and Russia decreased to EUR 9 (13) million due to reduced Russian imports. ITC income increased.

The costs of imbalance power decreased from the previous year, to EUR 107 (121) million, due to lowered imbalance power prices. Loss energy costs increased by EUR 7 million, to EUR 66 (58) million, as the transmission volume increased. The average price of loss energy procurement was EUR 49.98 (51.03) per megawatt hour. Depreciation costs increased by EUR 10 million, to EUR 92 (82) million, as new capital investment projects were completed. The total costs of reserves to safeguard the system security of the transmission grid, EUR 62 (62) million, remained at the level of the previous year. In the reserve costs, the procurement costs of frequency controlled reserves were lower than in the previous year due to decreased market prices and favourable market conditions. However, the cost of additional reserves for improving frequency quality and the maintenance costs of reserve power plants owned by Fingrid increased. Personnel costs were EUR 25 (23) million, maintenance management costs EUR 19 (20) million and ITC costs EUR 11 (12) million. The EUR 15 million increase in other costs was mainly due to higher countertrade costs.

In 2014 the company's gross investments were EUR 129 (225) million, a significant amount to Fingrid. Of this amount, a total of EUR 118 (209) million was used for the transmission grid and EUR 1 (4) million for reserve power. Investments in IT systems amounted to EUR 11 (9) million. Cash flow from the operations of the Group after capital expenditure improved and was EUR 95 (-68) million due to better profit but a clearly lower level of investments.

The company's financing is based on long-term cooperation with banks and institutional investors. International rating agencies updated Fingrid Oyj's credit ratings in 2014, and they remain at a high level. The retained high credit ratings guaranteed access to competitive financing both in the commercial paper and bond markets for the long-term (re)financing of both investments and interest-bearing liabilities. The Group's financial position remained satisfactory. Net financial costs, excluding changes in the fair value of derivatives, were EUR 22 (19) million. Net financial costs in accordance with IFRS were EUR 11 (29) million, including an increase of EUR 11 (-10) million in the fair value of derivatives. On 31 December 2014, financial assets amounted to EUR 179 (217) million. The company additionally has an undrawn revolving credit facility of EUR 250 million to secure liquidity. Interest-bearing net borrowings amounted to EUR 1,225 (1,294) million. The equity ratio was 31.0 (29.5) per cent at the end of the review period.

PROFIT BEFORE TAXES, EXCLUDING CHANGES IN THE FAIR VALUE OF DERIVATIVES



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, EUR

			2014	2013
Income from customers				
	Turnover		567,155,225	543,088,377
	Other operating income		4,619,211	4,071,213
		Contributions received	-199,534	-214,666
	Dividend income		345,805	306,284
	Income from investments and loans		1 035,098	1,242,645
Total			**572,955,805**	**548,493,853**
Payments to suppliers				
	Purchases, materials and services		264,304,258	269,526,385
		Electricity tax on auxiliary power	-9,766	-19,872
	Other costs		48,148,708	57,801,606
		Changes in fair value	6,171,081	-6,465,471
		Voluntary additional personnel expenses (excl. training)	-1,323,771	-1,283,376
		Real estate tax	-427,408	-179,431
		Contributions	-190,656	-187,697
Total			**316,672,447**	**319,192,144**
Remuneration to personnel				
	Salaries, remunerations, social security contributions		24,992,709	22,847,248
	Voluntary additional personnel expenses (excl. training)		1,323,771	1,283,376
Total			**26,316,480**	**24,130,624**
Remuneration to financers and shareholders				
	Dividends*		65,000,001	81,900,014
	Finance costs		24,021,610	22,108,227
Total			**89,021,611**	**104,008,241**
Support in public interest and taxes				
	Income taxes for the financial year		20,202,952	20,884,723
	Real estate tax		427,408	179,431
	Electricity tax on auxiliary power		9,766	19,872
	Contributions and sponsoring		190,656	187,697
Total			**20,830,781**	**21,271,724**
Economic value generated			**120,114,486**	**79,891,120**

*The dividend for 2014 is the Board of Directors' proposal to the Annual General Meeting.
The reporting on economic impacts does not include capital expenditure by Fingrid, which has been accounted for elsewhere in this annual report.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT, EUR

	2014	2013
Tekes	66,181	78,139
National Emergency Supply Agency	130,000	130,000
Real-Smart (EU)	3,353	6,528
EU investment grant	19,935,005	
Total	**20,134,539**	**214,666**

FINGRID'S TAX FOOTPRINT, EUR

		2014	2013
Taxes payable			
	Income tax	20,202,952	20,884,723
	Unemployment insurance contributions	580,287	502,811
	Social security contributions	436,274	395,777
	Real estate tax	427,408	179,431
	Electricity tax on auxiliary power	9,766	19,872
Taxes payable total		**21,656,685**	**21,982,616**
Taxes to be collected and remitted			
	Value added tax, net remitted	36,847,515	27,300,851
	Electricity tax (incl. emergency-preparedness contribution)	33,508,431	31,623,034
	Tax prepayments	6,525,519	6,056,580
Taxes to be remitted total		**76,881,465**	**64,980,465**

The summary includes taxes and charges that Fingrid is under legal obligation to pay or to collect the tax or payment in question.

However, taxes that are included in the purchase price of a product or service and which Fingrid is not under legal obligation to declare are not included in the summary data.

POWER SYSTEM

In 2014, electricity consumption in Finland decreased by 0.8 per cent on the previous year and totalled 83.3 (84.0) terawatt hours. Fingrid transmitted a total of 67.1 (64.6) TWh of electricity in its grid, representing 80.5 (77.0) per cent of the transmission volume in Finland (consumption and inter-TSO).

The electricity import and production capacity was well sufficient to cover the peak consumption of the winter. According to Fingrid's operation control measurements, the peak electricity consumption in the winter of 2014 was approx. 14,288 (14,043) megawatts. Finland's electricity generation peaked during the early part of 2014, at approx. 12,100 megawatts, and power plants worked without significant disturbances during the cold season.

Electricity transmissions between Finland and Sweden consisted mostly of large imports to Finland. The import capacity was limited from time to time by defects in the Fenno-Skan DC connections. Technical research carried out on the Fenno-Skan 1 cable found that the cable cannot be used to transmit electricity at full power. The cable's maximum transmission power was permanently reduced to a maximum of 400 megawatts starting from 1 July 2014.

The electricity transmission between Finland and Estonia was dominated by exports from Finland to Estonia. The new EstLink 2 connection increased the transmission capacity available in the markets by 650 megawatts. The export capacity to Estonia was increased to 1,000 megawatts in August 2014.

As in the previous year, electricity imports from Russia remained at a low level. The maximum transmission capacity was available almost throughout the year, with the exception of the annual maintenance work carried out at the Vyborg DC station and on the Russian grid.

On 7 November 2014, Fingrid and the Russian grid operator parties signed agreements on bidirectional electricity trade between Finland and Russia beginning in December 2014.

With **a transmission reliability rate of 99.99974 per cent**, the reliability of the transmission grid was at an excellent level during the year under review. The number of disturbances in the Finnish grid remained at the average level. The average duration of forced interruptions in connection points due to disturbances (SAIDI) was slightly above average as a result of a few exceptional extended disturbances. A defect caused by a tree that was felled and hit the power line occurred on the 110 kilovolt transmission line between Hikiä and Forssa on 24 March 2014.

At the time of the incident, there was an exceptional connection situation due to ongoing maintenance work, which meant that both the duration and extent of the disruption were larger than normal, ▸▸

COUNTERTRADE

	Jan–Dec/14	Jan–Dec/13	Oct–Dec/14	Oct–Dec/13
Countertrade between Finland and Sweden, €M	7.6	0.4	1.1	0.0
Countertrade between Finland and Estonia, €M	0.8	0.1	0.2	0.0
Countertrade between Finland's internal connections, €M	1.7	0.4	0.0	0.3
Countertrade total €M	10.1	0.9	1.3	0.3

lasting several hours and affecting 24,000 people respectively. The total calculated cost of the disturbances on customers and society amounted to approximately EUR 4 million. The crucial importance of the reliability of Fingrid's electricity supply is illustrated by the fact that the cost of a nationwide major disturbance to customers and society at large would be in the region of EUR 100 million for each hour of outage. Fingrid's system security-related objectives are presented together with other objectives in a table in this annual report.

The principal disturbances in grid operations consisted of defects in DC connections and a single conductor defect in an AC connection between Finland and Sweden. As a result of the disruptions, reserve power plants were started up, special adjustments were made to the power system and an exceptional amount of emergency power was purchased from Russia. Additionally, regional system security was improved by purchasing start-ups of local power plants for a significant sum during the outages made necessary by the investments in Ostrobothnia. The so-called countertrade costs due to disturbances amounted to EUR 10.1 million, setting a company record. The purpose of the countertrade was to ensure that customers experienced no outages in electricity distribution.

As a result of numerous investment projects, **demanding transmission outages** were carried out in the grid, especially in Ostrobothnia. The outages required careful advance planning and good cooperation with our customers and, in the end, they were a success. System security was safeguarded by purchasing locally produced electricity for the grid and by using the Kristiina reserve power plant. ▸▸

KEY EVENTS OF 2014

EstLink 2 DC connection brings Baltic Sea region into Nordic electricity market

The EstLink 2 DC connection between Estonia and Finland was taken into commercial use in February 2014. The new connection has boosted the transmission capacity between the countries from 350 megawatts to 1,000 megawatts and substantially reinforced the integration of the electricity markets in the Baltic region.

Fingrid owns the EstLink 2 connection jointly with the Estonian transmission system operator Elering. The total length of the connection is roughly 170 km, some 14 km of which is an overhead line in Finland, approximately 145 km a submarine cable on the bottom of the Gulf of Finland and some 11 km an underground cable in Estonia. Both ends of the connection have converter substations where the DC supply is converted to AC and vice versa. The submarine cable is connected to Finland's national grid via the Anttila substation in Porvoo. The underground cable in Estonia is connected to the national grid via the Püssi substation in eastern Estonia.

The total budget for the project was EUR 320 million, divided between Fingrid and Elering. The project was granted an investment subsidy of EUR 100 million from the European Union.

During construction, the project employed dozens of companies and hundreds of people, both in its planning and practical realisation. The main contractors on the international project were Nexans Norway AS, Siemens AG and Siemens Osakeyhtiö, Empower Oy and Bouygues Energies & Services.

The good availability of hydropower from Nordic producers and the small volume of electricity imports from Russia decreased the availability of **frequency controlled reserves**. As a result, it was difficult at times to achieve the required volume of reserves to be maintained in Finland. However, the situation improved from the previous year. The insufficient domestic production was offset by increased purchases of reserves from the other Nordic countries and Estonia. The costs of reserves acquired on market terms remained clearly below the budgeted level. Nordic grid companies have continued testing the new reserve type, the automatic frequency control reserve, to restore the deteriorated frequency quality. A maximum reserve of 300 megawatts, of which Fingrid's share was up to 69 megawatts, was maintained for the selected hours.

The volume of transmission losses in the Finnish grid, 1.3 (1.1) terawatt hours, was fairly large due to the transmission situation. The reason for the larger losses was the increased transmission volume in Finland. The annual variation of losses is affected by Nordic electricity production. Sweden and Norway in particular have substantial affordable hydropower available in rainy years, which means that in Finland electricity is transmitted over long distances from north to south and higher losses are incurred. In years with little precipitation, however, the share of local production increases in Finland and transmission losses in the grid are smaller. The objective is to optimise grid operation so that losses are minimised. The means to achieve this include optimising transmissions towards Sweden, adjusting the voltage according to the circumstances, and minimising the transmission of reactive power.

Continuity management, i.e. continuous availability of the resources and processes critical to business operations under all circumstances, is a key precondition for Fingrid's operations. Key scenarios posing a potential threat to grid operations were identified in late 2013, including exceptional disturbances, storms, fires, etc. A continuity management project was carried out in 2014 to manage the identified threat scenarios. Continuity plans were drawn up, personnel was trained and, as part of overall risk management, a continuity management operating model was created for Fingrid during the year to counter these scenarios. The model incorporates continuity management in the company's annual activities. The project furthermore resulted in several development measures to abate the risks and consequences related to the scenarios and to improve preparedness.

As a member of Finland's Power and District Heat Pool, Fingrid was one of the organisers in the VALVE 2014 (Valot verkkoon 2014) **major disturbance exercise** held in Rovaniemi by power companies and authorities. The exercise tested the nationwide restoration of electricity supply in the event of a major disturbance. Entailing an outage of over an hour in the Rovaniemi region and involving around 30,000 consumers, the exercise proved very useful.

KEY EVENTS OF 2014

Co-operation between electricity companies and authorities in restoring power tested in VALVE 2014

An unprecedented major exercise that took place in Rovaniemi in September provided valuable information about the power system in the event of a disturbance to the national grid. The objective of the exercise, organised jointly by power companies and authorities, was to ensure that restoring power to Finland's grid would be possible using hydroelectricity from northern Finland if neighbouring Sweden was unable to provide starting electricity.

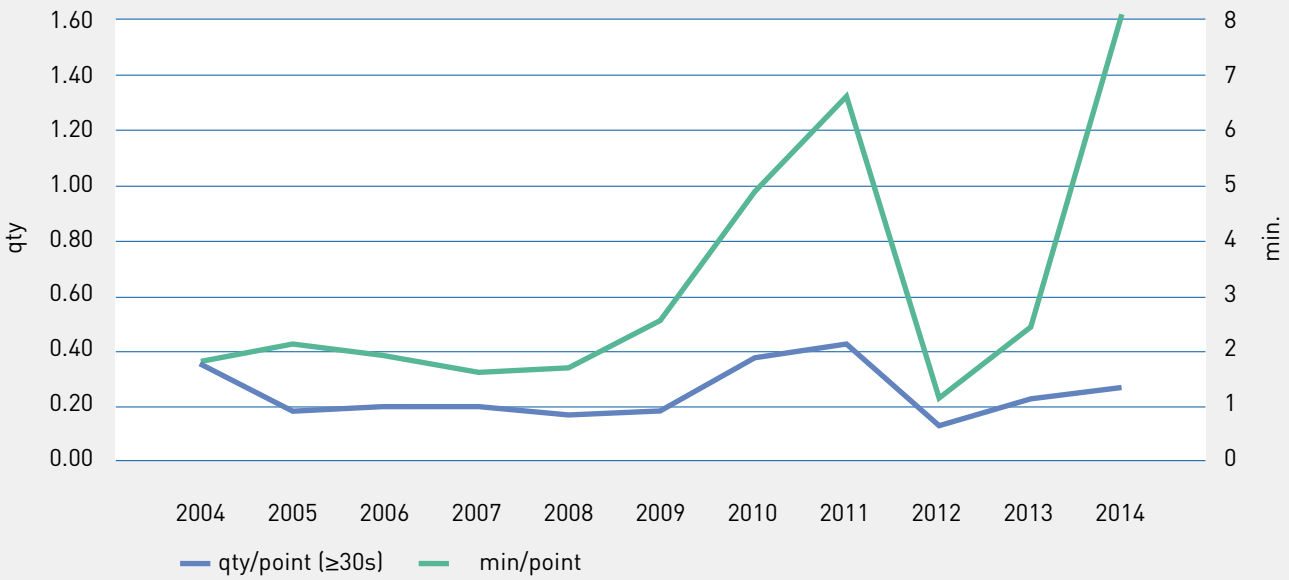
The exercise required brief outages in electricity supply in the Rovaniemi area. The longest outage lasted just over an hour. Nearly 30,000 households were affected by the outages. Important sites, such as the regional hospital and health centres, were excluded from the exercise.

Keeping the frequency stable in the grid area created for the exercise proved slower than expected. Because of the time constraints of the exercise, electricity was restored by disconnecting the planned area and reconnecting the Rovaniemi area to the national grid network, in line with the back-up plan.

The exercise produced a lot of information that can be used to develop operations, and raised important areas for development such as, in addition to technical measures, improving and harmonising the authorities' and electricity companies' communication preparedness.

The National Emergency Supply Agency, Power and District Heat Pool, Fingrid Oyj, Fortum Power & Heat Oy, Kemijoki Oy, Rovakaira Oy, Rovaniemen Energia Oy, Rovaniemen Verkko Oy and Tenergia Oy all participated in the exercise.

OUTAGES AT CONNECTION POINTS DUE TO GRID DISTURBANCES



POWER SYSTEM OPERATION

	2014	2013	2012	2011	2010	2009	2008	2007
Electricity consumption in Finland, TWh	83.3	84.0	85.1	84.4	87.7	81.3	87.2	90.3
Fingrid's transmission volume, TWh	67.1	64.6	64.2	64.2	68.1	62.8	65.4	68.2
Fingrid's loss energy volume, TWh	1.3	1.1	1.2	1.2	1.1	1.0	1.0	
Electricity transmission Finland–Sweden								
Exports to Sweden, TWh	0.15	0.7	0.4	4.0	5.7	4.1	4.2	3.7
Imports from Sweden, TWh	18.1	12.8	14.8	5.9	2.8	2.7	3.7	4.0
Electricity transmission Finland–Estonia								
Exports to Estonia, TWh	3.6	1.6	1.5	0.5	0.2	0.1		
Imports from Estonia, TWh	0.05	0.5	0.4	1.6	2.0	1.8	2.3	1.9
Electricity transmission Finland–Russia								
Exports to Russia								
Imports from Russia	3.4	4.7	4.4	10.8	11.6	11.7	10.9	10.2

ELECTRICITY MARKET

As a developer of the electricity market, Fingrid aims at benefiting the Finnish national economy. **Reinforcing** the domestic and cross-border **transmission systems** in Finland will improve the efficiency of the electricity market. Improved efficiency will benefit consumers: a common regional market and strong transmission connections will increase competition and lower the price of electricity. A disturbance in the transmission link between Finland and Sweden, for example, may cost consumers several million euros a day.

The price level on the Nordic electricity market has decreased lately. The average market price of spot electricity on the electricity exchange (system price) was EUR 30 (38) per megawatt hour.

The reasons for this development include lower demand for electricity due to the current economy and high availability of hydroelectric power. The increase of subsidised renewable energy production in Northern Europe increasingly impacts the market as well. The cost of wind power and other forms of renewable energy are mainly covered by various subsidy mechanisms in order to offer the electricity at very low prices on the market. As this type of production has increased substantially in several countries, such as Denmark and Germany, it affects the price level throughout the region.

Prices on the Finnish wholesale market were higher than in other Nordic countries in 2014; the average Swedish spot price per megawatt hour was six euros lower, for example. This was due to the significant deficit in electricity production in Finland, as the completion of Olkiluoto 3 has been delayed and other power plants have been closed down. Market demand for imports from the west would have been higher than the cross-border transmission capacity allowed.

The transmission capacity limited cross-border trade with Sweden for half of all the hours in 2014, a historically high figure. As a result, Fingrid accrued EUR 48.9 (18.6) million in so-called **congestion income** from the cross-border power lines between Finland and Sweden. The links between Finland and Estonia generated EUR 2.4 (3.7) million in congestion income. By regulation, congestion income must be used to maintain transmission capacity and for additional investments.

Exports to the Baltic countries increased thanks to the new EstLink 2 connection. Imports from Russia remained at the low level of 3.4 (4.7) terawatt hours due to the Russian capacity fees that encumber exports. It became possible to export electricity from Finland to Russia in December when the related technical and commercial preconditions were met. Until now, it has only been possible to import electricity from Russia.

A major step was taken in the development of **a single European market**. The West European spot markets were merged in two stages, in February and May 2014. The new market area encompasses the Nordic and Baltic countries, western Central Europe, the UK and the Iberian Peninsula. This essentially means the creation of the world's largest electricity market, with price calculation and transmission capacity output combined in a single process. The market covers 75 per cent of total electricity consumption in the EU. A similar arrangement is under way to merge the intraday markets.

In connection with its Third Internal Energy Market Package, the EU approved the first of three key network regulations. It has been Fingrid's policy to actively participate in the preparation of **network regulations**, as they outline the market model well into the future.

Fingrid is developing **new market services** to improve market functionality. The issuing of guarantees of origin for electricity, now the responsibility of Fingrid as a result of a change in legislation, reached full capacity towards the end of the year. More than 200 power plants with a total capacity of approximately 7,000 megawatts have joined the new register. The system makes it possible for the producers of renewable energy to provide a guarantee of origin for their electricity.

Fingrid has also initiated the development of an electronic exchange of information for the market, with the aim of standardising particularly retailers' and network operators' business operations and making them more efficient. In relation to this, Fingrid carried out, together with other industry players, an investigation into the centralisation of information exchange into a single data hub. The conclusion of the investigation was in favour of establishing the hub.

The Finnish, Norwegian and Swedish TSOs continued with the implementation of shared Nordic balance settlement under Fingrid's leadership. The jointly owned company eSett Oy, which Fingrid owns one third of, aims to start up operations in February 2016.

As the production of electricity increasingly becomes more diverse and more difficult to regulate, other means within the power system should be sought to guarantee its **continued flexibility**. More active participation by electricity consumers could bring new, flexible capacity to the market. Five R&D projects were started out jointly with stakeholders in 2014 to test the possibilities of having new types of loads participate in the demand-side management in practice. The sites include both small and medium-sized companies as well as private homes. The pilot projects will be completed early in 2015.

KEY EVENTS OF 2014

Tuntihinta mobile app helps monitor the price of electricity

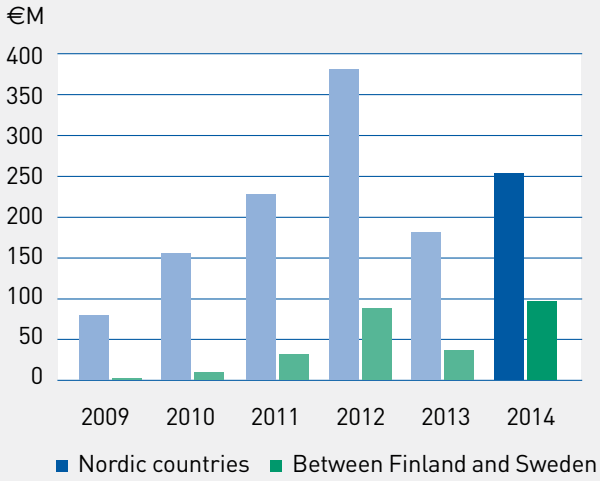
Fingrid's Tuntihinta ('hourly price') mobile app for iPhones was released in the beginning of the year. The app was previously available for Windows and Android phones.

The app allows users to follow the Finnish area price published by the Nordic electricity exchange Nord Pool Spot. Price information can be used to decrease electricity use when electricity is expensive and likewise to take advantage of the cheapest hours. The service sends an alarm if the hourly price exceeds a limit set by the user.

ELECTRICITY MARKET

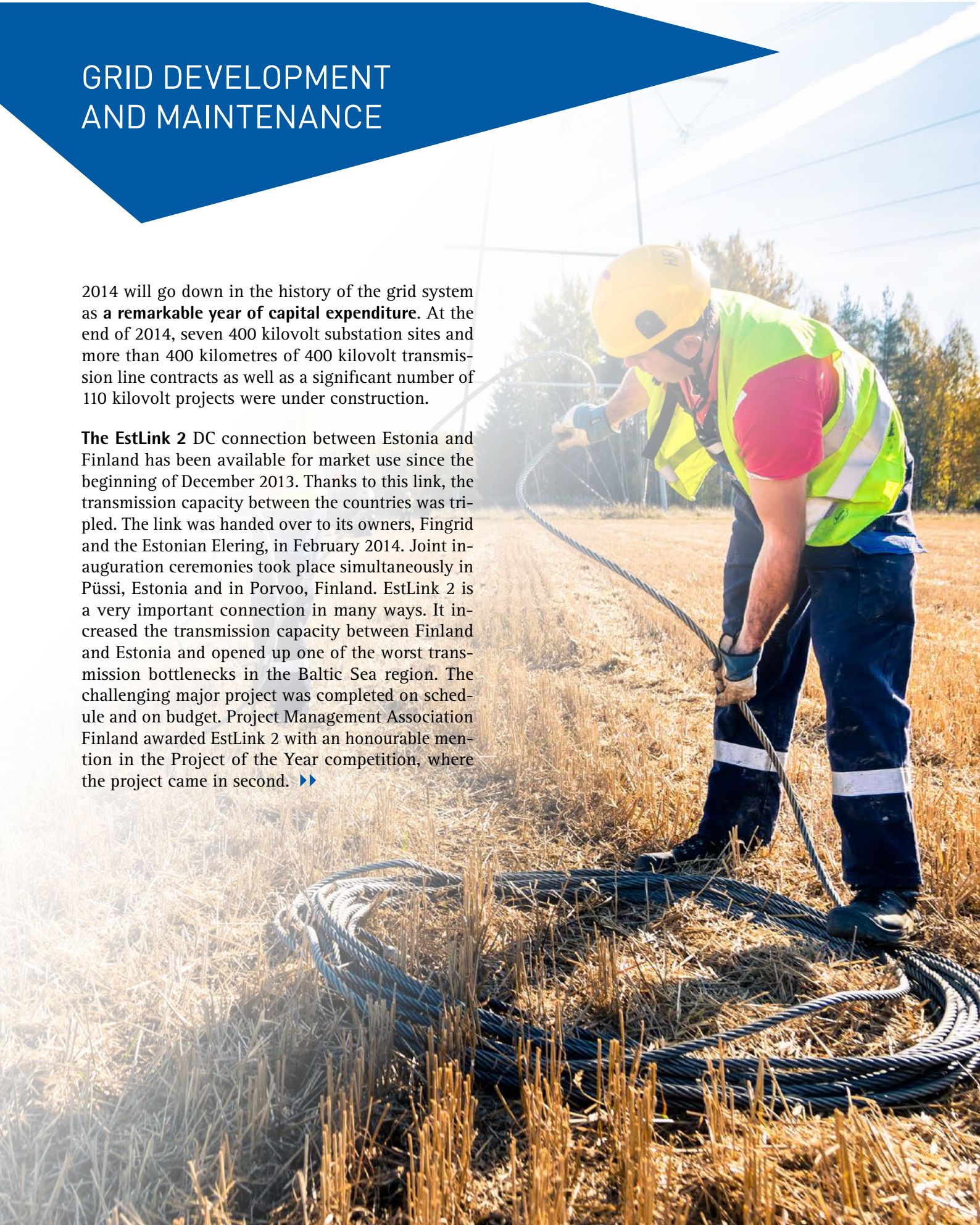
	2014	2013	2012	2011	2010	2009
Nord Pool Spot system price €/MWh	30	38	31	47	53	35
Area price Finland, average €/MWh	36	41	37	49	57	37
Congestion income in the Nordic countries €M	255.1	179.3	381.3	228.5	156.1	79.5
Congestion income between Finland and Sweden €M	97.7	37.2	88.5	31.2	8.9	1.1
Congestion hours between Finland and Sweden %	47.8	19.4	35.1	22.9	6.5	4.9
Congestion income between Finland and Estonia €M	4.8	7.4	12.9	19.6	18.9	
Congestion hours between Finland and Estonia %	8.2	27.3	34.7	45.5	50	

NORDIC CONGESTION INCOME AND CONGESTION INCOME BETWEEN FINLAND AND SWEDEN



A common regional market and strong transmission connections will increase competition and lower the price of electricity.

GRID DEVELOPMENT AND MAINTENANCE



2014 will go down in the history of the grid system as **a remarkable year of capital expenditure**. At the end of 2014, seven 400 kilovolt substation sites and more than 400 kilometres of 400 kilovolt transmission line contracts as well as a significant number of 110 kilovolt projects were under construction.

The EstLink 2 DC connection between Estonia and Finland has been available for market use since the beginning of December 2013. Thanks to this link, the transmission capacity between the countries was tripled. The link was handed over to its owners, Fingrid and the Estonian Elering, in February 2014. Joint inauguration ceremonies took place simultaneously in Püssi, Estonia and in Porvoo, Finland. EstLink 2 is a very important connection in many ways. It increased the transmission capacity between Finland and Estonia and opened up one of the worst transmission bottlenecks in the Baltic Sea region. The challenging major project was completed on schedule and on budget. Project Management Association Finland awarded EstLink 2 with an honourable mention in the Project of the Year competition, where the project came in second.

Fingrid **will reinforce** the ageing and insufficient **transmission capacity**, in terms of future needs, of the Finnish west coast by replacing 220 kilovolt connections with 400 kilovolt connections. The total cost of these investments, approximately EUR 220 million, will be spread over several years. Out of these projects, the Ulvila–Kristinestad transmission line was completed in 2014 at a cost of around EUR 90 million. The contract included nearly 120 kilometres of new transmission lines, renewal of the Ulvila substation and the construction of the entirely new Kristinestad substation. Reinforcing of the west coast transmission system will continue with the construction of the Hirvisuo–Pyhänselkä transmission line. This project will include three transmission line contracts and three substation contracts as well as a series capacitor project. The entire project to reinforce the west coast transmission system will be completed by the end of 2016.

The major project between Hikiä and Forssa progressed on schedule during 2014. In addition to building new power lines, the project involves dismantling parts of the historic 'Iron Lady' transmission line. In Eastern Finland, the Varkaus–Kontiolahti transmission line project has progressed as planned.

Fingrid has paid particular attention to **accident prevention** at work sites. Several projects in 2014 were completed with zero accidents, including the projects in Ulvila, Kristinestad, Ontojoki, Meltaus, Pyhävesi, the Ulvila–Leväsjoki transmission line site as well as the lightning conductor replacements and the cabling rearrangements at the Poikkimaantie site in Oulu.

Finland's energy and climate strategy targets an increase to 9 terawatt hours in the production of wind power by 2025. Over the spring, Fingrid made **several investment decisions** which will help **connect wind power** to the grid. The total cost of the wind power investments to be completed in 2015–2016 is more than EUR 50 million.

At the end of September, Fingrid made procurement decisions on the basic maintenance of substations and transmission lines for 2015–2017. Nationwide grid **basic maintenance agreements** were put out to tender for both substations and transmission lines separately for each work area. The procurement value for substation basic maintenance is approximately EUR 14 million and the value of transmission line basic maintenance is approximately EUR 6 million. The system security of transmission lines was improved by clearing approximately 5,000 hectares of land around the lines during the year and by pruning back trees in about 900 km of marginal zones. Fingrid annually uses around half of the transmission line maintenance budget on vegetation management.

Fingrid is amongst the best in the world in maintenance management in terms of both quality and costs.

The International Transmission Operations & Maintenance Study (ITOMS), which was published in spring 2014, named Fingrid **amongst the best in the world in maintenance management** in terms of both quality and costs. ITOMS measures the effectiveness of maintenance management by transmission companies and the reliability of the transmission network. A total of 28 transmission grid businesses with system responsibility from all over the world participated in the comparison study. Lloyd's Register carried out the annual on-site audit for Fingrid's PAS55 (Publicly Available Specification) certification in October. According to the audit results, Fingrid has further developed its asset management to an excellent level. Points that were especially praised included Fingrid's measures to improve occupational safety and personnel's attitude towards continuous development.

In 2014, Fingrid started a strategic company-level project of several years **to improve the reliability of cross-border transmission connections**. Fingrid has four high-voltage direct current (HVDC) connections: Fenno-Skan 1 and 2 with Sweden and EstLink 1 and 2 with Estonia. The reliability of these connections will be developed during the next few years through several measures.

Continuous progress was made in **the network information and ERP system development programme** extending over several years. The initial stages of the Elvis system were commissioned in late 2013 and early 2014. The roll out was supported by extensive user training for Fingrid's in-house personnel and substation maintenance service suppliers.

The development programme on occupational safety continued in full swing in 2014. A specific focus area was the development of work-site T3 mobile reporting. Other key areas of occupational safety included contractual terms, management of lift operations, work at heights and the development of safety incentives. A positive turn was achieved in the severity of accidents and frequency rate. A total of eight accidents occurred with Fingrid's suppliers in 2014.

Grid building and maintenance suppliers

The building and maintenance work on the grid system **is outsourced** to specialised contractors and service providers. The suppliers' qualifications are verified primarily by means of various supplier registers and shortlisting procedures. According to the Act on the Contractor's Obligations and Liability when Work is Contracted Out, the entire chain of contractors at Fingrid's work sites is obligated to operate in compliance with applicable Finnish collective labour agreements both regarding Finnish and non-Finnish workforce. ▸▸

KEY EVENTS OF 2014

Fingrid's major transmission line project on Finland's west coast making progress

A large-scale investment project is currently under way on the Ostrobothnian grid system. The ageing 220-kilovolt grid, built mostly in the 1970s and with an insufficient transmission capacity, is being completely replaced by a new grid. All in all, the 400-kilovolt ring network from Pori to Oulu, five new substations and a 350-km, 400-kilovolt transmission line will be completed in Ostrobothnia by 2017.

The project to develop the Ostrobothnian transmission grid started in 2007 and consists of three extensive project entities. In 2011, a 400 and 110-kilovolt transmission line connection from Seinäjoki to Vaasa was completed, in addition to a new transformer substation in Nivala. At the end of 2014, a 400-kilovolt connection from Ulvila to Kristinestad was completed. And finally, a 400-kilovolt transmission line connection from Kokkola to Muhos which, once completed, will see the western coast switch to a voltage of 400-kilovolts.

Fingrid's project supports Finland's National Climate and Energy Strategy. It creates the conditions for linking new wind and nuclear power to the grid. The new transmission connection will also improve the capacity between northern and southern Finland and makes it possible to keep Finland a single price region.

In 2014, grid building and maintenance operations amounted to 905,706 work hours, equalling 533 man-years.

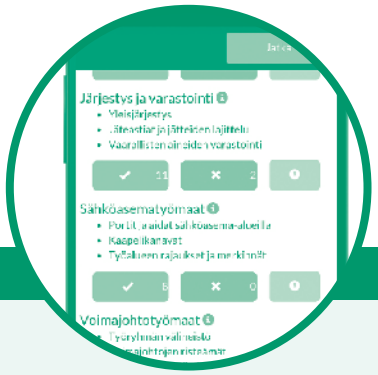
Building work on the grid is carried out on a project basis, in separate substation and transmission line projects as well as in turn-key contracts. The main contractor, acting in the role of Fingrid's contractual counterparty, is in charge of the detailed design, the procurement of material and equipment as well as building and installations until commissioning. The main contractor on a specific project may have several subcontractors.

Fingrid has around 40 direct contractual partners, 10 of which account for more than 90 per cent of the total financial value of the procurements. There are two companies with regional contracts on transmission line maintenance and five companies with regional substation maintenance contracts.

Both the contractors' and subcontractors' use mostly Finnish workforce for grid building work. A substantial number of **non-Finnish workers**, hailing from countries such as Poland, Croatia, the Baltics and Germany, work mainly on transmission line work sites. Grid maintenance suppliers and their suppliers use Finnish workforce. Some non-Finnish personnel is used in vegetation trimming at transmission lines and in areas requiring special expertise.

FINGRID'S PERSONNEL AND SERVICE PROVIDERS, MAN-YEARS

	2014	2013	2012	2011
Fingrid's personnel, man-years	275	258	250	243
Service suppliers, man-years	533	639	593	624
Man-years, total	808	897	843	867



KEY EVENTS OF 2014

Mobile reporting introduced at Fingrid's work sites

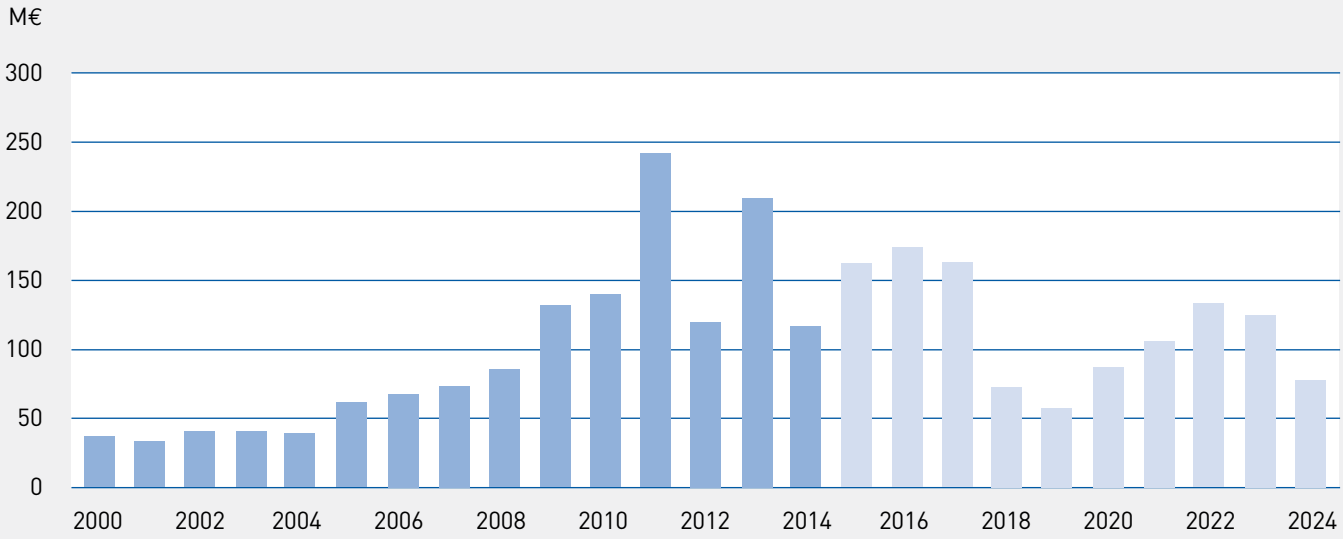
NordSafety Ltd's T3 mobile reporting tool for managing occupational safety and site data on construction sites has been in test use on Fingrid's sites since August 2014.

T3 reporting includes applications to improve occupational safety, project management and local monitoring, such as MVR-FGR scorecards on occupational safety levels, electronic construction site diaries, notifications concerning dangerous situations, notifications of accidents, management review forms and an application to manage the sites' most important documents. The browser-based service operates on smart phones, tablets and computers, regardless of operating system.

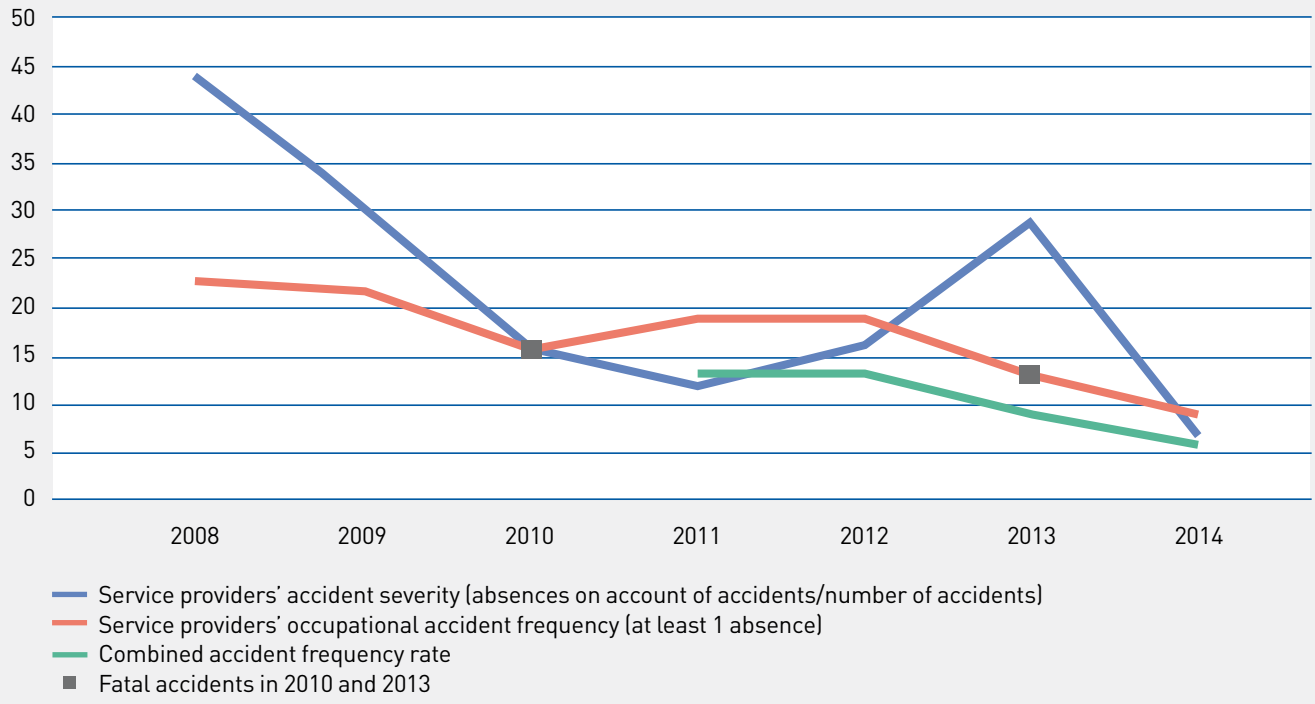
The feedback from the employees who have tested the system on the sites has been positive. The positives cited by test users include user-friendliness, smooth offline operation, easy camera functions and reduced workload in MVR scoring.

The decision was made to adopt T3 reporting in all of Fingrid's new investment sites and as part of maintenance management, where it is used in occupational safety in the areas of monitoring, development and quality control.

FINGRID'S CAPITAL EXPENDITURE IN THE GRID SYSTEM



OCCUPATIONAL ACCIDENT FREQUENCY AND SEVERITY OF ACCIDENTS



ENVIRONMENT

When designing, building and maintaining the grid system, one of Fingrid's main objectives is to make sure that all the environmental and land-use issues are taken into account for the long term. The **commitment to minimising environmental impacts** is anchored in Fingrid's land use and environmental policy.

Environmental impacts are carefully assessed before a project is realised, and special attention is paid to controlling environmental risks. In addition to Fingrid's personnel, the company's contractors and service suppliers participating in grid construction and maintenance are also engaged in environmental sustainability with the help of contractual terms, auditing and environmental training.

Environmental aspects are included in the overall continuous monitoring of work sites. During the year under review, the revised waste management model was shown to improve waste management and recycling at work sites. Environmental audits were carried out in connection with construction contracts, and at one substation maintenance site. A total of 12 audits were carried out. Environmental training was provided more frequently, both to construction project contractors and to new power line and substation maintenance providers. New employees received an introduction to Fingrid's environmental policies.

Fingrid aims to minimise the risk of especially severe environmental incidents. No significant environmental incidents took place during the year under review. The monitoring and handling procedures of environmental incidents were continuously developed. New technology for transformer catch basin dewatering was introduced at a number of substations, and the chemical safety at reserve power plants was enhanced by replacing pipes and valves and by carrying out leak detector tests and inspections. Noise-abatement solutions were implemented at the Hikiä, Anttila and Rauma substations. A new road maintenance practice was tested during transmission line construction projects to minimise the damage to private roads.

Fingrid actively participates in **land use planning** to ensure the adequacy of land use reservations for the development of the transmission system and the related impact assessments in adjacent areas. In 2014, Fingrid issued about 300 statements on land-use plans and environmental impact assessments. In addition, the company directed the community planning and building activities taking place near the grid by issuing statements containing safety guidelines and land-use restrictions. Fingrid issued close to 380 such statements. Fingrid additionally participated in the preparation of regional councils' wind power analyses and land-use plans for wind turbines in mainland areas. The company's interests were actively supervised, for example, in connection with the renewal of legislation on employees' exposure to electromagnetic fields.

The adverse impacts of new transmission line projects on both people and biodiversity are analysed either as part of the **environmental impact assessment** (EIA) procedure or by means of an environmental study in compliance with the Electricity Market Act. The EIA procedure and the related stakeholder dialogue is highly significant in terms of reducing adverse impacts. The starting point for planning new transmission line routes is to avoid residential areas and other significant sites from the outset. In accordance with the nationwide land-use objectives stipulated in the Land Use and Building Act, the objective is to primarily utilise existing right-of-ways.

During 2014, an EIA for the Hikiä–Orimattila transmission line was started, encompassing approximately 90 kilometres of right-of-way. An environmental assessment was additionally drawn up for five transmission line projects (Vanaja–Tikinmaa and rearrangements on the Koria–Yllikkälä line and at the Seinäjoki, Petäjävesi and Alajärvi substations). Inventories at archeologically valuable sites were carried out on five projects.

In order to be able to build, operate and maintain a power line, Fingrid **expropriates a right of use** to the transmission line area. Expropriation decisions were granted on the Kalajoki–Siikajoki–Pyhänselkä, Tikinmaa–Lavianvuori, Raasakka–Maalismaa fork and Keminmaa–Takakumpu transmission lines, totalling approximately 160 kilometres. Expropriation permit applications were drawn up for the Lieto–Forssa and Harakkaperä–Isokangas transmission line projects (total 76 kilometres). In the completed transmission line projects (Nikuviken–Anttila, Hyvinkää–Hikiä, Nurmijärvi–Hikiä and in part Yllikkälä–Huutokoski), compensation matters concerning roughly 700 estates were finalised. No purchases of residential properties were necessary to carry out transmission line projects. A master's thesis was commissioned in relation to compensation issues to investigate the impact of a transmission line on the price of residential and holiday home building land in sparsely populated areas. ▸▸

KEY EVENTS OF 2014

Sand lizards change transmission line area

During the year, we saw yet another example of the positive effect of transmission line areas on biodiversity. In Paimio, sand lizards were discovered under the 400 kilovolt line from Salo to Lieto and the 110 kilovolt line from Lieto to Valkojannummi. Sand lizards were a part of Finland's fauna before the Second World War, when they could be found around Lake Ladoga in Karelia. The species had not been detected within Finland's post-war borders until the sightings in Paimio. The closest sand lizard populations in neighbouring countries live in Estonia and central Sweden.

The sand lizard, which is slightly larger than the common lizard, thrives in sunny and dry habitats and requires an environment containing fine sand, open areas and places to hide from predators and ambush prey, for instance branches and felled trees or the roots of birch trees. The transmission line right-of-way in Paimio is just such an area, with old gravel pits and dry forests covered in heather that serve as good hunting terrain, and with branches and felled trees that offer protection. Other rare fauna typical to dry, sunny habitats, such as the rattle grasshopper, have also been spotted in the area.

Fingrid's transmission and substation projects are contracted out as all-inclusive contracts including substantial **material and equipment** procurements. A total of 2,688 tonnes of steel was used in the transmission line pylons commissioned in 2014. The total weight of the conductors was 1,610 tonnes. The use of creosote-impregnated wood was necessary to reinforce the foundations in soft soil, and in maintenance work to replace individual pylon legs. Fingrid developed its direct procurement operations to better take into account environmental aspects.

Instructions are issued to service providers involved in transmission line maintenance and vegetation trimming to take into account restrictions related to protected areas and **biodiversity**. The transmission line right-of-ways that are kept permanently open by regular clearing transform the local land use and landscapes, but may in fact also have a positive impact on biodiversity. In 2014, for example, sand lizards and rattle grasshoppers were found in right-of-ways – both are rare species thriving in arid habitats exposed to sun. Fingrid also commissioned a thesis on a transplantation project involving a plant species used as a food source by rare butterflies in and around the Kontiolahti substation.

Fingrid is responsible for the functioning and safety of the electricity supply system in all circumstances. During the year under review, a waiver permit application became necessary for a flying squirrel territory in Joensuu in order to fell trees endangering safety at the edge of a transmission line right-of-way. A precautionary waiver permit application in the name of general safety was also submitted for the removal of bird nests from grid structures if necessary. The impact of transmission lines on bird populations was reduced by installing additional power line markers to prevent mid-air collisions.

The health impacts of the **electric and magnetic fields** of transmission lines interests many stakeholders. Fingrid continued to contribute to the Tampere University of Technology's medically oriented research reports on electric and magnetic fields. Research results did not yield new evidence of the health impacts of electric and magnetic fields.

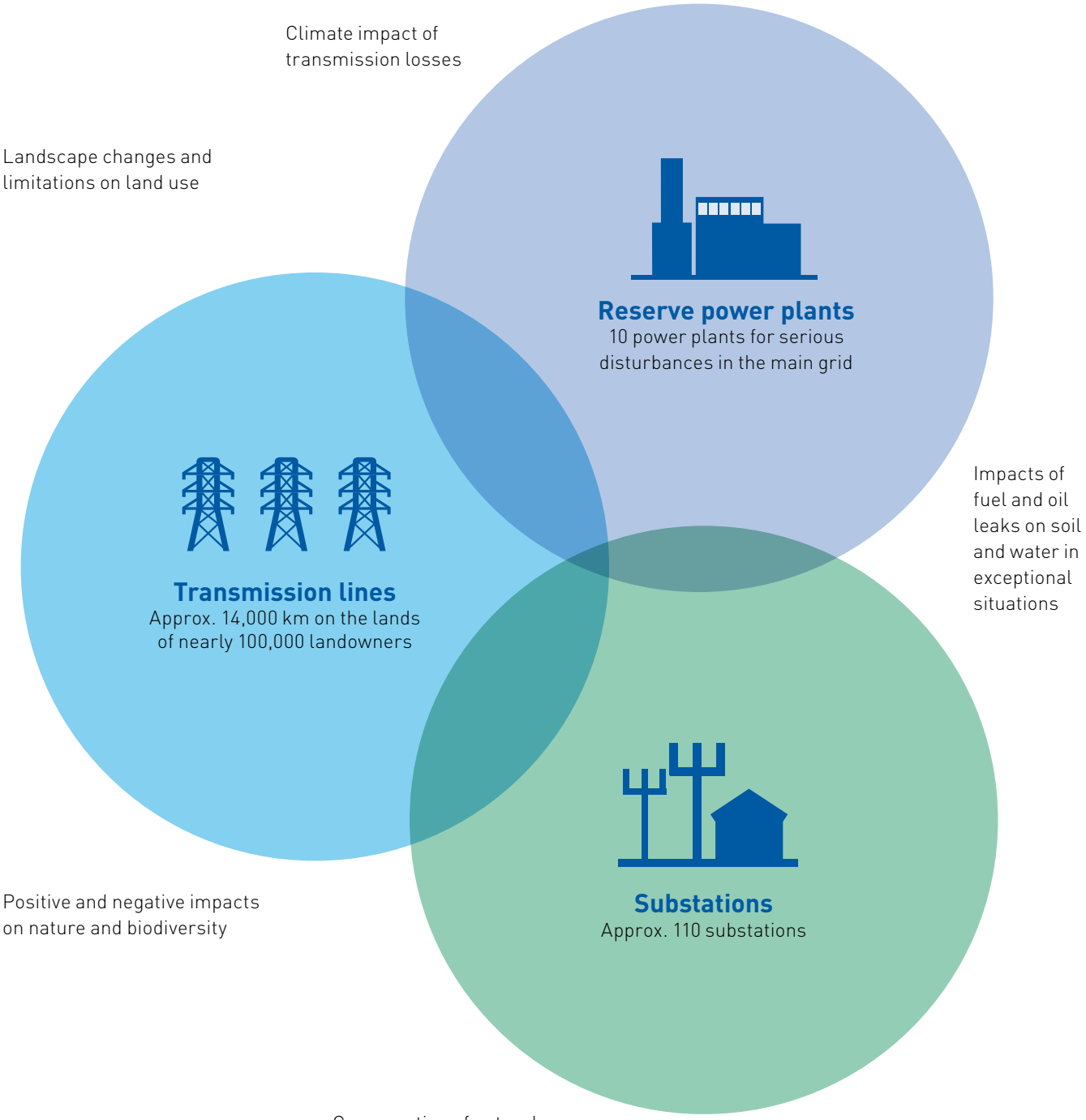
In order to accomplish national **climate targets**, Fingrid does its part by making it possible to connect new forms of energy production to the grid. The biggest climate impact of Fingrid's operations comes from energy losses during the transmission of electricity. These transmission losses amount to roughly one per cent of Finland's total electricity consumption. Direct greenhouse gas emissions result from the fuels used by reserve power plants and from sulphur hexafluoride (SF_6), a powerful greenhouse gas used in substation equipment. 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. Emissions trading had minor financial significance for Fingrid.

Our SF_6 gas emissions in 2014 were 15 (13) kg. At the end of 2014, there was a total of approximately 33 (32) tonnes of SF_6 gas at substations, and the annual leakage rate in the long-term has been on average less than 0.2 per cent. Fingrid's methods of monitoring SF_6 gas are of an internationally high level. Gas facilities are increasingly monitored using online maintenance monitoring technology to help catch even minor leaks rapidly.

WASTE AMOUNTS

Total waste by type and disposal method (tonnes)	2014
Total waste	3,678
Hazardous waste	412
Recycling and reuse	3,128
Other utilisation, e.g. for energy	430
Combustion in a power plant	3
Final disposal (e.g. landfill)	117

Fingrid's main environmental impacts



ENVIRONMENTAL DATA

Energy consumption					
Direct			**2014**	**2013**	**2012**
	Light fuel oil	t (GJ)	3,289 (140,757)	1,725 (74,000)	6,806 (291,000)
	Aviation fuel	t (GJ)	0 (0)	35.0 (1,500)	32.5 (1,400)
Indirect					
	Electricity transmission energy losses	GWh (GJ)	1,266 (4,558,700)	1,089 (3,920,000)	1,170 (4,210,000)
	Fast disturbance reserve electricity procured	GWh (GJ)	0.538 (1,937)	0.379 (1,400)	0.345 (1,200)
	Reserve power plants' auxiliary energy	GWh (GJ)	9.2 (33,195)	7.7 (27,700)	7.8 (28,200)
	Reserve power plants' district heating	GWh (GJ)	0.725 (2,610)	0.745 (2,700)	0.947 (3,400)
Greenhouse gas emissions from Fingrid's operations					
Direct emissions (Scope 1)			**2014**	**2013**	**2012**
	Reserve power plant fuels	tCO_2	10,660	5,566	21,317
	Substations' sulphur hexafluoride	tCO_2e	342	296	570
	Total[1]	tCO_2e	11,000	5,862	21,887
[1]According to Statistics Finland, the total CO_2 equivalent emissions in Finland in 2013 were 60.6 million carbon dioxide tonnes. Fingrid's share of all Finnish CO_2 emissions amounted to approximately 0.2‰ in 2013.					
Indirect emissions (Scope 2)					
	Transmission losses	tCO_2e	354,800	221,800	232,700
	Fast disturbance reserve electricity procured	tCO_2e	122	76	70
	Reserve power plants' auxiliary energy	tCO_2e	2,096	1,565	1,558
	Reserve power plants' district heating	tCO_2e	152	162	205
	Total		357,170	223,603	234,533
Other indirect emissions (Scope 3)					
	Business travel (flights and kilometre-reimbursed business trips)	tCO_2	552	497	603
	Total		552	497	603

Other environmental key figures					
			2014	**2013**	**2012**
Transmission lines in protected areas or Natura sites [2]		km	240	266	230
[2] Approx. 2% of Fingrid's transmission lines are located in nature reserves or Natura sites. Protected areas amounted to around 9 per cent of Finland's total area in 2014.					
Reserve power plants' sulphur dioxide and nitrogen oxide emissions			**2014**	**2013**	**2012**
	Sulphur dioxide (SO_2)	t	1.45	1.5	6.2
	Nitrogen oxide (NO_x)	t	62	32	160

Calculation principles
Fingrid's environmental data reporting encompasses the entire company except for the data on substation electricity consumption, electricity and heating for premises, and the related carbon dioxide emissions. The compilation of this data will be developed in the coming years. Reporting does not include emissions data from transportation carried out by service providers. Fingrid does not own any motor vehicles. The calculation of environmental data and the related principles were developed during 2013, and the comparison data for 2012 was recalculated according to the new calculation principles.

Environmental performance indicators are compiled for the data reported to the authorities and from Fingrid's data acquisition systems.
Fingrid's carbon dioxide emissions calculations are based on the EU emissions trading system (EU-ETS) and on the international Greenhouse Gas (GHG) Protocol standards. The emission factors used in Fingrid's CO_2 calculations are based on the latest factors from Statistics Finland, IPCC 2001 Global Warming Potentials (GWPs), and IEA's average electricity-specific emission factors for Finland.
A three-year moving average is used when calculating electricity CO_2 emissions. The emissions in 2014 were calculated using the average for 2010–2012. District heating CO_2 emissions were calculated using the Finnish Energy Industries' 2012 emissions factor 209 gCO_2/kWh.

Environmental impacts are carefully assessed before a project is realised, and special attention is paid to controlling environmental risks.

RESEARCH, DEVELOPMENT AND INNOVATION

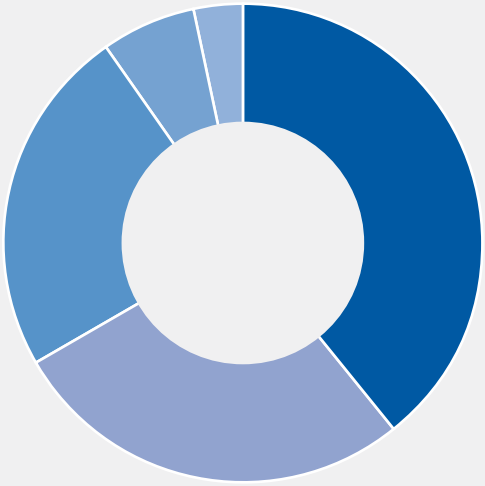
The continuing upheaval of the energy sector calls for new ideas and innovations in order to further develop operations. R&D also lays the foundation for adopting new technologies and methods. The main focus of Fingrid's R&D, however, is on enhancing the efficiency of operations and improving quality rather than on new technologies.

As in 2013, Fingrid continued to build up its innovative work community and to maintain a constant flow of new initiatives during the year under review. Some of the new ideas will lead to R&D projects, which in 2014 amounted to a total value of EUR 1.7 million. The total number of development projects was more than 50, focusing primarily on three areas. The main focus (nearly 40% of the total costs) was on projects intended to **ensure transmission capacity**, for example, on improving the reliability of the DC connections. The increasing volume of renewable energy and the need to increase the flexibility of the power system were clearly reflected in investment projects that aimed to **maintain system security** (nearly 30% of the total costs) and to **promote the electricity market** (more than 20% of the total costs). Examples of these R&D focus areas include the project to promote demand-side flexibility started in 2013 and the project to specify the future solution for exchanging electricity market information (data hub).

R&D co-operation with stakeholders is important both in terms of resources and for securing the availability of competence in the industry. A significant share (more than 60%) of Fingrid's R&D work involves co-operation with universities and research institutes. An important part of the co-operation with universities is thesis projects, 12 of which were completed during 2014. National level co-operation schemes included an extensive research programme under the heading Smart Grids and Energy Markets. Fingrid is also part of the Finnish Energy Industries' Electricity Research Pool, which aims at developing research activities to promote the energy sector. ▸▸

Participation in the Research and Development Committee of the European Network of Transmission Systems Operators (ENTSO-E), whose mission is to initiate major projects serving the needs of both TSOs and societies at large, provides an international perspective on R&D. The current R&D focus is on promoting the accomplishment of the goals of the European Commission's Third Energy Package. One major initiative related to this is the four-year research project started in 2013 for developing probabilistic design and operation principles for power systems to supplement the widely used N – 1 criterion. This project, co-funded by the European Commission, has 20 participants from 12 countries. Seven of the participants are TSOs. As regards Finland, Fingrid is a member of the project monitoring group and Aalto University participates in the actual project. The budget for the project is close to EUR 11 million.

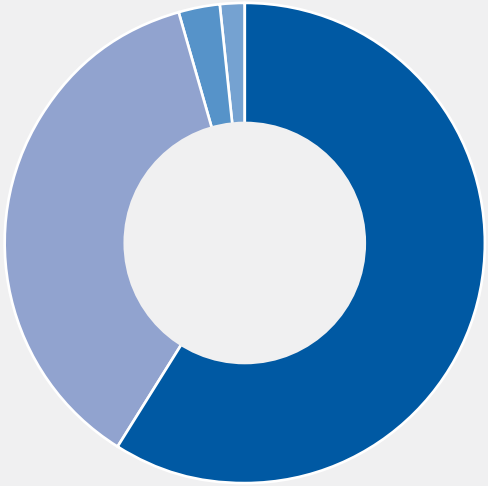
BREAKDOWN OF R&D COSTS



- Ensuring transmission capacity (39.3%)
- System operation (27.5%)
- Promoting the electricity market (23.7%)
- R&D administration (6.3%)
- Other projects (3.3%)

Total actual R&D expenditure in 2014 EUR 1,727,884.

ACTUAL R&D EXPENDITURE BY ACCOUNT



- External services (58.9%)
- Salaries/wages (36.7%)
- Travel expenses (2.8%)
- Other expenses (1.5%)

Fingrid's Human Resource Management is based on the company's corporate values and personnel and management principles. The company's long-term HR approach incorporates the personnel perspective in a balanced manner in the company's strategy and decision-making. Fingrid takes an engaging management approach in its flat matrix organisation in which a broad group of Fingrid employees are able to influence the strategy process. Personnel's competence and progress in the company is fostered by offering clear managerial and specialist career paths. The company's remuneration policy takes a motivational approach.

The focus in 2014 was on developing the overall HR architecture and HR processes and competence. These measures included making improvements to the compatibility of HR systems and reviewing the classification of job qualifications. Fingrid took measures to develop its key data management processes, and HR data served as a pilot project in this. The teams and units held unit-level competence discussions and identified their critical competence areas. The main objective of the work is to determine the development measures for competence for future years.

The activities of the innovation team (iTeam), made up of Fingrid employees and launched in 2013 to co-ordinate R&D and innovation, were firmly established. The team's objective is to achieve an even more innovative work community and thus help Fingrid to accomplish its vision. In 2014, the team devised principles according to which four of its main tasks would be implemented: developing an innovative corporate culture, managing the idea process, preparing for future changes in the operating environment (trend forecasting) and co-ordinating R&D activities.

Two personnel days and personnel events hosted by the CEO were arranged in order to ensure transparency. The aim of these events was to initiate a dialogue and awareness of current affairs relating to the company's operations, strategy and projects that are under way. The springtime event focused on the mental and physical well-being of Fingrid's personnel, and the autumn event dealt with the company's continuity management, i.e. how the company can prepare for crisis situations and what to do if one arises.

Fingrid's personnel increased slightly during the year due to the company's new responsibilities and growth in the volume of its operations. Professionals in the areas of, for example, IT security, the operation control system, economy and finance and occupational safety were hired.

Fingrid's employees have access to a wide range of comprehensive occupational healthcare and well-being services that aim to support their working ability and well-being at work. The number of absences due to illness has been remarkably low for many years, and the high age of retirement among the employees bears further testimony to their well-being. As in previous years, the number of occupational accidents at Fingrid remained low. A total of 4 (8) accidents took place. Absences due to accidents or illnesses accounted for 2 (2) per cent of working time during the year. ▸▸

KEY EVENTS OF 2014

Fingrid did well in the Great Place to Work 2014 survey

In the Great Place to Work 2014 survey, Fingrid was ranked 25th in the general series.
Fingrid was the only state-owned industrial company among the awarded participants.

Fingrid took part in the survey for the first time in 2012; its ranking in 2014 improved by three places and the overall result was better. In particular, pride in the workplace and in one's own work, as well as general workplace community spirit among the employees have further strengthened. Fingrid's goal is to place 10th in the general series. The survey was carried out by the Great Place to Work® Institute. A total of 138 organisations participated in the survey, with the 50 best published.

Well-being was maintained during the year under review through various campaigns and by supporting the physical exercise and cultural events arranged by the personnel association. The high participation rate at these events speaks to the company's culture, which aims to be transparent, mutually supportive, flexible, instructive and receptive.

Fingrid takes a positive approach to the continuous training of its personnel. Employees' tasks vary in different parts of the organisation. A wide range of tasks and task rotation helps to ensure the development of competence in the company, whose operations are based on long-term specialist work. Employees were offered joint training co-ordinated at the company level, such as language courses, and they were also given the chance to independently propose supplementary training. In 2014, each Fingrid employee received an average of 31.3 (45) hours of training. Fingrid's ongoing broad and intensive projects also serve as training forums.

The company's induction programme was revised in order to ensure the competence of new employees. New employees are given online training in the company's basic information, in addition to which an induction day for the various operational areas is held twice a year.

Fingrid participated in the annual Parempi työyhteisö® (Towards a Better Working Community) study by the Finnish Institute of Occupational Health, once again with excellent results, receiving a grade of 8.8 (8.6) on a scale of 4 to 10. Through the constant evaluation of performance and the engagement of the entire workplace community, we strive to minimise risks related to personnel's work ability, expertise, occupational safety and job satisfaction.

The annual gender equality plan was drawn up in conformance with Fingrid's equality principles together with representatives of personnel groups. The plan assesses the current equality situation at the workplace, the implementation of previous actions, and any planned efforts to be launched. The aim is to prevent discrimination and promote equality between the sexes.

Long-term work to retain and develop the company's corporate and employer image was carried out in an effort to ensure that competent, new individuals can be found. Fingrid has been involved in various employer publications and has participated in recruitment fairs and student events.

A wide range of tasks and task rotation helps to ensure the development of competence in the company.

PERSONNEL AS OF 31 DECEMBER 2014

	2014		men	%	women	%	2013		men	%	women	%	2012
Permanent	282	90%	215	76%	67	24%	268	93%	203	76%	65	24%	261
Full-time	290	93%	222	77%	68	23%	269	94%	201	75%	68	25%	250
Part-time	23	7%	19	83%	4	17%	18	6%	14	78%	4	22%	11
Temporary	31	10%	26	84%	5	16%	19	7%	12	63%	7	37%	14
Total	313						287						275
Average	305.3						277.3						269.4

A substantial proportion of the work was carried out by other than private entrepreneurs or temporary employees.

TYPES OF EMPLOYMENT

	2014	2013	2012
In new permanent employment	23	16	14
Number of expired employment contracts	5	3	7
Retired	3	6	4
Average retirement age	63	64	65
Average length of employment*	8.9 yrs.	9.4 yrs.	13.0 yrs.
Number of persons made redundant	0	0	0
Incoming turnover rate	8.16%	5.97%	5.40%
Outgoing turnover rate	2.84%	3.36%	4.21%

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

AGE DISTRIBUTION OF PERMANENT PERSONNEL

	2014	2013	2012
Under 29 yrs.	19	18	22
30–39	86	82	75
40–49	83	77	75
50–59	75	71	66
60–69	19	20	23
Average age	44	44	44

NUMBER OF TRAINING HOURS BY EMPLOYEE GROUP AND GENDER

Number of training hours by gender	Women 31.3 h/year	Men 31.5 h/year
Number of training hours by employee group	Salaried employees 26 h/year	Senior salaried employees 32 h/year

EDUCATION OF PERMANENT PERSONNEL

	2014	2013	2012
Basic and secondary education	24	23	22
Lowest level of tertiary education	34	39	38
Bachelor's degree	102	91	97
Master's degree	114	108	97
Second stage of tertiary education	7	7	7
Training days per person	4.2	6.0	4.9

GENDER DISTRIBUTION BY EMPLOYEE GROUP

	2014		2013		2012	
	men	women	men	women	men	women
Board of Directors	3	2	3	2	3	2
Management	7	1	7	1	8	0
Senior salaried employees	217	54	195	50	190	47
Salaried employees	17	17	1	14	1	15

PERSONNEL BY OFFICE

	2014	2013	2012
Helsinki	260	239	218
Hämeenlinna	17	17	26
Oulunsalo	10	9	9
Petäjävesi	13	12	11
Rovaniemi	2	1	1
Varkaus	11	9	10

MERIT PAY

Merit pay paid, by personnel group

	2014	2013	2012
Management	234,000 €	313,000 €	215,000 €
Personnel	756,000 €	422,000 €	261,000 €

Persons covered by the merit pay system include all employees who, regardless of the type of employment, have a valid employment relationship when the bonus is paid.

In addition to a compensation system based on the requirements of each position, Fingrid applies quality and incentive bonus schemes.

NEW, PERMANENT EMPLOYMENT RELATIONSHIPS, BY AGE GROUP

2014	Personnel
Under 29 yrs.	5
30–39	12
40–49	6
50–59	
60–69	

NUMBER OF EXPIRED PERMANENT EMPLOYMENT CONTRACTS BY AGE GROUP

2014	Personnel
Under 29 yrs.	
30–39	3
40–49	2
50–59	
60–69	3

NUMBER OF OCCUPATIONAL ACCIDENTS AND ABSENCES DUE TO ILLNESS

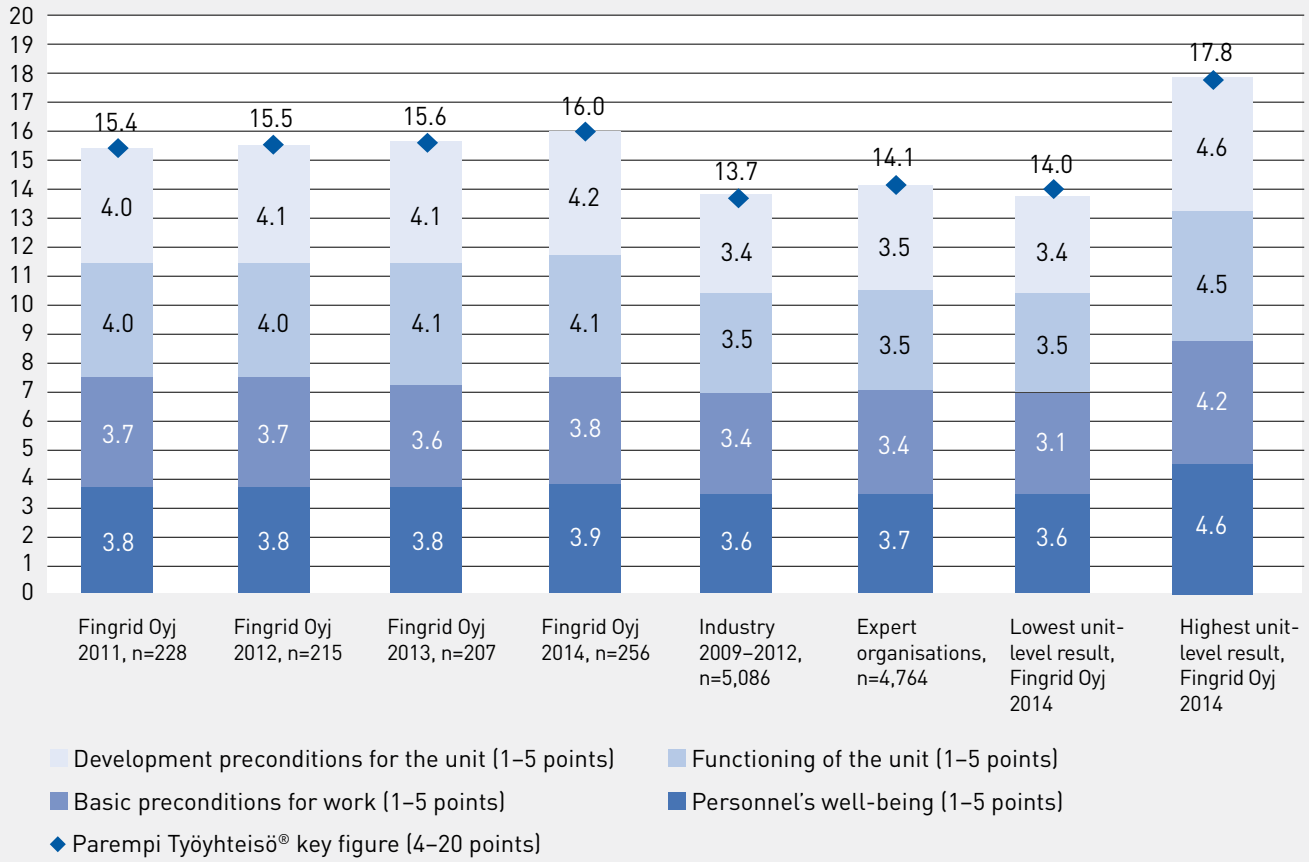
	2014		2013		2012	
Absences due to illness	2% (3.6 days/person)		2% (4.3 days/person)		2% (5.0 days/person)	
	Workplace	Travelling	Workplace	Travelling	Workplace	Travelling
Accidents resulting in absence from work	0	0	0	5	0	1
Accidents not resulting in absence from work	3	1	1	2	4	5
Accident frequency (accidents/million work hours)	0*	0	0*	12	0	2.3
Work-related fatalities	0	0	0	0	0	0

*Occupational accident frequency in line with Zero Accidents criteria

PERFORMANCE REVIEWS

	Participation rate in 2014	Participation rate in 2013
Performance reviews apply to all permanent employees. Performance reviews conducted twice a year include a discussion on personal goals and results as well as an individual long-term and short-term development plan.	99%	89%

TOWARDS A BETTER WORKING COMMUNITY (PARTY)® KEY INDICES



N.B. A possible difference of 0.1–0.2 points between the Parempi Työyhteisö key figure and the total sum of single key figures is due to rounding off. The lowest and highest result for single key figures are calculated separately, and as a result their combined values may differ from the lowest/highest overall figure.

NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND EMPLOYMENT CONTRACT, BY REGION AND GENDER

Personnel covered by collective labour agreements	All personnel, except management	
Percentage of employees retiring within the next 5 and 10 years	Within 5 years, 7.0%*	Salaried employees, 4.5%, senior salaried employees, 95.5%
	Within 10 years, 18.2%*	Salaried employees, 5.3%, senior salaried employees, 94.7%
*The estimate is based on the lowest age that one can retire on old-age pension according to the statutory pension system.		
Share of the total workforce represented in official joint personnel and management occupational health and safety monitoring committees and advisory committees.	3.50%	

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES

Designation	GRI content	Location	Notes
Strategy and analysis			
G4-1	CEO's statement	Review by the CEO, p. 4–5	
Organisational profile			
G4-3	Name of the reporting organisation	Fingrid in brief, p. 6	
G4-4	Primary brands, products and services	Fingrid in brief, p. 6	
G4-5	Location of the organisation's headquarters	Fingrid in brief, p. 6	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has operations or that are specifically relevant to the sustainability topics covered in the report.	Fingrid in brief, p. 6	
G4-7	Nature of ownership and legal form of the organisation	Fingrid in brief, p. 6	
G4-8	Markets served	Fingrid in brief, p. 6	
G4-9	Scale of the organisation	Fingrid in brief, p. 6	
G4-10	Number of employees by employment type and contract, region and gender	Personnel, p. 62, 64	
G4-10 (add.)	Number of contractors' employees by employment type, contract and region	Grid development and maintenance, p. 50, 51	Reporting covers the service providers' working hours included in Fingrid's internal monitoring.
G4-11	Personnel covered by the collective labour agreements	GRI content index, p. 67	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.
G4-11 (add.)	Fingrid's contractors' personnel covered by the collective labour agreements by country	Grid development and maintenance, p. 49	
G4-12	Organisation's supply chain	Grid development and maintenance, p. 49, 50	
G4-13	Significant changes regarding the organisation's size, structure, ownership, or its supply chain during reporting period	Report of the Board of Directors, p. 98	
EU-1	Installed capacity, broken down by primary energy source and by regulatory regime		Not applicable to Fingrid. Fingrid does not produce its own energy.
EU-2	Net energy output broken down by primary energy source and by regulatory regime		Not applicable to Fingrid. Fingrid does not produce its own energy.
EU-3	Number of residential, industrial, institutional and commercial customer accounts	Customers, p. 31	
EU-4	Length of above and underground transmission and distribution lines	Fingrid in brief, p. 6, 8	
EU-5	Allocation of CO_2e emissions allowances or equivalent, broken down by carbon trading framework	Environment, p. 54 Report of the Board of Directors, p. 103	
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation	Governance, p. 73, 75–78 Environment, p. 52–54	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	GRI content index, p. 67	Energy efficiency agreement of Finnish industries 2008–2016

G4-16	Memberships in associations and advocacy organisations	GRI content index, p. 67	ENTSO-E, Finnish Energy Industries and Cigré
Identified material aspects and boundaries			
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	Reporting principles, p. 2	
G4-18	Process for defining the report content	Corporate responsibility, p. 25, 26	
G4-19	Material aspects identified in the process for defining report content	Corporate responsibility, p. 26 GRI content index, p. 69	
G4-20	Aspect boundary within the organisation for each material aspect	Corporate responsibility, p. 26 GRI content index, p. 69	
G4-21	Aspect boundary outside the organisation for each material aspect	Corporate responsibility, p. 26 GRI content index, p. 69	
G4-22	Effect of any restatements of information provided in previous reports	Significant changes to information from previous reports are stated in connection with the relevant information.	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	There are no significant changes from previous reporting periods in the scope and aspect boundaries.	
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organisation	Corporate responsibility, p. 27, 28	
G4-25	Basis for identification and selection of stakeholders	Corporate responsibility, p. 25	
G4-26	Organisation's approach to stakeholder engagement	Corporate responsibility, p. 27, 28	
G4-27	Key topics and concerns raised through stakeholder engagement	Customers, p. 30–32 Corporate responsibility, p. 24, 25 Environment, p. 53, 54	
Report profile			
G4-28	Reporting period	Reporting principles, p. 2	
G4-29	Date of most recent previous report	Reporting principles, p. 2	
G4-30	Reporting cycle	Reporting principles, p. 2	
G4-31	Contact point for questions regarding the report or its contents	Reporting principles, p. 2	
G4-32	GRI content index	GRI content index, p. 67–72 Corporate responsibility, p. 24	
G4-33	Organisation's policy and current practice with regard to seeking external assurance	Reporting principles, p. 2 GRI content index, p. 68	Corporate responsibility information has not been assured externally except for the account for carbon dioxide emissions which has been assured by an external emissions trading verifier.
Governance			
G4-34	Governance structure of the organisation, including committees of the highest governance body	Corporate governance statement, p. 79–81	
G4-35	Process for delegating authority	Corporate governance statement, p. 86 Corporate responsibility, p. 23	
G4-36	Positions with responsibility	Corporate responsibility, p. 23	
G4-38	Composition of the Board of Directors	Corporate governance statement, p. 84	The report includes the composition of the Board of Directors and independence of Board members.
G4-39	Position of the Chairman of the Board	Corporate governance statement, p. 84	
G4-40	Nomination and selection processes for the Board of Directors	Corporate governance statement, p. 80, 81	The report accounts for the selection of Board members and the related criteria.

G4-41	Avoidance of conflicts of interest	Corporate governance statement, p. 80	The report accounts for the selection of Board members and the related criteria.
G4-42	The Board of Directors' role in the formulation of the organisation's purpose, values and strategy	Corporate governance statement, p. 80–82 Corporate responsibility, p. 23	
G4-45	The Board of Directors' role in the identification and management of risks	Report of the Board of Directors and financial statements, p. 99	The report describes the Board of Directors' responsibilities in the arrangements of risk management.
G4-46	Review of the effectiveness of the organisation's risk management processes	Report of the Board of Directors and financial statements, p. 99	
G4-47	Frequency of risk reviews	Report of the Board of Directors and financial statements, p. 99	The report describes the Board of Directors' role in the approval of risk management principles and in the definition of risks and their management measures as well as implementation.
G4-51	Remuneration policies for the Board of Directors and senior executives	Corporate governance statement, p. 88, 89	The report describes the principles of remuneration policies and systems for the Board of Directors and senior executives.
G4-52	Remuneration systems	Corporate governance statement, p. 88	The report describes the approval process of remuneration systems and forms of remuneration.
G4-56	Values and codes of conduct	Strategy and management, p. 12, 13 Corporate responsibility, p. 23, 24	
G4-57	Mechanisms for seeking advice on ethical and lawful behaviour	Corporate governance statement, p. 85, 86	
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	Corporate governance statement, p. 85, 86	

MATERIAL TOPICS FOR FINGRID	IMPACTS APPLY TO	MANAGEMENT PERFORMANCE INDICATOR AT FINGRID	MATERIAL GRI ASPECT AND PERFORMANCE INDICATOR
Stakeholder engagement	Fingrid's operations	Average grade in customer survey	Information on products and services (G4-PR5), Local communities (EU22)
Financial result	Fingrid's operations	Credit rating, Dividend payout capacity, Cost-efficiency	Economic performance (G4-EC1 and EC-4)
Development of the transmission grid	Entire Finnish society	Investment programme	
Safety of the transmission grid and OHS	Supply chain: job sites in Finland and projects subject to global competitive bidding	Accident frequency, Environmental deviations, Maintenance efficiency, Operational efficiency	Occupational health and safety (G4-LA5-6), Customer health and safety (EU25)
Well-being and innovation in the work community	Fingrid's operations	ParTy workplace satisfaction key figures, Great Place to Work Finland survey, Responsible operating methods	Research and development (DMA), Training (G4-LA9-11)
Procurement practices	Supply chain: job sites in Finland and projects subject to global competitive bidding	Procurement chain responsibility (application of requirements and deviations)	Procurement practices (DMA)
System security of the transmission grid	Entire Finnish society	Economic disadvantage inflicted on customers by disturbances in the transmission grid, Tariff level comparison	Indirect economic impacts (G4-EC8), Availability of electricity and transmission reliability (DMA), Demand-side management (DMA), System efficiency (EU12), Access (EU28, EU29)
Well-functioning electricity market	Entire Finnish society	Electricity market development projects and services	
Code of Conduct	Fingrid's operations		Non-discrimination (G4-HR3), Anti-competitive behaviour (G4-SO7), Compliance (G4-SO8), Anti-corruption (G4-SO5), Public policy (G4-SO6), Customer privacy (G4-PR8)

SPECIFIC STANDARD DISCLOSURES

Designation	GRI content	Location	Notes
Strategy and analysis			
G4-DMA	Disclosures on Management Approach	GRI content index, p. 69 Corporate responsibility, p. 23, 24 Strategy and management, p. 10, 11, 14–17, 20, 22 Fingrid's strategic targets and indicators, p. 18, 19 Governance, p. 75–78	
ECONOMIC IMPACTS			
Economic performance			
G4-EC1	Direct economic value generated and distributed	Corporate finances, p. 38, 39	
G4-EC4	Financial assistance received from government	GRI content index, p. 69 Fingrid in brief, p. 6	Tekes: EUR 66,181. National Emergency Supply Agency: EUR 130,000. Real-Smart (EU): EUR 3,353. EU investment grant: EUR 19,935,000.
Indirect economics impacts			
G4-EC8	Significant indirect economic impacts and their extent	Electricity market, p. 44, 45 Power system, p. 40–42	
Procurement practices	DMA	Strategy and management, p. 10, 11, 16 Grid development and maintenance, p. 48–50 Corporate responsibility, p. 24 GRI content index, p. 69	
Electricity availability and transmission reliability	DMA	Grid development and maintenance, p. 48–50	
Demand-side management	DMA	Electricity market, p. 42 Power system, p. 44, 45 Research, development and innovations, p. 58, 59	No reportable results yet available.
Research and development	DMA	Research, development and innovations, p. 58, 59 Personnel, p. 61, 62	
System efficiency			
EU12	Transmission and distribution losses	Power system, p. 43 Environment, p. 56	
ENVIRONMENTAL IMPACTS			
Materials*			
G4-EN1	Materials used by weight or volume	Environment, p. 54	The report includes main materials used in transmission line projects.
Energy*			
G4-EN3	Energy consumption within the organisation	Environment, p. 56	The report includes both direct and indirect energy consumption.
G4-EN4	Energy consumption outside the organisation	Environment, p. 56	The report includes both direct and indirect energy consumption.
Biodiversity*			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment, p. 57	The report accounts for the transmission line kilometres located in protected and Natura areas.

Emissions*			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment, p. 56	GHG emissions from inorganic sources not included.
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	Environment, p. 56	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environment, p. 56	
G4-EN21	NO_x, SO_x and other significant air emissions	Environment, p. 57	
Effluents and waste*			
G4-EN23	Total weight of waste by type and disposal method	Environment, p. 54	Total waste volumes reported by disposal method, and the weight of hazardous waste.
G4-EN24	Total number and volume of significant spills	Environment, p. 52	
Compliance*			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI content index, p. 70	No fines or sanctions during the reporting period.
SOCIAL IMPACTS, LABOUR PRACTICES AND DECENT WORK			
Employment*			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Personnel, p. 64	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.
EU15	Percentage of employees retiring within the next 5 and 10 years	Personnel, p. 65	
EU17	Number of work days of suppliers' and contractors' employees working in construction, operation and maintenance duties	Grid development and maintenance, p. 49, 50	The report accounts for the total working hours of service providers.
EU18	Proportion of suppliers' and contractors' employees who have taken part in occupational safety training	Grid development and maintenance, p. 49	The source of the report is the OHS development programme.
Occupational health and safety			
G4-LA5	Percentage of total workforce represented in formal joint management–worker committees that help monitor and advise on occupational health and safety programs	Personnel, p. 65	3.5% of personnel (representative for total personnel).
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Grid development and maintenance, p. 51 Personnel, p. 64	No observed occupational diseases in 2014. The report accounts for the number and frequency of accidents, fatalities and percentage of absences due to illness.
G4-LA6 (add.)	Contractors' and suppliers' OHS-related performance	Grid development and maintenance, p. 51 Personnel, p. 64	The report accounts for the number and seriousness of accidents, accident frequency and fatalities.
Training			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Personnel, p. 62, 63	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Personnel, p. 62	
G4-LA11	Percentage of employees receiving regular performance and career development reviews	Personnel, p. 64	Total percentage reported.
Diversity and equal opportunity*			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Personnel, p. 63	The Board of Directors and personnel groups reported by gender. The age distribution of permanent personnel reported. (number of people)

SOCIAL IMPACTS, HUMAN RIGHTS			
Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	GRI content index, p. 71	No incidents of discrimination during the reporting period.
SOCIAL IMPACTS, SOCIETY			
Local communities			
EU22	Number of people physically or economically displaced and/or compensation broken down by type of project	Environment, p. 53	The report accounts for the residential properties, if any, that had to be bought or appropriated to carry out transmission line projects.
Anti-corruption			
G4-SO5	Confirmed incidents of corruption and actions taken	GRI content index, p. 71	No incidents of corruption during the reporting period.
Public policy			
G4-SO6	Total value of political contributions by country and recipient/beneficiary	GRI content index, p. 71	Fingrid does not provide any direct or indirect support, including non-monetary support, to religious or political activities.
Anti-competitive behaviour			
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	GRI content index, p. 71	No legal actions during the reporting period.
Compliance			
G4-SO8	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	GRI content index, p. 71	No fines or sanctions during the reporting period.
SOCIAL IMPACTS, PRODUCT RESPONSIBILITY			
Customer health and safety			
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	GRI content index, p. 71	Fingrid is aware of one injury which was settled during the reporting period.
EU28	Power outage frequency	Power system, p. 43	
EU29	Average power outage duration	Power system, p. 43	
Product and service labelling			
G4-PR5	Results of surveys measuring customer satisfaction	Customers, p. 30 Corporate responsibility, p. 27	
Customer privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	GRI content index, p. 71	No known cases in 2014.

*The aspect is not material for Fingrid's operations.

INTERNAL CONTROL AND RISK MANAGEMENT

Fingrid's internal control is a natural part of its business operations. It encompasses all the procedures and methods intended to ensure that:

- the company's operations comply with the strategy, are efficient and effective
- information used for management and other reporting is reliable and free of errors
- risk management is adequate
- applicable legislation, codes, regulations and the company's own procedural guidelines are complied with.

Risk management is a part of internal control. Comprehensive risk management refers to systematic and consistent procedures to identify, assess and monitor risks caused by various threats related to the company's operations, environment, personnel and assets, and to protect the company from these risks. Continuity management is one area and method of risk management intended to improve the organisation's capabilities to react in the best possible way to the realisation of various risks and thus safeguard Fingrid's continued operations in such circumstances. In compliance with Fingrid's mission, the approach to risks, their impacts and risk management takes into account the point of view of society as a whole.

Fully functional internal control is based on good leadership, a healthy corporate culture, appropriate procedures and processes, adequate control measures, open and transparent communication, continuous monitoring and development of functions and processes, as well as independent verification.

Board of Directors

Fingrid's Board of Directors is responsible for the organisation of internal control and risk management and annually approves the principles of internal control and risk management. The Board also decides on the corporate strategy and action plan, including the identification of strategic risks and the key measures to manage them, and monitors their implementation. The Board furthermore decides on the operational model of the company's internal audit. The Board of Directors (Audit Committee) regularly receives internal audit and auditor reports and at least annually a situation report on the strategic risks relating to the company's operations and the management thereof, as well as a report on the realised risks. ▸▸

Line management and the rest of the organisation

The CEO, assisted by the Executive Management Group, is in charge of specifying the company's policy for internal control and risk management and oversees the practical implementation of the policy and the assessment of company-level strategic risks and the related risk management. Internal control and risk management is handled within each area of responsibility in Fingrid's perspectives and functions. The heads of functions own the risks concerning operations in their areas of responsibility and are in charge of identifying, assessing and managing risks, and ensuring the adequacy and effectiveness of control measures and detailed instructions, and are responsible for reporting risks and non-conformities.

Specialists working in the company's support functions coordinate, support and monitor the implementation of internal control and risk management in the company's various perspectives and functions. Each Fingrid employee is responsible for identifying and reporting the risks and control deficiencies in their area of responsibility and for implementing the agreed risk management measures.

Internal auditor and auditor

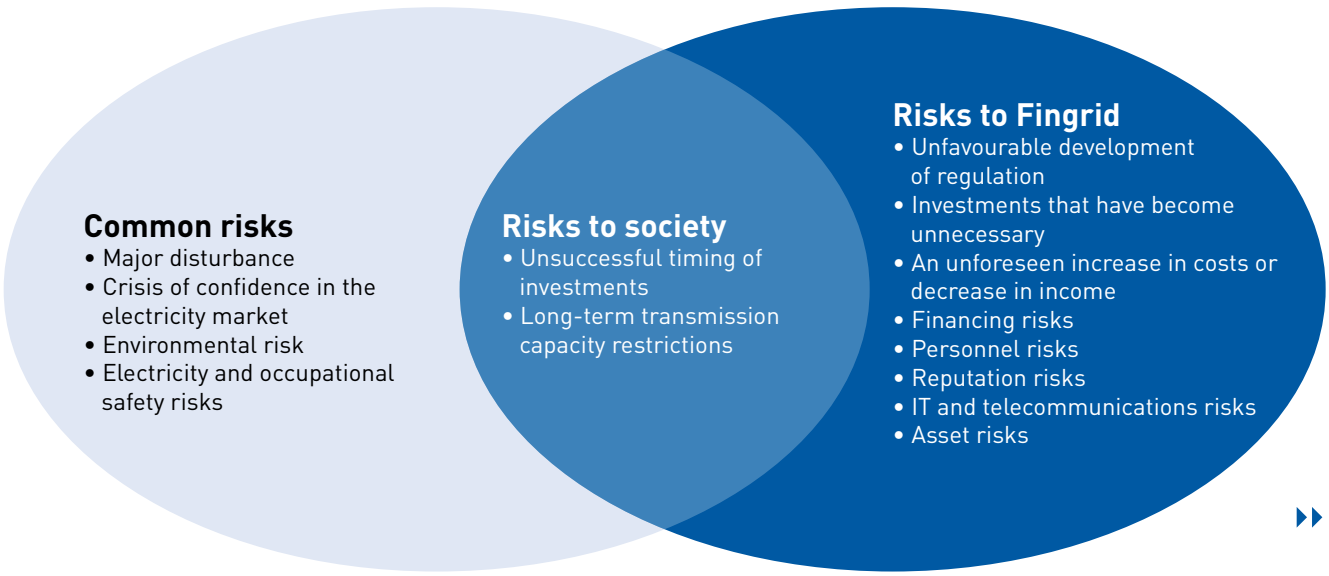
The internal audit is established by the Board of Directors, operates in compliance with the plans approved by the Board (Audit Committee) and reports on the results of its work to the Board (Audit Committee). Administratively, the internal audit reports to the CEO. The internal audit provides a systematic approach to assessing the efficiency of the company's risk management, control, management and governance processes, to developing them and, as an independent party, verifies their adequacy and effectiveness. The internal audit is authorised to carry out investigations and has access to all information relevant for its mission.

The company's auditor audits the accounting, financial statements and governance for each financial year and prepares the related reports for the Annual General Meeting as required by the Auditing Act or elsewhere in legislation. The auditor reports on their work, observations and recommendations to the Board of Directors and can additionally be assigned by the Board or the executive management to carry out other verification tasks.

Foremost uncertainty factors and risks to Fingrid and society

Since the company plays a vital role in Finnish society, the impact of risks is assessed from both the company's and society's perspective. The following have been identified as the foremost risks:

Strategic risks – risks to society and to Fingrid



One of the company's biggest business risks and the biggest risk where society is concerned is a **major disturbance** related to the functioning of the power system. A widespread disturbance in the power system may be caused by several simultaneous faults in the grid or in electricity production. A disturbance can also result from the combination of a technical fault and human operating error, vandalism or deliberate intrusion in critical IT systems. The extent or duration of the disturbance can be increased by a severe fault, appearing in the company's operation control system or other system, that hinders the operation of the grid. Through capital investments in the transmission grid and reserve power, Fingrid is prepared for a widespread disturbance affecting Finland or the Nordic power system. In its strategy, the company also focuses on the diverse utilisation of the operation control system, expedited disturbance clearing and management of power shortages. Fingrid also prepares for disturbances through continuity management, procedural guidelines, continuity plans and exercises, and by building up various reserves.

A loss of confidence in the electricity market is a significant risk for Fingrid and society. This risk may be realised, for example, as a result of insufficient transmission capacity, high electricity prices or long-term interruption of the wholesale electricity market. The company aims to contribute to the integration of the European electricity market and to secure the efficiency of market mechanisms by constructing new cross-border transmission connections whenever necessary and by publishing key market information that has a bearing on the transparency of the market.

From the point of view of society and Fingrid, the most significant **environmental risks** are related to environmental damage and the failure to anticipate the environmental obligations set for the company's operations. Among the most concrete risks faced by Fingrid are fuel and oil leaks and tank and transformer fires. From the company's point of view, a capital expenditure project that is delayed due to an environmental impact assessment can also be an environmental risk. The key contingency measures for these environmental risks are proactive assessment of environmental impacts, monitoring of changes in legislation, prevention of accidents by technical means, contractual terms related to environmental issues and auditing.

Electrical and occupational safety risks are linked to the electrical safety of the transmission grid, especially in connection with construction and repair work. The reason for a risk being realised may be, for example, human error close to live components, an error or accident occurring in construction work, damage or vandalism to live structures or carelessness close to live components. Consequences of the materialisation of such a risk can include a highly dangerous situation or danger to several people, serious injury, periods of sick leave, inability to work, disability or death. An event may also cause electricity outages. Fingrid is constantly improving the safety of the transmission grid by developing, for example, technical solutions, work methods, skills and communications.

The reasons for **unsuccessful timing of capital investments** may be, for example, changes in the economic situation or in consumption and production, a postponement of the permit process, lack of resources or strike. Such events may cause restrictions in the electricity market whereby the market fails to develop or operate efficiently. The company carefully plans and builds key projects to ▸▸

Through capital investments in the transmission grid and reserve power, Fingrid is prepared for a widespread disturbance affecting Finland or the Nordic power system.

strengthen the cross-border transmission connections and the grid, and takes into account the long-term effects on the market.

Long-term transmission capacity restrictions may be caused by, for example, technical failures or problems with power system security. Restrictions or outages in power transmission may cause financial harm to customers and society. The risks are managed by securing the critical parts of the transmission grid and cross-border connections and by means of efficient outage planning. For example, outages are timed so that they have minimum financial harm to society.

Fingrid's operations are subject to official regulation and supervised by the Energy Authority. Risks related to the **unfavourable development of official regulation**, such as changes in Finnish or European regulation or legislation, can weaken the company's financial position or its opportunities to pursue the objectives related to the development of the electricity market. The company aims to establish effective co-operation and interaction models with the various stakeholders and to contribute actively to the reports and working groups of authorities. Fingrid works within ENTSO-E, the European Network of Transmission System Operators for Electricity, through which the company aims to prepare for and contribute to changes in regulation.

Investments that have become unnecessary may be the result of issues such as regional changes in electricity consumption, changes in electricity production, in the international situation, and in regulation or technological changes. Fingrid aims to prevent potentially incorrect or unanticipated investments by means of continuous communication and close co-operation with customers, other transmission system operators and other stakeholders. Fingrid draws up transparent, comprehensive and sustainable grounds for capital investments and updates the grid plans regularly. The company creates flexibility in the capital investment programme and executes the projects in a timely fashion.

Fingrid's major financial risks include an **unforeseen increase in costs or decrease in income**. This could be caused by unexpected changes in market-based costs. An increase in costs can be the result of the realisation of counterparty risk, an increase in reserve costs, unexpected faults or sudden changes in the area price of electricity. Correspondingly, a decrease in income may be the result of a sharp decline in electricity consumption, the realisation of a counterparty risk related to the service businesses or a reduction in transmission and congestion income. We aim to restrict unanticipated increases in costs or decreases in income by enhancing financial control and forecasting in the Group and assessment concerning financial latitude. Fingrid can make changes to the level and structure of grid pricing as necessary. Derivatives are used to hedge against changes in the price of electricity. The counterparty risk related to obligations of parties having a contractual relationship with Fingrid is limited contractually, by defining limits and by regularly monitoring the financial position of the counterparties.

Financial risks include currency risks, transaction risks, interest rate risks, commodity risks, liquidity and refinancing risks, and credit risks. Financing risks can be caused by disturbances in the capital and money markets, by the realisation of counterparty risks in terms of derivatives or investments, by the realisation of credit risks in operations or disturbances in payment transactions. The goal is to limit risks by maintaining a high credit rating, even maturity profile and a diverse structure. The financing risks are described in more detail in note 35 to the consolidated financial statements (IFRS). ▸▸

Contingency plans are drawn up for the critical systems, and the company monitors and forecasts potential data and cyber security threats.

Personnel risks concern the maintenance of competence. Personnel risks are limited by the company's strategic long-term personnel planning, targeted training programmes for personnel and high-quality communication with stakeholders. As part of the energy sector, Fingrid strives to enhance the level of competence throughout the sector.

Risks related to information technology and telecommunications may be caused by an accident in ICT hardware facilities, long-term inoperability of telecommunications or a serious failure in a critical ICT system where such a failure directly and significantly harms the company's operations. Such a situation may also be caused by a work error or breach of data security. The company aims to prepare for these risks through sufficient and solid ICT expertise and by ensuring that ICT is secured in terms of the hardware facilities, telecommunications and systems. Contingency plans are drawn up for the critical systems, and the company monitors and forecasts potential data and cyber security threats.

Asset risks cover significant damage to Fingrid's assets, such as widespread failures or failures rendering significant assets beyond repair. Other causes may include significant and unanticipated factors such as storms, protests, earthquakes, meteorites, volcanic eruptions or war. Fingrid manages asset risks through preventive maintenance management, comprehensive insurance policies for the key grid components, detailed definition of projects and maintenance management, stringent quality control and the use of proven technology and suppliers.

Reputation risks can arise for a number of reasons; for example, serious disturbances or accidents, changes in prices, expropriation of land areas or delayed upgrades of the grid. These risks are reduced by means of effective risk and change management as well as responsible, transparent and impartial operations, high-quality communication and active stakeholder dialogue.

Fingrid's associated companies are long-term holdings and are covered by the company's overall risk management system. The associated companies only slightly increase the risks to Fingrid Oyj's financial position, result and cash flow, as their operations are minor compared to the operations of the parent company. Risks related to associated companies consist of the unfavourable development of official regulation, investments that have become unnecessary, an unexpected increase in costs or reduction in income, loss of confidence in the electricity market, and risks related to ICT and data transfer.

Risks to society arising from Fingrid's operations are unsuccessful timing of capital investments and long-term restrictions in transmission capacity.

The reasons for unsuccessful timing of capital investments may be, for example, changes in the economic situation or in electricity consumption and production, a postponement of the permit process, lack of resources or strike. Such events may cause restrictions in the electricity market whereby the market fails to operate efficiently. The company carefully plans and builds key projects to strengthen the cross-border transmission connections and the grid, and takes into account the long-term effects on the market.

Long-term transmission capacity restrictions may be caused by, for example, technical failures or problems with power system security. Restrictions or outages in power transmission may cause financial harm to customers and society. The risks are managed by securing the critical parts of the transmission grid and cross-border connections and through efficient outage planning. Outages are timed so that they have minimum financial harm to society.

Outages are timed so that they have minimum financial harm to society.

MEMBERS OF THE BOARD

Helena Walldén
Chairman of the Board of Directors

Born in 1953, M.Sc. (Tech.)
Chairman of Fingrid Oyj's
Board of Directors since 2011

Juha Majanen
Vice Chairman of the
Board of Directors

Born in 1969, LL.M.
Member of Fingrid Oyj's
Board of Directors since 2012

Sirpa Ojala

Born in 1963, M.Sc. (Tech)
Member of Fingrid Oyj's
Board of Directors since 2012

Esko Torsti

Born in 1964, Lic. Pol.
Member of Fingrid Oyj's
Board of Directors since 2012

Juhani Järvi

Born in 1952, M.Sc. (Finance)
Member of Fingrid Oyj's
Board of Directors since 2014

Marina Louhija

Born in 1968, LL.M
Fingrid Oyj's General Counsel
Secretary of Fingrid Oyj's
Board of Directors since 2013

Full introduction of the Board: http://annualreport.fingrid.fi/en/2014/board_of_directors

CORPORATE GOVERNANCE STATEMENT

1. General

Fingrid is a public limited company and its governance is based on the Limited Liability Companies Act, the Securities Market Act, its articles of association and its shareholder agreement. In its operations, Fingrid complies with the 2010 Corporate Governance Code for Finnish listed companies, since the company has issued bonds listed on the London Stock Exchange. Fingrid's shares are not subject to public trading.

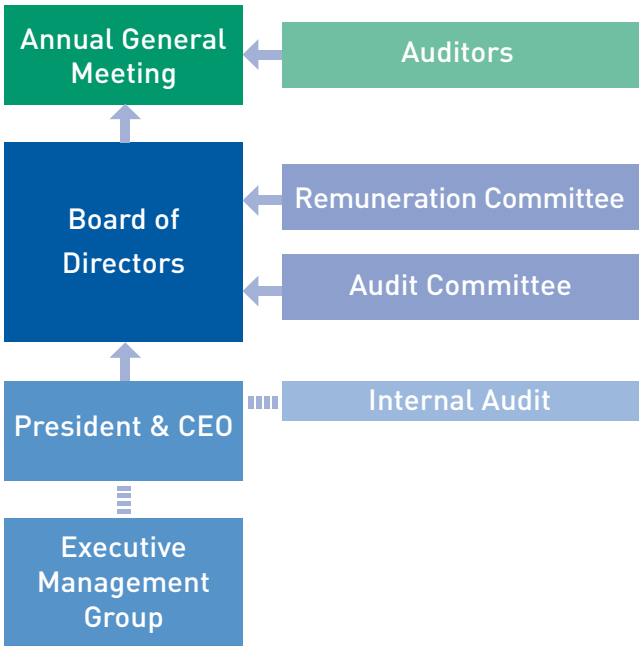
The company's operations and the duties of its administrative bodies are governed by the Electricity Market Act. The Electricity Market Act stipulates that Fingrid's governance and its grid operations are independent of the production and sales of electricity and natural gas. Fingrid's owners must ensure that decision-making concerning Fingrid and decision-making concerning companies that practice the production or sale of electricity or natural gas are kept separate.

Fingrid's corporate governance statement has been drawn up in accordance with recommendation 54 of the Corporate Governance Code. The statement was drawn up as a separate report from the report of the Board of Directors and is dealt with by the Board's audit committee and the Board. 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.

Fingrid has no such obligation as set out by recommendation 51 of the Corporate Governance Code to maintain an insider register and, as such, there is no insider administration to report, because Fingrid's shares are not subject to public trading. In deviation from recommendation 1 of the Code, Fingrid does not publish the minutes of its general meetings on its website. This is due to the small number of shareholders in the company and the fact that the minutes of the general meetings are sent to every shareholder.

The Finnish Corporate Governance Code is available in full at www.cgfinland.fi.

2. Description of Fingrid's administrative bodies



Fingrid's supreme power of decision is exercised by the shareholders in the annual general meeting. The Board of Directors is responsible for the administration and appropriate organisation of the operations of the company. The Board ensures that the company follows good governance practices. The President & CEO is responsible for the operations of the company, assisted by the executive management group.

Important issues pertaining to Fingrid's customer interface are prepared in an advisory committee whose members are representatives of the company's customers and key stakeholders appointed by the Board.

2.1 Annual general meeting

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

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

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

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

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

- the total number of shares and voting rights according to classes of shares at the date of the notice
- the documents to be submitted to the general meeting
- board proposals for decisions
- any items on the agenda of the general meeting with no proposal for a resolution.

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

As a rule, Fingrid's President & CEO, Chair of the Board and other Board members, together with the auditor, are present at the general meetings. 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.

2.2 The Board, its committees and tasks

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

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

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 primary duties and principles of the Board of Directors are also specified in the Board's working order. 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 shareholder's meeting:

- decides the company strategy

- approves the annual action plan and budget on the basis of the strategy and supervises its implementation
- reviews and approves the interim reports, annual review and financial statement
- accepts Fingrid's management system and other key business principles, and confirms the values to be followed in Fingrid's operations
- annually reviews the risks relating to the company's operations and the management of such risks
- decides on the operating model of the internal audit and monitors the internal audit's reporting
- approves the total amount of purchases and capital investments and its distribution across the various sectors, and decides separately on budgeted purchases and capital investments in excess of EUR 10 million and on purchases and capital investments outside the budget
- appoints and dismisses the President & CEO of the company
- accepts the basic organisation and composition of the executive management group of the company
- decides on the principles of the remuneration system and on the wages of the President & CEO and the executive management group
- appoints an advisory committee whose task it is to act as a link between the Board and company management and electricity producers, transmitters, sellers, users and other electricity market actors
- appoints the members of the audit committee and remuneration committee
- deals with other business which the Chair of the Board, a Board member or the President & CEO has proposed for inclusion on the agenda
- also assembles without the presence of executive management
- assesses its work once a year.

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 will be met when appointing members of the audit committee.

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

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

The audit committee and remuneration committee both carry out a self-evaluation of their operations once a year.

2.3 Company management, the President & CEO and executive management group

Fingrid holds key responsibility for the transmission of electricity in the main grid in Finland and thereby for the functioning of our entire society. As such, it is important to ensure the social acceptance of our operations through shared values and a Code of Conduct. Our operations comply with applicable legislation and international agreements, as well as

with principles approved by the Board and policies and guidelines approved by the executive management group. Fingrid's operating principles are published on the company's website.

Fingrid's primary duty is to ensure that the company's basic tasks are managed efficiently. Operations are based on fulfilling the needs of society and customers while taking into account obligations set by the articles of association, shareholder agreements, the electricity network licence and the Electricity Market Act.

The company's operations are managed in a matrix of four perspectives: personnel and expertise, internal processes (the adequacy of the transmission system, managing system security and promoting the electricity market), finance and business development, and customers.

The operational organisation has been organised into functions. The heads of the functions make up the executive management group of the company. The Board of Directors approves the basic organisation of the company on the level of functions.

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

President & CEO

The President & CEO conforms with the Limited Liability Companies Act. The President & CEO attends to the administrative routines of the company in accordance with guidelines provided by the Board of Directors. In accordance with the Limited Liability Companies Act, the President & CEO is responsible for ensuring that the company's bookkeeping complies with legislation and that financial management is reliably organised. The President & CEO is responsible for the operations of the company, with the assistance of the executive management of the group, and for implementing the decisions of the Board, and serves as the Chair of the Board of the subsidiary company. The President & CEO is not a member of the company's Board of Directors.

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 accumulated pension of the President & CEO are determined in accordance with general pension legislation. The President & CEO does not have a supplementary pension plan provided by the company. The period of notice for both the President & CEO and the company 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.

Executive management

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

- to define, implement and monitor the strategy
- to communicate and implement the strategy
- to draw up an action plan and budget
- financial control and risk management
- resource planning, procurement and control
- external communications and working with interest groups
- to prepare matters for the Board of Directors
- to develop executive management work.

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

2.4 Financial audit and internal audit

Financial audit

An authorised public accounting company selected by the general meeting will act as auditor for the company. The company's financial auditor will inspect the accounting, financial statements and financial administration for each financial period and provide the general meeting with reports required by accounting legislation or otherwise stipulated in legislation. The financial auditor will report on his or her work, observations and recommendations for the Board and may also carry out other authori-

sation-related tasks commissioned by the Board or management.

Internal audit

The Board will decide on the operating model for the company's internal audit. The internal audit will act based on plans processed by the audit committee and approved by the Board. Audit results will be 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 will act within the company. From an administrative perspective, the audit will be subordinate to the company's President & CEO. The internal audit provides a systematic approach to the assessment and development of the efficacy of the company's risk management, monitoring, management and administrative processes and ensures their sufficiency and functionality as an independent party. The internal audit has the authority to carry out reports and to access all information that is essential to the audit. The company's internal audit will carry out risk-based auditing on the company's various processes.

2.5 The advisory committee

The company's executive management is assisted by an advisory committee with 10 to 14 members appointed by the Board of Directors. It serves as a link between the company, its customers and other interest groups. The advisory committee is an advisory body which provides perspectives on the company's grid operations and customer service from a customer point of view. The term of office of the members of the advisory committee is three years. The advisory committee widely represents electricity producers, transmitters, sellers, users and other electricity market actors. The advisory committee is not a decision-making body. The advisory committee is set out in the company's articles of association. The Board of Directors annually confirms the advisory committee's regulations and appoints its members. The President & CEO and Vice President responsible for the company's customer relationships participate in the advisory committee's meetings.

3. Fingrid's administrative bodies and their operations in 2014

3.1 Annual general meeting

Fingrid's annual general meeting was held on 6 June 2014. The main decisions of the annual general meeting have been published on the company's website.

In addition, the company also held an extraordinary general meeting on 18 June 2014. The main decisions of the extraordinary general meeting have been published on the company's website.

3.2 Board of Directors

Until the annual general meeting on 6 June 2014, Helena Walldén (Chair), Juha Majanen (Deputy Chair), Sirpa Ojala, Esko Torsti and Matti Rusanen were all on the Board. In the annual general meeting, Helena Walldén (Chair), Juha Majanen (Deputy Chair), Juhani Järvi, Sirpa Ojala and Esko Torsti were elected as members of the Board.

Of the Board's members, Helena Walldén and Juhani Järvi are independent from the company and its significant shareholders; the other members are independent from the company. The Board convened 16 times over the course of the year. The company's President & CEO, CFO and general counsel, who is the Board's secretary, participated in the Board meetings.

During 2014, the Board decided on matters such as Fingrid's strategy for 2015–2024, the 2015 budget, the company's dividend policy and significant investments such as the substation and transmission line investments to be constructed in Ostrobothnia. In its meetings, the Board discusses matters which have featured on the committees' agendas.

Members of the audit committee were Juha Majanen (Chair), Juhani Järvi and Helena Walldén. The committee convened 5 times in 2014. The President & CEO has participated in the committee's meetings. In its meetings, the audit committee has dealt with issues such as the audit plans and audit reports of the auditor and internal audit, risks and risk management principles, financing principles, and the corporate governance statement.

The members of the remuneration committee are Helena Walldén (Chair), Sirpa Ojala and Esko Torsti. During 2014, the remuneration committee convened twice. The President & CEO attended the committee's meetings. Meetings dealt with the remuneration systems for personnel and executive management and successor planning.

The Board and its committees assess their operations once a year.

The company's general counsel Marina Louhija acts as the Board's secretary.

Fingrid Oyj's Board of Directors as of 31.12.2014

Name	Year of birth	Education	Main position	Attendance at Board meetings	Attendance at committee meetings
Chair Helena Walldén	1953	M.Sc. (Tech)	Independent of the company and significant shareholders	15/16	Audit committee 5/5 Remuneration committee 2/2
Deputy Chair Juha Majanen	1969	LL.B.	Ministry of Finance, Head of Fiscal Policy Unit, independent of the company, non-independent of significant shareholders	16/16	Audit committee 5/5
Juhani Järvi	1952	M.Sc. (Finance)	Rautakesko Oy, Vice President, International Projects, independent of the company and significant shareholders	8/8	Audit committee 3/3
Sirpa Ojala	1963	M.Sc. (Tech)	Independent of the company and non-independent of significant shareholders	15/16	Remuneration committee 2/2
Esko Torsti	1964	Lic. Pol.	Ilmarinen Mutual Pension Insurance Company, Vice President, independent of the company and non-independent of significant shareholders	16/16	Remuneration committee 1/1 Audit committee 2/2
Matti Rusanen	1961	M.Sc. (Ariculture and Forestry) eMBA	Ilmarinen Mutual Pension Insurance Company, Head of Listed Securities, independent of the company and non-independent of significant shareholders	8/8	Remuneration committee 1/1

3.3 President & CEO and executive management group

President & CEO

Jukka Ruusunen has acted as Fingrid's President & CEO since 2007.

Executive management group

In addition to President & CEO Jukka Ruusunen, the company's executive management group in 2014 also included Executive Vice President Kari Kuusela (asset management), Executive Vice President Juha Kekkonen (electricity market), Senior Vice President Jussi Jyrinsalo (customers and grid planning), Senior Vice President Tiina Miettinen (HR and communications), Senior Vice President Jan Montell (finance and business development), Senior Vice President Reima Päivinen (power system operation) and Senior Vice President Kari Suominen (ICT).

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

3.4 Financial audit and internal audit

Financial auditor

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

Auditors fees, EUR 1,000	2014	2013
Auditing fee	50	51
Other fees	150	97
TOTAL	200	148

Internal auditor

In 2014, authorised public accountants Ernst & Young Oy served as the company's internal auditor and carried out a total of 3 audits. The audits concerned data traffic, reserve power plant asset management and dealing with environmental deviations. The total fees paid to Ernst & Young Oy for auditing tasks were EUR 78,943. Based on competitive bidding, the company's Board of directors selected Deloitte & Touche Oy as new internal auditors for 2015–2017.

3.5 The advisory committee

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

4. Internal control and risk management

4.1 General principles

Fingrid's internal control is a natural part of business operations. It encompasses all the operating methods and procedures intended to ensure that:

- the company's operations comply with the strategy, are effective and productive
- information used for management and other reporting is reliable and free of errors
- risk management is adequate
- applicable legislation, guidelines, regulations and the company's own operating guidelines are complied with.

Risk management is part of internal control. Comprehensive risk management refers to systematic and uniform operating methods that are used to identify, assess, monitor and protect against various risks that affect the company's operations, environment, personnel and assets. Continuity management is one area and method of risk management intended to improve the organisation's capacity to react in the

best possible way should risks occur and thus safeguard Fingrid's continued operations in such circumstances. In line with Fingrid's mission, the approach to risks, their impacts and risk management also takes into account the point of view of society as a whole.

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

Further information on internal control, risk management and the foremost risks and factors of uncertainty is available on the company's website at www.fingrid.fi and in the Report of the Board of Directors.

4.2 Distribution of responsibility

Board of Directors

The company's board is responsible for organising internal control and risk management, and it approves the principles of internal control and risk management on an annual basis. The board decides on the corporate strategy and action plan, including identifying the related strategic risks and key measures for managing them, and monitors their implementation. The board decides on the operating model for the company's internal audit. The board (audit committee) regularly receives internal audit and auditor reports, as well as a situation report at least annually on the strategic risks relating to the company's operations and the management thereof, as well as a report on the realised risks.

Policy management and other organisation

Assisted by the executive management group, the President & CEO is responsible for defining policies concerning the company's internal control and risk management, their practical implementation and the assessment of strategic risks and associated risk management at a company level. Perspectives and functions carry out internal control and risk management in the relevant areas of responsibility. The heads of functions are responsible for the risks concerning operations in their areas of responsibility and are in charge of identifying, assessing and managing risks, the sufficiency and efficiency of control measures and detailed guidelines, and reporting risks and non-conformities.

The company's specialists working in support functions coordinate, support and monitor the implementation of internal control and risk management from various points of view and throughout the functions. Each Fingrid employee is responsible for identifying and reporting the risks or control deficiencies in their area of responsibility and for implementing the agreed risk management measures.

4.3 Description of the main features 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 financial reporting process

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

The financial administration of the company is responsible for the Group's centralised financial reporting and for the internal control and risk management of financial reporting. There is monthly reporting of the financial situation to the executive management group and those with budget responsibility as well as to the heads of units and functions. The reporting includes information on the proceeds, costs and capital investments in the relevant area of responsibility. In addition to financial accounting reports, the reporting covers comprehensive reports which contain business information. These are produced by means of cost accounting and the financial control system.

The interpretation and application of the standards governing financial statements are centralised at the Group's financial administration, which monitors the accounting standards (IFRS, IAS, FAS), main-

tains an account scheme, draws up internal guidelines for the financial statements, and is responsible for the financial reporting process. The process is documented and it specifies how, when and on what schedule the month-end accounts are drawn up.

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

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

Roles and responsibilities of the financial reporting process

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

The finance department of the Group is responsible for developing the financial reporting process through means such as monitoring the development needs of controls related to financial reporting, by supervising the sufficiency and efficiency of these controls, and by making sure that external reporting is correct and up to date and that the regulations pertaining to reporting are followed.

The company's financial auditor and internal audit carry out inspections relating to financial reporting from time to time.

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

Controls pertaining to risk management are set throughout the Group, at all levels and units of the Group. Examples of the controls include internal guidelines, acceptance procedures and authorisations, cross-checking with cost accounting, reconciliation, backups, 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 and 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 achieved business result to the budget and to the previous year as far as the various proceed and cost components are concerned, 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 identify essential errors and anomalies. The accuracy of financial reporting is also ensured by ensuring good data security and data protection. The goal is to avoid risky work combinations wherever possible. User rights, which are determined by the person's position in the organisation, are verified regularly. Backups are made regularly of the databases used in the financial control system and accounting system. The company has a data security manager who is responsible for the management and development of data networks and data security, as well as for providing personnel with guidance concerning data security matters.

Controls for financial reporting processes are developed as part of internal control. Personnel are given training in how to monitor the correctness of the information produced by the company's financial reporting process relating to cost allocation, posting, acceptance procedures for invoices and receipts, 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.

5. General remuneration principles at Fingrid

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

5.1 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 make pension contributions from the Board's remuneration.

5.2 Remuneration of executive management

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

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

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

5.3 Personnel remuneration

Personnel salaries comprise the basic salary determined according to the content of the task, qualifications, experience and results, an annual quality fee 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 company- and function-level indicators defined annually. Incentive bonuses are paid for good performance as part of the daily management of personal performance.

6. Remuneration in 2014

6.1 Board of Directors

The annual general meeting confirmed the following monthly fees for the Board members on 6 June 2014:

- 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 2014, the Board convened 16 times, the audit committee convened 5 times and the remuneration committee convened twice.

Overall fees paid to Board members in 2014:

	On the Board in 2014	Fees total EUR 2014*	On the Board in 2013	Fees total EUR 2013*
Chair Helena Walldén	1.1.–31.12.	42,000	1.1.–31.12.	41,900
Deputy Chair Juha Majanen	1.1.–31.12.	28,200	1.1.–31.12.	25,800
Juhani Järvi, Board member	6.6.–31.12.	13,409	-	
Sirpa Ojala, Board member	1.1.–31.12.	22,200	1.1.–31.12.	21,800
Esko Torsti, Board member	1.1.–31.12.	23,400	1.1.–31.12.	22,800
Matti Rusanen, Board member	1.1.–6.6.	11,400	27.5.–31.12. 1.1.–27.5. deputy member	14,900
Timo Ritonummi, deputy member	1.1.–6.6.	1,350		2,700
Niko Ijäs, deputy member	1.1.–6.6.	1,350	1.1.–31.12.	2,700
Marja Hanski, deputy member	1.1.–6.6.	1,950	1.1.–31.12.	3,200
Jari Eklund, deputy member	-	-	1.1.–27.5.	1,600
Ari Hakala, deputy member	1.1.–6.6.	1,350	27.5.–31.12.	1,600
Katja Salovaara	1.1.–6.6.	1,350	27.5.–31.12.	

* Includes annual fee and meeting fees.

6.2 President & CEO and executive management group

The table below indicates the salaries and benefits of Fingrid's President & CEO and other members of the executive management group in 2014:

	SALARIES AND BENEFITS	Variable merit pay*	2014	2013
President & CEO	253,200	79,700	329,900	327,400
Executive management group	950,400	154,300	1,104,700	1,107,600
TOTAL	1,203,600	234,000	1,434,600	1,435,000

*The merit pay in 2014.

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Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

Financial result

In preparing these consolidated financial statements, the Group has followed the same accounting principles as in 2013, except for hedge accounting for electricity derivatives which the company terminated as of 1 January 2014.

The consolidated turnover was EUR 567 (543) million. Other operating income was EUR 5 (4) million.

Grid service income was EUR 326 (321) million. Grid tariffs were raised by eight per cent at the beginning of 2014. Tariffs were lowered by approximately 45 per cent for December 2014, as market-driven profits were better than expected and costs were lower. Electricity consumption in Finland decreased by 0.8 per cent (1.5) compared with the previous year. Fingrid transmitted 67.1 (64.6) terawatt hours of electricity in its grid. Sales of imbalance power decreased to EUR 151 (159) million due to lower imbalance power prices. Fingrid's congestion income on the interconnection between Finland and Sweden increased significantly, to EUR 49 (19) million, due to large differences in the area prices of electricity caused by the market situation. Between Finland and Estonia, the congestion income on the interconnection decreased to EUR 2 (4) million. Cross-border transmission income between Finland and Russia decreased to EUR 9 (13) million due to reduced Russian imports. ITC (Inter-Transmission System Operator Compensation) income increased to EUR 12 (8) million mainly due to exports to Estonia.

The costs of imbalance power decreased from the previous year, to EUR 107 (121) million, due to lowered imbalance power prices. Loss energy costs increased by EUR 7 million to EUR 66 (58) million as the transmission volume increased. The average price of loss energy procurement was EUR 49.98 (51.03) per megawatt hour. Depreciation costs increased by EUR 10 million, to EUR 92 (82) million, as new capital investment projects were completed. The total costs of reserves to safeguard the system security of the transmission grid, EUR 62 (62) million, remained at the level of the previous year. In the reserve costs, the procurement costs of frequency controlled reserves were lower than in the previous year due to decreased market prices and favourable market conditions. However, the cost of additional reserves for improving frequency quality and the maintenance costs of reserve power plants owned by Fingrid increased. Personnel costs were EUR 25 (23) million, maintenance management costs EUR 19 (20) million and ITC costs EUR 11 (12) million. The EUR 15 million increase in other costs was mainly due to higher countertrade costs.

The consolidated operating profit was EUR 143 (115) million. Of the changes in the value of electricity derivatives, EUR 6 (-6) million was recognised in the income statement.

Net financial costs in accordance with IFRS were EUR 11 (29) million, including an increase of EUR 11 (-10) million in the fair value of derivatives.

The consolidated profit for the year was EUR 106 (91) million. The return on investments (ROI) was 7.6 (6.3) per cent and the return on equity (ROE) was 16.3 (15.0) per cent. The equity ratio was 31.0 (29.5) per cent at the end of the review period.

The parent company's turnover was EUR 559 (530) million, profit for the financial year EUR 81 (65) million and the distributable funds EUR 103 million.

Turnover and other operating income, € million	1–12/14	1–12/13	10–12/14	10–12/13
Grid service income	326	321	83	93
Imbalance power sales	151	159	40	45
Cross-border transmission income	9	13	3	4
Finland–Estonia congestion income*	2	4	1	1
Finland–Sweden congestion income	49	19	13	6
Peak load capacity income**	8	13	2	2
ITC income	12	8	4	2
Other turnover	9	6	2	2
Other operating income	5	4	3	1
Turnover and other income total	572	547	151	156

Costs, € million	1–12/14	1–12/13	10–12/14	10–12/13
Purchase of imbalance power	107	121	31	32
Loss energy costs	66	58	17	15
Depreciation	92	82	23	22
Cost of reserves	62	62	17	13
Personnel costs	25	23	7	6
Maintenance management costs	19	20	7	5
Peak load capacity costs**	8	13	2	2
ITC costs	11	12	3	3
EstLink grid rents*	0	4		1
Other costs	46	31	11	9
Costs total	435	425	119	108
Operating profit excluding the change in the fair value of commodity derivatives	137	122	32	48
Consolidated operating profit	143	115	27	36

*Fingrid's share of the congestion income between Finland and Estonia was EUR 2.4 million. There were no costs (Finland–Estonia grid rents) during the period under review because the EstLink connection has been under Fingrid's ownership since 30 December 2013. Before the ownership was transferred, congestion income between Finland and Estonia was paid as grid rents to the owners of the connection.

**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.

Capital expenditure

Fingrid carried out its grid investment programme as planned to promote the national climate and energy strategy, improve system security, increase transmission capacity and promote the electricity markets. Fingrid's annual capital expenditure in the transmission system has been extensive for years.

The company's total capital expenditure in 2014 amounted to EUR 129 (225) million, including a total of EUR 118 (209) million invested in the transmission grid and EUR 1 (4) million for reserve power. At the end of 2014, Fingrid had seven 400 kilovolt substation sites and more than 400 kilometres of 400 kilovolt power line contracts as well as a significant number of 110 kilovolt projects under construction.

Investments in information systems amounted to EUR 11 (9) million. A total of EUR 1.7 (1.8) million was used for R&D projects during the year under review.

The EstLink 2 high-voltage DC connection between Estonia and Finland has been available for market use since the beginning of December 2013. The link was handed over to its owners, Fingrid and the Estonian Elering, in February 2014. The connection tripled the transmission capacity between Finland and Estonia and removed one of the worst transmission bottlenecks in the Baltic Sea region. The challenging major project was completed on schedule and on budget. Project Management Association Finland awarded EstLink 2 with an honourable mention in the Project of the Year competition, where the project came in second.

Fingrid will reinforce the ageing and insufficient transmission capacity, in terms of future needs, of the Finnish west coast by replacing 220 kilovolt connections with 400 kilovolt connections. The total cost of these investments, approximately EUR 220 million, will be spread over several years. Out of these projects, the Ulvila–Kristinestad transmission line was completed in 2014 at a cost of around EUR 90 million. The contract included nearly 120 kilometres of new transmission lines, renewal of the Ulvila substation and the construction of the entirely new Kristinestad substation. Reinforcing of the west coast transmission system will continue with the construction of the Hirvisuo–Pyhänselkä transmission line. The entire project to reinforce the west coast transmission system will be completed by the end of 2016.

The major project between Hikiä and Forssa progressed on schedule during 2014. In addition to building new power lines, the project involves dismantling parts of the historic 'Iron Lady' transmission line. In eastern Finland, the Varkaus–Kontiolahti transmission line project proceeded as planned.

Finland's energy and climate strategy targets an increase to 9 terawatt hours in the production of wind power by 2025. Fingrid made several investment decisions which will help connect wind power to the grid. The total cost of the wind power investments to be completed in 2015–2016 is more than EUR 50 million.

In late 2014, Fingrid made procurement decisions on the basic maintenance of substations and transmission lines for 2015–2017. Nationwide grid basic maintenance contracts were put out to tender for both substations and power lines.

The operational reliability of transmission lines was improved by clearing approximately 5,000 hectares of land around the lines during the year and by pruning back trees in about 900 km of marginal zones.

The International Transmission Operations & Maintenance Study (ITOMS), published in spring 2014, named Fingrid amongst the best in the world in maintenance management in terms of both quality and costs. ITOMS measures the effectiveness of maintenance management by transmission companies and the reliability of the transmission network. A total of 28 transmission grid businesses with system responsibility from all over the world participated in the comparison study.

Lloyd's Register carried out the annual on-site audit for the PAS55 (Publicly Available Specification) certification at Fingrid. According to the audit results, Fingrid has further developed its asset management and it is at an excellent level.

In 2014, Fingrid started a strategic project of several years to improve the reliability of cross-border transmission connections. Fingrid has four high-

voltage direct current (HVDC) connections: Fenno-Skan 1 and 2 with Sweden and EstLink 1 and 2 with Estonia. The reliability of these connections will improve during the next few years through several measures.

The initial stages of a grid information and ERP system were commissioned in late 2013 and early 2014.

Fingrid has paid particular attention to accident prevention at work sites. A specific focus area was the development of worksite T3 mobile reporting. Positive developments were achieved in the severity of accidents and frequency rate. Several projects in 2014 were completed with zero accidents. A total of eight accidents occurred with Fingrid's suppliers.

Power system

Electricity consumption in Finland totalled 83.3 (84.0) terawatt hours in 2014. A total of 67.1 (64.6) terawatt hours of electricity was transmitted in Fingrid's grid, representing 80.5 (77.0) per cent of the total transmission volume in Finland (consumption and inter-TSO).

Electricity import and production capacity was well sufficient to cover the peak consumption of the winter, amounting to a maximum of 14,288 (14,043) megawatts. During the consumption peaks early in the year, electricity production in Finland totalled approximately 12,100 megawatts.

Electricity transmissions between Finland and Sweden consisted mostly of large imports to Finland. During 2014, 18.1 (12.8) terawatt hours of electricity was imported from Sweden to Finland, and 0.2 (0.7) terawatt hours were exported from Finland to Sweden. The import capacity was limited from time to time by defects in the Fenno-Skan DC connections. In technical investigations carried out on the Fenno-Skan 1 cable, it was determined that the cable can no longer be used for full-power transmission, and the maximum transmission power was permanently reduced to 400 megawatts.

The electricity transmissions between Finland and Estonia were dominated by exports from Finland to Estonia, amounting to 3.6 (1.6) terawatt hours. Finland imported 0.05 (0.5) terawatt hours of electricity from Estonia. The new EstLink 2 connection increased the transmission capacity available in the market by 650 megawatts. The export capacity to Estonia was increased to 1,000 megawatts in August 2014.

In line with the previous years, electricity imports from Russia were at a low level. Nearly the full transmission capacity was available, however. Electricity imports from Russia totalled 3.4 (4.7) terawatt hours. Fingrid and the Russian grid operator parties signed on 7 November 2014 agreements on two-way electricity trade between Finland and Russia beginning in December 2014.

With a transmission reliability rate of 99.99974 per cent, reliability of the transmission grid was at an excellent level during the year under review. The number of disturbances in the Finnish grid remained at the average level. The average duration of forced interruptions in connection points due to disturbances (SAIDI) was slightly above the average as a result of a few exceptional extended disturbances.

The principal disturbances in grid operations consisted of defects in DC connections and a single conductor defect in an AC connection between Finland and Sweden. As a result of the disruptions, reserve power plants were started up, special adjustments were made to the power system and an exceptional amount of emergency power was purchased from Russia. Additionally, the operational reliability of the power system was regionally safeguarded by purchasing for a significant sum start-ups of local power plants during the outages necessitated by the investments in Ostrobothnia. The so-called countertrade costs due to disturbances amounted to EUR 10.1 million. The purpose of the counter trade was to ensure that customers experienced no outages in electricity distribution.

As a member of Finland's Power and District Heat Pool, Fingrid was one of the organisers in the VALVE 2014 (Valot verkkoon 2014) major disturbance exercise held in Rovaniemi by power companies and authorities. The exercise tested the nationwide restoration of electricity supply in the event of a major disturbance.

Counter trade	1–12/14	1–12/13	10–12/14	10–12/13
Counter trade between Finland and Sweden, € million	7.6	0.4	1.1	0.0
Counter trade between Finland and Estonia, € million	0.8	0.1	0.2	0.0
Counter trade between Finland's internal connections, € million	1.7	0.4	0.0	0.3
Total counter trade, € million	10.1	0.9	1.3	0.3

Power system operation	1–12/14	1–12/13	10–12/14	10–12/13
Electricity consumption in Finland, TWh	83.3	84.0	22.5	22.2
Fingrid's transmission volume, TWh	67.1	64.6	17.6	16.9
Fingrid's loss energy volume, TWh	1.3	1.1	0.3	0.3
Electricity transmission Finland–Sweden				
Exports to Sweden, TWh	0.15	0.7	0.05	0.04
Imports from Sweden, TWh	18.1	12.8	4.1	3.7
Electricity transmission Finland–Estonia				
Exports to Estonia, TWh	3.6	1.6	0.8	0.7
Imports from Estonia, TWh	0.05	0.5	0.01	0.1
Electricity transmission Finland–Russia				
Imports from Russia, TWh	3.4	4.7	1.5	1.3

Electricity market

The price level on the Nordic electricity market has decreased lately. The average market price of spot electricity on the electricity exchange (system price) was EUR 30 (38) per megawatt hour.

The reasons for this development include lower demand for electricity due to the current economy and high availability of hydroelectric power. The subsidised production of renewable energy in Northern Europe increasingly impacts the market as well.

Prices on the Finnish wholesale market were higher than in other Nordic countries in 2014; the average spot price per megawatt hour was around five euros higher in Finland than in Sweden. This was due to the significant deficit in electricity production in Finland, as the completion of Olkiluoto 3 has been delayed and other power plants have been closed down. The markets would have imported more electricity from the West than the cross-border transmission capacity allowed.

The transmission capacity limited cross-border trade with Sweden for half of all the hours in 2014, a historically high figure. As a result, Fingrid accrued EUR 49 (19) million in congestion income.

Exports to the Baltic countries increased thanks to the new EstLink 2 connection. Imports from Russia remained at a low level of 3.4 (4.7) terawatt hours due to the Russian capacity fees on exports. It became possible to export electricity from Finland to Russia in December when the related technical and commercial preconditions were met.

A major step was taken in the development of a single European market. The West European spot markets were merged in two stages, in February and May 2014. The new market area encompasses the Nordic and Baltic countries, western Central Europe, the UK and the Iberian Peninsula. This essentially means the creation of the world's largest electricity market, with price calculation and transmission capacity output combined in a single process. The market covers 75 per cent of total electricity consumption in the EU. A similar arrangement is under way to merge the intraday markets.

In connection with its Third Internal Energy Market Package, the EU approved the first of three key network regulations.

Fingrid is developing new market services to improve market functionality. The issuing of guarantees of origin for electricity, now the responsibility of Fingrid as a result of a change in legislation, reached full capacity towards the end of the year. More than 200 power plants with a total capacity of approximately 7,000 megawatts have joined the new register. The system makes it possible for the producers of renewable energy to provide a guarantee of origin for their electricity.

Fingrid has also initiated the development of an electronic exchange of information for the market, with the aim of standardising particularly retailers' and network operators' business operations and making them more efficient. In relation to this, Fingrid carried out, together with other industry players, an investigation into the centralisation of information exchange into a single data hub. The conclusion of the investigation was in favour of establishing the hub.

The Finnish, Norwegian and Swedish TSOs continued shared Nordic balance settlement under Fingrid's leadership. The jointly owned company eSett Oy, which Fingrid owns one third of, aims to start up operations in February 2016.

As the production of electricity increasingly becomes more diverse and more difficult to regulate, other means should be sought to guarantee the continued flexibility of the power system. The aim is to make new, flexible capacity available to the markets. Fingrid and stakeholders collaboratively started up five R&D projects during 2014 to test demand-side management of various co-operation partners both in SMEs and households.

Electricity market	1–12/14	1–12/13	10–12/14	10–12/13
Nord Pool system price, average €/MWh	30	38	31	36
Area price Finland, average €/MWh	36	41	36	40
Congestion income between Finland and Sweden, € million*	97.7	37.2	26.3	12.4
Congestion hours between Finland and Sweden, %*	47.8	19.4	43.8	27.9
Congestion income between Finland and Estonia, € million*	4.8	7.4	1.0	1.9
Congestion hours between Finland and Estonia, %*	8.2	27.3	6.4	26.4

* The congestion income between Finland and Sweden as well as 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. Congestion income is used for investments aimed at eliminating the cause of congestion.

Financing

The Group's financial position remained satisfactory.

The Group's liquidity remained good. On 31 December 2014, financial assets and cash amounted to EUR 179 (217) million. The company additionally has an undrawn revolving credit facility of EUR 250 million to secure liquidity. Interest-bearing borrowings totalled EUR 1,225 (1,294) million and consisted of EUR 962 (975) million in non-current and EUR 263 (319) million in current debt. The counterparty risk arising from currency derivative contracts and interest rate derivative contracts (receivables) was EUR 28 (34) million. Fingrid's foreign exchange and commodity price risks are generally fully hedged.

International rating agencies updated the company's credit ratings as follows:

- On 9 December 2014, Moody's Investors Service (Moody's) affirmed the rating 'A1' for Fingrid Oyj's long-term debt (senior unsecured) and issuer rating and 'P-1' for its short-term debt (senior unsecured) and issuer rating, with a stable outlook.
- On 6 November 2014, Fitch Ratings (Fitch) affirmed the rating 'A+' for Fingrid Oyj's debt (senior unsecured), 'A' for its long-term issuer rating and 'F1' for its short-term issuer rating, with a stable outlook.
- On 14 October 2014, Standard & Poor's Rating Services (S&P) lowered Fingrid Oyj's debt (senior unsecured) and long-term global scale issuer rating to 'A+' (previously 'AA-') and its short-term global scale issuer rating to 'A-1' (previously 'A-1+'), with a stable outlook. The rating action was a direct consequence of the downgrade of the Republic of Finland's credit rating.

Share capital and shareholders

At present, the 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 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.

Suomi Mutual Life Assurance Company sold its Fingrid B shares (75 shares) to Pohjola Insurance Ltd on 10 October 2014. The Republic of Finland increased its ownership in the company, as Varma Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited and If P&C Insurance Company Ltd sold their Fingrid B shares (484 shares) to The State Pension Fund. The transaction was finalised on 15 December 2014. After this transaction, the Republic of Finland owns 67.70 per cent of the shares and 77.33 per cent of the voting rights.

Personnel and remuneration systems

Fingrid Oyj employed 313 (287) persons, including temporary employees, at the end of the year. The number of permanent personnel was 282 (268).

Of the personnel employed by the company, 23.0 (25.4) per cent were women and 77.0 (74.6) per cent were men. The average age of the personnel was 44 (44).

During 2014, the personnel received a total of 9,797 (12,837) hours of training, with an average of 31.3 (46) hours per person. Employee absences on account of illness in 2014 accounted for 2 (2) per cent of the total working hours. In addition to a compensation system that is based on the requirements of each position, Fingrid applies incentive bonus schemes.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 6 June 2014. Helena Walldén, M.Sc. (Tech.) was elected Chairman of the Board. Juha Majanen, Budget Counsellor and Head of Fiscal Policy Unit of the Ministry of Finance, was elected Vice Chairman. Other members elected to the Board were Juhani Järvi, Vice President, International Projects, Rautakesko Oy; Sirpa Ojala, M.Sc. (Tech.), and Esko Torsti, Head of Non-Listed Investments, Ilmarinen Mutual Pension Insurance Company.

The Board members until 6 June 2014 were Helena Walldén, Juha Majanen, Sirpa Ojala, Esko Torsti and Matti Rusanen, Ilmarinen Mutual Pension Insurance Company.

PricewaterhouseCoopers Oy was elected as the auditor of the company, with Jouko Malinen serving as the responsible auditor.

The Board of Directors has two committees: the Audit Committee and the Remuneration Committee. As of 6 June 2014, the Audit Committee consists of Juha Majanen (Chairman), Juhani Järvi and Helena Walldén. The members of the Audit Committee until 6 June 2014 were Juha Majanen (Chairman), Esko Torsti and Helena Walldén.

As of 6 June 2014, the Remuneration Committee consists of Helena Walldén (Chairman), Sirpa Ojala and Esko Torsti. The members of the Remuneration Committee until 6 June 2014 were Helena Walldén (Chairman), Sirpa Ojala and Matti Rusanen.

Jukka Ruusunen serves as President & CEO of the company. Fingrid has an executive management group intended to support the 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.

Internal control and risk management

Fingrid's internal control is a natural part of business operations. It encompasses all the procedures and methods intended to ensure that

- the company's operations comply with the strategy, are efficient and effective
- information used for management and other reporting is reliable and free of errors
- risk management is adequate
- applicable legislation, codes, regulations and the company's own procedural guidelines are complied with.

Risk management is a part of internal control. Comprehensive risk management refers to systematic and consistent procedures to identify, assess and monitor risks caused by various threats related to the company's operations, environment, personnel and assets, and to protect the company from these risks. Continuity management is one area and method of risk management intended to improve the organisation's capabilities to react in the best possible way to the realisation of various risks and thus safeguard Fingrid's continued operations in such circumstances. In compliance with Fingrid's mission, the approach to risks, their impacts and risk management takes into account the point of view of society as a whole.

Fully functional internal control is based on good leadership, a healthy corporate culture, appropriate procedures and processes, adequate control measures, open and transparent communication, continuous monitoring and development of functions processes, as well as independent verification.

Board of Directors

Fingrid's Board of Directors is responsible for the organisation of internal control and risk management and annually approves the principles of internal control and risk management. The Board also decides on the corporate strategy and action plan, including the identification of strategic risks and the key measures to manage them, and monitors their implementation. The Board furthermore decides on the operational model of the company's internal audit. The Board of Directors (Audit Committee) regularly receives internal audit and auditor reports and at least annually a situation report on the strategic risks relating to the company's operations and the management thereof, as well as a report on the realised risks.

Line management and the rest of the organisation

The CEO, assisted by the Executive Management Group, is in charge of specifying the company's policy for internal control and risk management and oversees the practical implementation of the policy and the assessment of company-level strategic risks and the related risk management. The different areas and functions implement internal control and risk management for their own area of responsibility. The heads of functions own the risks concerning operations in their areas of responsibility and are in charge of identifying, assessing and managing risks, and ensuring the adequacy and effectiveness of control measures and detailed instructions, and are responsible for reporting risks and non-conformities.

Specialists working in the company's support functions coordinate, support and monitor the implementation of internal control and risk management from various points of view and throughout functions. Each Fingrid employee is responsible for identifying and reporting the risks and control deficiencies in their area of responsibility and for implementing the agreed risk management measures.

Internal auditor and auditor

The internal audit is established by the Board of Directors, operates in compliance with the plans approved by the Board (Audit Committee) and reports on the results of its work to the Board (Audit Committee). Administratively, the internal audit reports to the CEO. The internal audit provides a systematic approach to assessing the efficiency of the company's risk management, control, management and governance processes, to developing them and, as an independent party, verifies their adequacy and effectiveness. The internal audit is authorised to carry out investigations and has access to all information relevant for its mission.

The company's auditor audits the accounting, financial statements and governance for each financial year and prepares the related reports for the Annual General Meeting as required by the Auditing Act or elsewhere in legislation. The auditor reports on their work, observations and recommendations to the Board of Directors and can additionally be assigned by the Board or the executive management to carry out other verification tasks.

Foremost risks and uncertainty factors for society and Fingrid

Since the company plays a vital role in Finnish society, the impact of risks is assessed from both the company's and society's perspective. The following have been identified as the foremost risks:

Common risks

- Major disturbance
- Crisis of confidence in the electricity market
- Environmental risks
- Electricity and occupational safety risks

Risks to society

- Unsuccessful timing of capital investments
- Long-term transmission capacity restrictions

Risks to Fingrid

- Unfavourable development of regulation
- Investments that have become unnecessary
- An unforeseen increase in costs or decrease in income
- Financing risks
- Personnel risks
- IT and telecommunications risks
- Asset risks
- Reputation risks

One of the company's biggest business risks and the biggest risk where society is concerned is a **major disturbance** related to the functioning of the power system. A widespread disturbance in the power system may be caused by the following: several simultaneous faults in the grid, inoperability of Fingrid's operation control system, insufficient production capacity, external events, or problems related to operation support systems or data security, preventing grid operation entirely or partially. Through capital investments in the transmission grid and reserve power, Fingrid is prepared for a widespread disturbance affecting Finland or the Nordic power system. In its strategy, the company also focuses on the diverse utilisation of the operation control system, expedited disturbance clearing and management of power shortages. Fingrid also prepares for disturbances through continuity management, building up various reserves, procedural guidelines, continuity plans, and exercises.

A **loss of confidence in the electricity market** is a significant risk for Fingrid and society. This risk may be realised, for example, as a result of insufficient transmission capacity, high electricity prices or long-term interruption of the wholesale electricity market. The company aims to contribute to the integration of the European electricity market and to secure the efficiency of market mechanisms by constructing new cross-border transmission connections whenever necessary and by publishing key market information that has a bearing on the transparency of the market.

From the point of view of society and Fingrid, the **most significant environmental risks** are related to environmental damage and the failure to anticipate the environmental obligations set for the company's operations. Among the most concrete risks faced by Fingrid are fuel and oil leaks and tank and transformer fires. From the company's point of view, a capital expenditure project that is delayed due to an environmental impact assessment can also be an environmental risk. The key contingency measures for these environmental risks are proactive assessment of environmental impacts, monitoring of changes in legislation, prevention of accidents by technical means, contractual terms related to environmental issues and auditing.

From the point of view of society and Fingrid, **electrical and occupational safety risks** are linked to the

electrical safety of the transmission grid, especially in connection with construction and repair work. The reason for a risk being realised may be, for example, human error close to live components, an error or accident occurring in construction work, damage or vandalism to live structures or carelessness close to live components. The consequences of the realisation of a risk may be a serious hazardous situation or a hazardous situation endangering many people, serious injury, sick leave, working incapacity, disability or death. An event may also cause electricity outages. Fingrid is constantly improving the safety of the transmission grid by developing, for example, technical solutions, work methods, skills and communications.

The reasons for **unsuccessful timing of capital investments** may be, for example, changes in the economic situation or in consumption and production, a postponement of the permit process, lack of resources or strike. Such events may cause restrictions in the electricity market whereby the market fails to develop or operate efficiently. The company carefully plans and builds key projects to strengthen the cross-border transmission connections and the grid, and takes into account the long-term effects on the market.

Long-term transmission capacity restrictions may be caused by, for example, technical failures or problems with power system security. Restrictions or outages in power transmission may cause financial harm to customers and society. The risks are managed by securing the critical parts of the transmission grid and cross-border connections and by means of efficient outage planning. For example, outages are timed so that they have minimum financial harm to society.

Fingrid's operations are subject to official regulation and supervised by the Energy Authority. Risks related to the **unfavourable development of official regulation**, such as changes in Finnish or European regulation or legislation, can weaken the company's financial position or its opportunities to pursue the objectives related to the development of the electricity market. The company aims to establish effective co-operation and interaction models with the various stakeholders and to contribute actively to the reports and working groups of authorities. Fingrid works within ENTSO-E, the European Network of Transmission System Operators for Electricity, through which the company aims to prepare for and contribute to changes in regulation.

Investments that have become unnecessary may be the result of issues such as regional changes in electricity consumption, changes in electricity production, changes in the international situation, changes in regulation or technological changes. Fingrid aims to prevent potentially incorrect or unanticipated investments by means of continuous communication and close co-operation with customers, other transmission system operators and stakeholders. Fingrid draws up transparent, comprehensive and sustainable grounds for capital investments and updates the grid plans regularly. The company creates flexibility in the capital investment programme and executes the projects in a timely fashion.

Fingrid's major financial risks include an **unforeseen increase in costs or decrease in income**. This could be caused by unexpected changes in market-based costs. An increase in costs can be the result of the realisation of counterparty risk, an increase in reserve costs, unexpected faults or sudden changes in the area price of electricity. Correspondingly, a decrease in income may be the result of a sharp decline in electricity consumption, the realisation of a counterparty risk related to the service businesses or a reduction in transmission and congestion income. Unanticipated increases in costs or decreases in income are limited by enhancing financial control and forecasting in the Group and the assessment of financial latitude. Fingrid can make changes to the level and structure of grid pricing as necessary. Derivatives are used to hedge against changes in the price of electricity. The counterparty risk related to obligations of parties having a contractual relationship with Fingrid is limited contractually, by defining limits and by regularly monitoring the financial position of the counterparties.

Financing risks include currency risks, interest rate risks, commodity price risks, liquidity and refinancing risks, and credit and counterparty risks. Financing risks can be caused by disturbances in the capital and money markets, by the realisation of coun-

terparty risks in terms of derivatives or investments, by the realisation of credit risks in operations or disturbances in payment transactions. Risks are limited by maintaining a high credit rating, even debt maturity profile and a diverse funding structure. The financing risks are described in more detail in note 35 to the consolidated financial statements (IFRS).

Personnel risks concern the maintenance of competence. Personnel risks are limited by the company's strategic long-term personnel planning, targeted training programmes for personnel and high-quality communication with stakeholders. As part of the energy sector, Fingrid strives to enhance the level of competence throughout the sector.

Risks related to information technology and telecommunications may be caused by an accident in ICT hardware facilities, long-term inoperability of telecommunications or a serious failure in a critical ICT system where such a failure directly and significantly harms the company's operations. Such a situation may also be caused by a work error or breach of data security. The company aims to prepare for these risks through sufficient and solid ICT expertise and by ensuring that ICT is secured in terms of the facilities, telecommunications and systems. Contingency plans are drawn up for the critical systems, and the company monitors and forecasts potential data and cyber security threats.

Asset risks cover significant damage to Fingrid's assets, such as widespread failures or failures rendering significant assets beyond repair. Other asset risks can include significant and unanticipated factors, such as protests, earthquakes, natural disasters or war. Fingrid manages asset risks through preventive maintenance management, comprehensive insurance policies for the key grid components, detailed definition of projects and maintenance management, stringent quality control and the use of proven technology and suppliers.

Reputation risks can arise for a number of reasons; for example, serious disturbances or accidents, changes in prices, expropriation of land areas or delayed upgrades of the grid. These risks are reduced by means of effective risk and change management as well as responsible, transparent and impartial operations, high-quality communication and active stakeholder dialogue.

Fingrid's associated companies are long-term holdings and are covered by the company's overall risk management system. The associated companies only slightly increase the risks to Fingrid Oyj's financial position, result and cash flow, as their operations are minor compared to the operations of the parent company. Risks related to associated companies consist of the unfavourable development of official regulation, investments that have become unnecessary, an unexpected increase in costs or reduction in income, loss of confidence in the electricity market, and risks related to information technology and ICT risks.

Corporate responsibility

Fingrid's strategy and its various perspectives form the starting point also for its corporate responsibility. Corporate responsibility is managed at Fingrid as an integrated part of overall management, supported by the company's regular management system.

Key targets have been set by identifying matters that are essential to Fingrid's strategy and operations. Fulfilment of the targets serves as the basis for remuneration of the executive management and personnel. Corporate responsibility is part of the annual planning of operations and is an integral, strategy-based component in assessing development opportunities and risks and devising measures for the subsequent year. During the year, a change was made to how responsibility is co-ordinated at the corporate level, better linking corporate responsibility to Fingrid's basic operations and the development thereof.

Responsible operations are ensured through shared values and, among other things, the company's Code of Conduct, which is based on the UN Global Compact Initiative and which all Fingrid employees must comply with in their work. During the year under review, the Code of Conduct was updated, a company-level online orientation programme was implemented, and the familiarisation of new employees with the

Code of Conduct was assured. Planning of online orientation intended for all employees was additionally started, relating to the updated Code of Conduct.

The objective is to promote responsible behaviour also throughout the entire supply chain. Fingrid requires that its service and goods suppliers comply with a Supplier Code of Conduct or with their own similar code. Corporate responsibility requirements are applied to contracts that have a value of at least EUR 30,000. The requirements cover such issues as business practices, human rights, workers' rights, occupational health and safety and environmental matters. During the year, responsibility requirements were also set as criteria for entry into Fingrid's supplier register. Fingrid is prepared to commit, through similar principles, to the corporate responsibility requirements set by its contrac-tual partners on Fingrid's operations.

In its corporate responsibility reporting, Fingrid changed over to applying the international GRI G4 (Global Reporting Initiative) reporting guidelines such that standard disclosures required by the guidelines and indicators required by sector disclosures for the energy industry are reported. Requirements for corporate responsibility reporting by state-owned companies are also taken into account.

Responsibility continues to be developed in a balanced manner in all of Fingrid's strategic perspectives and processes. Characteristically for Fingrid, the aim is to engage the entire personnel in the continuous development of the company's operating practices also when it comes to responsibility issues.

Environmental matters

The transmission grid is part of the necessary basic infrastructure visible in our living environment. Power lines particularly impact land use and the landscape, and have both positive and negative effects on nature and biodiversity. The most significant environmental perspectives at substations and reserve power plants concern the storage and handling of fuels and chemicals. When making improvements to the transmission system, Fingrid's goal is to achieve minimum electricity transmission losses in a cost-effective manner and thus enhance energy efficiency. Achieving a reduction in greenhouse gas emissions is also considered important. The efficient reuse and recycling of building and demolition waste is important in all construction work.

The commitment to minimising environmental impacts is anchored in Fingrid's land use and environmental policy. Environmental impacts are carefully assessed before a project is realised, and special attention is paid to controlling environmental risks. In addition to Fingrid's personnel, the company's contractors and service suppliers participating in grid construction and maintenance are also engaged in environmental sustainability with the help of contractual terms, auditing and environmental training. Environmental matters are reported in the annual report and on the website.

During the year under review, the revised waste management model was shown to improve waste management and recycling at work sites. Environmental training was provided more frequently, both to construction project contractors and to new power line and substation maintenance providers. No significant environmental incidents took place in Fingrid's operations.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. A total of 10,993 (5,566) units (tCO2) of emission allowances were returned, all of which consisted of acquired emission rights units. No emissions rights were purchased in 2014. Emissions trading had minor financial significance for Fingrid.

Fingrid has a total of 24,375 (24,872) tonnes of creosote-impregnated or CCA-impregnated wooden towers, which are categorised as hazardous waste. Impregnated wood categorised as hazardous waste is also used in cable trench covers. The related disposal costs of approx. EUR 1.7 (1.7) million have been entered in the financial statements under provisions, which in turn have been added correspondingly to property, plant and equipment. Equipment used in Fingrid's substations contains 33 (32) tonnes of sulphur hexafluoride (SF_6 gas), which is categorised as a greenhouse gas.

Legal proceedings and proceedings by authorities

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

Fingrid appealed to the Market Court against the decision of the Energy Authority on 23 November 2011: the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the regulatory period starting 1 January 2012 and ending on 31 December 2015. The Market Court rejected Fingrid's appeal on 21 December 2012. On 21 January 2013, Fingrid appealed the decision of the Market Court to the Supreme Administrative Court.

Events after the review period and estimate of future outlook

On 19 January 2015, the Energy Authority granted Fingrid a licence to operate the electricity transmission system in the national grid.

The company lowered its transmission grid tariffs by two per cent as of 1 January 2015; consequently, Fingrid Group's profit for the 2015 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to decline from the previous year. Uncertainty surrounding reserve costs, congestion income and cross-border income on the interconnections from Russia makes it difficult to anticipate Fingrid's financial result for the full year. The company's debt servicing capability is expected to remain stable.

Board of Directors' proposal for the distribution of profit

Fingrid updated its dividend policy in 2014. The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividend. When making this decision, however, the economic conditions, the company's investment and development needs for the near future, and the company's financial targets in effect at the time are always taken into account.

Fingrid Oyj's distributable funds in the financial statements total EUR 103,346,061.64. Since the closing 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 threaten the company's solvency.

The company's Board of Directors will propose to the Annual General Meeting of Shareholders that a dividend of EUR 21,655.44 per share be paid for Series A shares and EUR 16,038.49 for Series B shares be paid, for a total of EUR 65,000,001.35, and a total of EUR 38,346,060.29 be retained in unrestricted equity.

CONSOLIDATED KEY FIGURES

		2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS
Extent of operations						
Turnover	€M	567.2	543.1	522.1	438.5	456.3
Capital expenditure, gross	€M	129.5	225.3	139.0	244.4	144.1
- of turnover	%	22.8	41.5	26.6	55.7	31.6
Research and development expenses	€M	1.7	1.8	1.5	1.8	1.6
- of turnover	%	0.3	0.3	0.3	0.4	0.3
Personnel, average		305	277	269	263	260
Personnel, end of year		313	287	275	266	263
Salaries and bonuses, total	€M	20.5	19.0	18.2	17.2	17.2
Profitability						
Operating profit	€M	142.8	115.3	94.6	56.6	74.4
- of turnover	%	25.2	21.2	18.1	12.9	16.3
Profit before taxes	€M	132.9	87.3	88.3	34.2	56.3
- of turnover	%	23.4	16.1	16.9	7.8	12.3
Return on investment (ROI)	%	7.6	6.3	5.6	3.6	5.1
Return on equity (ROE)	%	16.3	15.0	12.4	6.5	8.7
Financing and financial position						
Equity ratio	%	31.0	29.5	27.3	25.7	28.6
Interest-bearing net borrowings	€M	1,046.1	1,076.7	1,030.3	1,020.2	855.2
Share-specific key figures						
Earnings per share	€	32,027.9	27,277.9	20,159.2	9,924.1	12,561.9
Dividend, Series A shares	€	21,655.44*	29,788.26	5,115.89	3,962.52	2,018.26
Dividend, Series B shares	€	16,038.49*	16,038.50	2,018.26	2,018.26	2,018.26
Dividend payout ratio, A shares	%	67.6	109.20	25.4	39.9	16.1
Dividend payout ratio, B shares	%	50.1	58.8	10.0	20.3	16.1
Equity per share	€	200,568	193,293	171,365	152,573	154,654
Number of shares at 31 Dec						
- Series A shares	qty	2,078	2,078	2,078	2,078	2,078
- Series B shares	qty	1,247	1,247	1,247	1,247	1,247
Total	qty	3,325	3,325	3,325	3,325	3,325

*The Board of Directors' proposal to the Annual General Meeting

CALCULATION OF KEY FIGURES

Return on investment, %	=	Profit before taxes + interest and other finance costs / Balance sheet total - non-interest-bearing liabilities (average for the year)	x 100
Return on equity, %	=	Profit for the financial year / Shareholders' equity (average for the year)	x 100
Equity ratio, %	=	Shareholders' equity / Balance sheet total - advances received	x 100
Earnings per share, €	=	Profit for the financial year / Average number of shares	
Dividends per share, €	=	Dividends for the financial year / Average number of shares	
Dividend payout ratio, %	=	Dividend per share / Earnings per share	x 100
Equity per share, €	=	Equity / Number of shares at closing date	
Interest-bearing net borrowings, €	=	Interest-bearing borrowings - cash and cash equivalents	

2. FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)
INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	1 Jan–31 Dec 2014 € 1,000	1 Jan–31 Dec 2013 € 1,000
TURNOVER	2	567,155	543,088
Other operating income	3	4,619	4,071
Raw materials and consumables used	4	-264,304	-269,526
Employee benefits expenses	5	-24,993	-22,847
Depreciation	6	-91,511	-81,704
Other operating expenses	7, 8, 9	-48,149	-57,802
OPERATING PROFIT		**142,817**	**115,280**
Finance income	10	1,172	1,249
Finance costs	10	-11,910	-29,986
Finance income and costs		-10,738	-28,736
Share of profit of associated companies		854	709
PROFIT BEFORE TAXES		**132,934**	**87,253**
Income taxes	11	-26,441	3,446
PROFIT FOR THE FINANCIAL YEAR		**106,493**	**90,699**
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Cash flow hedges	12		-3,992
Translation reserve	12	-419	-646
Items related to non-current assets held for sale	12	16	-2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**106,090**	**86,059**
Profit attributable to:			
Shareholders of the company		106,493	90,699
Comprehensive income attributable to:			
Shareholders of the company		106,090	86,059
Earnings per share, €	13	32,028	27,278
Earnings per share for profit attributable to shareholders of the parent company:			
Undiluted earnings per share, €	13	32,028	27,278
Diluted earnings per share, €	13	32,028	27,278

Income tax related to other comprehensive income is presented in note 12.
Notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31 Dec 2014 €1,000	31 Dec 2013 €1,000
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	95,016	92,751
		182,937	180,671
Property, plant and equipment:	17		
Land and water areas		14,974	14,224
Buildings and structures		156,541	142,061
Machinery and equipment		576,891	582,317
Transmission lines		798,120	788,389
Other property, plant and equipment		7,906	8,525
Prepayments and purchases in progress		86,023	87,910
		1,640,454	1,623,426
Investments:	18		
Interests in associated companies		10,515	10,416
Available-for-sale investments		262	300
		10,777	10,716
Receivables:			
Derivative instruments	30	42,063	42,337
Deferred tax assets	27	10,674	13,643
Loan receivables from associated companies	20	1,600	
Other receivables	20	991	4,313
		55,328	60,293
TOTAL NON-CURRENT ASSETS		**1,889,496**	**1,875,107**
CURRENT ASSETS			
Inventories	19	12,843	11,397
Derivative instruments	30	11,208	2,128
Trade receivables and other receivables	21	57,699	76,021
Financial assets recognised in the income statement at fair value	22	116,694	194,973
Cash and cash equivalents	23	62,566	22,339
TOTAL CURRENT ASSETS		**261,010**	**306,858**
TOTAL ASSETS		**2,150,507**	**2,181,965**

Notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2014 €1,000	31 Dec 2013 €1,000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY			
Share capital	26	55,922	55,922
Share premium account	26	55,922	55,922
Revaluation reserve	26	-11,543	-11,559
Translation reserve	26	-422	-3
Retained earnings	26	567,009	542,416
TOTAL EQUITY		**666,889**	**642,699**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	123,048	119,775
Borrowings	28	962,324	975,295
Provisions	29	1,685	1,735
Derivative instruments	30	44,974	38,757
		1,132,032	**1,135,561**
CURRENT LIABILITIES			
Borrowings	28	263,033	318,695
Derivative instruments	30	16,968	15,508
Trade payables and other liabilities	31	71,585	69,500
		351,586	**403,704**
TOTAL LIABILITIES		**1,483,617**	**1,539,265**
TOTAL EQUITY AND LIABILITIES		**2,150,507**	**2,181,965**

Notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, €1,000

Equity attributable to shareholders of the parent company

	Notes	Share capital	Share premium account	Revaluation reserves	Translation reserve	Retained earnings	Total equity
1 Jan 2013		**55,922**	**55,922**	**-7,565**	**643**	**464,865**	**569,788**
Comprehensive income							
Profit or loss	26					90,699	90,699
Other comprehensive income							
Cash flow hedges	12			-3,992			-3,992
Translation reserve	12				-646		-646
Items related to non-current assets held for sale	12			-2			-2
Total other comprehensive income adjusted by tax effects				-3,994	-646		-,4,640
Total comprehensive income				**-3,994**	**-646**	**90,699**	**86,059**
Transactions with shareholders							
Dividends relating to 2012	26					-13,148	-13,148
31 Dec 2013		**55,922**	**55,922**	**-11,559**	**-3**	**542,416**	**642,699**
1 Jan 2014		**55,922**	**55,922**	**-11,559**	**-3**	**542,416**	**642,699**
Comprehensive income							
Profit or loss	26					106,493	106,493
Other comprehensive income							
Translation reserve	12				-419		-419
Items related to non-current assets held for sale	12			16			16
Total other comprehensive income adjusted by tax effects				16	-419		-403
Total comprehensive income				**16**	**-419**	**106,493**	**106,090**
Transactions with shareholders							
Dividends relating to 2013	26					-81,900	-81,900
31 Dec 2014		**55,922**	**55,922**	**-11,543**	**-422**	**567,009**	**666,889**

Notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	1 Jan–31 Dec 2014 €1,000	1 Jan–31 Dec 2013 €1,000
Cash flow from operating activities:			
Profit for the financial year	26	106,493	90,699
Adjustments:			
Business transactions not involving a payment transaction	36	83,495	85,818
Interest and other finance costs		11,910	29,986
Interest income		-1,163	-1,243
Dividend income		-9	-7
Taxes		26,441	-3,446
Financial assets recognised in the income statement at fair value		-192	25
Changes in working capital:			
Change in trade receivables and other receivables		19,605	7,116
Change in inventories		-1,446	-954
Change in trade payables and other liabilities		974	-6,572
Change in provisions	29	-50	-134
Interest paid		-21,687	-21,597
Interests received		1,225	1,218
Taxes paid	11	-19,677	-22,071
Net cash flow from operating activities		205,919	158,838
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-124,479	-222,272
Purchase of intangible assets	16	-5,377	-4,699
Purchase of other assets	18	57	-2,001
Proceeds from sale of property, plant and equipment	17	1,389	3,980
Loans granted		-1,600	
Dividends received	10, 18	346	306
Contributions received		19,935	
Interest paid	10	-1,326	-,1,681
Net cash flow from investing activities		-111,055	-226,367
Cash flow from financing activities:			
Proceeds from non-current financing (liabilities)		110,000	77,546
Payments of non-current financing (liabilities)		-103,003	-119,968
Change in current financing (liabilities)		-58,012	126,573
Dividends paid	26	-81,900	-13,148
Net cash flow from financing activities		-132,915	71,003
Change in cash and cash equivalents and financial assets		**-38,051**	**3,474**
Cash and cash equivalents and financial assets 1 Jan		**217,311**	**213,837**
Cash and cash equivalents and financial assets 31 Dec	22, 23	**179,261**	**217,311**

Notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES OF CONSOLIDATED 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 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 25 February 2015. 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.

Primary business areas

Fingrid Oyj is the national transmission system operator responsible for the main electricity transmission grid in Finland. The company's responsibilities are to develop the main grid, to maintain a continuous balance between electricity consumption and generation, to settle the electricity deliveries between the market parties on a nationwide level, and to promote the electricity market. The company is also in charge of the cross-border transmission connections to the other Nordic countries, and to Estonia and Russia.

The consolidated financial statements include the parent company Fingrid Oyj and its wholly owned subsidiary Finextra Oy. The consolidated associated companies are Porvoon Alueverkko Oy (ownership 33.3%), Nord Pool Spot AS (ownership 18.8%) and eSett Oy (ownership 33.3%). The Group has no joint ventures.

All intercompany transactions, internal margins on inventories and property, plant and equipment, internal receivables and liabilities, as well as internal profit distribution, are eliminated in consolidation. Ownership of shares between the Group companies is accounted for using the purchase method of accounting. The associated companies are consolidated using the equity method of accounting. The share corresponding to the Group's ownership interest is eliminated from the unrealised profits between the Group and its associated companies. If necessary, the accounting principles applied by the associated companies have been adjusted to correspond to the principles applied by the Group.

Segment reporting

The entire business of the Fingrid Group is deemed to comprise transmission system operation in Finland with system responsibility, only constituting a single segment. There are no essential differences in the risks and profitability of individual products and services. For that reason, segment reporting in accordance with the IFRS 8 standard is not presented.
The operating segment is reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker is the company's Board of Directors.

Revenue recognition

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 supply of the service. Connection fees are recognised on the basis of the relevant time. Indirect taxes and discounts, etc., are deducted from the sales income when calculating turnover.

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.

Pension schemes

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.

Research and development
Research and development by the Group aims to intensify intra-company operations. No new or separately sold services or products are created as a result of R&D. R&D costs are recognised in the income statement as an expense in the accounting year in which they arise.

Lease agreements
Lease obligations where the risks and rewards incident to ownership remain with the lessor are treated as other lease agreements. Lease obligations paid on the basis of other lease agreements are treated within other operating expenses and are recognised in the income statement as equally large items during the lease period. Other lease agreements primarily concern office facilities, land areas and network leases. In accordance with the principles of standard IAS 17 Leases, those leases which transfer substantially all the risks and rewards incident to ownership to the company are classified as finance leases.

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 foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Receivables and liabilities denominated in foreign currencies are valued in the financial statements at the mid-rate quoted by the ECB 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.

Foreign exchange gains and losses from translating the income statement items of the foreign associated company to the mid-rate and from translating its balance sheet items to the closing rate are presented as a separate item in shareholders' equity.

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. In accordance with IAS 12, the Group recognises deferred tax assets as non-current receivables and deferred tax liabilities as non-current liabilities.

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 largest temporary differences result from the depreciation of property, plant and equipment and from financial instruments. No deferred tax is recognised on the undistributed profits of the foreign associated company, because receiving the dividend does not cause a tax impact by virtue of a Nordic tax agreement. The deferred tax asset from temporary differences is recognised up to an amount which can likely be utilised against future taxable income.

Earnings per share
The Group has calculated undiluted earnings per share in accordance with standard IAS 33. Undiluted earnings per share are calculated using the weighted average number of shares outstanding during the financial year.

Since Fingrid has no share option schemes or benefits bound to shareholders' equity or other equity financial instruments, there is no dilutive effect.

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 identifiable assets of the acquired business valued at fair value. Goodwill is allocated to cash-generating units and is tested annually for impairment. With associated companies, goodwill is included in the value of the investment in the associated company.

Other intangible assets consist of computer software and land use rights. Computer software is valued at its original acquisition cost and depreciated on a straight line basis during its estimated useful life. Land use rights, which have an indefinite useful life, are not depreciated but are tested annually for impairment.

The depreciation periods of intangible assets are as follows:

Computer software	3 years

Subsequent expenses relating to intangible assets are only capitalised if their economic benefits to the company increase beyond the former performance level. In other cases, expenses are recognised in the income statement when they are incurred.

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.

Property, plant and equipment

Land areas, buildings, transmission lines, machinery and equipment constitute most of the property, plant and equipment. These 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.

When a part of property, plant and equipment that is treated as a separate item is renewed, 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 commodity 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 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

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 the planned depreciation period has expired, the asset has been sold, scrapped or otherwise disposed of to an outsider.

Impairment
The carrying amounts of asset items are assessed at the closing date to detect potential impairment. If impairment is detected, the recoverable amount of the asset is estimated. An impairment loss is recognised if the carrying amount of the asset or of a cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement.

Asset items subject to depreciation are examined for impairment also when events or changes in circumstances suggest that the amount corresponding to the carrying amount of the asset items may not be recovered.

The impairment loss of a cash-generating unit is first allocated to reduce the goodwill of the cash-generating unit and thereafter to proportionally reduce the other asset items of the unit.

The recoverable amount of intangible assets and property, plant and equipment is defined so that it is the higher of the fair value reduced by the costs resulting from sale or the value in use. When defining the value in use, the estimated future cash flows are discounted at their present value based on discount rates which reflect the average capital cost of the cash-generating unit in question before taxes. The specific risk of the assets in question is also considered in the discount rates.

An impairment loss relating to property, plant and equipment and intangible assets other than goodwill is reversed if a change has taken place in the estimates used to define the recoverable amount of the asset. An impairment loss is reversed at the most up to an amount which would have been defined as the carrying amount of the asset (reduced by depreciation) if no impairment loss had been recorded on it in the previous years. An impairment loss recognised on goodwill is not reversed.

Available-for-sale investments
Available-for-sale investments are non-current assets unless executive management intends to sell them within 12 months from the closing date. Publicly quoted shares are classified as available-for-sale investments and recognised at fair value, which is the market value at the closing date. Changes in fair value are recognised directly in shareholders' equity until the investment is sold or otherwise disposed of, at which time the changes in fair value are recognised in the income statement.

Inventories
Inventories are measured at the lower of acquisition cost or net realisable value. The acquisition cost is determined using the FIFO principle. The net realisable 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.

Loans and other receivables
Loans and other receivables are recognised initially at fair value. The amount of doubtful receivables is estimated based on the risks of individual items. An impairment loss is recorded on receivables when there is valid evidence that the Group will not receive all of its receivables at the original terms (e.g. due to the debtor's serious financial problems, likelihood that the debtor will go bankrupt or be subject to other financial rearrangements, and negligence of due dates of payments by more than 90 days). Impairment losses are recognised directly, under other operating expenses, to reduce the carrying amount of the receivables.

Derivative instruments
Trading derivatives are classified as held-for-trading derivative assets or liabilities. Derivatives are initially recognised at fair value according to the date the derivative contract is entered into, and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company uses derivative contracts only for hedging purposes according to the principles for financing.

Electricity derivatives
The company enters into electricity derivative contracts in order to hedge the price risk of electricity purchases in accordance with the loss energy forecast, in compliance with the loss energy purchasing policy approved by the Board of Directors. Fingrid discontinued hedge accounting for electricity derivatives at the beginning of 2014. As a result, the entire change in the fair value of electricity derivatives was recorded and will continue to be recorded in the income statement. The hedge fund in the balance sheet will be dismantled in the income statement during 2015 and 2016 in fixed instalments such that it decreases the result by EUR 11.6 million.

Interest and currency derivatives
The company enters into derivative contracts in order to hedge financial risks (interest rate and foreign exchange exposure) in accordance with the principles for financing approved by the Board of Directors. Fingrid does not apply hedge accounting to these derivatives. 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.
The fair values of derivatives at the closing date are based on different calculation methods. Foreign exchange forwards 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.

Held-for-trading financial assets
Financial securities are classified as financial assets held for trading. The category includes money market securities and investments in short-term money market funds. Financial securities are recognised in the balance sheet at fair value at the settlement date. Subsequently, the financial assets are measured in the financial statements at fair value, and the change in their fair value is recognised in the income statement under finance income and costs.
Financial assets recognised in the income statement at fair value primarily comprise certificates of deposit, commercial papers and municipality bills with maturities of no more than 3–6 months, and investments in short-term money market funds.
Financial assets are derecognised when they mature, are sold or otherwise disposed of.
Assets in this category are classified as current assets.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and bank deposits. Cash and cash equivalents are derecognised when they mature, are sold or otherwise disposed of. Assets in this category are classified as current assets.

Borrowings
Borrowings are initially recognised in the balance sheet 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. 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.

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.

Fingrid uses creosote-impregnated and CCA-impregnated wooden towers and cable trench covers. Decree YMA 1129/2001 by the Finnish Ministry of the Environment categorises decommissioned impregnated wood as hazardous waste. A provision on the costs arising from the disposal obligation in future decades was recognised in 2004.

Dividend distribution
The Board of Directors' proposal concerning dividend distribution is not recorded in the financial statements. This is only recorded after a decision made by the Annual General Meeting of Shareholders.

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 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 actual amounts may differ from these estimates. In the financial statements, estimates have been used, for example, in the drawing up of impairment testing calculations, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes and provisions.

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 two months 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 preliminary settlement has been made separately for consumption, production and foreign balances. For the two first balances, the volume of unsettled imbalance power has been estimated using reference group calculations. For foreign balances, 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, after the monthly control. This is why the uninvoiced ITC compensations for 2014 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.

Estimated impairment of goodwill

Goodwill is tested annually for potential impairment, in accordance with the accounting principles stated in note 15.

Application of new or revised IFRS standards and IFRIC interpretations

In preparing these consolidated financial statements, the Group has followed the same standards as in 2013, except for the following amendments to existing standards, which the company has applied since 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities'.
The standard contains disclosure requirements for interests in other entities, including associated companies, joint arrangements, structured entities and other companies excluded from the balance sheet. The new standard expands the notes that the Group presents on its ownership in other entities.

IAS 32,
'Financial instruments: Presentation' amendment on asset and liability offsetting. The amendment specifies the accounting requirements for the presentation of the net amounts of financial assets and liabilities and provides additional guidance on the matter. The amendment does not have a material impact on the Group's financial statements.

As of 1 January 2015 or later, the Group will introduce the following IFRS standards, interpretations and amendments, which will take effect at a later date:

IFRS 9 Financial Instruments, including amendments*. The new standard will replace the current IAS 39 standard 'Financial Instruments: Recognition and Measurement'. IFRS 9 will amend the classification and measurement of financial assets, and it contains a new 'expected loss' impairment model. The classification and measurement of financial liabilities corresponds, for the most part, to the current requirements of IAS 39. Where hedge accounting is concerned, there are still three types of hedging relationships. With the amendment, more risk positions are eligible for hedge accounting, and the hedge accounting principles have been better aligned with risk management. The Group is currently examining the possible impacts of the standard.

IFRS 15 Revenue from Contracts with Customers*
The new standard includes a five-step model for recognising revenue received on the basis of customer contracts and replaces the current IAS 18 and IAS 11 standards and their related interpretations. Revenue is recognised as control is passed, either over time or at a certain point in time. The standard also increases the number of notes to be presented. The Group is currently examining the possible impacts of the standard.

IFRIC 21 Levies. The interpretation covers accounting for outflows imposed on entities by governments.
The interpretation has not had an impact on the Group's financial statements.

Annual Improvements to IFRS standards 2012–2014*.
The changes are not significant and they do not have an impact on the Group's financial statements.

*not yet endorsed by the EU

2. INFORMATION ON TURNOVER AND SEGMENTS

TURNOVER, € 1,000	2014	2013
Grid service income	326,327	321,029
Imbalance power sales	150,734	158,522
Cross-border transmission	9,401	13,225
ITC income	12,157	8,301
Peak load capacity	8,009	13,376
EstLink congestion income	2,388	3,701
Nordic congestion income	48,857	18,594
Other turnover	9,282	6,341
Total	567,155	543,088

Through the grid services, a customer obtains the right to transmit electricity to and from the main grid through its connection point. Grid service is agreed by means of a grid service contract signed between a customer connected to the main grid and Fingrid. Fingrid charges a consumption fee, grid usage fee, connection point fee and market border fee for the grid service. The contractual terms are equal and public.

Transmission services on the cross-border connections to the other Nordic countries enable participation in the Nordic Elspot and Elbas exchange trade. Fingrid makes transmission services on the cross-border connections with Russia available to all electricity market parties. The transmission service is intended for fixed electricity imports. When making an agreement on transmission services from Russia, the customer reserves a transmission right (in MW) for a period of time to be agreed upon separately. The smallest unit that can be reserved is 50 MW. The contractual terms are equal and public.

Each electricity market party must ensure its electricity balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to stabilise the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids on their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

Congestion income is revenues that the transmission system operator receives from market parties for use of transmission capacity for those transmission links on which the capacity and operational reliability of the power system restricts the power transmission. Fingrid receives a contractual share of Nordic congestion income. Congestion income is used for investments aimed at eliminating the cause of congestion. 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.

Peak load power includes production capacity to safeguard the sufficiency of power based on a separate legal act.

Information on segments is not presented, because the entire business of the Fingrid Group is deemed to comprise transmission system operation in Finland with system responsibility, only constituting a single segment. There are no major differences in the risks and profitability of individual products and services.

3. OTHER OPERATING INCOME, € 1,000

	2014	2013
Rental income	1,267	1,620
Capital gains on fixed assets	1,048	1,458
Contributions received	200	215
Other income	2,105	778
Total	**4,619**	**4,071**

4. MATERIALS AND SERVICES, € 1,000

	2014	2013
Purchases during the financial year	244,132	242,026
Change in inventories, increase (-) or decrease (+)	-1,446	-954
Materials and consumables	242,687	241,072
External services	21,618	28,455
Total	**264,304**	**269,526**

5. EMPLOYEE BENEFITS EXPENSES, € 1,000	2014	2013
Salaries and bonuses	20,460	18,995
Pension expenses - contribution-based schemes	3,462	3,248
Pension expenses - benefit-based schemes*		-346
Other personnel expenses	1,071	950
Total	**24,993**	**22,847**

*Redemption of insured pension accrual related to an expired benefit-based pension scheme.

Salaries and bonuses of top management (note 37)	**1,438**	**1,582**

Since 2014, the Group has applied a remuneration system whose general principles were accepted by the Board of Directors of Fingrid Oyj on 13 February 2014. The total remuneration of the members of the executive management group consists of a fixed total salary, a one-year bonus scheme, and a three-year, long-term incentive scheme. The maximum amount of the one-year bonus scheme payable to the CEO is 25 per cent and to the other members of the executive management group 20 per cent of their annual salary. The maximum annual amount of the long-term incentive scheme payable to the CEO is 35 per cent and to the other members of the executive management group 25 per cent.

Number of salaried employees in the company during the financial year:	2014	2013
Personnel, average	305	277
Personnel, 31 Dec	313	287

6. DEPRECIATION, € 1,000	2014	2013
Intangible assets	1,580	1,338
Buildings and structures	6,659	5,715
Machinery and equipment	45,737	39,804
Transmission lines	36,408	33,769
Other property, plant and equipment	1,128	1,078
Total	**91,511**	**81,704**

7. OTHER OPERATING EXPENSES, € 1,000	2014	2013
Contracts, assignments etc. undertaken externally	45,746	40,192
Gains/losses from measuring electricity derivatives at fair value	-6,044	6,489
Rental expenses	2,598	6,173
Foreign exchange gains and losses	103	71
Other costs	5,746	4,876
Total	**48,149**	**57,802**

8. AUDITORS' FEES, € 1,000	2014	2013
Auditing fee	50	51
Other fees	150	97
Total	200	148

9. RESEARCH AND DEVELOPMENT, € 1,000	2014	2013
Research and development expenses	1,728	1,777
Total	1,728	1,777

10. FINANCE INCOME AND COSTS, € 1,000	2014	2013
Interest income on held-for-trading financial assets	859	1,180
Interest income on cash and cash equivalents and bank deposits	176	63
Dividend income	9	7
	1,044	1,249
Interest expenses on borrowings	-33,371	-33,041
Net interest expenses on interest rate and foreign exchange derivatives	10,508,	12,121,
Gains from measuring derivative contracts at fair value	13,784	2,138
Losses from measuring derivative contracts at fair value	-2,870	-11,696
Net foreign exchange gains and losses	128	-3
Other finance costs	-1,286	-1,185
	-13,108	-31,667
Capitalised finance costs, borrowing costs; at a capitalisation rate of 1.89% (note 17)	1,326	1,681
Total	-10,738	-28,736

11. INCOME TAXES, € 1,000	2014	2013
Direct taxes	20,203	20,885
Change in deferred taxes (note 27)	6,238	-24,331
Total	26,441	-3,446
Reconciliation of income tax:		
Profit before taxes	132,934	87,253
Tax calculated in accordance with the statutory tax rate in Finland 20.0%	26,587	
Tax calculated in accordance with the statutory tax rate in Finland 24.5%		21,377
Change in deferred tax resulting from change in tax rate		-24,547
Non-deductible expenses and tax-free income	-146	-276
Income taxes in the Consolidated Income Statement	26,441	-3,446

The company will pay its income taxes for 2014 in accordance with the underlying tax rate, with no tax planning.

12. TAXES RELATED TO OTHER ITEMS IN TOTAL COMPREHENSIVE INCOME, € 1,000

	2014			2013		
	Before taxes	Tax impact	After taxes	Before taxes	Tax impact	After taxes
Cash flow hedges				-4,425	433	-3,992
Translation reserve	-419		-419	-646		-646
Items related to non-current assets held for sale	20	-4	16	-2	0	-2
Total	**-399**	**-4**	**-403**	**-5,074**	**434**	**-4,640**

13. EARNINGS PER SHARE

	2014	2013
Profit for the financial year, € 1,000	106,493	90,699
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	32,028	27,278
Diluted earnings per share, €	32,028	27,278

14. DIVIDEND PER SHARE

Since the closing date, the Board of Directors has proposed that a dividend of EUR 21,655.44 for Series A shares and EUR 16,038.49 for Series B shares be distributed per share (Series A shares 29,788.26; Series B shares 16,038.50), totalling EUR 65.0 (81.9) million.

15. GOODWILL, € 1,000

	2014	2013
Cost at 1 Jan	87,920	87,920
Cost at 31 Dec	**87,920**	**87,920**
Carrying amount 31 Dec	**87,920**	**87,920**

The entire business of the Fingrid Group is transmission system operation in Finland with system responsibility, which the full goodwill of the Group is comprised of.

In impairment testing, the recoverable amount from business is defined by means of value in use. The cash flow forecasts used in impairment calculations are based on financial estimates derived from the company's ten-year strategy. The cash flows used in impairment testing are based on income and expenses from business operations and investments made according to the capital expenditure programme. The estimated cash flows cover the subsequent five-year period. The expected cash flows during the subsequent years are estimated by extrapolating the expected cash flows using a growth estimate of zero per cent. The discount rate before taxes used in the calculations is 4.0 (5.0) per cent. The discount rate has been lowered as a result of the general decline in interest rates. In management's view, reasonable changes in the primary assumptions used in the calculations will not lead to a need for recording impairment losses.

16. INTANGIBLE ASSETS, € 1,000	2014	2013
Land use rights		
Cost at 1 Jan	89,802	87,974
Increases 1 Jan–31 Dec	2,155	2,947
Decreases 1 Jan–31 Dec	-37	-1,119
Cost at 31 Dec	**91,920**	**89,802**
Carrying amount 31 Dec	**91,920**	**89,802**
Other intangible assets		
Cost at 1 Jan	28,102	26,925
Increases 1 Jan–31 Dec	1,727	1,358
Decreases 1 Jan–31 Dec		-181
Cost at 31 Dec	**29,829**	**28,102**
Accumulated depreciation according to plan 1 Jan	-25,153	-23,815
Depreciation according to plan 1 Jan–31 Dec	-1,580	-1,338
Carrying amount 31 Dec	**3,097**	**2,949**
Carrying amount 31 Dec	**95,016**	**92,751**

Land use rights are tested annually for impairment in connection with the testing of goodwill.
No need for impairment has been noted as a result of the testing.

17. PROPERTY, PLANT AND EQUIPMENT, € 1,000	2014	2013
Land and water areas		
Cost at 1 Jan	14,224	13,933
Increases 1 Jan–31 Dec	750	291
Cost at 31 Dec	**14,974**	**14,224**
Carrying amount 31 Dec	**14,974**	**14,224**
Buildings and structures		
Cost at 1 Jan	181,231	159,839
Increases 1 Jan–31 Dec	21,139	21,392
Cost at 31 Dec	**202,370**	**181,231**
Accumulated depreciation according to plan 1 Jan	-39,169	-33,454
Depreciation according to plan 1 Jan–31 Dec	-6,659	-5,715
Carrying amount 31 Dec	**156,541**	**142,061**
Machinery and equipment		
Cost at 1 Jan	974,980	880,407
Increases 1 Jan–31 Dec	40,316	95,244
Decreases 1 Jan–31 Dec	-13	-671
Cost at 31 Dec	**1,015,283**	**974,980**
Accumulated depreciation according to plan 1 Jan	-392,663	-353,295
Decreases, depreciation according to plan 1 Jan–31 Dec	8	435
Depreciation according to plan 1 Jan–31 Dec	-45,737	-39,804
Carrying amount 31 Dec	**576,891**	**582,317**

Transmission lines		
Cost at 1 Jan	1,167,798	1,031,935
Increases 1 Jan–31 Dec	46,437	139,890
Decreases 1 Jan–31 Dec	-693	-4,027
Cost at 31 Dec	**1,213,542**	**1,167,798**
Accumulated depreciation according to plan 1 Jan	-379,409	-347,748
Decreases, depreciation according to plan 1 Jan–31 Dec	394	2,108
Depreciation according to plan 1 Jan–31 Dec	-36,408	-33,769
Carrying amount 31 Dec	**798,120**	**788,389**
Other property, plant and equipment		
Cost at 1 Jan	21,948	20,674
Increases 1 Jan–31 Dec	284	1,274
Cost at 31 Dec	**22,232**	**21,948**
Accumulated depreciation according to plan 1 Jan	-13,423	-12,486
Depreciation according to plan 1 Jan–31 Dec	-903	-937
Carrying amount 31 Dec	**7,906**	**8,525**
Prepayments and purchases in progress		
Cost at 1 Jan	81,674	120,174
Increases 1 Jan–31 Dec	93,383	168,343
Transfers to other tangible and intangible assets 1 Jan–31 Dec	-96,371	-206,843
Cost at 31 Dec	**78,687**	**81,674**
Carrying amount 31 Dec	**78,687**	**81,674**
Capitalised interest		
Cost at 1 Jan	6,410	4,728
Increases 1 Jan–31 Dec (note 10)	1,326	1,681
Cost at 31 Dec	7,735	6,410
Accumulated depreciation according to plan	-174	-33
Depreciation on capitalised interest according to plan 1 Jan–31 Dec	-225	-141
Carrying amount 31 Dec	**7,336**	**6,236**
Carrying amount 31 Dec	**86,023**	**87,910**
Carrying amount 31 Dec Property, plant and equipment	**1,640,454**	**1,623,426**

The item 'Prepayments and purchases in progress' contains the prepayments of noncurrent property, plant and equipment and intangible assets, and acquisition costs caused by capital expenditure in progress.

18. INVESTMENTS, € 1,000	2014	2013
Available-for-sale investments		
Cost at 1 Jan	300	302
Decreases 1 Jan–31 Dec	-57	
Changes in fair value 1 Jan–31 Dec	20	-2
Carrying amount 31 Dec	**262**	**300**
The changes in fair value are recorded in equity (note 26).		
Interests in associated companies		
Cost at 1 Jan	10,416	8,292
Increases, eSett Oy		2,001
Share of profit 1 Jan–31 Dec	854	709
Share issue Nord Pool Spot AS 30 Aug 2013		360
Translation reserve 1 Jan–31 Dec	-419	-649
Dividends 1 Jan–31 Dec	-337	-300
Carrying amount 31 Dec	**10,515**	**10,416**
Carrying amount 31 Dec	**10,777**	**10,716**
Carrying amount of associated companies includes goodwill 31 Dec.	3,245	3,245

There are no material temporary differences related to associated companies on which deferred tax assets or liabilities have been recognised.

Financial summary of associated companies, €1,000

2014	Non-current assets	Non-current liabilities	Current assets	Current liabilities	Turnover	Profit/loss	Dividends received during the financial period	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	3,040		360,661	335,303	25,576	5,588	337	18.8
Porvoon Alueverkko Oy, Porvoo, Finland	3,352	2,871	1,217	1,007	7,486	9		33.3
eSett Oy, Helsinki, Finland	3,368	4,800	6,960	377		-851		33.3

2013	Non-current assets	Non-current liabilities	Current assets	Current liabilities	Turnover	Profit/loss	Dividends received during the financial period	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	4,182		246,541	223,916	21,299	3,899	300	18.8
Porvoon Alueverkko Oy, Porvoo, Finland	3,546	3,110	2,909	2,858	7,535	9		33.3
eSett Oy, Helsinki, Finland	6,455			457		-4		33.3

The Group's associated companies indicated in the tables are treated in the consolidated financial statements using the equity method of accounting.
The Nordic Balance Settlement (NBS) will be introduced in Finland in February 2016. When the NBS begins its operations, management of the balance settlement services will transfer from Fingrid's Balance Service Unit to eSett Oy.

Subsidiary shares 31 Dec 2014	Ownership (%)	Ownership (%)
Finextra Oy, Helsinki, Finland	100	100

19. INVENTORIES, € 1,000	2014	2013
Materials and consumables at 1 Jan	12,604	11,363
Work in progress	239	34
Total	**12,843**	**11,397**

The cost of inventories recognised as an expense was EUR 2.4 (1.7) million.

20. OTHER NON-CURRENT RECEIVABLES, € 1,000	2014	2013
Depreciation on the electricity grid from associated companies	1,600	
Guarantee fund Nasdaq OMX, pledged account	794	813
Guarantee account Nasdaq OMX	197	3,500
Total	**2,591**	**4,313**

21. TRADE RECEIVABLES AND OTHER RECEIVABLES, € 1,000	2014	2013
Trade receivables	41,891	59,037
Trade receivables from associated companies (note 37)	2,257	2,561
Prepayments and accrued income	13,514	14,399
Prepayments and accrued income from associated companies (note 37)	2	
Other receivables	34	25
Total	**57,699**	**76,021**

Essential items included in prepayments and accrued income	2014	2013
Accruals of sales	3,051	430
Accruals of purchases/prepayments	4,132	6,427
Interest receivables	6,144	7,352
Rents/prepayments	188	190
Total	**13,514**	**14,399**

Ageing of trade receivables	2014	2013
Trade receivables not overdue	44,149	61,419
Trade receivables 1–30 days overdue		179
Trade receivables more than 60 days overdue	0	
Total	**44,149**	**61,598**

In 2014, the company recorded impairment losses on trade receivables totalling EUR 311,148.95, incl. 24% VAT due to a customer filing for bankruptcy.

Trade receivables and other receivables broken down by currency, €1,000	2014	2013
EUR	57,699	76,021
Total	**57,699**	**76,021**

The fair value of trade receivables and other receivables does not materially differ from the balance sheet value.

22. FINANCIAL ASSETS, € 1,000

	2014	2013
Certificates of deposit		39,982
Commercial papers	87,315	134,818
Short-term money market funds	29,379	20,173
Total	**116,694**	**194,973**

Financial assets are recognised at fair value and the changes in fair value are presented in the income statement in finance income and costs.

23. CASH AND CASH EQUIVALENTS, € 1,000

	2014	2013
Cash assets and bank balances	62,278	22,050
Pledged accounts	289	289
Total	**62,566**	**22,339**

24. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, € 1,000

Balance sheet item 31 Dec 2014	Loans and other receivables/ liabilities	Assets/ liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/ liabilities measured at amortised cost	Total	Note
Non-current financial assets:						
Available-for-sale investments			262		262	18
Interest rate and currency derivatives		47,150			47,150	30
Current financial assets						
Interest rate and currency derivatives		12,236			12,236	30
Trade receivables and other receivables	51,555				51,555	21
Financial assets recognised in the income statement at fair value		116,694			116,694	22
Cash in hand and bank receivables		62,566			62,566	23
Financial assets total	**51,555**	**238,646**	**262**		**290,464**	
Non-current financial liabilities:						
Borrowings				962,324	962,324	28
Interest rate and currency derivatives		29,160			29,160	30
Current financial liabilities						
Borrowings				263,033	263,033	28
Interest rate and currency derivatives		2,492			2,492	30
Trade payables and other liabilities	46,127			17,193	63,320	31
Financial liabilities total	**46,127**	**31,652**		**1,242,550**	**1,320,329**	

Balance sheet item 31 Dec 2013	Loans and other receiva-bles/ liabilities	Assets/ liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/ liabilities measured at amortised cost	Total	Note
Non-current financial assets:						
Available-for-sale investments			300		300	18
Interest rate and currency derivatives		48,883			48,883	30
Current financial assets						
Interest rate and currency derivatives		2,887			2,887	30
Trade receivables and other receivables	68,669				68,669	21
Financial assets recognised in the income statement at fair value		194,973			194,973	22
Cash in hand and bank receivables		22,339			22,339	23
Financial assets total	**68,669**	**269,081**	**300**		**338,355**	
Non-current financial liabilities:						
Borrowings				975,295	975,295	28
Interest rate and currency derivatives		17,012			17,012	30
Current financial liabilities						
Borrowings				318,695	318,695	28
Interest rate and currency derivatives		1,121			1,121	30
Trade payables and other liabilities	41,448			16,485	57,933	31
Financial liabilities total	**41,448**	**18,133**		**1,310,475**	**1,370,056**	

Netting of financial assets and liabilities

The following financial assets and liabilities relate to enforceable master netting agreements and similar agreements: The fair values of derivatives are presented in the balance sheet in gross amounts. Under an ISDA agreement, netting can take place in conditional circumstances such as default or bankruptcy. The table presents a situation in which derivative receivables and liabilities are netted in the balance sheet.
Trade receivables and trade payables of the Balance Service Unit which are invoiced in net amounts in accordance with a balance service agreement.

	2014				2013			
	Gross amount of recognised financial assets	Gross amount of netted financial liabilities	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial assets presented in the balance sheet	Gross amount of financial assets	Gross amount of netted financial liabilities	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial assets presented in the balance sheet
Derivative receivables	46,094	-17,719	28,375		48,445	-14,463	33,982	
Trade receivables	53,342	-9,193		44,149	72,422	-10,824		61,598
Total	99,436	-26,912		44,149	120,867	-25,287	33,982	61,598

	2014				2013			
	Gross amount of financial liabilities	Gross amount of netted financial assets	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial liabilities presented in the balance sheet	Gross amount of financial liabilities	Gross amount of netted financial assets	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial liabilities presented in the balance sheet
Derivative liabilities	-18,360	17,719	-641		-14,808	14,463	-345	
Trade payables	36,879	-9,193		27,686	34,694	-10,824		23,870
Total	18,519	8,525		27,686	19,886	3,639	-345	23,870

25. FAIR VALUE HIERARCHY, € 1,000

	2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value						
Available-for-sale investments	78	190		58	190	
Interest rate and currency derivatives		59,386			34,509	
Financial assets recognised in the income statement at fair value	29,379	87,315	87,315	20,173	174,800	
Financial assets held at fair value total	**29,457**	**146,891**	**87,315**	**20,321**	**209,498**	
Financial liabilities held at fair value						
Interest rate and currency derivatives		31,652			872	
Electricity forward contracts, NASDAQ OMX Commodities	32,165			38,208		
Financial liabilities held at fair value total	**32,165**	**31,652**		**38,208**	**872**	

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 in its entirety that is significant to the 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.

26. EQUITY

Equity is composed of the share capital, share premium account, revaluation reserve (incl. hedging and fair value reserves), translation reserve, and retained earnings. The hedging reserve includes changes in the fair value of hedging instruments for loss energy. The fair value reserve includes changes in the fair value of available-for-sale investments. The translation reserve includes translation differences in the net capital investments of associated companies in accordance with the purchase method of accounting. The profit for the financial year is recorded in retained earnings.

Share capital and share premium account, € 1,000	Share capital	Share premium account	Total
1 Jan 2013	55,922	55,922	111,845
Change			
31 Dec 2013	55,922	55,922	111,845
Change			
31 Dec 2014	**55,922**	**55,922**	**111,845**

The share capital is broken down as follows:	Number of shares, qty	Of all shares, %	Of votes, %
Series A shares	2,078	62.49	83.32
Series B shares	1,247	37.51	16.68
Total	**3,325**	**100.00**	**100.00**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2014	2,078	1,247	3,325
Change			
31 Dec 2014	**2,078**	**1,247**	**3,325**

The maximum number of shares is 13,300, as in 2013. 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 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. Series B shares have no right to receive any other dividend.

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.

Shareholders by category, 31 Dec	Number of shares, qty	Of all shares, %	Of votes, %
Public entities	2,251	67.70	77.33
Financial and insurance institutions	1,074	32.30	22.67
Total	**3,325**	**100.00**	**100.00**

Shareholders, 31 Dec	Number of shares, qty	Of all shares, %	Of votes, %
Republic of Finland	1,382	41.56	55.42
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
The State Pension Fund	484	14.56	6.47
National Emergency Supply Agency	385	11.58	15.44
Elo Mutual Pension Insurance Company	150	4.51	2.01
Pohjola Insurance Ltd	150	4.51	2.01
LocalTapiola General Mutual Insurance Company	50	1.50	0.67
LocalTapiola Mutual Life Insurance Company	47	1.41	0.63
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
Total	**3,325**	**100.00**	**100.00**

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.

Revaluation reserve
The revaluation reserves include changes in the fair value of derivative instruments used for hedging cash flow (hedging reserve) and changes in the fair value of available-for-sale investments (publicly quoted and unquoted securities) (fair value reserve).

Hedging reserve, €1,000	2014	2013
1 Jan	-11,571	-7,578
Changes in fair value during the financial year		-4,425
Taxes		433
Hedging reserve 31 Dec	**-11,571**	**-11,571**

Fair value reserve, €1,000	2014	2013
1 Jan	12	14
Changes in fair value during the financial year	20	-2
Taxes on changes in fair value during financial year	-4	0
Fair value reserve 31 Dec	**28**	**12**

Translation reserve, €1,000	2014	2013
Translation reserve 31 Dec	**-422**	**-3**

The translation reserve includes the translation differences resulting from converting the financial statements of the foreign associated company.

Dividends, €1,000	2014	2013
Dividends paid	81,900	13,148

The proposal for dividend distribution for the financial year 2014 is presented in note 14.

Retained earnings, €1,000	2014	2013
Profit from previous financial years	460,516	451,717
Profit for the financial year	106,493	90,699
Retained earnings 31 Dec	**567,009**	**542,416**

27. DEFERRED TAX ASSETS AND LIABILITIES, €1,000

Changes in deferred taxes in 2014:

	31 Dec 2013	Recorded in income statement at profit or loss	Recorded in other comprehensive income	31 Dec 2014
Deferred tax assets				
Provisions	347	-10		337
Current financial receivables	1,222	-1,222		
Trade payables and other liabilities	379	-15		365
Interest-bearing borrowings	3,932	-2,975		957
Derivative instruments	7,751	1,243		8,995
Other items	12	9		21
Total	**13,643**	**-2,969**		**10,674**
Deferred tax liabilities				
Depreciation difference	-89,779			-89,779
Tangible and intangible assets	-20,503	-2,223		-22,726
Available-for-sale investments	-21		-4	-25
Other receivables	-1,471	242		-1,229
Financial assets recognised in the income statement at fair value	-124	38		-85
Non-current financial receivables	-7,878	-422		-8,299
Current financial receivables		-905		-905
Total	**-119,775**	**-3,269**	**-4**	**-123,048**

Changes in deferred taxes in 2013:

	31 Dec 2012	Recorded in income statement at profit or loss	Recorded in other comprehensive income	31 Dec 2013
Deferred tax assets				
Provisions	458	-111		347
Current financial receivables	1,235	-13		1,222
Trade payables and other liabilities	506	-127		379
Interest-bearing borrowings	12,057	-8,125		3,932
Derivative instruments	7,381	-63	433	7,751
Other items	47	-35		12
Total	**21,683**	**-8,473**	**433**	**13,643**
Deferred tax liabilities				
Depreciation difference	-109,980	20,200		-89,779
Tangible and intangible assets	-22,414	1,911		-20,503
Available-for-sale investments	-22		1	-21
Other receivables	-2,007	537		-1,471
Financial assets recognised in the income statement at fair value	-145	22		-124
Non-current financial receivables	-18,010	10,133		-7,878
Total	**-152,579**	**32,803**	**1**	**-119,775**

28. BORROWINGS, €1,000

	2014		2013	
Non-current	Fair value	Balance sheet value	Fair value	Balance sheet value
Bonds	883,954	768,749	812,812	765,295
Loans from financial institutions	210,364	193,576	220,917	210,000
	1,094,318	962,324	1,033,730	975,295
Current	Fair value	Balance sheet value	Fair value	Balance sheet value
Bonds	89,151	87,263	101,963	100,081
Loans from financial institutions	17,931	16,424	4,048	4,000
Other loans/Commercial papers (international and domestic)	159,480	159,346	214,683	214,614
	266,561	263,033	320,694	318,695
Total	**1,360,879**	**1,225,358**	**1,354,424**	**1,293,990**

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. The discount rate includes the company-specific and loan-specific risk premium. Borrowings denominated in foreign currencies are translated into euros at the mid-rate quoted by the ECB at the closing date.
The fair value of loans is categorised into level 2 of the fair value hierarchy.

Bonds included in borrowings, €1,000				**2014**	**2013**
Currency	Nominal value	Maturity date	Interest		
EUR	24,000	02.07.2014	floating rate		24,000
EUR	18,000	11.11.2014	floating rate		18,000
EUR	8,000	11.11.2014	floating rate		8,000
EUR	10,000	20.11.2014	3.26%		10,000
EUR	20,000	11.04.2017	floating rate	20,000	20,000
EUR	25,000	11.04.2017	floating rate	25,000	25,000
EUR	30,000	15.06.2017	3.07%	30,000	30,000
EUR	30,000	11.09.2023	2.71%	30,000	30,000
EUR	300,000	03.04.2024	3.50%	298,718	298,603
EUR	25,000	27.03.2028	2.71%	25,000	25,000
EUR	10,000	12.09.2028	3.27%	10,000	10,000
EUR	80,000	24.04.2029	2.95%	80,000	
EUR	30,000	30.05.2029	2.89%	30,000	
				548,718	**498,603**
JPY	3,000,000	20.04.2015	1.45%	20,657	20,730
JPY	500,000	22.06.2017	1.28%	3,443	3,455
				24,100	**24,185**

NOK	170,000	19.11.2014	4.68%		20,328
NOK	200,000	17.10.2016	5.15%	22,119	23,915
NOK	200,000	11.04.2017	5.16%	22,119	23,915
NOK	200,000	10.11.2017	5.12%	22,119	23,915
NOK	200,000	12.11.2019	5.37%	22,119	23,915
NOK	100,000	16.09.2025	4.31%	11,060	11,957
				99,536	**127,945**
SEK	175,000	04.04.2014	4.30%		19,754
SEK	300,000	15.06.2015	3.20%	31,939	33,863
SEK	100,000	17.06.2015	3.10%	10,646	11,288
SEK	220,000	01.12.2015	interest rate structure	24,022	25,654
SEK	100,000	15.01.2016	3.30%	10,646	11,288
SEK	500,000	18.10.2016	floating rate	53,175	56,439
SEK	500,000	18.10.2016	3.50%	53,231	56,358
				183,659	**214,644**
Bonds, non-current, total				768,749	765,295
Bonds, current, total				87,263	100,081
Total				**856,012**	**865,376**

Maturity of non-current borrowings, €1,000

	2016	2017	2018	2019	2019+	Total
Bonds	139,171	122,681		22,119	484,778	**768,749**
Loans from financial institutions	20,710	21,662	21,662	21,662	107,879	**193,576**
Total	**159,881**	**144,343**	**21,662**	**43,781**	**592,656**	**962,324**

The company's finances are planned over a long time span, and the company is ensured sufficient latitude and independent power of decision in the management of its finances. The company aims to secure sufficient cash flow for the long-term development of transmission capacity, secured operational reliability and development of the electricity market so that the tariff level remains moderate. The company targets the lowest possible average capital costs by utilising the lower cost of debt financing as compared to equity cost. However, the goal is to keep the level of cash flow and the company's debt service ratios at such a level that the company retains its high credit rating. The high credit rating enables the company to tap into the international and domestic money and loan capital markets.

29. PROVISIONS, €1,000

	2014	2013
Provisions 1 Jan	1,735	1,869
Provisions used	-50	-134
Provisions 31 Dec	**1,685**	**1,735**

30. DERIVATIVE INSTRUMENTS, €1,000

	2014				2013			
	Fair value		Net fair	Nominal	Fair value		Net fair	Nominal
	Pos.	Neg.	value	value	Pos.	Neg.	value	value
Interest rate and currency derivatives	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Currency swaps	28,599	-19,758	8,841	321,383	39,830	-9,225	30,605	366,033
Forward contracts	3,308		3,308	55,401		-872	-872	135,347
Interest rate swaps	27,480	-11,894	15,585	365,000	11,939	-8,036	3,904	471,000
Interest rate options bought				310,000				350,000
Total	**59,386**	**-31,652**	**27,734**	**1,051,783**	**51,770**	**-18,133**	**33,637**	**1,322,381**

	Fair value		Net fair	Volume	Fair value		Net fair	Volume
	Pos.	Neg.	value	TWh	Pos.	Neg.	value	TWh
Electricity derivatives	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Electricity forward contracts designated as hedge accounting NASDAQ OMX Commodities						-18,091	-18,091	1.76
Electricity forward contracts not designated as hedge accounting NASDAQ OMX Commodities		-32,165	-32,165	4.19		-20,117	-20,117	2.21
Total		**-32,165**	**-32,165**	**4.19**		**-38,208**	**-38,208**	**3.97**

The reference rate for interest rate options is the 6-month Euribor. The option premium is paid in full to the counterparty at the contract date.
The company uses electricity derivatives to hedge the price risk of future loss energy purchases.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last trading day of 2014.

Maturity of derivative contracts:

Nominal value, €1,000	2015	2016	2017	2018	2019	2019+	Total
Interest rate swaps	30,000	70,000		105,000	60,000	100,000	365,000
Interest rate options	220,000	90,000					**310,000**
Currency swaps	87,485	144,809	52,852		23,725	12,512	**321,383**
Forward contracts	55,401						**55,401**
Total	**392,886**	**304,809**	**52,852**	**105,000**	**83,725**	**112,512**	**1,051,783**

TWh	2015	2016	2017	2018	2019	2019+	Total
Electricity derivatives	1.38	1.24	0.79	0.53	0.26		**4.19**
Total	**1.38**	**1.24**	**0.79**	**0.53**			**4.19**

31. TRADE PAYABLES AND OTHER LIABILITIES, €1,000	2014	2013
Trade payables	27,181	23,527
Trade payables to associated companies	504	343
Interest payable	17,193	16,485
Advances received on orders	437	
Value added tax	5,304	8,895
Electricity tax	2,866	2,624
Accruals	17,409	17,010
Other liabilities	595	568
Total	**71,490**	**69,452**

Essential items included in accruals	2014	2013
Personnel costs	3,590	4,069
Accruals of sales and purchases	9,622	10,311
Other accruals	4,198	2,630
Total	**17,409**	**17,010**

32. COMMITMENTS AND CONTINGENT LIABILITIES, €1,000	2014	2013
Pledges		
Pledge covering property lease agreements	9	9
Pledge covering customs credit account	280	280
Pledge covering electricity exchange purchases	991	4,313
	1,279	**4,601**
Unrecorded investment commitments	**143,527**	**137,441**
Other financial commitments		
Counter-guarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	355	565
Commitment fee for subsequent years	815	1,170
	2,907	**3,473**

33. OTHER RENTAL AND RIGHT-OF-USE AGREEMENTS, €1,000	2014	2013
Minimum rental obligations of other irrevocable lease agreements:		
In one year	2,456	2,220
In more than one year and less than five years	10,686	9,239
In more than five years	13,907	16,053
Total	**27,048**	**27,512**
Right-of-use agreements for gas turbine power plants:		
In one year	9,905	7,786
In more than one year and less than five years	43,514	42,857
In more than five years	46,469	55,071
Total	**99,888**	**105,714**

The Group's lease agreements relate to office premises. The durations of the lease agreements range from less than one year to fifteen years, and the contracts can usually be extended after the original date of expiration. The index, renewal and other terms of the different agreements vary.

The Group has leased, for instance, several land areas and some 110 kilovolt transmission lines and circuit breaker bays.

Under its system responsibility, Fingrid is also obligated to maintain a fast-active disturbance reserve to prepare for disruptions to the power system. In order to ensure the availability of the fast-active disturbance reserve, Fingrid has, in addition to its reserve power plant capacity, acquired power plant capacity suited to this purpose as well as disconnectable loads for industry by long-term agreement.

34. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

Fingrid appealed to the Market Court against the decision of the Energy Market Authority on 23 November 2011 (record number 831/430/2011): the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the control period starting 1 January 2012 and ending on 31 December 2015. The Market Court rejected Fingrid's appeal on 21 December 2012. Fingrid has appealed the decision of the Market Court to the Supreme Administrative Court.

There are no other ongoing legal proceedings or proceedings by authorities that would have a material impact on Fingrid's business.

35. RISK MANAGEMENT

The objective of Fingrid's risk management is to make preparations for cost-effective measures providing protection against damage and loss relating to risks and to make the entire personnel committed to considering the risks pertaining to the company, its various organisational units and each employee. In order to fulfil these objectives, risk management is continuous and systematic.
The significance of individual risks or risk entities is assessed against the present level of protection, taking into account the probability of a disadvantageous event, its financial impact and impact on corporate image or on the attainment of the business goals.
The Board approves the key principles of internal control and risk management and the changes made 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 on the major risks relating to the operations of the company and on the management of such risks.

FINANCIAL RISK MANAGEMENT

Fingrid Oyj is exposed to market, liquidity and credit risks when managing the company's financial position. 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.

Principles for financing

The Board of Directors of Fingrid Oyj approves the principles for financing which define how Fingrid Oyj manages financing as a whole, encompassing securing external financing, managing liquidity, managing counterparty risks and financial risks, and supporting business operations in matters related to financing in general. 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 the practical measures related to securing financing and managing liquidity and financial and counterparty risks, in line with the company's financing principles and policy. The CFO oversees the day-to-day organisation, reporting and adequate control of financing, and reports regularly to the President and CEO and the Board of Directors (Audit Committee). The Treasury function is furthermore responsible for identifying, measuring and reporting the financial risks that the company may be exposed to.

Risk management processes

The Treasury is in charge of risk monitoring, systems and the models and methods used to calculate and assess risks. The internal audit additionally ensures that there is compliance with the principles for financing and the internal guidelines.

Market risks

Fingrid Oyj uses derivative contracts in order to hedge market risks such as foreign exchange, interest rate and commodity price risks. Derivative contracts are concluded for hedging purposes only. The permitted hedging instruments are defined in the financing or loss energy purchasing policies and are chosen in order to achieve the most effective hedging possible for the risks in question.

Currency risk

The functional currency of the company is the euro. In principle, currency risks are fully hedged. A risk that amounts to less than EUR 5 million when realised can be unhedged for reasons of cost-effectiveness.

Transaction risk

The company issues securities in the international and domestic money and loan capital markets. The company's loan portfolio is spread across different convertible currencies, and the total debt portfolio and the related interest rate flows are hedged against the currency risk.

The currency risk for each bond is hedged in conjunction with its issuance. Business-related currency risks are small and they are mainly hedged.

During the financial year, the company used foreign exchange forwards and currency swaps to hedge transaction risks. The tables below first illustrate the currency distribution and degree of hedging on the company's borrowings, and then the sensitivity analysis of the euro against the foreign currency in question.

Currency distribution and hedging degree of borrowings, € 1,000

Currency distribution 31 Dec 2014	Carrying amount	Share, %	Hedging degree	Currency distribution 31 Dec 2013	Carrying amount	Share, %	Hedging degree
EUR	863,688	70		EUR	793,577	61	
GBP	25,597	2	100	GBP	41,910	3	100
JPY	24,100	2	100	JPY	24,185	2	100
NOK	99,536	8	100	NOK	127,945	10	100
SEK	183,659	15	100	SEK	214,644	17	100
USD	28,779	2	100	USD	91,729	7	100
Total	**1,225,358**	**100**	**100**	**Total**	**1,293,990**	**100**	**100**

The sensitivity analysis of changes in the foreign exchange rate is measured as a 10 per cent change between the euro and the currency in question. The company's result is not subject to exchange rate differentials, since the foreign-currency-denominated debt is hedged against changes in the foreign exchange rate. In the figures presented in the tables below, a negative figure would increase foreign exchange losses and a positive figure would correspondingly increase foreign exchange gains.

Exchange rate changes, € 1,000

31 Dec 2014		Bonds	Commercial papers	Total	Currency swaps	Forward contracts	Total	Net exposure total
GBP	+10 %		-2,852	-2,852		2,852	2,852	0
	- 10 %		2,333	2,333		-2,333	-2,333	0
JPY	+10 %	-2,721		-2,721	2,721		2,721	0
	- 10 %	2,227		2,227	-2,227		-2,227	0
NOK	+10 %	-12,610		-12,610	12,610		12,610	0
	- 10 %	10,318		10,318	-10,318		-10,318	0
SEK	+10 %	-21,066		-21,066	21,066		21,066	0
	- 10 %	17,236		17,236	-17,236		-17,236	0
USD	+10 %		-3,203	-3,203		3,203	3,203	0
	- 10 %		2,882	2,882		-2,882	-2,882	0

Exchange rate changes, € 1,000

31 Dec 2013		Bonds	Commercial papers	Total	Currency swaps	Forward contracts	Total	Net exposure total
GBP	+10 %		4,661	4,661		-4,661	-4,661	0
	- 10 %		3,814	3,814		-3,814	-3,814	0
JPY	+10 %	-2,757		-2,757	2,757		2,757	0
	- 10 %	2,256		2,256	-2,256		-2,256	0
NOK	+10 %	-15,567		-15,567	15,567		15,567	0
	- 10 %	12,805		12,805	-12,805		-12,805	0
SEK	+10 %	-24,569		-24,569	24,569		24,569	0
	- 10 %	20,176		20,176	-20,176		-20,176	0
USD	+10 %		10,193	10,193		-10,193	-10,193	0
	- 10 %		9,174	9,174		-9,174	-9,174	0

Translation risk

The company has an equity investment in Norwegian kroner in an associated company. This translation risk is unhedged. The sensitivity analysis (using a 10 per cent change) is presented in the following table. The table shows a 10 per cent change in the Norwegian krone and the impact of the change on the company's equity.

Translation risk, € 1,000		2014	2013
		Equity 31 Dec 2014	Equity 31 Dec 2013
NOK	+10 %	593	560
	-10 %	-485	-458

Interest rate risk

The company is only exposed to the interest rate risk in euros, because the company's borrowings are, both in terms of principal and interest payments, hedged against exchange rate risks, and the financial assets are denominated in euros.
The interest rate risk is managed in accordance with the principles for financing. Until the end of 2014, the interest rate risk on the loan portfolio was managed such that 30–70 per cent of the interest costs were hedged over the subsequent five years. When interest rates are high, the hedging level is kept close to the lower limit of the range, and when interest rates are low, the hedging level is kept close to the upper limit of the range. The interest rate level is considered to be low when the 6-month Euribor is 3 per cent or lower. The interest rate level is considered to be high when the 6-month Euribor is 5 per cent or higher. At the end of 2014, 61 per cent (63%) of the interest costs for the next five years were hedged.

As of 1 Jan 2015, interest rate risk management will include optimisation of the future interest rate risk of business operations (risk-free interest in the so-called WACC model) together with the company's net debt interest rate risk through a regulatory model specified by the Energy Authority. The objective of managing the interest rate risk on the loan portfolio is to minimise interest costs in the long term. The basic principle is to keep the interest rate exposure of the company's loan portfolio (gross) linked to a floating rate of interest; in other words, at most an average interest rate period of 12 months is targeted.

Interest rate sensitivity is measured as a 1 percentage unit change in interest rate costs over a period of 12 months starting from the closing date. The analysis of interest rate sensitivity is carried out on borrowings, on the derivatives portfolio hedging the interest rate exposure, and on cash and cash equivalents, resulting in a net debt position exposed to interest rate fluctuations.

Interest rate sensitivity, € 1,000	2014		2013	
	-1% unit	+1% unit	-1% unit	+1% unit
Borrowings	4,982	-4,982	6,195	-6,195
Interest rate derivatives	-999	999	-1,101	1,101
Borrowings, total	3,982	-3,982	5,094	-5,094
Financial assets and cash	-669	669	-1,696	1,696
Net borrowings, total	**3,314**	**-3,314**	**3,398**	**-3,398**

Commodity risk

The company is exposed to electricity price and volume risk through transmission losses. Loss energy purchases and the hedging thereof are based on the corporate financial and procurement principles approved by the Board of Directors. The time span of price hedging is five years, divided into three parts: basic, budgetary and operative hedging. Moreover, the company has a loss energy purchasing policy, approved by the Executive Management Group, for hedging and for physical electricity purchases, as well as operative instructions, instructions for price hedging and control room instructions. For the price hedging of loss energy purchases, the company mainly uses NASDAQ OMX Commodities quoted products.

The company can also use OTC products, corresponding products at NASDAQ OMX Commodities; these products are settled on the electricity exchange.

If the market prices of electricity derivatives had been 20% higher or lower on the closing date, the change in the fair value of electricity derivatives would have been EUR 27.6 million euros higher or lower (EUR 25.3 million in 2013).

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). As a rule, the price risk of the commodity and the exchange rate risks are fully hedged. A risk that amounts to less than EUR 5 million when realised can be unhedged for reasons of cost-effectiveness.

Liquidity risk and refinancing 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 110% of the refinancing needs for the next 12 months can be covered by liquid assets and available long-term committed credit lines; however, such that the refinancing need may not account for

more than 30% of the total amount of the company's debt financing. The company has a revolving credit facility of EUR 250 million to secure liquidity. The revolving credit facility will mature on 18 April 2018. It has not been drawn.

The company's funding is handled through debt issuance programmes. The company operates in the international debt capital market by issuing bonds under the Euro Medium Term Note Programme. The programme size is EUR 1.5 billion. Short-term funding is arranged through commercial paper programmes: a Euro Commercial Paper Programme of EUR 600 million and a domestic commercial paper programme of EUR 150 million. The refinancing risk is minimised by building an even maturity profile such that the share of non-current loans in a single calendar year constitutes less than 30 per cent of the total debt and the average maturity of the company's loan portfolio is at least three years.

Contractual repayments and interest costs on borrowings are presented in the next table. The interest rates on floating-rate loans are defined using the zero coupon curve. 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.

Fingrid's existing loan agreements, debt or commercial paper programmes are uncollateralized and do not include any financial covenants based on financial key figures.

Contractual repayments and interest costs on borrowings, and payments and receivables on financial derivatives, which are paid in cash € 1,000

31 Dec 2014		2015	2016	2017	2018	2019	2019+	Total
Bonds	- repayments	87,263	139,171	122,681		22,119	484,778	856,012
	- interest costs	27,508	24,703	20,477	17,208	17,208	99,919	207,023
Loans from financial	- repayments	16,424	20,710	21,662	21,662	21,662	107,879	210,000
institutions	- interest costs	4,360	3,860	3,591	3,274	2,928	9,512	27,525
Commercial papers	- repayments	159,346						159,346
	- interest costs	160						160
Currency swaps	- payments	89,320	146,414	53,499	410	24,199	13,930	327,772
Interest rate swaps	- payments	4,384	3,804	2,365	2,448	1,550	8,033	22,584
Forward contracts	- payments	52,093						52,093
Guarantee commitments*	- payments	1,700						1,700
Total		**442,558**	**338,662**	**224,275**	**45,002**	**89,666**	**724,050**	**1,864,214**
Currency swaps	- receivables	97,889	146,377	51,426	1,664	23,606	13,833	334,796
Interest rate swaps	- receivables	4,834	4,745	4,772	4,081	3,596	16,557	38,585
Forward contracts	- receivables	55,401						55,401
Total		**158,124**	**151,122**	**56,198**	**5,745**	**27,202**	**30,390**	**428,781**
Total		**284,434**	**187,540**	**168,077**	**39,257**	**62,464**	**693,660**	**1,435,433**

*Counter-guarantee in favour of an associated company. No payment claims have been presented to Fingrid.

Contractual repayments and interest costs on borrowings, and payments and receivables on financial derivatives, which are paid in cash € 1,000

31 Dec 2013		2014	2015	2016	2017	2018	2018+	Total
Bonds	- repayments	100,081	91,535	148,000	126,285		399,475	865,376
	- interest costs	28,115	24,930	23,476	17,879	14,117	82,004	190,521
Loans from financial	- repayments	4,000	16,424	20,710	21,662	21,662	129,541	214,000
institutions	- interest costs	4,573	4,603	4,704	4,584	4,350	16,309	39,123
Commercial papers	- repayments	214,614						214,614
	- interest costs	167						167
Currency swaps	- payments	41,968	90,450	148,499	54,500	1,035	40,388	376,840
Interest rate swaps	- payments	5,083	5,031	5,307	4,395	4,776	25,051	49,643
Forward contracts	- payments	135,537	681					136,218
Guarantee commitments*	- payments	1,700						1,700
Total		**535,839**	**233,654**	**350,696**	**229,305**	**45,940**	**692,768**	**2,088,201**
Currency swaps	- receivables	53,840	102,119	157,804	55,565	1,800	40,763	411,891
Interest rate swaps	- receivables	5,975	5,770	6,848	6,990	6,766	20,743	53,092
Forward contracts	- receivables	134,702	645					135,347
Total		**194,517**	**108,534**	**164,652**	**62,555**	**8,566**	**61,506**	**600,330**
Total		**341,321**	**125,120**	**186,044**	**166,750**	**37,374**	**631,261**	**1,487,871**

*Counter-guarantee in favour of an associated company. No payment claims have been presented to Fingrid.

Credit risks
Parties causing the company's credit risks are customers and suppliers. The company's credit risks are managed in accordance with the financing principles and policy. The Treasury defines, in the procurement policy and guidelines, as well as in separate instructions, the financial criteria for suppliers and how they should be monitored.

Financial counterparty risks
The company's counterparty risks are caused by counterparties related to investing, derivatives counterparties and bank counterparties. The company is exposed to counterparty risks in its financial operations through derivative contracts and financial investments. The company enters into derivative contracts or invests its funds within the euro-denominated risk limits permitted specifically for each counterparty. Before entering into a derivative transaction, the company signs the International Swap Dealers Association's (ISDA) Master Agreement with the counterparty.
The company has not received any collaterals decreasing the credit risks covering the financial assets or derivative contracts. Under the ISDA Master Agreement, a process has been agreed upon with a defaulting party involving the termination of obligations under derivative contracts and the subsequent combining of positive and negative replacement values into a single net payable or receivable in the event of bankruptcy or insolvency proceedings of the defaulting party. The company did not incur any losses from counterparty risks of financial instruments.

36. OPERATING CASH FLOW ADJUSTMENTS, € 1,000	2014	2013
Business transactions not involving a payment transaction		
Depreciation	91,511	81,704
Capital gains/losses (-/+) on tangible and intangible assets	-991	-1,282
Share of profit of associated companies	-854	-709
Share issue Nord Pool Spot AS 30 Aug 2013		-360
Gains/losses from the valuation of assets and liabilities	-6,171	6,465
Total	**83,495**	**85,818**

37. RELATED PARTY TRANSACTIONS

Transactions with owners include transactions conducted with the State of Finland. 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 Group's related parties additionally include the associated companies eSett Oy, Porvoon Alueverkko Oy and Nord Pool Spot AS, as well as top management and its related parties. The top management is composed of the Board of Directors, President, and management team.

The company has not lent money to the top management, and the company has no transactions with the top management. Fingrid Oyj has granted Porvoon Alueverkko Oy a counter-guarantee of EUR 1.7 million.

Business with related parties is conducted at market prices.

Employee benefits of top management, € 1,000	2014	2013
Salaries and other short-term employee benefits	1,438	1,582

Transactions with associated companies, € 1,000	2014	2013
Sales	7,211	7,824
Expense adjustments		231
Purchases	41,894	42,505
Receivables	2,257	2,561
Liabilities	504	343

Loan receivables from associated companies, € 1,000	2014	2013
1 Jan		
eSett Oy	1,600	
31 Dec	**1,600**	

On 8 December 2014, Fingrid granted a loan of EUR 1.6 million to eSett Oy. The loan matures on 15 September 2021.

Transactions with owners, € 1,000	2014	2013
Owners:		
Purchases	6,011	5,000
Liabilities	11	1
Other related parties:		
Sales	54,938	82,750
Purchases	83,788	50,489
Receivables	1,842	8,602
Liabilities	4,466	5,359

General procurement principles

The Group follows three alternative procurement methods when purchasing goods or services. When the value of the purchase is less than 30,000 euros, an oral request for a quotation is usually made in addition to a written order or a purchasing contract. When the estimated value of the procurement exceeds 30,000 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 (approx. EUR 414,000 for goods and services and approx. EUR 5,186,000 for construction projects in 2014) are exceeded, the company follows the public procurement legislation applied to special sectors.

38. EMISSION RIGHTS

Fingrid has not been granted free-of-charge emission rights for the emissions trade period 2013–2020. The use of emission rights had no impact on the financial result in 2014.

	2014	2013
Total CO_2 emissions tCO_2	10,993	5,566

39. EVENTS AFTER THE CLOSING DATE

The Group management is not aware of such significant events after the closing date that would affect the financial statements.

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY INCOME STATEMENT

	Notes	1 Jan–31 Dec 2014 €	1 Jan–31 Dec 2013 €
TURNOVER	2	559,376,009.70	529,973,491.76
Other operating income	3	4,619,211.39	3,710,950.69
Materials and services	4	-256,537,114.99	-256,492,919.79
Personnel costs	5	-24,992,709.21	-22,847,247.60
Depreciation and amortisation expense	6	-101,416,042.08	-91,301,518.24
Other operating expenses	7, 8	-54,306,622.24	-51,305,879.61
OPERATING PROFIT		**126,742,732.57**	**111,736,877.21**
Finance income and costs	9	-25,495,979.84	-26,014,888.09
PROFIT BEFORE EXTRAORDINARY ITEMS		**101,246,752.73**	**85,721,989.12**
PROFIT BEFORE APPROPRIATIONS AND TAXES		**101,246,752.73**	**85,721,989.12**
Income taxes	10	-20,202,818.48	-20,872,258.31
PROFIT FOR THE FINANCIAL YEAR		**81,043,934.25**	**64,849,730.81**

Notes are an integral part of the financial statements.

PARENT COMPANY BALANCE SHEET

ASSETS	Notes	31 Dec 2014 €	31 Dec 2013 €
Intangible assets			
Goodwill	11	17,155,168.42	23,588,356.60
Other non-current expenses	12	86,490,344.28	89,081,372.20
		103,645,512.70	**112,669,728.80**
Tangible assets	13		
Land and water areas		14,973,832.40	14,223,829.67
Buildings and structures		156,458,575.61	142,018,523.70
Machinery and equipment		574,685,973.12	580,302,462.29
Transmission lines		781,024,069.73	770,826,975.77
Other property, plant and equipment		117,516.35	117,516.35
Prepayments and purchases in progress		78,686,612.48	81,674,341.34
		1,605,946,579.69	**1,589,163,649.12**
Investments	14		
Interests in Group companies		504,563.77	504,563.77
Interests in associated companies		8,642,260.21	8,642,260.21
Other shares and interests		1,416,588.74	1,378,426.50
		10,563,412.72	**10,525,250.48**
TOTAL NON-CURRENT ASSETS		**1,720,155,505.11**	**1,712,358,628.40**
CURRENT ASSETS			
Inventories	15	**12,842,932.89**	**11,397,077.70**
Receivables			
Non-current			
Loan receivables from associated companies	16	1,600,000.00	
Other receivables	16	990,560.83	4,312,577.55
		2,590,560.83	**4,312,577.55**
Current			
Trade receivables		39,421,020.87	56,549,091.02
Receivables from Group companies		141,170.90	64,418.89
Receivables from associated companies	17	2,259,112.52	2,560,815.83
Other receivables		34,276.66	24,534.78
Prepayments and accrued income	18, 19	14,536,143.11	18,225,075.59
		56,391,724.06	**77,423,936.11**
Financial securities	20	**116,267,973.20**	**194,354,841.08**
Cash in hand and bank receivables	20	**62,566,334.25**	**22,338,719.57**
TOTAL CURRENT ASSETS		**250,659,525.23**	**309,827,152.01**
TOTAL ASSETS		**1,970,815,030.34**	**2,022,185,780.41**

Notes are an integral part of the financial statements.

PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec 2014 €	31 Dec 2013 €
EQUITY	21		
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		22,302,127.39	39,352,410.36
Profit for the financial year		81,043,934.25	64,849,730.81
TOTAL SHAREHOLDERS' EQUITY		**215,191,032.74**	**216,047,112.27**
ACCUMULATED APPROPRIATIONS	22	**448,896,757.27**	**448,896,757.27**
PROVISIONS FOR LIABILITIES AND CHARGES	29	**1,685,046.78**	**1,734,746.78**
LIABILITIES			
Non-current liabilities			
Bonds	23, 24	783,897,840.95	761,382,622.41
Loans from financial institutions		193,575,757.57	210,000,000.00
		977,473,598.52	**971,382,622.41**
Current liabilities			
Bonds	23	87,484,781.53	98,977,209.88
Loans from financial institutions		16,424,242.43	4,000,000.00
Advances received on orders		430,000.00	
Trade payables		24,640,790.65	21,119,511.21
Liabilities to Group companies	25	387,959.31	533,547.16
Liabilities to associated companies	26	504,191.00	342,810.97
Other liabilities	27	164,923,505.33	227,566,502.63
Accruals	28	32,773,124.78	31,584,959.83
		327,568,595.03	**384,124,541.68**
TOTAL LIABILITIES		**1,305,042,193.55**	**1,355,507,164.09**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,970,815,030.34**	**2,022,185,780.41**

Notes are an integral part of the financial statements.

PARENT COMPANY CASH FLOW STATEMENT

	Notes	1 Jan–31 Dec 2014 €	1 Jan–31 Dec 2013 €
Cash flow from operating activities:			
Profit for the financial year	21	81,043,934.25	64,849,730.81
Adjustments:			
Business transactions not involving a payment transaction	31	100,425,341.95	90,019,528.46
Interest and other finance costs		34,653,836.13	34,218,291.68
Interest income		-8,773,603.99	-7,860,946.54
Dividend income		-384,252.30	-342,457.05
Taxes		20,202,818.48	20,872,258.31
Changes in working capital:			
Change in trade receivables and other receivables		20,324,217.04	3,901,777.84
Change in inventories		-1,445,855.19	-954,462.55
Change in trade payables and other liabilities		833,932.06	-3,347,245.17
Change in provisions		-49,700.00	-134,200.00
Interest paid		-23,905,643.97	-23,277,403.45
Interest received		1,224,895.34	1,217,939.45
Taxes paid	10	-19,659,013.72	-22,057,738.08
Net cash flow from operating activities		204,490,906.08	157,105,073.71
Cash flow from investing activities:			
Purchase of property, plant and equipment	13	-125,334,844.08	-222,503,301.21
Purchase of intangible assets	12	-4,170,608.56	-4,265,762.72
Purchase of other assets	14	-38,162.24	-2,203,012.49
Proceeds from sale of property, plant and equipment	13	1,389,481.60	3,980,000.00
Loans granted		-1,600,000.00	0.00
Dividends received	9	384,252.30	342,457.05
Contributions received		19,935,004.81	0.00
Net cash flow from investing activities		-109,434,876.17	-224,649,619.37
Cash flow from financing activities:			
Proceeds from current financing (liabilities)		364,009,628.00	451,093,811.,06
Payments of current financing (liabilities)		-422,021,861.00	-324,530,424.31
Proceeds from non-current financing (liabilities)		110,000,000.00	77,546,059.30
Payments of non-current financing (liabilities)		-103,003,036.33	-119,967,991.86
Dividends paid	21	-81,900,013.78	-13,147,589.64
Net cash flow from financing activities		-132,915,283.11	70,993,864.55
Change in cash and cash equivalents and financial assets		**-37,859,253.20**	**3,449,318.89**
Cash and cash equivalents and financial assets 1 Jan		**216,693,560.65**	**213,244,241.76**
Cash and cash equivalents and financial assets 31 Dec	20	**178,834,307.45**	**216,693,560.65**

Notes are an integral part of the financial statements.

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

In accordance with the principles for financing, interest rate and currency swaps, foreign exchange forwards and interest rate options are used to hedge the interest rate and foreign exchange risk in Fingrid's balance sheet items, as well as its commercial items. The accounting principles for derivative contracts are the same as for the underlying items. Interest rate items of interest rate and currency swaps and interest rate options are accrued and recognised in the income statement under interest income and costs. The interest portion of forward foreign exchange 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 energy purchases by employing forward instruments quoted on the NASDAQ OMX Oslo ASA. There can also be trading in the OTC market in instruments corresponding to Nasdaq OMX Oslo ASA's financial instruments. 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.

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.

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	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 power transmission operation is 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 include certificates of deposit, commercial papers, treasury bills and investments in short-term money-market funds. 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 and debt with interest rate structures. 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 item 35 of the Notes to the Consolidated Financial Statements.

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
Deferred tax assets and liabilities are not recorded in the income statement or balance sheet. Information concerning these is presented in the notes.

2. TURNOVER BY BUSINESS AREA

The business of Fingrid Oyj comprises entirely transmission grid business with system responsibility. For that reason, there is no distribution of turnover by business area.

TURNOVER, €1,000	2014	2013
Grid service income	326,327	321,029
Imbalance power sales	150,734	158,522
Cross-border transmission	9,401	13,225
ITC income	12,157	8,301
Peak load capacity		
EstLink congestion income	2,388	3,701
Nordic congestion income	48,857	18,594
Income from peak load capacity services	184	261
Income from guarantee-of-origin services	210	
Other turnover	9,117	6,341
Total	**559,376**	**529,973**

3. OTHER OPERATING INCOME, €1,000	2014	2013
Rental income	1,267	1,620
Capital gains on fixed assets	1,048	1,458
Contributions received	200	215
Other income	2,105	418
Total	**4,619**	**3,711**

4. MATERIALS AND SERVICES, €1,000	2014	2013
Purchases during the financial year	178,378	183,722
Loss energy purchases	65,754	58,304
Change in inventories, increase (-) or decrease (+)	-1,446	-954
Materials and consumables	242,687	241,072
Grid service charges	58	46
Other external services	13,792	15,375
Services	13,850	15,421
Total	**256,537**	**256,493**

5. PERSONNEL EXPENSES, €1,000	2014	2013
Salaries and bonuses	20,460	18,995
Pension expenses	3,462	2,902
Other personnel expenses	1,071	950
Total	**24,993**	**22,847**
Salaries and bonuses of the members of the Board of Directors and President and CEO	**481**	**474**
Helena Walldén, Chairman (since 3 May 2011)	42	42
Juha Majanen, Vice Chairman (since 22 March 2012)	28	26
Sirpa Ojala, Member of the Board (since 22 March 2012)	22	22
Esko Torsti, Member of the Board (since 22 March 2012)	23	23
Juhani Järvi, Member of the Board (since 6 June 2014)	13	
Esko Raunio, Member of the Board (since 3 May 2011)		7
Matti Rusanen, Member of the Board (since 27 May 2013, Deputy Member of the Board from 22 March 2012–27 May 2013)	11	15
Timo Ritonummi, Deputy Member of the Board (since 3 May 2001)	1	3
Marja Hanski, Deputy Member of the Board (since 3 May 2011)	2	3
Niko Ijäs, Deputy Member of the Board (since 22 March 2012)	1	3
Jari Eklund, Deputy Member of the Board (since 3 May 2011)		1
Ari Hakala, Deputy Member of the Board (since 27 May 2013)	1	2
Katja Salovaara, Deputy Member of the Board (since 27 May 2013)	1	2
Jukka Ruusunen, President and CEO	333	327
Number of salaried employees in the company during the financial year:		
Personnel, average	305	277
Personnel, 31 Dec	313	287

6. DEPRECIATION ACCORDING TO PLAN, €1,000	2014	2013
Goodwill	6,433	6,433
Other non-current expenses	6,762	6,156
Buildings and structures	6,657	5,713
Machinery and equipment	45,623	39,697
Transmission lines	35,941	33,302
Total*	**101,416**	**91,302**
*Depreciation on the electricity grid (notes 12 and 13)	92,004	81,877

7. OTHER OPERATING EXPENSES, €1,000	2014	2013
Contracts, assignments etc. undertaken externally	45,737	40,190
Grid rents	226	231
Other rental expenses	2,372	5,943
Other costs	5,972	4,942
Total	**54,307**	**51,306**

8. AUDITORS' FEES, €1,000	2014	2013
Auditing fee	50	51
Other fees	150	97
Total	**200**	**148**

9. FINANCE INCOME AND COSTS, €1,000	2014	2013
Dividend income from Group companies	38	36
Dividend income from others	346	306
Interest and other finance income from others	8,774	7,861
	9,158	8,203
Interest and other finance costs to Group companies	-2	-1
Interest and other finance costs to others	-34,652	-34,217
	-34,654	-34,218
Total	**-25,496**	**-26,015**

10. INCOME TAXES, €1,000	2014	2013
Income taxes for the financial year	20,203	20,872
Total	**20,203**	**20,872**

The company will pay its income taxes for 2014 in accordance with the underlying tax rate, with no tax planning.

Deferred tax assets and liabilities, € 1,000		
Deferred tax assets		
On temporary differences	337	347
	337	**347**
Deferred tax liabilities		
On temporary differences	269	283
On appropriations	89,779	89,779
	90,049	**90,063**
Total	**89,712**	**89,716**

11. GOODWILL, €1,000	2014	2013
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	**128,664**	**128,664**
Accumulated depreciation according to plan 1 Jan	-105,075	-98,642
Depreciation according to plan 1 Jan–31 Dec	-6,433	-6,433
Carrying amount 31 Dec	**17,155**	**23,588**
Accumulated depreciation difference 1 Jan	-23,588	-30,022
Increase in depreciation difference reserve 1 Jan–31 Dec		
Decrease in depreciation difference reserve 1 Jan–31 Dec	6,433	6,433
Accumulated depreciation in excess of plan 31 Dec	**-17,155**	**-23,588**

12. OTHER NON-CURRENT EXPENSES, €1,000	2014	2013
Cost at 1 Jan	176,287	172,021
Increases 1 Jan–31 Dec	4,208	4,810
Decreases 1 Jan–31 Dec	-280	-544
Cost at 31 Dec	**180,215**	**176,287**
Accumulated depreciation according to plan 1 Jan	-87,205	-81,049
Decreases, depreciation according to plan 1 Jan–31 Dec	243	
Depreciation according to plan 1 Jan–31 Dec	-6,762	-6,156
Carrying amount 31 Dec*	**86,490**	**89,081**
Accumulated depreciation difference 1 Jan	-56,073	-57,111
Increase in depreciation difference reserve 1 Jan–31 Dec	-8,277	-5,525
Decrease in depreciation difference reserve 1 Jan–31 Dec	6,996	6,563
Accumulated depreciation in excess of plan 31 Dec	**-57,354**	**-56,073**

* Net capital expenditure in electricity grid, € 1,000	2014	2013
Carrying amount 31 Dec	80,742	82,295
Carrying amount 1 Jan	-82,295	-83,901
Depreciation according to plan 1 Jan–31 Dec	5,494	4,839
Decreases 1 Jan–31 Dec	37	544
Total	**3,979**	**3,776**

13. TANGIBLE ASSETS, €1,000	2014	2013
Land and water areas		
Cost at 1 Jan	14,224	13,933
Increases 1 Jan–31 Dec	750	291
Cost at 31 Dec	**14,974**	**14,224**
Buildings and structures		
Cost at 1 Jan	179,553	158,161
Increases 1 Jan–31 Dec	21,097	21,392
Cost at 31 Dec	**200,650**	**179,553**
Accumulated depreciation according to plan 1 Jan	-37,534	-31,821
Depreciation according to plan 1 Jan–31 Dec	-6,657	-5,713
Carrying amount 31 Dec	**156,459**	**142,019**
Accumulated depreciation difference 1 Jan	-12,330	-11,417
Increase in depreciation difference reserve 1 Jan–31 Dec	-7,917	-6,626
Decrease in depreciation difference reserve 1 Jan–31 Dec	6,657	5,713
Accumulated depreciation in excess of plan 31 Dec	**-13,590**	**-12,330**
Machinery and equipment		
Cost at 1 Jan	951,646	856,645
Increases 1 Jan–31 Dec	40,012	95,236
Decreases 1 Jan–31 Dec	-13	-235
Cost at 31 Dec	**991,645**	**951,646**
Accumulated depreciation according to plan 1 Jan	-371,343	-331,646
Decreases, depreciation according to plan 1 Jan–31 Dec	8	
Depreciation according to plan 1 Jan–31 Dec	-45,623	-39,697
Carrying amount 31 Dec	**574,686**	**580,302**
Accumulated depreciation difference 1 Jan	-105,227	-107,676
Increase in depreciation difference reserve 1 Jan–31 Dec	-128,771	-37,424
Decrease in depreciation difference reserve 1 Jan–31 Dec	45,626	39,873
Accumulated depreciation in excess of plan 31 Dec	**-188,372**	**-105,227**
Transmission lines		
Cost at 1 Jan	1,151,345	1,013,374
Increases 1 Jan–31 Dec	46,437	139,890
Decreases 1 Jan–31 Dec	-693	-1,919
Cost at 31 Dec	**1,197,089**	**1,151,345**
Accumulated depreciation according to plan 1 Jan	-380,518	-347,216
Decreases, depreciation according to plan 1 Jan–31 Dec	394	
Depreciation according to plan 1 Jan–31 Dec	-35,941	-33,302
Carrying amount 31 Dec	**781,024**	**770,827**
Accumulated depreciation difference 1 Jan	-251,679	-242,671
Increase in depreciation difference reserve 1 Jan–31 Dec	-141,954	-42,310
Decrease in depreciation difference reserve 1 Jan–31 Dec	35,958	33,302
Accumulated depreciation in excess of plan 31 Dec	**-357,675**	**-251,679**

Other property, plant and equipment		
Cost at 1 Jan	118	118
Cost at 31 Dec	**118**	**118**
Prepayments and purchases in progress		
Cost at 1 Jan	81,674	120,174
Increases 1 Jan–31 Dec	-2,874	-38,500
Decreases 1 Jan–31 Dec	-114	
Cost at 31 Dec	**78,687**	**81,674**
Total*	**1,605,947**	**1,589,164**

*Net capital expenditure in electricity grid, € 1,000	2014	2013
Carrying amount 31 Dec	1,598,045	1,580,737
Carrying amount 1 Jan	-1,580,737	-1,442,711
Depreciation according to plan 1 Jan–31 Dec	86,509	77,039
Decreases 1 Jan–31 Dec	304	2,698
Total	**104,121**	**217,763**

Fingrid's reserve power plants are included in the property, plant and equipment of the transmission system from 1 January 2012, in accordance with the third supervision period.

14. INVESTMENTS, €1,000

	2014	2013
Interests in Group companies		
Cost at 1 Jan	505	505
Cost at 31 Dec	**505**	**505**
Interests in associated companies		
Cost at 1 Jan	8,642	6,641
Increases 1 Jan–31 Dec		2,001
Cost at 31 Dec	**8,642**	**8,642**
Other shares and interests		
Cost at 1 Jan	1,378	1,176
Increases 1 Jan–31 Dec	95	202
Decreases 1 Jan–31 Dec	-57	
Cost at 31 Dec	**1,417**	**1,378**
Total	**10,563**	**10,525**

15. INVENTORIES, €1,000

	2014	2013
Materials and consumables at 31 Dec	12,604	11,363
Work in progress	239	34
Total	**12,843**	**11,397**

16. OTHER NON-CURRENT RECEIVABLES, €1,000

	2014	2013
Loan receivables from associated companies	1,600	
Guarantee fund Nasdaq OMX, pledged account	794	813
Guarantee account Nasdaq OMX	197	3,500
Total	**2,591**	**4,313**

17. RECEIVABLES FROM ASSOCIATED COMPANIES, €1,000	2014	2013
Current:		
Trade receivables	2,257	2,561
Interest receivables	2	
Total	**2,259**	**2,561**

18. PREPAYMENTS AND ACCRUED INCOME, €1,000	2014	2013
Interest and other financial items	8,170	12,201
Accruals of sales and purchases	6,179	5,834
Other prepayments and accrued income	188	190
Total	**14,536**	**18,225**

19. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, €1,000	2014	2013
Par value differentials	**1,963**	**2,361**

20. CASH AND CASH EQUIVALENTS, €1,000	2014	2013
Certificates of deposit		39,971
Commercial papers	87,268	134,384
Short-term money market funds	29,000	20,000
	116,268	194,355
Cash in hand and bank receivables	62,278	22,050
Pledged accounts	289	289
	62,566	22,339
Total	**178,834**	**216,694**

21. SHAREHOLDERS' EQUITY, €1,000	2014	2013
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	104,202	52,500
Dividend distribution	-81,900	-13,148
Profit from previous financial years 31 Dec	**22,302**	**39,352**
Profit for the financial year	**81,044**	**64,850**
Shareholders' equity 31 Dec	**215,191**	**216,047**
Distributable shareholders' equity	**103,346**	**104,202**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2014	2,078	1,247	3,325
31 Dec 2014	**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. Series B shares have no right to receive any other dividend.

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.

22. ACCUMULATED APPROPRIATIONS, €1,000

	2014	2013
Accumulated depreciation from the difference between depreciation according to plan and depreciation carried out in taxation	**448,897**	**448,897**

23. BONDS, €1,000

Currency	Nominal value	Maturity date	Interest	2014	2013
EUR	24,000	02.07.2014	floating rate		24,000
EUR	18,000	11.11.2014	floating rate		18,000
EUR	8,000	11.11.2014	floating rate		8,000
EUR	10,000	20.11.2014	3.26%		10,000
EUR	20,000	11.04.2017	floating rate	20,000	20,000
EUR	25,000	11.04.2017	floating rate	25,000	25,000
EUR	30,000	15.06.2017	3.07%	30,000	30,000
EUR	30,000	11.09.2023	2.71%	30,000	30,000
EUR	300,000	03.04.2024	3.50%	298,718	298,603
EUR	25,000	27.03.2028	2.71%	25,000	25,000
EUR	10,000	12.09.2028	3.27%	10,000	10,000
EUR	80,000	24.04.2029	2.95%	80,000	
EUR	30,000	30.05.2029	2.89%	30,000	
				548,718	**498,603**
JPY	3,000,000	20.04.2015	1.45%	20,657	20,730
JPY	500,000	22.06.2017	1.28%	3,443	3,455
				24,100	**24,185**
NOK	170,000	19.11.2014	4.68%		20,328
NOK	200,000	17.10.2016	5.15%	22,119	23,915
NOK	200,000	11.04.2017	5.16%	22,119	23,915
NOK	200,000	10.11.2017	5.12%	22,119	23,915
NOK	200,000	12.11.2019	5.37%	22,119	23,915
NOK	100,000	16.09.2025	4.31%	11,060	11,957
				99,536	**127,945**
SEK	175,000	04.04.2014	4.30%		19,754
SEK	300,000	15.06.2015	3.20%	31,939	33,863
SEK	100,000	17.06.2015	3.10%	10,646	11,288
SEK	220,000	01.12.2015	interest rate structure	24,022	25,654
SEK	100,000	15.01.2016	3.3%	10,646	11,288
SEK	500,000	18.10.2016	floating rate	53,175	56,439
SEK	500,000	18.10.2016	3.50%	53,231	56,358
				183,659	**214,644**
Bonds, non-current, total				768,749	762,295
Bonds, current, total				87,263	103,081
Total				**856,012**	**865,376**

24. LOANS FALLING DUE IN FIVE YEARS OR MORE, €1,000	2014	2013
Bonds	484,778	399,475
Loans from financial institutions	107,879	129,541
Total	**592,656**	**529,016**

25. LIABILITIES TO GROUP COMPANIES, €1,000	2014	2013
Current:		
Other liabilities	388	534
Total	**388**	**534**

26. LIABILITIES TO ASSOCIATED COMPANIES, €1,000	2014	2013
Current:		
Trade payables	504	343
Total	**504**	**343**

27. OTHER LIABILITIES, €1,000	2014	2013
Current:		
Other loans/Commercial papers (international and domestic)	156,158	215,479
Value added tax	5,304	8,895
Electricity tax	2,866	2,624
Other liabilities	595	568
Total	**164,924**	**227,567**

28. ACCRUALS, €1,000	2014	2013
Current:		
Interest and other financial items	15,911	15,313
Salaries and additional personnel expenses	3,590	4,069
Accruals of sales and purchases	10,188	9,663
Other accruals	3,084	2,540
Total	**32,773**	**31,585**

29. PROVISIONS FOR LIABILITIES AND CHARGES, €1,000	2014	2013
Creosote-impregnated and CCA-impregnated wooden towers, disposal costs	1,685	1,735
Total	**1,685**	**1,735**

30. COMMITMENTS AND CONTINGENT LIABILITIES, €1,000	2014	2013
Rental liabilities		
Liabilities for the next year	2,456	2,220
Commitment fee for subsequent years	24,593	25,292
	27,048	27,512
Right-of-use agreements		
Liabilities for the next year	9,905	7,786
Commitment fee for subsequent years	89,983	97,928
	97,888	105,714
Pledges		
Pledge covering property lease agreements	9	9
Pledge covering customs credit account	280	280
Pledge covering electricity exchange purchases	991	4,313
	1,279	4,601
Other financial commitments		
Counter-guarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	38
Commitment fee for the next year	355	565
Commitment fee for subsequent years	815	1,170
	2,907	3,473

31. OPERATING CASH FLOW ADJUSTMENTS, €1,000	2014	2013
Business transactions not involving a payment transaction		
Depreciation	101,416	91,302
Capital gains/losses (-/+) on tangible and intangible assets	-991	-1,282
Total	**100,425**	**90,020**

32. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

Fingrid appealed to the Market Court against the decision of the Energy Market Authority on 23 November 2011 (record number 831/430/2011): the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the control period starting 1 January 2012 and ending on 31 December 2015. The Market Court rejected Fingrid's appeal on 21 December 2012. Fingrid has appealed the decision of the Market Court to the Supreme Administrative Court.

There are no other ongoing legal proceedings or proceedings by authorities that would have a material impact on Fingrid's business.

33. SEPARATION OF BUSINESSES IN ACCORDANCE WITH THE ELECTRICITY MARKET ACT

Imbalance power and regulating power

Each electricity market party must ensure its electricity balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to stabilise the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids on their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

Management of balance operation

In accordance with a decision by the Energy Market Authority, Fingrid Oyj shall separate the duties pertaining to national power balance operation from the other businesses by virtue of Chapter 12 of the Electricity Market Act.

The income statement of the balance operation 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 2014 was 18 (17). The operating profit was 1 (0) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED INCOME STATEMENT	1 Jan–31 Dec 2014 € 1,000	1 Jan–31 Dec 2013 € 1,000
TURNOVER*	169,933	169,143
Other operating income	203	0
Materials and services*	-165,476	-165,041
Personnel costs	-1,761	-1,581
Depreciation and amortisation expense	-359	-442
Other operating expenses	-1,389	-2,151
OPERATING PROFIT	1,151	-72
Finance income and costs	2	
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	1,153	-72
Appropriations	-208	-272
Income taxes	0	
PROFIT/LOSS FOR THE FINANCIAL YEAR	945	-344

Turnover includes EUR 11.9 (12.2) million in sales of imbalance power to balance provider Fingrid Oyj, and Materials and services includes EUR 10.9 (7.7) million euros in purchases by Fingrid Oyj.

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS	31 Dec 2014 € 1,000	31 Dec 2013 € 1,000
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	442	476
Tangible assets		
Machinery and equipment	375	539
	375	539
Investments		
Interests in associated companies	2,001	2,001
TOTAL NON-CURRENT ASSETS	**2,817**	**3,016**
CURRENT ASSETS		
Non-current receivables		
Receivables from associated companies	1,600	
Current receivables		
Trade receivables	24,109	26,541
Receivables from Group companies	7,191	3,358
Receivables from associated companies	353	
Other receivables	2,050	1,061
	33,703	30,960
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	**35,304**	**30,961**
TOTAL ASSETS	**38,121**	**33,977**

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2014 € 1,000	31 Dec 2013 € 1,000
EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	7,348	7,692
Profit for the financial year	945	-344
TOTAL SHAREHOLDERS' EQUITY	**8,610**	**7,665**

ACCUMULATED APPROPRIATIONS	-524	-460
LIABILITIES		
Current liabilities		
Trade payables	29,028	25,878
Liabilities to Group companies	1,007	894
	30,035	26,772
TOTAL LIABILITIES	30,035	26,772
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	38,121	33,977

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 from its other businesses by virtue of Chapter 12 of the Electricity Market Act.

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED INCOME STATEMENT	1 Jan–31 Dec 2014 € 1,000
TURNOVER	5
Personnel costs	-245
Other operating expenses	-682
OPERATING PROFIT	-922
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-922
Income taxes	184
PROFIT/LOSS FOR THE FINANCIAL YEAR	-738

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED BALANCE SHEET	31 Dec 2014 € 1,000
CURRENT ASSETS	
Trade receivables	5
Other receivables	211
	216
TOTAL CURRENT ASSETS	216
TOTAL ASSETS	216

SHAREHOLDERS' EQUITY AND LIABILITIES	
EQUITY	
Share capital	3
Profit for the financial year	-738
TOTAL SHAREHOLDERS' EQUITY	**-735**
LIABILITIES	**-735**
Current liabilities	
Trade payables	137
Liabilities to Group companies	814
	951
TOTAL LIABILITIES	**951**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**216**

Transmission system operation
Transmission system operation is deemed to cover the entire business of Fingrid Oyj, including system responsibility, which in turn includes balance operation. Therefore, Fingrid Oyj's financial statements represent the financial statements of transmission system operation.

34. KEY FIGURES OF TRANSMISSION SYSTEM OPERATION

	2014	2013
Return on investment (ROI) in transmission system operation, %	7.4	6.7

$$\text{Return on investment, \%} = \frac{\text{profit before extraordinary items + interest and other finance costs + interest portions of electricity grid leasing fees and rents}}{\text{balance sheet total - non-interest-bearing liabilities + leasing and rent liabilities related to electricity grid (average for the year)}} \times 100$$

35. EMISSION RIGHTS

Fingrid has not been granted free-of-charge emission rights for the emissions trade period 2013–2020. The use of emission rights had no impact on the financial result in 2014.

	2014	2013
Total CO_2 emissions tCO_2	10,993	5,566

3. SIGNATURES FOR THE ANNUAL REVIEW AND FOR THE FINANCIAL STATEMENTS

Helsinki, 25 February 2015

Helena Walldén Chairman	Juha Majanen Deputy Chairman
Sirpa Ojala	Juhani Järvi
Esko Torsti	Jukka Ruusunen President and CEO

AUDITOR'S NOTATION

A report on the audit carried out has been submitted today.

Helsinki, 25 February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jouko Malinen, APA

Auditor's Report (Translation from the Finnish Original)

To the Annual General Meeting of Fingrid Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Fingrid Oyj for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other Opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, 25 February, 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jouko Malinen
Authorised Public Accountant

STOCK EXCHANGE RELEASES IN 2014

30 December 2014
Fingrid Oyj's financial reports in 2015

16 December 2014
Changes in Fingrid Oyj's ownership structure

9 December 2014
Moody's has affirmed Fingrid Oyj's ratings "A1"/"P-1"; outlook stable

6 November 2014
Fitch Ratings has affirmed Fingrid Oyj's rating "A"; outlook stable

28 October 2014
Fingrid Group's Interim Report 1 January – 30 September 2014

15 October 2014
Fingrid's rating downgraded following downgrade of Finland; outlook stable

3 September 2014
Fingrid Oyj's Interim Report January – September 2014 publication date has changed (Stock Exchange releases)

3 September 2014
Fingrid to lower grid fees (Stock Exchange releases)

24 July 2014
Fingrid group's Interim report 1 Jan – 30 Jun 2014 (Stock Exchange releases)

18 June 2014
Fingrid Oyj's Extraordinary General Meeting decided on extra dividends (Stock Exchange releases)

6 June 2014
Fingrid Oyj's dividend policy has been approved (Current News, Stock Exchange releases)

6 June 2014
Fingrid Oyj's new Articles of Association and shareholder's agreement accepted – Extraordinary General Meeting has been convened to decide on additional dividend (Current News, Stock Exchange releases)

30 April 2014
Fingrid Oyj's Annual General Meeting adjourned (Current News, Stock Exchange releases)

30 April 2014
January - March 2014 Revenue and profit for the review period improved (Stock Exchange releases, Current News)

14 April 2014
Standard & Poor's Rating Services has revised Fingrid's Outlook from stable to negative and affirmed Fingrid's current ratings AA- / A-1+ (Stock Exchange releases)

1 April 2014
Fingrid's annual report for 2013 has been published (Stock Exchange releases, Current News)

14 February 2014
Fingrid Oyj's review of January – December 2013: profit improved, investments still at a high level (Stock Exchange releases, Current News)

8 January 2014
Moody's has updated Fingrid's credit ratings (Stock Exchange releases, Current News)

The Fingrid Group will release the following financial reports in 2015:

26.2.2015 Financial Review,
Annual Review and Financial Statements 2014
30.4.2015 Interim Report January – March 2015
22.7.2015 Interim Report January – June 2015
29.10.2015 Interim Report January – September 2015

An Annual General Meeting has been preminarily scheduled for 14 April 2015.