

An aerial photograph of a rural landscape. On the left, a river flows through a dense forest. To the right, there are green fields, a forest, and a multi-lane highway with a white truck and a car driving on it. Power lines with pylons stretch across the scene. The overall lighting is warm, suggesting late afternoon or early morning.

G

2020



**GASUM
GOVERNANCE AND
REMUNERATION**

CORPORATE GOVERNANCE

Gasum Ltd's corporate governance is based on the Articles of Association, the Limited Liability Companies Act, the rules issued by the Ownership Steering Department of the Prime Minister's Office and other legislation and regulations on the governance of limited liability companies. The State of Finland is the only shareholder of Gasum at December 31, 2020, and the shares are held at 73.5% by the state-owned Gasonia Oy and 26.5% directly by the State of Finland. There were no changes in shareholding during the period under review.

GASUM'S GOVERNANCE BODIES

The Group's corporate governance system is based on the general meeting of shareholders, the Board of Directors of the parent company and its two committees (the Audit and Risk Committee and the HR Committee) as well as the CEO, the Gasum Management Team and the governance bodies of the subsidiaries.

GENERAL MEETING OF SHAREHOLDERS

At Gasum the highest decision-making power is exercised by the shareholder(s) at the general meeting of shareholders (Annual General Meeting) where they take part in the company's direction and supervision. The general meeting of shareholders holds an ordinary meeting at least once a year. The ordinary meeting takes place following the completion of the financial statements at a location and on a date within six months after the end of the accounting period proposed by the Board of Directors. In accordance with the Limited Liability Companies Act, the general meeting of shareholders is convened by the Board of Directors.

At the ordinary general meeting, the financial statements and auditor's report are presented, the financial statements

for the preceding period are adopted, and the company's corporate responsibility and remuneration report are considered. In addition, decisions are made at the meeting on the company's use of profit, the discharge of the members of the Board of Directors and the CEO from liability, the appointment of the members of the Board of Directors and the auditor and their remuneration.

An extraordinary general meeting of shareholders may be convened by the Board of Directors where regarded as necessary by the Board. An extraordinary general meeting may also be demanded by the auditor as well as shareholders representing more than 10% of the company's shares to consider a matter proposed by them. The general meeting of shareholders held one meeting during the period under review.

BOARD OF DIRECTORS

Every year, the general meeting of shareholders of Gasum Ltd appoints a Board of Directors that, according to the Articles of Association, has a minimum of three and a maximum of eight members. The duty of the Board of Directors is to direct the company in accordance with legislation and state ownership steering rules and in compliance with the Articles of Association and decisions made by the general meeting of shareholders. According to the Articles of Association, the chair and deputy chair of the Board of Directors are also elected by the general meeting of shareholders.

The members of the Board of Directors are elected for a term of one year commencing at the end of the general meeting of shareholders and ending at the end of the next ordinary general meeting of shareholders following the election. The Board of Directors constitutes a quorum when more than half of the members are present at a meeting.

The ordinary general meeting of Gasum Ltd on March 5, 2020 confirmed the number of members of the Board of Directors as being seven. The current members of the Board of Directors Stein Dale, Elina Engman, Torbjörn Holmström, Päivi Pesola and Elisabet Salander Björklund were re-elected. Minna Pajumaa and Ari Vanhanen were elected as new members of the Gasum Board. Elina Engman was elected as the Chair of the Board of Directors. The Board of Directors had seven meetings during the 2020 reporting period. The average meeting attendance rate among the Board members was 100%.

BOARD COMMITTEES

Audit and Risk Committee

The company has an Audit and Risk Committee established by the Board of Directors and assisting the Board of Directors. The task and purpose of the Audit and Risk Committee is going through and preparing matters relating to finances, internal audit and risks for decision-making by the Board of Directors. Focal areas in the Committee's tasks are financial administration, reporting processes, financial audit and risk management.

At its constitutive meeting on March 24, 2020, the Board elected Päivi Pesola as the chair and Elina Engman, Torbjörn Holmström and Elisabet Salander Björklund as members of the Audit and Risk Committee.

The Audit and Risk Committee had 4 meetings during 2020. The average meeting attendance rate among the Audit and Risk Committee members was 100%.

HR Committee

The company also has an HR Committee, which is a committee assisting the Board of Directors. The HR Committee's tasks include preparing matters pertaining to personnel and remuneration for the Board of Directors and approval of any members of the boards of directors of subsidiaries. The Committee's responsibilities include the assessment of the human resources strategy and remuneration system and of the performance of the company's management.

At its constitutive meeting on March 24, 2020 the Board of Directors elected Elina Engman as the chair and Stein Dale and Minna Pajumaa as members of the HR Committee.

The HR Committee had four meetings in 2020, and the average meeting attendance rate among the Committee members was 100%.

CHIEF EXECUTIVE OFFICER AND GASUM MANAGEMENT TEAM

The Board of Directors of Gasum appoints the company's Chief Executive Officer (CEO) and decides on the terms and conditions of the CEO's contract. The CEO is a company organ in accordance with the Limited Liability Companies Act that sees to the executive management of the company in accordance with the instructions given by the Board of Directors. The duties of the CEO include the direction and supervision of the Group's business, preparation of matters considered by the Board of Directors, and implementation of decisions made by the Board of Directors. In accordance with the Limited Liability Companies Act, the CEO sees to it that the company's accounts are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Johanna Lamminen, D.Sc. (Tech.), MBA, has been the Gasum CEO since 2014.

The Gasum Management Team (GMT) is responsible for Gasum's operational management under the leadership of the CEO. In addition to the CEO, the GMT has eight members. The members of the GMT are appointed by the CEO.

The GMT is tasked with providing the CEO with support in strategy implementation and the coordination of the Group's operations in accordance with the guidelines adopted. As a general rule, the GMT meets once a month. In addition to this, the GMT has quarterly meetings to examine the implementation of the Group strategy.

REPORT ON REMUNERATION

The Gasum Group's report on remuneration presents the company's decision-making procedure for remuneration, principles of remuneration and salaries and bonuses paid to the members of the Board of Directors, the CEO and the members of the Gasum Management Team in 2020.

Our growth strategy provides the guidelines for our journey towards new business opportunities and a carbon-neutral future. Renewal and agile management are key components of the Gasum strategy and, in line with our value proposition, we are purposefully and responsibly moving towards new opportunities. We have a shared purpose for our work: cleaner energy.

To succeed, the company needs motivated and inspired personnel and management. Good leadership and competitive, fair and transparent remuneration are key factors in Gasum's success and continuous improvement of operations.

REMUNERATION PRINCIPLES

The remuneration of personnel within the Gasum Group is based on the Group's remuneration principles and the remuneration principles laid out by the Ownership Steering Department of the Prime Minister's Office. The company aims for a target-oriented company culture where the entire personnel understand the company's strategy and objectives, the ways in which individuals can affect results, and the connection between business performance and remuneration.

The remuneration principles have been designed to provide incentives for profitable operations in accordance with the company's values, advance the achievement of the strategic business objectives and reward for good performance.

KEY PRINCIPLES OF REMUNERATION

Good leadership

We encourage every employee to assume responsibility for their own work and personal development. We set clear and ambitious targets. We create the right conditions for everyone to succeed in their work and reach their targets. Everyone in our company can influence their own work, targets and responsibilities. Good leadership, feedback and meaningful work support employees' success in their role.

Performance-based remuneration

We set clear and measurable targets concerning individual performance in line with the company's strategy and the principles of good leadership. We use short- and long-term incentives. We reward for achievements in the implementation of the Gasum strategy and the achievement of business targets and changes.

Competitive remuneration

We want to be an attractive employer. Our remuneration and incentive systems aim to attract and commit top talents to our company. We make sure our remuneration is competitive. The base of the basic salary is formed by the complexity and responsibilities involved in the work.

Compliance

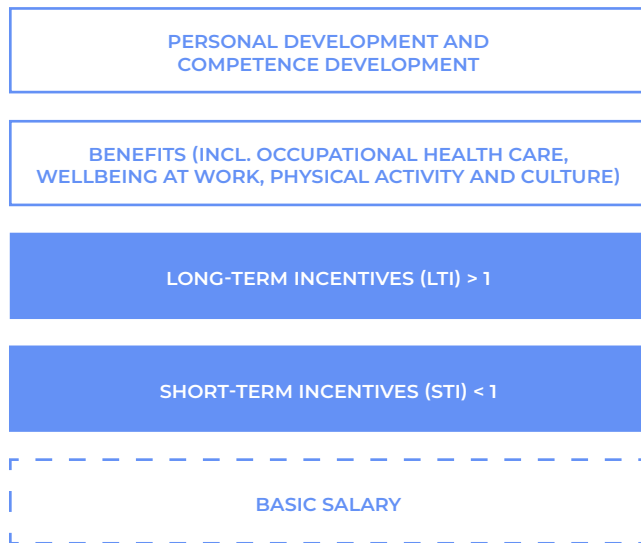
Our performance and remuneration processes are based on the local legislation and relevant collective agreements of each of our operating countries. Our reward policy is in compliance with state ownership steering guidelines.

Communications

We emphasize open and regular communication in company, team and individual performance.

At Gasum, remuneration is based on total remuneration which may, in addition to the basic salary, include short- and long-term incentive programs linked to company-wide and personal targets. The remuneration system also includes other benefits and bonuses. The company's total remuneration model is presented below:

TOTAL REMUNERATION MODEL



Gasum's remuneration policy is in compliance with state ownership steering guidelines and its aim is remuneration that is based on genuine profitability, provides incentives for the entire personnel and is transparent. In line with state ownership steering policies concerning remuneration, remuneration of the management and personnel is a tool of the Board of Directors promoting the achievement of targets and long-term growth in the value of the company.

The annual sum total of variable remuneration in accordance with targets is a maximum of 40% of the fixed annual salary of the recipient. If the performance of the company and the recipient is exceptionally good, the annual sum total of the bonuses may be a maximum of 80% of the fixed annual salary.

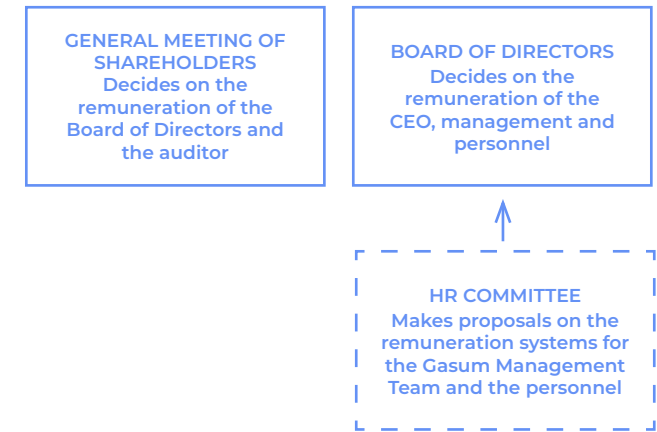
DECISION-MAKING PROCEDURE FOR REMUNERATION

The general meeting of shareholders decides on the remuneration of the members of the Board of Directors and the auditor. The Board of Directors decides on the remuneration of the management and personnel. As an owner, the State does not make decisions on remuneration. Gasum's HR Committee makes proposals on the remuneration systems for the Gasum Management Team and the personnel, and these and the remuneration principles are confirmed annually by the Board of Directors. Decisions on the remuneration of the CEO are made by the Board of Directors.

SHORT- AND LONG-TERM INCENTIVE PROGRAMS

In Gasum's short-term incentive program, the focus is on the Group's financial results, safety and security, and strategy implementation. In addition, there is a specific short-term one-year incentive program based on sales performance targets that is tailored for those responsible for the Group's sales functions and other key persons in sales.

DECISION-MAKING PROCEDURE FOR REMUNERATION



In the long-term incentive program, the earnings criteria focus on the company's value increases in accordance with the strategy and on creating profitable growth in the new businesses.

The first three-year earning period of the long-term incentive program was from 2015 to 2017. In 2018, 2019 and 2020, new long-term incentive programs were launched for the three-year periods ahead.

The remuneration system was designed with Evli Alexander Incentives Oy. The statement of the Cabinet Committee on Economic Policy on remuneration of executive management and key individuals in state-owned companies of August 13, 2012 and the Government Resolutions on State Ownership Policy of May 13, 2016 and April 8, 2020 have been taken into account in the system.

REMUNERATION OF THE CEO AND GASUM MANAGEMENT TEAM

The CEO is a company organ in accordance with the Limited Liability Companies Act, and the terms of the CEO's service are specified in the CEO's service contract approved by the Board of Directors. The CEO receives a basic salary and has the opportunity to receive a company car benefit and a telephone benefit.

The CEO's retirement age and pension accrual are determined on the basis of general earnings-related pension legislation. The CEO and members of the Gasum Management Team (GMT) do not have any supplementary pension scheme in addition to statutory pension. The CEO's period of notice is six months for the CEO as well as for the company. If the company gives notice to the CEO, a six-month severance payment is paid in addition the salary for the period of notice.

In 2020, the remuneration system of the CEO and the GMT consisted of a fixed annual salary, a one-year incentive program and a three-year long-term incentive program. In 2020, the one-year incentive program measured financial results on the basis of profitability, safety and security on the basis of

the number of accidents within the Group, and the average of separately determined strategic targets. The indicators used in the long-term incentive program are increased value for the company and creation of profitable growth.

The salaries, benefits in kind and incentive bonuses paid to the Gasum CEO and Management Team are itemized in the table below. The variable performance bonus consists of short-term as well as possible long-term incentive bonuses. The short-term incentive bonuses were based on targets set and results achieved in 2019.

REMUNERATION OF THE BOARD OF DIRECTORS

On March 5, 2020 the composition and remuneration of the Board of Directors were decided by the ordinary general meeting of shareholders. Each member of the Board of Directors is paid a fixed monthly remuneration and meeting attendance fees. Meeting attendance fees are also paid for meetings of committees assisting the Board of Directors.

The fixed remuneration paid on the basis of the decision by the general meeting of shareholders to the chairperson of the Board of Directors was €3,000 a month and to the mem-

bers of the Board of Directors €1,500 a month. The meeting attendance fee paid to the chairperson of the Board of Directors and Board members resident in Finland was €600 and to members not resident in Finland €1,200. The telephone meeting attendance fee for the chairperson and all members of the Board of Directors was €600 per meeting. Travel costs of members of the Board of Directors are covered in accordance with the company's Travel Regulations.

The table below presents the remuneration paid to the members of the Board of Directors in 2020. The amounts include fixed remuneration and meeting attendance fees. In 2020, the Board of Directors had 7 meetings, the Audit Committee x meetings and the HR Committee 4 meetings.

REMUNERATION OF THE BOARD OF DIRECTORS

Members of the Board of Directors 2020	Remuneration in 2020	Remuneration in 2019
Juha Rantanen, Chair*	7,745	44,400
Elina Engman, Chair*	40,595	28,200
Stein Dale	27,000	32,400
Torbjörn Holmström	26,400	23,100
Timo Koponen**	0	8,100
Minna Pajumaa	21,395	0
Päivi Pesola	25,200	28,200
Elisabet Salander Björklund	26,400	34,200
Ari Vanhanen	20,795	0
Jarmo Väisänen	4,473	26,400

* On March 5, 2020 the ordinary general meeting of Gasum Ltd elected Minna Pajumaa and Ari Vanhanen as new members and Elina Engman as Chair of the Board of Directors. In that context, the memberships of Juha Rantanen and Jarmo Väisänen in the Board of Directors ended.

** On March 18, 2019 the ordinary general meeting of Gasum Ltd elected Torbjörn Holmström as a new member of the Board of Directors. In that context, the membership of Timo Koponen in the Board of Directors ended.

REMUNERATION OF THE CEO AND GASUM MANAGEMENT TEAM

€	Salaries and benefits in kind	Variable performance bonus	Total in 2020	2019
CEO	401,658	168,690	570,349	560,549
Gasum Management Team	1,553,679	471,702	2,025,381	2,121,524
Total	1,955,337	640,392	2,595,730	2,682,072

Gasum



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