

A woman with long brown hair, wearing a blue and white striped shirt, is smiling and holding a large yellow beach umbrella. The background is a clear blue sky. The image is framed by a large white circle on the left and a white semi-circle on the top right.

# **GASUM** GOVERNANCE AND REMUNERATION

**2019**

# 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, 2019, 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 and its two committees (the Audit and Risk Committee and the HR Committee) as well as the CEO and the Gasum Management Team.

## 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 and the financial statements for the preceding period are adopted. In addition, deci-

sions 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 two meetings 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 18, 2019 confirmed the number of members of the Board of Directors as being seven. The current members Juha Ranta-

nen, Stein Dale, Elina Engman, Päivi Pesola, Elisabet Salander Björklund and Jarmo Väisänen were re-elected. Torbjörn Holmström was elected as a new member of the Board. Juha Rantanen was re-elected as the chairman of the Board of Directors. The Board's work is supported by the Audit and Risk Committee and the HR Committee.

The Board of Directors had 11 meetings during the 2019 reporting period. The average meeting attendance rate among the Board members was 98%.

## 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 20, 2019 the Board elected Päivi Pesola as the chair of the Audit and Risk Committee and Elina Engman, Torbjörn Holmström and Elisabet Salander Björklund as members of the Audit and Risk Committee.

The Audit and Risk Committee had 5 meetings in 2019. 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 20, 2019 the Board of Directors elected Juha Rantanen as the chair and Stein Dale and Jarmo Väisänen as members of the HR Committee.

The HR Committee had 3 meetings in 2019, 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 six 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. An employees' representative has also participated in the GMT meetings. The representative is appointed by the chief shop stewards of the personnel groups from among their number.

# 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 2019.

Gasum implements a strategy of expanding the gas market and building a bridge towards a carbon-neutral society on land and at sea in a changing operating environment. Renewal is a key element of Gasum's strategy. The company's vision is 'Leading the Nordic gas ecosystem'. To succeed, the company needs motivated 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 for our employees. We make sure employees understand how the targets can be reached. Everyone in our company can influence their own work, targets and responsibilities and promote the achievement of results. Good leadership, feedback and meaningful work support employees' success in their work and role.

### Performance-based remuneration

We set each person clear and measurable targets concerning their individual performance in line with the company's strategy. 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

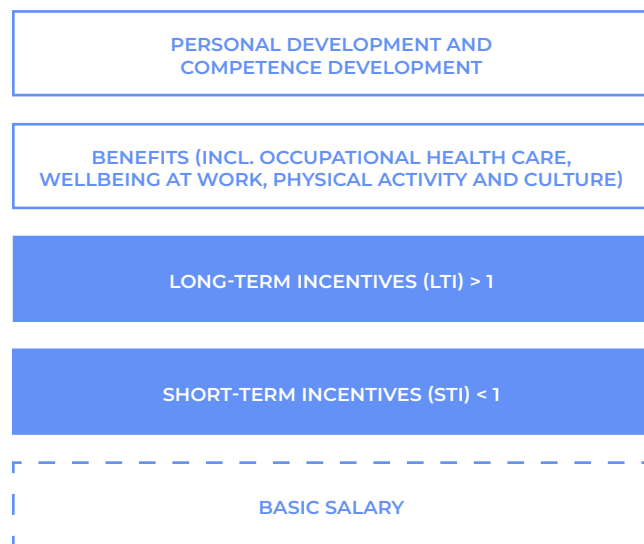
Our performance and remuneration processes are based on the local legislation and relevant collective agreements of each of our operating countries. Our reward policy is in compliance with state ownership steering guidelines.

### Communications

We emphasize open and regular communication in company 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 and its aim is remuneration that is based on genuine profitability, provides incentives for the entire personnel and is openly reported. In line with state ownership steering policies concerning remuneration, remuneration of the management and personnel is a tool of the Board of Directors aiming at increased company value.

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.

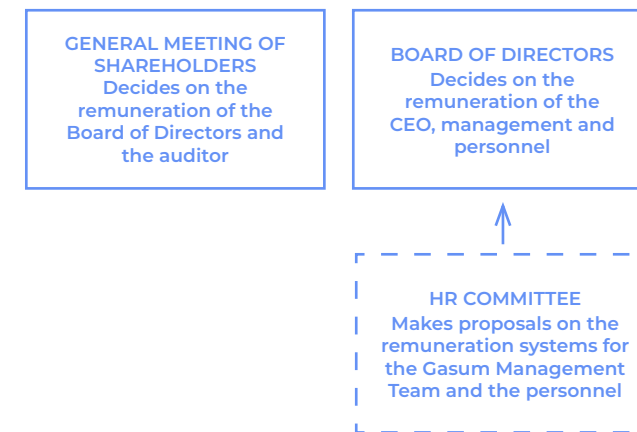
**DECISION-MAKING PROCEDURE FOR REMUNERATION**

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 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 and 2019, new long-term incentive programs were launched for the three-year periods ahead.

The remuneration system was designed with 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 Resolution on State Ownership Policy of May 13, 2016 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 2019, 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 2019, 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, creation of profitable growth and indicators related to personal targets.

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 2018.

## REMUNERATION OF THE BOARD OF DIRECTORS

On March 18, 2019 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 members 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 2019. The amounts include fixed remuneration and meeting attendance fees. In 2019, the Board of Directors had 11 meetings, the Audit Committee 5 meetings and the HR Committee 3 meetings.

## REMUNERATION OF THE BOARD OF DIRECTORS

Members of the Board of Directors 2019	Remuneration in 2019	Remuneration in 2018
Juha Rantanen, Chair	44,400	45,600
Stein Dale	32,400	36,000
Elina Engman	28,200	26,400
Torbjörn Holmström*	23,100	
Timo Koponen*	8,100	28,800
Charlotte Loid**	0	9,600
Päivi Pesola	28,200	26,400
Elisabet Salander Björklund	34,200	20,400
Jarmo Väisänen	26,400	27,000

\* 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.

\*\* On April 13, 2018 the ordinary general meeting of Gasum Ltd elected Elisabet Salander Björklund as a new member of the Board of Directors. In that context, the membership of Charlotte Loid in the Board of Directors ended.

## REMUNERATION OF THE CEO AND GASUM MANAGEMENT TEAM

€	Salaries and benefits in kind	Variable performance bonus	Total in 2019	2018
CEO	385,195	175,354	560,549	581,171
Gasum Management Team	1,492,118	629,406	2,121,524	2,380,831
<b>Total</b>	<b>1,877,312</b>	<b>804,760</b>	<b>2,682,072</b>	<b>2,962,002</b>

# GASUM LTD THE BOARD OF DIRECTORS



**JUHA RANTANEN**



born 1952  
M.Sc (Econ.), MBA  
Chair of the Board of Gasum  
since 1st of March 2016,  
Chair of HR Committee



**STEIN DALE**



born 1962  
M.Sc (Business), Executive Education  
from IMD and Harvard Business School  
Member of the Board of Gasum  
since 23rd of March 2017,  
Member of the HR Committee



**ELINA ENGMAN**



born 1970  
M.Sc (Eng.)  
Member of the Board of Gasum  
since 23rd of March 2017,  
Member of the Audit  
and Risk Committee



**TORBJÖRN HOLMSTRÖM**



born 1955  
M.Sc (Mech. Eng.)  
Member of the Board of Gasum  
since 18th March 2019,  
Member of the Audit  
and Risk Committee



**PÄIVI PESOLA**



born 1956  
M.Sc (Econ.) Member of the Board  
of Gasum since 1st of March 2016,  
Chair of Audit and Risk Committee



**ELISABET SALANDER BJÖRKLUND**



born 1958  
M.Sc (For) Member of the Board  
of Gasum since 13th of April 2018,  
Member of the Audit and  
Risk Committee



**JARMO VÄISÄNEN**



born 1951  
Senior Financial Counsellor, Lic.Sc (Pol.)  
Member of the Board of Gasum  
since 1st of March 2016,  
Member of the HR Committee

# GASUM MANAGEMENT TEAM 1 JANUARY 2020



**JOHANNA LAMMINEN**



born 1966  
Chief Executive Officer,  
Acting Vice President, Biogas  
D.Sc (Tech.), MBA  
Employed by Gasum since 2013

Member of the Cargotec  
Corporation Board of Directors  
since 2017,  
Member of Sampo Plc Board of  
Directors and Audit Committee  
since 2019,  
Chair of the Tekniikan  
edistämissäätiö (TES) Board of  
Directors since 2020 and  
Member of the Board of the  
Directors 2014–2019,  
Member of the Research Institute of  
the Finnish Economy ETLA Board of  
Directors since 2020,  
Member of the Finnish Business  
and Policy Forum EVA Board of  
Directors since 2020,  
Chair of the Board of Trustee of  
Savonlinna Operafestivals since 2017



**JOHAN GRÖN**



born 1966  
Vice President, Biogas  
D.Sc (Chem.Eng.)  
Employed by Gasum since 2019

Member of the Kotkamills  
Board of Directors since 2015,  
Member of the Algol Chemicals  
Board of Directors since 2020



**JOUNI HAIKARAINEN**



born 1965  
Senior Vice President,  
Portfolio Management  
and Trading  
M.Sc (Tech.)  
Employed by Gasum  
since 2015



**ANJA KUPARINEN**



born 1967  
Vice President,  
Human Resources and safety  
M.Sc (Econ.)  
Employed by Gasum since 2017



**JUKKA METSÄLÄ**



born 1979  
Vice President, Traffic  
M.Sc (Tech.), MBA  
Employed by Gasum  
since 2014



**KAI LAITINEN**



born 1970  
CFO  
M.Sc (Econ.)  
Employed by Gasum  
since 2019



**KIMMO RAHKAMO**



born 1962  
Vice President,  
Natural Gas and LNG  
M.Sc (Engineering)  
Employed by Gasum  
since 2017



**OLGA VÄISÄNEN**



born 1977  
Vice President,  
Communications  
M.Sc (Econ.)  
Employed by Gasum since 2011



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