

A woman with long brown hair, wearing a light-colored straw hat and a blue top, is shown in profile from the chest up. She is looking out over a white railing, possibly on a boat or a waterfront promenade. The background is bright and slightly blurred, showing greenery and a white structure. The image is framed by a large white circle on the left and a white semi-circle at the top right.

GASUM
GOVERNANCE AND
REMUNERATION

2018

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, 2018, 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 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,

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 ten per cent 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 April 13, 2018 confirmed the number of members of the Board of Directors as being seven. The meeting elected Juha Rantanen as the Chairman and Stein Dale, Elina Engman, Timo Koponen, Päivi Pesola and Jarmo Väisänen as members of the Board of Directors. Elisabet Salander Björklund was elected as a new member to the Board.

The Board of Directors had ten (10) meetings during the 2018 reporting period. The average meeting attendance rate among the Board members was 91%.

BOARD COMMITTEES

Audit Committee

The company has an Audit Committee established by the Board of Directors and assisting the Board of Directors. The task and purpose of the Audit 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 meeting on May 3, 2018 the Board of Directors elected Päivi Pesola as the Chair and Elina Engman and Timo Koponen as members of the Audit Committee. In addition, at its meeting on June 11, 2018 the Board of Directors elected Elisabet Salander Björklund as a new member of the Audit Committee.

The Audit Committee had four (4) meetings in 2018. The average meeting attendance rate among the Audit Committee members was 100%.

HR Committee

The company also has an HR Committee, which is also 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 meeting on May 3, 2018 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 six (6) meetings in 2018, 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 2013.

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 2018

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 2018.

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.

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.

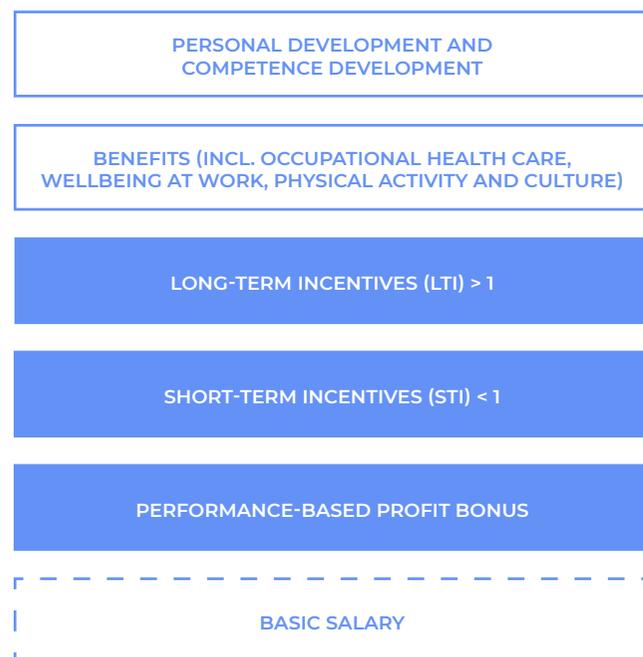
Communications

We emphasize open and regular communication in company and unit performance.

The remuneration principles have been designed to provide incentives for profitable operations in accordance with the company's values, the achievement of the strategic business objectives and to reward for good 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. In addition, we operate a performance-based profit bonus scheme. The remuneration system also includes other benefits and bonuses. The following table presents the company's total remuneration model:

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.

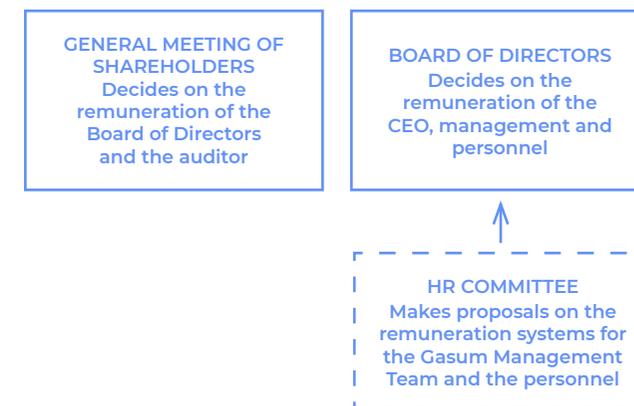
DECISION-MAKING PROCEDURE FOR REMUNERATION

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. All employees, excluding the CEO, are included in the profit bonus

DECISION-MAKING PROCEDURE FOR REMUNERATION



scheme where payments are made on the basis of decisions of the general meeting of shareholders.

In the long-term incentive program, the earnings criteria are focus on the company's value increases in accordance with the strategy and on creating profitable growth in the new businesses, LNG and Biogas. The incentive program also helps achieve the commitment of key persons and their retention as Gasum employees.

The first three-year earning period of the long-term incentive program was from 2015 to 2017. In 2018, a new long-term incentive program was launched for the period of three years 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 CEO has possibility to have a 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 or 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 2018, 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 2018, 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 aver-

age 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- as well as long-term incentive bonuses. The short-term incentive bonuses were based on targets set and results achieved in 2017.

REMUNERATION OF THE BOARD OF DIRECTORS

On December 13, 2018 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 2018. The amounts include fixed remuneration and meeting attendance fees. In 2018, the Board of Directors had 14 meetings, the Audit Committee 4 meetings and the HR Committee 6 meetings.

REMUNERATION OF THE BOARD OF DIRECTORS

Members of the Board of Directors 2018	Remuneration in 2018	2017
Juha Rantanen, Chair	45,600	43,200
Stein Dale	36,000	23,100
Elina Engman	26,400	18,300
Timo Koponen	28,800	31,200
Charlotte Loid*	9,600	30,000
Päivi Pesola	26,400	25,200
Elisabet Salander Björklund*	20,400	0
Jarmo Väisänen	27,000	25,200

*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 2018	2017
CEO	378,219	202,952	581,171	507,616
Gasum Management Team	1,711,057	669,774	2,380,831	2,234,383
Total	2,089,276	872,726	2,962,002	2,741,999

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

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

TIMO KOPONEN

born 1969
M.Sc (Econ.)
Member of the Board
of Gasum since 1st of
March 2016, Member of
the Audit Committee

PÄIVI PESOLA

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

ELISABET SALANDER BJÖRKLUND

born 1958
M.Sc (For)
Member of the Board
of Gasum since 13th of
April 2018

ELINA ENGMAN

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

GASUM MANAGEMENT TEAM 1 JANUARY 2019



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 Evli Bank Plc Board of Directors and member of an Audit Committee of Evli Bank since 2015
- » Member of Tieto Plc Board of Directors since 2016, member of an Audit and Risk Committee of Tieto Plc
- » Member of the Board of Tekniikan edistämisseätiö (TES) since 2014
- » Chair of the Board of Trustees of Savonlinna Operafestivals since 2017

JOUNI HAIKARAINEN

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

JUKKA METSÄLÄ

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

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

LASSE AARNIO

born 1962
CFO
M.Sc (Econ.)
Employed by Gasum
since 2015

ANJA KUPARINEN

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

GASUM GROUP

Revontulenpuisto 2 C, P.O. Box 21

FI-02100 Espoo, Finland

Phone +358 20 44 71

www.gasum.com