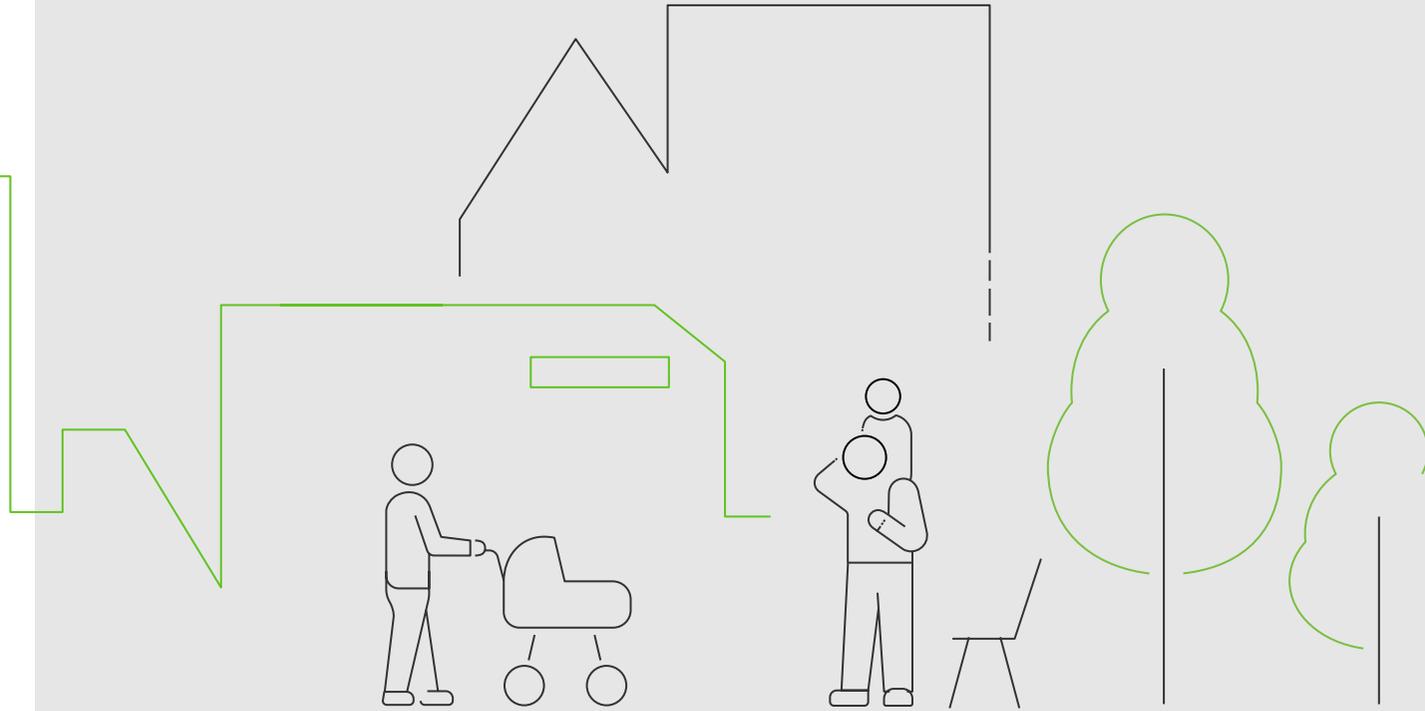
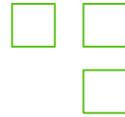


# Governance

- Caruna Networks Oy's governing bodies are the General Meeting and Board of Directors
- Risk management is part of Caruna's internal control system



# Governance at Caruna

## CORPORATE STRUCTURE

Caruna Networks Oy is the parent company of Caruna Networks Group (“Caruna”). The parent company of Caruna Networks Oy is Suomi Power B.V., which has its domicile in the Netherlands. Caruna Networks Oy is the owner of the other two companies in the Group, Caruna Oy and Caruna Espoo Oy.

The corporate governance is based on Finnish law, Group companies' articles of association and the Finland Chamber of Commerce's good governance recommendations for unlisted companies.

The consolidated financial statements and interim reports are prepared in line with the International Financial Reporting Standards (IFRS) approved by the EU. The parent company's annual report and financial statements have been prepared in line with the Finnish Companies Act, Accounting Act, and Finnish Accounting Board instructions and statements.

The auditor's report covers both the consolidated financial statements and parent company financial statements.



# Governing bodies of Caruna Networks Oy

Caruna Networks Oy's governing bodies are the General Meeting and Board of Directors. The Board of Directors' three committees, the Audit Committee, the Nomination and Remuneration Committee, and the Health, Safety and Environment Committee, prepare the items addressed by the Board and assist the Board in its decision-making.

The CEO is responsible for executive management. Caruna's Management Team supports the CEO in decision-making. Internal auditors help to ensure that the Group's operations remain effective and appropriate. They report to the Board and the Audit Committee.

## GENERAL MEETING

Caruna Networks Oy's General Meeting exercises the highest decision-making powers in the Group.

The General Meeting appoints the members of the Board of Directors for a term of office commencing at the Annual General Meeting and ending at the next Annual General Meeting. Planning the composition of the Board of Directors involves considering Caruna's current and future business needs and seeking to ensure the diversity of the Board in several aspects. Caruna's Board members must have adequate experience and expertise that complement those of the other members. The members' individual qualities are also emphasised.

The General Meeting's decisions usually require a simple majority. Such decisions include approving the financial statements, paying dividends, discharging the Board of Directors and the CEO from liability, electing the Board of Directors and the auditors, and making decisions regarding their remuneration.

In accordance with the Limited Liability Companies Act and the articles of association, the General Meeting is convened by the Board of Directors.

## BOARD OF DIRECTORS

Caruna's Board of Directors is responsible for the Group's strategic development and for monitoring and steering the Group's business operations and governance. In accordance with the Limited Liability Companies Act and the articles of association, the Board of Directors is tasked with representing the Group and ensuring the

oversight of accounting and financial management. The Board of Directors ensures that Caruna has values to complement the Code of Conduct it has adopted.

The Board has between one and ten ordinary members and at most four deputy members. The Annual General Meeting elects the members for a term which ends at the next Annual General Meeting.

The Board convenes according to an agreed schedule to discuss matters assigned to it. The Board has approved charter for its activities.

The CEO, the CFO and the General Counsel, who also acts as the Board's secretary, regularly attend Board meetings. Other Management Team members and directors of the Group attend the meetings by invitation.

## COMMITTEES OF THE BOARD OF DIRECTORS

Committees under the Board are the Audit Committee, the Nomination and Remuneration Committee, and the Health, Safety and Environment Committee. The committees support the work of the Board by preparing and evaluating matters for decision-making by the Board.

Committee members are elected by the Board. Each committee must consist of a minimum of three members. The members' terms of office end after the conclusion of the next Annual General Meeting. All Board members have the right to attend committee meetings.

Each committee's Chair regularly reports to the Board on the committee activities after each meeting. All Board members can access the committee meeting documents and minutes. The Board of Directors has approved the committees' charters. The charters are regularly reviewed and updated.

## AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in its task related to oversight. The key duties of the Audit Committee include reviewing the financial and ESG information disclosed by Caruna and interacting with internal and external auditors.

Caruna's auditor, CEO, CFO and General Counsel, who acts as the committee secretary, regularly attend the committee meetings. Other directors attend the meetings by invitation.

The Audit Committee oversees the financial reporting process and auditing. Moreover, it monitors the effectiveness of the company's internal control, risk management and internal auditing, as well as the processes that ensure Caruna's compliance with the rules and regulations related to, for example, financial reporting. The Audit Committee discusses the policies in its area of responsibility before they are submitted to the Board of Directors.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assists the Board of Directors in tasks related to the nominations and remuneration of the Group's management. The committee meetings are regularly attended by the CEO and the Head of People and Culture, who also acts as the committee secretary.

### HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The Health, Safety and Environment Committee assists the Board in decision-making concerning the safety of operations, environmental issues, and corporate responsibility. The committee addresses the health, safety and environmental policy and monitors and oversees the implementation of the responsibility targets set by the Board within the Group and performance in relation to the targets set for improving operations.

The CEO, the member of the Management Team responsible for HSE matters, the HSEQ Manager and the Sustainability Manager, who also acts as the committee secretary, regularly attend the meetings.

### MEMBERS OF THE BOARD OF DIRECTORS

In 2022, members of the Board and the committees were as follows:

At the beginning of 2022, the Board of Directors of Caruna Networks Oy, the parent company

of Caruna Group, consisted of Matti Ruotsala (Chair), and members James Adam, Andrew Furze, Jouni Grönroos, Shankar Krishnamoorthy, Kerron Lezama, Fredrik Lundeborg and Laura Tarkka. The deputy members were Tara Davies, Katarina Romberg and Charles Thomazi.

On 24 March 2022, James Adam, Andrew Furze, Jouni Grönroos, Shankar Krishnamoorthy, Kerron Lezama, Fredrik Lundeborg and Laura Tarkka were re-elected as members of the Board, as well as Matti Ruotsala, who was re-elected as Chair of the Board.

Tara Davies and Charles Thomazi were re-elected as deputy members. Filip Szopa was elected as a new deputy member.

By decision of the Extraordinary General Meeting on 14 November 2022, Julia Giese was elected as deputy member of the Board to replace Tara Davies, who had resigned.

Kerron Lezama resigned as Board member on 15 December 2022.

The Board of Directors convened 12 times in 2022.

### AUDIT COMMITTEE

In 2022, the Audit Committee consisted of Jouni Grönroos (Chair), Shankar Krishnamoorthy, Kerron Lezama and Fredrik Lundeborg.

Kerron Lezama's membership ended on 15 December 2022 after he resigned as Board member.

The Audit Committee convened three times in 2022.

### NOMINATION AND REMUNERATION COMMITTEE

In 2022, the Nomination and Remuneration Committee consisted of Matti Ruotsala (Chair), James Adam and Andrew Furze.

The Nomination and Remuneration Committee convened six times in 2022.

### HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The Health, Safety and Environment Committee consisted of Shankar Krishnamoorthy (Chair), Kerron Lezama (until 15 December 2022) and Laura Tarkka.

The Health, Safety and Environment Committee convened three times in 2022.

**ORDINARY BOARD MEMBERS**



**Matti Ruotsala**  
Chair



**James Adam**



**Andrew Furze**



**Jouni Grönroos**



**Shankar Krishnamoorthy**



**Kerron Lezama**  
(until 15 December 2022)



**Fredrik Lundeberg**



**Laura Tarkka**

**DEPUTY BOARD MEMBERS**

Tara Davies (until 14 November 2022),  
Katarina Romberg (until 24 March 2022),  
Filip Szopa (as of 24 March 2022),  
Julia Giese (as of 14 November 2022)  
and Charles Thomazi.

# Management Team

The role of the CEO is stipulated in the Limited Liability Companies Act. The CEO chairs the Management Team. In accordance with the Limited Liability Companies Act and the instructions and orders given by the Board, the CEO is responsible for the Group's executive management. Under the Limited Liability Companies Act, the CEO is responsible for ensuring that the company's accounts are in compliance with the law and its financial affairs have been arranged in a reliable manner.

The Group's CEO was Tomi Yli-Kyyny until 23 March 2022. After he resigned from Caruna, Jyrki Tammivuori has acted as the CEO.

The Management Team supports the CEO's work.

The Management Team assists the CEO in achieving strategic and sustainable business objectives in a manner decided by the Board, prepares the Group's business plans and decides on investment and business arrangements that fall within its remit.

Financial performance and the outcomes of the corporate responsibility programme are monitored by monthly reporting and reviewed monthly

by the Management Team. Every quarter, the Management Team holds an extended quarterly meeting where the business units report on their activities. The quarterly meetings are attended by unit management teams and by representatives of salaried and senior salaried employees.

Each member of the Management Team is responsible for the operative implementation of day-to-day business activities.

## MEMBERS OF THE MANAGEMENT TEAM

At the beginning of 2022, the company's Management Team consisted of CEO Tomi Yli-Kyyny, SVP, Network Management and Operations Elina Lehtomäki, SVP, Customer Value and New Ventures Kosti Rautiainen, CFO and Deputy CEO Jyrki Tammivuori, and SVP, People, Public Affairs & Regulation Noora Neilimo-Kontio.

After the change of CEO on 23 March 2022, the Management Team has consisted of CEO Jyrki Tammivuori, SVP, Network Management and Operations Elina Lehtomäki, SVP, Customer Value and New Ventures Kosti Rautiainen, and SVP, People, Public Affairs & Regulation Noora Neilimo-Kontio. Noora Neilimo-Kontio was appointed Caruna's CFO and Deputy CEO on 13 June 2022.



# Management Team



## JYRKI TAMMIVUORI

MSc (Economics), b. 1971  
CEO (Acting CEO from 23 March 2022,  
CEO from 13 May 2022)

**Background:** Over 20 years of experience in financial roles.

### Previous positions:

2014–2022 CFO, Deputy CEO, Caruna  
2013–2014 Acting CFO, Stora Enso Oyj  
2008–2014 Group Treasurer, Stora Enso Oyj  
1999–2008 Several posts at Stora Enso Oyj's Brussels, London and Helsinki offices  
2012–2015 Member of the Board, Tornator Oyj  
2010–2012 Deputy member of the Board, Tornator Oyj  
2009–2014 Member of the Board, Thiele Kaolin Company, GA USA



## ELINA LEHTOMÄKI

MSc (Electrical Engineering), b. 1974  
SVP, Network Management and Operations

**Background:** Over 20 years of experience in executive, development and specialist positions in the energy and electricity distribution business.

### Previous positions and other roles:

2019–2021 Head of Development and Innovation, Caruna  
2020–present Member of the Board, Adato Energia Oy  
2016–2018 Business Development Manager, Caruna  
2013–2015 Head of Growth Investments and Maintenance, Caruna  
2010–2013 Head of Network Services, Fortum Distribution  
1999–2010 Advisor, Electrical Network, Finnish Energy



## NOORA NEILIMO-KONTIO

MSc (Economics), b. 1975  
CFO and Deputy CEO  
(SVP, People, Public Affairs & Regulation until 12 June 2022)

**Background:** 20 years of experience in business and strategy development tasks both as a management consultant and in companies.

### Previous positions:

2020–2022 SVP, People, Public Affairs & Regulation, Caruna  
2017–2020 Head of Strategy and Business Performance Management, Caruna  
2014–2017 Head of Business Control and Business Performance Management, Caruna  
2007–2014 Head of Strategy and Performance Management, Accenture  
2003–2007 Senior Consultant, Ernst & Young

# Management Team



## KOSTI RAUTIAINEN

MSc (Technology), b. 1977

SVP, Customer Value and New Ventures

**Background:** Some 20 years of international experience in managerial and executive positions in the energy sector.

### Previous positions:

2019–2021 Head of Electrical Network, Caruna

2017–2018 Executive Vice President,  
Maintpartner Group

2015–2017 Senior Vice President, Ekokem

2012–2015 Vice President Technology, Fortum India

2008–2012 Production Director, Fortum Heat

2003–2008 Multiple positions, e.g. Vattenfall,  
Wärtsilä



## SEIJA VIRKAJÄRVI

LL.M.; b.1962

General Counsel, Secretary of  
the Management Team

**Background:** 30 years of experience in legal positions in the energy, telecoms and banking sectors.

### Previous positions:

2007–2014 Fortum Group, Legal Counsel

2001–2006 E.ON Finland Oyj, Legal Counsel, Secretary  
of the Board of Directors

1997–2001 Elisa Corporation, Legal Counsel

2011 Member of the Board, Fortum Energiatekniikka Oy

2007–2009 Member of the Board, Ojamon Lämpö Oy

2005–2006 Member of the Board, Kainuun Energia Oy

2000–2001 Member of the Supervisory Board,  
Comptel Oy

**Tomi Yli-Kyyny acted as CEO  
until 23 March 2022.**

# Management at Caruna

We have defined Caruna's strategy and business goals on a Group-wide basis and shared them with the entire organisation.

Our operations are led by the CEO and Management Team, who are in charge of the execution of our strategy. The Management Team sets goals for the business planning period and defines the focal areas for each year. Our business units – Customer Value and New Ventures, Electricity Network Management and Operations, CFO Office (People & Public Affairs and Regulation until 12 June 2022) and Corporate Services – prepare their annual business plans on this basis. The results are monitored in view of the plans and goals on a monthly basis.

People & Culture, legal affairs, procurement, ICT and architecture and agile development have been merged under the Corporate Services unit. Strategy and innovation, public relations, finance, and communications and marketing are the responsibility of the CFO office under the leadership of the CFO and Deputy CEO. Corporate responsibility is included in the area of responsibility of the CFO office.

All unit heads are members of the Caruna Management Team and report to the CEO. The Management Team convenes twice a month.

## GUIDELINES, POLICIES AND STANDARDS PROVIDE MANAGEMENT SUPPORT

In addition to laws and regulations, management is guided by our corporate values, policies (such as HR, risk management, asset management, finance, communications, compliance, and health, safety and environmental policy) and more specific guidelines.

Caruna's Code of Conduct lays the foundation for our way of work. It defines how we work together and treat each other, how we engage in the business of electricity distribution, and how we take care of Caruna's assets.

Our responsibility principles are described in our health, safety and environmental policy.

The Code of Conduct and policies apply to all Caruna employees, managers and Board members. We also require our contractors, contractual suppliers and other contractual partners to comply with the Supplier Code of Conduct.

The basic premise is that everyone working for Caruna and for our partners observes a consistent code of conduct.

Our management system meets the following standards:

- ISO 55001:2014 asset management system
- ISO 45001:2018 occupational health and safety management system
- ISO 14001:2015 environmental management system

## WE REGULARLY ASSESS OUR OPERATIONS

Our Management Team and units regularly monitor our business and attainment of goals and report on them regularly also to the Board of Directors.

A set of company- and unit-specific performance indicators have been created for monitoring Caruna's operations, including a range of targets down to the level of each individual. The set of indicators includes both financial and non-financial responsibility indicators. The operations are examined as a whole, and the indicators have been designed to exclude the possibility of partial optimisation. Each employee's performance is

compared with the company's strategic business goals. The set of indicators also functions as a basis for our reward system. Our reward system applies to the entire personnel.

We evaluate the quality of management through yearly personnel surveys. We promote self-management and encourage employees to actively participate in improving the working environment.

We are continuously improving our management system. Caruna is a Great Place to Work certified workplace.

# Risk management

We ensure the continuity of our operations by actively identifying and managing risks.

Risk management is part of Caruna's internal control system. We regularly assess the strategic and operational risks facing the Group. Our risks are divided into the following subcategories: financial risks, regulatory and compliance risks, customer and market risks, people risks, environmental risks, technology and physical assets risks, and information and security risks. Risk management strives to ensure that any risks affecting the Group's business operations are identified, managed and monitored. The Group has taken out appropriate insurance policies that provide comprehensive cover for its operations.

## STRATEGIC RISKS

Strategic risks include regulatory risk, that is, harmful and negative impacts on the regulatory environment or the low predictability of changes in the regulatory environment. The changing operating environment, availability of financing, and the availability of competent personnel are also essential risks at the strategic level. Reputational

risk has also been identified. If it materialises, it will slow down the implementation of our strategy and could be a trigger for other strategic risks.

## Challenges in the operating environment

The strategy is reviewed annually, and changes are made as necessary. Climate change is one of the key long-term megatrends emerging from our operating environment. We evaluate the risks and opportunities of climate change in accordance with the TCFD (Task-force on Climate-related Financial Disclosures) framework.

## OPERATIONAL RISKS

The most significant risks to operations are related to information security, abnormal weather conditions, supplier risk, and safety. For example, abnormal weather conditions may affect the reliability of the distribution network. The key means of preventing interruptions are to replace overhead lines with underground cables, manage forests near overhead lines, and develop remote network

control. Caruna has identified risks related to information security and has developed its operations to mitigate these risks.