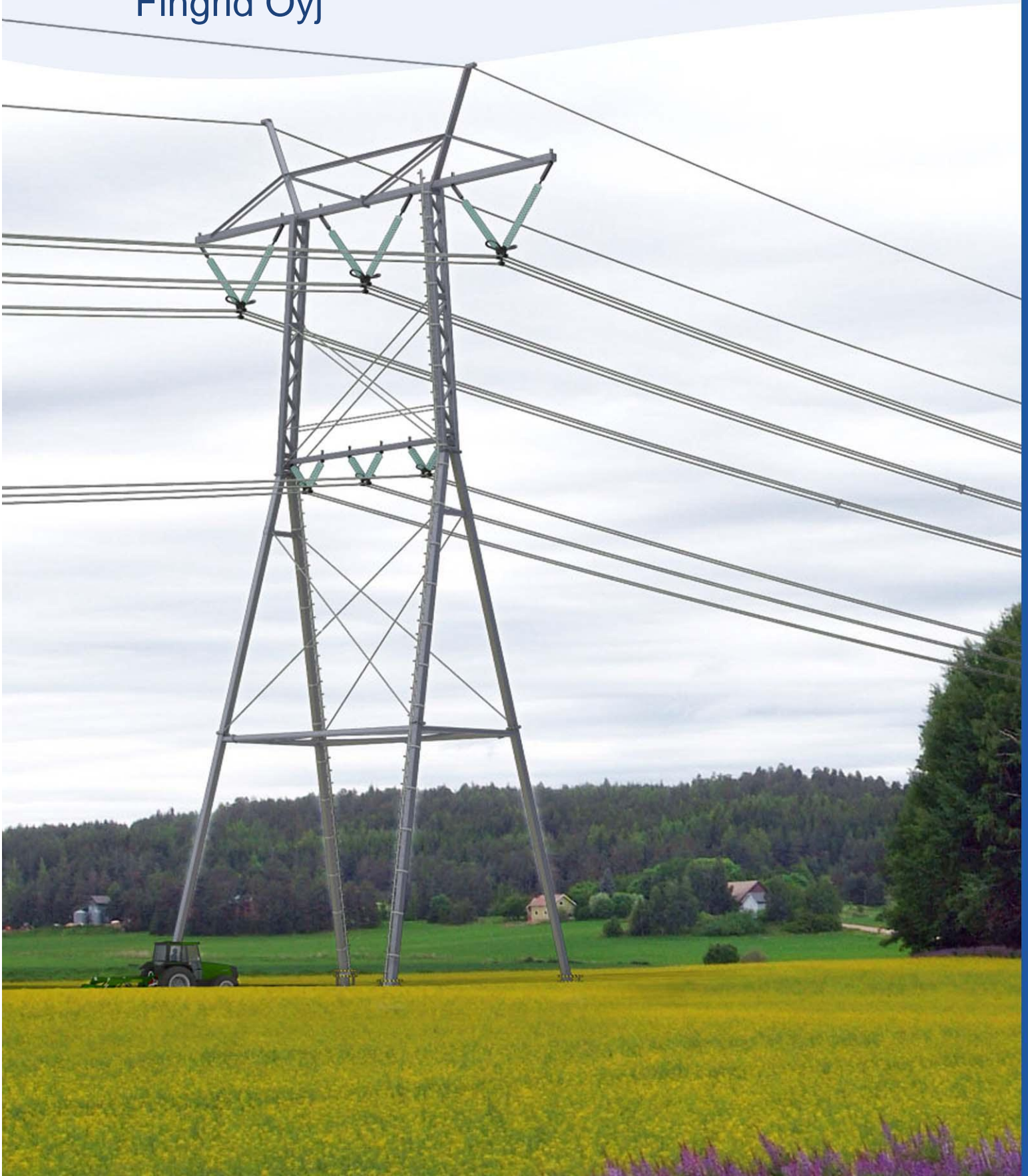


Corporate governance statement
18 February 2013
Fingrid Oyj



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Corporate governance statement

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1 Adherence to Corporate Governance Code at Fingrid

Fingrid complies with the Corporate Governance Code of Finnish listed companies (the Code), which came into force in 2010. Fingrid Oyj's corporate governance statement has been drawn up in accordance with recommendation 54 of the Corporate Governance Code. The statement has been presented as a report separate from the annual review.

Fingrid's shares are not subject to public trading. This is why the company is not obliged to maintain an insider register as stated under recommendation 51 of the Code. Unlike stipulated under section 1 of the Code, Fingrid does not place the minutes of the 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 in full is available at www.cgfinland.fi.

Fingrid Oyj's audit committee and Board of Directors have reviewed this statement. Fingrid's auditing organisation PricewaterhouseCoopers Oy has verified that this statement has been provided and that the general description of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements of the company.

Further information on Fingrid's corporate governance is available on the company's website at www.fingrid.fi and in the report of the Board of Directors.

2 Board of Directors and committees of the Board

The primary duties and principles of Fingrid's Board of Directors are specified in a written working order.

The Board of Directors is responsible for the administration and the proper organisation of the operations of the company. Moreover, 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 shareholders' meeting. Other duties of the Board include:

- decides on the strategic policies of the company,
- accepts the annual action plan and budget on the basis of the strategy and supervises its fulfilment,
- reviews and accepts the interim reports, annual review and financial statements,
- accepts Fingrid's management system and other business principles to be determined on the Board level, and confirms the values to be followed in Fingrid's operations,
- reviews annually the risks relating to the company's operations and the management of such risks,
- accepts the total amount of purchases and capital investments and its distribution on the various sectors, and decides separately on budgeted purchases and

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capital investments in excess of 10 million euros and on purchases and capital investments outside the budget,

- appoints and dismisses the President 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 and the executive management group,
- assesses its work once a year,
- appoints a consulting Advisory Committee which serves as a link between the Board and the management of the company on one hand and the consumers of electricity and other stakeholders on the other hand,
- appoints the members of the audit committee and remuneration committee,
- deals with other business which the Chairman of the Board, a Board member or the President has proposed to be included on the agenda,
- also assembles without the presence of executive management.

Further information on the Board of Directors and its committees as well as the remuneration principles of the company is available on the company's website (www.fingrid.fi).

Composition of Board of Directors

In accordance with the articles of association, Fingrid's Board of Directors consists of five members who are elected by a shareholders' meeting for a term that lasts until the closing of the next annual shareholders' meeting. The shareholders' meeting also elects a personal deputy member for each Board member. There is no specific order of appointment for the Board members.

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In the annual shareholders' meeting of 22 March 2012, the following persons were elected on the Board of Directors:

Helena Walldén, Chairman

M.Sc. (Tech.), born in 1953

Board member since 3 May 2011

Main position:

Professional Board Member

Independent of the company and significant shareholders.

Juha Majanen, Vice Chairman

LL.M., born in 1969

Board member since 22 March 2012

Main position:

Ministry of Finance, Head of Fiscal Policy Unit, Budget Counsellor

Independent of the company, non-independent of significant shareholders.

Sirpa Ojala

M.Sc. (Tech.), born in 1963

Board member since 22 March 2012

Main position:

Digita Oy, CEO

Independent of the company and significant shareholders.

Esko Raunio

LL.M., born in 1962

Board member since 3 May 2011

Main position:

LocalTapiola Mutual Pension Insurance Company, Director, Private Market Investments

Independent of the company and significant shareholders.

Esko Torsti

Lic. Pol. Sc., born in 1964

Board member since 22 March 2012

Main position:

Ilmarinen Mutual Pension Insurance Company, Head of Non-listed Investments

Independent of the company, non-independent of significant shareholders.

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The Board of Directors in the following composition served until the annual shareholders' meeting of 22 March 2012:

<p>Helena Walldén, Chairman M.Sc. (Tech.), born in 1953</p> <p>Main position: Professional Board Member Independent of the company and significant shareholders.</p>
<p>Arto Lepistö, Vice Chairman Lic. Tech., born in 1952</p> <p>Main position: Ministry of Employment and the Economy, Head of Energy Market Division, Industrial Counsellor Independent of the company, non-independent of significant shareholders.</p>
<p>Elina Engman* M.Sc. (Tech.), born in 1970</p> <p>Main position: Kemira Oyj, Vice President, Energy Independent of the company and significant shareholders.</p>
<p>Timo Kärkkäinen M.Sc. (Econ.), born in 1963</p> <p>Main position: Ilmarinen Mutual Pension Insurance Company, Senior Portfolio Manager Independent of the company, non-independent of significant shareholders.</p>
<p>Esko Raunio LL.M., born in 1962</p> <p>Main position: LocalTapiola Mutual Pension Insurance Company, Director, Private Market Investments Independent of the company and significant shareholders.</p>

*) Resigned from the Board on 29 February 2012.

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Personal deputy members of the Board in 2012:

From 22 March 2012

Timo Ritonummi, Ministry of Employment and the Economy, Industrial Counsellor
Niko Ijäs, Ministry of Finance, Budget Secretary
Marja Hanski, Ministry of Employment and the Economy, Counsellor
Jari Eklund, LocalTapiola Mutual Pension Insurance Company, Director, Investment Services
Matti Rusanen, Ilmarinen Mutual Pension Insurance Company, Head of Listed Securities

Until 22 March 2012

Antti Riivari, Ministry of Employment and the Economy, Senior Advisor
Timo Ritonummi, Ministry of Employment and the Economy, Industrial Counsellor
Marja Hanski, Ministry of Employment and the Economy, Counsellor
Mikko Räsänen, Ilmarinen Mutual Pension Insurance Company, Head of Private Equity
Jari Eklund, Tapiola Group, Director, Investment Services

Operations of the Board of Directors in 2012

The Board of Directors assembled 12 times in 2012. Three of these meetings were conducted as written proceedings. The attendance of the Board members in the meetings is described in the table on page 7.

In 2012, the Board decided on issues such as grid pricing, Fingrid's strategy 2013 - 2022, budget for 2013, Russian cross-border transmission tariff, Fingrid's risk management principles and Code of Conduct, International Medium Term Note Programme of 300 million euros, and the Hirvisuo - Pyhäselkä 400 kilovolt transmission line connection. In its meetings, the Board discusses matters that have been on the agenda of the Board committees.

The Board of Directors has two committees: an audit committee and a remuneration committee. The Board of Directors confirms the working orders of the committees.

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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 assesses the audit plans of the auditor and internal auditor and supervises adherence to legislation and to the governance principles set by the Board.

Juha Majanen (Chairman), Helena Walldén and Esko Torsti served as the members of the audit committee. All members of the audit committee are independent of the company, and Helena Walldén is also independent of significant shareholders.

The committee had five meetings in 2012. The attendance of the members of the committee in the meetings is described in the table on page 7.

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The audit committee has handled in its meetings issues such as the audit plans and audit reports of the auditor and internal audit, risks and risk management principles, financing principles, and corporate governance statement.

2.2 Remuneration committee

The remuneration committee assists the Board of Directors. The remuneration committee 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 and other members of the executive management group. Moreover, the committee prepares the appointments of the President and members of the executive management group and evaluates their successors'.

The remuneration committee consisted of Helena Walldén (Chairperson) and Sirpa Ojala. Both members of the remuneration committee are independent of the company and significant shareholders. The President attends the meetings of the committee.

The remuneration committee had five meetings in 2012. The meetings handled matters such as the remuneration systems applied to the personnel and the executive management group, and their successor planning.

The table below describes the attendance of the members of the Board of Directors of Fingrid Oyj in the meetings of the Board and the committees in 2012.

Meetings of Fingrid Oyj's Board of Directors and committees in 2012

Name	Position	Board meetings	Audit committee	Remuneration committee
Helena Walldén	Chairman	12/12	5/5	5/5
Juha Majanen**)	Vice Chairman	9/9	4/4	
Sirpa Ojala**)	Member	9/9		4/4
Esko Raunio	Member	11/12		
Esko Torsti**)	Member	9/9	4/4	
Arto Lepistö*)	Vice Chairman	3/3	1/1	1/1
Elina Engman***)	Member	1/1	-	-
Timo Kärkkäinen*)	Member	3/3	1/1	-

*) Member of the Board until 22 March 2012

***) Member of the Board from 22 March 2012

***) Member of the Board until 29 February 2012

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3 President

The President attends to the administrative routines of the company in accordance with guidelines provided by the Board of Directors. The President is responsible for the operations of the company assisted by the executive management group and serves as the Chairman of the Board of the subsidiaries. Further information on the President and his remuneration principles is available on the company's website under the link below.

<http://www.fingrid.fi/en/investors/governance/Pages/default.aspx>

Jukka Ruusunen

Doctor of Technology, born in 1958

4 Description of the main features of internal control and risk management related to the financial reporting process

Internal control and risk management intend to make sure that Fingrid works efficiently and productively, that financial reporting is reliable, and that the applicable acts, regulations and the company's own procedural guidelines are followed. The internal control systems related to the financial reporting process are part of a more extensive overall system of Fingrid's internal control, also encompassing comprehensive risk management and internal audit. 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.

Control environment of financial reporting process

The Fingrid Group encompasses the parent company Fingrid Oyj and its fully-owned subsidiary Finextra Oy. The associated companies are Porvoon Alueverkko Oy (holding 33.3%) and Nord Pool Spot AS (holding 19.18%). 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 financial administration of the Group, which monitors the accounting standards (IFRS, IAS, FAS), maintains 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 issues such as the schedule and order in which the month-end accounts are drawn up.

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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 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

Fingrid's 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, annual review and financial statements. The audit committee assists the Board of Directors in this by monitoring the efficiency of internal control, internal audit and risk management systems of the company.

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 internal audit has been outsourced to an external service provider. The company's internal audit reports to the President. The President has delegated the administrative responsibility for the internal audit to the General Counsel of the Group. The audits are reported to the audit committee.

Risk management and control measures, and follow-up

In order to control the risks related to financial reporting, Fingrid identifies the risks threatening the achievement of the company's financial objectives and specifies the likelihood and monetary value of such risks. Moreover, risk management measures, responsible persons and implementation schedule are specified for the identified risks.

Controls pertaining to risk management are set throughout the Group, on all levels and units of the Group. Examples of the controls include internal guidelines, acceptance procedures and authorisations, cross-checking with cost accounting, matching, checking, 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, 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.

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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 correctness of financial reporting. This reporting is reviewed monthly in the meetings of the executive management group. 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.

Verifying the correctness of monthly reporting employs the company's financial control system, which the controllers and heads of units of the company can use for finding essential errors and anomalies. The correctness of financial reporting is also ensured by taking care of good data security and data management. The goal is to avoid risky work combinations wherever possible. User rights are checked regularly, and user rights are determined by the position of a person in the organisation. Backups are taken regularly of the data bases used in the financial control system and accounting system. The company has a data security manager.

The company's internal audit carries out risk-based audits relating to the various processes of the company. The audits conducted in 2012 included audits of the management of capital expenditure, imbalance settlement, financing, management of occupational safety, and comprehensive risk management. Controls for the financial reporting processes are enhanced as part of internal control. The personnel are given training in how to monitor the correctness of the information produced by the financial reporting process of the company, concerning cost unit follow-up, posting, acceptance procedures for invoices and receipts, as well as for budgeting and actual result follow-up.