



**FINTRAFFIC**

# **Governance and Remuneration Report 2020**

# Towards the world's safest, smoothest and most environmentally friendly traffic

We provide and develop traffic control and management services for all modes of transport. We help people and goods to arrive safely, smoothly and with respect for the environment. Intelligent traffic control services, digital services for businesses and consumers, and up-to-date traffic data will help Finland become a pioneer in sustainable transport and logistics.

We want to offer an excellent and attractive workplace for top experts. We employ 1,100 professionals.

## Parent company

Traffic Management Company Fintraffic Ltd

## Subsidiaries

- Fintraffic Air Navigation Services Ltd is responsible for air navigation services.
- Fintraffic Vessel Traffic Services Ltd is responsible for vessel traffic services.
- Fintraffic Railway Ltd is responsible for rail traffic control and management.
- Fintraffic Road Ltd is responsible for road traffic control and management.

## How to read the report package



### Annual Report 2020

Strategy, key events of 2020, and a review of responsibility and sustainability. [Read the report here.](#)



### Governance and Remuneration Report 2020

Information about the company's governance and steering system, and the remuneration paid to the CEO and members of the Board of Directors.



### Report of the Board of Directors and Financial Statements

A description of the company's operations in 2020 and a summary of its financial results and financial position. [Read the report here.](#)

## Contents

Corporate Governance Statement	3
Remuneration policy	12
Remuneration report	14
Further information about remuneration	17

# Corporate Governance Statement

Traffic Management Company Fintraffic Ltd is a wholly state-owned special assignment company and the parent company of the State's traffic control group. The company's line of business is air navigation services and other operations related to air traffic; the control and management of maritime, railway and road traffic; and the collection, management and utilisation of information associated with these activities.

The company is to ensure safety and smooth flow of air traffic, maritime, railway and road traffic. The company provides the traffic control and management services that are required by the society, the economy, and the authorities to ensure smooth and safe traffic, and to guarantee the reliable operation of traffic control and management under all circumstances.

As part of its special assignment, it is the company's duty to provide, maintain and develop traffic control and management services for defence and security authorities, to the extent that is justified for carrying out their statutory tasks. The company's special assignment also includes collection, management and utilisation of information relating to traffic, traffic control and traffic services; and also to make it equally available to other operators, and hence to create opportunities for new business

based on automation and utilisation of information and newly emerging business models.

As the owner, the State's activities are based on the State Shareholdings and Ownership Steering Act (1368/2007). The Ministry of Transport and Communications is responsible for the company's ownership steering. Parliament has not authorised the Government to divest any shares in Traffic Management Company Fintraffic Ltd.

In accordance with the Government Resolution on State-ownership Policy issued on 8 April 2020, as the owner of the company, the State is seeking the best possible overall financial and social benefit from the management of its assets, and this will be assessed on the basis of how well and how cost-efficiently the company fulfils its assigned duties.

The company's decision-making and governance comply with the Limited Liability Companies Act, the company's Articles of Association, the guidelines for the ownership steering of limited liability companies issued by the Ministry of Transport and Communications on 1 January 2019, the strategic ownership policies for Traffic Management Company Fintraffic Ltd issued on 16 October 2019, and the corporate governance code contained in the Group's own management system.

## Compliance with and deviations from the Corporate Governance Code

The decision-making, governance and management of Traffic Management Company Fintraffic Ltd comply with the Limited Liability Companies Act, Traffic Management Company Fintraffic Ltd's Articles of Association, and the majority of the Corporate Governance Code issued by the Securities Market Association in 2020.

## Insider transactions

Traffic Management Company Fintraffic Ltd's Board of Directors has approved the insider guidelines dated 3 December 2019, and these are followed by Traffic Management Company Fintraffic Ltd and all companies in the Fintraffic Group. The purpose of the insider guidelines is to ensure the independence of decisions in transactions that either involve parties related to the decision-makers or could otherwise raise suspicion among outsiders as to the independence of decision-making and whether business is being conducted on market terms.

Traffic Management Company Fintraffic Ltd assesses and monitors related-party transactions and ensures that any conflicts of interest associated with related-party transactions are duly taken into consideration.

Any related-party transactions (as specified in the Limited Liability Companies Act and the Accounting Act and Decree) that took place during the financial year were not of material significance for Traffic Management Company Fintraffic Ltd and did not deviate from ordinary business or market terms.

## Diversity

When Boards of Directors are appointed to state-owned companies, the owner follows both the Government Action Plan for Gender Equality 2020–2023 and its own guidelines and resolutions on diversity in state-owned companies.

Traffic Management Company Fintraffic Ltd complies with the above-mentioned principles on diversity and equality. Both genders are represented on Traffic Management Company Fintraffic Ltd's Board of Directors, as is required by the Corporate Governance Code.

At the end of the previous financial year, two members of Traffic Management Company Fintraffic Ltd's Board of Directors were women and three were men. The composition of the Board of Directors has changed since the end of the 2019 financial year, and the Board now comprises three women and three men.



## Corporate structure

The State's traffic control group comprises the parent company Traffic Management Company Fintraffic Ltd and its subsidiaries Fintraffic Air Navigation Services Ltd, Fintraffic Railway Ltd, Fintraffic Road Ltd, and Fintraffic Vessel Traffic Services Ltd. The Finnish State owns one hundred per cent of the shares in the Group's parent company, which in turns owns one hundred per cent of the shares in its subsidiaries. The subsidiaries are responsible for traffic control and traffic management services for their respective modes of transport. The parent company provides the Group's shared services and cooperates with its subsidiaries to promote the development of a traffic system incorporating all modes of transport, the traffic ecosystem, digital services and a common information platform.

## Governing and administrative bodies

Traffic Management Company Fintraffic Ltd's governing and administrative bodies are the General Meeting of Shareholders, the Board of Directors, and the CEO. To ensure the quality and effectiveness of decision-making, these bodies are assisted by the company's Management Team and the Board of Directors' Audit Committee and Personnel Committee.

## General Meeting of Shareholders

The General Meeting of Shareholders is the company's highest decision-making body. The Annual

General Meeting must be held each year before the end of June on a date specified by the Board of Directors. The Annual General Meeting decides on the matters specified in the Limited Liability Companies Act and the company's Articles of Association. In accordance with the company's Articles of Association, the General Meeting decides on any legal actions with far-reaching or high significance for the company's operations in fulfilling its special assignment, and particularly with respect to ensuring the availability of air, vessel, railway and road traffic control services in Finland.

The Board of Directors will convene an Extraordinary General Meeting as necessary or when required by the Limited Liability Companies Act.

According to the company's Articles of Association, the notice of a General Meeting must be delivered at the earliest four weeks and at the latest one week before the meeting.

## Board of Directors

It is the Board of Directors' duty to ensure that the company's administration and operations are appropriately organised, and that appropriate supervision of accounting and financial management has also been arranged.

Traffic Management Company Fintraffic Ltd's Board of Directors handles issues that are far-reaching or involve important matters of principle about the operations of the company and its subsidiaries, as well as policies concerning more than one company.

The Board of Directors and CEO must manage the company professionally and in accordance with healthy and prudent business practices. It is the Board of Directors' duty to promote the interests of the company and its shareholder.

According to the company's Articles of Association, the Board of Directors may comprise a minimum of three and a maximum of seven ordinary members. The Chair and other members of the Board of Directors are elected by the General Meeting of Shareholders. The Board of Directors may elect a Vice Chair from among its number. A Board member's term of office expires at the close of the next Annual General Meeting after their election.

Meetings of the Board of Directors will be held on a date determined by the Board of Directors. A meeting schedule is confirmed as part of the Board of Directors' action plan, but the Board of Directors may also convene at other times by decision of the Board of Directors or as required by a Board member or the CEO. A meeting of the Board of Directors is quorate when more than half of its members are present. The resolutions of the Board of Directors are made by a simple majority of votes. In the event of a tie, the Chair's vote is decisive.

The company's CEO is responsible for preparing matters to be reviewed by the Board of Directors. The CEO is also responsible for ensuring that the Board of Directors has access to sufficient information for assessing the Group's operations, financial position, and any other matters on the agenda. Matters to be discussed

by the Board of Directors are presented by the CEO or another person appointed by the CEO who is familiar with the matter in question.

The Board of Directors has adopted rules of procedure that specify the duties and working methods of the Board of Directors in detail. The Board of Directors assesses its work and efficacy by means of an annual self-assessment.

At the beginning of 2020, Traffic Management Company Fintraffic's Board of Directors consisted of Pertti Korhonen as Chair and Sauli Eloranta, Teemu Penttilä, Seija Turunen and Katriina Vainio as members.

On 7 January 2020, as the representative of the Finnish State and the company's only shareholder, the Ministry of Transport and Communications appointed Seija Turunen as Chair to succeed Pertti Korhonen. Seija Turunen has been a member of the Board of Directors since the beginning of 2019.

Sauli Eloranta, Teemu Penttilä and Katriina Vainio were re-elected as members of the Board, and Juha Majanen and Kirsi Nuotto were elected as new members. The Annual General Meeting of 26 May 2020 elected these same persons to the Board of Directors.

Korhonen continued as the company's Acting CEO until 9 March 2020, when he was appointed as CEO.

The Board of Directors has two committees: the Audit Committee and the Personnel Committee. The Board and its Committees convened 22 times during the financial year.

# Members of the Board of Directors, 31 Dec 2020



## Seija Turunen

b. 1953, M.Sc. (Econ.)

Chairman of the Board of Directors since 13 January 2020

### Professional experience and key positions of trust:

Finnlines Plc, Executive Advisor to the Board of Directors 2013–2014. Finnlines Plc, Deputy CEO and CFO 2007–2013, Head of Port Operations and Managing Director of the Group's port operations companies (Finnsteve companies) 2010–2013. Finnlines Plc, CFO 1992–2007. Other positions prior to 1992: Kansallis-Osake-Pankki, Midland Montagu, Finca, Enso-Gutzeit.

Elisa Corporation, member of the Board of Directors and Chairman of Audit Committee. Finnpilot Pilotage Oy, Chairman of the Board. Pihlajalinna Plc, member of the Board of Directors and Chairman of Audit Committee.



## Sauli Eloranta

b. 1962, M.Sc. (Eng.)

Member of the Board of Directors since 5 December 2018

### Professional experience and key positions of trust:

VTT (Technical Research Centre of Finland Ltd.), Professor of Practice (Safety & Security) 2020–. Kongsberg Maritime Finland Oy, Head of Innovation & Technology 2019–2020. Rolls-Royce Finland Oy, Head of Technology & Innovation 2015–2019. Rolls-Royce Marine, EVP, Engineering & Technology 2010–2015. Rolls-Royce Oy (Finland) and Rolls-Royce AB (Sweden), CEO 2013–2015. Wiima Logistics Oy, member of the Board of Directors 2018–.



## Juha Majanen

b. 1969, LL.M.

Member of the Board since 7 January 2020

### Professional experience and key positions of trust:

Director of Administrative Governance and Development at Ministry of Finance, 1 October 2019– Several positions at the Ministry of Finance since 2002: Budget Secretary, Ministerial Adviser, Senior Budget Adviser, and Deputy Director General of the Budget Department. Ministry of Agriculture and Forestry: Administrative Officer and Senior Administrative Officer, 1999–2002.

Vice Chair of the Board: Fingrid, 2012–2018. Member of the Board: SoteDigi, 2018–2019. Member of the Board: Suomen Malminjalostus, since 2015.



## Kirsi Nuotto

b. 1959, FM

Member of the Board since 7 January 2020

### Professional experience and key positions of trust:

VTT Technical Research Centre of Finland, SVP, Human Resources, August 2016–. Outotec, SVP, Human Resources, 2013–2016. Cargotec, EVP, Human Resources and Communications, 2006–2012. GlaxoSmithKline, Director, Human Resources and Communications, 2001–2006 Several positions at Datex Ohmeda - Instrumentarium Corporation, 1988–2001: Director, Global Education (1998–2001), Global Training Manager (1994–1998), Global Training Specialist (1990–1994), Marketing Assistant (1988–1990), Freelance translator for Datex-Ohmeda, Chicago, United States (1987–1988). Member of the Board, Finrail, December 2018–. Member of the Board and Member of the Nomination and Remuneration Committees, 2015–2018. Member, Resources Executive Networks, San Francisco, USA, 2012–. Technology Industries of Finland: Education and workforce group, 2006–2016. Member of the Board, Strategic Management Society of Finland, 2009–2013 Member of the Board, Cargotec Support Board 2006–2012. Member of the Board, Cargotec France, 2008–2012.





### Teemu Penttilä

b. 1964, LL.M.

Member of the Board of Directors since 5 December 2018

#### Professional experience and key positions of trust:

Ministry of Defence of Finland, Director of the Administration Policy Department 2007–. Finnish Defence Forces, Principal Legal Adviser, Head of Legal Division 2002–2007. Finnish Defence Forces, Deputy Head of Legal Division 2000–2002. Leijona Catering Oy, member of the Board of Directors. Air Navigation Services Finland Oy, member of the Board of Directors 2017–. Urlus-säätiö sr., member of the Board of Directors.



### Katriina Vainio

b. 1967, LL.M.

Member of the Board of Directors since 5 December 2018

#### Professional experience and key positions of trust:

Vaisala Corporation, Group General Counsel 2009–, member of the management group 2017– and secretary of the Board of Directors 2015–. Outokumpu Oyj, Manager-Legal Affairs 2001–2009. Nordkalk Corporation, General Counsel 1997–2001. Partek Corporation, Legal Counsel 1992–1997.

### Committees of the Board of Directors

The Board of Directors has established an Audit Committee and a Personnel Committee to do preparatory work for tasks that are the Board's responsibility. These committees have no independent decision-making power. The Board of Directors makes decisions based on the preparatory work done by the committees. The committees report to the Board of Directors.

#### Audit Committee

It is the Audit Committee's task to assist the Board of Directors in ensuring that appropriate supervision of accounting and financial management has been arranged, and that the company has adequate internal controls covering all its operations. The Committee supports the company's internal control system and ensures that both the company's operations and its internal controls are organised as required by legislation, regulations, and good corporate governance. The Audit Committee supports the Board of Directors by preparing, steering, and assessing risk management, internal control systems, financial reporting processes, auditing and the internal audit. The company's Board of Directors appoints the members and Chair of the Committee on an annual basis. A minimum of three

members must be elected to the Committee, and they are required to have sufficient knowledge of accounting practices and financial reporting, as well as any other qualifications deemed necessary by the Board.

In 2020, the Audit Committee consisted of the following members: Juha Majanen (as of 16 January 2020), Teemu Penttilä, Seija Turunen and Katriina Vainio. Seija Turunen chaired the Committee until 29 May 2020 and Juha Majanen as of 29 May 2020. The Audit Committee convened 6 times with an attendance rate of 100%.

#### Personnel Committee

It is the Personnel Committee's task to assist the Board of Directors in managing the personnel matters for which it is responsible for. The Committee's tasks include preparing matters relating to employment terms and conditions for executive management, and to remuneration and incentive schemes for management and personnel. The Committee also does preparatory work related to appointing members of the Management Team. The company's Board of Directors appoints the members of the Committee on an annual basis. The Committee must have a minimum of three members who are not part of the

company's executive management, and they must have sufficient expertise in remuneration and incentive schemes for senior management, as well as any other qualifications deemed necessary by the Board.

The Personnel Committee consisted of Kirsi Nuotto as Chair and Seija Turunen and Sauli Eloranta as members. The Personnel Committee convened 3 times with an attendance rate of 100%.

## **CEO**

The CEO's key tasks are to plan, manage and oversee the company's business operations, to prepare matters for presentation to the company's Board of Directors, and to implement the Board's decisions. The CEO has the authority to manage and oversee the day-to-day management of the company in accordance to the instructions and orders issued by the Board of Directors. The CEO is responsible for ensuring that the company's accounting complies with legislation and that its financial management has been organised in a reliable manner. The CEO chairs the company's Management Team. The Board of Directors appoints and dismisses the CEO. The terms and conditions of the CEO's employment are specified in a written executive agreement that is approved by the Board of Directors. The remuneration paid

to the CEO is detailed in the Remuneration Report. If necessary, the Board of Directors may appoint a Deputy CEO. The Deputy CEO is responsible for carrying out the CEO's duties if the CEO is temporarily prevented from doing so.

## **Management Team**

The Management Team is chaired by the CEO. The Chair of the Management Team appoints the Secretary of the Management Team. The Chair convenes the Management Team in accordance with a pre-agreed schedule. It is the Management Team's task to support the CEO in preparing strategic issues relating to both the company and the Group; coordinating operations; preparing and implementing operational issues that are of significance or involve matters of principle; and ensuring internal cooperation and information flow. The Management Team prepares matters to be discussed and decided on by the Board of Directors. New Management Team members are proposed by the CEO and approved by the Board of Directors. The remuneration paid to Management Team members is detailed in the Remuneration Report. At the end of 2020, Traffic Management Company Fintraffic Ltd's Management Team consisted of 11 members.

# Members of the Management Team on 31 December 2020



## Pertti Korhonen

b. 1961, M.Sc. (Eng.)

Acting CEO,

Traffic Management Company Fintraffic Ltd

### Professional experience and key positions of trust:

Traffic Management Company Fintraffic Ltd, CEO 2020– (Acting CEO 2019). Outotec Oyj, CEO 2010–2016. Elektrobit Oyj, CEO 2006–2009. Nokia Corporation, member of the Board of Directors 2002–2006. Nokia Corporation, CTO 2004–2006. Nokia Mobile Software, SVP 2001–2003. Several executive positions at Nokia Mobile Phones 1990–2001 (production director, logistics director, procurement director, project director, product development director).

Business Finland, Chairman of the Board 2017–. Fastems Oy, member of the Board of Directors 2016–. Granlund Oy, member of the Board of Directors 2018–. WWF (World Wildlife Foundation) Finland, member of the Supervisory Board 2015–.



## Aapo Anderson

b. 1974, M.Sc. (Eng.)

CEO,

Fintraffic Road Ltd

### Professional experience and key positions of trust:

Fintraffic Road Ltd, CEO 2019–. Several positions in the Finnish Transport Agency: Director 2018, Project Manager for the incorporation of the FTA's traffic management 2017–2018, Head of Unit 2013–2018, Project Manager 2013–2018, Project Manager 2011–2013. Helsinki Region Transport, Project Manager 2007–2011. Consultant (in several companies) 1999–2007.



## Hanna Hovi

b. 1981, LL M

Chief Human Resources Officer,

Traffic Management Company Fintraffic Ltd

### Professional experience and key positions of trust:

Traffic Management Company Fintraffic Ltd, Chief Human Resources Officer 2020–. N-Clean, Chief Human Resources Officer, 2018–2020. YIT/Lemminkäinen, Head of HR Operational Services and Employee Relations, 2017–2018. Orion, Human Resources Manager, 2013–2017. The Federation of Finnish Technology Industries, Labour market expert, 2007–2013.

Member of the Board of Farmania, 2017–. A member of labour market committees for various employers' organisations, 2016–.





### Tero Kossila

b. 1970, M.Sc. (Econ.)  
SQE Director,  
Traffic Management Company Fintraffic Ltd

#### Professional experience and key positions of trust:

Traffic Management Company Fintraffic Ltd, SQE Director 1 January 2019–. Finrail Oy, Director: safety, quality, environment and customer relationships 1 July 2018–. VR-Group Ltd, Vice President, Operations Passenger Services Long-Distance & Russian Passenger Business Division 2014–2018. VR-Group Ltd, Vice President Operations Centre 2011–2014. Business consulting 2009–2010. Emirates Airlines, Business Development Manager, operational divisions 2003–2008. Finnair Plc, Business Development Manager (Group & diverse business areas) 1994–2002



### Janne Lautanala

b. 1971, M.Sc. (Eng.)  
Chief Ecosystem and Technology Officer,  
Traffic Management Company Fintraffic Ltd

#### Professional experience and key positions of trust:

Chief Ecosystem and Technology Officer, Traffic Management Company Fintraffic Ltd 2019–. Wärtsilä Acceleration Centre Singapore, Director 2017–2019. Avanade Singapore, Director in charge of the Digital Workplace business in the Asia-Pacific 2015–2017. Avanade, Nordic innovation director and director of analytics business 2010–2015. Accenture, different management positions 1999–2010.



### Raine Luojus

b. 1966, air traffic controller  
CEO,  
Fintraffic Air Navigation Services Ltd

#### Professional experience and key positions of trust:

Fintraffic Air Navigation Services Ltd, CEO 2017–. Finavia Corporation, Director, air navigation business 2011–2017. Finavia Corporation, COO, Air Navigation Business 2008–2011. Finnish Civil Aviation Administration/Finavia, Deputy and operational manager for air traffic control at Helsinki Airport 2002–2008. Finnish Civil Aviation Administration, managerial positions and chief instructor of air traffic control at Helsinki Airport 1999–2002, air traffic controller 1991–. Member of the Board in several projects and organisations, e.g. CANSO, Chairman of the Europe region management group (EC3) 2020– & Vice Chairman 2018–2020. Finnish Meteorological Institute, member of the Advisory Board 2018–. Chairman of the FINEST Management Board 2019–. North European Functional Airspace Block (NeFAB) CEO Board, Chairman 2015–2017. NEFAB CEO Board, member 2012–. Civil Air Navigation Services Organisation (CANSO) EC3, member 2011–. Borealis Alliance CEO Board, Chairman 2014–2015. Borealis Alliance CEO Board, member 2013–. NEFAB Management Board, member 2009–2011.



### Rami Metsäpelto

b. 1968, LL.M. (trained on the bench)  
CEO,  
Fintraffic Vessel Traffic Services Ltd

#### Professional experience and key positions of trust:

Fintraffic Vessel Traffic Services Ltd, CEO 2019–. Traffic Management Finland Oy, Director, legal services 2019–. Finnish Transport Agency, Director General and Director, legal services 2010–2018. In addition, several positions at the Ministry of Transport and Communications, Finnish Rail Administration and Helsinki District Court.

Hansel Oy, member of the Board of Directors 2014–2019. Liikenneturva, member of the Board of Directors 2017–2018.



### Sanna Reponen

b. 1966, Bachelor in Business Information Technology  
Chief Development Officer,  
Traffic Management Company Fintraffic Ltd

#### Professional experience and key positions of trust:

Traffic Management Company Fintraffic Ltd, Chief Development Officer 2019–. Various consulting, program management, client relationship management and leadership roles at Accenture and TJ Group 1996–2019, and IT Program Manager at Finnish Defence Forces 1990–1995.



### Pertti Saarela

b. 1957, LL.M.  
CEO,  
Fintraffic Railway Ltd

#### Professional experience and key positions of trust:

Fintraffic Railway Ltd, CEO 2013–. Several executive position at VR-Group Ltd 2012–1999 (director of the service and production division, acting CEO, HR and administration director). Employers' Association for Transport and Special Services (Liikenne- ja Erityisalojen Työnantajat, LTY), Managing Director 1993–1999. Several positions at the Ministry of Finance 1983–1993. Member of the Boards of Directors of several companies, including Arctia Ltd, Chairman of the Board of Directors 2018–. Finlogic Plc, Chairman of the Board of Directors 2013–. Finferries Group, Chairman of the Board of Directors 2010–. VR Track Oy, Vice Chairman of the Board of Directors 2009–2014. Rautuki-Säätiö, Chairman of the Board of Directors 2008–2014. Corenet Oy, Chairman of the Board of Directors 2013–. Varma Mutual Pension Insurance Company, member of the Supervisory Board 2010–2015. VR Eläkesäätiö, Chairman of the Board of Directors 2009–2010 & member of the Board of Directors, Vice Chairman. The State Pension Fund of Finland, member of the Board of Directors 1999–2009.



### Mikko Saariaho

b. 1977, FM  
Chief Impact Officer,  
Traffic Management Company Fintraffic Ltd

#### Professional experience and key positions of trust:

Traffic Management Company Fintraffic Ltd, Chief Impact Officer, 2019–. HKScan Corporation, Executive Vice President, Communications and Corporate Responsibility 2017–2019. Finavia Corporation, Communications Director 2011–2017. Lassila & Tikanoja Plc, Communications Manager 2007–2011. Yleisradio Oy, Financial Journalist 2000–2005 and Deputy Supervisor of the economic editorial board 2005–2007.



### Ilkka Virtanen

b. 1961, M.Sc. (Econ.)  
CFO,  
Traffic Management Company Fintraffic Ltd, CFO, 2019–.

#### Professional experience and key positions of trust:

CFO, Traffic Management Company Fintraffic Ltd 2019–. Ministry of Transport and Communications, Senior Specialist, Steering Unit/Ministerial Governance Department 2017–2019. Entrepreneur, traffic engineer student, business consultant 2012–2017. VTI Technologies (Murata Electronics), CFO 2007–2010. Outokumpu Technology (Outotec), CFO 2002–2006. Outokumpu Pyrometallurgy, CFO 1999–2002. Outokumpu Technology, VP Project and Trade Finance 1995–1999. Outokumpu Oy, Finance Manager 1990–1995.



## Internal control, risk management and internal auditing

### Internal control

Internal control refers to measures and procedures that aim to ensure the achievement of the company's goals and objectives, economical and efficient use of resources, the appropriate management of operational risks, and the trustworthiness and accuracy of financial and other information.

The Board of Directors has approved a management system that defines the Group's decision-making authorities and authorisations, as well as a Code of Conduct and the most important policies that everyone working in the Group is required to comply with. Any violations of the Code of Conduct, the Corporate Governance Code or other guidelines will be addressed within the Group without undue delay.

### Control and supervision of the financial reporting process

Traffic Management Company Fintraffic's Consolidated Financial Statements are based on the Finnish Accounting Standard (FAS), which is mainly incorporated into the Accounting Act and Decree. The general guidelines and statements issued by the Finnish Accounting Board (Kirjanpitolautakunta, KILA) are an integral part of this accounting policy.

The Group's finance function, led by the Group CFO, is responsible for providing both internal

financial reporting and financial reporting in accordance with external requirements.

The consistency and trustworthiness of this reporting is assessed using a range of internal controls. Operative management assesses the financial reports before they are reviewed by the Board of Directors and the Audit Committee.

### Risk management

Traffic Management Company Fintraffic engages in proactive, systematic, and comprehensive risk management that covers all of the Group's operations. According to the management system approved by the Board of Directors, the company must be managed professionally and in accordance with healthy and prudent business practices.

The company's most important value is ensuring safety in all its operations. The corporate responsibility risks associated with the Group's business operations have been identified and incorporated into Group companies' risk management systems. High standards are maintained in both safety culture and traffic control and management services, and operational continuity is safeguarded under all circumstances. The companies systematically develop their management of safety and security risks.

The Group pays particular attention to the security of trade secrets and any information that has been classified as confidential by the authorities. Effective, high-level data security is ensured throughout the Group.

The Group makes sure that all the hardware, information systems and software it uses are reliable and secure. The Group prepares for cyber threats in several ways, such as enhancing its data asset management and enabling investments in improved data security.

Safety- and security-related observations are regularly reported to the Board of Directors throughout the year. Risk management forms part of Group companies' business strategies and operative targets. The Board of Directors discusses the most significant risks and uncertainties relating to the company's operations. The identification and management of risks is part of Group companies' management systems. The Board of Directors has approved a Group-wide risk management policy.

### Internal audit

It is the task of the internal audit function to assess the appropriateness and adequacy of internal control and risk management, and to carry out the audit tasks separately assigned to it. The internal audit assesses whether the Group's internal control procedures are appropriate and adequate in proportion to the operational risks, in order to ensure the legality and profitability of the company's finances and operations, to safeguard the company's assets, and to ensure access to the accurate and sufficient information about business and finances that is required for management and ownership steering.

The Group's internal audit function has been outsourced. The internal audit function reports to the Audit Committee of the parent company's Board of Directors. The Board of Directors has approved guidelines on how the internal audit and its procedures should be organised throughout the Group.

### Auditing

In accordance with the company's Articles of Association, the General Meeting of Shareholders appoints the auditor of Traffic Management Company Fintraffic Ltd. The company must have one auditor, which must be an audit firm approved by the Central Chamber of Commerce. The Board of Directors prepares a proposal on the election of the auditor.

The Annual General Meeting decides on the auditor's fee. The Group has an audit firm elected by the parent company's General Meeting of Shareholders. The parent company's auditor works with Management to prepare an annual audit plan for Group companies. The auditor's term of office ends at the close of the next Annual General Meeting after its election.

The General Meeting of Shareholders elected Ernst & Young, Authorised Public Accountants, as the Group's auditor for 2020, with Mikko Rytilahti, APA, CPFA, as Chief Auditor.

The fees paid for statutory auditing at Group level totalled EUR 108,311.00 in 2020. The auditor was paid EUR 61,899.01 for non-audit services.



# Remuneration policy

## Introduction

Traffic Management Company Fintraffic Ltd adheres to the management remuneration policy approved by the company's Board of Directors, the applicable sections of the Corporate Governance Code 2020, and the State's ownership steering recommendations, such as the opinion on executive remuneration in state-owned companies contained in the Government Resolution on State-ownership Policy issued on 8 April 2020. Traffic Management Company Fintraffic Ltd's Annual General Meeting decides on the remuneration to be paid to members of the company's Board of Directors. Based on a proposal made by the Personnel Committee, the company's Board of Directors decides on the amount of salary and other remuneration to be paid to the CEO, other Management Team members who report directly to the CEO, and other executives who report directly to the CEO. The Board of Directors also decides on the company's overall remuneration policy (performance bonus scheme, one-off bonuses, personnel and employee benefits, and employee anniversary gifts).

## Remuneration objectives

Remuneration for governing bodies supports the achievement of the company's long-term objec-

tives. The Fintraffic Group is a strong, cost-effective, and moderately profitable special assignment Group that is wholly owned by the State and has the ability to make investments. In accordance with the Government Resolution on State-ownership Policy issued on 8 April 2020, the State is seeking the best possible overall financial and social benefit from the management of its assets. Its financial result consists of long-term developments in the value of the Group's companies, the distribution of profits, and the best possible provision of the services and information covered by its special assignment.

Remuneration for governing bodies seeks not only to compensate the members for their input, but also to engage and motivate them. Effective and sufficiently competitive remuneration is an essential tool for recruiting capable management for the company.

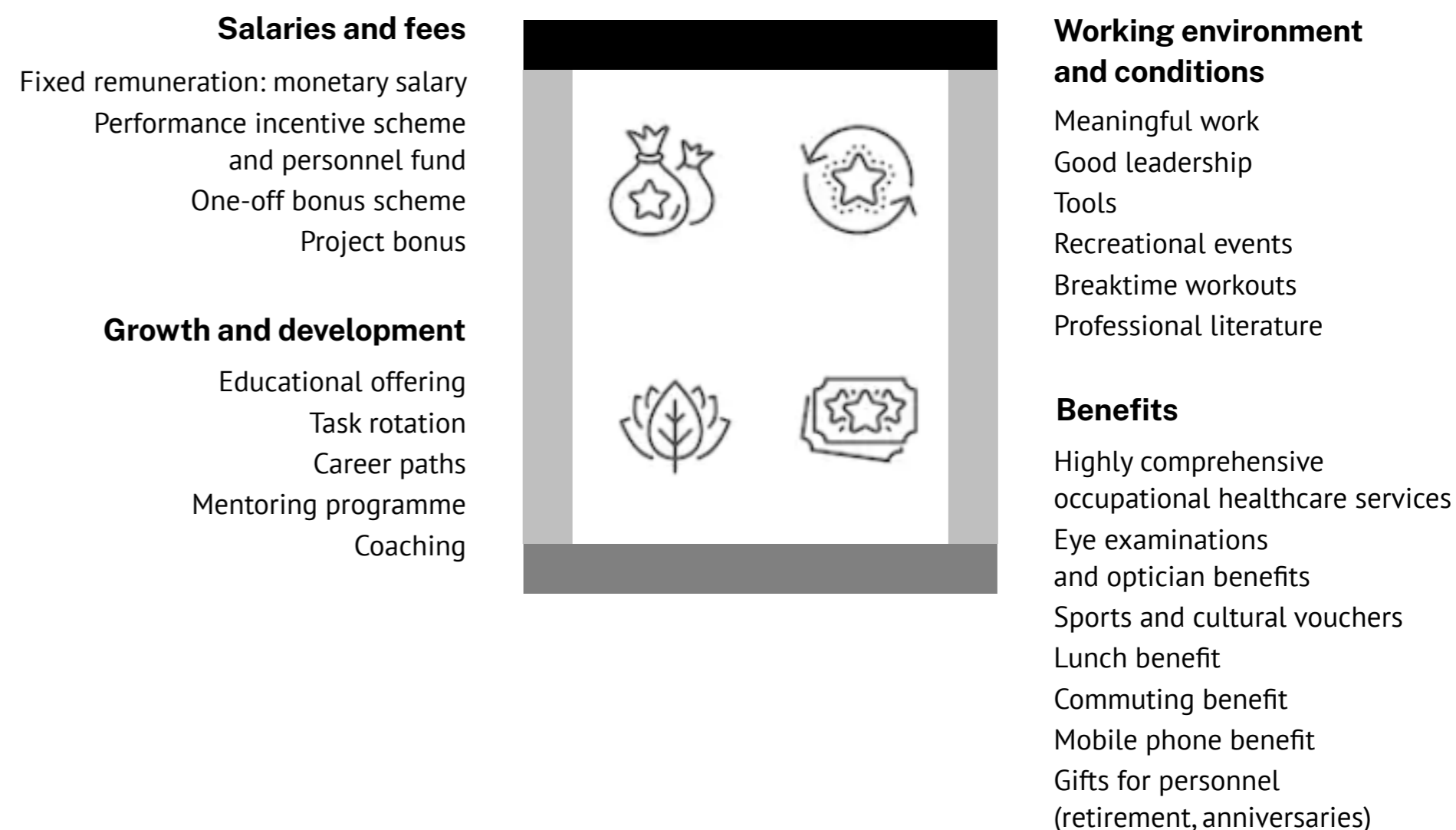
Remuneration for personnel as a whole seeks to:

1. **Attract** skilled and motivated employees to the Group
2. **Engage** personnel and commit them to both the Group and its objectives
3. **Motivate** personnel to achieve the targets defined by their employer

**Remuneration for personnel as a whole is a broad concept that consists of the following elements:**

## OVERALL REMUNERATION

The different forms of remuneration in the Fintraffic Group



### Performance incentive scheme

All company personnel are covered by a short-term (annual) performance incentive scheme. This performance incentive scheme is based on the company's strategy and the State's current ownership steering policies and guidelines. The Board of Directors monitors the implementation of the performance incentive scheme. It decides on how the conditions should be interpreted and on all other related matters. Performance bonuses may be cancelled, deferred or lowered as necessary by a unanimous decision of the Board of Directors. The Group's Board of Directors decides on the performance bonuses to be paid for each year throughout the Group as a whole.

In accordance with the State's ownership steering policy, state-owned companies must be able to recruit and engage management and other personnel by means of competitive terms and conditions. Remuneration should be moderate and appropriate. In accordance with the State's ownership steering policy, the size of performance bonuses in special assignment companies may be a maximum of 15 per cent of the recipient's annual salary. If the company's or the recipient's performance is exceptionally good, the performance bo-

nus may be a maximum of 30 per cent of the recipient's annual fixed salary.

### Remuneration for management and governing bodies in relation to remuneration for personnel

Remuneration for governing bodies is largely in line with the aforementioned objectives for the remuneration of the company's personnel as a whole. Although the fees paid to the Board of Directors are fixed and have no variable portion, a portion of the CEO's remuneration (maximum 30% in 2020) is tied to achieving performance bonus criteria. The objectives of the remuneration paid to the CEO are consistent with the objectives for the remuneration of the company's personnel as a whole.

### Remuneration for the Board of Directors in 2020

In accordance with the decision made by Traffic Management Company Fintraffic's 2020 Annual General Meeting, a monthly fee of EUR 2,800 will be paid to the Chair of the Board of Directors (EUR 33,600 per year) and a monthly fee of EUR 2,000 to Board Members (EUR 24,000 per

year). The Chair and the Members of the Board will also be paid an additional meeting fee of EUR 600 per meeting.

### Remuneration for the CEO

The remuneration paid to Fintraffic's CEO is based on a fixed monthly salary (total salary) and a performance bonus. Performance bonuses are paid on the basis of pre-agreed targets that are confirmed by the Board of Directors on an annual basis. The criteria set for performance bonuses support the company's long-term and short-term strategy and objectives. Each year, the Board of Directors assesses whether the criteria for performance bonuses have been met.

The CEO's maximum performance bonus for 2020 is 30% of annual salary with a target of 15%. The CEO does not have any other incentive schemes or supplementary pension insurance.

In addition to a fixed monthly salary (total salary), the CEO is entitled to employee benefits in accordance with the Board of Directors' current policy. The CEO has use of a standard mobile phone. The CEO's retirement age and pension are determined on the basis of the Employees Pensions Act. In the event that the employer termi-

nates the CEO's contract, the CEO's notice period is 6 months. If the CEO resigns, the CEO's notice period is 3 months unless otherwise agreed. The CEO's service contract ends at the end of the notice period. The CEO's contract does not include any redundancy or severance pay.

# Remuneration report

## A comparison of remuneration for executive management and personnel

(In accordance with the Corporate Governance Code 2020. NB The Group was established on 1 January 2019)

	2019	2020	Change, %	Notes
Annual fee for the Chair of the Board of Directors	EUR 33,600	EUR 33,600	-	Remained unchanged
Annual fee for a Member of the Board of Directors	EUR 24,000	EUR 24,000	-	Remained unchanged
CEO's annual earnings (fixed portion)	EUR 468,838.80* EUR 114,874.19**	EUR 304,516	-	Non-comparable * includes severance pay for a service contract that ended on 27 August 2019 ** service contract starting 27 August 2019
CEO's performance bonus (variable portion)	-	-	-	Due to the change in CEO, no performance bonus was paid for 2019. As the Group was only established on 1 January 2019, no performance bonus for 2018 was paid in 2019. No performance bonus will be paid for 2020 due to the Group's loss-making result.
Fixed salaries paid to personnel (average per person)	EUR 68,553.68	EUR 65,929.74	-3.8%	Layoffs in air navigation services reduced the overall sum of salaries paid in 2020.
Employee performance bonus (variable portion) average per person	-	EUR 2,049.59	-	No comparison data is available, as the bonus for 2019 was paid in 2020 and the Group was only established on 1 January 2019. No performance bonus will be paid for 2020 due to the Group's loss-making result. However, a one-off instalment total-ling EUR 200,000 was paid to personnel in spring 2021, equating to about EUR 180 per employee.



**Management remuneration report, in a format for presentation to the AGM**

	<b>CEO</b>	<b>CEO, comparison year</b>	<b>Management Team (total)</b>	<b>Management Team (total), comparison year</b>
Fixed annual salary in 2020	EUR 304,516	EUR 468,838.80* EUR 114,874.19**	EUR 1,630,008	EUR 1,272,468.41
to be paid for the STI scheme in 2021***	no bonuses to be paid****	no bonuses to be paid	no bonuses to be paid	EUR 199,865*****
to be paid for the LTI schemes in 2021	-	-	-	-
Other variable bonuses to be paid in 2021	no bonuses paid	no bonuses paid	EUR 8,000	
the sum of all variable bonuses paid in 2021 as a percentage of the 2020 fixed portion	-	-	0.5%	15.7%
Target (%) and maximum (%)	target 15% maximum 30%	target 15% maximum 30%	target 13.5% (average) maximum 27% (average)	target 13.6% (average) maximum 27.2% (average)
How many months' salary do the paid bonuses equate to?	-	-	0.07 months	2 months
Supplementary pension costs incurred by the company on the basis of 2020	no supplementary pension insurance	no supplementary pension insurance	no supplementary pension insurance	no supplementary pension insurance
Number of Management Team members (excluding the CEO)	-	-	10	9

\* Includes severance pay for a service contract that ended on 27 August 2019.

\*\* Service contract starting 27 August 2019.

\*\*\* Amount excludes indirect expense benefits. Employees may choose a performance bonus target of maximum 2 per cent, which is the statutory maximum that can be transferred to the personnel fund. In accordance with personnel fund regulations, the portion transferred to the fund will be increased by 20% (indirect expense benefit).

\*\*\*\* Due to the change in CEO, no performance bonus was paid for 2019. Performance bonuses are paid in the following year, which means that no performance bonuses will be paid in 2021 due to the Group's loss-making result for 2020.

\*\*\*\*\* Bonus paid in spring 2020 on the basis of targets for 2019

**Remuneration for the Board of Directors in 2020**

In accordance with the decision made by Traffic Management Company Fintraffic's 2020 Annual General Meeting, a monthly fee of EUR 2,800 will be paid to the Chair of the Board of Directors (EUR 33,600 per year) and a monthly fee of EUR 2,000 to Board Members (EUR 24,000 per year). The Chair and the Members of the Board will also be paid an additional meeting fee of EUR 600 per meeting.

**The total remuneration paid to Board members for Board and Committee meetings is as follows:**

Member of the Board	Attendance at Board meetings	Attendance at Committee meetings	Board fees, EUR	Meeting fees, EUR (including Committee meetings)	Total, EUR
Seija Turunen, Chair	13 / 13	9 / 9	EUR 33,600	EUR 13,200	EUR 46,800
Sauli Eloranta	12 / 13	3 / 3	EUR 24,000	EUR 9,000	EUR 33,000
Juha Majanen	11 / 13	6 / 6	EUR 24,000	EUR 10,200	EUR 34,200
Kirsi Nuotto	13 / 13	3 / 3	EUR 24,000	EUR 9,600	EUR 33,600
Teemu Penttilä	12 / 13	6 / 6	EUR 24,000	EUR 10,800	EUR 34,800
Katriina Vainio	13 / 13	6 / 6	EUR 24,000	EUR 11,400	EUR 35,400

**Composition and meetings of the Board of Directors**

The Board of Directors and its Committees convened a total of 22 times during the financial year.

**Board of Directors**

On 26 May 2020, the Annual General Meeting elected a new Board of Directors consisting of Seija Turunen as Chair and Sauli Eloranta, Juha Majanen, Kirsi Nuotto, Teemu Penttilä and Katriina Vainio as members.

**Committees of the Board of Directors**

The members of the Audit Committee were Seija Turunen, Katriina Vainio, Juha Majanen (as of 16 January 2020) and Teemu Penttilä. The Audit Committee convened 6 times with an attendance rate of 100%.

The members of the Personnel Committee were Seija Turunen, Kirsi Nuotto and Sauli Eloranta. The Personnel Committee convened 3 times with an attendance rate of 100%.

**Remuneration paid to Members of the Boards of Directors of subsidiaries in the Fintraffic Group in 2020**

**The total remuneration paid to Board Members for meetings of Fintraffic Air Navigation Services Ltd's Board of Directors was as follows:**

Member of the Board	Attendance at Board meetings*	Board fees, EUR	Meeting fees, EUR	Total, EUR
Teemu Penttilä (1 Jan–31 Mar 2020)	2 / 2	EUR 4,500	EUR 1,200	EUR 5,700
Asta Sihvonen-Punkka (1 Jan–31 Mar 2020)	2 / 2	EUR 4,500	EUR 1,200	EUR 5,700
Jarmo Lindberg (1 Apr–31 Dec 2020)	5 / 5	EUR 13,500	EUR 3,000	EUR 16,500
Kaisa Olkkonen (1 Apr–31 Dec 2020)	5 / 5	EUR 13,500	EUR 3,000	EUR 16,500

\* Meetings held during the Board Member's term of office.

**The total remuneration paid to Board Members for meetings of Fintraffic Railway Ltd's Board of Directors was as follows:**

Hallituksen jäsen	Attendance at Board meetings*	Board fees, EUR	Meeting fees, EUR	Total, EUR
Kirsi Nuotto (1 Jan–31 Mar 2020)	1 / 1	EUR 4,500	EUR 600	EUR 5,100
Olli Nastamo (1 Apr–31 Dec 2020)	4 / 4	EUR 13,500	EUR 2,400	EUR 15,900
Yrjö Poutiainen (1 Jan–31 Dec 2020)	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000

\* Meetings held during the Board Member's term of office.

**The total remuneration paid to Board Members for meetings of Fintraffic Railway Ltd's Board of Directors was as follows:**

Member of the Board	Attendance at Board meetings*	Board fees, EUR	Meeting fees, EUR	Total, EUR
Rita Linna (1 Jan–31 Mar 2020)	1 / 1	EUR 4,500	EUR 600	EUR 5,100
Mari Puoskari (1 Apr–31 Dec 2020)	4 / 4	EUR 13,500	EUR 2,400	EUR 15,900
Karri Salminen (1 Jan–31 Dec 2020)	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000

\* Meetings held during the Board Member's term of office.

**The total remuneration paid to Board Members for meetings of Fintraffic Vessel Traffic Services Ltd's Board of Directors was as follows:**

Member of the Board	Attendance at Board meetings	Board fees, EUR	Meeting fees, EUR	Total, EUR
Päivi Söderholm (1 Jan–31 Dec 2020)	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000
Kimmo Mäki (1 Jan–31 Dec 2020)	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000

# Further information about remuneration

	CEO	CEO, comparison year	Management Team (total)	Management Team (total), comparison year
Fixed annual salary in 2020	EUR 304,516	EUR 468,838.80* EUR 114,874.19**	EUR 1,630,008	EUR 1,272,468.41
to be paid for the STI scheme in 2021***	no bonuses to be paid****	no bonuses to be paid	no bonuses to be paid	EUR 199,865*****
to be paid for the LTI schemes in 2021	-	-	-	-
Other variable bonuses to be paid in 2021	no bonuses paid	no bonuses paid	EUR 8,000	-
the sum of all variable bonuses paid in 2021 as a percentage of the 2020 fixed portion	-	-	0.5%	15.7%
Target (%) and maximum (%)	target 15% maximum 30%	target 15% maximum 30%	target 13.5% (average) maximum 27% (average)	target 13.6% (average) maximum 27.2% (average)
How many months' salary do the paid bonuses equate to?	-	-	0.07 months	2 months
Supplementary pension costs incurred by the company on the basis of 2020	no supplementary pension insurance	no supplementary pension insurance	no supplementary pension insurance	no supplementary pension insurance
Number of Management Team members (excluding the CEO)	-	-	10	9

\* Includes severance pay for a service contract that ended on 27 August 2019.

\*\* Service contract starting 27 August 2019.

\*\*\* Amount excludes indirect expense benefits. Employees may choose a performance bonus target of maximum 2 per cent, which is the statutory maximum that can be transferred to the personnel fund. In accordance with personnel fund regulations, the portion transferred to the fund will be increased by 20% (indirect expense benefit).

\*\*\*\* Due to the change in CEO, no performance bonus was paid for 2019. Performance bonuses are paid in the year following the year in which they were earned.

\*\*\*\*\* Bonus paid in spring 2020 on the basis of targets for 2019.

## Remuneration principles for the Management Team (excluding the CEO)

The Board of Directors decides on the remuneration to be paid to members of the Group Management Team. Their remuneration system consists of a monthly salary plus a performance incentive scheme that is confirmed by the Board of Directors on an annual basis. Performance bonuses are paid on the basis of pre-agreed targets that are confirmed by the Board of Directors on an annual basis. The criteria set for performance bonuses support the company's strategy and objectives. Each year, the Board of Directors assesses whether the criteria for performance bonuses have been met.

The performance bonuses paid to Management Team members in 2020 corresponded to the Group CEO's performance bonus if the Management Team member was the CEO of a subsidiary (maximum 30%, target 15%). The maximum performance bonus for other members of the Group Management Team was 25% of their annual salary, with a target of 12.5%. The performance bonus criteria for 2021 have been standardised, and the target for all Management Team members is now 15% with a maximum of 30%.

Depending on the person's employment contract, the notice period for Management Team members is either 3 or 6 months if the member resigns. If the employer terminates the contract, the notice period is 3, 4 or 6 months. Management Team members who are also CEOs of subsidiaries are entitled to severance pay that will be paid under certain conditions if the company terminates their service contract. Other members of the Management Team are not entitled to severance pay.

The pensions of Management Team members are determined in accordance with the Employees Pensions Act.



