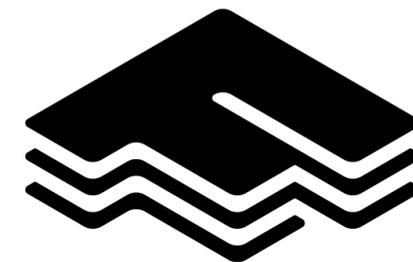


Governance and Remuneration Report 2022



Fintraffic



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 is responsible for producing ecosystem and group services.

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.

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How to read the report package



Annual Report 2022

Strategy, key events of 2021, and a review of responsibility and sustainability.

[Read the report here.](#)



Governance and Remuneration Report 2022

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 2022

A description of the company's operations in 2021 and a summary of its financial results and financial position.

[Read the report here.](#)



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 road, rail and maritime traffic; and the collection, management and utilisation of information associated with these activities.

As the owner, the State has a special interest in the company, which has a state-defined task related to social, economic, security and traffic policy. The company provides the traffic control and management services that are required by 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 the collection, management and utilisation of

information relating to traffic, traffic control and traffic services; and also to make it equally available to other operators, so as to create opportunities for new business based on automation and the 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 at what cost the company fulfils its social service 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. The company has also committed to compliance with the UN Global Compact.

Insider transactions

Traffic Management Company Fintraffic Ltd's Board of Directors has approved the insider guidelines dated 3 December 2019, and these will be followed by Traffic Management Company Fintraffic Ltd and all companies in the Traffic Management Company 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 suspicions 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. 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 financial year, four members of Traffic Management Company Fintraffic Ltd's Board of Directors were women and three were 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. In order 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

The Board of Directors steers and supervises the operations of the company and Group, and decides on key operating principles, objectives and strategies. The Board of Directors ensures that the company's administration and operations are appropriately organised, and that appropriate supervision of accounting and financial management has also been arranged.

The Board of Directors handles issues that are far-reaching or involve important matters of principle with regard to the operations of the company and its subsidiaries.

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 Associ-

ation, 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 greater detail. The Board of Directors assesses its work and efficacy by means of an annual self-assessment.

At the beginning of 2022, the Board of Directors consisted of Tero Ojanperä as Chair and Juha Majanen, Kirsi Nuotto, Teemu Penttilä, Mari Puoskari, Karri Salminen and Seija Turunen as members. At the Annual General Meeting held on 4 April 2022, Kaisa Olkkonen was elected as a new Board member to replace Juha Majanen, who stepped down from the Board. The Chair and other members remained on the Board.

The Board of Directors has two committees: the Audit Committee and the Personnel Committee. The Board and its Committees convened 19 times during the financial year. The Board of Directors convened nine times during the financial year.



Members of the Board of Directors



Tero Ojanperä

Chair of the Board as of 25 March 2021

Professional experience and key positions of trust:

Silo AI, Co-founder and Chair of the Board, 2019–.

Aalto University, Professor of Practice, 2021–.

Nokia, Strategy and Technology Director, SVP Nokia Research Center, VP Nokia Networks, and other management and board positions, 1990–2011. Visionplus: Co-founder and CEO, 2012–2017. Silo AI, Co-founder and CEO, 2017–2019.

OP Financial Group, Member of the Board, 1 July 2020–. Siili Solutions, Member of the Board, 2020–. Betolar Oy, Chair of the Board, 2020–. Visionplus, Chair of the Board, 2017–.



Kirsi Nuotto

Member of the Board since 1 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.

Fintraffic Railway Ltd, Member of the Board, December 2018–. Posti Group, Member of the Board and Member of the Nomination and Remuneration Committees, 2015–2018. Technology Industries of Finland, Education and workforce group, 2006–2016. Strategic Management Society of Finland, Member of the Board, 2009–2013.



Kaisa Olkkonen

Member of the Board since 4 April 2022

Professional experience and key positions of trust:

Cargotec Oyj, Board and Audit Committee member 2016–. Veikkaus Oy, Chair of the Board 2022– and Chair of the personnel committee 2022–. Fixably Oy, Chair of the Board, 2020–. Medanta Oy, Chair of the Board 2022–. John Nurminen Foundation, Board member 2017–. Enfo Oyj, Board member 2016–2023 and Chairperson 2020–2023. Osuuskunta KPY, Board member 2020–2023. Fintraffic Air Navigation Services, Board member 03/2020–2022. Taiga Oy, Member of the Board 2021–2022.

SSH Communications Security Oyj, CEO, 2017–2020. SSH Communications Security Oyj, Chair of the Board 2016. Several managerial duties at Nokia Corporation and Nokia Mobile Phones 1998–2016 (incl. Chief Legal Officer,

Head of Public Relations). Finnish IPR Strategy, Chair of the steering group 2020–2022, Chair of the follow-up group 2023–. Sitra Roadmap for a Fair Data Economy, Chair of the steering group 2022–. Investor and advisor for Morelex Oy and 3D Bear Oy.

**Teemu Penttilä**

Member of the Board since 5 December 2018

Professional experience and key positions of trust:

Ministry of Defence, Director-General and 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.

Puolustuskiinteistöt, Senate Properties, Chairman of the Board 2021–. Air Navigation Services Finland Ltd, Member of the Board, 2017–2020. Leijona Catering, Member of the Board and the Audit Committee, 2012–2020. Urlus Foundation, Member of the Board 2016–.

**Mari Puoskari**

Member of the Board since 25 March 2021

Professional experience and key positions of trust:

Pilke päiväkodit Oy, CEO, 2022–. FCG Finnish Consulting Group: CEO, 2018–2022. Pöyry Oyj, President, Environment Business 2017–2018. Ekokem Oyj, SVP, several positions, 2014–2017. CGI Finland, Sustainability Services Director and Corporate Social Responsibility Director, 2011–2013.

Remeo Oy, Member of the Board, 2019–. Destaclean Oy, Member of the Board, 2017–2019. Finnish National Opera and Ballet, Member of the Board, 2013–2019. Chairperson of Helsinki City Council, 2013–2016. Member of Helsinki City Council, 2005–2017. Finnish Green Party, Chairperson of Council, 2013–2015.

**Karri Salminen**

Member of the Board since 25 March 2021

Professional experience and key positions of trust:

CGI, Director, Public Affairs CGI, 2005–. Telia-Sonera, Development Director, 1999–2005. MTV Media, Vice President, 1987–1999 (Oy Kolmostelevisio+MTV3).

ITS Finland, Chair of the Board since 2009. A member of the boards of several companies, associations, advisory committees and working groups.

**Seija Turunen**

Member of the Board since 5 December 2018

Chair of the Board from 13 January 2020–24 March 2021

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.

Pihlajalinna Plc, Member of the Board of Directors and Chair of the Audit Committee.

Previous positions of trust include Elisa Corporation, Member of the Board of Directors and Chair of the Audit Committee. Finnpiilot Pilotage Oy, Chair of the Board.



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 on the basis of the preparatory work done by the committees. The committees report to the

Board of Directors. 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 an adequate internal control system that covers all of its operations. The Committee supports the company's internal control system and ensures that both the company's operations and its internal control 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 the Board deems necessary.

In 2022, the Audit Committee consisted of the following members: Juha Majanen until 4 April 2022, Teemu Penttilä, Seija Turunen, Karri Salminen, Tero Ojanperä and Kaisa Olkkonen as from 26 April 2022. Juha Majanen served as the Chair at the beginning of the year, and Kaisa Olkkonen was appointed as Chair from the Annual General Meeting onwards. The Audit Committee convened five times with an attendance rate of 92%.

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. 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 the Board deems necessary.

The Personnel Committee consisted of Kirsi Nuotto (Chair), Tero Ojanperä and Mari Puoskari. The Personnel Committee convened five 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 with 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. The Board of Directors has appointed a Deputy CEO who will take responsibility for the CEO's duties whenever the CEO is temporarily prevented from carrying out these duties.

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 Group; coordinating operations; preparing and implementing operational issues that are significant 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 2022, Traffic Management Company Fintraffic Ltd's Management Team consisted of 11 members, including the CEO.



Members of the Management Team



Pertti Korhonen

born 1961, MSc (Tech)

CEO,
Traffic Management Company Fintraffic Ltd

Professional experience and key positions of trust:

Outotec: CEO, 2010–2016. Elektrobitt Oyj: CEO, 2006–2009. Nokia Corporation: member of the Executive Board, 2002–2006; CTO, 2004–2006; SVP, Nokia Mobile Software, 2001–2003; Director of production, logistics and procurement, 1996–2001; executive positions in product development and production, 1987–1995.

Corporate board positions:

Chair of the Board for Infinited Fiber Company Ltd & Enerim Ltd, Member of the Board for Fastems Ltd & Palta.

Previous board positions: Chair of the Board for DNA Ltd, Ahlström Ltd & Climate Leadership Coalition. Member of the Board for Elisa PLC, Rautaruukki PLC, Granlund Ltd., EK Confederations of Finnish Industries Technology Finland. Business Finland: Chair of the Board, 2017–2021.



Aapo Anderson

born 1974, MSc (Tech)

CEO,
Fintraffic Road Ltd

Professional experience and key positions of trust:

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



Hanna Hovi

born 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.

Fintraffic Air Navigation Services Ltd, Fintraffic Vessel Traffic Services Ltd, Fintraffic Railway Ltd & Fintraffic Road Ltd: Member of the Board, 2021–. Farmania: Member of the Board, 2017–. A member of labour market committees for various employers' organisations, 2016–.



Pia Julin

born 1969, MSc (Tech)

CEO (as of 1 April 2022)
Fintraffic Railway Ltd

Professional experience and key positions of trust:

Palmia Oy, Business Director, Foods (and Sustainability Director), 2019–2022. HKScan Corporation, Senior/Executive Vice President, Primary production and Animal sourcing 2016–2019, Quality and Corporate responsibility, 2013–2016. ITAB Shop Concept Finland Oy, Operations Director, 2011–2013. Fiskars Oyj, Director, Arabia and Hackman factories, 2006–2011. Sako Ltd., Production Director / Director, Business Process Development, 2003–2006. Several quality-related positions in 1994–2002.

Jatsi Oy, Member of the Board, 2021. Finnpig Oy, Chairman and Member of the Board; Länsi-Kalkkuna Oy, Vice Chairman of the Board; Dan Hatch Finland Oy, Member of the Board 2016–2019. Sport Research and Development SRD Oy, Chairman and Member of the Board, 2011–2016. Kunto ja Virkestys Oy, Vice Chairman of the Board 2015–2016. Helsinki Chamber of Commerce, Industry Committee, Vice Chairman and member of the Board, 2011–2018.

**Minna Kahri**

born 1970, MSc (Tech), MBA

CFO,

Traffic Management Company Fintraffic Ltd

Professional experience and key positions of trust:

Rototec Group: CFO, 2019–2021. Onvest Group & Conficap Oy: CFO, 2015–2019. Lindström Group: CFO and SVP Corporate Finances, 2006–2015; expert and controller positions, 1994–2006.

**Tero Kossila**

born 1970, MSc (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**

born 1971, MSc (Tech)

Chief Ecosystem and Technology Officer

Traffic Management Company Fintraffic Ltd

Professional experience and key positions of trust:

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

Rakettitiede Ltd, member of the board 2022–.

Funnel 2.0 Ltd, Advisory Board member 2021–.

Cadweiser Ltd, Member of the board 1992–.

**Raine Luojus**

born 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, including Finnish Meteorological Institute: Member of the Advisory Board, 2018–. Vice Chair of the FINEST Management Board, 2019–. North European Functional Airspace Block (NeFAB) CEO Board: Chair, 2015–2017. NEFAB CEO Board: Member, 2012–. CANSO; Chair of the Europe region management group (EC3), 2020–2022 & Vice Chair, 2018–2020.

**Rami Metsäpelto**

born 1968, Master of Laws (trained on the bench)
CEO, Fintraffic Vessel Services Ltd
Deputy CEO, Traffic Management Company Fintraffic Ltd

Professional experience and key positions of trust:

Fintraffic Vessel Traffic Services Ltd: CEO, 2019–.
Traffic Management Company Fintraffic Ltd: Executive Vice President, 2021– & Director, legal services, 2019–2021. Finnish Transport Agency: Director General (Traffic Management and Control, Planning and Projects, and Operations Management) and Director, legal services, 2010–2018. Several positions at the Ministry of Transport and Communications, Finnish Rail Administration and Helsinki District Court.

Fintraffic Air Navigation Services Ltd, Fintraffic Railway Ltd and Fintraffic Road Ltd: Member of the Board, 2021–. Hansel Oy: Member of the Board, 2014–2019. Liikenneturva: Member of the Board, 2017–2018.

**Sanna Reponen**

born 1966, BSc (IT)
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 and client account management and expert positions at Accenture and TJ Group, 1996–2019. IT Program Manager for the Finnish Defence Forces, 1990–1995.

**Mikko Saariaho**

born 1977, M.A. (management)
Chief Impact Officer,
Traffic Management Company Fintraffic Ltd

Professional experience and key positions of trust:

Traffic Management Company Fintraffic Ltd: Chief Impact Officer, 2019– (communications and public relations, brand and marketing, sustainability and service impact development). 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.

Finnish Squash Association, Member of the Board 2021–. Source Creative Oy, Advisory Board 2022–.

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 (Kirjan-



pitolautakunta, 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 of 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 circum-

stances. The companies systematically develop their management of safety and security risks.

They pay 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 the hardware, information systems and software it uses are reliable and secure. The Group prepares for cyber threats in a number of ways, such as enhancing its data asset management and enabling extensive investments in improved data security.

Safety- and security-related observations are regularly reported to the Board of Directors throughout the course of the year. Risk management forms part of Group companies' business strategies and operative targets. The Board of Directors discusses the most significant risks and uncertainty factors 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 2022, with Mikko Ryttilahti, APA, CPFA, as Chief Auditor.

The fees paid for statutory auditing at Group level totalled EUR 136,193 in 2022. The auditor was paid EUR 45,330 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 objectives. 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 is a broad concept that consists of the following elements:

OVERALL REMUNERATION

The different forms of remuneration in the Fintraffic Group

Salaries and fees

- Fixed remuneration: monetary salary
- Performance incentive scheme and personnel fund
- One-off bonus scheme
- Project bonus

Growth and development

- Educational offering
- Task rotation
- Career paths
- Mentoring programme
- Coaching



Working environment and conditions

- Meaningful work
- Good leadership
- Tools
- Recreational events
- Break exercise
- Professional literature

Benefits

- Highly comprehensive occupational healthcare services
- Eye examinations and optician benefits
- Sports and cultural vouchers
- Lunch benefit
- Commuting benefit
- Mobile phone benefit
- Gifts for personnel (retirement, anniversaries)



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

Performance incentive scheme

All company personnel are covered by a short-term (annual) performance incentive scheme. In this context, “performance” broadly refers to achieving the company’s special assignment with regards to safety, business continuity, operational efficiency, and its financial result. 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 parent company’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 bonus may be a maximum of 30 per cent of the recipient’s annual fixed salary. Sustainability has been taken into account in target setting and the performance incentive scheme: each target is linked to Fintraffic’s sustainability targets for safety, the environment, social responsibility and good governance.

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 (0–30% in 2022) 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. In accordance with the decision made by Traffic Management Company Fintraffic’s 2022 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 2022 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 terminates 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

	2021	2022	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 315,000	EUR 319,800	1.52%	The CEO's salary was reviewed in 2022.
CEO's performance bonus (variable portion)	EUR 60,244	EUR 84,968	26.6%	
Fixed salaries paid to personnel (average per person)	EUR 66,897	EUR 67,008	0.17%	
Employee performance bonus (variable portion) average per person	EUR 1,916	EUR 2,343	31.6%	According to preliminary calculations, the absence calculation is not yet finished

Remuneration for the Board of Directors in 2022

In accordance with the decision made by Traffic Management Company Fintraffic's 2022 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.

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

	CEO	CEO, comparison year (2021)	Management Team (total)	Management Team (total), comparison year (2021)
Fixed annual salary in 2022	EUR 319,800	EUR 315,000	EUR 1,637,831	EUR 1,639,797
To be paid under the short-term incentive scheme in 2023*	EUR 84,968	EUR 60,244	EUR 334,622	EUR 309,330
To be paid under the long-term incentive scheme in 2023	-	-	-	-
The sum of all variable bonuses paid in 2023 as a percentage of the 2022 fixed portion	26.6%	19.1%	20.4%	17.6%
Target (%) and maximum (%)	target 15% maximum 30%	target 15% maximum 30%	target 15% maximum 30%	target 15% maximum 30%
How many months' salary do the paid bonuses equate to?	3.3 months	2.3 months	2.7 months	2.2 months
Supplementary pension costs incurred by the company on the basis of 2021	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**	10**

* Performance bonuses are paid in the year following the year in which they were earned.

** Changes in executive positions in both 2021 and 2022

**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
Tero Ojanperä, chair	9 / 9	9 / 10	EUR 33,600	EUR 10,800	EUR 44,400
Juha Majanen	3 / 3	1 / 1	EUR 8,000	EUR 2,400	EUR 10,400
Kirsi Nuotto	9 / 9	5 / 5	EUR 24,000	EUR 8,400	EUR 32,400
Teemu Penttilä	9 / 9	5 / 5	EUR 24,000	EUR 8,400	EUR 32,400
Seija Turunen	9 / 9	5 / 5	EUR 24,000	EUR 8,400	EUR 32,400
Mari Puoskari	9 / 9	5 / 5	EUR 24,000	EUR 8,400	EUR 32,400
Karri Salminen	9 / 9	4 / 5	EUR 24,000	EUR 7,800	EUR 31,800
Kaisa Olkkonen	5 / 6	4 / 4	EUR 16,000	EUR 5,400	EUR 21,400

Board of Directors

At the beginning of 2022, the Board of Directors consisted of Tero Ojanperä as Chair and Juha Majanen, Kirsi Nuotto, Teemu Penttilä, Mari Puoskari, Karri Salminen and Seija Turunen as members. At the Annual General Meeting held on 4 April 2022, Kaisa Olkkonen was elected as a new Board member to replace Juha Majanen, who stepped down from the Board. The Chair and other members remained on the Board.

The Board of Directors and its Committees convened a total of 19 times during the financial year.

Committees of the Board of Directors

In 2022, the Audit Committee consisted of the following members: Juha Majanen until 4 April 2022, Teemu Penttilä, Seija Turunen, Karri Salminen, Tero Ojanperä and Kaisa Olkkonen as from 26 April 2022. Juha Majanen served as the Chair at the beginning of the year, and Kaisa Olkkonen was appointed as Chair from the Annual General Meeting onwards. The Audit Committee convened five times with an attendance rate of 92%.

The Personnel Committee consisted of Kirsi Nuotto (Chair), Tero Ojanperä and Mari Puoskari. The Personnel Committee convened five times with an attendance rate of 100%.

Remuneration paid to Members of the Boards of Directors of subsidiaries in the Fintraffic Group in 2022**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
Kaisa Olkkonen until 31 Aug. 2022	3 / 3	EUR 12,000	EUR 1,800	EUR 13,800
Jarmo Lindberg	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000
Katariina Ora as from 1 Sept. 2022	2 / 2	EUR 6,000	EUR 1,200	EUR 7,200

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
Olli Nastamo	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000
Marjo Mustonen	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000

* For meetings held during the Board Member's term of office.



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

Member of the Board	Attendance at Board meetings	Board fees, EUR	Meeting fees, EUR	Total, EUR
Kati Hagros	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000
Minna Björkman	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000

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	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000
Kimmo Mäki	5 / 5	EUR 18,000	EUR 3,000	EUR 21,000



Further information about remuneration

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. In 2022, the performance bonus percentages for Management Team members were equivalent to that of the Group CEO (target 15%, maximum 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. In the event that the employer terminates the contract, the notice period is 3, 4 or 6 months.

Some of the 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. The latest CEO agreements have not included severance pay.

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.

The members of the Management Team also do not have long-term incentives (LTI).



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