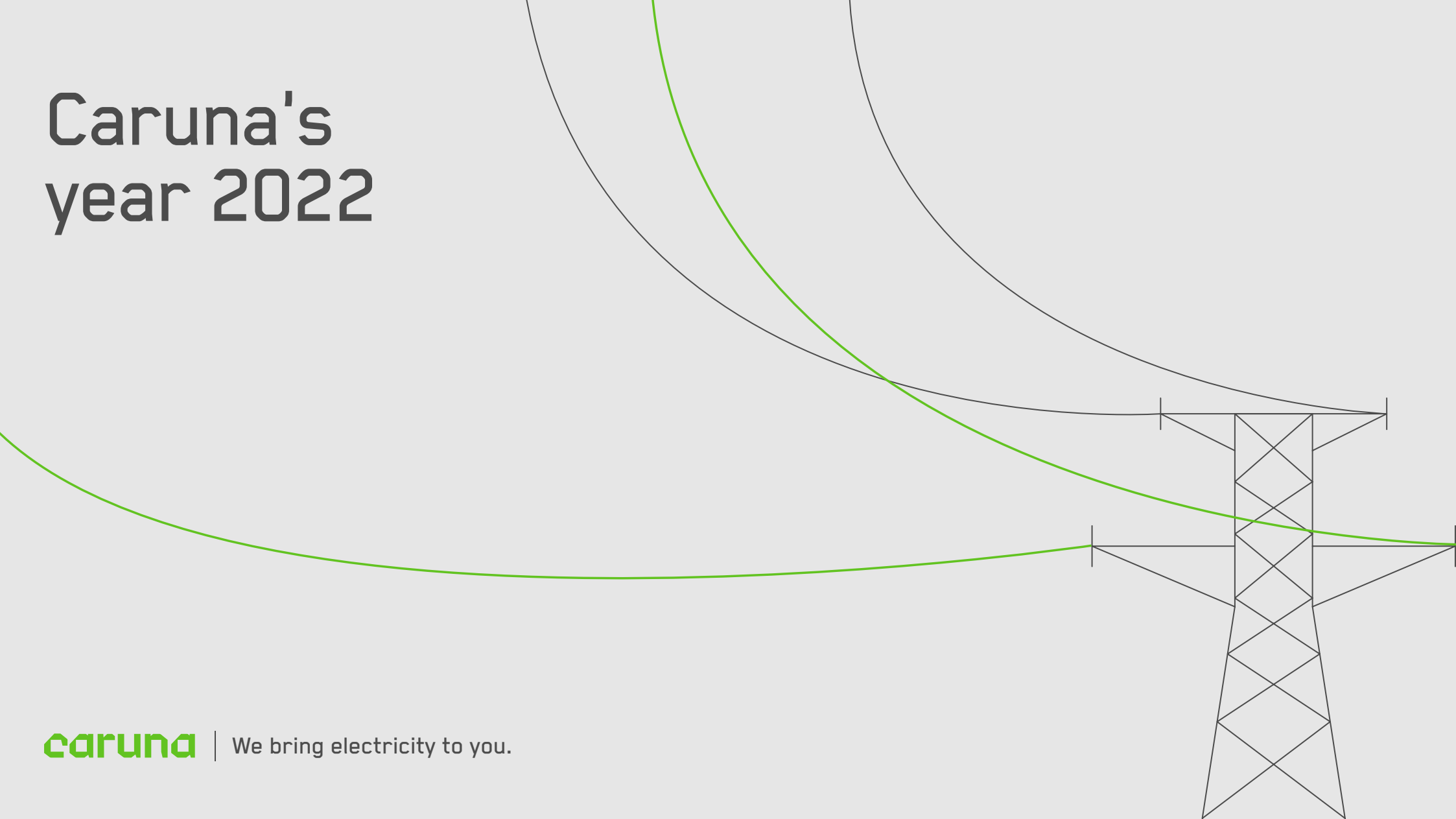


Caruna's year 2022



caruna

| We bring electricity to you.

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Caruna's numerical key figures for 2022 can be found in summary starting on page 65.



The year 2022 brought an energy crisis

In 2022, the transition towards carbon neutrality and the energy crisis triggered by Russia's military aggression were reflected in both electricity consumption and production methods in Finland.

In the year under review, we experienced an extremely sharp rise in cost levels. The costs of raw materials, electricity, construction and energy losses rose substantially, affecting our operating conditions. The price and availability of electricity was widely discussed in Finland, which highlighted the importance of electricity distribution as an activity critical to security of supply.

We must ensure reliable electricity distribution even when electricity consumption grows and fluctuations in energy production increase.

We bring electricity to over 726,000 customers in South, Southwest and West Finland, Joensuu and Koillismaa – equalling 20 per cent of Finnish electricity distribution. The total length of our network, which delivers electricity to heavy industry, small industry, small businesses and homes, was 88,600 kilometres. As in recent years, the security of supply of our network remained at a very good level of 99.98 per cent.

Electricity consumption in Finland is estimated to increase by 50 per cent by 2040. A heavily electricity-based energy system means that the demands on the reliability of the electricity system will increase further to safeguard critical societal functions such as hospitals, telecommunications networks and payment systems.

To ensure reliable electricity distribution, the electricity network must be maintained and developed to meet the needs of the future energy system. The electricity network being

built now must serve customers for up to 60 years. The electricity network must enable two-way transmission, allowing households and housing associations to sell the surplus electricity produced by them, thereby reducing their costs.

By investing in the electricity network, we make sure that our customers can use domestic, renewable energy and become small-scale producers of electricity. This is how we ensure reliable electricity distribution in an energy self-sufficient Finland as electricity consumption increases and society moves from fossil to renewable energy.

We enable Finland's journey towards self-sufficient renewable energy and ensure that our network brings electricity in a smart way to its destination – and back.

From the CEO

Energy security is created through professionalism, investments and cooperation

2022 was a year of changes. I started as CEO of Caruna last spring, and I am very excited about the opportunity to be part of developing Caruna's role as a major operator in the energy sector. The role of electricity networks in ensuring Finland's security of supply was highlighted last year when the war in Ukraine started. We are part of the critical infrastructure, the functioning of which is important every day for our customers and the whole society.

Caruna's role is to ensure reliable electricity supply in all situations – in urban, rural and archipelago areas.

In the coming years, electricity consumption in Finland is predicted to grow by 50% between now and 2040, as we move from fossil energy to renewable energy. A heavily electricity-based energy system means that the demands on the reliability of the electricity system will increase further to safeguard critical societal functions such as hospitals, telecommunications networks and payment systems. We will ensure that

security of supply remains at the current level of 99.98 per cent.

Caruna's operating environment deteriorated significantly in 2022 due to the exceptional tightening measures taken by the regulator in the middle of the regulatory period, as well as the general increase in costs. The alterations to the regulation model caused the company's reasonable returns to decrease by approximately 40 per cent in comparison with the previous year. The changes made in the middle of the regulatory period are highly exceptional and undermine the



Caruna's customers are ready for the energy transition, and the electricity network must therefore be able to meet their current needs, but especially those of the future.

ability of companies to invest in network development. In addition, our credit rating was lowered as a result of the changes made to the regulation model, affecting the availability and price of our financing.

The cost inflation affecting the whole of Finland was reflected in the construction of the electricity network being more than 10 per cent more expensive for us compared to last year. In particular, the prices of raw materials and fuels rose sharply. The price of loss of energy that we buy from the market rose by about 35 per cent, and it is expected to double during 2023. In addition, interest rate levels are higher. All this contributed to the parent company's profit being reduced by half compared to the previous year.

Caruna aims to modernise its electricity network continuously to meet the needs of the energy transition, which will require investments in the coming years to develop the electricity network. Despite the rise in costs, we aim to invest more than EUR 120 million annually in the energy security of our customers and the achievement of Finland's carbon

neutrality targets. We set up new construction sites for electricity network installation in several areas, including Southwest Finland, Ostrobothnia and Koillismaa.

During the year, we also asked our customers about their electricity network development plans, and I am pleased to say that more than 4,000 customers provided feedback. Information was also collected on the growth of new technologies – electric cars, solar panels, demand-side response – and customers' experiences on the reliability of the existing network and the necessary development.

Caruna's customers are ready for the energy transition, and the electricity network must therefore be able to meet their current needs, but especially those of the future. Customers want the electricity network to be developed so that they can participate in energy saving activities, such as flexibility in electricity use at different times of the day. Up to 86% of our private customers are prepared to make the effort for demand-side response. This is a wonderful and positive outcome.

We are actively exploring solutions to the need for flexibility on a large scale. An example of this is the dynamic electricity connection in Suomenoja, Espoo, which we started piloting with Fortum. The dynamic electricity connection is the first of its kind in Finland. In the pilot, we ensure the adequacy of electricity network capacity in a completely new way. The electricity required by the electric boiler can be regulated flexibly while ensuring that electricity supply is secured at all times. The need for demand-side response is constantly increasing as the production volumes of wind and solar energy increase in our network areas and across Finland.

During the year, we implemented several requests for wind farm connections, and the first solar farm was commissioned in our area. Wind turbines were connected to Caruna's network in Kurikka and Posio, among others.

We work for safe working every day. Occupational safety developed in the right direction, but there is still room for improvement in the safety of our sites. During the year, there were

six injuries resulting in absence from work at our sites.

Reliable electricity supply is a prerequisite in an electrifying society. Investments over the past decade have ensured that today's electricity network is no longer as vulnerable to the extreme weather events brought about by climate change. The number of Caruna's customers who are within a grid area covered by the criteria for the security of supply has increased from around 60% to over 90% in recent years.

In 2022, Caruna was ranked 10th in the Great Place to Work competition in the Large Companies category for the first time. I am proud of our company and the work we do every day to safeguard our customers' daily lives. Whatever may be. Whatever may come. Whatever may change. We bring electricity to you.

Jyrki Tammivuori
CEO

Strategy

Our strategy adapts to a changing operating environment

Our strategy adapts to the challenges of our operating environment. Our mission is to safeguard high-quality, cost-efficient, and sustainable electricity distribution for our customers under all conditions.

The war in Ukraine has changed the production structure of the energy system, which makes it difficult to ensure sufficient electricity production in Finland. We are prepared for a possible power shortage situation. We have identified the customers that are critical in terms of security of supply, and we aim to ensure that any power cuts due to electricity shortages do not concern them.

The accelerating energy transition requires operators in the energy sector, including Caruna, to undergo major changes. We aim to guide our customers and Finnish society through the energy transition and ensure that Finland's carbon-neutrality targets will be achieved cost-effectively and on schedule.

Our goal is for our customers to receive an effortless and cost-effective network service. When developing the electricity network, we are paying even more attention to the future needs of our customers, the development of the energy market and regional differences. We also streamlined our own operations through change negotiations, among other actions.

The promotion of the energy transition in a cost-efficient way requires new skills. We continued the development of our electricity network to respond comprehensively to changes in the operating environment. We continued altering our IT architecture to meet the future needs of electricity network operations.

Open dialogue with the authorities and decision-makers is important. During the year, we organised more than 90 meetings with decision-makers and the authorities. We discussed the energy transition and crisis as well as their

impacts on the conditions of electricity distribution business. The energy crisis that started during the year under review increased the energy debate in society, which was reflected in an increasing number of requests for expert opinions from us. Our energy-sector expertise and vision will be even more in demand in the future as the green energy system evolves.

We created the publication "Distribution grids enable the energy transition", which explains the energy transition to our stakeholders.

During the year, we explored business opportunities outside the current electricity network business that support the balance of the electricity system. Services must support the regulated operations or be essential to their execution. Any added-value services must clearly benefit our customers and society, and they can be related to, for example, demand-side response or energy storages.



The electricity network must respond to changes in the operating environment.

The electricity distribution network is at the heart of the green transition and security of supply

The green transition is vital for tackling the climate crisis, and a sustainable, renewable electricity network is a prerequisite for the transition. A secure and flexible electricity network is the reliable backbone of the electricity system, and it delivers electricity reliably to where it is needed at any given time, also in exceptional situations.

Society will become even more dependent on electricity as greenhouse gas emissions are reduced and digitalisation progresses. Electricity consumption is estimated to increase by up to 50 per cent by the year 2040 if Finland reaches its climate targets in the set timeframe.

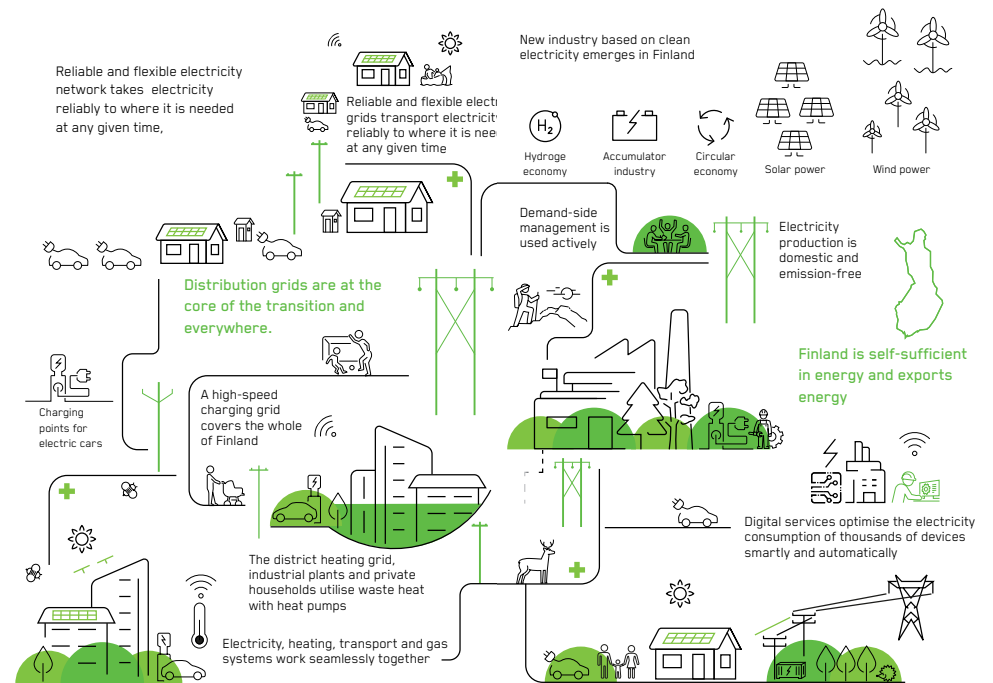
Electricity production is changing. Whereas in the past, electricity was mainly produced in large individual power plants in cities, in the future, electricity will be produced in thousands of small production units, mainly in rural areas. The majority of production will also vary according to the weather.

The role of the customer in the electricity market will change, as the electricity market needs a high level of demand response to keep the electricity system balanced and reliable. Customers can use automation to time their electricity consumption to moments when clean and inexpensive electricity is abundantly available.

Urbanisation and the electrification of heating will concentrate electricity consumption increasingly in cities, whereas decentralised electricity production will be located more in rural areas.

The challenges brought by the energy transition have a much bigger impact on planning the capacity of the electricity network than just the increase of electricity consumption. Distribution networks play a critical role in the electricity system of the future, as it must enable bi-directional transmission and the connection of new technologies, such as electric cars and solar panels, to the electricity system.

Energy vision 2040



Corporate responsibility

Corporate responsibility is part of our strategy and everyday work

Corporate responsibility is integral to our strategy and to everything we do: target setting, business planning, monitoring, and reporting.

Corporate responsibility permeates our entire organisation, from the Board of Directors to the Management Team and throughout our operational activities. The CFO and Deputy CEO is responsible for corporate responsibility in the Management Team. The Sustainability Manager is responsible for the practical guidance and development of corporate responsibility.

We take every aspect of corporate responsibility into consideration equally: environmental responsibility, social and financial responsibility, and good governance. Our current corporate responsibility programme is based on our stake-

holders' requirements and needs (a materiality analysis).

We comply with international sustainable development principles and commitments in our operations, and we contribute directly to several of the UN's Sustainable Development Goals.

CARUNA'S CODE OF CONDUCT IS THE FOUNDATION FOR OUR WORK

Our Code of Conduct and company policies include our statements and commitments on the sustainable development principles, and they form the basis of how we work. Our Code of Conduct defines how we take care of our assets, how we work together and treat each other, and how we conduct the electricity distribution business. Every Caruna employee has completed an online training course covering our Code of Conduct. We also require all our partners to operate responsibly.

WE ENGAGE IN OPEN DIALOGUE WITH OUR STAKEHOLDERS

The coronavirus pandemic and Russia's invasion of Ukraine have accelerated the energy crisis and increased our stakeholders' interest in energy matters. We engage in active dialogue with our stakeholders, and we collect feedback from them every year by means of surveys on topics such as reputation, customer satisfaction, and the Great Place to Work survey, which gauges the commitment of our personnel. The energy crisis has worried our stakeholders extensively. We have had comprehensive discussions with our stakeholders on the role of distribution networks as part of Finland's security of supply, as well as on possible rotating power cuts and ways to avoid electricity shortage.

During the year under review, our work with stakeholders highlighted the crucial role of electricity distribution companies in enabling the energy transition. In our publication "Distribution grids enable the energy transition", we described the significance of electricity networks in the 2040s. We also outlined what type of roadmap is needed for the carbon-negative society of the future. Enabling the energy transition requires stable, predictable and transparent regulation, effective permitting and encouraging to investments. Without these, investments in Finland are at risk.

Societal themes were highlighted in our discussions with politicians as preparations for parliamen-

tary elections started. Similarly, we engaged in an active dialogue with civil servants and other stakeholders in the regulation model preparation group.

We seek to be a competent and reliable partner to our stakeholders. During the year, we took part in numerous industry working groups and events in an expert capacity, and provided an increasing number of expert opinions on government proposals, decrees and interviews to the media.

We also met our stakeholders in various events in several locations and communicated through a number of channels.

REPORTING AND INVESTIGATING SUSPECTED MALPRACTICE

All suspicions of malpractice reported by external stakeholders and Caruna employees are investigated confidentially and impartially in accordance with a separately defined procedure. In some cases, the authorities may lead the investigation.

Any sanctions and disciplinary action will not be taken until the investigation is complete.

Both Caruna employees and external stakeholders can submit a report in their own name or anonymously also through the whistleblowing channel on Caruna's website.

Stakeholder	Stakeholder expectations	Caruna's actions in 2022
Employees	<ul style="list-style-type: none"> Importance of work Professional development Well-being and safety at work 	<ul style="list-style-type: none"> Flexible work arrangements and remote working Developing the company culture Promoting occupational well-being Competence management Strategy and development day Great Place to Work employee study and employee surveys (four times per year), development plans Coaching and training, e.g. energy market training programme Student cooperation
Customers	<ul style="list-style-type: none"> Safety and reliability, environmental friendliness, a pioneering approach Professional, friendly and multichannel customer service Effortless service Communicating about changes and disturbances Rapid fault repair Transparent pricing Vision, expertise and support during the energy crisis 	<ul style="list-style-type: none"> Promoting online services New website on electricity shortages Regular meetings with key customers, as well as corporate and municipal customers Improving customer satisfaction through service development Services, such as electricity consumption monitoring and the electrical load control service Development of smart means of connection
Contractors, network material suppliers, service providers and ICT suppliers	<ul style="list-style-type: none"> Building open and predictable partnerships Keeping promises Actively developing collaboration Non-discrimination and maintaining well-functioning markets Procurement and project entities of interest to the supplier market 	<ul style="list-style-type: none"> Stakeholder events and regular meetings Actively developing supplier relations Audits of contractual suppliers
Authorities and decision-makers	<ul style="list-style-type: none"> Maintaining the reliable operation of the electricity network Operating responsibly and cost-efficiently Open and reliable partnership Developing the industry Developing an attractive investment environment in a collaborative and proactive way 	<ul style="list-style-type: none"> Development of tools modelling future network needs Cooperation with decision-makers through regular contacts and meetings Reporting to the authorities Contributing to the development of legislation, statements, and rejoinders Participating in stakeholder events Organising our own stakeholder events Drafting a Company White Paper as background material and decision-making support for decision-makers Regular communication through various channels, such as a stakeholder letter Work in the Energy Authority's stakeholder advisory committee

Stakeholder	Stakeholder expectations	Caruna's actions in 2022
Industry organisations, partners, interest groups and NGOs	<ul style="list-style-type: none"> Developing the industry sustainably Acting as an expert and promoting the energy transition Maintaining an active dialogue 	<ul style="list-style-type: none"> Developing the energy system, offering solutions and sharing expertise with partners Working with various other parties and industry advocacy Wielding influence within industry organisations and working on the committees and in the working groups of such organisations
Emergency services	<ul style="list-style-type: none"> Active and proactive cooperation with the authorities Sharing expertise and participating in various exercises Drawing up contingency and emergency plans 	<ul style="list-style-type: none"> Developing the preparedness of municipalities in collaboration with the emergency services Active communications with the emergency services and authorities Updating contingency and emergency plans Participating in preparations for exercises arranged by the authorities Contributing to the work of Traficom's incident collaboration group (HÄTY)
Shareholders	<ul style="list-style-type: none"> Increasing the company's value in a sustainable way Implementing the chosen strategy Good corporate governance 	<ul style="list-style-type: none"> Participating in Board meetings and committee work Regular personal contacts Complying with guidelines and policies
Financiers	<ul style="list-style-type: none"> Complying with legislation and regulations Complying with the UN Declaration of Human Rights, the International Labour Organization's (ILO) conventions, the UK anti-corruption principles and the UN Global Compact initiative Maintaining a strong credit rating Open communications and disclosure of information about the company's financial standing 	<ul style="list-style-type: none"> Half year and annual reporting First Green Bond investor report Compliance certificates Maintaining effective operations and a strong cash flow Meetings with credit rating agencies, banks and other financial institutions
Media	<ul style="list-style-type: none"> Open and proactive communications Raising the themes of relevance to the energy industry to the awareness of media Explaining the operating logic of an electricity distribution company and the rationale behind the price of electricity distribution Ensuring that managers and experts are available for interviews Timely and easy access to information 	<ul style="list-style-type: none"> Active media work: meetings and online media events, press releases, articles, own website Media training for Caruna's key personnel Timely communication in the event of large-scale and other disturbances Active use and exploitation of social media



Our corporate responsibility work is based on the materiality analysis



The importance of social responsibility has increased.

Our corporate responsibility is based on a materiality analysis, which is an analysis of the requirements and needs of our key stakeholders, as well as an assessment of the significance of these factors to our company's business.

The analysis covers the needs of our personnel, our various customer segments, municipalities, authorities, civic organisations, our owners, our financiers, our contractors, and our contractual suppliers in terms of the security of the electricity supply, social and societal responsibility, environmental responsibility, and financial responsibility.

A comprehensive materiality analysis is carried out at least once every three years, and the need for updates is reviewed annually as part of the business performance management process. The materiality analysis is supplemented by various impact assessments related to different stakeholders or specific themes, such as environmental impact assessments.

Our current, comprehensive materiality analysis dates from 2021. Above all, our stakeholders expect us to ensure social responsibility, reasonable prices, open communications, and stakeholder dialogue. Our social and financial impacts are described in more detail in the sections on social responsibility and environmental responsibility.

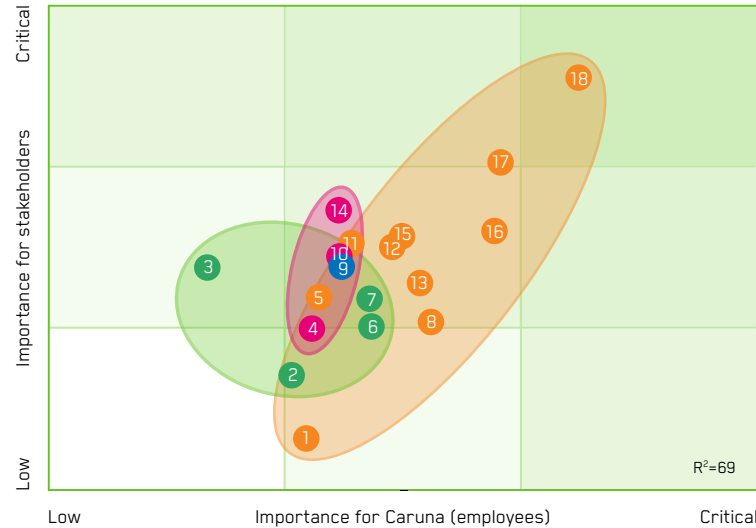
During the year under review, issues related to security of supply became increasingly relevant, both among our stakeholders and in our business.

During the coming year, we will renew our materiality analysis to meet the upcoming EU sustainability reporting requirements.

MATERIALITY MATRIX

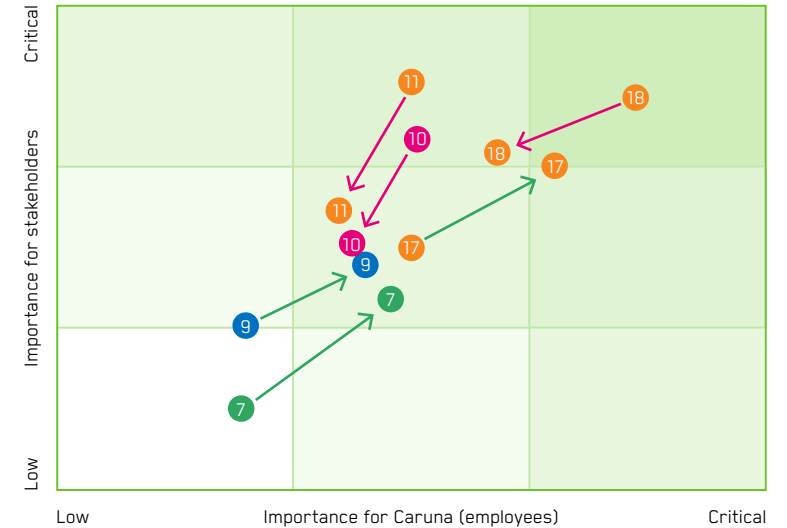
- Security of electricity supply
- Social and societal responsibility
- Environmental responsibility
- Financial responsibility

The figure does not show the responsibility factors that both Caruna and its stakeholders consider to be of minor importance.



- | | |
|---|--|
| 1. Occupational health, safety and well-being | 9. Cost efficiency |
| 2. Material efficiency | 10. Investments in security of supply |
| 3. Energy efficiency | 11. Responsible operation of subcontractors |
| 4. New technologies and investments to smart grid | 12. Transparency of the tax footprint |
| 5. Employment | 13. Occupational safety |
| 6. Environmental hazards | 14. Preparedness to storms and quick fault repair |
| 7. Climate change and carbon footprint | 15. Electrical safety |
| 8. Developing of competencies of personnel | 16. Customer satisfaction |
| | 17. Dialogue with stakeholders and open communications |
| | 18. Reasonable pricing |

THE RESPONSIBILITY FACTORS THAT CHANGED THE MOST BETWEEN 2018 AND 2021












- | | |
|---|--|
| → The importance has grown since 2018 | 7. Climate change and carbon footprint |
| | 9. Cost efficiency |
| | 17. Dialogue with stakeholders and open communications |
| → The importance has decreased since 2018 | 10. Investments in security of supply |
| | 11. Responsible operation of subcontractors |
| | 18. Reasonable pricing |

Targets and indicators steer our corporate responsibility work

The focal areas and targets of our corporate responsibility work are based on the materiality analysis. In the year under review, we integrated corporate responsibility more deeply into our management and all our operations.

The key corporate responsibility targets developed mostly favourably.

KEY INDICATORS, TARGETS AND RESULTS OF CORPORATE RESPONSIBILITY IN 2022

Theme	Scope	KPI	Target 2022	Actual 2022
  	Carbon footprint	Reduction of carbon footprint (GHG Protocol Scopes 1-2)* (ktCO ₂ e)	-25%	- 66% ●
	Renewable production	Grid emissions factor**, production in Caruna's grid (gCO ₂ /kWh)	- 5%	- 31% ●
	Small-scale renewable production	Volume of small-scale renewable production capacity (< 1MW) in Caruna's network, (MW/%)	+ 15%	+64% ●
  	Security of supply	6/36 h***	900	903 ●
	Trust & reputation	Trust & reputation survey****	2,36	2,59 ●
	Operational efficiency	OpEx (EUR/customer)*****	111,9	114,1 ●
  	Contractor safety	Contractor LWIF (Lost workday injury frequency)	4,0	4,1 ●
	Employee wellbeing	eNPS, Employee Net Promoter Score (-100 = worst, +100 = best)	30	22 ●

*The target covers scopes 1 and 2 (own direct and indirect emissions) and takes into account the market-based calculation approach (instead of the location-based calculation approach). The benchmark is the average for 2018-2021, 800 tonCO₂e. The actual includes 200 tonCO₂e compensation.

**Statistics Finland's fuel classification 2021 and electricity production statistics have been used in the calculation (Energy: 12.3.2.3 and 3.4.2). Production is divided into categories hydro, wind, solar, renewable CHP (Biofuels only), other CHP, and other. Growth in 2020-2021 is due to increased use in 2021 of the natural gas and coal CHP plant connected to Caruna's network.

*** 6/36 h refers to outage times of maximum six h (urban area) and 36 h (rural area); measured in number of customers who face longer power cuts above these thresholds.

**** T-media's annual Trust and Reputation survey (scale 1-5).

***** Excluding costs of exceptional storms.

We updated the focal areas of corporate responsibility

During the year under review, we updated the focal areas of corporate responsibility and renewed our strategic corporate responsibility targets. In particular, we focus on building the trust of our stakeholders in our operations, managing the risks of a rapidly changing environment, both in our own operations and in the daily lives of our stakeholders, improving safety at work, developing the skills needed for the energy transition, and considering nature values in a more holistic way.

THE ENERGY TRANSITION IS AT THE CORE OF OUR BUSINESS

Focus areas in 2023

<p>1. Reliability</p>	<p>Reliable electricity distribution with sufficient capacity is a prerequisite for a functioning society. We develop our electricity network cost-effectively to enable the growth of renewable energy production and energy self-sufficiency and to support an increasingly electricity-dependent society. We safeguard our customers' effortless daily lives and enable local vitality.</p>
<p>2. Risk management</p>	<p>We regularly assess the risks related to our operating environment and adapt our actions to mitigate their impact on our own operations and the daily lives of our stakeholders. We continue to adapt to the impacts of climate change.</p>
<p>3. Safety</p>	<p>We do not compromise on safety. We provide a safe and inspiring work environment. Our goal is to prevent all accidents.</p>
<p>4. Competence development</p>	<p>Our employees and partners are our most important asset. We want people to develop with us. We make sure that our competences and those of our partners are up to date and grow also over the long-term.</p>
<p>5. Nature values</p>	<p>We actively reduce our own carbon footprint. We also consider other environmental impacts of our operations: we respect nature and biodiversity, we use natural resources with care, our materials are long-lasting, we promote the circular economy.</p>

Material UN SDG's*



* United Nations Sustainable Development Goals

Strategic corporate responsibility indicators and targets for 2023–2025

We renewed some of our strategic key indicators for corporate responsibility. The EU taxonomy measures the sustainability of financial activities, and we included the sustainability of investments as one of the key indicators. The tax footprint is another new key indicator, which describes Caruna’s remitted and paid taxes in relation to the net sales. We also updated our indicators on reliability of supply, commitment of personnel, and renewable energy production connected to our network.

WE PROMOTE THE IMPLEMENTATION OF SEVERAL OF THE UN’S SUSTAINABLE DEVELOPMENT GOALS

We consider all 17 UN Sustainable Development Goals (SDGs) important. Our operations promote the realisation of six of the goals in particular: 7 (Affordable and clean energy), 8 (Decent work

STRATEGIC SUSTAINABILITY TARGETS 2023-2025

Strategic Sustainability KPI	Actual 2021	Actual 2022	Target 2023*	Target 2024*	Target 2025*
EU taxonomy-eligible and aligned CapEx (%)	99,6	99,3	>99	>99	>99
Overall renewable production capacity connected to the network (MW)	1,227	1,612	1,700	2,000	2,600
Security of supply SAIDI	71**	85	< 72	< 72	< 72
Trust & Reputation survey (T-Media)	2.30	2.59	2.73	2.86	3.00
Tax footprint (%)***	58	62	> 58	> 58	> 58
Employee engagement index EEI	69	78	> 79	> 79	> 79
Carbon footprint, scopes 1&2 (tonCO ₂ e)	1,225	189****	400****	200****	0****
Contractor safety LTIF	6.3	4.1	3.8	< 3.8	< 3.8

The specific definitions and indicators of strategic corporate responsibility targets are presented on page 55.

*Bonus targets are reviewed by Nomination and Remuneration Committee

**Calculation method has changed

*** Describes Caruna’s remitted and paid taxes in relation to the net sales

****Includes carbon offsets

and economic growth), 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 13 (Climate action), and 15 (Life on land).

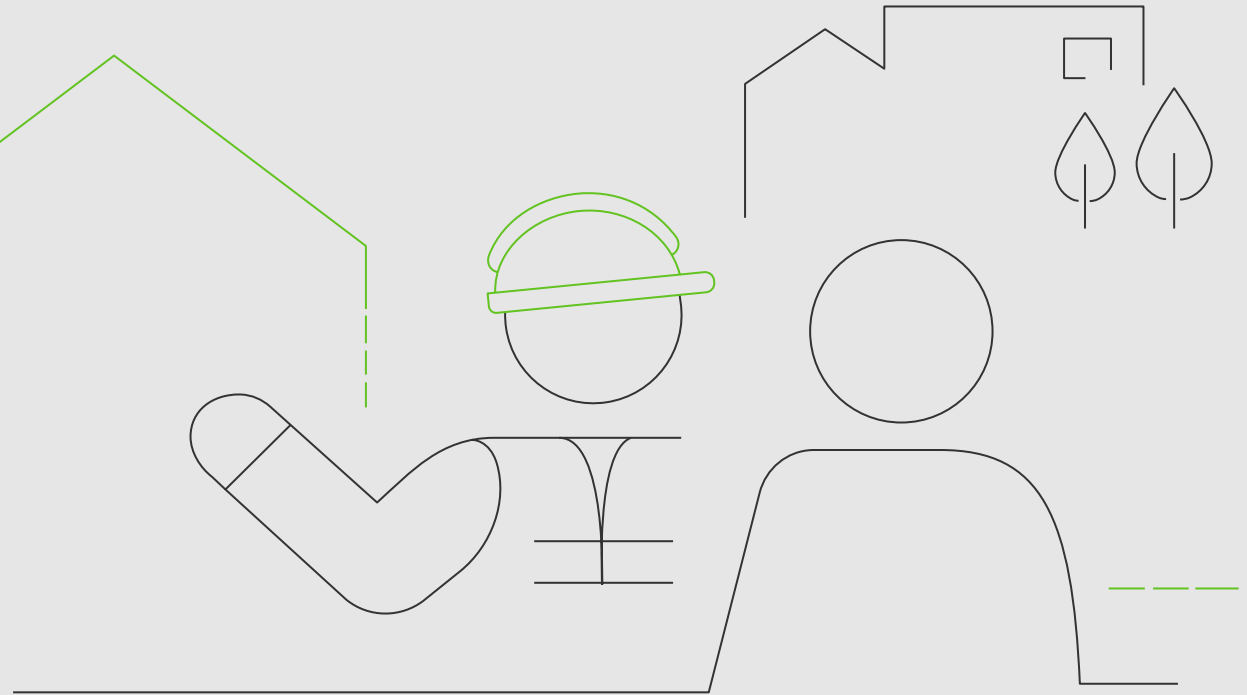
Our electricity network is one of society’s vital structures, so uninterrupted electricity distribution is a prerequisite for the proper functioning

of society and for vibrant business. We enable growth in renewable energy generation without jeopardising energy security, and we guide our customers and society through the energy transition. We consider nature values and reduce our carbon footprint (SDGs 7, 9, 11, 13, 15).

We work with an extensive network of partners and create well-being for all our stakeholders. We provide our employees and partners with a safe and meaningful working environment, and we ensure they have the latest expertise that they can continue to develop with us. (SDG 8).

Social responsibility

- We helped customers to reduce their energy consumption
- We renewed our Great Place to Work certification
- We continued developing a culture of safety



We supported our customers in the energy crisis

The year 2022 brought an energy crisis to Finland, and more Finns started to pay attention to their electricity consumption. We at Caruna must secure the reliable distribution of electricity to our customers as electricity consumption increases and society moves from fossil to renewable energy.

The role of electricity and energy changed dramatically in the everyday lives of Finns in 2022, and the price and adequacy of electricity were discussed widely, especially in the autumn. Due to higher prices, many homes, offices and public buildings paid attention to energy consumption and energy efficiency. The saving measures yielded results, and for example in December 2022, customers' electricity consumption in our network area decreased by 12 per cent compared to the December of previous year. The share of night-time consumption increased slightly in December compared to the December of year before, but our customers invested most in reducing their energy consumption overall.

* With temperature adjustment.

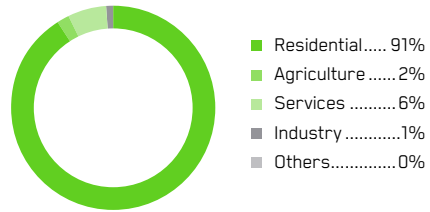
In December 2022, electricity consumption in our network area decreased by 12 per cent compared to the December 2021.

In particular, farms and detached houses reduced their electricity consumption significantly.

In the year under review, 2,300 new connection contracts were signed. This figure includes new connections at all voltage levels (low, medium, and high voltage connections).



CUSTOMERS BY SEGMENT, %

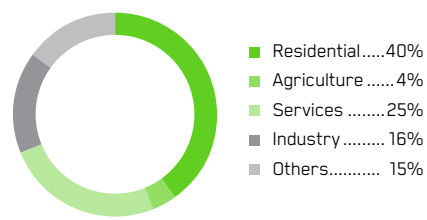


With the new connections, our number of customers continued to grow at a record high level, and we gained 12,000 new customers during the year. Both Caruna companies grew.

In 2022, we brought electricity to over 726,000 customers in South, Southwest and West Finland, Joensuu and Koillismaa – equalling 20 per cent of Finnish electricity distribution. Our biggest customer group is households, representing 91 per cent of our customer base. In the year under review, households used 40 per cent of our distributed electricity. The shares of industry and services were seven per cent for the number of customers and 41 per cent for distributed electricity.

Already now, Finns need and use electricity more than ever, and they will use much more

CONSUMPTION BY CUSTOMER SEGMENT, %



in the future. Our responsibility is to build and maintain an electricity network that distributes electricity smartly, as consumers increasingly produce electricity themselves and sell their surplus production back to the network.

ELECTRICITY DISTRIBUTION BY TWO COMPANIES

Our Caruna Group includes two network companies: Caruna Oy, which operates mainly in rural areas, and Caruna Espoo Oy, which operates in cities and urban areas. Both companies price their services to customers according to similar principles.

For Caruna Espoo Oy, the costs of the electricity network per network kilometre are shared by a larger number of customers. Caruna Espoo

is therefore one of Finland’s most affordable distribution companies. In 2022, the length of the network per customer was 35 metres at Caruna Espoo Oy and 165 metres at Caruna Oy. Investments per customer were EUR 134 at Caruna Espoo Oy and EUR 209 at Caruna Oy.

During 2022, electricity network construction became more expensive, as the costs of raw materials, fuels and energy losses surged. Interest rates rose also, which increased capital costs.

The significant and unforeseen rise in costs affects our investment capability, forcing us to review the pricing situation of both our distribution companies. Towards the end of the year, we informed our customers that we would raise our network service prices from the beginning of 2023. The post-tax prices for Caruna Oy’s

customers increase by an average of approximately 3.9 per cent and the post-tax prices for Caruna Espoo Oy’s customers increase by an average of approximately 2.9 per cent.

Despite the rise in costs, we aim to invest more than EUR 120 million annually in the energy security of our customers and the achievement of Finland’s carbon neutrality targets.

WE HELPED OUR CUSTOMERS TO REDUCE THEIR ENERGY CONSUMPTION

We want to support our customers in the energy crisis and in the energy transition that will be reflected in the daily lives of all Finns in the coming years. During the year, we improved our electricity monitoring service to enable our customers to better monitor and control their own consumption

and production. The service is now clearer and easier to use.

In addition to reducing overall electricity consumption, it is important to shift consumption from peak to off-peak hours of the day. In 2022, our customers found our electricity load control service better than in the past couple of years. During the year, more than 4,000 of our customers participated in the flexibility of the electricity market by scheduling the use of certain equipment, such as a water boiler or an electric car charger, through our load control service.

We have actively informed our customers of how they can utilise Caruna's self-services in reducing their electricity consumption. During the year, our customers found our self-services and their usage increased. By the end of 2022, 194,000 Caruna customers had registered for our digital services.

THE ENERGY CRISIS BOOSTED THE USE OF SELF-SERVICE CHANNELS

In 2022, we improved the overall availability of our online services by, for example, ensuring that the services are available to our customers 24/7. During the year under review, we also developed

the identification for online services. Better availability and easier identification was reflected in higher registration numbers in our services.

During the summer, we launched our renewed website with a customer-friendlier structure. Now, the most important issues for our customers can be found in clear sections on the website. The sections include instructions and guidance either to the online self-service or to the customer service. The service provider for our website's customer service chat was changed, enabling us to serve our customers faster and with better quality.

The Caruna+ mobile app was closed in 2022. However, the service continues to be available as a mobile-friendly browser version. By concentrating development on a single platform, we will be able to offer our customers more useful services in a cost-effective way.

We have simplified the online order service for electricity connections. Through the renewed and easy-to-use service, the customer can place an order and monitor all stages of the order process. Various automated stages are linked to the service, speeding up order processing and enabling smoother customer deliveries of orders.

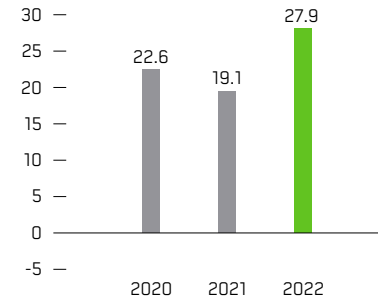
The improvements made in customer service channels is reflected in our customer feedback. Our Net Promoter Score, an indicator of customer satisfaction, rose to 27.9. Our telephone service has received positive feedback for a long time, but during the year under review, our customer satisfaction improved even for online services.

DATAHUB WAS INTRODUCED SUCCESSFULLY

In February 2022, a common centralised information exchange system for the industry was introduced in the Finnish electricity market. The deployment was highly successful, and manual work in the data exchange of the entire industry has decreased significantly.

Development of our customer and metering information systems continued, and the next production version of Datahub was deployed towards the end of 2022. In the new version, energy communities can also be integrated into Datahub's information exchange processes. Future development work will enable changes in the retail market, including a move from a one-hour metering period to a 15-minute metering period for electricity consumption and balance settlement.

NPS CUSTOMER SATISFACTION (SCALE FROM -100 TO +100)





We estimate that our network will have over 50,000 small-scale producers of solar power by 2030.

CUSTOMERS GAVE FEEDBACK ON THE NETWORK DEVELOPMENT PLAN

Our network development plans were available for our customers to view and comment for the first time in May 2022. Over 4,000 customers gave feedback on the network development plans before they were submitted to the Energy Authority.

The customer comments provided us with interesting information on, for example, how many customers would be willing to shift their consumption away from peak hours, i.e. to participate in demand response. The comments also revealed that our customers' needs are similar in urban and rural areas. For about half of our customers, it is important that the electricity network enables the electrification of society and the transition away from fossil fuels.

Based on the comments, our customers were especially interested in generating solar power: 10 per cent of the respondents already have solar panels, and their growth in popularity is faster

than has been estimated in advance. Based on the feedback received, we believe that our network will have over 50,000 small-scale producers of solar power by the year 2030.

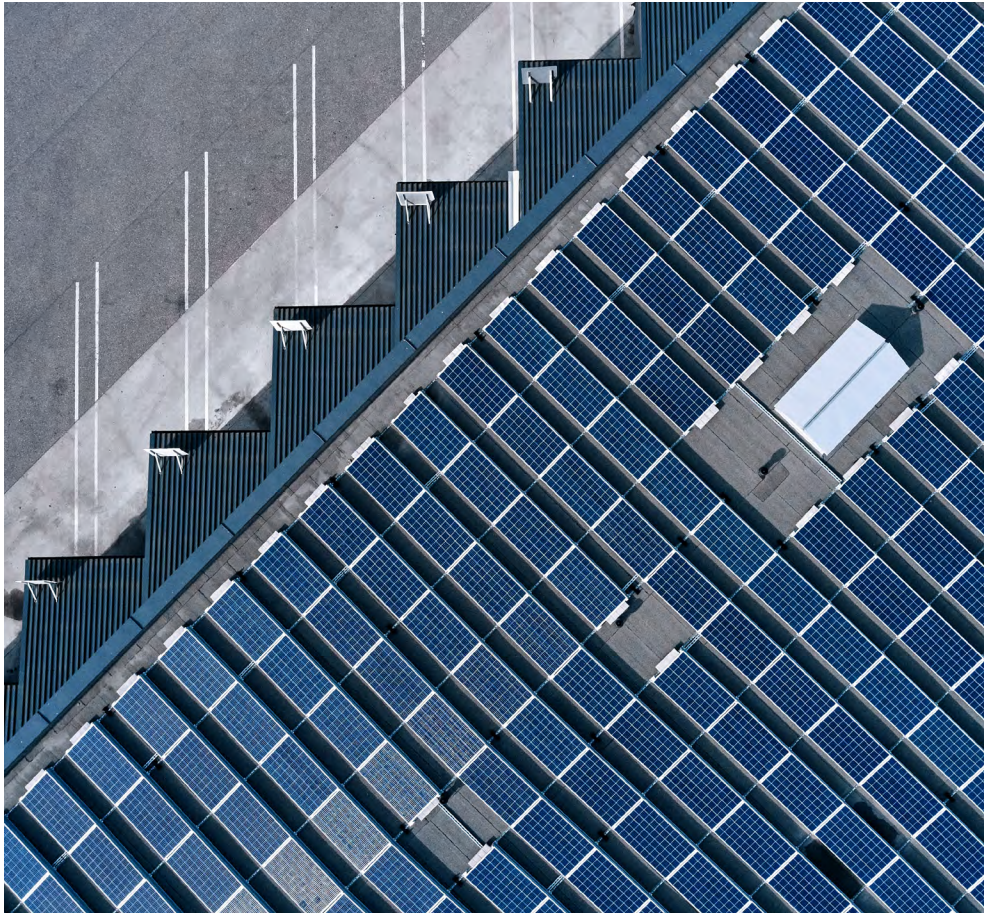
ELECTRICITY IS A BASIC SERVICE THAT EVERYONE IS ENTITLED TO

Electricity distribution is a part of the infrastructure that is critical to the functioning of society, so the principle of non-discrimination in our operations is also laid down in the law. The principle of non-discrimination means that we treat all our customers equally. Furthermore, we are subject to a connection obligation. The connection obligation means that we are obliged to connect, on request, all willing network users in our network area to our electricity network. The Electricity Market Act also requires basic services to be priced reasonably.

During 2022, accelerating inflation and the energy crisis have affected our customers'

solvency, and we strive to support our customers in their daily lives through various solutions. In addition to statutory measures, we can grant additional time for paying invoices or agree on more extensive payment arrangements, for example. In the event of payment difficulties, our private customers can extend the due dates of their invoices on the Caruna+ service.

During the year under review, we started cooperation with a new invoicing and collection partner, Ropo Capital Oy. At the same time, we reformed our invoicing model by consolidating invoice dispatch and possible collection under one partner. The reform also enables us to provide our customers with smoother and clearer services in matters related to invoice payment, payment advice and payment arrangements.



The energy crisis challenged the electricity system

In recent decades, electricity distribution has been developed intensely to improve weather resistance. With the energy transition, the focus has shifted to the flexibility needs of renewable production and consumption. Russia's invasion of Ukraine, Europe's dependency on Russian energy and, on the other hand, the slow progress of the energy transition led to the European energy crisis. The energy crisis further accelerates the energy transition and causes acute concerns about the adequacy of electricity and the functioning of the entire electricity system. We made preparations to support the Finnish energy system in the energy crisis and to alleviate power shortages through rotating power cuts.

In 2022, the price and adequacy of electricity were discussed more than ever in Finland. We actively communicated to our customers about the factors affecting electricity shortages and how they can contribute by monitoring their own electricity use, using electricity sparingly and shifting usage away from peak hours. We were prepared to cut off electricity distribution regionally for a few hours due to an electricity shortage, which did not happen during 2022.

We have made contingency and emergency plans for use in electricity shortages. The plans have identified customers that are critical in terms of security of supply. We aim to ensure that any power cuts due to electricity shortages do not concern them. In Finland, the management of electricity shortages is coordinated by transmission system operator Fingrid together with the Nordic system operators. In autumn 2022, together with the distribution and energy companies in the



Networks must accommodate growing consumption and variable electricity production.

metropolitan area, municipalities, rescue services, the National Emergency Supply Agency and Fingrid, we held a joint exercise on how to respond and communicate in an electricity shortage. We also organised a webinar for the communication managers of the municipalities in Caruna's network area, where we discussed electricity shortages and communications concerning them.

The climate targets of society have a significant impact on electricity production and use now and in the future. Networks must accommodate growing consumption and variable production: the number of electric cars is growing, and various forms of heating are being converted to electric. At the same time, renewable production, such as wind and solar power, must be able to be connected to the electricity network.

COMBATING CYBER THREATS IS ALSO IMPORTANT FOR ENERGY SECURITY

Cyber security is also a key component of the security of supply of the distribution network, and we have therefore prepared continuity and recovery plans for our critical services as well as instructions for various cyber threat situations. We updated the cyber security threat assessment in March, and an assessment in accordance with the model is conducted every week. During the year, we renewed our information security

training and made the decision to extend the training also to our partners as of 2023. All members of our personnel have completed an online information security course, and more than 90 per cent are involved in simulations of phishing messages, carried out a few times a month.

THE ENERGY TRANSITION REQUIRES INVESTMENTS IN THE HIGH VOLTAGE NETWORK IN PARTICULAR

In our operations, we have especially focused on the ability to model the changes taking place in the various customer groups. We have been determined in our development work, and during 2022 we continued to invest in our ageing network and security of supply. We also prepared for the growth in electricity use, especially in the area of urban networks.

Construction and cabling work on the substation in Sinimäki, Espoo, proceeded. The substation was commissioned towards the end of 2022. It serves 15,000 Espoo residents directly and ensures electricity supply to over 140,000 residents indirectly. Two underground, six-kilometre high voltage cables were constructed during the project between Sinimäki and Leppävaara to cover the growing electricity demand.



The profitability of distribution network development measures must be ensured in the long term.

THE CHANGING ECONOMIC SITUATION AFFECTS NOT ONLY THE DAILY LIVES OF OUR CUSTOMERS, BUT ALSO THE DEVELOPMENT OF THE NETWORK

Material and labour costs have risen. The development of inflation in the local market weakens investment profitability and makes the investment environment challenging. The prices of network materials have risen over 40 per cent and those of contractors' labour costs over five per cent in the past two years. The rising material costs have affected the construction of the medium voltage distribution network in particular. The decision reduced the reasonable rate of return and the value of network assets. For the realisation of the energy transition, it is important to ensure the profitability of development measures in the long term.

Fewer electricity network construction projects were started due to the rise in cost

levels. The investments were targeted at urban areas, where the customer benefits are significant due to the large number of customers. Development of the network in rural areas was continued based on age and condition. Electrical safety was improved by increasing compensation, among others. Increasing compensation improves network security, security and quality of supply.

Our operating conditions were also weakened by the Energy Authority's decision to alter the agreed regulatory methods for electricity distribution business at the beginning of the year. The decision reduced the reasonable rate of return and the value of network assets. As a consequence, Caruna Group's credit rating was lowered from BBB+ to BBB in January, which increases our financing costs.

Caruna's contracting costs

EXAMPLE OF AN EXTENSIVE ELECTRICITY NETWORK CONTRACTING PROJECT AT 2021 AND 2022 MATERIAL PRICES

Contracting and material prices at beginning of 2021

Costs	Contracting	Materials	Total
Medium voltage network	1,387,000 €	1,433,000 €	2,820,000 €
Low voltage network	1,604,000 €	556,000 €	2,160,000 €
Total	2,991,000 €	1,989,000 €	4,980,000 €

↓
↓
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Contracting + 7-9 %
Materials + 42-44 %
Total + 21-23 %

Contracting and material prices at end of 2022

Costs	Contracting	Materials	Total
Medium voltage network	1,454,000 €	2,065,000 €	3,519,000 €
Low voltage network	1,766,000 €	805,000 €	2,571,000 €
Total	3,220,000 €	2,870,000 €	6,090,000 €

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More than 7,500 small solar power plants were installed in our area.

LARGE GREEN-TRANSITION PROJECTS WERE CONNECTED TO OUR ELECTRICITY NETWORK

The energy transition affects the distribution network in multiple ways. The transition to renewable electrical technologies is reflected in the number of enquiries and actual electricity connections, especially in the medium voltage distribution network. In 2022, enquiries for industrial-scale solar farms were on the rise. Overall, the increasing number of connection enquiries also means higher consumption for the network.

The largest projects in 2022 were:

- Commissioning of the Rustari wind farm connection (44 MW) in Kurikka and the Murtotuuli wind farm connection (126 MW) in Posio
- Conversion of the Pyhäkoski hydropower plant from the main grid to Caruna's 110 kV network (149 MW)
- Commissioning of all six connections of the Jokeri Light Rail line in Espoo (10.8 MW)
- Electricity connection for the Vermo air-to-water heat pump plant (11 MW)

- The Suomenoja dynamic electricity connection (100 MW)
- Electric bus charging station in the centre of Joensuu (2 MW)
- Connection contracts for the first industrial-scale solar farms (2 MW)

Solar power also raised interest in properties and residential buildings. During 2022, the number of small solar power plant installations increased significantly from previous years: where in the past our customers have installed on average less than 3,000 small solar power plants per year, in 2022 more than 7,500 plants were installed.

THE YEAR'S STORMS WERE CONCENTRATED IN THE EARLY PART OF THE YEAR

The biggest weather-related damage to the distribution network was experienced in the early part of the year. In January–February, the distribution network was particularly affected by storm-related heavy snow, with storms Valtteri and Armi hitting Southern and South-Western Finland.

In storm Armi, the damage locations were difficult to reach. Packed snow made it difficult for vehicles to move and helicopters could not fly due to the wind. As many as 25,000 customers experienced power cuts in Salo. The damage occurred in areas where overhead lines run in the forest close to trees and branches. Thanks to underground cabling, there are significantly fewer customers suffering from power cuts during storms than 10 years ago. The situation will improve further when the electricity network development measures progress.

In December 2022, snow and wind caused short power cuts in Uusimaa, mainly in Kirkkonummi and Siuntio. As many as 25,000 of our customers experienced momentary power cuts.

Caruna as an employer

For Caruna, 2022 brought many changes. In 2022, the war in Ukraine and the energy crisis made the work of Caruna employees even more important. Caruna employees welcomed a new CEO in the spring of 2022. In spring 2022, Caruna carried out change negotiations, which resulted in the termination of 25 Caruna employees' employment contracts. Despite the negotiations, Caruna's Trust Index remained at a high level and even improved to 79.

Due to the deterioration of the operating environment and to maintain competitiveness, Caruna launched a savings initiative in 2022 to listen to savings opportunities identified by all personnel. An idea competition was organised on savings targets. The best proposal was rewarded with a cash prize of EUR 1,000.

WE ARE A RESPONSIBLE EMPLOYER

Caruna employs approximately 260 energy experts, and personnel's sense of the importance of their work has been reinforced in the crisis year.

For us, job satisfaction and responsibility are important creators of motivation, and we prioritise personnel well-being in everything we do. We have a comprehensive occupational health care agreement with a reliable partner. The occupational health action plan is available to all employees.

In line with the recommendations of previous year's workplace survey report, lighting at workstations was adjusted, noise in the workplace was reduced by a separate quiet work area, ergonomics was considered through visits by an occupational health physiotherapist, a



dedicated working group addressed inappropriate behaviour, and change management training was provided for supervisors. Supervisors were also provided training on the early support approach.

We are a member of the Zero Accident Forum of the Finnish Institute of Occupational Health, and we are committed to its goals.

We make sure that our personnel's competences are up to date. We have identified our key competence requirements, and we develop them actively.

The principles of our human resources management are described in our Code of Conduct, which also includes the company's values. Our corporate policies, such as the HR, health, safety and environmental policies, supplement our commitments.

During the year under review, we launched value workshops to update our company values.

WE OFFER EQUAL OPPORTUNITIES TO SUCCEED

We are committed to promoting equality and diversity in all our operations. Our employees have equal opportunities, and we make use of their various strengths. During the year under review, we assessed our diversity management and supplemented our equality plan with diversity and inclusion practices.

The remuneration we pay is transparent and based on job complexity grades. The job descriptions and complexity grades are available for every member of personnel to see. Almost every member of personnel, except for the senior management and certain representatives of support functions, is covered by a collective agreement.

In addition, we reward our personnel with the help of performance-based short-term incentives (STIs) and long-term incentives (LTIs), as well as bonuses for years of service, one-off bonuses, and smaller sums on important dates. The incentive system also covers sustainability incentives. At Christmas 2022, every Caruna employee was rewarded with an extra day of paid leave. In addition, every Caruna employee could spend one working day doing charity work for Ukraine.

In 2022, our salary levels remained slightly above the market median level for the private sector.

WE TAKE CARE OF OUR EMPLOYEES' WELL-BEING

The positive factors in our workplace are considered to be, above all, the pleasant colleagues, meaningful work, secure income, and flexible remote working opportunities.

In the year under review, Caruna employees could make use of their flexible working hours and hybrid work in the way they consider best, by agreeing on practices in their team. An occupational physiotherapist and an occupational health nurse toured the office also this year, and influenza vaccinations were also offered. In addition, Caruna employees have the option of joining a voluntary health insurance fund.

Caruna has an active occupational health and safety committee, the composition of which was renewed at the beginning of 2022. The committee meets regularly to promote matters related to the occupational well-being of personnel, among other things. In 2022, the committee's agenda included preparing for a smooth return to the office after COVID-19, updating the rules of office work, monitoring the workload of personnel and related measures, and joint meetings with occupational health care and property maintenance to improve working conditions.

In January, Caruna also underwent an occupational health and safety inspection by the Regional State Administrative Agency on the subject of equality plan. No issues were found during the inspection.

We support our employees by encouraging leisure activities. Caruna has an in-house gym,



Our healthy and committed employees are our most important resource.

and our employees had the option of using sports and cultural vouchers. Caruna also paid for bicycle cards and maintenance for its employees.

We offered our employees childcare service, and in November we organised a Child at Work day, which was attended by over 50 children.

The well-being group arranged events related to occupational well-being, as well as cultural trips.

WE REGULARLY MEASURE OUR EMPLOYEES' COPING CAPACITY AND WELL-BEING

Our key occupational well-being metrics are the employee engagement index (EEI), the results of the Trust Index, a part of the Great Place to Work survey, employee turnover, absences due to illness, excessive work stresses, and the share of preventative health care (KL1) in total occupational health care costs.

All employee satisfaction indicators showed strong improvement in 2022.

Job satisfaction is analysed using the Pulse survey, which is conducted three times per year.

The Employee Engagement Index (EEI) deteriorated in March and June due to the change negotiations but improved at the end of 2022 and was 78. The Employee Net Promoter Score (eNPS) increased significantly despite a challenging year, reaching 22 in December 2022.

In 2022, we took part in the Great Place to Work survey for the fifth time. The annual survey, which seeks to gauge job satisfaction among employees, consists of the Trust Index employee survey and the Culture Audit management questionnaire. The Great Place to Work survey showed that our strengths in 2022 continued to be a good team spirit, colleagues, and flexibility. However, there was found to be room for improvement in resourcing, the distribution of workloads, and cooperation between units.

The Trust Index slightly improved, and we renewed our Great Place to Work certification. 86 per cent of the respondents considered Caruna a good place to work overall.

The overheated labour market and competition for experts in the industry also had an impact on us, and employee turnover increased in the spring and early autumn, but levelled off somewhat, especially towards the end of the year. Due to the turnover rate, our recruitment work was active, and we took on several new employees. In 2022, 25 new permanent and four temporary employees joined Caruna.

In addition, we hired 12 summer workers, a few of whom remained with Caruna after their summer internships. The summer workers worked in positions such as network service experts.

We are committed to the Zero Accident Forum's goal of zero accidents in all our operations



- Zero accidents
- Zero occupational diseases
- Zero tolerance for bullying
- Zero incidents of sick leave due to work
- Zero cases of burnout
- Zero unhandled incidents of violence and harassment
- Zero supervisors and employees unaware of occupational well-being

WE WANT TO BE A PLACE WHERE PEOPLE CAN DEVELOP

Alongside digitalisation and the energy transition, the ageing of the population and the retirement of experts are megatrends that affect the availability of qualified workers. We maintain and develop the competences and capabilities of our personnel.

Performance appraisals, strategic competence assessments, and annual training plans are important tools in maintaining and developing competences.

During the year, Caruna employees used an average of 6.6 hours for training. In the year under review, several Caruna Academy lectures were organised with topics such as the energy transition, electricity storages, cyber security, information influencing, and electricity shortages.

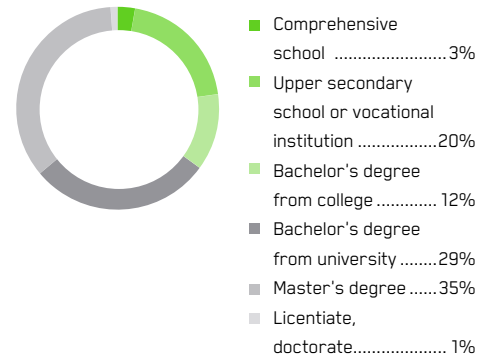
We also use online courses for training and orientation. We have online courses on themes such as the Code of Conduct, the customer experience, occupational health, safety, and the environment, competition law, procurement, open-plan office ground rules, information security, data protection, and the use of IT systems. In 2022, we introduced an online course on information security.

Leadership and performance appraisals as a management tool were highlighted in the training topics for supervisors in the midst of the change negotiations.

ENERGY TRANSITION EXPERTISE WAS STRENGTHENED THROUGH THE KIPINÄ TRAINING

A major training investment in 2022 also included a four-part energy market training programme for key personnel, which strengthened Caruna employees' understanding of the sector and its transition. Since the course was so popular, we planned a follow-up module, which was implemented together with Aalto EE. Caruna Kipinä was open to all Caruna employees to apply for with a motivation letter, and more than 30 enthusiastic members of personnel joined in.

EMPLOYEES' EDUCATIONAL BACKGROUND (%)





Picture: Havator

We are a significant economic operator and employer in Finland

Our operations have significant direct and indirect economic impacts, both locally and nationally.

Our reliable electricity network ensures that our customers have electricity every day of the year. In 2022, we spent EUR 133.6 million on improving and building out our electricity network.

In 2022, our net sales amounted to EUR 484.6 million, a decrease of 3.0 per cent on the previous year. Our total number of customers increased by approximately 1.6 per cent, and we had approximately 726,000 customer connections on our network at the end of the year.

WE ARE AN EMPLOYER AND TAXPAYER IN FINLAND

At the end of 2022, we had 260 employees. We paid a total of EUR 26.7 million in salaries, pension security contributions and social security contributions. During the year under review, we used the services of nearly 500 contractor and subcontractor companies in our projects across Finland. Measured in person-years, the employment impact was almost 900 person-years. The domestic content of our work is estimated to be 100 percent.

We paid EUR 148.0 million to our suppliers of services, materials and goods in 2022. The number includes procured materials and services,

costs incurred from the loss of electricity, Fingrid's national grid fees, fault repair and maintenance costs and other smaller items of expenditure. The rise in material, contracting and loss-of-energy costs reduced our profits.

In compensation for the use of capital, we paid approximately EUR 55.0 million in interest and financial expenses to the first-in-line creditors, and EUR 66.7 million in interest on the owners loan that the owners have invested in the company. We also paid a dividend to our shareholders of EUR 35.1 million, which was more than 50 per cent less than in the previous year.

We paid a total of EUR 6.3 million in Finnish corporation tax in 2022.

OUR TAX POLICY IS BASED ON LAWS AND REGULATIONS

Our tax policy determines the key principles for managing our tax affairs. We pay all our taxes in Finland, and the tax revenue that we pay has a positive effect on economic well-being in Finland. Our policy covers all the direct and indirect taxes applying to our operations. These taxes include corporation income tax, electricity tax, value-added tax, capital gains tax, asset transfer tax, and real estate tax. Our tax footprint also includes

the income tax and social security contributions withheld from employees' salaries.

The main principles and guidelines on taxation are described in our financial policy, which is based on Caruna's business strategy, corporate responsibility, risk management policy, and Code of Conduct. Caruna's Board of Directors approves the financial policy and all related amendments.

Our tax policy is assessed annually. Caruna's CFO is responsible for implementing the policy and proposing any necessary changes to the Audit Committee.

The Audit Committee assesses the policy and proposes all necessary changes to the Board of Directors of Caruna Networks Oy.

The tax policy applies to all Caruna companies and all Caruna employees who work for Caruna's businesses, especially those whose jobs involve tax-related matters.

We use tax advice services if necessary in the event of any uncertainty or amendments to tax laws. Caruna's financial management coordinates the purchase of tax advice services.

KEY PRINCIPLES OF OUR TAX POLICY

- We comply with the laws, regulations, and

established interpretations of tax law in our tax policy, taking into account the letter and spirit of the law. We monitor changes in tax legislation and obligations and analyse the impacts.

- Our tax risk management is based on the Group's risk management policy. We proactively identify, assess, and manage the financial, operational, reputational, and conformance risks related to taxation.
- Our taxation and the basis for our taxation is predictable and transparent. We disclose our taxes in our consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). We provide the Tax Administration and other stakeholders involved in processing taxes with all the information necessary to process the matter. We submit our tax returns on time, and we pay our taxes in the correct amounts at the correct time.
- We safeguard shareholder value by striving to make the most cost-efficient business transactions, business solutions, and optimal tax processes.
- Our transfer pricing is based on the OECD's arm's-length principle. The arm's-length principle applies to all intra-Group transactions.

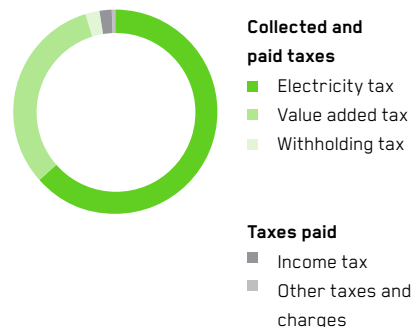
- Transactions related to our taxation are always related to our business activities. We plan our taxes within the spirit of tax laws and always on business terms. We are not involved in any artificial arrangements or structures created purely for tax purposes. We do not engage in aggressive tax planning, nor do we operate in any countries defined by the EU as non-cooperative tax jurisdictions.

OUR TAX FOOTPRINT

We are a Finnish company, and we pay all of our taxes to Finland. In 2022, our tax footprint totalled EUR 302.9 million, consisting of both the taxes we pay ourselves and the taxes and tax-like charges collected from our customers and paid to the state.

The main part of our tax footprint consists of electricity tax, which we collected and paid to the state in the amount of EUR 192.3 million. The collection of electricity tax, including the security of supply charge, is a statutory responsibility of network service companies, and the tax rate is based on the law. Electricity tax and value added tax are collected from our customers with the electricity distribution fee, and the taxes are paid to the state as such. The share of electricity and

**TAX FOOTPRINT 2022,
TOTAL 302.9 MEUR**



Collected and paid taxes	2022
Electricity tax	192.3
Value added tax	96.5
Withholding tax	6.6
Total	295.4
Taxes paid	
Income tax	6.3
Other taxes and charges	1.2
Total	7.5

value added tax in the total sum of the distribution invoice is about 33–55 per cent, depending on the customer group. These taxes have no effect on Caruna’s financial performance.

Value added tax is paid to the state as the net difference between taxes invoiced and taxes paid. We also pay to the state the income tax and social security contributions withheld from employees’ salaries. The taxes and tax-like charges collected and paid to the state by us totalled EUR 295.4.

Based on our financial performance, we paid EUR 6.3 million in corporation tax in 2022. The reduction in corporation tax was due to the halving of our profit compared to the previous year.

LOCAL SPONSORING AND DONATIONS

Every year, we sponsor some local organisations within our network area to support their activities. We also cooperate with entities whose values are compatible with our own.

Our long-term cooperation with the Finnish Floorball Federation ended on the last day of the year under review. We campaigned for the importance of donating blood and invited the Finnish Red Cross Blood Service and the floorball clubs Seinäjoen Peliveljet SPV, Espoort Oilers and

FBC Turku to a communal #Elämänvirtaa blood donation campaign. The campaign earned visibility for a vital cause and raised donors of blood.

We support Finnish and responsible organisations in our network areas annually. In the year under review, we supported friendship activities for the elderly and acquired CPR dummies for secondary schools and upper secondary schools. We also provided first-aid training to employees of the donation municipalities.

At Christmas time, we remembered Save the Children, the Good Holiday Spirit fundraising campaign, and the SOS Children’s Village in Kaarina with donations.

We also require every party in our value chain to operate responsibly

We are a significant employer in Finland with almost 900 people in our value chain. We support responsible, domestic actors. The basic premise is that all the employees in our value chain operate responsibly and ethically.

In the year under review, we conducted an internal audit of the corporate responsibility management in our supply chain. Several positive findings were made during the audit. An action plan was drawn up to address the areas requiring development, with risk management in the supply chain identified as requiring most urgent actions.

EFFECTIVE COLLABORATION WITH CONTRACTUAL PARTNERS

We work in close collaboration with our contractual suppliers, who are contractors, network material suppliers, ICT suppliers, and other service providers. Caruna complies with the Act

on Public Procurement in Special Sectors in its competitive procurement processes and treats suppliers equally without discrimination.

In 2022, procurement and purchasing organisation conducted competitive tendering processes for fault repair, construction and maintenance services, disturbance communication services, media monitoring services, and individual construction projects in the electricity distribution network. The competitive tendering processes went well, and we have not received notice of any appeals submitted by participants to the Market Court.



THE PRICES OF NETWORK MATERIALS INCREASED AND AVAILABILITY DECREASED

Russia's invasion of Ukraine significantly hindered purchases of materials and components. The prices of raw materials and network materials also rose dramatically. The COVID-19 pandemic continued to impact material procurements, and soaring electricity and fuel prices exacerbated the situation. The lack of Ukrainian and Russian transportation equipment, raw material supplies and components had a detrimental effect on network material deliveries.

We continued to work closely with contractual suppliers. We held regular meetings with the main partners to analyse the success of the operation during the contractual period and review the aspects of collaboration where there is room for development and improvement.

CONTINUOUS DEVELOPMENT IN THE RESPONSIBILITY OF SUPPLY CHAIN

We aim to continuously enhance collaboration within the supply chain and improve the transparency and management of the supply chain. This year, we placed a major emphasis on reducing the carbon footprint by adding responsibility requirements to competitive tendering processes.

In 2022, we conducted seven supplier audits focusing on one network material supplier, two

construction contractors and four ICT providers. We also audited the implementation of the safety documents appended to contracts with our six main contractors. The audits revealed a small number of non-conformities, and corrective measures were initiated. There was no need for any repeat audits.

We held our annual corporate responsibility day for contractual suppliers with the theme of the "security of supply". The partner was Eltel Networks Oy. On the day, we spoke about recent corporate responsibility insights, safety, and the security of supply in Finland and its electricity networks.

We arranged two corporate responsibility forums for contractors in 2022. The purpose of the forums was to work with network builders to identify the largest sources of carbon dioxide emissions and find the most effective ways of reducing carbon footprint.

COMPREHENSIVE DEVELOPMENT OF A CULTURE OF SAFETY CONTINUED

We require personnel and partners to report and investigate safety incidents, such as accidents, near misses, safety observations and best practices.

One of our themes in 2022 was to increase the number of safety observations, and we were very

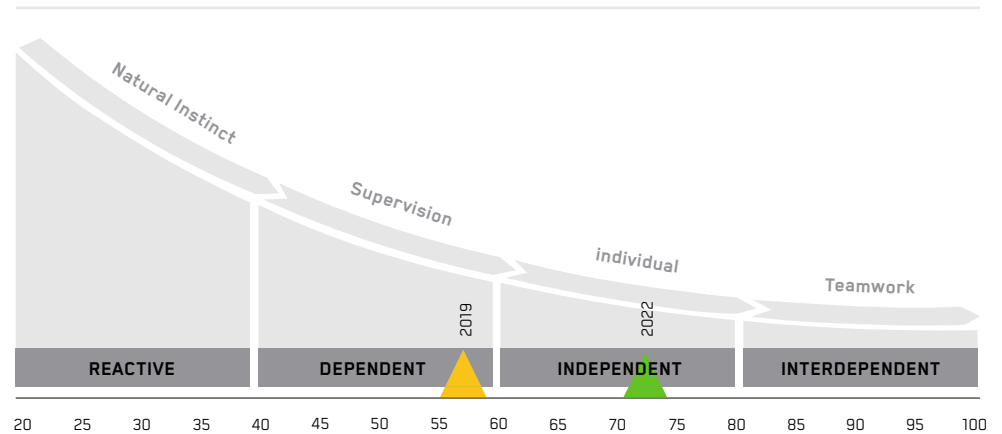
successful in this. Our target was 1,000 observations, and we received nearly 1,500. This provides an excellent opportunity to eliminate hazards before any accidents happen.

The Lost Workday Injury Frequency (LWIF) in our partner network decreased significantly year-on-year. We aimed to decrease the frequency of accidents on our worksites to fewer than four accidents per million working hours, and we achieved this goal. The total number of accidents leading to absences decreased by three year-on-year.

WE ARE DEVELOPING A CULTURE OF SAFETY INTERNALLY AND IN COLLABORATION WITH PARTNERS

The HSEQ group is Caruna's internal collaboration group with members from different parts of the organisation. The HSEQ network also includes representatives of Caruna's most important contractors.

We measured the safety culture throughout our supply chain for the second time. The measurement provides internationally comparable results.



This image and the Bradley curve are the property of DSS Sustainable Solutions Switzerland SA.

The change since the first measurement in 2019 has been significant. The average state of the safety culture throughout our supply chain has increased.

We continued to develop a culture of safety in line with our coaching model. We trained and coached new personnel to handle safety matters with contractors. For the first time, we also included personnel from our project supervision partner.

Improving electrical safety was the main focus in the year under review. We worked with our contractors to review the responsibilities, obligations and operating methods related to electrical safety. One particular area for development is the activities of earthworks contractors when building out the electricity network.

We conduct regular safety observation rounds on our worksites. The aim is to bring Caruna's culture of safety to all our worksites. We can carry out observation rounds as normal now that the COVID-19 restrictions have been relaxed. For this reason, the number of observation rounds was much higher this year than last year. Our contractors and project supervision partner are responsible for the actual site inspections.

WE ALSO TRAIN OUR PARTNERS

We also provide our partners with training in safety and environmental matters, such as on-duty service, fault detection, land-use planning, major disturbance situations and forest operations near power lines. These trainings were attended approximately 2,200 times during 2022. This figure includes new standard time webinars for contractors introduced in 2021.

The online course about safety and the environment is a mandatory general orientation course for all our contractor-partners, and it must be re-taken every three years. Approximately 460 people completed the course in 2022. The online electrical safety course was completed by over 500 people.

AWARDS FOR SAFETY

Since 2015, we have rewarded partners whose actions have enhanced a culture of safety within their companies. The prize sum was 3,000 EUR per category, of which there are three.

In 2022, we also gave an award to municipalities where occupational safety was taken into consideration in an exemplary fashion. It was the

third time we had granted such an award. The municipalities that won prizes were Ilmajoki, Kirkkonummi and Kuusamo. These municipalities have made exemplary use of cable marking, thereby reducing the number of incidents of cable damage during excavation.

EVERYONE IN THE VICINITY OF THE ELECTRICITY NETWORK SHOULD KNOW HOW TO ACT

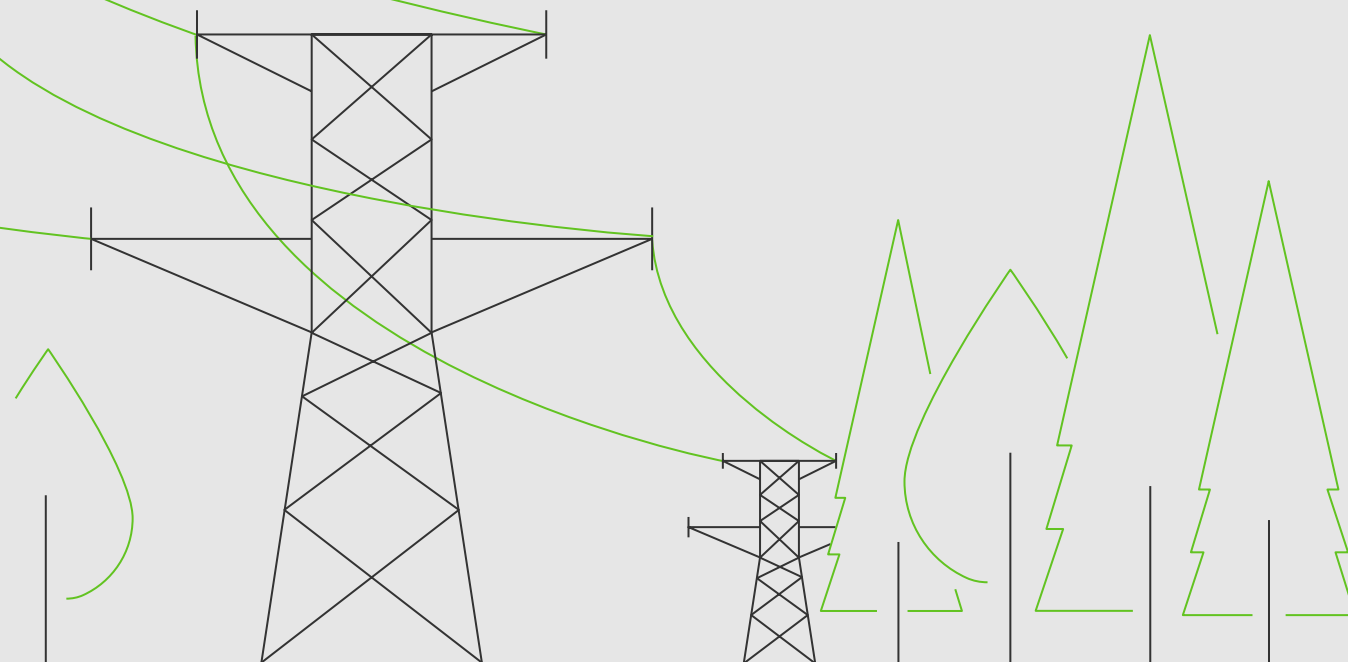
Caruna's electricity network is an essential part of society. We want everyone working in the vicinity of the electricity network to understand the hazards posed by the electricity network and know how to work correctly in the vicinity of the network. That is why we have prepared material called Be Sure Before You Act, which has been published in print and on our website. We have also carried out classroom training for municipal excavation workers in our network area and people building district heating networks.



We develop occupational safety in collaboration with our partners.

Environmental responsibility

- We enable the energy transition
- 1.6 GW renewable production capacity



We take care of our shared environment

Our operations have an impact on the environment. We refurbish, maintain and build new sections of the electricity network and dismantle the decommissioned parts. We are a key part of the energy system and enable the energy transition, which is necessary to mitigate climate change.

We regularly identify and evaluate our environmental impacts. We continuously strive to enhance our positive environmental effects and reduce our harmful environmental impacts. Our most significant environmental impacts, targets, measures and indicators are described in the table on the following pages.

We take the environment into consideration in everything we do throughout the life cycle of our electricity network. Our operations have held ISO 14001 environmental certification since 2000.



Key environmental impacts

Environmental impact

CLIMATE IMPACTS AND ENERGY EFFICIENCY

Target

- Promoting the energy transition, electrification of the energy system
- Reinforcing our positive climate effects, our carbon handprint
- Energy-efficient, low-carbon solutions for customers
- Our own carbon neutrality by reducing the carbon footprint
- Adapting to the impacts of climate change

Measures

- Improving the structure, capacity and intelligence of the electricity network to meet customer needs, the revolutionary energy markets, and challenging climate conditions
- Flexible connection of decentralised energy generation to the electricity network
- Developing flexibility and storages to balance out variations between production and consumption
- Offering low-carbon, energy- and cost-efficient solutions to customers
- Solutions for the electrification of transport
- Keeping energy losses on the electricity network under control
- Carbon footprint compensation
- Joint construction with other operators (municipalities and other infrastructure networks)
- Increasing the rate of network automation and weather resistance to reduce the need for fieldwork (inspections, maintenance, fault repair)

Indicators

- Renewable production capacity connected to the network (MW)
- Network emissions factor
- Small-scale production capacity (MW), number of small-scale producers
- Carbon footprint, scope 1-2
- Carbon footprint, scope 3
- Emissions avoided, carbon handprint
- Ratio of joint construction to total construction (%)

USE OF MATERIALS

- Ensuring safety throughout the life cycle of materials
- Reducing the carbon footprint of materials
- Quality and durability of new materials, promoting the use of recycled materials
- Reducing the amount of waste and improving the recovery rate of dismantled materials
- Avoiding the onset of hazardous waste by making new material choices

- Using materials that take into consideration the impacts throughout their life cycles
- Ensuring the composition and properties of new materials, as well as safe use and disposal methods
- Appropriate treatment, exploitation and disposal of dismantled materials
- Selecting contractual partners and ensuring that operations conform to requirements
- Instructions, monitoring and supervision of parties that handle materials
- A watertight waste management and accounting process

- Quantities of new material (units of each component type)
- Carbon footprint of materials
- Waste accounting (tonnes and euros)
- Recycling rate of dismantled material (%)
- Number of contractor and supplier audits
- Number of material audits and approvals

Key environmental impacts

Environmental impact

Target

RESPONSIBLE LAND USE AND BIODIVERSITY

- Minimising harmful environmental impacts
- Avoiding operating in sensitive natural areas
- Reinforcing positive effects
- Reducing land use restrictions
- Promoting biodiversity and ensuring no net loss
- Preventing the spread of invasive species

Measures

- Thoroughly investigating and paying consideration to environmental conditions, conservation areas and other special areas in all electricity network operations in every phase of the life cycle
- Effective collaboration with landowners and other stakeholders in land use and permit matters
- Restoring the areas surrounding project sites to at least their original state
- Managing customer feedback and developing operations on the basis of feedback
- Land and forest areas freed up for new uses through underground cabling
- Installing bird balls on overhead lines to prevent collisions; other projects to promote biodiversity

Indicators

- Cabling rate (%)
- Land released for agricultural and forestry uses (ha)
- Electricity network located in Natura areas or their vicinity (km)
- Number of observations made during worksite inspections
- Number of customer feedback messages
- Stakeholder satisfaction (NPS, number of pieces of feedback)
- Number of deviations that reduce biodiversity
- Number of projects to promote biodiversity

LEAKS INTO THE ENVIRONMENT

- Preventing oil leaks
- Preventing SF6 leaks
- Absolute prevention of severe and permanent environmental damage

- Eliminating sites with a high risk of oil leaks by overhauling pole-mounted transformers in groundwater areas
- Preventing oil from leaking into the environment by using oil recovery basins in transformer substations, as well as in real estate and pad-mounted transformers
- Systematic processing of environmental damage and ensuring that adequate remediation measures are taken
- Managing the SF6 gas balance, ensuring contractor competence

- Number of pole-mounted transformers/all transformers in groundwater areas and other areas
- Number of oil leaks
- Amount of SF6 gas leaked (kg)

We do not sell energy - we use the output of our small-scale solar power systems for our own consumption. Our business processes do not consume water or generate waste water. We do not use radioactive material or generate radioactive waste in our operations. Our operations do not cause any gas emissions other than the greenhouse gases included in the calculation of our carbon footprint.

We play a significant role in the green transition.

OUR MOST SIGNIFICANT ENVIRONMENTAL IMPACT IS ON THE CLIMATE

Our most significant environmental impact comes from our role in driving the energy transition and the greenhouse gas emissions that are avoided through our operations. Our positive role in the mitigation of climate change is increasingly in evidence as we carry out the energy transition that is essential for achieving climate goals. We describe our climate impacts and work in more detail in the next section.

WE USE NATURAL RESOURCES CAREFULLY

The electricity network and its components contain metals and other materials. We set precise requirements for our component procurements, with a major weighting on environmental, energy efficiency, quality, safety and other corporate responsibility aspects. The new distribution transformers we use conform to the ECO Directive.

The parts of the network made obsolete as a result of our investments are dismantled and recycled. Our partner takes care of the transport and proper processing of the material removed from the network. In the year under review, we donated

several dozen transformers to Ukraine that are still usable, but which we no longer need, for the reconstruction of their electricity network.

Every year, thousands of impregnated wooden poles are removed from our electricity network. Old impregnated wooden poles often contain chromated copper arsenate (CCA) or creosote, which may be hazardous to humans, animals or the environment if handled incorrectly. Laws restrict how impregnated wooden poles can be used and disposed of, and we handle dismantled poles by following an operating model that meets legal requirements. Our new electricity poles do not contain hazardous chemicals.

WE RESPECT BIODIVERSITY

It is our goal to look after environmental and cultural values and maintain the electricity network while respecting nature and conservation sites. We strive to avoid harmful environmental impacts and to promote positive impacts by considering nature values already in the choices related to routing, structure, method and schedule made in the planning phase.

We systematically promote our goals related to biodiversity. We investigate the environmental conditions in all our activities in every phase of the electricity network's life cycle. We ensure smooth cooperation with landowners and other stakeholders in matters related to land use and permits. We ensure environmental management during and after work on project sites. We free up land and forest areas for other uses and thus increasing Finland's carbon sinks. We execute projects to promote biodiversity, such as installing bird balls on overhead lines and building insect villages along cable routes. We also take into account the guidelines issued by the authorities to prevent the proliferation of invasive species as a consequence of our operations.

We took part in the preparation of a biodiversity roadmap for the energy sector as a whole and continued our own development work on assessing and measuring our impacts on nature. During the year under review, no deviations occurred.

WE PREVENT ENVIRONMENTAL CONTAMINATION AND CLEAN UP BEHIND OURSELVES

Typical incidents of environmental damage in our business involve transformer oil leaking into the environment if a pole-mounted transformer is damaged by an event such as a lightning strike. We handle all oil leaks promptly and take remediation measures and samples to ensure that they do not leave a permanent mark on the environment. A few oil leaks of over 100 kg occurred in our electricity network. There were no significant oil leaks or environmental impacts caused by oil leaks.

All our new transformers use are equipped with oil recovery basins that prevent transformer oil from leaking into the environment if the transformer is damaged. In order to reduce the risk of oil leaks, we carried out a separate investment programme in 2016–2021 to replace pole-mounted transformers in groundwater areas that are important or suitable for water supply with park transformers fitted with oil recovery vessels. The remaining pole-mounted transformers will be refurbished in the next few years.

Our climate work is backed by comprehensive analysis

Our climate action is founded on comprehensive climate analysis. We assess our climate impacts by examining our carbon footprint and our carbon handprint – the emissions avoided thanks to our operations. We use the risk and opportunity evaluations in the Taskforce on Climate-related Financial Disclosures (TCFD) framework to analyse the effects of climate change on our business.

CLIMATE RISKS AND OPPORTUNITIES

Climate risk management is integrated into our company's risk management. Climate risks are divided into transition risks and physical risks. Physical risk management, such as adapting to the risks posed by extreme weather conditions, has long been among the main influential factors for our business.

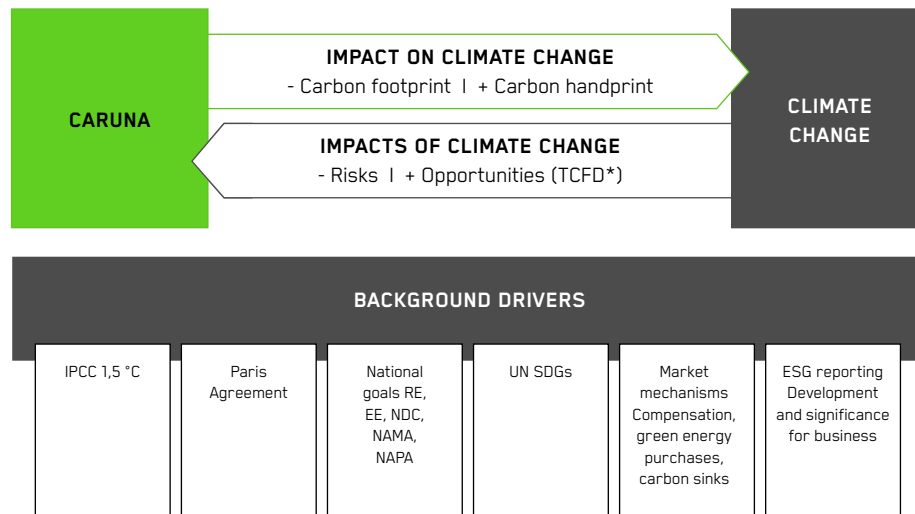
Transition risks

Our strategy is to take advantage of the transition to a low-carbon energy system and avoid the related risks. Replacing fossil fuels with emis-

sion-free, renewable electrical energy will increase the need for capacity in the electricity network. The generation of electricity will become dependent on the weather, and the amount of regulating capacity as a share of gross production will decrease significantly, thereby increasing the need for demand-side management.

We are developing opportunities for customers to participate in the electricity market by offering flexibility through their own production, scheduled consumption, and energy storage, among other things. We have made use of technological advances in the development of our electricity network. We are constantly developing our ability to model future needs so that we make investments in the right place at the right time. In the intelligent management of the network, we use automation, remote control and various sensors that proactively monitor the network status. The electricity network can help society achieve its goal of becoming carbon neutral while optimising the climate, societal, and economic impacts. However,

OUR CLIMATE ACTION IS FOUNDED ON A COMPREHENSIVE ASSESSMENT OF CLIMATE IMPACTS



*Task Force on Climate-related Financial Disclosures

the somewhat fragmented legislation cannot keep up with the energy transition, and amendments to the electricity market legislation impede the necessary investments. We endeavour to overcome the barriers presented by legislation and work with our stakeholders to benefit from renewable energy generation between customers' various buildings, among other things.

Physical risks

Climate change also affects our physical operating environment. The principal measures we are taking to adapt to the impacts of climate change are cabling the electricity network, making the overhead line network more weatherproof, and automating the electricity network.

Extreme weather events, such as storms, freezing rain, and heavy precipitation, are becoming more common. Snow burdens may accumulate on lines or in the forests bordering power line rights-of-way and pose a threat to electricity distribution. Heatwaves are becoming more common, and the risk of forest fires is increasing. As the climate heats up, the ground will not freeze in the same way as before, so trees may be more liable to fall during winter storms, and heavy rain could cause landslides and flooding.

We are making preparations for physical climate risks in areas such as our construction methods, improved network automation, remote

control, and proactive measurement of the status of the network and environment using various sensors, such as snow burden sensors, and improved backup power supply options when this is a viable option in the overall interests of customers. When we make investments, we take into account the possibility of flooding in accordance with the floodplains specified in the building regulations, and we have conducted a separate evaluation of the localised risks of flooding affecting our network, including the potential for urban flooding.

Thanks to investments in the security of supply - underground cabling and appropriate construction decisions for the overhead line network - electricity network is now significantly more weatherproof. We have made thorough preparations for disturbances. We cooperate with the Finnish Meteorological Institute to forecast the weather. We work with our stakeholders to maintain guidelines, recovery plans, and expertise on resources backed by contracts, and we rehearse the action to take in the event of a disturbance.

GREENHOUSE GAS EMISSIONS DECLINE AS THE GREEN TRANSITION PROCEEDS

Climate change mitigation requires a transition to emission-free energy, which, in turn, demands a complete overhaul of the energy system. Our mission is to help our customers and Finnish

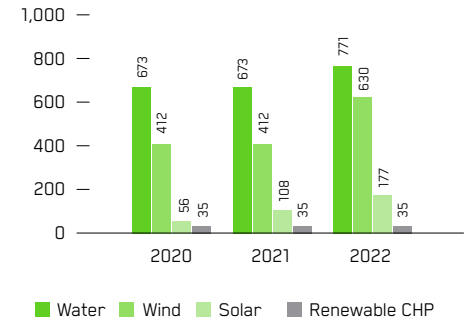
society through this energy transition and, thereby, reduce greenhouse gas emissions.

The energy system is electrifying, increasing the need for electricity network capacity. We invest in raising the distribution capacity according to regional needs. Renewable energy production varies according to the weather and offers little balancing capacity. When there is less flexibility in production, there must be more flexibility in consumption. We balance out peak loads and the consequent demand for electricity network capacity by increasing the amount of flexibility in the energy market through a smarter electricity network and opportunities for the inclusion of our customers.

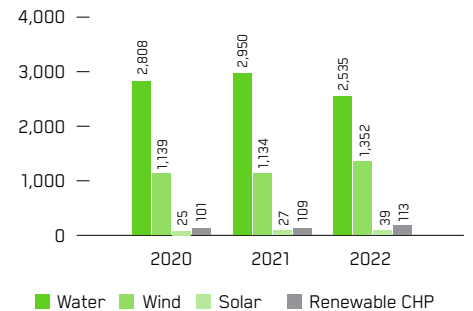
Our most significant investment in mitigating climate change is to connect renewable energy production to the electricity network and distribute it to customers. A record amount of renewable production was connected to our network during the year under review.

The 2022 energy crisis posed fleeting challenges to the mitigation of greenhouse gas emissions. However, over the long term, it will accelerate the energy transition. In other words, it will promote the move away from fossil-based energy sources and the switch to emission-free electricity. It will also boost the modernisation of the entire energy system - production, distribution and usage.

RENEWABLE PRODUCTION CAPACITY (MW) ON CARUNA'S NETWORK 2020-2022



TOTAL RENEWABLE PRODUCTION VOLUME IN CARUNA'S NETWORK (GWH), 2020-2022



OUR CARBON FOOTPRINT

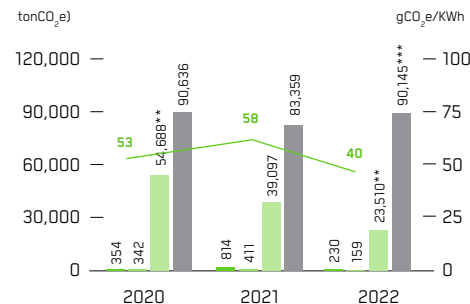
We have calculated the carbon footprint of our operations in line with the Green House Gas Protocol since 2018. The calculation covers the emissions caused by our corporate value chain (scope 3) in addition to our own direct and indirect emissions (scopes 1 and 2).

Our direct greenhouse gas emissions consist mainly of the use of reserve power systems and minor leaks of sulphur hexafluoride, an insulating gas. We use reserve power occasionally in the event of a disturbance in the electricity network. Sulphur hexafluoride (SF6) is widely used in electrical installations as a dielectric gas, but it is a potent greenhouse gas if it is released into the atmosphere. We minimise SF6 leaks by systematically monitoring, inspecting and maintaining equipment. Scope 1 emissions account for less than one per cent of our total carbon footprint.

THE MAJORITY OF CARUNA'S CARBON FOOTPRINT ARISES IN THE SUPPLY CHAIN

Our indirect emissions are caused by the electricity and heat we use in offices and the energy losses occurring in electricity distribution and transformation. We use renewable hydro power in offices and purchase emission-free nuclear energy to cover electricity losses. Therefore, using the market-based calculation approach, our scope 2 emissions account for less than one per cent of our total carbon footprint.

CARBON FOOTPRINT, LOCATION AND MARKET BASED CALCULATION



- GHG emissions, scope 1 (tonCO₂e)
- GHG emissions, scope 2, market-based
- GHG emissions, scope 2, location-based*
- GHG emissions, scope 3
- GHG emission intensity, market-based (scope 1&2 / gCO₂e/KWh)

* In the location-based calculation, we have moved from a coefficient calculated using the benefit-sharing method published by Statistics Finland to an emission factor based on the energy method for electricity consumed in Finland published by Fingrid. This gives a better and more up-to-date picture of the emissions from electricity consumed in Finland.

** Calculated using an emission factor based on Statistics Finland's benefit-sharing method.

*** The increase is due to improvements in data quality and coverage. Contractors' emissions data has been specified and the data extraction method for ICT investments updated.

Distribution of Caruna's greenhouse gas emissions in 2022, market-based calculation approach

Category	tonCO ₂ e	%
Scope 1 (own direct emissions)	230	0.3%
Reserve power	102	0.1%
Car fleet	82	0.1%
SF6 leaks	46	0.1%
Scope 2 (indirect emissions)	159	0.2%
Electricity network losses	0	0.0%
Office electricity	0	0.0%
Office heating	159	0.2%
Office cooling	0	0.0%
Scope 3 (supply chain)	90,145	99.6%
Cat1: Purchases	30,610	33.8%
Transmission and regional grid payments	17,251	19.1%
Consumption-based services (OpEx)	7,431	8.2%
Contractors' emissions	5,928	6.5%
Cat2: Investments	44,433	49.1%
Network materials	25,024	27.6%
Contractors' emissions	17,969	19.8%
Consumption-based investments (CapEx)	1,441	1.6%

Cat3: Energy upstream	14,542	16.1%
Production of fuels for energy	14,467	16.0%
Production of fuels for heating and T&D losses	51	0.1%
Production of fuels for reserve power	23	0.0%
Cat4: Transportation		
N/A		
Cat5: Waste	191	0.2%
Network demolition waste	16	0.0%
Transportation of waste	175	0.2%
Office waste	0	0.0%
Cat6: Business travel	94	0.1%
Business flights	33	0.0%
Other business travel	61	0.1%
Cat7: Commuting	275	0.3%
Commuting	275	0.3%

The majority of our greenhouse gas emissions arise in our procurement and supply chain, especially in the materials used to build out the electricity network. During the year under review, we worked with key suppliers to brainstorm ways of reducing greenhouse gas emissions.

CARUNA TO BE CARBON-NEUTRAL BY THE END OF 2025

Our short-term climate target is to become carbon-neutral by the end of 2025. The target applies to scopes 1 and 2, which cover our direct and indirect greenhouse gas emissions. As a short-term measure, we are offsetting our emissions via certified projects brokered by a reliable service provider.

OUR ENERGY CONSUMPTION AND GENERATION

The majority of our energy consumption is due to electricity network losses. Less than 0.5 per cent of our energy consumption occurs in our offices. Almost 75 per cent of the energy consumed at our Espoo office is used for cooling, heating and ventilation for servers, the control room and the remainder of the building. Other significant energy consumption sources are domestic water and lighting. During the year under review, we implemented energy-saving measures in our offices in accordance with national energy-saving efforts.

We use hydro power in our offices and nuclear power to compensate for electricity losses. The heat for our office is generated by a combined heat and power plant, which uses some fossil fuels.

We have two solar power production points, which are primarily intended to provide first-hand experience of distributed energy generation. We have 110 solar panels on the roof of our office building. We use this energy in our office. We also use geothermal cooling to cool our building. We have 119 solar panels on the roof of one of our substations. We use some of the energy at the substation and transfer the remainder to the distribution network to compensate for electricity losses.

WE ARE COMMITTED TO AN ENERGY-EFFICIENCY AGREEMENT

Energy efficiency is a key aspect of Caruna's environmental responsibility and customer cooperation. We have been involved in the national energy efficiency agreement, and the energy saving agreement that preceded it, since the beginning of the agreement system in 1997. The previous agreement ended at the end of 2016, and Caruna joined the agreement for the next period from 2017 to 2025. The energy efficiency agreement covers our commitment to use energy more efficiently and to help our customers use energy more efficiently. We achieve this by providing information about their energy use and ways of saving energy.

WE USE THE EU TAXONOMY TO EVALUATE SUSTAINABILITY OF OUR OPERATIONS

The EU taxonomy is a classification system for sustainable finance that defines sustainable financial activities with respect to the environment. The classification measures how activities contribute to the EU's six environmental objectives.

Our main line of business – electricity distribution – enables the electrification of society, substantially contributing to the EU's environmental goal of climate change mitigation, so it is eligible for classification under the taxonomy. We have examined our operations solely in terms of the sustainability criteria for electricity distribution (NACE code D35.1.2, D35.1.3 Transmission and Distribution of Electricity) because the scale of our activities that are not related to electricity distribution is negligible.

Taxonomy alignment means that the activity significantly contributes to achieving at least one EU environmental objective and does not cause significant harm to the other five environmental objectives (the "Do No Significant

Harm" principle). Our operations significantly contribute to achieving the environmental goal of climate change mitigation. In line with our certified environmental management system, we regularly assess our environmental impacts and the measures we take to manage them to ensure that our operations do no significant harm to any other environmental targets.

Taxonomy alignment also requires the introduction of social safeguards that satisfy the EU's minimum standards. Our Code of Conduct includes ethical principles that cover our commitment to respecting human rights, anti-corruption and bribery, ensuring fair competition, and paying tax. Every member of our personnel attends regular training on the Code of Conduct. Compliance with the Code of Conduct is observed, and any breaches are addressed. All our stakeholders can report suspected breaches using the whistleblowing channel on our website.

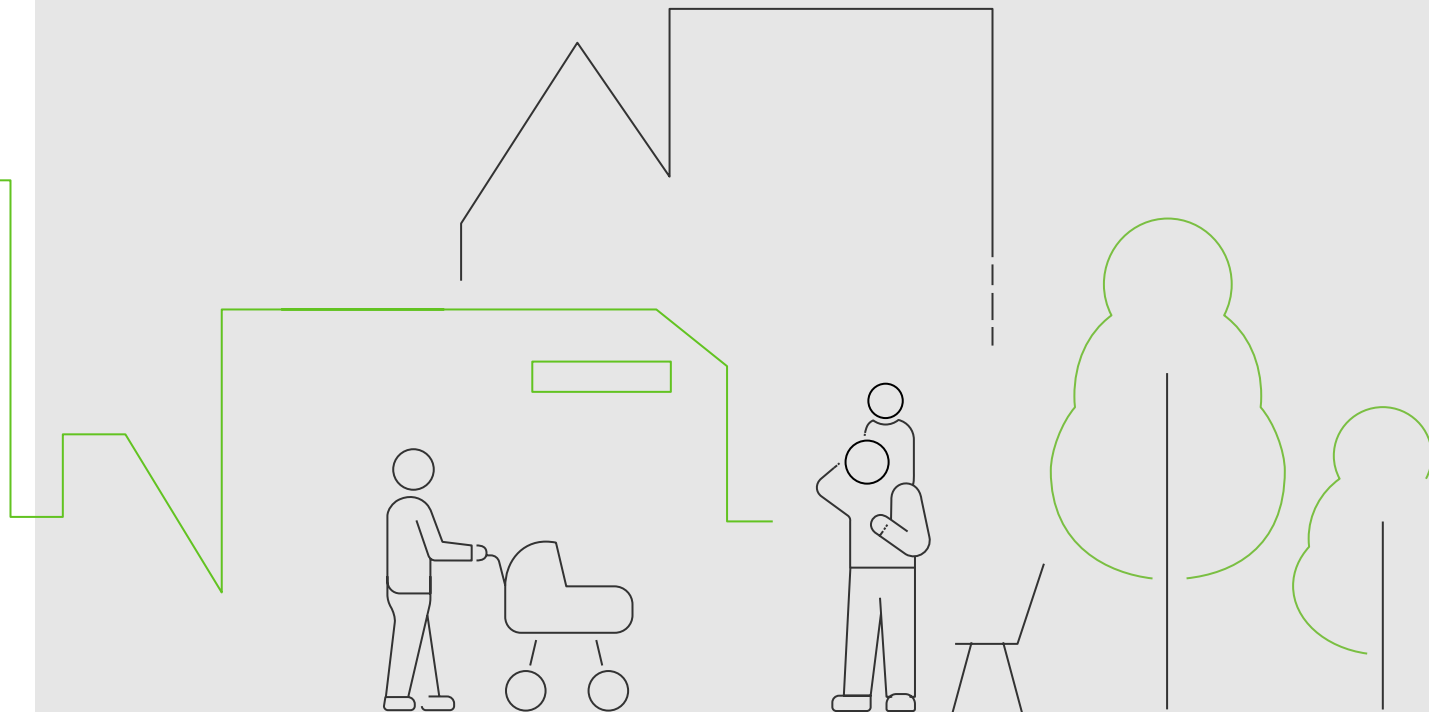
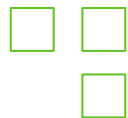
During the year under review, we supplemented our taxonomy calculation with regard to our operational expenditure.

ANALYSIS OF THE SUSTAINABILITY OF CARUNA'S OPERATIONS

KPI	Net sales	CapEx	OpEx
Taxonomy Eligible (%)	100.0	100.0	99.0
Taxonomy Aligned (of Eligible) (%)	99.9	99.3	99.8
Taxonomy Aligned (of Total) (%)	99.9	99.3	98.9

Governance

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



Governance at Caruna

CORPORATE STRUCTURE

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

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

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

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



Governing bodies of Caruna Networks Oy

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

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

GENERAL MEETING

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

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

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

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

BOARD OF DIRECTORS

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

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

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

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

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

COMMITTEES OF THE BOARD OF DIRECTORS

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

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

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

AUDIT COMMITTEE

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

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

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

MEMBERS OF THE BOARD OF DIRECTORS

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

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

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

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

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

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

Kerron Lezama resigned as Board member on 15 December 2022.

The Board of Directors convened 12 times in 2022.

AUDIT COMMITTEE

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

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

The Audit Committee convened three times in 2022.

NOMINATION AND REMUNERATION COMMITTEE

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

The Nomination and Remuneration Committee convened six times in 2022.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

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

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

ORDINARY BOARD MEMBERS



Matti Ruotsala
Chair



James Adam



Andrew Furze



Jouni Grönroos



Shankar Krishnamoorthy



Kerron Lezama
(until 15 December 2022)



Fredrik Lundeberg



Laura Tarkka

DEPUTY BOARD MEMBERS

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

Management Team

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

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

The Management Team supports the CEO's work.

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

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

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

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

MEMBERS OF THE MANAGEMENT TEAM

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

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



Management Team



JYRKI TAMMIVUORI

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

Background: Over 20 years of experience in financial roles.

Previous positions:

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



ELINA LEHTOMÄKI

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

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

Previous positions and other roles:

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



NOORA NEILIMO-KONTIO

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

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

Previous positions:

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

Management Team



KOSTI RAUTIAINEN

MSc (Technology), b. 1977
SVP, Customer Value and New Ventures

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

Previous positions:

2019–2021 Head of Electrical Network, Caruna
2017–2018 Executive Vice President, Maintpartner Group
2015–2017 Senior Vice President, Ekokem
2012–2015 Vice President Technology, Fortum India
2008–2012 Production Director, Fortum Heat
2003–2008 Multiple positions, e.g. Vattenfall, Wärtsilä



SEIJA VIRKAJÄRVI

LL.M.; b.1962
General Counsel, Secretary of the Management Team

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

Previous positions:

2007–2014 Fortum Group, Legal Counsel
2001–2006 E.ON Finland Oyj, Legal Counsel, Secretary of the Board of Directors
1997–2001 Elisa Corporation, Legal Counsel
2011 Member of the Board, Fortum Energiatekniikka Oy
2007–2009 Member of the Board, Ojamon Lämpö Oy
2005–2006 Member of the Board, Kainuun Energia Oy
2000–2001 Member of the Supervisory Board, Comptel Oy

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

Management at Caruna

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

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

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

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

GUIDELINES, POLICIES AND STANDARDS PROVIDE MANAGEMENT SUPPORT

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

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

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

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

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

Our management system meets the following standards:

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

WE REGULARLY ASSESS OUR OPERATIONS

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

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

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

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

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

Risk management

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

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

STRATEGIC RISKS

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

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

Challenges in the operating environment

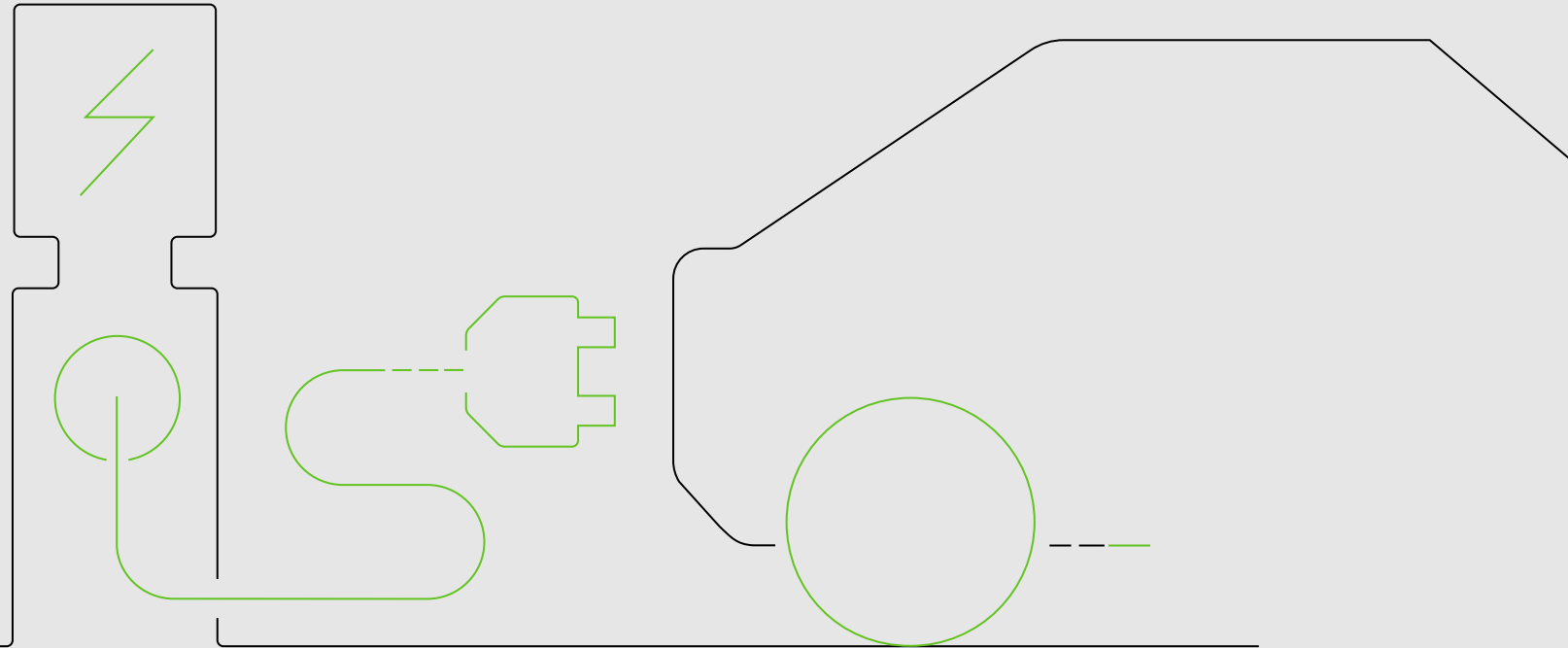
The strategy is reviewed annually, and changes are made as necessary. Climate change is one of the key long-term megatrends emerging from our operating environment. We evaluate the risks and opportunities of climate change in accordance with the TCFD (Task-force on Climate-related Financial Disclosures)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

OPERATIONAL RISKS

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

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

Reporting principles & GRI



Reporting principles

We use the Global Reporting Initiative (GRI) guidelines in our reports to enable our reporting to be transparent and comparable. Our report complies with the core requirements of the GRI standards. We have made preparations for the EU's forthcoming sustainability reporting obligations and supplemented our reports with the information required by the EU Taxonomy Regulation and Sustainable Finance Disclosure Regulation (SFDR).

The report comprises the annual report, the review of Caruna Group's operations, the financial statements, and the half-yearly reports. The reports cover all the operations in the three companies within Caruna Networks Group: Caruna Networks Oy, Caruna Oy and Caruna Espoo Oy.

This report covers the period from 1 January to 31 December 2022. The previous report was published in March 2022, and the next report will be published in spring 2024.

DEFINING THE REPORT CONTENTS

We analyse the demands and expectations of our stakeholders with regard to our operations, and we assess the importance of these to our operations with the help of a materiality analysis. A comprehensive materiality analysis is conducted

at least once every three years and updated whenever necessary in conjunction with the annual analysis of the operating environment. The comprehensive materiality analysis on which this report is based is from 2021.

We used the materiality analysis to define the focal areas of corporate responsibility and the key metrics of strategic corporate responsibility. Our Management Team decided on the focal areas and themes in autumn 2022.

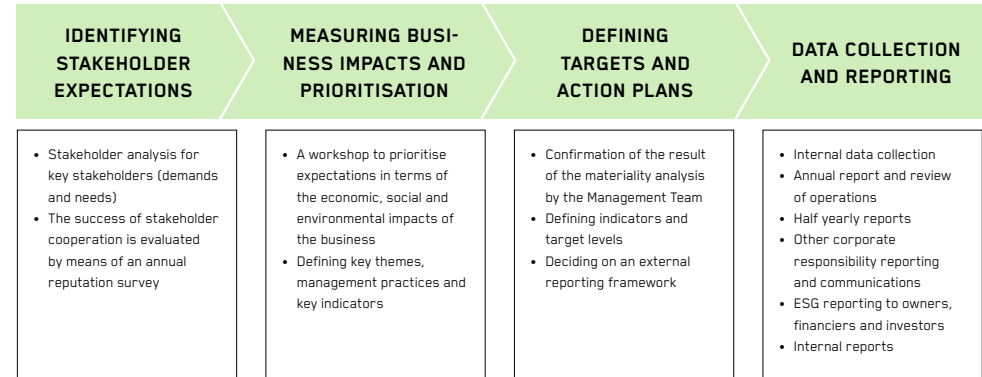
We will renew our materiality analysis process in 2023 to meet the upcoming EU sustainability reporting requirements (Corporate Sustainability Reporting Directive).

OUR CLIMATE WORK IS BASED ON WIDELY ADOPTED FRAMEWORKS

We calculate the carbon footprint of our operations in accordance with the Green House Gas (GHG) Protocol. Our calculation covers the emissions caused by our corporate value chain (scope 3) in addition to our own direct and indirect emissions (scopes 1 and 2). We report the scope 2 emissions using both the market-based and location-based approaches.

We have updated the emission factor used in location-based calculations. We previously

THE CURRENT MATERIALITY ANALYSIS BASED ON STAKEHOLDER ANALYSIS AND THE REPORTING PROCESS



Thorough materiality analysis and target-setting every three years, as well as annual updates

used the emission factor published by Statistics Finland, calculated using the benefit sharing method. However, we have replaced this with the emission factor published by Fingrid, based on the energy method for electricity consumed in Finland. Fingrid's data on the distribution of energy sources in electricity production is about two years newer than Statistics Finland's data. The emissions are higher in the production distribution from two years earlier, so Fingrid's emission factor is lower than the latest factor published by Statistics Finland. Furthermore, the benefit sharing method allocates relatively more emissions from combined heat and power production to electricity than the energy method used by

Fingrid. Fingrid's data also considers electricity imports and exports in addition to electricity production, so the data provides a better picture of the type of electricity consumed in Finland on average.

The Taskforce on Climate-related Financial Disclosures (TCFD) is an international framework for reporting on climate risks and opportunities, providing for a comprehensive examination of the economic impacts of the risks and opportunities. The responsibilities included in our TCFD reports are described in the Corporate Governance report: the strategic and business impacts are on pages 6-7, the risks are on pages 39-40, and the metrics are on pages 40-42.

Definitions of Caruna's strategic corporate responsibility indicators

- 1) Taxonomy eligible & aligned CapEx: an activity is taxonomy-eligible, if it is listed among the business activities in the EU Taxonomy regulation. An activity is taxonomy aligned if it fulfills the technical screening criteria and substantially contributes to at least one EU's environmental objective, does not significantly harm any other five and complies with the minimum social safeguards. Measures taxonomy eligibility and alignment of investments
- 2) Renewable electricity production capacity connected to the grid: Nominal renewable electricity production capacity connected to Caruna's grid, includes hydro, wind, solar and renewable CHP
- 3) SAIDI (System Average Interruption Duration Index): average electricity distribution interruption in minutes per customer
- 4) Trust & Reputation survey: T-media's annual survey, scale 1-5
- 5) Tax footprint: Total taxes remitted and paid by Caruna in relation to Net Sales
- 6) Employee engagement Index (EEI): measures the attitude of the employees by four statements: recommendation as employer, meaning of the job, willingness to change employer and whether one is excited about the job. The index is an average of positive answers to these four statements
- 7) Carbon footprint, scopes 1&2: Carbon footprint, scopes 1&2 is calculated according to GHG protocol. It measures Caruna's own direct and indirect emissions in CO₂ equivalent. Scope 2 emissions are calculated with market-based method. The indicator includes use of carbon offsets
- 8) LTIF (Lost Time Incident Frequency): Number of accidents leading to at least one lost working day per one million hours worked. The indicator includes contractor and subcontractor accidents and working hours

GRI content index

Disclosure	GRI content	Location	Comments
GRI 2 General Disclosures			
Organisation and its reporting practices			
2-1	Organisational details	Governance p. 44, back cover, caruna.fi	Caruna Networks Oy
2-2	Entities included in the organisation's sustainability reporting	Reporting Principles & GRI p. 54	
2-3	Reporting period, frequency and contact point	Reporting Principles & GRI p. 54	
2-4	Restatements of information	GRI Content Index	Possible restatements are stated for each indicator
2-5	External assurance	GRI Content Index	Not assured
Activities and workers			
2-6	Activities, value chain and other business relationships	Social Responsibility p. 31-33	
2-7	Employees	ESG Indicators p. 65, 77	
2-8	Workers who are not employees	Social Responsibility p. 28 and 31	
2-9	Governance structure and composition	Governance p. 45-46	Partially reported
2-10	Nomination and selection of the highest governance body	Governance p. 45	Partially reported
2-11	Chair of the highest governance body	Governance p. 47	
2-12	Role of the highest governance body in overseeing management impacts	Governance p. 46	
2-13	Delegation of responsibility for managing impacts	Governance p. 46, Reporting Principles & GRI p. 54	
2-14	Role of the highest governance body in sustainability reporting	Governance p. 46	
2-15	Conflicts of interest	Governance p. 61, ESG Indicators p. 66	Partially reported
2-16	Communication of critical concerns	Year 2022 p. 8, caruna.fi	
2-17	Collective knowledge of the highest governance body	Governance p. 46	Partially reported

Disclosure	GRI content	Location	Comments
2-18	Evaluation of the performance of the highest governance body	Operating Review by Board	
2-19	Remuneration policies	Governance p. 51, ESG Indicators p. 65	
2-20	Process to determine remuneration	Social Responsibility p. 25, Governance p. 45, 51	
2-21	Annual total compensation ratio	ESG Indicators p. 65	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Year 2022 p. 4-5 and 8-14	
2-23	Policy commitments	Year 2022 p. 8-14, caruna.fi	
2-24	Embedding policy commitments	Social Responsibility p. 25, Governance p. 51	
2-25	Processes to remediate negative impacts	Year 2022 p. 8	
2-26	Mechanisms for seeking advice and raising concerns	Year 2022 p. 8, caruna.fi	
2-27	Compliance with laws and regulations	GRI Content Index	No violations in 2022
2-28	Membership associations	GRI Content Index	Energiateollisuus ry, Climate Leadership Council, FIBS Pro, EDSO for Smart Grids, EU DSO Entity, Eurelectric
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Year 2022 p. 8-11	
2-30	Collective bargaining agreements	ESG Indicators p. 65	
Material topics			
3-1	Process to determine material topics	Year 2022 p. 8-11	
3-2	List of material topics	Year 2022 p. 12-14	
3-3	Management of material topics	Year 2022 p. 12-14, Governance p. 52, Reporting Principles & GRI p. 54	

Disclosure	GRI content	Location	Comments
Economic responsibility			
GRI 201 Economic performance			
201-1	Direct economic value generated and distributed	Social Responsibility p. 28-30, ESG Indicators p. 66-67	
201-2	Financial implications and other risks and opportunities due to climate change	Environmental Responsibility. 39-40	
GRI 203 Indirect economic impacts			
203-1	Infrastructure investments and services supported	ESG Indicators p. 66	
203-2	Significant indirect impacts	Social Responsibility p. 28-33	
GRI 204 Procurement practices			
204-1	Proportion of spending on local suppliers	ESG Indicators p. 66	
GRI 205 Anti-corruption			
205-1	Operations assessed for risks related to corruption	GRI Content Index	No risk functions. Operations in Finland in compliance with Finnish legislation. All suppliers are required to operate in accordance with Supplier Code of Conduct.
205-2	Communication and training about anti-corruption policies and procedures	ESG Indicators p. 66	
205-3	Confirmed incidents of corruption and actions taken	GRI Content Index	No violations in 2022
GRI 206 Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	GRI Content Index	No violations in 2022
GRI 207 Tax			
207-1	Approach to tax	Social Responsibility p. 29-30	
207-2	Tax governance, control, and risk management	Social Responsibility p. 29-30	
207-3	Stakeholder engagement and management of concerns related to tax	Year 2022 p. 10-11, Social Responsibility p. 29-30	
207-4	Country-by-country reporting	Social Responsibility p. 29-30, ESG Indicators p. 66	

Disclosure	GRI content	Location	Comments
Environmental responsibility			
GRI 301 Materials			
301-1	Materials used by weight and volumes	ESG Indicators p. 69	
GRI 302 Energy			
302-1	Energy consumption within the organisation	Environmental Responsibility p. 42, ESG Indicators p. 69	
302-4	Reduction of energy consumption	Environmental Responsibility p. 42, ESG Indicators p. 70	
GRI 304 Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas, and high biodiversity value outside protected areas	ESG Indicators p. 70	
304-2	Significant impacts of activities, products and services on biodiversity	Environmental Responsibility p. 37-38	
GRI 305 Emissions			
305-1	Direct (Scope 1) GHG emissions	Environmental Responsibility p. 40-41, ESG Indicators p. 71	
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Responsibility p. 40-41, ESG Indicators p. 71	
305-3	Other indirect (Scope 3) GHG emissions	Environmental Responsibility p. 40-41, ESG Indicators p. 71	
305-4	GHG emissions intensity	Environmental Responsibility p. 41, ESG Indicators p. 71	
305-5	Reduction of GHG emissions	Environmental Responsibility p. 41-42	
GRI 306 Waste			
306-1	Waste generation and significant waste-related impacts	Environmental Responsibility p. 36 and 38	
306-2	Management of significant waste-related impacts	Environmental Responsibility p. 36 and 38	
306-3	Waste generated	ESG Indicators p. 72	
306-4	Waste diverted from disposal	ESG Indicators p. 72	
306-5	Waste diverted to disposal	ESG Indicators p. 72	

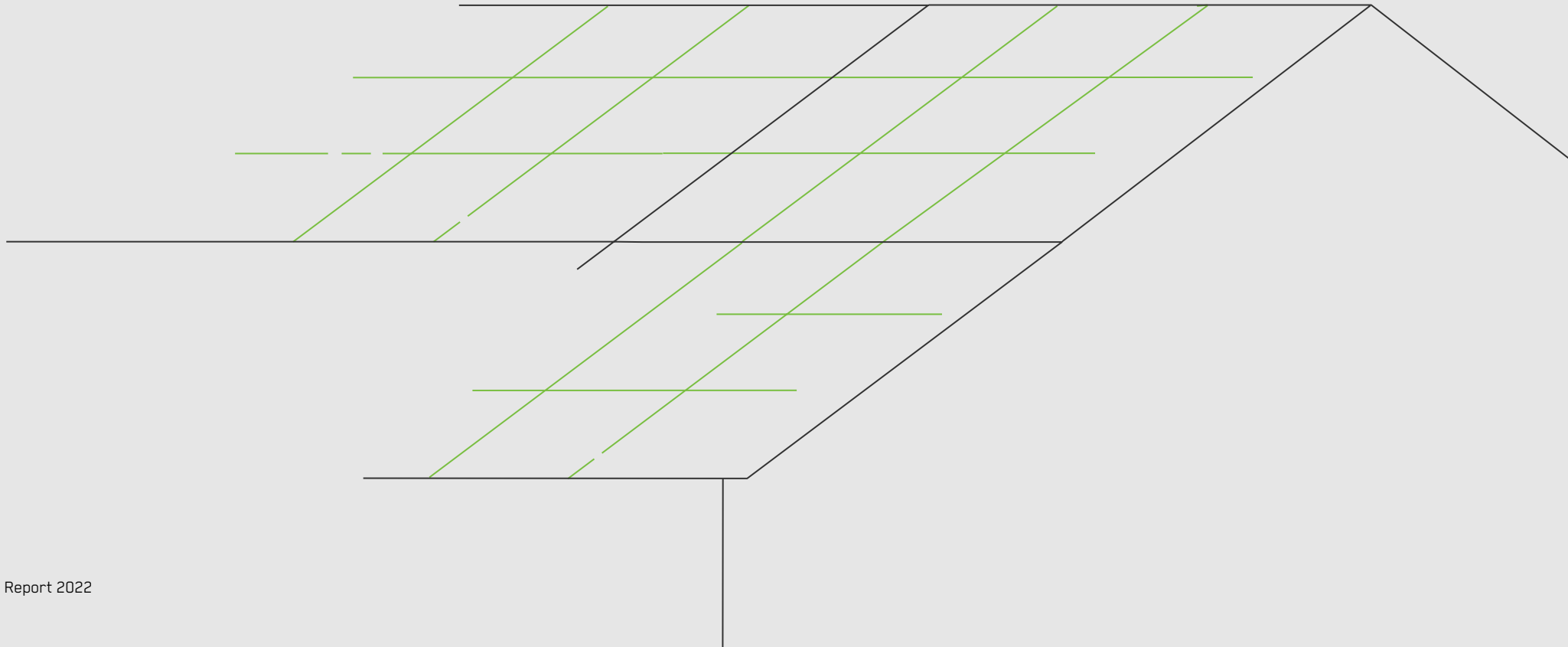
Disclosure	GRI content	Location	Comments
GRI 308 Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Social Responsibility p. 31-32, ESG Indicators p. 74	
308-2	Negative environmental impacts in supply chain and action taken	GRI Content Index	No suppliers with significant negative environmental or social impacts were identified
Social responsibility			
GRI 401 Employment			
401-1	New employee hires and employee turnover	ESG Indicators p. 75	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	GRI Content Index	There are no such benefits
401-3	Parental leave	ESG Indicators p. 75	
GRI 403 Occupational health and safety			
403-1	Occupational health and safety management system	Social Responsibility p. 24, Governance p. 46	
403-2	Hazard identification, risk assessment, and incident investigation	Social Responsibility p. 24-26	
403-3	Occupational health services	Social Responsibility p. 24	
403-4	Worker participation, consultation, and communication on occupational health and safety	Social Responsibility p. 24-26	
403-5	Worker training on occupational health and safety	Social Responsibility p. 27, ESG Indicators p. 75	
403-6	Promotion of worker health	Social Responsibility p. 24-26	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social Responsibility p. 32-33	
403-8	Workers covered by an occupational health and safety management system	GRI Content Index	100%
403-9	Work-related injuries	Year 2022 p. 4-5, Social Responsibility p. 32, ESG Indicators p. 76	
403-10	Work-related ill health	ESG Indicators p. 76	

Disclosure	GRI content	Location	Comments
GRI 404 Training and education			
404-1	Average hours of training per year per employee	ESG Indicators p. 77	
404-2	Programs for upgrading employee skills and transition assistance programs	Year 2022 p. 9, Social Responsibility p. 24-27	
404-3	Percentage of employees receiving regular performance and career development reviews	ESG Indicators p. 79	100%
GRI 405 Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	ESG Indicators p. 78	
405-2	Ratio of basic salary and remuneration of women to men	ESG Indicators p. 78	
GRI 406 Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	GRI Content Index	No cases of discrimination have been identified
GRI 407 Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	GRI Content Index	No risk functions. Operations in Finland in compliance with Finnish legislation. All suppliers are required to operate in accordance with Supplier Code of Conduct
GRI 408 Child labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	GRI Content Index	No risk functions. Operations in Finland in compliance with Finnish legislation. All suppliers are required to operate in accordance with Supplier Code of Conduct
GRI 409 Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI Content Index	No risk functions. Operations in Finland in compliance with Finnish legislation. All suppliers are required to operate in accordance with Supplier Code of Conduct
GRI 413 Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility p. 19, Environmental Responsibility p. 37-38	Partially reported
413-2	Operations with significant actual and potential negative impacts on local communities	GRI Content Index	No significant negative impacts

Disclosure	GRI content	Location	Comments
GRI 414 Supplier social assessment			
414-1	New suppliers that were screened using social criteria	Social Responsibility p. 32, ESG Indicators p. 74	
414-2	Negative social impacts in supply chain and action taken	GRI Content Index	No suppliers with significant negative environmental or social impacts were identified
GRI 415 Public policy			
415-1	Political contributions	GRI Content Index	Caruna does not directly or indirectly support political activity
GRI 416 Customer health and safety			
416-1	Assessment of health and safety impacts of products and service categories	Social Responsibility p. 32, ESG Indicators p. 79	EU25
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Indicators p. 79	
GRI 418 Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Indicators p. 79	
GRI 419: Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	GRI Content Index	No violations
Electric Utilities Sector Disclosures			
EU: Organisational profile			
EU 3	Number of residential, industrial, institutional and commercial customer accounts	Year 2022 p. 3, Social Responsibility p. 16-18, ESG Indicators p. 68	
EU 4	Length of above and underground transmission and distribution lines by regulatory regime	Year 2022 p. 3, Social Responsibility p. 16, ESG Indicators p. 69	
Economic responsibility			
EU 12	Transmission and distribution losses as percentage of total energy	Environmental Responsibility p. 36, 41-42, ESG Indicators p. 70	

Disclosure	GRI content	Location	Comments
Social responsibility			
EU 17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	Social Responsibility p. 28, ESG Indicators p. 76	
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Social Responsibility p. 31-33, ESG Indicators p. 75	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	ESG Indicators p. 79	
EU28	Power outage frequency	ESG Indicators p. 69	
EU29	Average power outage duration	ESG Indicators p. 69	

ESG indicators



ESG Indicators

In the tables, items for which figures have not been reported or are missing from previous years are marked in gray.

1 Governance

2-7, 2-8 EMPLOYEES

Indicator	2022	2021	2020
Total number of employees at the end of the year	259	308	314
Average number of employees	283	317	322.7
Number of permanent employees	244	284	293
Share of permanent employment relationships (%)	96.4	92.5	93.3
Number of fixed-term employees	8	23	21
Share of fixed-term employment relationships (%)	3.2	7.5	6.7
Number of full-time employees	241	287	296
Share of full-time employment relationships (%)	95.2	93.5	94.3
Number of part-time employees	12	20	18
Share of part-time employment relationships (%)	4.7	6.5	5.7
Number of temporary agency workers at the end of the year	3	7	6
Number of summer employees	14	26	22
Total number of fixed-term employment relationships			
Women	2	7	10
Men	6	16	11
Total number of part-time employment relationships			
Women	6	12	8
Men	6	8	10

2-19, 2-21 REMUNERATION

Indicator	2022	2021	2020
Employee wages and salaries (EUR thousand)	22,414	23,227	22,028
Total salaries and remuneration of management and the Board of Directors	1,904,283	2,562,410	1,927,814
CEO	830,136	647,820	424,907
Other Management Team directors	724,147	1,636,590	1,224,907
Board and committee members and deputy members	350,000	278,000	278,000
Annual remuneration of the highest remunerated person in the organisation in relation to the median annual remuneration of other employees (excluding highest remunerated person)	13.5	11.0	7.7
Increase of annual remuneration of the highest remunerated person in the organisation in relation to the increase of annual median remuneration of other employees	698%	839%	-389%
Median annual total compensation for all of the organisation's employees (incl. bonuses, excl. the highest-paid individual)	61,348	58,971	55,502
Increase in the annual CEO compensation compared to previous year	28.1%	52.5%	-13.1%
Increase in the median annual total compensation for all of the organisation's employees compared to previous year	4.0%	6.2%	3.4%

2-30 EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

Indicator	2022	2021	2020
Number of personnel within the scope of collective bargaining agreements	225	272	282
Share of collective bargaining agreements (%)	89	89	90

Top management and some employees in support functions are not covered by collective agreements.

2 Economic impacts

201-1 CREATION AND DISTRIBUTION OF DIRECT ECONOMIC ADDED VALUE

Direct economic added value created and distributed by Caruna (EUR thousand)

	2022	2021	2020
Revenues from customers			
Net sales	484,634	499,761	475,281
Other operating income	4,027	6,761	4,171
Fair value changes	0	0	0
Total revenues from customers	488,661	506,522	479,452
Payments to suppliers			
Purchased materials and services	90,526	93,751	85,478
Other costs	57,810	61,189	63,805
Real estate taxes	-222	-214	-205
Donations and sponsorships	-66	-216	-86
Total payments to suppliers	148,048	154,509	148,992
Employee remuneration			
Salaries, bonuses, and social security contributions	26,675	27,104	25,950
Total employee remuneration	26,675	27,104	25,950
Remuneration paid to financiers and shareholders			
Total financial costs to owners	66,673	66,673	66,856
Total financial costs to others	35,100	85,600	12,000
Total remuneration paid to financiers and shareholders	54,990	67,268	57,831
Non-profit investments and taxes	156,763	219,541	136,687
Income tax payable for the financial period	6,288	10,663	10,676
Real estate taxes	222	214	205
Donations and sponsorships	66	216	86
Total non-profit investments and taxes	6,577	11,093	10,967
Added value created	150,599	94,274	156,856

203-1 INFRASTRUCTURE INVESTMENTS AND KEY COMMUNITY IMPACTS

Indicator	2022	2021	2020
Infrastructure investments (MEUR)	127	132	138
Customer impact (6/36); total	903	2,465	1,778
Customer impact (6/36); change from previous	-1,562	687	

6/36 and Varmaverkko describe the number of customers covered by reliability-of-supply criteria.

- City plan areas (max 6h interruption)
- Other areas (max 36h interruption)

VarmaVerkko only considers the positive customer impacts of investments, 6/36 also considers the customer impacts of operational maintenance and fault repair.

204-1 PURCHASES FROM LOCAL * SUPPLIERS

Indicator	2022	2021	2020
Share of locally purchased products and services (%)	98	98	96

* Finland

205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Indicator	2022	2021	2020
Number and share of members of governing bodies (Board of Directors, General Meeting) to whom Caruna's anti-corruption policy and procedures have been communicated (%)	100	100	100
Number and share of personnel to whom Caruna's anti-corruption policy and procedures have been communicated (%)	100	100	100
Number and share of partners to whom Caruna's anti-corruption policy and procedures have been communicated (%)	100	100	100
Number and share of members of governing bodies who have participated in training on Caruna's anti-corruption policy and procedures (%)	100	100	100
Number and share of members of personnel who have participated in training on Caruna's anti-corruption policy and procedures (completion rate of Caruna Code of Conduct online training course) (%)	97	98	98
Number and share of partners who have participated in training on Caruna's anti-corruption policy and procedures (completion rate of Supplier Code of Conduct training course) (%)	95	95	95

207-4 PAID TAXES*

Caruna's tax footprint (EUR thousand)	2022	2021	2020
Taxes payable			
Income taxes	6,288	10,663	10,676
Unemployment insurance contributions	662	648	597
Social security contributions	282	337	281
Real estate taxes	222	214	205
Asset transfer taxes	0	11	0
Lottery tax	0	1	2
Total taxes payable	7,454	11,874	11,761
Taxes to be collected and remitted			
Value-added tax (net)	96,545	98,921	94,491
Electricity tax	192,261	176,025	191,272
Withholding tax	6,627	6,565	6,242
Total taxes to be remitted	295,433	281,511	292,005

* We pay all of our taxes to Finland.

EU 3 NUMBER OF CUSTOMERS

Numbers of customers	2022	2021	2020
Total number of customers	726,000	714,000	703,000
Of which residential	630,000	621,000	613,000
Of which industrial & commercial	96,000	93,000	90,000
Number of Caruna Oy's customers	488,000	484,000	479,000
Number of Caruna Espoo Oy's customers	238,000	230,000	224,000
Total number of new electricity connections	2,300	2,800	2,400
Of which new medium-voltage and high-voltage connections	28	14	10
Number of Caruna Oy's new electricity connections	1,700	2,000	1,700
Number of Caruna Espoo Oy's new electricity connections	600	800	700
Customers per voltage levels			
Number of customers on the low-voltage network	724,400	713,000	702,000
Number of customers on the medium-voltage network	800	800	800
Number of customers on the high-voltage network	60	60	60
Customers per voltage levels			
Number of customers in the Uusimaa and Häme network area	388,000	380,000	371,000
Number of customers in the Southwest Finland network area	167,000	165,000	163,000
Number of customers in the Satakunta, South Ostrobothnia and Ostrobothnia network area	95,000	94,000	94,000
Number of customers in the North Ostrobothnia and Lapland network area	36,000	36,000	36,000
Number of customers in the Joensuu network area	40,000	39,000	39,000

Amounts of electricity transmitted	2022	2021	2020
Total amount of electricity supplied to customers (TWh)	12.1	12.8	11.9
Total amount of electricity supplied to Caruna Oy's customers (TWh)	9.0	9.6	9.0
Amount of electricity transmitted in Caruna Oy's regional network (110 kV) (TWh)	2.5	2.6	2.6
Amount of electricity transmitted in Caruna Oy's distribution network (0.4 kV and 20 kV) (TWh)	6.5	7.0	6.4
Total amount of electricity supplied to Caruna Espoo Oy's customers (TWh)	3.1	3.2	2.9
Amount of electricity transmitted in Caruna Espoo Oy's regional network (110 kV) (TWh)	0.1	0.1	0.1
Amount of electricity transmitted in Caruna Espoo Oy's distribution network (0.4 kV and 20 kV) (TWh)	3.0	3.1	2.8
Customers per voltage levels			
Supplied electricity by voltage levels			
Amount of electricity supplied to low-voltage network customers (TWh)	7.4	7.9	7.1
Amount of electricity supplied to medium-voltage network customers (TWh)	2.1	2.2	2.1
Amount of electricity supplied to high-voltage network customers (TWh)	2.6	2.7	2.7
Total amount transmitted**, includes output to Fingrid	14.5	15.5	14.7

* Indicates sales to customers.

** Indicates total sales.

EU 4 LENGTH OF ELECTRICITY NETWORK (OVERHEAD AND UNDERGROUND CABLES / DISTRIBUTION LINES)

Indicator	2022	2021	2020
Total length of electricity network (km)	88,611	88,100	88,350
Length of low voltage network	54,715	54,350	54,350
Length of medium voltage network	31,841	31,700	31,900
Length of high voltage network	2,055	2,050	2,050
Length of underground network constructed during the year (km)	1,870	2,400	3,600
Total cabling rate of the electricity network (%)	63	62	59
Underground cabling rate on the low-voltage network (%)	59%	58%	55%
Underground cabling rate of the medium-voltage network (%)	74%	72%	69%
Number of distribution transformers	31,268	30,900	31,100
Total capacity of distribution transformers (MVA)	5,347	5,218	5167
Number of primary substations	191	187	187

EU 28 SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX PER CUSTOMER (SAIFI) AND EU 29 SYSTEM AVERAGE INTERRUPTION DURATION INDEX PER CUSTOMER (SAIDI)

Indicator*	2022	2021	2020
System Average Interruption Frequency Index per customer (SAIFI) (number)	1.66 (1.66)	1.34 (1.39)	1.66 (1.66)
System Average Interruption Duration Index per customer (SAIDI) (minutes)	85 (85)	71 (74)	98 (103)

* The calculation method was revised in 2022. Results according to the previously utilised method are presented in brackets.

C1 OPERATIONAL EFFICIENCY

Indicator	2022	2021	2020
Operative expenses per customer*	114.1	117.3	122.4

* Excluding the impacts of exceptional storms.

Environmental responsibility

301-1 MATERIALS USED BY WEIGHT OR VOLUME

Indicator	2022	2021	2020
Distribution transformers (pcs)	1,000	1,100	1,400
Electric cable (km)	1,250	1,000	1,700
Aluminium (tn)	1,500	1,010	1,740
Steel (tn)	650	500	520
Mineral oil (tn)	220	200	210

302-1 ORGANISATION'S OWN ENERGY CONSUMPTION

Indicator	2022	2021	2020
Own electrical energy consumption* (GWh); real estate	1.36	1.44	1.41
Own thermal energy consumption (GWh); real estate	1.12	1.56	1.21

* Renewable hydroelectricity.

EU12, 302-3 TRANSMISSION AND DISTRIBUTION LOSSES

Indicator	2022	2021	2020
Caruna's electricity network electricity losses* (GWh). total	387.6	425.5	377.1
Caruna Oy's regional network (110 kV) electricity losses (GWh)	41.9	45.1	38.0
Caruna Oy's regional network (110 kV) electricity losses as a share of total transmitted electricity (%)	0.6	0.6	0.6
Caruna Oy's distribution network electricity losses (GWh)	267.3	288.2	252.9
Caruna Oy's distribution network electricity losses as a share of total distributed electricity (%)	3.9	3.9	3.7
Caruna Espoo Oy's distribution network electricity losses (GWh)	78.4	92.2	86.2
Caruna Espoo Oy's distribution network electricity losses as a share of total distributed electricity (%)	2.4	2.7	2.7

* Carbon-neutral nuclear electricity.

302-4 REDUCTION OF ENERGY CONSUMPTION

Indicator	2022	2021	2020
Energy consumption efficiency measures. network losses (GWh)	0.6	1	0.9

C2 CARUNA'S OWN ELECTRICITY GENERATION

Indicator	2022	2021	2020
Own electrical energy gross production (MWh)	50.6	48.1	51.4
Production by Upseerinkatu solar panels (MWh)	25.1	24.3	26.1
Production by Keilaniemi substation solar panels (MWh)	25.5	23.9	25.3

304-1 ACTIVITIES IN CONSERVATION AREAS OR IN THEIR VICINITY

Indicator	2022	2021	2020
Network located in conservation areas (km)	268*	264	270
Network located in conservation areas (%)	0,3	0,3	0,3
Network adjacent to conservation areas (km)	19,520	19,300	
Network adjacent to conservation areas (%)	22	22	

* No new network has been built to nature protection areas, the increase is due to deviation in location information

** Definition of the indicator has been changed. The calculation includes a network at a maximum distance of 1,000 meters from protected areas, previously used distance was 15 meters (2020 figure).

**305-1 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1),
305-2 INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2),
305-3 OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3),
305-4 GHG GREENHOUSE GAS EMISSION INTENSITY**

Indicator	2022	2021	2020
GHG emissions. scope 1. (tCO ₂ e)	230	814	354
GHG emissions. scope 2. market-based (tCO ₂ e)*	159	411	342
GHG emissions. scope 2. location-based (tCO ₂ e)**	23,510	39,097 (49,748**)	(54,688**)
GHG emissions. scope 3 (tCO ₂ e)	90,145***	83,359	90,636
GHG emissions intensity, market-based (scope 1 and 2/gCO ₂ e/KWh)	0.032	0.096	0.058

* In the location-based calculation, we have moved from a coefficient calculated using the benefit-sharing method published by Statistics Finland to an emission factor based on the energy method for electricity consumed in Finland published by Fingrid. This gives a better and more up-to-date picture of the emissions from electricity consumed in Finland.

** Calculated using an emission factor based on Statistics Finland's benefit-sharing method.

*** The increase is due to improvements in data quality and coverage. Contractors' emissions data has been specified and the data extraction method for ICT investments updated. We continued the development of our electricity network to respond comprehensively to changes in the operating environment. The coronavirus pandemic and Russia's invasion of Ukraine accelerated the energy crisis, which increased stakeholders' interest in energy issues.

SF6 GAS

Indicator	2022	2021	2020
Amount of SF6 gas in Caruna's electricity network components (kg)	35,549	33,457	34,796
SF6 leaks (kg)	4.9	7.4	4.5
Share of SF6 leaks of the total amount of gas (%)	0.01	0.02	0.01

306-3 AMOUNT OF WASTE GENERATED BY TYPE OF WASTE, WASTE DISMANTLED FROM THE NETWORK

Indicator	2022	2021	2020
Total amount of waste (by composition, tonnes)	5,079	10,534	8,421
Amount of poles disposed of	2,621	3,093	2,784
Transformers	413	1,044	876
Cables	811	1,697	1,748
Concrete	232	2,071	1,231
Contaminated land	0	741	2
Construction waste + timber	310	424	428
Iron	650	1,372	1,242
Other	42	92	110
Recovery of waste (by composition, tonnes)	2,456	9,701	8,309
Amount of poles disposed of	0	3,093	2,784
Transformers	413	1,044	876
Cables	811	1,697	1,748
Concrete	232	2,071	1,231
Construction waste + timber	310	424	428
Iron	650	1,372	1,242
Other	40	0	0
Recovery of hazardous waste (by recovery type, tonnes)	119	3,356	3,005
Reuse	108	263	221
Recycling	0	0	0
Other Recycling	11	3,093	2,784

Indicator	2022	2021	2020
Recovery of non-hazardous waste (by recovery type, tonnes)	2,337	6,347	5,234
Reuse	232	2071	1231
Recycling	1,795	3,852	3,575
Other Recycling	310	424	428
Waste disposed of (by composition, tonnes)	2,623	4,119	3,019
Impregnated waste poles	2,621	3,093	2,784
Transformer oil	0	263	221
Contaminated soil, asbestos, SF6 gas	2	763	14
Hazardous waste disposed of (by processing type, tonnes)	2,621	3,834	2,786
Incineration + utilisation in energy production	2,621	3,093	2,784
Incineration, no energy utilisation	0	0	0
Landfill / waste disposal centre	0	741	2
Non-hazardous waste disposed of (by processing type, tonnes)	2	447	477
Incineration + utilisation in energy production	0	424	428
Incineration, no energy utilisation	0	0	0
Landfill / waste disposal centre	2	23	49

C3 EU TAXONOMY ASSESSMENT (NACE CLASSIFICATION D35.1.2, D35.1.3, TRANSMISSION AND DISTRIBUTION OF ELECTRICITY)

Indicator	2022			2021			2020		
	Net sales	CapEx	OpEx	Net sales	CapEx	OpEx	Net sales	CapEx	OpEx
Taxonomy-eligible ¹⁾ (%)	100.0	100.0	99.0	100.0	99.6	97.4	99.9	99.6	97.6
Taxonomy-aligned (of the eligible) (%)	99.9	99.3	99.8	99.9	99.2	99.3	99.8	99.5	99.8
Taxonomy aligned ²⁾ (of the total) (%)	99.9	99.3	98.8	99.8	98.8	96.8	99.7	99.1	97.4

1) Taxonomy-eligible: The assessment covers the sections in Caruna's operations belonging to the electricity transmission and distribution sector. Excluded from the assessment are fiber optics and the Virtane service platform, which are not part of the electricity transmission and distribution sector.

2) Taxonomy-aligned: Taxonomy-aligned excludes connection fees for customers with fossil fuel production facilities, the resulting investments, or the company's car purchases, office-related investments, or operating expenses of reserve power.

C5 PRODUCERS AND PRODUCTION CAPACITIES OF SOLAR POWER CONNECTED TO CARUNA'S NETWORK

Solar power by company and customer segment	2022	2021	2020
Number of small-scale producers of solar power / solar power systems < 1 MW	19,685	12,060	9,400
Nominal output of solar power (MW)	177	108	82
Other renewable small-scale production (MW)	11	12	11

C6 RENEWABLE ENERGY PRODUCTION CONNECTED TO CARUNA'S NETWORK

Total nominal renewable electricity production capacity connected to network by energy source (MW)	2022	2021	2020
Hydro	771	673	673
Wind	630	412	412
Solar	177	108	82
Renewable CHP	35	35	35
Renewable production capacity, total*	1,612	1,227	1,201
Other CHP	424	424	414
Other	10	10	10
Gross production (renewable + other)	2,046	1,661	1,625
Share of renewables in the total production	79%	74%	74%

*Strategic corporate responsibility indicator.

Total production capacity connected to network by energy source (MW)	2022	2021	2020
Hydro	2,535	2,950	2,808
Wind	1,352	1,134	1,139
Solar	39	27	25
Renewable CHP	113	109	101
Renewable production, total	4,039	4,220	4,073
Other CHP	679	1,014	748
Other	0.1	0.2	0.1
Gross production (renewable + other)	4,718	5,234	4,822
Share of renewables in the total production	86%	81%	84%

C7 ELECTRICITY NETWORK EMISSIONS FACTOR

Indicator	2022	2021	2020
Network emissions factor (gCO ₂ e/KWh)	40,3	58,1	52,8

Fuel classification 2022 and electricity production statistics (Energy: 12.3.2.3 and 3.4.2) of Statistics of Finland have been applied to the calculation. The production has been divided to the categories hydro, wind, solar, renewable CHP (only bio fuels), other CHP and other.

C8 DECREASE IN THE NUMBER OF OVERHEAD LINES

Indicator	2022	2021	2020
Total amount of dismantled overhead lines (km)	1,333	2,600	2,400
Caruna, amount of dismantled overhead lines (km)	1,226	2,400	2,200
Caruna Espoo, amount of dismantled overhead lines (km)	107	200	200

E27 SIGNIFICANT LEAKS

Indicator	2022	2021	2020
Number of significant (≥100 kg) oil leaks	3	4	3
Total number of oil leaks	25	30	25
Oil spill treatment costs* (EUR thousand)	115	170	132
Decontaminated soil (tonnes)	141	312	161

* Partially estimated.

308-1, 414-1 SHARE OF NEW SUPPLIERS THAT HAVE BEEN ASSESSED USING ENVIRONMENTAL AND SOCIAL CRITERIA

Indicator	2022	2021	2020
Share of new suppliers that have been assessed using environmental and social criteria (%)	7	5	
Suppliers whose environmental and social impacts have been assessed	27	24	
Share of audited suppliers of all suppliers (share of purchases%)	>80	>80	>80
Total number of supplier audits	7	7	7

Suppliers with significant negative environmental or social impacts were not identified.

Social responsibility

401-1 RECRUITMENT OF NEW PERSONNEL AND PERSONNEL TURNOVER

Indicator	2022	2021	2020
Number of new employees	42	25	37
Number of permanent new employees	27	15	23
Number of fixed-term new employees*	15	10	14
Share of new employees of all personnel (%)	15.5	8.0	12.0
Number of terminated employment relationships (including fixed-term)	84	36	52
Share of terminated employment relationships of all employment relationships (%)	31.1	12.0	17.0
Number of terminated permanent employment relationships	64	35	19
Turnover of permanent employees (%)	23.7	10.0	6.5

* Of which 12 summer employees.

401-3 PARENTAL LEAVES

Indicator	2022		2021
	Women	Men	All
Number of persons eligible for parental leave	All	All	
Number of persons who have taken parental leave	4	16	
Number of persons who returned after the end of parental leave	4	16	
Return to work and retention rates of employees that took parental leave	100	100	

403-5 SHARE OF EMPLOYEES ATTENDING OCCUPATIONAL SAFETY TRAINING

Indicator	2022	2021	2020
Total number of employee safety training days	22	33	74

403-5, EU18 SHARE OF SUBCONTRACTORS AND CONTRACTORS ATTENDING OCCUPATIONAL SAFETY TRAINING

Indicator	2022	2021*	2020
Number of subcontractors and contractors attending safety and environment-related training events	2,229	1,973	over 1,200
Number of contractors' employees completing the 'Safety and environment' online course	466	431*	nearly 400*
Number of contractors' employees completing the 'Electrical safety on site' online course	511	296*	over 300*

Figure includes new standard time webinars for contractors introduced in 2021.

403-9, 403-10 WORK-RELATED ACCIDENTS, OCCUPATIONAL DISEASES, OWN PERSONNEL

	2022			2021		2020	
	Remote work*	Workplace	Commute	Workplace	Commute	Workplace	Commute
Work-related injuries, own personnel							
Number of lost workday injuries	1	0	0	0	2	0	1
of which serious injuries (over 30 lost workdays and/or permanent disability, number)	0	0	0	0	0	0	0
Number of medical treatment cases, no absence	2	1	1	0	3	0	1
Number of work-related fatalities	0	0	0	0	0	0	0
Total number of registered injuries	2	1	1	0	5	0	2

* In addition to the statutory workers' compensation insurance, Caruna has a remote work insurance which compensates for accidents that occur during remote work and are not classified as occupational injuries.

Indicator	2022	2021	2020
Working hours	459,000	528,700	525,810

WORK-RELATED OCCUPATIONAL DISEASES, OWN PERSONNEL

Indicator	2021	2020	2019
Number of occupational disease cases	0	0	0

C8 ABSENCES DUE TO ILLNESS

Indicator	2022	2021	2020
Days of absence due to illness as a proportion of the theoretical total number of working days (%)	1.8	1.5	1.7

403-9 WORK-RELATED INJURIES, CONTRACTORS AND SUBCONTRACTORS

Work-related injuries, service providers	2022	2021	2020
Number of fatalities	0	1	0
Number of lost workday injuries	6	9	9
of which serious injuries (over 30 lost workdays and/or permanent disability, number)	4	2	2
Restricted work case	6	2	3
Number of medical treatment cases, no absence	8	11	11
Total number of registered injuries	20	22	23
Lost workday injury frequency LWIF	4.1	6.3	6.0
Near miss reports and safety observations	1472	348	222
Processing rate of near misses and safety observations (%)	90%	95%	85%
Working hours reported by network contractors* (million hours)	1.47	1.42	1.49

* Strategic corporate responsibility indicator; Lost Time Injury Frequency.

**C9 NUMBER OF SAFETY WALKS CARRIED OUT BY CARUNA PERSONNEL AND
C10 TOTAL NUMBER OF SAFETY WALKS, WORKSITE INSPECTIONS AND WORKSITE
VISITS CARRIED OUT BY CARUNA PARTNERS**

Indicator	2022	2021	2020
Number of Safety Walks carried out by Caruna personnel	591	364	366
Total number of Safety Walks, worksite inspections and worksite visits conducted by Caruna's contractors and other partners	4,853	3,892	3,766

404-1 AVERAGE NUMBER OF HOURS OF TRAINING PER PERSON

Indicator	2022	2021	2020
Average number of hours of training per person. total	6.6	3.7	10.8
Average number of hours of training. salaried personnel	4.0	4.6	12.9
Average number of hours of training. senior salaried personnel and management	4.8	4.6	17.2
Average number of hours of training. women	4.4	4.5	9.8
Average number of hours of training. men	4.6	4.7	10.5

405-1 DIVERSITY OF GOVERNING BODIES AND PERSONNEL

Indicator	2022 persons	2022 %	2021 persons	2021 %	2020 persons	2020 %
All personnel, total	259	100	308	100	314	100
All personnel, women	90	35	115	38	128	41
All personnel, men	169	65	192	62	186	59
All personnel, under 30-year-olds	28	11	40	13	53	17
All personnel, 30-50-year-olds	175	68	194	63	199	63
All personnel, over 50-year-olds	56	22	73	24	62	20
Salaried personnel, total	86	100	118	100	126	100
Salaried personnel, women	42	49	61	52	68	53
Salaried personnel, men	44	51	57	48	58	47
Salaried personnel, under 30-year-olds	18	21	33	28	39	31
Salaried personnel, 30-50-year-olds	43	50	55	47	57	44
Salaried personnel, over 50-year-olds	25	29	30	25	30	25
Senior salaried personnel, total	159	100	151	100	156	100
Senior salaried personnel, women	42	26	42	28	46	29
Senior salaried personnel, men	117	74	109	72	110	71
Senior salaried personnel, under 30-year-olds	10	6	7	5	16	10
Senior salaried personnel, 30-50-year-olds	124	78	122	81	120	77
Senior salaried personnel, over 50-year-olds	25	16	22	14	20	13
Management, total	14	100	31	100	32	100
Management, women	6	50	12	39	14	44
Management, men	8	50	19	61	18	56
Management, under 30-year-olds	0	0	0	0	0	0
Management, 30-50-year-olds	8	57	17	55	20	63
Management, over 50-year-olds	6	43	14	45	12	37

2-9 DIVERSITY OF GOVERNING BODIES

Indicator	2022 persons	2022 %	2021 persons	2021 %	2020 persons	2020 %
Members of governing bodies, total	7	100	8	100	9	100
Members of governing bodies, women	1	14	1	13	3	33
Members of governing bodies, men	6	86	7	87	6	66
Members of governing bodies, under 30-year-olds	0	0	0	0	0	0
Members of governing bodies, 30-50-year-olds	2	29	3	38	3	33
Members of governing bodies, over 50-year-olds	5	71	5	62	6	66

405-2 PAY EQUALITY

Indicator	2022	2021	2020
Difference between women's and men's average gross income (%)	8	12	

C11 AVERAGE AGE AND EDUCATIONAL BACKGROUND OF PERSONNEL

Average age of personnel	2022	2021	2020
Average age of personnel	41	41	40
Educational background of personnel (%)	2022	2021	2020
Comprehensive school	3	2	1
Upper secondary school or vocational institution	20	17	11
Bachelor's degree from institution	12	9	13
Bachelor's degree from university	29	34	33
Master's degree	35	37	41
Licentiate, doctorate	1	1	1

C12 PERSONNEL JOB SATISFACTION

Indicator	2022	2021	2020
Personnel job satisfaction ¹⁾ (EEI)	78	69	72
eNPS ²⁾	22	6	

1) Employee Engagement Index.
2) Employee Net Promoter Score.

404-3 SHARE OF PERSONNEL COVERED BY REGULAR PERFORMANCE ASSESSMENTS AND DEVELOPMENT DISCUSSIONS

Indicator	2022	2021	2020
Share of personnel within the scope of performance discussions (%)	100	100	100

416-1, EU25 HEALTH AND SAFETY IMPACT ASSESSMENT IN PRODUCT AND SERVICE CATEGORIES

Indicator	2022	2021	2020
Electrical accidents suffered by third parties (reported to Tukes)	3	1	1
Near misses occurring to third parties (reported to Tukes)	51	76	23
Reported overvoltage incidents (neutral-faults) due to faults in the electricity network	552	479	858

No electrical safety deviations that would have led to regulatory consequences.

* The zero defect statistical method has been updated in 2021, the results for 2020 and 2019 have been corrected to correspond to the new statistical method.

418-1 COMPLAINTS ABOUT BREACHES OF CUSTOMER PRIVACY AND LOSS OF CUSTOMER DATA

Indicator	2022	2021	2020
Total number of confirmed complaints about breaches of customer privacy or loss of customer data	2	3	4
Complaints from third parties	1	3	0
Complaints from authorities	1	0	4
Total amount of customer data leaked, stolen or lost during the reporting period	0	3	0

* Inquiries/requests for clarification from Office of the Data Protection Ombudsman.

C13 REPUTATION AND CUSTOMER SATISFACTION

Indicator	2022	2021	2020
Customer satisfaction in customer contacts (NPS, scale from -100 to +100)	27.9	19.1	22.6
Trust and reputation indicator* (corporate responsibility indicator)	2.59	2.30	2.24

* T-Media's annual Trust and Reputation survey.



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