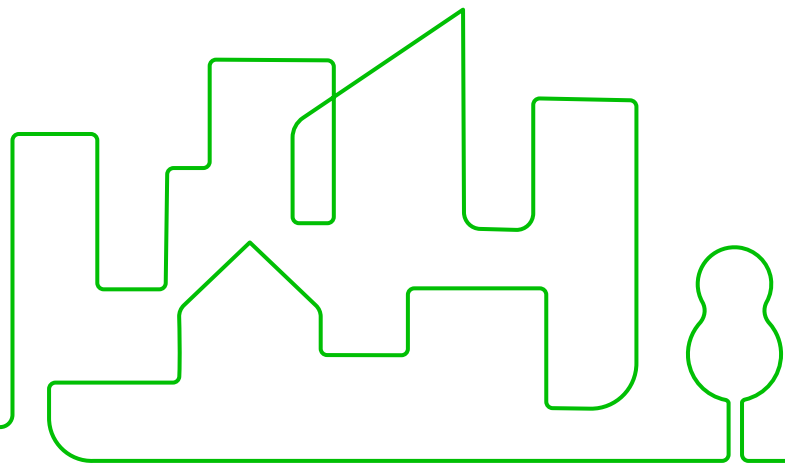
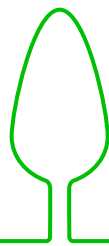
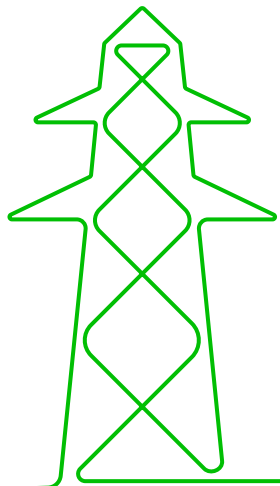




| We bring electricity to you.

Caruna's year 2023



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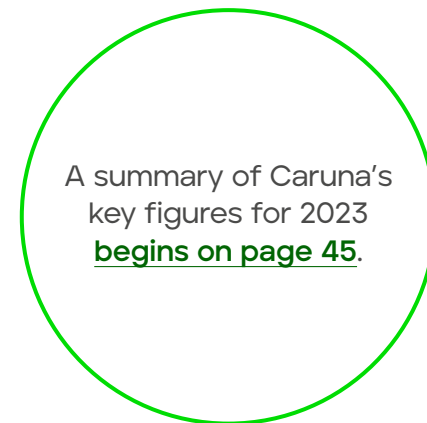
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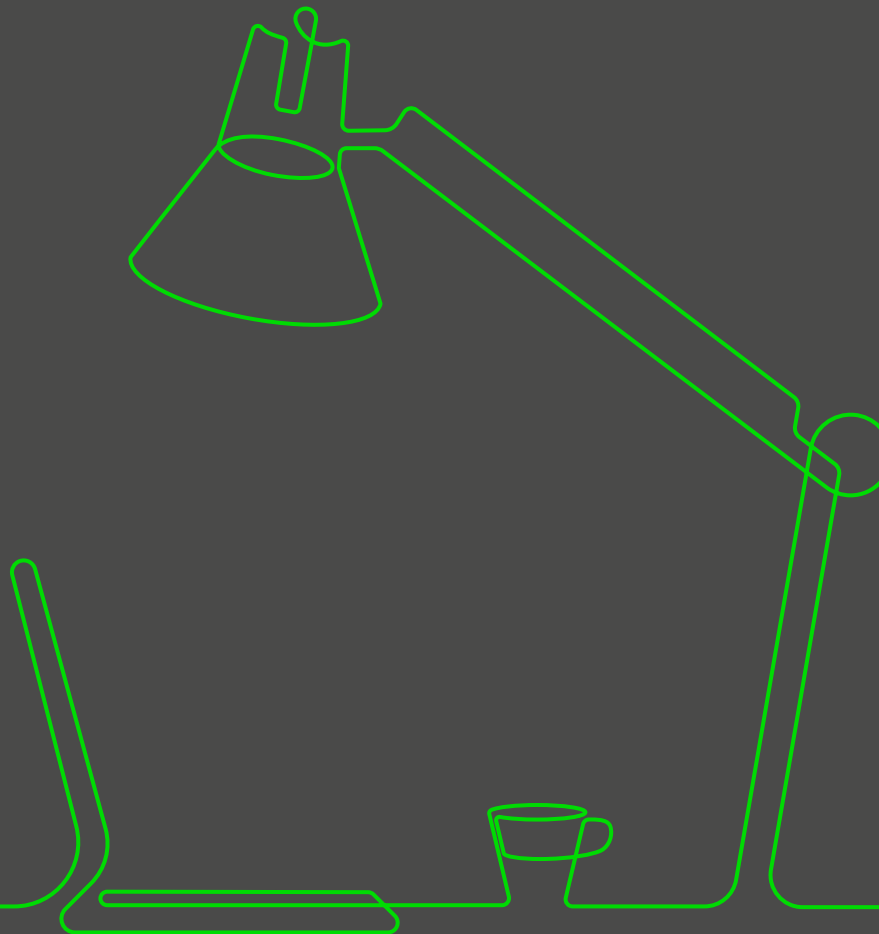
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Year 2023

Clean transition picked up speed in 2023 – Energy Authority’s new regulation model, published at the end of the year, puts the brakes on investments

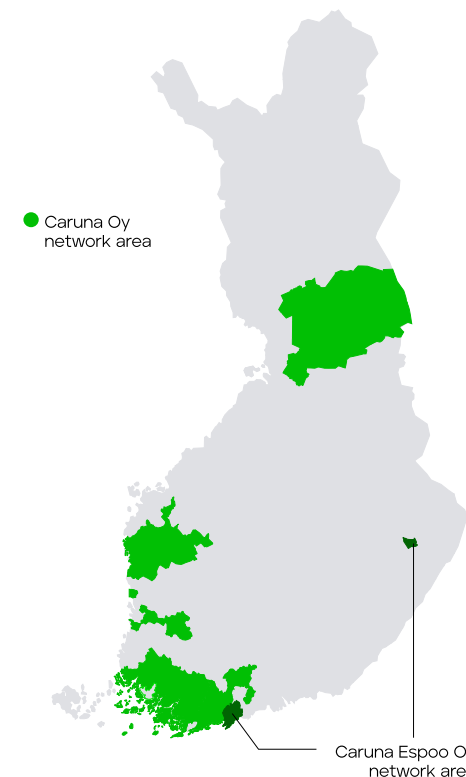
2023 was the year of the energy transition in an operating environment coloured by rising costs. The clean transition accelerated and was highly visible in Caruna’s network as the renewable energy production capacity rose significantly, electricity increasingly replaced fossil energy, and the number of small solar power producers with solar power systems rated at less than one megawatt climbed past 28,000 at the end of the year.

At the end of the year, the Energy Authority announced a new electricity network regulation model for the period from 2024 to 2031. The new regulation model will lead to cuts in electricity network investments, significantly delaying development projects for the clean transition, security of supply and an electrified society and weakening Finnish society’s resilience in times of crisis.

Investments in the clean transition are required if Finland is to meet its target of becoming carbon neutral by 2035. Forecasts predict a 50-per-cent increase in electricity consumption in Finland by 2040. The energy sector is at the heart of the clean transition. The new regulation model means

a significant reduction in the sector’s investments. The model will have a substantial and far-reaching impact nationwide.

Caruna supplies electricity to 737,000 customers in South, Southwest and West Finland, Joensuu and Koillismaa, corresponding to 20 per cent of Finland’s electricity distribution. The Group includes two network companies: Caruna Oy, which operates mainly in rural areas, and Caruna Espoo Oy, which operates in urban areas. At the end of the review period, Caruna’s electricity network had a total length of more than 89,000 kilometres.





CEO'S REVIEW

We developed the electricity network to improve reliability and support the energy transition

2023 was as eventful a year as the previous one. We accomplished a lot of good things despite a challenging operating environment in the wake of the energy crisis, cost inflation and a tightening regulation model. We faced challenges during the year, but we also reached several significant goals. Our customer satisfaction improved considerably, and we developed new services, such as flexibility services required by the energy transition.

The energy sector is at the heart of Finland's clean transition. Investments in the clean transition are required if Finland is to meet its target of becoming carbon neutral by 2035. The new regulation model will mean a significant reduction in investments in the sector because it makes

investments economically non-viable. The Energy Authority's regulation model, published at the end of the year, will also cause Caruna to postpone and reduce its investments.

I hope that the Energy Authority will make the necessary changes to the regulation model so that Finland's security of supply is not weakened, and we as a society can maintain our competitiveness and remain attractive as a country of strong networks and renewable energy. This will enable us to ensure that the basic duties of electricity distribution companies are not jeopardised, investments can be made, and customers can contribute to and benefit from the clean transition.

In 2023, Caruna’s operations reflected a substantial acceleration in the clean transition. Renewable energy production capacity increased significantly. By the end of the year, the number of solar power systems rated at less than one megawatt had risen beyond 28,000. In the summer, we connected the Tolpanvaara wind farm in Pudasjärvi to the electricity distribution network. The wind farm consists of 13 separate power plants. In the future, it will not be possible to connect new wind and solar energy to the grid if the grid has no spare capacity and the regulation model prevents us from making investments profitably.

Maintaining a high standard of reliability in the electricity supply is one of our most important goals, and we succeeded in this in 2023. At the end of the year, the SAIDI metric, which indicates the average interruption time in the electricity supply, was 89 minutes per customer. I am very pleased to see that our results reflect the investments we have made in reliability over the last ten years. Although power cuts occur, fault repairs are faster, so consumers, companies, and municipalities benefit.

The accelerating energy transition requires the modernisation of the electricity network to meet the needs of the transition, but also

smarter ways to use the existing network. We are studying the potential for transmitting more power in the existing 110-kilovolt high-voltage distribution network in Espoo. We installed sensors on the conductors in the overhead line network to transmit information about the condition of the conductors. The need for power is increasing as society becomes increasingly electrified and the transition to carbon-neutral solutions progresses.

The energy transition also marks a change in electricity production methods, one special feature being the electrification of district heating in cities. Higher demand for power was also seen in Espoo, where at the end of the year, 22 per cent more electricity was consumed than in the previous year at the same time after correcting for temperatures. This increase was driven by the electrification of traffic and district heating. Peak demand is expected to rapidly double in Espoo before the end of the decade. The forecasts of power demand in the other municipalities in Caruna’s distribution district also indicate significant rises. The increase in the power demand calls for investments because the current network capacity is not enough.

The costs of network materials, construction and interest rate continued to rise in our operating environment. The prices of materials rose

considerably compared to the previous year. Cost rises affected Caruna’s entire supply chain. In addition, rising interest rates led to higher interest expenditure when we refinanced our debts in spring 2023.

Electricity network construction activities had to be postponed due to tighter costs and the regulation model published at the end of the year. Electricity network construction projects in the Naantali and Salo regions were started earlier and taken to completion.

During the year, we announced a pilot project to create a new energy community in Joensuu. Two student houses will form a virtual energy community, where the energy produced by 80 solar panels in one house can be used in both buildings. This is an excellent example of the energy transition and innovation.

The energy sector is perceived as more important than ever. We were the eighth-best workplace in Finland in the Great Place to Work survey of large companies. I am very proud of this result, and I would like to thank all our employees, who work ambitiously to promote the security of supply in Finland, a reliable electricity supply, and a clean transition for our customers.

Jyrki Tammivuori
CEO of Caruna



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OPERATING ENVIRONMENT AND STRATEGY

The new regulation model threatens the progress of the clean transition and security of supply

The most important change in the operating environment – the transition to clean energy – has progressed faster than anticipated. As electricity consumption has risen, the importance of a reliable electricity supply has increased, and geopolitical risks have highlighted the importance of the security of supply. Investments in a reliable electricity network and electricity distribution facilitate the energy transition. However, they will be held back by the new regulation model for the period from 2024 to 2031.

Caruna's strategy is to respond flexibly to challenges in the operating environment and safeguard high-quality, cost-effective, and responsible electricity distribution to its customers under all circumstances. Caruna has invested substantial sums in maintaining reliability, promoting the clean transition, and responding to customers' needs. A long-term sustainable regulation model, investment financing, refinancing and investment efficiency were priorities in 2023.

The clean transition proceeded faster than anticipated

An unprecedented energy transition is underway in Finland as electricity producers and consumers switch from fossil fuels to emission-free energy sources. Habits have changed rapidly among electricity users and producers, both consumers and industries. Consumers use electricity to charge their cars, the amount of demand-side response is increasing, digitalisation has opened up new business opportunities, and a major new industry based on clean electricity is emerging in Finland.

Electricity consumption is increasing alongside the demand for power in electricity networks. Electricity demand in Finland is expected to

increase several times over in the future. At the same time, the increase in electricity consumption has put more pressure on electricity production, electricity grids and distribution system operators. The energy transition and rising consumption and production have led Caruna to update the forecasts in its clean transition vision known as the Energy Vision 2040.

The new regulation model for the period from 2024 to 2031, published by the Energy Authority at the end of the year, will put a significant brake on electricity network investments. In the coming year, we will take the measures necessary to adapt to the more stringent regulatory framework and, if necessary, update our strategic goals.

Caruna maintains the security of supply

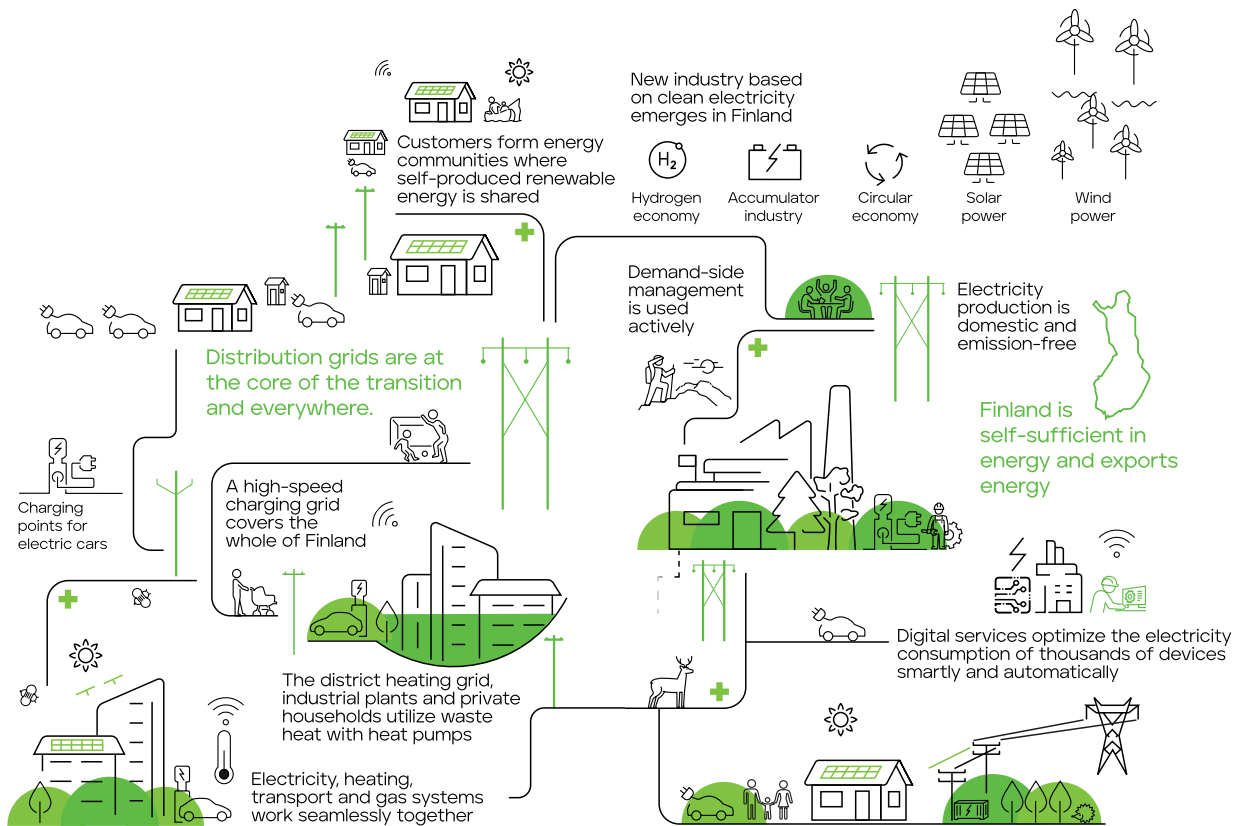
Geopolitical risks and the war in Ukraine have highlighted the importance of the security of supply in recent years. Safeguarding the security of supply in electricity networks is one of Caruna's

basic duties, and we maintain constant readiness. Caruna and its contingency planning organisation focus on the functionality of the distribution network and prepare for crises of many types, as well as the consequences – such as power cuts and possible electricity shortages – and recovery from them. We have also cooperated with the electricity pool of the National Emergency Supply Agency. During the past year, Caruna has paid particular attention to the services it provides to customers who are crucial for the security of supply.

The new regulation model is a threat to needed investments

Our electricity distribution is reliable thanks to investments. Investments have been made and targeted in the past year more efficiently than before in accordance with customer needs and accelerating demand. The increased electrification of society and changes in the structure of electricity production mean that investments will

Energy Vision 2040



need to focus more on enabling higher electricity consumption and production.

Electricity networks are a key enabler of the energy transition. The energy system must be reformed in the coming decades for Finland to achieve its climate goals and strengthen its energy self-sufficiency. The production of renewable energy and inexpensive wind and solar energy is distributed throughout Finland. Electricity consumption, on the other hand, is increasingly concentrated in population centres.

The electrification of the energy system will require distribution system operators to make huge investments in the coming years. The greatest needs are for the electrification of industry, a reliable power grid, new digital services, and cyber security. As Finland’s largest electricity network company, Caruna bears a large share of these required investments.

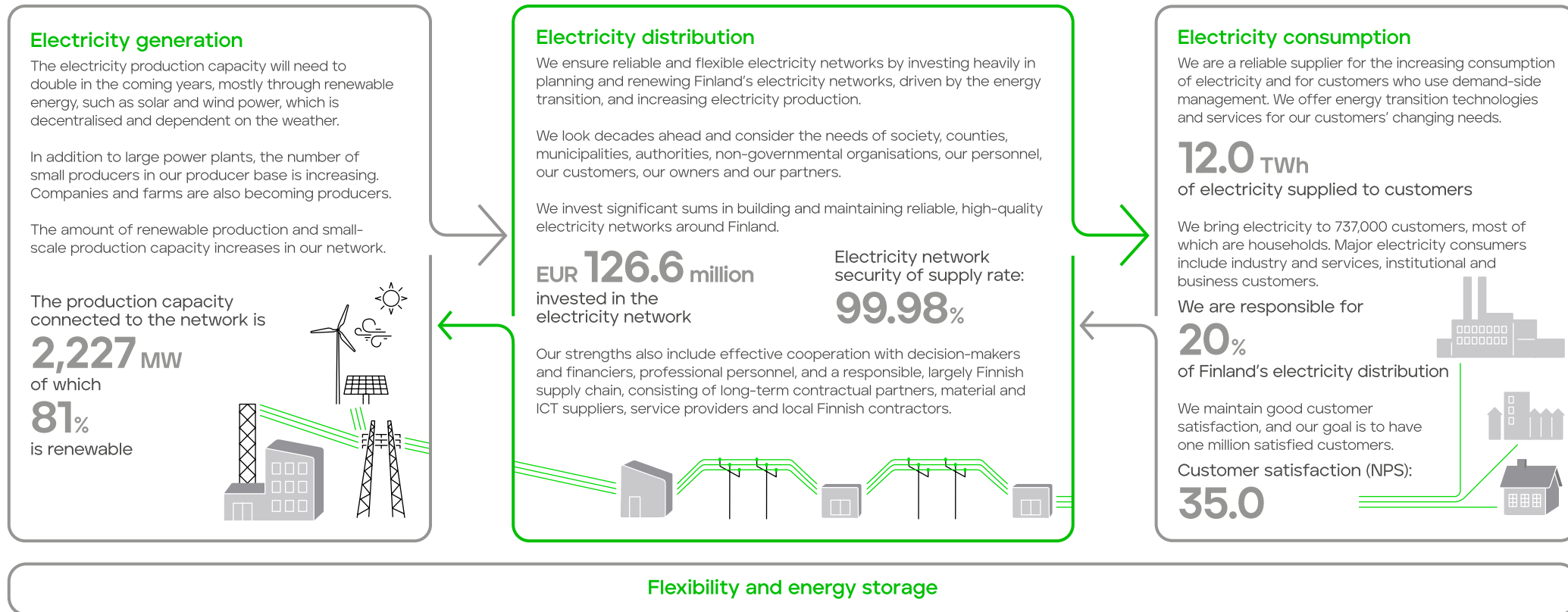
Caruna funds its investments partly through cash flow but mainly with loans. In 2023, Caruna refinanced its loans for approximately EUR 300 million as interest rates became less favourable.

Energy investments take time to execute and are made for several decades. Investments can only come to fruition with financing and a predictable and transparent legislative and regulatory environment.

Last year, the Energy Authority prepared a new regulation model for electricity distribution networks for the next eight years. As the work was prepared, Caruna emphasised the importance of electricity network investments and the ability to finance investments while ensuring that distribution pricing enables a reasonable return on regulatory capital, as specified by law. However, the Energy Authority’s final decision was disappointing, and, in Caruna’s view, the regulatory method fails to adequately safeguard the capacity for investment.

Value chain

The needs of customers and society, the energy transition, and the demands of the authorities guide the planning and operation of the electricity network. Close cooperation with our partners and stakeholders guarantees the functionality of our value chain. Our efficient operations safeguard reliable electricity distribution to our customers, society as a whole, and a workplace to employees and partners. They also ensure a reasonable rate of return for investors.



CORPORATE RESPONSIBILITY

Corporate responsibility is an integral part of our operations

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

We take every aspect of corporate responsibility into consideration equally: environmental responsibility, social and financial responsibility, and good governance. Corporate responsibility permeates our entire organisation, from our Board of Directors to our Management Team and throughout our operational activities. Caruna’s Board of Directors steers sustainable development at Caruna. The CFO and Deputy CEO is accountable for corporate responsibility in the management team. The Sustainability Manager is responsible for the practical guidance and development of corporate responsibility.

We comply with international sustainable development principles and commitments in our operations, and we make a direct contribution to several of the UN’s Sustainable Development Goals.

Caruna’s Code of Conduct is the foundation for our work

Caruna’s Code of Conduct, approved by the Board of Directors, and our corporate policies are based on international human rights and contain our position on and commitment to the principles of sustainable development. 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 on the Code of Conduct. We also require all our partners to operate responsibly, and we append our Supplier Code of Conduct, based on our internal Code of Conduct, to all our procurement contracts.

If malpractice occurs

All suspected cases of malpractice are investigated confidentially and impartially in accordance with a separately defined procedure. Caruna employees and external stakeholders can submit named or anonymous reports to the whistleblowing channel on Caruna’s website. In some cases, the authorities may lead the investigation. Any sanctions and disciplinary action will not be taken until the investigation is complete.

Our corporate responsibility work is based on the materiality analysis

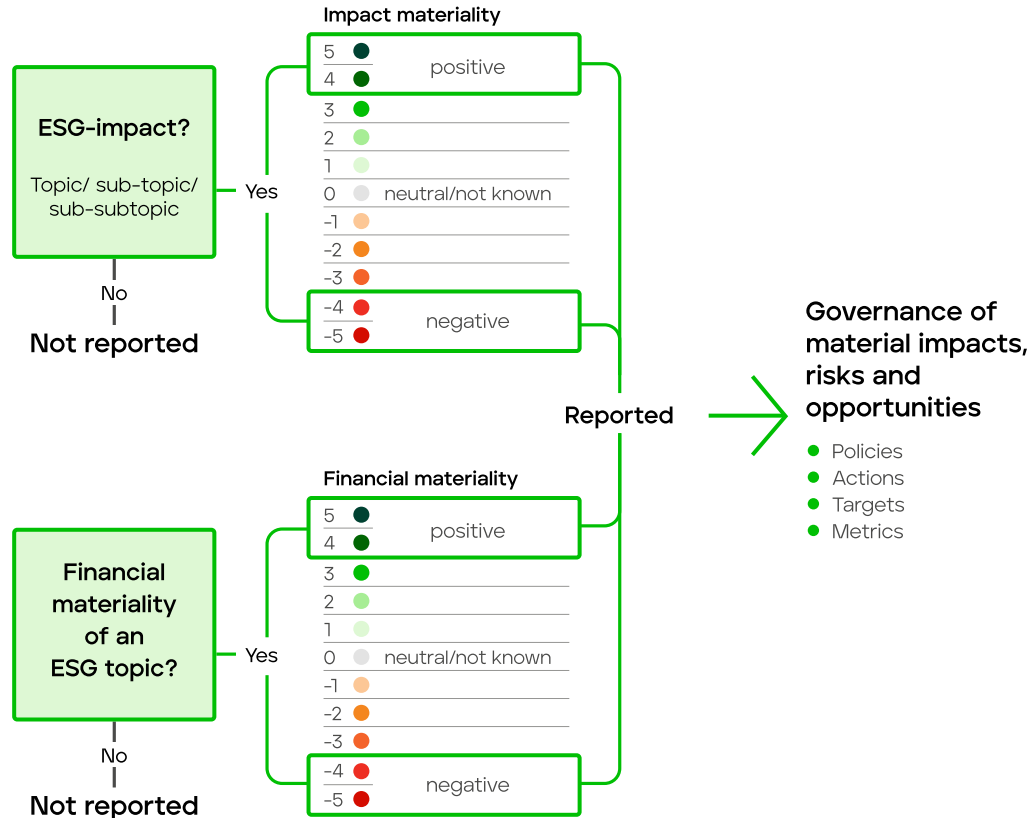
Our corporate responsibility is based on materiality analysis, which analyses and evaluates the challenges and needs of key stakeholders. We previously accomplished this using stakeholder surveys.

During the year under review, we switched our approach to a double materiality analysis based



on the new European sustainability legislation. The analysis was carried out internally applying the European Sustainability Reporting Standard, ESRS 1. The analysis examined whether Caruna has an impact on people and the environment according to the list of sustainability topics in ESRS 1 Appendix A and evaluated the magnitude of the impact on a scale of -5 (highly harmful) to +5 (highly positive). After this, the financial impacts of sustainability topics on Caruna were evaluated. Caruna’s management team completed the

Double materiality is a two-step process



evaluation in two workshops, and the final result was presented to Caruna’s Board of Directors.

Regarding stakeholder views, the views of investors have been taken into account in particular. In 2024 the analysis will be supplemented with regard to the views of other stakeholders and value chain.

Our positive sustainability impacts have a beneficial impact on our business

Our most significant sustainability impacts are positive, as an enabler of green transition and electricity distribution in society. We curb climate change and also adapt to increasingly unpredictable climate and weather conditions. These also have a significant positive impact on our business.

Our carbon footprint is relatively small compared to our positive impacts and we are constantly reducing it. Energy losses also occur in the electricity network. In addition to greenhouse gas emissions, this represents another of the most significant negative impacts of our operations.

Our reliable electricity distribution, which is also relatively affordable on a European scale, has a significantly positive impact on customers’ everyday lives and the functioning of society. We treat all our customers in an equal, non-discriminatory way. Our operations have enhancing and adverse impacts on biodiversity.

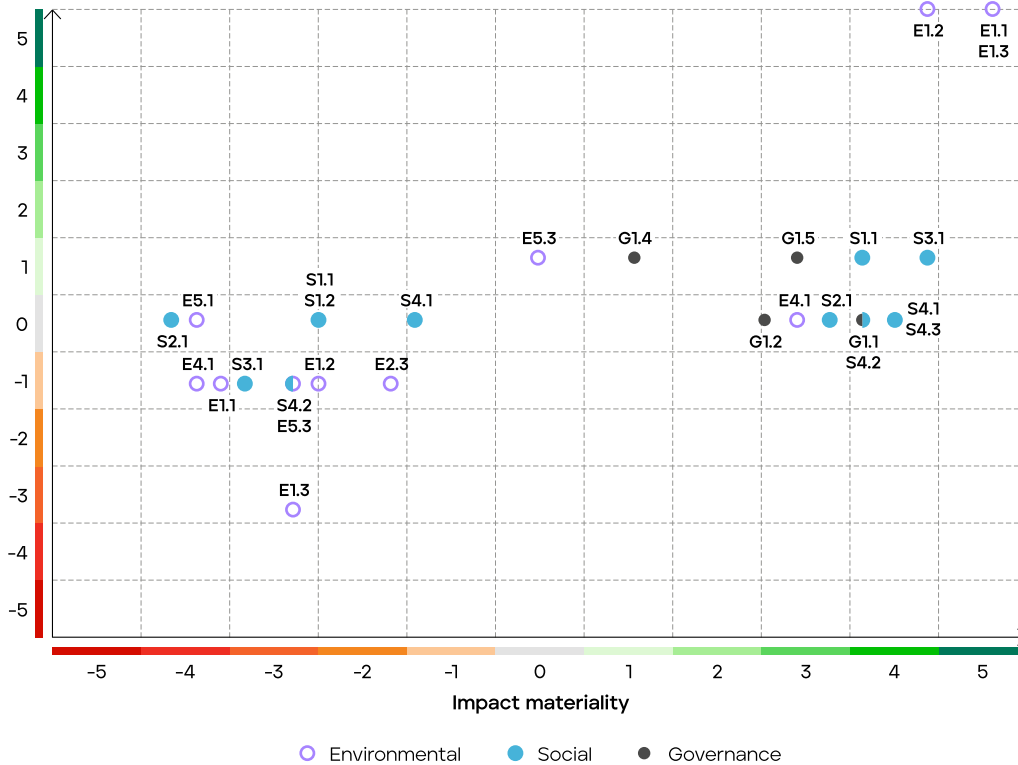
Overhead power line corridors may offer favourable habitats for certain grassland and heathland species. Dismantling overhead lines frees up this land for farming, forests and other activities. Our electricity network is mainly located on land owned by others, and it takes up approximately 20,000 hectares. This limits other land use and may reduce the landscape or recreational value of the area.

Our network components primarily use virgin raw materials – metals and mineral oils. The recycling rate of resource inflows is negligible, but the recycling rate of resource outflows – i.e., waste – is very high.

To achieve positive impacts – for example, to promote the green transition and reliable electricity distribution – Caruna’s supply chain includes employees who build, maintain and repair the electricity network. Caruna strives to have a positive impacts on their working conditions and safety.

Preliminary results of the double materiality analysis.

Financial materiality



E1 Climate change

- E1.1 Climate change mitigation
- E1.2 Climate change adaptation
- E1.3 Energy

E2 Pollution

- E2.3 Pollution of soil

E4 Biodiversity and ecosystems

- E4.1 Biodiversity and ecosystems

E5 Resource use and circular economy

- E5.1 Resources inflows, including resource use
- E5.3 Waste

S1 Own workforce

- S1.1 Working conditions
- S1.2 Equal treatment and opportunities for all

S2 Workers in the value chain

- S2.1 Working conditions

S3 Affected communities

- S3.1 Communities' economic, social and cultural rights

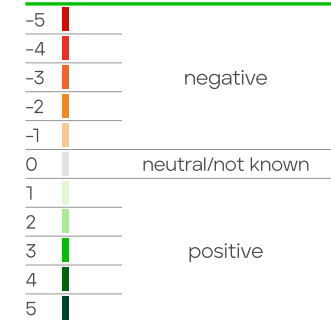
S4 Consumers and end-users

- S4.1 Information-related impacts for consumers and/or end-users
- S4.2 Personal safety of consumers and/or end-users
- S4.3 Social inclusion of consumers and/or end-users

G1 Business conduct

- G1.1 Corporate culture
- G1.2 Protection of whistle-blowers
- G1.4 Political engagement
- G1.5 Management of relationships with suppliers including payment practices
- G1.6 Corruption and bribery

Impact materiality / Financial materiality



Our responsible way of working affects the entire value chain

We have a positive impact on our personnel by providing motivating working conditions. We also generate well-being for the employees in our value chain.

The energy transition and developing technologies require a qualified workforce and continuous skills development, so we invest in continuous training. Operational work and working with electrical installations carry a risk of accidents. Electrical safety and contractor safety require continuous monitoring.

Stakeholders expect good and transparent governance from us. Our corporate governance is based on international agreements and principles, such as the UN Global Compact.

Focal areas of corporate responsibility

In particular, we focus on building the trust of our stakeholders in our operations, managing the risks of a rapidly changing operating 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.



1. Reliability

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' hassle-free daily lives and enable local vitality.

2. Risk management

We regularly assess the risks related to our operating environment and adjust our operations to minimise their effects on our own operations and on the daily lives of our stakeholders. We continue to adapt to the impacts of climate change.

3. Safety

We do not compromise on safety. We provide a safe and inspiring work environment. Our goal is to prevent all accidents. Employees and partners are our most important resource.

4. Competence development

We want people to develop with us. We ensure our personnel and partners keep their skills up to date and grow over the long term.

5. Nature values

We actively reduce our carbon footprint. We also take into account other impacts of our operations on the environment: we respect nature and biodiversity, our materials are long-lasting, we promote the circular economy, and we are careful in our use of natural resources.

Strategic corporate responsibility indicators and targets, 2023–2025

We kept our strategic key indicators of corporate responsibility unchanged. The EU taxonomy measures the sustainability of economic activities, and the sustainability of investments is one of the key indicators.

The tax footprint describes the taxes that Caruna books and pays in relation to its net sales.

Our other strategic corporate responsibility metrics describe the security of supply, employee engagement, contractor safety, and the amount of 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 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 the vital structures of society, as undisrupted electricity distribution is a prerequisite for the proper functioning of society and viable business. We enable growth in renewable energy production without jeopardising energy security, and we guide society and our customers 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 and continue to develop with us (SDG 8).

We maintain an active dialogue with our stakeholders

Discussions about household purchasing power, the security of supply for society, and the clean transition have kept energy issues in the spotlight. For this reason, we have worked closely with our stakeholders. We engage in active dialogue with our stakeholders, and we collect feedback from

Sustainability KPIS

Strategic corporate responsibility KPI	Actual 2023	Target 2025
EU taxonomy-eligible and aligned CapEx (Capital Expenditure) (%)	99.2	>99
Total renewable production capacity connected to the network (MW)	1,793	2,600
Security of supply (SAIDI) (min)	89	<72
Trust & Reputation survey (T-media)	2.54	3.00
Tax footprint (%)*	59	>58
Employee engagement index (EEI)	83	>79
Carbon footprint, scopes 1 & 2 (tonCO ₂ e)	300**	0**
Contractor safety (LTIF)	3.3	<3.8

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

**Includes carbon offsets

them every year through reputation surveys, customer surveys, and the Great Place to Work survey, which gauges the commitment of our personnel. The energy crisis and the security of supply were hot topics among stakeholders throughout the year. We have had extensive discussions with our stakeholders about the role of distribution networks in Finland’s security of supply.

Investments to enable the clean transition in Finland were a topic of debate around the parliamentary elections in the spring. Distribution networks play a key role in this, as shown in the investment map from the Confederation of Finnish Industries during the reporting year. In the elections, we drew stakeholders’ attention to the importance of stable, predictable, and transparent regulation, efficient permit processes, and an operating environment that incentivises investment in order to guarantee investments.

We engaged in active dialogue with civil servants concerning the update to the regulation model, discussing the development of the method, and providing our expertise on the impacts of the new method on distribution companies, investments, customers, and society more widely.

We seek to be a competent and reliable partner to our stakeholders. We met stakeholders at events we held in our network area and participated in our stakeholders’ events, both in person and online. During the year, we participated in numerous industry working groups and events in an expert capacity and gave statements on the government’s proposals and regulations. We also gave interviews to the media and shared our views on social media, among other things.

Our most significant sustainability impacts are on climate change mitigation and adaptation.



Stakeholder table

Stakeholder	Stakeholder expectations	Caruna's actions in 2023
Employees	<ul style="list-style-type: none"> Importance of work Professional development Occupational safety and well-being 	<ul style="list-style-type: none"> Flexible work arrangements and remote work opportunities We develop our corporate culture and internal communication We promote occupational well-being We manage competences Personnel surveys (four times a year), development plans We coach and train, e.g., energy market training programme, Caruna Academy We engage in student cooperation Caruna Day
Customers	<ul style="list-style-type: none"> Safety and reliability, environmental friendliness, a pioneering approach Professional, friendly, and multichannel customer service Hassle-free service Communicating about changes and disturbances Timely fault repair Transparent pricing Vision, expertise, and support during the energy crisis Information about the effects of electrification and best practices 	<ul style="list-style-type: none"> We promote electronic services Electricity shortage and pricing website We meet with key corporate and municipal customers regularly We improve customer satisfaction by developing services Services, such as electricity consumption monitoring and electrical load control services We communicate proactively by publishing newsletters, news stories, articles, and announcements
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 Maintaining non-discrimination and well-functioning markets Procurement and project entities of interest to the supplier market 	<ul style="list-style-type: none"> Stakeholder events and regular meetings We actively develop supplier relations Audits of contractual suppliers The "Be Sure Before You Act" series of safety videos Newsletter communication for contractors of Caruna's customers
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"> Systematic cooperation with decision-makers through regular contacts and meetings Reporting to the authorities We contribute to the development of legislation and issue statements and rejoinders Participating in stakeholder events (Kuntamarkkinat municipal exhibition, SuomiAreena) We hold our own stakeholder events (seminar, stakeholder golf). We update our Company White Paper as background material and decision-making support for decision-makers We regularly communicate through various channels, such as stakeholder letters

Stakeholder	Stakeholder expectations	Caruna's actions in 2023
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"> We develop the energy system and offer solutions and our expertise to partners We work with various parties and advocate in the best interests of the industry and its image We contribute to industry organisations and work in their committees and working groups
Security of supply and rescue authorities	<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"> We improve the preparedness of municipalities in collaboration with the emergency services We actively communicate with the emergency services and authorities We update our contingency and preparedness plan We participate in the preparation and execution of exercises arranged by the authorities We contribute 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 A model company in terms of occupational safety 	<ul style="list-style-type: none"> We participate in Board meetings and committee work We maintain regular personal contact We comply with the Code of Conduct and operating policies
Lenders	<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"> Bi-annual and annual reporting Second Green Bond investor report Compliance certificates and investor reports We maintain operational efficiency and a strong cash flow We meet with credit rating agencies, banks, and financiers
Media	<ul style="list-style-type: none"> Open and proactive communications Raising media awareness of themes of relevance to the energy industry 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"> We engage in active media work: meetings and online media events, press releases, articles, website content We provide Caruna's key personnel with media coaching We communicate in a timely manner in the event of major disturbances and other incidents We use and exploit social media actively We conduct a satisfaction survey for suppliers

ECONOMIC IMPACTS

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. We safeguard the reliable distribution of electricity to our customers as electricity consumption increases and we move from fossil energy to renewable energy.

Generating added economic value

During the year under review, we employed nearly 500 contractor and subcontractor companies in our investment and maintenance projects in our network areas across Finland. Measured in person-

years, the employment impact was nearly 800 person-years. All of our work is Finnish work.

The income we receive from electricity distribution operations is channelled to our service providers, material and goods suppliers, employee salaries, payments to financiers, taxes and as dividends to our owners.

Since its founding in 2014, Caruna has invested heavily in improving the operational reliability of the electricity network and strengthening the network. Between 2015 and 2023, we invested EUR 1,748 million in our electricity network.

Caruna is committed to investing and developing its electricity network to meet society's rapidly growing demand for electricity so

that customers can use Finnish renewable energy and act as small-scale electricity producers.

Green finance

In 2021, Caruna established a green finance framework to integrate our climate goals into financing. As a distribution system operator, Caruna plays an important role in society, enabling climate change mitigation and adaptation. Caruna raised a EUR 500 million bond under the green finance framework in 2021.



The main principles on Caruna's taxation are based on Finnish tax legislation and Caruna's financial policy

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

The main principles and guidelines on our financial policy covers all direct and indirect taxes related to our operations, such as corporate income tax, electricity tax, value-added tax, capital gains tax, transfer tax and real estate tax. Our tax footprint also includes the income tax and social security contributions withheld from employees' salaries.

Caruna's CFO is responsible for implementing the main principles and guidelines on taxation and

proposing any necessary changes to the Audit Committee and to the Board of Directors. Our way of operating applies to all Caruna companies and the employees who work for Caruna's businesses, especially those whose jobs involve tax-related matters.

Taxation methods are based on laws and regulations

We comply with the laws, regulations, and established interpretations of tax law, taking into account the letter and spirit of the law. We monitor changes in tax legislation and obligations and analyse the impacts. 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.

We pay all our taxes in Finland, and the taxes we pay have a positive effect on economic well-being in Finland.

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

In 2023, our tax footprint totalled EUR 291.7 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 largest part of our tax footprint consists of electricity tax, which we collect and remit to the state in a total amount of EUR 172.6 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 and value-added taxes are collected from customers as part of the electricity

distribution fee. The taxes are remitted directly to the state, so the money does not affect Caruna's earnings. Electricity and value-added tax account for 33–55% of the total electricity distribution bill, depending on the customer group.

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.

We collected and paid a total of EUR 279 million in taxes and tax-like charges.

Based on our financial performance, we paid EUR 11.5 million in corporation tax in 2023.

Local sponsoring and donations

We support responsible Finnish organisations in our network areas annually. For example, we made small donations to a nursing home and junior football players in the year under review. At Christmas time, we made a donation to support

mental health work for young people. We donated a substation transformer and generator to Ukraine in the year under review. Repairs to Ukraine's electricity grid continued with new material donations.

We raised Finnish people's awareness of young people's energy skills by launching a competition in autumn 2023. The competition aimed to inspire discussion of the energy transition by including various sports teams who work with young people.

Six non-profit organisations, associations, and clubs from Caruna's network areas took part in the competition. The clubs produced videos for the competition to present new perspectives on saving energy, renewable energy, and the continuing importance of energy. The videos were published on Caruna's campaign page, and people could vote on their favourite. The winner was awarded EUR 2,000, and the prize for second and third places was EUR 600. The rest of the participants received EUR 100 to support their activities.



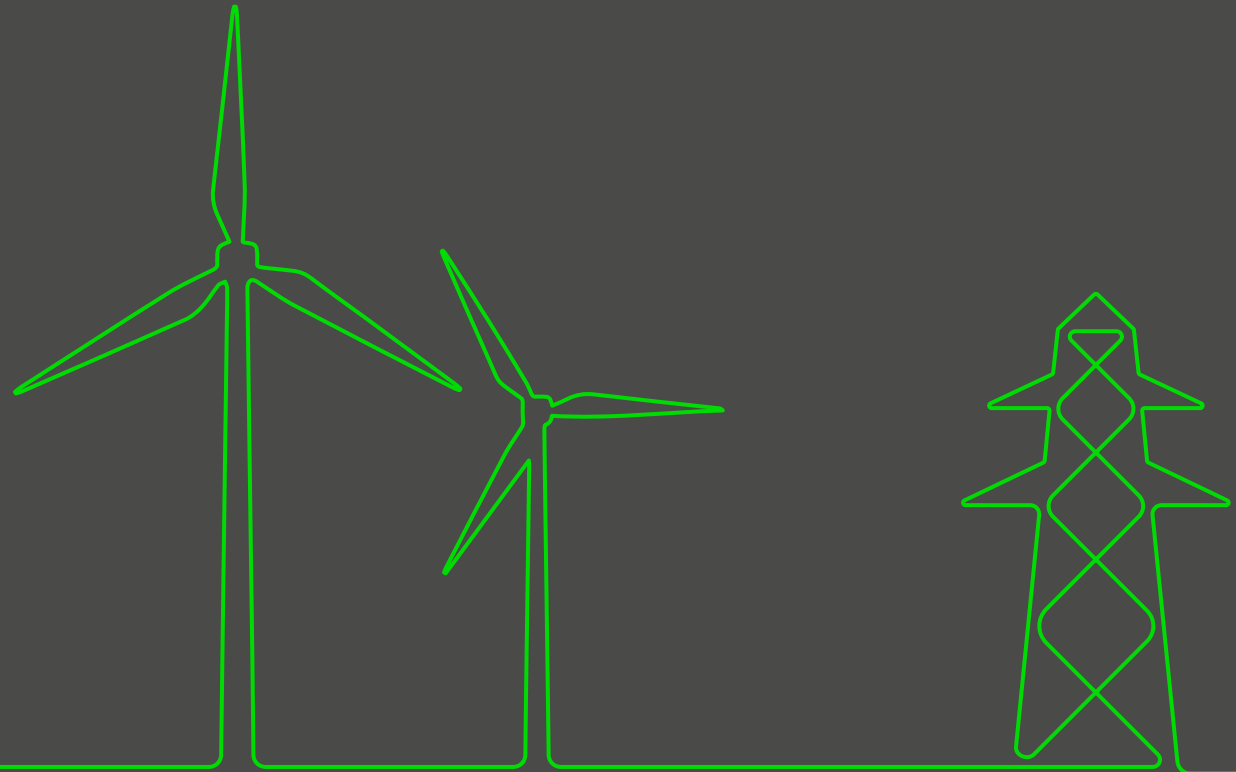
Competition on energy skills among young people

The competition brought a new dimension to the energy debate and strengthened the energy awareness of young Finns amid the green transition. The sports clubs that participated in the competition made competition videos, presenting new perspectives on saving energy, renewable energy, and the importance of energy now and in the future.

The winner was Ilmajoen Kisailijat, whose video illustrated different forms of energy production and recycling tips while staying active. FC Kirkkonummi collected the second-most votes, and Seinäjoki Crocodiles took third place in the competition.

Environmental responsibility

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ENVIRONMENTAL RESPONSIBILITY AT CARUNA

We evaluate our environmental impact regularly

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

Our operations affect the environment – we modernise and maintain the electricity network, build new sections, and dismantle old electricity networks. That is why we regularly identify and assess the environmental impact of our operations. We continuously endeavour to enhance our positive environmental impacts and reduce our harmful environmental impacts. Our key operating principles concerning the environment are in our combined [health, safety, and environmental policy](#).

Our most significant environmental impacts, targets, policies, actions and measures are described in the table on [pages 23-24](#).

Caruna does not sell energy, and it uses the energy produced by its small-scale solar power systems for its operations. Our business processes do not consume water or generate

wastewater. 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.

ISO 14001
environmental
management
certification
since 2000.



Key environmental impacts (1/2)

Environmental impact	Target	Policies and actions	Metrics
Climate impacts and energy efficiency	<ul style="list-style-type: none"> ● We promote the energy transition and reduce our carbon footprint ● We electrify the energy system ● We offer customers low-carbon and energy-efficient solutions ● We adapt to the impacts of climate change 	<ul style="list-style-type: none"> ● We improve the structure, capacity, and intelligence of the electricity network to meet customer needs, evolving energy markets, and challenging climate conditions ● We increase the rate of network automation and weather resistance to reduce the need for fieldwork (inspections, maintenance, fault repair) ● We flexibly connect decentralised renewable energy production facilities to the electricity network ● We develop flexibility solutions and energy storage to even out fluctuations in production and consumption ● We offer customers energy- and cost-effective low-carbon solutions ● We offer solutions for the electrification of traffic ● We control energy losses in the electricity network 	<ul style="list-style-type: none"> ● Renewable production capacity connected to the network (MW) ● Network emissions factor ● Small-scale production capacity (MW), number of small-scale producers ● Carbon footprint, scopes 1-2 ● Carbon footprint, scope 3 ● Avoided emissions ● Ratio of joint construction to total construction (%)
Use of materials	<ul style="list-style-type: none"> ● We ensure safety throughout the life cycle of materials ● We reduce the carbon footprint of materials ● Quality and durability of new materials, promoting the use of recycled materials ● We reduce the amount of waste and improve the reuse rate of dismantled material ● We avoid the onset of hazardous waste by making new material choices 	<ul style="list-style-type: none"> ● We use materials that take into account their effects during the entire life cycle ● We cooperate with material suppliers to promote the use of recycled material ● We ensure the composition and properties of new materials, as well as safe use and disposal methods ● We handle, utilise, and dispose of the dismantled material appropriately ● We select contractual partners carefully and ensure their operations conform to requirements ● We guide, monitor, and supervise parties handling materials ● Caruna has a seamless waste handling and accounting process 	<ul style="list-style-type: none"> ● Quantities and compositions of new materials (number of items/tonne) ● Carbon footprint of materials ● Waste accounting (tonnes/EUR) ● Recycling rate of dismantled material (%) ● Number of contractor and supplier audits ● Number of material audits and approvals

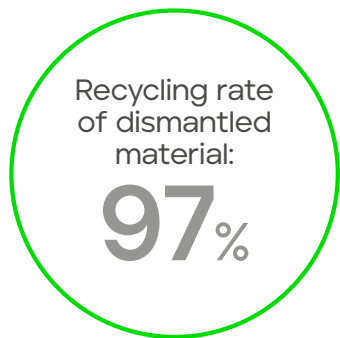
Key environmental impacts (2/2)

Environmental impact	Target	Policies and actions	Metrics
Responsible land use and biodiversity	<ul style="list-style-type: none"> ● We strengthen the positive impacts of our operations ● We prevent incidents that could harm biodiversity ● We minimise our harmful environmental impacts ● We do not operate in sensitive nature sites ● We reduce land use restrictions ● We promote biodiversity and aim for no net loss ● We prevent the spread of invasive species 	<ul style="list-style-type: none"> ● We investigate and consider environmental conditions, conservation areas, and other special areas carefully in all operations at all stages of the electricity network's life cycle ● We invest in effective collaboration with landowners and other stakeholders in land use and permit matters ● We restore the areas surrounding project sites to at least their original state ● We collect customer feedback and develop our operations based on customer feedback ● We free up land and forest areas for other uses by installing cables underground ● We install bird balls on overhead lines to prevent collisions; other projects to promote biodiversity 	<ul style="list-style-type: none"> ● Land use (ha), land use in sensitive nature areas (ha) ● Land released for agricultural and forestry uses (ha) ● Electricity network located in Natura areas or their vicinity (km) ● Cabling rate (%) ● 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	<ul style="list-style-type: none"> ● We prevent oil spills ● We prevent SF6 leaks ● We prevent serious and permanent environmental damage 	<ul style="list-style-type: none"> ● We eliminate sites with a high risk of oil leaks by overhauling pole-mounted transformers in groundwater areas ● We prevent oil from leaking into the environment by using oil recovery vessels in transformer substations, as well as in real estate and park transformers ● We handle incidents of environmental damage systematically and ensure adequate corrective measures are taken ● We control the SF6 gas inventory and ensure the competence of our contractors 	<ul style="list-style-type: none"> ● Number of pole-mounted transformers/all transformers in groundwater areas and other areas ● Number of oil leaks ● Amount of SF6 gas leaked (kg)

We use natural resources carefully

The electricity network and its components contain metals, mineral oils, and other materials. We set precise requirements for our component procurements, with a weighting on environmental, energy efficiency, quality, safety, and other corporate responsibility aspects. The new distribution transformers we use conform to the ECO Directive. At present, the recycling rate of the material we use is negligible because recycled aluminium contains impurities that weaken its electrical conductivity.

We recycle almost 100% of dismantled electricity network materials. Dismantled, decommissioned electricity network structures contain significant amounts of transformers,



conductors, cables and impregnated wooden poles, which can be further recycled either as components, raw materials, or energy. Our partner takes care of the transportation and appropriate further processing of the material removed from the network.

Thousands of impregnated timber poles are removed from our electricity network every year. They often contain chromated copper arsenate (CCA) or creosote, which may be hazardous to humans, animals or the environment if handled incorrectly. 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

Caruna's goal is 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 effects by considering nature values already in the choices related to route, structure, method, and schedule made in the planning phase.

We systematically promote our biodiversity goals. We always try to construct the electricity network in environments that are already built up



Recycling is an integral part of our operations

When new sections of the electricity network are built, a large amount of recyclable construction material ends up being removed from the site. The material removed from Caruna's sites is delivered to Kuusakoski Oy for recycling. For example, it is possible to recycle and reuse more than 97% of transformers and cables.

We have donated components of the electricity network to Ukraine to support relief efforts. In 2022, we donated decommissioned distribution transformers so that Ukraine could repair the damage to its electricity grid due to the invasion. A substation transformer and generator donated in the year under review will enable repairs to Ukraine's electricity grid to continue. The donated electricity network components were decommissioned by Caruna.

whenever possible. An environmental assessment is carried out for all high-voltage distribution network projects. The environmental conditions are investigated in all other projects. We ensure smooth cooperation with landowners and other stakeholders in land use and permit matters. We ensure environmental care on project sites during and after work.

We increase Finland’s carbon sinks by freeing up land and forests for other uses.

In addition, we run projects to promote biodiversity. For example, we install bird balls on overhead lines and build insect villages in cable corridors. We also take into account the guidelines issued by the authorities to prevent the proliferation of invasive species as a consequence of our operations.

No major adverse impacts on biodiversity occurred during the year under review.



We prevent environmental contamination, and we clean up after projects

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 lasting mark on the environment. There were no significant oil spills or environmental impacts caused by oil spills during the year under review. All our new transformers 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 pad-mounted transformers fitted with oil recovery basins. The remaining pole-mounted transformers will be refurbished in the next few years.



CLIMATE WORK AT CARUNA

We evaluate our carbon footprint and handprint

Caruna’s most significant environmental impact is its role in combating climate change – enabling a clean transition, avoiding greenhouse gas emissions through operations, and reducing our carbon footprint.

Our climate actions are based on a 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 risks are part of our company’s risk management. Climate risks are divided into transition risks and physical risks. Physical risk

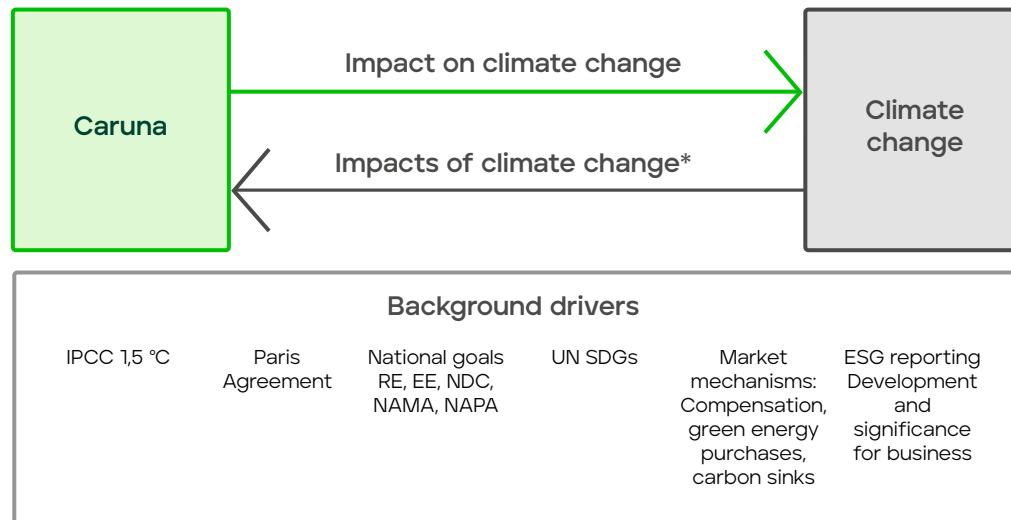
management, such as adapting to the risks posed by extreme weather conditions, has long been one of the main drivers for investments.

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 emission-free, renewable electrical energy will increase the need for capacity in the electricity network.

Electricity production will become dependent on the weather, and the amount of adjustable capacity as a share of gross production will decrease significantly, thereby increasing the need

Our climate action is founded on a comprehensive assessment of climate impacts



*Task Force on Climate-related Financial Disclosures

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 used new technology to develop 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. We use automation, remote control, and various sensors to proactively monitor the state of the network as a part of smart network management.

The electricity network can help society to achieve its goal of becoming carbon neutral while optimising the climate impact, societal impact, and economic impact. However, the legislation concerning the climate, energy efficiency and the electricity market is somewhat fragmented and contradictory in parts. This may lead to partial optimisation and poor solutions in terms of the overall benefit of society. Electricity market legislation does not sufficiently account for the climate goals of the EU and Finland. The electricity network regulation model published at the end of 2023 erodes this situation even further. It will even prevent the investments required to manage the

energy transition by making them economically unviable.

We strive to tackle legislative obstacles with our stakeholders.

Physical risks

Climate change also affects our physical operating environment. Our principal measures for adapting to the impacts of climate change are underground cabling the electricity network, improving the reliability of the overhead line network, and automating the electricity network.

Extreme weather events, such as storms, freezing rain, and heavy precipitation, will become more common. Snow burdens may accumulate on lines or in the forests bordering power line corridors and pose a threat to electricity distribution. Heatwaves are also 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 will be more liable to fall during winter storms, and heavy rain could cause landslides and flooding.

We prepare for physical climate risks by adapting our construction methods, improving

network automation, using remote control, and predictively measuring the state of the network and environment using various sensors, such as snow load sensors. In addition, we improve reserve supply possibilities when it makes sense with regard to the overall benefit for customers.

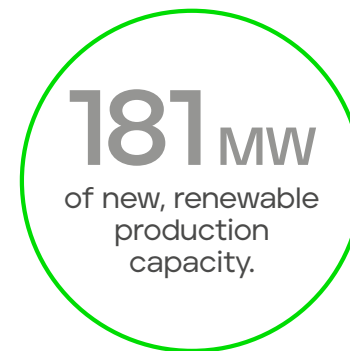
In our investments, we make contingencies for flooding in accordance with the floodplains specified in the building regulations, and we have conducted a separate evaluation of the localised risks of flooding affecting the network, including the potential for urban flooding.

Our investments in network reliability – underground cabling and the construction of an appropriate overhead line network – have significantly improved the electricity network’s weather resistance. We have made detailed 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.

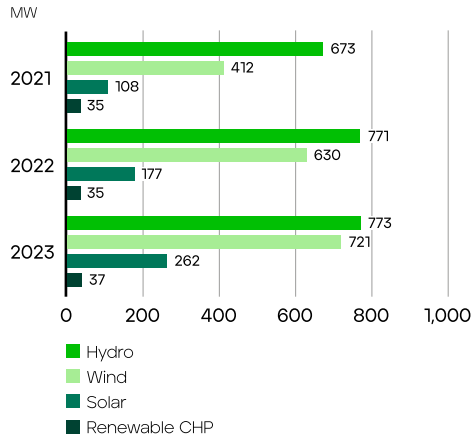
Caruna’s role is to help carry out the energy transition

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, contribute to reducing greenhouse gas emissions.

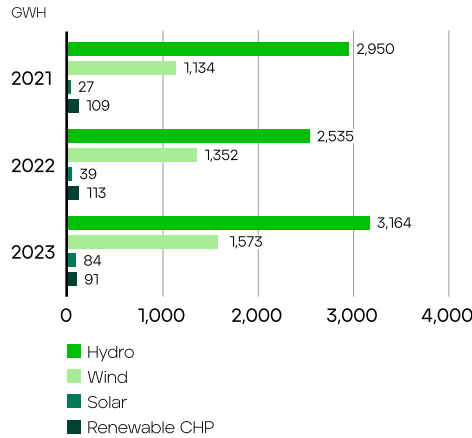
The energy system is electrifying, increasing the need for electricity network capacity. We invest in raising the distribution capacity according to regional needs. Renewable energy production



Renewable production capacity (MW) on Caruna’s network 2021–2023



Total renewable production volume in Caruna’s network (GWh), 2021–2023



varies according to the weather and offers little regulation capacity. As the amount of flexible production decreases, more demand-side flexibility will be required. 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 onward to customers.

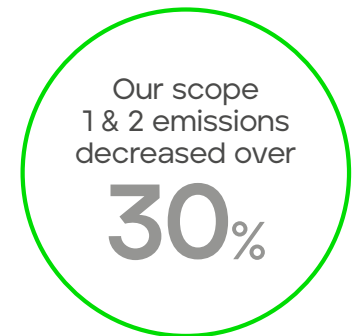
on fossil fuels in the event of electricity network disruptions. Sulphur hexafluoride (SF6) is widely used in electrical installations as an insulating gas. However, it is a potent greenhouse gas if it is released into the atmosphere. We minimise SF6 leaks by systematically monitoring, inspecting, and maintaining equipment. Scope 1 emissions account for less than one per cent of our total carbon footprint.

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

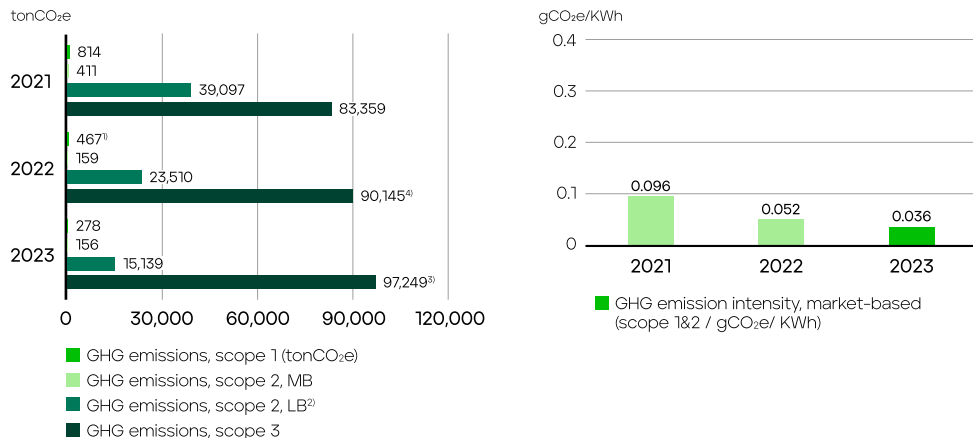
Our carbon footprint

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). The vast majority of our greenhouse gas emissions arise in the procurement and supply chain, especially from the materials used to build the electricity network and contractors’ vehicles and work machines.

Our direct greenhouse gas emissions arise from reserve power generators, minor leaks of sulphur hexafluoride (a insulating gas), and our small fleet of cars. We occasionally use reserve power based



Carbon footprint, location (LB) and market based (MB) calculation



¹⁾ The calculation for 2022 has been corrected by taking into account the efficiency of reserve power.

²⁾ Based on the emission factor for electricity consumed in Finland, published by Fingrid.

³⁾ DSO added scope 3 emissions to its carbon footprint calculation, which fully explains the increase in Caruna's scope 3 emissions as well.

⁴⁾ 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 2023, market-based calculation approach

Category	tonCO ₂ e	%	Category	tonCO ₂ e	%
Scope 1 (own direct emissions)	278	0.3%	Cat3: Energy upstream	12,647	12.9%
Reserve power	205	0.2%	Fuel upstream	12,550	12.8%
Car fleet	28	0.0%	Heat fuel production and T&D losses	50	0.1%
SF6 leaks	45	0.0%	Reserve power fuel production	47	0.0%
Scope 2 (own indirect emissions)	156	0.2%	Cat4: Transportation		
Electricity network losses	0	0.0%	N/A		
Office electricity	0	0.0%	Cat5: Waste	257	0.3%
Office heating	156	0.2%	Network demolition waste	82	0.1%
Office cooling	0	0.0%	Waste transport	174	0.2%
Scope 3 (supply chain)	97,249	99.6%	Office waste	0	0.0%
Cat1: Purchases	49,136	50.3%	Cat6: Business travel	231	0.2%
TSO and RSO fees*	36,738	37.6%	Business flights	171	0.2%
Consumption-based services (OpEx, Operating Expenditure)	5,378	5.5%	Other business travel	60	0.1%
Contractors' emissions	7,021	7.2%	Cat7: Commuting	293	0.3%
Cat2: Investments	34,685	35.5%	Commuting	293	0.3%
Network materials	21,125	21.6%			
Contractors' emissions	12,897	13.2%			
Consumption-based investments (CapEx)	663	0.7%			

* The figure more than doubled compared to previous years, because the transmission system operator included scope 3 emissions in its carbon footprint calculation.



Photo rights: Fortum

Finland’s first dynamic electricity connection was connected to the network

A dynamic electricity connection began operating in Suomenoja, Espoo, in summer 2023. The dynamic nature of the connection allows Caruna to limit the electricity consumption of the electric boiler unit in response to the prevailing situation in the network. In other words, the consumption can be limited if there is a risk of insufficient electricity production capacity or network capacity. This is one way to ensure there is enough transmission capacity as demand grows rapidly.

The connection supplies electricity to Fortum’s Suomenoja heating plant, which produces carbon-neutral district heating for the people of Espoo.

Caruna will be carbon-neutral by the end of 2025

We have worked long-term to reduce our carbon footprint. We have increased the efficiency of our energy use, minimised SF6 gas leaks, set ever tighter emission limits for our cars, and purchased emission-free electricity. Consequently, we are running out of short-term means for reducing our carbon footprint. 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 remaining emissions via certified projects brokered by a reliable service provider.

During the year under review, we studied longer-term emission reduction techniques and analysed their feasibility and cost. We continued to work with contractors and material suppliers to analyse the emission reduction measures in our supply chain. This work will continue in 2024.

Our energy consumption and generation

When electricity is distributed or transformed from one voltage level to another, small amounts of energy are lost in the form of thermal losses. Electricity network distribution and transformation losses account for over 99 per cent of our energy consumption. Due to our strong networks, our losses are very small by European standards. In the future, the energy transition will lead to greater loads on networks as fossil fuels are replaced by electricity. The amount of electricity losses will increase in the short term because it is impossible to build system reinforcements at the same pace as the growth in loads. Electricity losses increase as the square of the increase in load.

Less than 0.5 per cent of our energy consumption occurs in our Espoo office. Almost 75 per cent of the energy consumed in our 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. We implemented further 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 generation points, which are primarily intended to provide first-hand experience of decentralised 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 network 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 using

energy more efficiently and helping our customers use energy more efficiently. We achieve this by providing information about their energy use and advising them on how to save energy.

In terms of the overall efficiency of the energy system, utilising renewable, unadjustable production to the full is more important than minimising electricity losses. If necessary, we prioritise system-level energy efficiency at the cost of the losses in the electricity network. The electricity network is designed in such a way that it may become momentarily overloaded at times of peak production/consumption. This increases losses momentarily but is in the overall interest of customers and society.

We use the EU taxonomy to evaluate our operations

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

Our main business – electricity distribution – is eligible for the taxonomy: it enables the electrification of society and contributes significantly to the EU’s environmental goal of



mitigating climate change. We have examined our operations solely in terms of the technical screening criteria for electricity distribution (NACE code D35.1.3 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 substantial 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 complying with regulation's minimum social safeguards. 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. The Supplier Code of Conduct contains corresponding obligations and is appended to all our procurement contracts. We also updated the Supplier Code of Conduct during the year under review.

All our stakeholders can report suspected breaches using the whistleblowing channel on our website.

Analysis of the sustainability of Caruna's operations

KPI	Net sales	CapEx	OpEx
Taxonomy Eligible (%)	100.0	100.0	99.5
Taxonomy Aligned (of Eligible) (%)	99.9	99.2	99.8
Taxonomy Aligned (of Total) (%)	99.9	99.2	99.3



Solar farms are part of Caruna's commitment to renewable energy and environmentally friendly solutions

More industrial-scale solar power plants are being built in Finland than ever before. In summer 2023, solar farms in Kemiönsaari and Raasepori, the largest such sites in Caruna's network area, were connected to the network.

The Kemiönsaari and Raasepori solar farms are industrial-scale solar power plants with approximately 3,600 solar panels each. Each farm produces approximately one gigawatt-hour of energy per year, which corresponds to the annual consumption of 50 detached houses heated by electricity.

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CUSTOMERS

Caruna is an everyday partner for its customers

Caruna's customers remained interested in saving electricity in 2023 due to exceptionally high market prices. However, in October 2023, electricity consumption in Espoo was 59 per cent higher than in October 2022, and the need for transmission capacity in the distribution network is growing rapidly. The growth is driven by the electrification of district heating and transport

Caruna's mission has not changed: we continue to secure the reliable distribution of electricity to our customers as electricity consumption increases and society moves from fossil to renewable energy. In 2023, we supplied electricity to more than 737,000 customers in South, Southwest and West Finland, Joensuu and Koillismaa. This corresponds to 20 per cent of electricity distribution in Finland. Our biggest customer group is households, representing 91 per cent of our customer base.

In the year under review, households consumed 40 per cent of our distributed electricity. Industry and services accounted for seven per cent of Caruna's customer base and 41 per cent of distributed electricity.

Rising construction costs and a higher cost of capital affected prices

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.

In 2023, Caruna Espoo Oy had 34 metres of electricity network lines per customer (totalling 8,300 km), and Caruna Oy had 164 (totalling 80,900 km).

Construction costs remained high in 2023, reflecting the increase in electricity network construction costs and higher costs of capital.

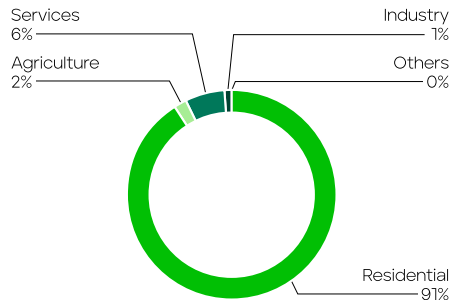


In Joensuu, students live in apartment buildings, where a new kind of energy community pilot is underway.

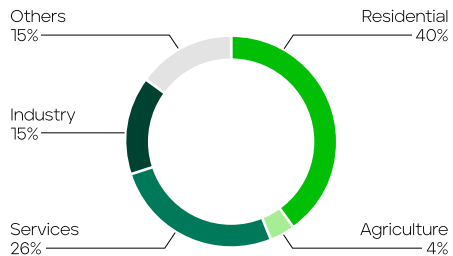
On the roof of one house, energy is produced by 80 solar panels. The pilot will test whether the energy produced by the panels can be used in the other student house in the area. The pilot will continue until the end of 2025.

The Joensuu pilot ensures that market operators have the ability and tools to implement a virtual energy community with the existing infrastructure. At the same time, experience is gained on how the virtual energy community serves customers.

Customers by segment, %



Consumption by customer segment, %



The increase in costs meant a rise in electricity distribution prices for Caruna Oyj's customers. We notified our customers of the first increase in 2022, and the prices changed on 1 January 2023. The second price rise took effect on 1 August 2023, raising the post-tax prices for customers by an average of about 3.9 per cent. The total average 12-month increase, implemented in two parts and in line with the price cap provisions of the Electricity Market Act, was around 5.6 per cent.

Caruna Espoo Oyj's prices, inclusive of taxes, rose by an average of 2.9 per cent on 1 January 2023. Caruna Espoo Oyj did not implement the second component of the price increase.

Efforts to save electricity continued in 2023

The high price of electrical energy last year caused many households, offices, and public buildings to pay more attention to their energy consumption and energy efficiency. The trend continued in 2023.

Caruna's customers managed to reduce their electricity consumption during the year under review. For example, in February 2023, electricity

consumption was 12 per cent lower than normal under equivalent weather conditions. All customer groups saved electricity.

In the first half of 2023, we conducted a survey of citizens to gauge the experiences and attitudes of Finnish people regarding energy saving after the energy crisis. Only 12 per cent of the respondents said that they did not take any measures to save energy in the winter (from late 2022 to early 2023). Eighty per cent of young people said that their awareness of energy matters has increased.

The survey showed that Finnish people did a lot to save energy. Respondents pointed to the price as the main reason for saving electricity, but they also mentioned solidarity and collectiveness, the threat of electricity shortages, and green values as reasons for wanting to save electricity.

Caruna has encouraged its customers to take advantage of the free electrical load control service, which makes it easy to shift the use of appliances such as water boilers to more favourable hours of the morning and night.

Good customer service and attractive services led to an increase in customer service satisfaction

During the year, we launched services to help our customers make decisions about electricity and monitor their electricity consumption. A solar power calculator for housing companies, launched at the beginning of April 2023, estimates the size and price of the solar power plant with the best break-even period and shows how much the company and its residents could save on electricity bills.

Since August 2023, Caruna+ has allowed private customers to check how much unused capacity they have in the electricity connection to their detached house or holiday home. The free capacity indicates the extent to which the electricity connection can accommodate the customer's changing needs. For example, the customer may want to install an electric car charging point.

During the year under review, we started installing electricity meters in new buildings to allow for more accurate monitoring of electricity consumption and production with the help of

a home automation connection. Among other things, some electric car charging solutions can use information from a home automation connection.

For the past couple of years, the customer service unit has focused on improving the customer experience. Last year, this work started paying off – in the customer satisfaction survey of March 2023, the NPS rose to over 30.

In 2023, we strengthened our channel strategy and invested in a layered customer service model: our partners handle the first customer contact, and Caruna’s employees handle call requests and assignments requiring special expertise. In February 2023, we announced a change in our customer service partner. Customer service functions were transferred to Barona in phases from 1 April 2023.

We made contingencies for abnormal circumstances and communicated closely with our customers

In February 2023, a strike by the Finnish Transport Workers’ Union (AKT) and the Finnish Post and Logistics Union (PAU) disrupted mail deliveries. We

encouraged our customers to switch to electronic invoicing to avoid delays in the delivery of invoices. We also increased the payment time for paper invoices during the strike.

We launched a campaign at the start of the year to convince our customers to use online services in Caruna+ instead of receiving paper mail. The campaign led to more than 3,000 customers switching to the electronic service. In total, over 50,000 Caruna customers were using the electronic service at the end of the year under review.

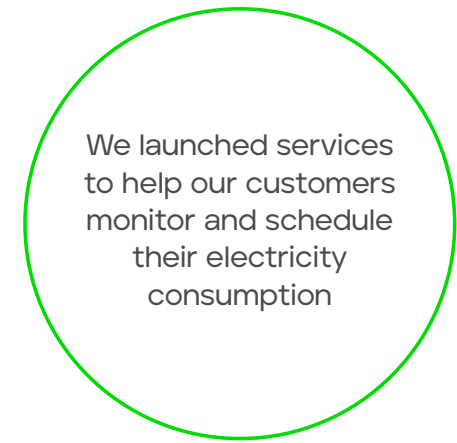
During the year, we sent newsletters to almost all customer groups discussing current themes in Caruna. In the early summer, we launched Sähkösanoma, a newsletter for private customers, which reached 14,000 customers in the pilot area of Central Uusimaa. At the end of the year, we sent customer information newsletters to 900 customers in the Vihti Otalampi area and 104,000 customers in Espoo. Our key customers received three newsletters during the reporting year. Caruna has around 740 key customers in the medium- and high-voltage electricity network.

Our customers’ own electrical contractors also receive a newsletter from Caruna a few times a year. These newsletters describe Caruna’s services and current themes so that contractors know how to talk to our mutual customers about

them. There are approximately 5,000 electrical contractors in Caruna’s register, from small and agile to larger service providers.

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. It means we treat all our customers equally. 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.



CARUNA AS AN EMPLOYER

Caruna as an employer

Our personnel have always found their work meaningful. It is made more meaningful by our work to overcome climate change, drive through the energy transition, and benefit society as a whole. The organisation’s engagement index remained good in 2023, ending the year at 83. In the year under review, Caruna updated its values and the cultural handbook distributed to every Caruna employee.

Responsibility is at the heart of HR management

Caruna employs approximately 270 experts. Job satisfaction and responsibility are at the core of our business, and employee well-being is a priority. We are a member of the Zero Accident Forum of the Finnish Institute of Occupational Health, and we are committed to its goals.

During the year under review, five information events were held for supervisors. They included training on change management, employment legislation, the early intervention model, and giving feedback.

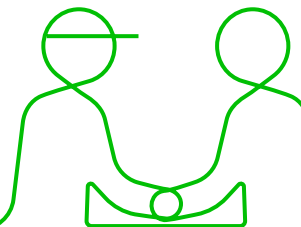
Our Code of Conduct and HR and remuneration policies describe our HR management principles. Our values are to dare to act, together and with good energy.

We remunerate our employees fairly and transparently

We are committed to promoting equality and diversity in all our operations. Our remuneration is transparent and based on assessments of the job’s demands and the employee’s performance.

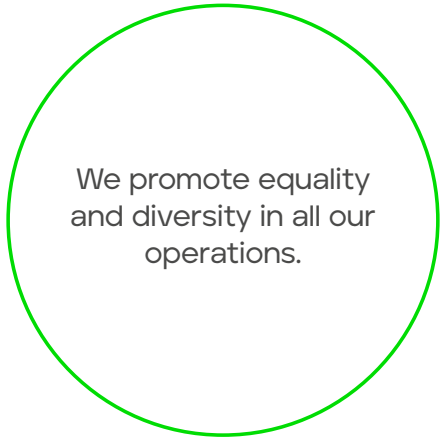
We reward our personnel with bonuses for years of service, one-off bonuses, and smaller sums on important dates with the help of performance-based short-term incentives (STIs) and long-term incentives (LTIs). Caruna employees also had the opportunity to exchange their holiday bonuses for time off in 2023.

In the year under review, our salary levels remained slightly above the market median for the private sector.



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 promote equality and diversity in all our operations.

Supervisory work, the work environment and appreciation are our organisation’s strengths

Caruna’s employees enjoy their work, which is reflected by staff surveys. We conducted the Pulse survey four times in 2023. The results improved from one year ago. An expanded version of the Pulse survey was conducted in September 2023, replacing the Great Place to Work survey. Caruna’s employees identified the organisation’s strengths as supervisory work, the work environment and appreciation. The potential for improvement was identified in feedback, cooperation, the work/life balance, and receiving special recognition. Each team made a proposal on how to improve its results.

In 2023, Caruna’s employees were able to work from home by agreeing on the matter with their team. The remote working instructions for Caruna employees were expanded to cover working abroad.

Caruna’s occupational health care covers health checks, risk assessments, work capacity monitoring, rehabilitation, and accident prevention. Occupational health care supports a safe working environment, and it plays an important role in

maintaining the overall health of employees. Caruna’s occupational health service covers permanent, temporary, and part-time employees. Caruna also has statutory work accident and occupational disease insurance, remote work insurance and sports insurance.

Caruna and its occupational health partner follow strict data protection and confidentiality principles when processing health data. In principle, the occupational health partner is responsible for processing and storing health data.

In 2023, an occupational physiotherapist and an occupational health nurse visited the office, and employees were given influenza vaccinations at the office.

Caruna employees have the option of joining Enerkem, a voluntary health insurance fund. At the end of 2023, an open survey was conducted to ask Caruna’s employees about employment benefits. The results showed that Caruna’s employees are satisfied with their benefits. Enerkem, in particular, garnered praise.

Caruna’s occupational health and safety committee consists of representatives of the employer and the employees. The committee is a forum enabling employees to participate in the development of a workplace safety culture and well-being. In 2023, the occupational health and safety committee conducted an extensive

occupational safety survey among the personnel, worked closely with the occupational health care service, and carried out two building tours together with the property maintenance and occupational health care services.

We encourage our employees to look after themselves

Caruna’s office has a gym, and our occupational well-being team organises cultural events and sports visits regularly. In addition, the personnel have the ePassi culture and sports benefit. In 2023, the personnel were also given access to Cuckoo, an app to inspire exercise during breaks.

In the year under review, Caruna offered its employees the opportunity to service their bicycles at a reduced price. Employees were also offered the option of a company bicycle. In November, we organised a Bring Your Child to Work day involving about 50 children.

We measure our employees’ well-being at work against the employee engagement index (EEI), which reached a record level of 83 in 2023. We also monitor employee turnover, absences due to illness, and overtime.

Caruna’s employees are happy to recommend their workplace

The Employee Net Promoter Score (eNPS), which measures the likelihood of employees recommending their workplace, increased to 33 in 2023. Employee turnover was particularly high at the end of the summer, but many employees also returned to Caruna. During the year under review, 28 permanent employees and 26 fixed-term employees began working at Caruna. In addition, we hired 13 summer employees, some of whom continued to work for us after the summer.

Caruna’s first trainee program started in 2023, and the company hired five students. Each trainee was offered mentoring from a more experienced Caruna employee as a personnel benefit.

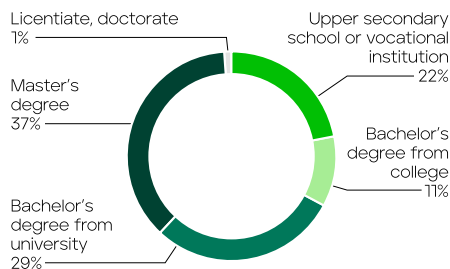
We invest in competence development

Maintaining and developing the skills of our personnel is important to us. Performance reviews and assessments of strategic competencies and development plans are important tools in this area.

During the year, Caruna employees spent an average of eight hours in training. Caruna

Academy training programme covered topics such as information security, artificial intelligence, and responsibility. Employees have access to a range of online courses on themes such as our 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.

Employees’ educational background, %



EMPLOYEES IN CARUNA'S VALUE CHAIN

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

We are a significant employer in Finland. We employ more than a thousand employees 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.

We work in close collaboration with our contractual suppliers. Our contractual suppliers are contractors, online material suppliers, ICT providers, 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. All our contractual suppliers are committed to complying with Caruna's ethical guidelines.

The prices of network materials remained high, and availability was still poor

Russia's invasion of Ukraine and the deepening energy crisis further complicated purchases of materials and components. In addition, the prices of raw materials and network materials remained high. The lead times for network materials from production plants were very long. For example, the delivery time for a main transformer is still 18–24 months.

In the year under review, we held regular meetings with our main partners to review future prospects, the success of operations during the

contractual period, occupational safety, cyber security, and the quality of deliveries, and we reviewed areas for developing and improving our partnerships.

We also take care of the responsibility of our supply chain

Caruna aims to further enhance collaboration within the supply chain and improve the transparency and management of the supply chain. We developed a supply chain risk assessment process to minimise human rights and environmental risks in competitive tendering procedures, especially in international supply chains.

We monitor the responsibility of our partners' operations by auditing our contractual suppliers. In 2023, we conducted six supplier audits, three of



which were network material suppliers and three were ICT suppliers. Our audit programmes focused on suppliers' responsibility work and supply chain management. The audits revealed a small number of irregularities, and corrective measures were initiated. There was no need for any repeat audits.

We held our annual corporate responsibility day for contractual suppliers on the theme of climate change. During the day, we talked about current sustainability perspectives, the impacts of global climate change and how to adapt to them, and the protection of biodiversity during the construction and maintenance of electricity networks. We also presented Caruna's efficient recycling process when it dismantles parts of the electricity network, enabling us to recycle and reuse almost all the dismantled material.

We organised four responsibility forums for contractors and network material suppliers in 2023. The forums focused on how contractual suppliers could reduce the carbon footprints of their operations. With our contractors, we focused on ways to gather data on the carbon footprint from subcontractors. With our network material suppliers, we considered how we could increase the amount of recycled material in Caruna's new network materials.

The safety culture is developed holistically

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

The number of safety observations continued to show good development in the year under review. Although fewer hours of work were done, the number of observations increased by 20 per cent to 1,800. Moreover, companies are increasingly reporting significant numbers of safety observations in their own work. This provides an excellent opportunity to eliminate hazards and prevent accidents.

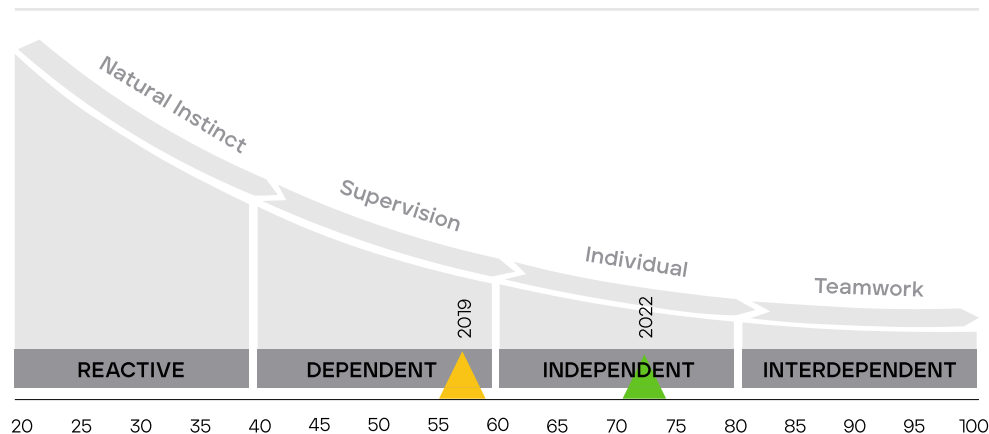
The Lost Time Injury Frequency (LTIF) in our partner network continued to decrease year-on-year. We aimed to decrease the frequency of accidents to fewer than 3.8 accidents per million working hours, and we achieved this goal. The total number of accidents leading to absences decreased by two year-on-year.

We are developing a culture of safety internally and in collaboration with our 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 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.

The improvement of electrical safety remained the main focus in this reporting period. We worked with contractors to refine the procedures for safely disconnecting the electricity network in small-scale production sites and in cases where the dismantling of the old network has to wait for a longer time. Overall, the number of serious



Bradley curve illustrates the maturity of safety culture. Based on survey responses of Carunians, contractors and subcontractors, the maturity has increased from dependent level in 2019 to independent level in 2022.

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

safety deficiencies reported to the Finnish Safety and Chemicals Agency decreased significantly compared to the previous year.

We conduct regular safety walks on our worksites. The aim is to cascade Caruna’s culture of safety on all our worksites. We invest in promoting a safety culture in fieldwork, which is reflected in the increased number of observation rounds. Our contractors and project supervision partners are responsible for the actual site inspections.

We train our partners and reward them for safety

We 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. Some of the training programmes are online courses, and some are held in classrooms. A total of 1,728 people attended these courses in 2023.

Since 2015, we have rewarded partners whose actions have enhanced a culture of safety within their companies. Three companies each received rewards of EUR 3,000.

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 organised Caruna card training for contractors and published our “Be Sure Before You Act” material in a magazine and on our website. In the year under review, we published a series of videos related to the training to enhance communication and brighten up the training programme.



Investments in safety always pay off

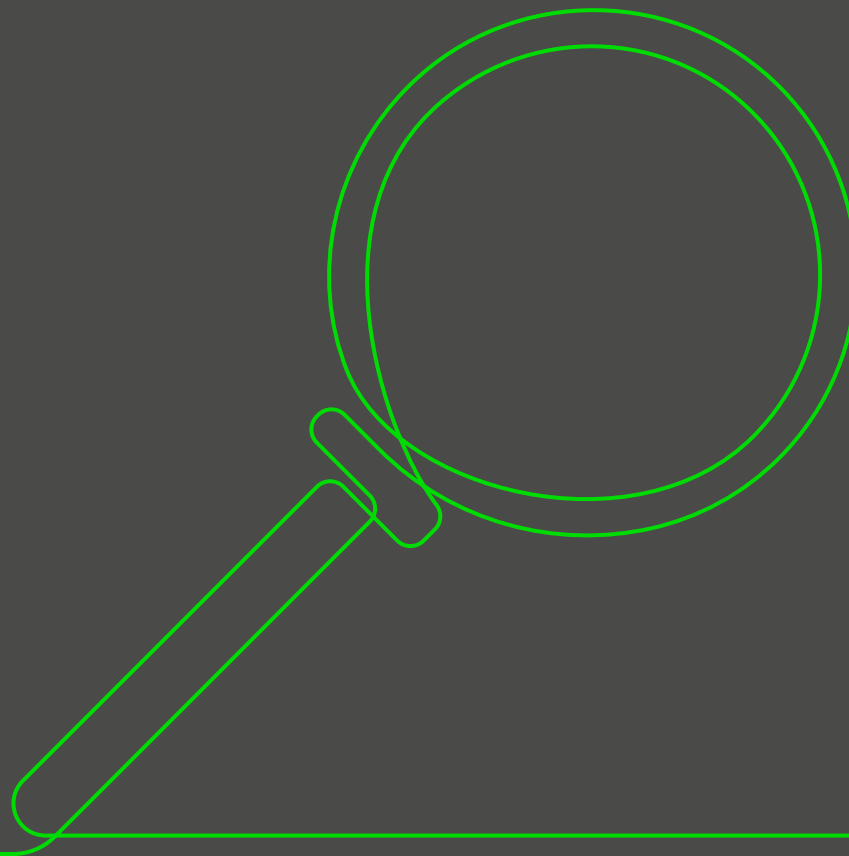
Every year, we reward our partners who distinguish themselves in safety work. For example, some partners strengthen their safety culture or build new practices to keep safety at the forefront in everyday work. Companies that operate safely are the best examples of how foresight and continuous improvement can lead to the best results.

In 2023, the number of accidents on Caruna’s sites decreased year-on-year. One important factor is the desire of Caruna and its contractors to improve the culture of observation and increase the number of safety observations.

The number of accidents on Caruna’s sites has nearly halved in two years has thanks to safety observations. The number of anticipatory observations has increased sixfold in this period.

ESG Indicators

ESG indicators.....45



ESG indicators

1 Governance

2-7, 2-8 Employees

Indicator	2023	2022	2021
Total number of employees at the end of the year	277	259	308
Average number of employees	275	283	317
Number of permanent employees	256	244	284
Share of permanent employment relationships (%)	92.0	96.4	92.5
Number of fixed-term employees	21	8	23
Share of fixed-term employment relationships (%)	8.0	3.2	7.5
Number of full-time employees	258	241	287
Share of full-time employment relationships (%)	93.0	95.2	93.5
Number of part-time employees	19	12	20
Share of part-time employment relationships (%)	7.0	4.7	6.5
Number of temporary agency workers at the end of the year	1	3	7
Number of summer employees	23	14	26
Total number of fixed-term employment relationships			
Women	10	2	7
Men	11	6	16
Total number of part-time employment relationships			
Women	11	6	12
Men	8	6	8

2-19, 2-21 Remuneration

Indicator	2023	2022	2021
Employee wages and salaries (EUR thousand)	20,929	22,414	23,227
Total salaries and remuneration of management and the Board of Directors	1,625,348	1,904,283	2,562,410
CEO	492,457	830,136	647,820
Other Management Team directors	782,891	724,147	1,636,590
Board and committee members and deputy members	350,000	350,000	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)	7.6	13.5	11.0
Increase of annual remuneration of the highest remunerated person in the organisation in relation to the increase of annual median remuneration of other employees	-789%	698%	839%
Median annual total compensation for all of the organisation's employees. (incl. bonuses, excl. the highest-paid individual)	64,512	61,348	58,971
Increase in the annual CEO compensation compared to previous year	-40.7%	28.1%	52.5%
Increase in the median annual total compensation for all of the organisation's employees compared to previous year	5.2%	4.0%	6.2%

2-30 Employees covered by collective agreements

Indicator	2023	2022	2021
Number of personnel within the scope of collective bargaining agreements	251	225	272
Share of collective bargaining agreements (%)	92	89	89

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)

	2023	2022	2021
Revenues from customers			
Net sales	494,298	484,634	499,761
Other operating income	4,342	4,027	6,761
Fair value changes	0	0	0
Total revenues from customers	498,640	488,661	506,522
Payments to suppliers			
Purchased materials and services	79,256	90,526	93,751
Other costs	56,348	57,810	61,189
Real estate taxes	-239	-222	-214
Donations and sponsorships	-30	-66	-216
Total payments to suppliers	135,335	148,048	154,509
Employee remuneration			
Salaries, bonuses, and social security contributions	24,987	26,675	27,104
Total employee remuneration	24,987	26,675	27,104
Remuneration paid to financiers and shareholders			
Total financial costs to owners	66,673	66,673	66,673
Dividends to owners	130,000	35,100	85,600
Total financial costs to others	62,219	54,990	67,268
Total remuneration paid to financiers and shareholders	258,892	156,763	219,541
Non-profit investments and taxes			
Income tax payable for the financial period	11,511	6,288	10,663
Real estate taxes	239	222	214
Donations and sponsorships	30	66	216
Total non-profit investments and taxes	11,780	6,577	11,093
Added value created	67,646	150,599	94,274

204-1 Purchases from local* suppliers

Indicator	2023	2022	2021
Share of locally purchased products and services (%)	97	98	98

* Finland

205-2 Communication and training on anti-corruption policies and procedures

Indicator	2023	2022	2021
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) (%)	96	97	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) (%)	57*	95	95

* The course was updated in 2023. In the future, the course requirement applies only to companies that have exceeded the threshold and won the tenders.

207-4 Paid taxes*

Caruna's tax footprint (EUR thousand)	2023	2022	2021
Taxes payable			
Income taxes	11,511	6,288	10,663
Unemployment insurance contributions	628	662	648
Social security contributions	343	282	337
Real estate taxes	239	222	214
Asset transfer taxes	2	0	11
Lottery tax	0	0	1
Total taxes payable	12,723	7,454	11,874
Taxes to be collected and remitted			
Value-added tax (net)	99,693	96,545	98,921
Electricity tax	172,615	192,261	176,025
Withholding tax	6,696	6,627	6,565
Total taxes to be remitted	279,005	295,433	281,511

* We pay all of our taxes to Finland.

EU3 Number of customers

Numbers of customers	2023	2022	2021
Total number of customers	737,000	726,000	714,000
Of which residential	641,000	630,000	621,000
Of which industrial & commercial	96,000	96,000	93,000
Number of Caruna Oy's customers	492,000	488,000	484,000
Number of Caruna Espoo Oy's customers	245,000	238,000	230,000
Total number of new electricity connections	1,700	2,300	2,800
Of which new medium-voltage and high-voltage connections	23	28	14
Number of Caruna Oy's new electricity connections	1,250	1,700	2,000
Number of Caruna Espoo Oy's new electricity connections	450	600	800
Customers per voltage levels			
Number of customers on the low-voltage network	736,000	724,400	713,000
Number of customers on the medium-voltage network	800	800	800
Number of customers on the high-voltage network	65	60	60
Customers per area			
Number of customers in the Uusimaa and Häme network area	397,000	388,000	380,000
Number of customers in the Southwest Finland network area	169,000	167,000	165,000
Number of customers in the Satakunta, South Ostrobothnia and Ostrobothnia network area	95,000	95,000	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	40,000	39,000

Amounts of electricity transmitted (TWh)	2023	2022	2021
Total amount of electricity supplied to customers*	12.0	12.1	12.8
Total amount of electricity supplied to Caruna Oy's customers	8.7	9.0	9.6
Amount of electricity transmitted in Caruna Oy's regional network (110 kV)	2.5	2.5	2.6
Amount of electricity transmitted in Caruna Oy's distribution network (0.4 kV and 20 kV)	6.2	6.5	7.0
Total amount of electricity supplied to Caruna Espoo Oy's customers	3.3	3.1	3.2
Amount of electricity transmitted in Caruna Espoo Oy's regional network (110 kV)	0.4	0.1	0.1
Amount of electricity transmitted in Caruna Espoo Oy's distribution network (0.4 kV and 20 kV)	2.9	3.0	3.1
Supplied electricity by voltage levels (TWh)			
Amount of electricity supplied to low-voltage network customers	7.1	7.4	7.9
Amount of electricity supplied to medium-voltage network customers	2.0	2.1	2.2
Amount of electricity supplied to high-voltage network customers	2.9	2.6	2.7
Total amount transmitted**, includes output to Fingrid	15.5	14.5	15.5

* Indicates sales to customers.

** Indicates total sales.

EU4 Length of electricity network (overhead and underground cables / distribution lines)

Indicator	2023	2022	2021
Total length of electricity network (km)	89,238	88,611	88,100
Length of low voltage network	55,152	54,715	54,350
Length of medium voltage network	32,034	31,841	31,700
Length of high voltage network	2,052	2,055	2,050
Length of underground network constructed during the year (km)	1,644	1,870	2,400
Total cabling rate of the electricity network (%)	65	63	62
Underground cabling rate on the low-voltage network (%)	61%	59%	58%
Underground cabling rate of the medium-voltage network (%)	75%	74%	72%
Number of distribution transformers	31,466	31,268	30,900
Total capacity of distribution transformers (MVA)	5,436	5,347	5,218
Number of primary substations	191	191	187

EU28 System average interruption frequency index per customer (SAIFI) and EU29 System average interruption duration index per customer (SAIDI)

Indicator*	2023	2022	2021
System Average Interruption Frequency Index per customer (SAIFI) (number)	1.56	1.66	1.34
System Average Interruption Duration Index per customer (SAIDI) (minutes)	89	85	71

3 Environmental responsibility

301-1 Materials used by weight or volume

Indicator	2023	2022	2021
Distribution transformers (pcs)	1,000	1,000	1,100
Electric cable (km)	2,000	1,250	1,000
Aluminium (tn)	2,400	1,500	1,010
Steel (tn)	650	650	500
Mineral oil (tn)	220	220	200

302-1 Organisation's own energy consumption

Indicator	2023	2022	2021
Own electrical energy consumption* (GWh); real estate	1.30	1.36	1.44
Own thermal energy consumption (GWh); real estate	1.07	1.12	1.56

* Renewable hydroelectricity.

EU12, 302-3 Transmission and distribution losses

Indicator	2023	2022	2021
Caruna's electricity network electricity losses* (GWh), total	393.2	387.6	425.5
Caruna Oy's regional network (110 kV) electricity losses (GWh)	44.3	41.9	45.1
Caruna Oy's regional network (110 kV) electricity losses as a share of total transmitted electricity (%)	0.7	0.6	0.6
Caruna Oy's distribution network electricity losses (GWh)	269.4	267.3	288.2
Caruna Oy's distribution network electricity losses as a share of total distributed electricity (%)	4.1	3.9	3.9
Caruna Espoo Oy's distribution network electricity losses (GWh)	79.4	78.4	92.2
Caruna Espoo Oy's distribution network electricity losses as a share of total distributed electricity (%)	2.4	2.4	2.7

* Carbon-neutral nuclear electricity.

302-4 Reduction of energy consumption

Indicator	2023	2022	2021
Energy consumption efficiency measures, network losses (GWh)	0.5	0.6	1

C1 Caruna's own electricity generation

Indicator	2023	2022	2021
Own electrical energy gross production (MWh)	48.9	50.6	48.1
Production by Upseerinkatu solar panels (MWh)	24.7	25.1	24.3
Production by Keilaniemi substation solar panels (MWh)	24.2	25.5	23.9

304-1 Activities in conservation areas or in their vicinity

Indicator	2023	2022	2021
Network located in conservation areas (km)	272*	268*	264
Network located in conservation areas (%)	0.3	0.3	0.3
Network adjacent to conservation areas (km)	19,946	19,520	19,300
Network adjacent to conservation areas (%)	22.2	22	22

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

** The calculation includes a network at a maximum distance of 1,000 meters from protected areas.

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	2023	2022	2021
GHG emissions. scope 1. (tCO ₂ e)	278	467 ¹⁾	814
GHG emissions. scope 2. market-based (tCO ₂ e)	156	159	411
GHG emissions. scope 2. location-based (tCO ₂ e) ²⁾	15,139	23,510	39,097
GHG emissions. scope 3 (tCO ₂ e)	97,249 ³⁾	90,145 ⁴⁾	83,359
GHG emissions intensity. market-based (scope 1 and 2/gCO ₂ e/KWh)	0.036	0.052 ¹⁾	0.096

¹⁾ The calculation for 2022 has been corrected by taking into account the efficiency of reserve power.

²⁾ Based on the emission factor for electricity consumed in Finland, published by Fingrid.

³⁾ DSO added scope 3 emissions to its carbon footprint calculation, which fully explains the increase in Caruna's scope 3 emissions as well.

⁴⁾ 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.

SF6-gas

Indicator	2023	2022	2021
Amount of SF6 gas in Caruna's electricity network components (kg)	39,118	35,549	33,457
SF6 leaks (kg)	5.5	4.9	7.4
Share of SF6 leaks of the total amount of gas (%)	<0.01	0.01	0.02

306-3 Amount of waste generated by type of waste, waste dismantled from the network

Indicator	2023*	2022	2021
Total amount of waste by composition (tonnes)	9,004	5,079	10,534
Amount of poles disposed of	3,491	2,621	3,093
Transformers	412	413	1,044
Cables	696	811	1,697
Concrete	3,051	232	2,071
Contaminated land	0	0	741
Construction waste + timber	270	310	424
Iron	942	650	1,372
Other	142	42	92
Recovery of waste by composition (tonnes)	5,474	2,456	9,701
Amount of poles disposed of	0	0	3,093
Transformers	412	413	1,044
Cables	696	811	1,697
Concrete	3,051	232	2,071
Construction waste + timber	270	310	424
Iron	942	650	1,372
Other	103	40	0
Recovery of hazardous waste by recovery type (tonnes)	156	119	3,356
Reuse	103	108	263
Recycling	3	0	0
Other forms of waste recovery	50	11	3,093

Indicator	2023*	2022	2021
Recovery of non-hazardous waste by recovery type (tonnes)	5,318	2,337	6,347
Reuse	3,051	232	2,071
Recycling	1,997	1,795	3,852
Other forms of waste recovery	270	310	424
Waste disposed of by composition (tonnes)	3,530	2,623	4,119
Impregnated waste poles	3,491	2,621	3,093
Transformer oil	0	0	263
Contaminated soil, asbestos, SF6 gas	39	2	763
Hazardous waste disposed of by processing type (tonnes)	3,491	2,621	3,834
Incineration + utilisation in energy production	3,491	2,621	3,093
Incineration, no energy utilisation	0	0	0
Landfill / waste disposal centre	0	0	741
Non-hazardous waste disposed of by processing type (tonnes)	39	2	447
Incineration + utilisation in energy production	0	0	424
Incineration, no energy utilisation	0	0	0
Landfill / waste disposal centre	39	2	23

* The demolition of the Nuijala substation increased the amount of all waste fractions.

C2 EU Taxonomy assessment (NACE code D35.1.3, distribution of electricity)

Indicator	2023			2022			2021		
	Net sales	CapEx	OpEx	Net sales	CapEx	OpEx	Net sales	CapEx	OpEx
Taxonomy eligible* (%)	100	100	99.5	100	100	99	100	99.6	97.4
Taxonomy aligned (of the eligible) (%)	99.9	99.2	99.8	99.9	99.3	99.8	99.9	99.2	99.3
Taxonomy aligned** (of the total) (%)	99.9	99.2	99.3	99.9	99.3	98.8	99.8	98.8	96.8

* Taxonomy eligible: The assessment covers the sections in Caruna's operations belonging to the electricity distribution sector.

** 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.

C3 Producers and production capacities of solar power connected to Caruna's network

Solar power	2023	2022	2021
Number of small-scale producers of solar power / solar power systems < 1 MW	28,202	19,685	12,060
Nominal output of solar power (MW)	259	177	108
Other renewable small-scale production (MW)	11	11	12

C4 Renewable energy production connected to Caruna's network

Total nominal renewable electricity production capacity connected to network by energy source (MW)	2023	2022	2021
Hydro	773	771	673
Wind	721	630	412
Solar	262	177	108
Renewable CHP	37	35	35
Renewable production capacity, total*	1,793	1,612	1,227
Other CHP	424	424	424
Other	10	10	10
Gross production (renewable + other)	2,227	2,046	1,661
Share of renewables in the total production	81%	79%	74%

* Strategic corporate responsibility indicator.

Total production connected to network by energy source (GWh)*	2023	2022	2021
Hydro	3,164	2,535	2,950
Wind	1,573	1,352	1,134
Solar	84	39	27
Renewable CHP	91	113	109
Renewable production, total	4,912	4,039	4,220
Other CHP	435	679	1,014
Other	0.1	0.1	0.2
Gross production (renewable + other)	5,348	4,718	5,234
Share of renewables in the total production	92%	86%	81%

* In the 2022 report, the indicator name and unit for production volume were incorrectly reported as production capacity and MW. The figures were correct.

C5 Electricity network emissions factor

Indicator	2023	2022	2021
Network emissions factor (gCO ₂ e/kWh)	22.7	40.3	58.1

Emissions of electricity production in Caruna's electricity network in relation to the total amount of electricity distributed to customers. The production has been divided to the categories hydro, wind, solar, renewable CHP (only bio fuels), other CHP and other.

C6 Decrease in the number of overhead lines

Indicator	2023	2022	2021
Total amount of dismantled overhead lines (km)	981	1,333	2,600
Caruna Oy, amount of dismantled overhead lines (km)	857	1,226	2,400
Caruna Espoo Oy, amount of dismantled overhead lines (km)	124	107	200

E27 Significant leaks

Indicator	2023	2022	2021
Number of significant (≥100 kg) oil leaks	4	3	4
Total number of oil leaks	21	25	30
Oil spill treatment costs* (EUR thousand)	144	115	170
Decontaminated soil (tonnes)	234	141	312

* Partially estimated.

308-1, 414-1 Share of new suppliers that have been assessed using environmental and social criteria

Indicator	2023	2022	2021
Share of new suppliers that have been assessed using environmental and social criteria (%)	7	7	5
Number of suppliers whose environmental and social impacts have been assessed	30	27	24
Share of audited suppliers of all suppliers (share of purchases %)	>80	>80	>80
Total number of supplier audits	6	7	7

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

4 Social responsibility

401-1 Recruitment of new personnel and personnel turnover

Indicator	2023	2022	2021
Number of new employees	54	41	25
Number of permanent new employees	28	25	15
Number of fixed-term new employees*	26	16	10
Share of new employees of all personnel (%)	19	15.5	8.0
Number of terminated employment relationships (including fixed-term)	46	84	36
Share of terminated employment relationships of all employment relationships (%)	16.8	31.1	12.0
Number of voluntary permanent leavers	24	33**	35
Voluntary turnover of permanent employees (%)	8.4	11.7	10.0

* Of which 18 summer employees and trainees.

** The figure for 2022 has been corrected to reflect voluntary turnover, the previously reported figure reflected total turnover.

401-3 Parental leaves

Indicator	2023		2022		2021
	Women	Men	Women	Men	All
Number of persons who have taken parental leave	4	10	4	16	
Number of persons who returned after the end of parental leave	3	10	4	16	
Return to work and retention rates of employees that took parental leave	75	100	100	100	

All Caruna employees are eligible for parental leave.

403-5 Share of employees attending occupational safety training

Indicator	2023	2022	2021
Total number of employee safety training days	60	22	33

403-5, EU18 Share of subcontractors and contractors attending occupational safety training

Indicator	2023	2022	2021
Number of subcontractors and contractors attending safety and environment-related training events	1,728	2,229	1,973
Number of contractors' employees completing the 'Safety and environment' online course	291	466	431
Number of contractors' employees completing the 'Electrical safety on site' online course	365	511	296

Figure includes the number of participations in new standard time webinars and training sessions.

403-9 Work-related accidents, occupational diseases, own personnel

Work-related injuries, own personnel	2023			2022			2021	
	Remote work*	Work-place	Commute	Remote work*	Work-place	Commute	Work-place	Commute
Number of lost workday injuries	0	0	0	1	0	0	0	2
of which serious injuries (over 30 lost workdays and/or permanent disability, number)	0	0	0	0	0	0	0	0
Number of medical treatment cases, no absence	0	0	2	2	1	1	0	3
Number of work-related fatalities	0	0	0	0	0	0	0	0

* 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	2023	2022	2021
Working hours, own personnel	448,803	459,000	528,700

403-10 Work-related occupational diseases, own personnel

Indicator	2023	2022	2021
Number of occupational disease cases	0	0	0

C7 Absences due to illness, own personnel

Indicator	2023	2022	2021
Days of absence due to illness as a proportion of the theoretical total number of working days (%)	0.8	1.8	1.5

403-9 Work-related injuries, contractors and subcontractors

Work-related injuries, service providers	2023	2022	2021
Number of fatalities	0	0	1
Number of lost workday injuries	4	6	9
of which serious injuries (over 30 lost workdays and/or permanent disability, number)	0	4	2
Restricted work case	5	6	2
Number of medical treatment cases, no absence	12	8	11
Total recordable injuries	21	20	22
Lost time injury frequency LTIF*	3.3	4.1	6.3
Near miss reports and safety observations	2,252	1,472	348
Processing rate of near misses and safety observations (%)	94%	90%	95%
Working hours reported by network contractors* (million hours)	1.21	1.47	1.42

* Strategic corporate responsibility indicator; Lost Time Injury Frequency.

C8 Number of safety walks and site inspections carried out by Caruna personnel and Caruna's partners

Indicator	2023	2022	2021
Number of Safety Walks carried out by Caruna personnel	786	591	364
Total number of Safety Walks, worksite inspections and worksite visits conducted by Caruna's contractors and other partners	3,936	4,853	3,892

404-1 Average number of hours of training per person

Indicator	2023	2022	2021
Average number of hours of training per person, total	8.0	6.6	3.7
Average number of hours of training, salaried personnel	6.2	4.0	4.6
Average number of hours of training, senior salaried personnel and management	8.9	4.8	4.6
Average number of hours of training, women	7.6	4.4	4.5
Average number of hours of training, men	9.5	4.6	4.7

405-1 Diversity of governing bodies and personnel

Indicator	2023 persons	2023 %	2022 persons	2022 %	2021 persons	2021 %
All personnel, total	277	100	259	100	308	100
All personnel, women	96	35	90	35	115	38
All personnel, men	181	65	169	65	192	62
All personnel, under 30-year-olds	41	15	28	11	40	13
All personnel, 30-50-year-olds	177	64	175	68	194	63
All personnel, over 50-year-olds	59	21	56	22	73	24
Salaried personnel, total	96	100	86	100	118	100
Salaried personnel, women	51	53	42	49	61	52
Salaried personnel, men	45	47	44	51	57	48
Salaried personnel, under 30-year-olds	31	32	18	21	33	28
Salaried personnel, 30-50-year-olds	41	43	43	50	55	47
Salaried personnel, over 50-year-olds	24	25	25	29	30	25
Senior salaried personnel, total	161	100	159	100	151	100
Senior salaried personnel, women	41	24	42	26	42	28
Senior salaried personnel, men	120	76	117	74	109	72
Senior salaried personnel, under 30-year-olds	11	7	10	6	7	5
Senior salaried personnel, 30-50-year-olds	124	78	124	78	122	81
Senior salaried personnel, over 50-year-olds	26	15	25	16	22	14
Management, total	20	100	14	100	31	100
Management, women	6	33	6	50	12	39
Management, men	14	67	8	50	19	61
Management, under 30-year-olds	0	0	0	0	0	0
Management, 30-50-year-olds	12	59	8	57	17	55
Management, over 50-year-olds	8	41	6	43	14	45

2-9 Diversity of governing bodies

Indicator	2023 persons	2023 %	2022 persons	2022 %	2021 persons	2021 %
Members of governing bodies, total	8	100	7	100	8	100
Members of governing bodies, women	3	38	1	14	1	13
Members of governing bodies, men	5	62	6	86	7	87
Members of governing bodies, under 30-year-olds	0	0	0	0	0	0
Members of governing bodies, 30-50-year-olds	3	38	2	29	3	38
Members of governing bodies, over 50-year-olds	5	62	5	71	5	62

405-2 Pay equality

Indicator	2023	2022	2021
Difference between women's and men's average gross income (%)	15	8	12

C9 Average age and educational background of personnel

Average age of personnel	2023	2022	2021
Average age of personnel	42	41	41

Educational background of personnel (%)	2023	2022	2021
Comprehensive school	2	3	2
Upper secondary school or vocational institution	20	20	17
Bachelor's degree from institution	11	12	9
Bachelor's degree from university	29	29	34
Master's degree	37	35	37
Licentiate, doctorate	1	1	1

C10 Personnel job satisfaction

Indicator	2023	2022	2021
Personnel job satisfaction (EEI)*	83	78	69
eNPS**	33	22	6

* Employee Engagement Index.

** Employee Net Promoter Score.

404-3 Share of personnel covered by regular performance assessments and development discussions

Indicator	2023	2022	2021
Share of personnel within the scope of performance discussions (%)	100	100	100

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

EU25 Number of injuries and fatalities to the public involving company assets

Indicator	2023	2022	2021
Electrical accidents suffered by third parties (reported to Tukes)	3	3	1
Near misses occurring to third parties (reported to Tukes)	5	51	76
Reported overvoltage incidents (neutral-faults) due to faults in the electricity network*	716	552	479

* Includes fault events that the contractor has confirmed as zero faults.

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

418-1 Complaints about breaches of customer privacy and loss of customer data

Indicator	2023	2022	2021
Total number of confirmed requests about breaches of customer privacy or loss of customer data	0	2	3
Requests from third parties	0	1	3
Requests from authorities*	0	1	0
Total amount of customer data leaked, stolen or lost during the reporting period	2	0	3

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

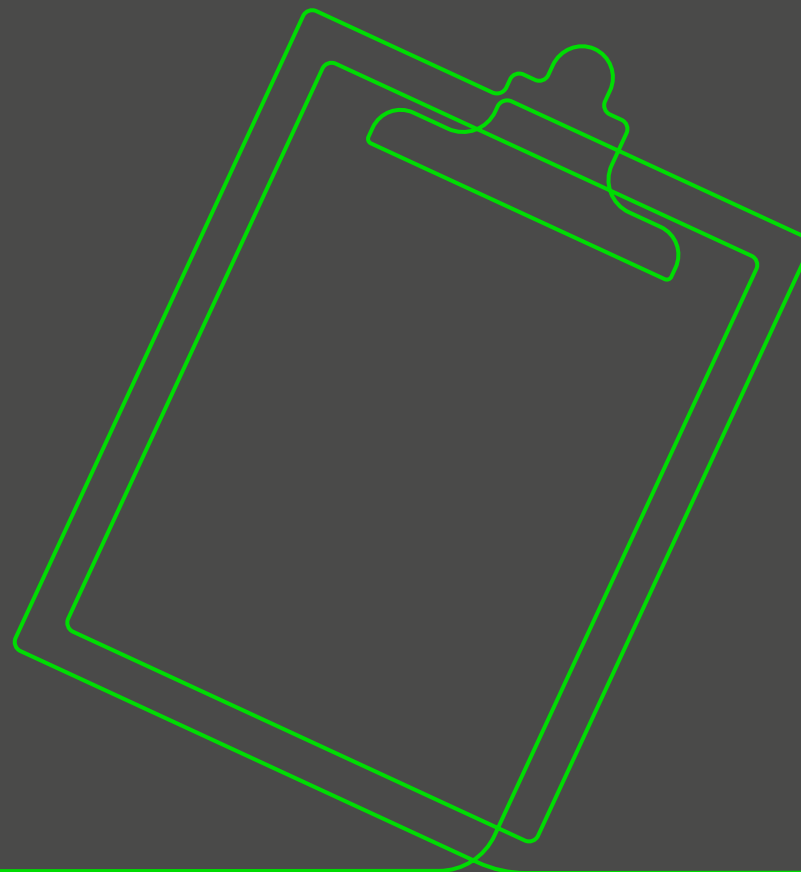
C11 Reputation and customer satisfaction

Indicator	2023	2022	2021
Customer satisfaction in customer contacts (NPS, scale from -100 to +100)	35	27.9	19.1
Trust and reputation indicator* (corporate responsibility indicator)	2.54	2.59	2.30

* T-Media's annual Trust and Reputation survey, strategic corporate responsibility indicator.

Reporting principles and GRI

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Reporting principles

Caruna reports in accordance with the international Global Reporting Initiative (GRI) guidelines to enable reporting transparency and comparability. We also report in accordance with other EU sustainability data reporting obligations, and our report includes information in accordance with the EU Taxonomy Regulation and the 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 2023. The previous report was published in March 2023, and the next report will be published in spring 2025.

Defining the report contents

The basis of the 2023 reporting is still the comprehensive materiality analysis carried out by Caruna in 2021, according to which the material topics for Caruna are:

- Reasonable pricing
- Stakeholder dialogue and open communications
- Customer satisfaction
- Electrical safety
- Prompt repair of faults and preparation for storms
- Occupational safety
- Transparency of the tax footprint
- Development of personnel skills
- Responsibility of subcontractors
- Investments in the continuity of supply
- Cost efficiency

- Climate change and carbon footprint
- Environmental damage
- Energy efficiency
- Employment
- New technologies and investments in the smart network
- Material efficiency
- Occupational health and well-being

During the reporting year, however, Caruna started a new double materiality analysis process to determine the most relevant topics for its operations and reporting in accordance with the upcoming EU Corporate Sustainability Reporting Directive, CSRD). The process of double materiality analysis is described in more detail on pages [11-12](#).

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 methods.

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. Responsibilities included in our TCFD reporting are described on page [11](#), strategy and business effects on pages 8-9, risks on pages [27-28](#) and metrics on pages [15](#), [29-30](#), [50](#) and [52](#).

Definitions of Caruna’s strategic corporate responsibility metrics

- 1) EU taxonomy-eligible and conformant CapEx: An activity is eligible for classification under the taxonomy if it is mentioned in the list of businesses in the EU Taxonomy Regulation. Caruna’s main business – electricity transmission and distribution – is compatible with the taxonomy. An activity complies with the taxonomy if it significantly contributes to the achievement of at least one EU environmental objective, does not cause significant harm to the other five environmental objectives, and fulfils the minimum social protection measures. Caruna’s evaluation uses the technical evaluation criteria for electricity transmission and distribution. Measure the taxonomy eligibility and compliance of investments
- 2) Renewable electricity production capacity connected to the network: The nominal production capacity of renewable electricity connected to Caruna’s network includes hydro, wind and solar power and renewable CHP
- 3) System Average Interruption Duration Index (SAIDI): The average duration of electricity distribution interruptions in minutes per customer
- 4) Trust & Reputation survey: T-media’s annual survey, scale 1-5
- 5) Tax footprint: Taxes booked and paid by Caruna in relation to net sales
- 6) Employee Engagement Index (EEI): measures employees’ attitudes to four statements: recommendation as an employer, meaningfulness of work, willingness to change employers, and enthusiasm for work
- 7) Carbon footprint, scopes 1&2: Carbon footprint, scopes 1&2, calculated in accordance with the GHG Protocol. It measures Caruna’s own direct and indirect emissions as carbon dioxide equivalents. The emissions for impact area 2 are calculated using a market-based method. The metric includes carbon compensation.
- 8) Lost Time Incident Frequency (LTIF): The number of contractor accidents resulting in at least one lost work day in relation to the hours worked (million hours). The metric includes contractor and subcontractor accidents and work hours.

GRI content index

Disclosure	GRI Content	Location	Additional information
GRI 2: Common content			
Organisation and its reporting practices			
2-1	Organisational details	Governance p. 70 , back cover, caruna.fi (https://caruna.fi/en/about-us/caruna-brief)	Caruna Networks Oy
2-2	Entities included in the organisation's sustainability reporting	Reporting principles & GRI p. 59	
2-3	Reporting period, frequency and contact point	Reporting principles & GRI p. 59	
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	Strategy, stakeholder engagement and corporate responsibility p. 10 , Social responsibility p. 35-43	
2-7	Employees	ESG indicators p. 45, 55	
2-8	Workers who are not employees	Social responsibility p. 41-43	
2-9	Governance structure and composition	Governance p. 71-75	Partially reported.
2-10	Nomination and selection of the highest governance body	Governance p. 71	Partially reported.
2-11	Chair of the highest governance body	Governance p. 72	
2-12	Role of the highest governance body in overseeing management impacts	Strategy, stakeholder engagement and corporate responsibility p. 11 , Governance p. 71, 73	
2-13	Delegation of responsibility for managing impacts	Strategy, stakeholder engagement and corporate responsibility p. 11 , Governance p. 73 , Reporting principles & GRI p. 59	
2-14	Role of the highest governance body in sustainability reporting	Governance p. 71, 73	
2-15	Conflicts of interest	Governance p. 76 , ESG indicators p. 46	Partially reported.
2-16	Communication of critical concerns	Strategy, stakeholder engagement and corporate responsibility p. 11 , caruna.fi (https://plus.caruna.fi/en/violation-report)	

Disclosure	GRI Content	Location	Additional information
2-17	Collective knowledge of the highest governance body	Governance p. 73	Partially reported.
2-18	Evaluation of the performance of the highest governance body	Operating Review by Board	
2-19	Remuneration policies	Governance p. 76 , ESG indicators p. 45	
2-20	Process to determine remuneration	Social responsibility p. 38 , Governance p. 73, 76	
2-21	Annual total compensation ratio	ESG indicators p. 45	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Caruna in 2023 p. 5-6, 8-16	
2-23	Policy commitments	Caruna in 2023 p. 8-16 , caruna.fi (https://caruna.fi/en/about-us/responsibility/corporate-responsibility-management/management-caruna)	
2-24	Embedding policy commitments	Social responsibility p. 38 , Governance p. 76	
2-25	Processes to remediate negative impacts	Strategy, stakeholder engagement and corporate responsibility p.11	
2-26	Mechanisms for seeking advice and raising concerns	Strategy, stakeholder engagement and corporate responsibility p.11 , caruna.fi (https://plus.caruna.fi/en/violation-report)	
2-27	Compliance with laws and regulations	GRI content index	No violations in 2023.
2-28	Membership associations	GRI content index	Energiateollisuus ry, Climate Leadership Coalition, FIBS Pro, EDSO for Smart Grids, EU DSO Entity, Eurelectric, WEC Finland.
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Strategy, stakeholder engagement and corporate responsibility p. 11-17	
2-30	Collective bargaining agreements	ESG indicators p. 45	

Disclosure	GRI Content	Location	Additional information
Material topics			
3-1	Process to determine material topics	Strategy, stakeholder engagement and corporate responsibility p. 11-17	
3-2	List of material topics	Strategy, stakeholder engagement and corporate responsibility p. 12-13	
3-3	Management of material topics	Strategy, stakeholder engagement and corporate responsibility p. 12-14 , Governance p. 77 , Reporting principles & GRI p. 59	
Economical responsibility			
GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	Strategy, stakeholder engagement and corporate responsibility p. 18-20 , ESG indicators p. 46-47	
201-2	Financial implications and other risks and opportunities due to climate change	Environmental responsibility p. 27-28	
GRI 203: Indirect economic impacts			
203-1	Infrastructure investments and services supported	ESG indicators p. 46	
203-2	Significant indirect impacts	Strategy, stakeholder engagement and corporate responsibility p. 18-20	
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers	ESG indicators p. 46	
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. 46	
205-3	Confirmed incidents of corruption and actions taken	GRI content index	No reported cases in 2023.

Disclosure GRI Content		Location	Additional information
GRI 206: Anti-competitive behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	GRI content index	No reported cases in 2023.
GRI 207: Tax			
207-1	Approach to tax	Strategy, stakeholder engagement and corporate responsibility p. 18-20	
207-2	Tax governance, control, and risk management	Strategy, stakeholder engagement and corporate responsibility p. 18-20	
207-3	Stakeholder engagement and management of concerns related to tax	Strategy, stakeholder engagement and corporate responsibility p. 11, 14-15, 17-20	
207-4	Country-by-country reporting	Strategy, stakeholder engagement and corporate responsibility p. 18-20 , ESG indicators p. 46-47	
Environmental responsibility			
GRI 301: Materials			
301-1	Materials used by weight and volumes	ESG indicators p. 49	
GRI 302: Energy			
302-1	Energy consumption within the organisation	Environmental responsibility p. 31-32 , ESG indicators p. 49	
302-4	Reduction of energy consumption	Environmental responsibility p. 31-32 , ESG indicators p. 49	
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. 49	
304-2	Significant impacts of activities, products and services on biodiversity	Environmental responsibility p. 22-26	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	Environmental responsibility p. 29-30 , ESG indicators p. 50	
305-2	Energy indirect (Scope 2) GHG emissions	Environmental responsibility p. 29-30 , ESG indicators p. 50	
305-3	Other indirect (Scope 3) GHG emissions	Environmental responsibility p. 29-30 , ESG indicators p. 50	
305-4	GHG emissions intensity	Environmental responsibility p. 30 , ESG indicators p. 50	
305-5	Reduction of GHG emissions	Environmental responsibility p. 30-31	

Disclosure	GRI Content	Location	Additional information
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	Environmental responsibility p. 23, 25-26	
306-2	Management of significant waste-related impacts	Environmental responsibility p. 23, 25-26	
306-3	Waste generated	ESG indicators p. 51	
306-4	Waste diverted from disposal	ESG indicators p. 51	
306-5	Waste diverted to disposal	ESG indicators p. 51	
GRI 308: Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Social responsibility p. 41-43 , ESG indicators p. 53	
308-2	Negative environmental impacts in supply chain and action taken	GRI content index	No identified suppliers with significant negative environmental and social impacts.
Social responsibility			
GRI 401: Employment			
401-1	New employee hires and employee turnover	ESG indicators p. 53	
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. 53	

Disclosure	GRI Content	Location	Additional information
GRI 403: Occupational health and safety			
403-1	Occupational health and safety management system	Social responsibility p. 38-39 , Governance p. 73	
403-2	Hazard identification, risk assessment, and incident investigation	Social responsibility p. 38-39	
403-3	Occupational health services	Social responsibility p. 38	
403-4	Worker participation, consultation, and communication on occupational health and safety	Social responsibility p. 38-39	
403-5	Worker training on occupational health and safety	Social responsibility p. 38, 40 , ESG indicators p. 53	
403-6	Promotion of worker health	Social responsibility p. 38-39	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social responsibility p. 41-42	
403-8	Workers covered by an occupational health and safety management system	GRI content index	100%
403-9	Work-related injuries	Caruna in 2023 p. 6 Social responsibility p. 42 , ESG indicators p. 54	
403-10	Work-related ill health	ESG indicators p. 54	
GRI 404: Training and education			
404-1	Average hours of training per year per employee	ESG indicators p. 55	
404-2	Programs for upgrading employee skills and transition assistance programs	Strategy, stakeholder engagement and corporate responsibility p. 17 , Social responsibility p. 38-40	
404-3	Percentage of employees receiving regular performance and career development reviews	ESG indicators p. 56	

Disclosure GRI Content		Location	Additional information
GRI 405: Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	ESG indicators p. 55-56	
405-2	Ratio of basic salary and remuneration of women to men	ESG indicators p. 56	
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 labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	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 labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	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	Strategy, stakeholder engagement and corporate responsibility p. 13 , Environmental responsibility p. 23-27 , Social responsibility p. 37	Partially reported.
413-2	Operations with significant actual and potential negative impacts on local communities	GRI content index	No significant negative impacts.
GRI 414: Supplier social assessment			
414-1	New suppliers that were screened using social criteria	Social responsibility p. 42 , ESG indicators p. 53	
414-2	Negative social impacts in supply chain and action taken	GRI content index	No identified actors with significant negative environmental and social impacts.

Disclosure GRI Content		Location	Additional information
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. 42 , ESG indicators p. 56 (EU 25)	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG indicators p. 56	
GRI 418: Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG indicators p. 57	
GRI 419: Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	GRI content index	No violations in 2023.
GRI G4: Electric Utilities Sector Disclosures			
EU: Organisational profile			
EU 3	Number of residential, industrial, institutional and commercial customer accounts	Caruna in 2023 p. 4 , Social responsibility p. 35-37 , ESG indicators p. 47	
EU 4	Length of above and underground transmission and distribution lines by regulatory regime	Caruna in 2023 p. 4 , Social responsibility p. 35 , ESG indicators p. 48	
Economic responsibility			
EU 12	Transmission and distribution losses as percentage of total energy	Environmental responsibility p. 23, 29-31 , ESG indicators p. 49	
Social responsibility			
EU 17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	Strategy, stakeholder engagement and corporate responsibility p. 18 , ESG indicators p. 54	
EU 18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Social responsibility p. 41-43 , ESG indicators p. 54	
EU 25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	ESG indicators p. 56	
EU 28	Power outage frequency	ESG indicators p. 48	
EU 29	Average power outage duration	ESG indicators p. 48	

Governance

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Governance at Caruna

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 guidelines 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 accounting statement covers both the consolidated financial statements and parent company financial statements.



Caruna Networks Oy governing bodies

Caruna Networks Oy's governing bodies are the general meeting, Board of Directors, and CEO. The Board of Directors' three committees, the Audit Committee, the Nomination and Remuneration Committee, and the Health, Safety and Environment Committee, prepare the items debated 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 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 taking into account 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 eleven ordinary members and at most ten 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 the rules of procedure for its activities.

The CEO, CFO and General Counsel, who also acts as secretary to the Board, attend board meetings regularly.

Other Management Team members and directors of the Group attend the meetings by invitation.

Ordinary members of the Board of Directors



Matti Ruotsala
Chair



James Adam



Marissa Dardi*



Andrew Furze



Jouni Grönroos



**Cornelia (Corine)
van Heijningen***



Fredrik Lundeborg



Laura Tarkka

Deputy Board members

David Demes*, Julia Giese
and Filip Szopa

** Since 28 September 2023*

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' written rules of procedure. The rules are regularly reviewed and updated.

Audit Committee

The Audit Committee assists the Board of Directors in its task related to oversight. Its duties include reviewing the financial and ESG information published by Caruna and communicating with auditors and external certifiers.

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 corporate responsibility report and policies in its area 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 Human Resources, who also acts as the committee secretary.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee assists the Board in monitoring issues related to the safety and environmental aspects of the Group's operations.

The committee addresses the health, safety and environmental policy and monitors and oversees the implementation of the safety and responsibility targets set by the Board within the Group and performance in relation to the targets set for improving operations.

The CEO, Management Team member responsible for HSE, and HSEQ Manager regularly attend the committee's meetings. The committee's secretary is the Management Team member responsible for HSE.

CEO

The role of the CEO is stipulated in the Limited Liability Companies Act. The CEO chairs the Management Team. The CEO is responsible for the Group's day-to-day management in accordance with the Limited Liability Companies Act and the strategic guidelines, instructions and regulations approved by the Board. 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.

Management Team

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.

The head of each business unit is in Caruna's Management Team, which meets twice a month and reports to the CEO. Each member of the Management Team is responsible for the operative implementation of day-to-day business activities.



Jyrki Tammivuori

MSc (Economics), b. 1971
CEO

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



Noora Neilimo-Kontio

MSc (Economics), b. 1975
CFO and Deputy CEO

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



Kalle Liuhala

MSc (Technology), b. 1987
SVP, Network Management and Operations
since 1 August 2023

Background: 12 years of experience in asset management, investments and operations in the electricity network business.

Previous positions:

- 2020–2023 Regional Director, Caruna
- 2018–2020 Development Manager, Products & Services, Caruna
- 2016–2018 Business Development Manager, Eitel Networks
- 2014–2016 Project Manager, Eitel Networks
- 2012–2014 Planning Manager, Eitel Networks



Kosti Rautiainen

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

Background: About 20 years of international experience in supervisory and management roles in the energy sector.

Previous positions:

- 2019–2021 Head of Electrical Networks, 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: A total of almost 30 years of experience in legal positions in the energy, telecoms and banking sectors.

Previous positions:

- 2007–2014 Legal Counsel, Fortum Group
- 2001–2006 Legal Counsel, Secretary to the Board, E.ON Finland Oyj
- 1997–2001 Legal Counsel, Elisa Communications Oyj
- 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

Elina Lehtomäki acted as the Head of Electrical Network Unit until 31 July 2023.

Auditor

The auditor is an inspection body charged with auditing the legality of management. The audit provides shareholders with an independent opinion on the financial statements, annual report, accounting, and administration. The audit does not take a position on business decisions.

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

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. Its realisation 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.

Operative 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.



We bring electricity to you.

Caruna

caruna.fi

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