



# **Statement on the Corporate Governance and Steering System**

## **2014**

## Finnvera's Financial Review 2014

### Statement on the Corporate Governance and Steering System

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## Statement on the Corporate Governance and Steering System

The statement on the corporate governance and steering system has been drawn up in accordance with Recommendation 54 of the Finnish Corporate Governance Code issued by the Securities Market Association, and with the provisions of the Securities Markets Act. The Finnish Corporate Governance Code is publicly available on the website of the Securities Market Association, at [www.cgfinland.fi](http://www.cgfinland.fi).

Finnvera plc is a specialised financing company owned by the State of Finland. For this reason, Finnvera complies with the recommendations of the Finnish Corporate Governance Code in terms of Recommendations 1, 3, 4, 11 and 12 whenever appropriate and applicable.

Apart from the parent company, Finnvera plc, the Finnvera Group comprises the following subsidiaries: Seed Fund Vera Ltd and Veraventure Ltd, engaged in venture capital investments, and Finnish Export Credit Ltd, which provides export credit financing and administers interest equalisation.

Finnvera's statement on the corporate governance and steering system includes a description of the principal features of the internal control and risk management systems pertaining to the financial reporting process.

The Inspection Committee of Finnvera's Board of Directors has reviewed the statement and Finnvera's auditor, KPMG Oy Ab, has checked that the statement has been issued and that its description of the principal features of the internal control and risk management systems pertaining to the financial reporting process is in agreement with the financial statements.

### Acts and rules governing the operations

Finnvera's operations are steered by the relevant legislation and by the obligations laid down in international treaties, as well as by the industrial and ownership policy goals determined by the State. The corporate governance of Finnvera and its subsidiaries is organised according to the Limited Liability Companies Act and the Acts pertaining specifically to Finnvera.

Directive 2006/48/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions states that the Directive on credit institutions does not apply to Finnvera. In consequence, Finnvera adheres to the recommendations of the Financial Supervisory Authority, whenever applicable.

However, when presenting reports and financial information, Finnvera – as an issuer of bonds – is bound by the guidelines of the Financial Supervisory Authority and the Securities Market Association, the Securities Market Act (746/2012), the Limited Liability Companies Act (624/2006), the stock exchange rules (NASDAQ OMX Helsinki and the stock exchanges of Oslo and London), and the decisions of the Ministry of Finance.

Finnvera draws up the consolidated financial statements, the parent company's financial statements, and the interim reports in keeping with the International Financial Reporting Standards (IFRS). The notes to the consolidated financial statements and the parent company's financial statements also comply with Finnish accounting and corporate law.

Finnvera publishes a press release on the financial statements in February and the Annual Report in March. The interim report for 1 January–31 March is published in April, for 1 January–30 June in August, and for 1 January–30 September in October. The annual reports and interim reports are published in Finnish and English.

The auditors' report encompasses audits of Finnvera's accounting, financial statements, report on operations, and governance.

### The goals of good corporate governance

Finnvera complies with good corporate governance, and the goal is to ensure transparency at all levels of the organisation.

Finnvera's Board of Directors has approved the key policies, principles and guidelines that steer the company's operations.

Finnvera's ethical guidelines consist of the principles of good conduct, guidelines for ensuring impartiality in decision-making and in the preparation of matters, and guidelines on insider information. The ethical guidelines apply to both Finnvera's employees and the members of the governing bodies.

The principles of good conduct, confirmed by the Board of Directors, guide the personnel so that their actions solidify Finnvera's reputation and help Finnvera to attain its goals as a specialised financing company and as an expert esteemed by clients. The principles of good conduct include guidelines on equality, commitment to purpose, objectivity, relativity, trust and on the principles of service and publicity.

The principles on impartiality are meant to reinforce equity, neutrality and independence in Finnvera's operations. The guidelines on insider information clarify the concept of insider information for Finnvera's employees so that they are prepared to identify in advance what type of information on client enterprises is classified as insider information and to prevent its misuse.

## Ownership and ownership policy

Finnvera plc is a specialised financing company owned 100 per cent by the State of Finland.

The Acts on Finnvera define the tasks whereby Finnvera influences the development of enterprise and employment in Finland. The Ministry of Employment and the Economy supervises and monitors Finnvera's operations. Being responsible for the ownership and industrial policy steering of Finnvera, the Enterprise and Innovation Department of the Ministry sets annual industrial and ownership policy goals for the company.

On the basis of the industrial and ownership policy goals confirmed by the Ministry of Employment and the Economy, an assessment is made annually on how well Finnvera has succeeded, for instance, in correcting market failures in enterprise financing and in promoting enterprise, employment, the growth and internationalisation of enterprises, and exports.

The ownership policy goals, confirmed annually by the Ministry of Employment and the Economy, apply

to the self-sustainability of the company's operations, the efficiency of operations and to capital adequacy. Finnvera should conduct its business so that the income from the company's operations covers the expenses of the operations over a period exceeding a business cycle. Finnvera should act efficiently and should improve the productivity of work in keeping with the goal set annually by the Ministry of Employment and the Economy. The company's capital adequacy must be sufficient to ensure the company's ability to bear risks and to keep the costs of funding as reasonable as possible.

## Administrative bodies of Finnvera

Responsibility for Finnvera's administration is vested in the General Meeting of Shareholders, the Supervisory Board, the Board of Directors, and the Chief Executive Officer.

### General Meeting of Shareholders

The General Meeting of Shareholders can make decisions on issues defined in the Limited Liability Companies Act, in the Articles of Association, and in the Act on the State Guarantee Fund (444/1998). The General Meeting of Shareholders elects the members of the Supervisory Board and the Board of Directors, the Chairs and Vice Chairs of both bodies, and the auditors.

The Annual General Meeting is held yearly, by the end of June.

### Supervisory Board

The Supervisory Board supervises the company's administration. It gives the Annual General Meeting its opinion on the financial statements and the auditors' report, and counsels on issues that concern considerable reduction or expansion of the company's operations or substantial reorganisation of the company. Moreover, the Supervisory Board provides the Board of Directors with guidelines in matters that have far-reaching consequences or that are important as issues of principle.

The Supervisory Board consists of at least eight (8) and at most eighteen (18) members. The General Meeting of Shareholders elects the members of the Supervisory Board for a term of one year.

In 2014, the Supervisory Board had 18 members and met eight (eight) times. The average attendance rate at the Supervisory Board meetings was 91 per cent (84).

#### Members on 31 December 2014

##### *Chairman*

Johannes Koskinen, Member of Parliament (Finnish Social Democratic Party)

##### *Vice Chairman*

Lauri Heikkilä, Member of Parliament (The Finns Party)

##### *Members*

Paula Aikio-Tallgren, Entrepreneur, Virvatuli-Valaisimet Oy

Eeva-Johanna Eloranta, Member of Parliament (Finnish Social Democratic Party)

Kaija Erjanti, Head of Financial Markets, Federation of Finnish Financial Services

Helena Hakkarainen, Finance Manager, Finnvera plc

Lasse Hautala, Member of Parliament (Centre Party)

Olli Koski, Chief Economist, Central Organisation of Finnish Trade Unions – SAK

Leila Kurki, Senior Adviser, Finnish Confederation of Professionals STTK

Esko Kurvinen, Member of Parliament (National Coalition Party)

Anna Lavikkala, Labour Market Director, Finnish Commerce Federation

Jari Myllykoski, Member of Parliament (Left Alliance)

Lea Mäkipää, Member of Parliament (The Finns Party)

Antti Rantakangas, Member of Parliament (Centre Party)

Timo Saranpää, Chairman, The Finnish Business School Graduates

Osmo Soininvaara, Member of Parliament (The Greens)

Sofia Vikman, Member of Parliament (National Coalition Party)

Antti Zitting, Chairman of the Board of Directors, Sacotec Components Oy

#### Board of Directors

The Board of Directors is responsible for the company's administration and for the proper organisation of activities and approves the company's strategy and annual plans,

the interim reports and the financial statements, as well as the risk management principles.

The Board advances the company's development and ensures that the operations conform to law and meet the goals set by the owner. The Board ensures the supervision of accounting and asset management and approves other matters of principle. The Board also has the power to decide important individual cases of financing.

The Board of Directors steers and supervises Finnvera's executive management and ensures the functioning of the management system. The Board decides on the appointment and dismissal of the company's Chief Executive Officer, the CEO's Deputy, and other members of the company's senior management.

Separate agreement has been made on the division of operational duties and business-related decision-making between the Board of Directors, the Chief Executive Officer and other management.

Finnvera's Board of Directors consists of at least six (6) members and at most nine (9) members. One (1) Board member is elected among candidates named by the Ministry of Employment and the Economy, and one (1) among candidates named by the Ministry of Finance. The Board members are elected for a term of one year.

In 2014, the Board had seven members. In 2014, the Board met a total of 20 times (24). The members' average attendance rate at Board meetings was 94 per cent (96).

#### Members on 31 December 2014

##### *Chairman*

Markku Pohjola, b. 1948  
B.Sc. (Econ.)

Markku Pohjola has been a Board member and Chairman since 30 March 2012. He is also the Chairman of the Board of Tieto Corporation and a member of the Board of Directors of Onvest Oy. Between 1972 and 2008, Pohjola held executive posts in Nordea and its predecessor banks, most recently as Deputy Group CEO and Country Senior Executive of Nordea in Finland.

### *First Vice Chairman*

Pekka Timonen, b. 1960  
LL.D.

Pekka Timonen has been a member of Finnvera's Board of Directors since 2013. He was a researcher and teacher at the University of Helsinki in 1984–2001, served as a senior adviser in ownership steering affairs for the Ministry of Trade and Industry in 2001–2007, was Director General of the Ownership Steering Department at the Prime Minister's Office in 2007–2012 and has served as Director General of the Labour and Trade Department at the Ministry of Employment and the Economy since the start of 2013.

### *Second Vice Chairman*

Marianna Uotinen, b. 1957  
LL.M.

Marianna Uotinen has been a member of Finnvera's Board of Directors since 2013. She has served as a Specialist Counsel for Financial Markets Regulation at the Ministry of Finance since 2007. In 1985–2001 she worked at Nordea and in 2001–2006 at Nokia Corporation, holding, among others, advisory and supervisory positions related to financing and securities markets.

Kirsi Komi, b. 1963  
LL.M.

Kirsi Komi has been a member of Finnvera's Board of Directors since April 2013. She also has a seat on the Boards of the following companies: Metsä Board Corporation, Citycon Oyj, Martela Corporation, Patria Plc (Vice Chair), Docrates Ltd (Chair) and the Finnish Red Cross Blood Service (Chair). In 1992–2010, Komi was employed by Nokia Corporation, first as a legal counsel, then as Vice President and Director, Legal Affairs at Nokia Networks, and most recently as Director of Legal Affairs and a member of the Executive Board at Nokia Siemens Networks.

Vesa Luhtanen, b. 1961  
BScBA

Vesa Luhtanen has been a member of Finnvera's Board of Directors since April 2013. He also has a seat on the Boards of the following organisations: PHP Liiketoiminta Oyj and PHP Holding Oy, Tekstiili- ja muotialat TMA, Design

Foundation Finland (Chair), and the Federation of Finnish Textile and Clothing Industries Finatex. In addition, Luhtanen chaired the Board of Lahden Teollisuusseura in 2010–2014. Luhtanen is the CEO of the L-Fashion Group and a fourth-generation entrepreneur.

Risto Paaermaa, b. 1946  
LL.Lic.

Risto Paaermaa has been a member of Finnvera's Board of Directors since 2012. He also chairs the Board of the Juho Vainio Foundation, which promotes public health. Paaermaa served as Director in the Enterprise and Innovation Department of the Ministry of Employment and the Economy until 30 November 2012. Starting in 1972, he held various posts in the Ministry for Foreign Affairs, the Ministry of Trade and Industry, the Ministry of Transport and Communications and the Ministry of Employment and the Economy. In 1987–1989 he served in the Permanent Delegation of Finland to the OECD in Paris.

Pirkko Rantanen-Kervinen, b. 1949  
ekonomi

Pirkko Rantanen-Kervinen has been a member of Finnvera's Board of Directors since April 2013. She is also a member of the Board of Raisio plc and chairs the Board of Local Tapiola Uusimaa Mutual Insurance Company. In 1974–2010, Rantanen-Kervinen held various executive posts at Saga Furs Oyj, most recently as CEO.

## **Inspection Committee of the Board of Directors**

The Inspection Committee assists Finnvera's Board of Directors in ensuring that the company's accounting and supervision of asset management are arranged appropriately and that internal control, risk management, auditing of the accounts and internal audit have been organised in accordance with laws, regulations and the operating principles confirmed by the Board of Directors.

The Inspection Committee has at least three (3) members. The Board of Directors selects the Inspection Committee's members and chairman from among the Board members, for a term of one year at a time.

The Inspection Committee elected after the Annual General Meeting of 2014 comprised Board Member Kirsi Komi (Chair), Second Vice Chairman Marianna Uotinen,

Board Member Risto Paaermaa and Board Member Pirkko Rantanen-Kervinen.

In 2014, the Committee met four times and the members' attendance rate was 94 per cent (93).

Apart from the Inspection Committee, the Board of Directors and the executive management monitor the results of operations by means of regular reporting. Furthermore, they receive reports on risk management, evaluation of the quality system, internal auditing, and on the auditing of the accounts.

### Remuneration Committee of the Board of Directors

The Remuneration Committee assists Finnvera's Board of Directors in managing issues pertaining to the appointment, terms of employment and salaries of senior executives, and the rewards and incentive systems applied to the management and personnel.

The Committee has at least three (3) members. The Board of Directors selects the Remuneration Committee's members and chairman from among the Board members, for a term of one year at a time.

The Remuneration Committee elected after the Annual General Meeting of 2014 comprised Chairman Markku Pohjola, Vice Chairman Pekka Timonen and Board Member Vesa Luhtanen.

In 2014, the Committee met six times (5) and the members' attendance rate was 94 per cent (100).

### Chief Executive Officer, Management Group and Corporate Management Team

The Chief Executive Officer is responsible for the company's operational administration in keeping with the guidelines and regulations issued by the Board of Directors. In management of the tasks specified in the Limited Liability Companies Act, the Chief Executive Officer is assisted by the Management Group and the Corporate Management Team.

Finnvera's operations are managed in accordance with the management organisation approved in the company.

- [www.finnvera.fi/eng](http://www.finnvera.fi/eng) > About Finnvera > Finnvera in brief > Organisation > Management Group / Corporate Management Team).

### Salaries and fees

The fees paid to the members of the Supervisory Board and the Board of Directors comply with the policy issued by the Government on fees paid to the administrative bodies of State-owned companies. The fees paid in 2014 totalled EUR 219,400.

The Board of Directors decides on the salaries paid to the Chief Executive Officer, the Deputy CEO and to other executive officers appointed by the Board.

The salaries and fees paid to the Chief Executive Officer of Finnvera plc in 2014 totalled EUR 339,225. The total remuneration includes the taxable value of the car benefit. The CEO has a notice period of six months. In addition, the CEO is entitled to a severance compensation corresponding to 18 months' pay if he is dismissed by the company.

The salaries and fees paid to the Managing Directors of Finnvera's subsidiaries Veraventure Ltd and Finnish Export Credit Ltd in 2014 were EUR 156,305 and EUR 140,437, respectively.

The salaries and fees paid to the rest of the members of the Management Group in 2014 totalled EUR 1,472,046. The supplementary pension contributions had an impact of EUR 185,307 on the company. The Chief Executive Officer's supplementary pension accounted for EUR 35,286 of this.

The Management Group members' salaries are based on total remuneration. The total remuneration includes a phone benefit and it may include a car benefit, which is regarded as taxable income in full.

The Board of Directors has approved the principles of the Management Group's performance bonus system and the targets set for the system in 2014. The performance bonus system adheres to the guidelines that the State owner has issued on the executive management's remuneration.

The performance bonus system encompasses the CEO and the members of the Management Group. The payment and amount of the performance bonus are at the sole discretion

of the Board of Directors, and the Board makes a separate decision on the matter once the financial figures and performance for 2014 have been determined.

A general prerequisite for paying a performance bonus is that the financial performance of the Group and the parent company for the period shows a profit when the performance bonuses paid are also taken into account. The maximum performance bonus is 10 per cent of the annual earnings when the so-called target level is reached, and 20 per cent of the annual earnings if the company's and the bonus recipient's performance has been exceptionally good.

The performance bonus is determined on the basis of the following four common areas as well as individual performance:

- customers and stakeholders
- the owner
- personnel
- the company's finances.

On 27 February 2014, Finnvera's Board of Directors decided to pay the CEO and the other Management Group members a performance bonus between 8.25 and 11.25 per cent. The decision was based on the outcome of the performance bonus model.

Finnvera's personnel are covered by an incentive bonus system. The members of the Management Group are outside the scope of the incentive bonus system.

The company's group supplementary pension plan was changed to a defined contribution plan effective 1 January 2013. The CEO belongs to the defined contribution pension plan, in which the retirement age is 63 years. One member of the Management Group belongs to the old, defined benefit pension plan, which offers eligibility for retirement at 60 years of age. Some other members of the Management Group belong to the defined contribution pension plan, under which they are eligible to retire upon reaching 61–63 years of age. The system was closed in 2009 and new members are no longer admitted.

- [www.finnvera.fi/eng/Finnvera/Finnvera-in-brief/Corporate-Governance/Remuneration](http://www.finnvera.fi/eng/Finnvera/Finnvera-in-brief/Corporate-Governance/Remuneration)

## Operating principles for internal control

Internal control is an integral element of the Finnvera Group's management. Its aim is to ensure the achievement of the goals defined by Finnvera and its subsidiaries. The Boards of Directors and senior executives of Finnvera and its subsidiaries are responsible for arranging and organising internal control, which is implemented by the entire organisation. Each supervisor is responsible for the functioning of internal control for his or her own area of responsibility.

Internal control is a continuous process. The control system supports the implementation of the Group's strategy and ensures for the management that the company's operations are efficient and profitable, that economic reporting is reliable, and that laws and other regulations pertaining to the operations are followed.

Finnvera's corporate culture, the ethical guidelines adopted by the Board of Directors, confidentiality regulations, the personnel's high professional standards and integrity, and the guidelines and practices agreed upon lay the foundation for the internal control environment throughout the whole Group. Operations are based on predetermined and planned processes and the associated approval procedures, tallies and other checks.

The daily operations are steered by a separate operating system conforming to the ISO 9001 standard. The operating system includes the descriptions of processes agreed specifically for the parent company and the subsidiaries, as well as operating instructions supplementing these processes. The operating system is implemented in the parent company through three core processes – Clientele, Financing Services and Liability Management – and through two processes supporting them: HR and Competence; and Systems Development. The operating system also includes descriptions of processes agreed for the subsidiaries. The processes described have their designated owners and owner teams, who are responsible for the development of the processes. Processes are assessed annually by means of both internal and external audits.

The operating system helps ensure the quality of Finnvera's services and the management of operating risks. At the same time, it provides a solid foundation for the completion of development projects. The quality system has been under development throughout Finnvera's



history. Since 2006, the company's goal had been to earn an ISO 9001 certificate; it was awarded to Finnvera plc and to its subsidiaries, Veraventure Ltd and Finnish Export Credit Ltd, on 7 December 2010.

## Risk management

Finnvera's Board of Directors confirms the principles of the Group's risk management, the strategy of risk-taking, the policies followed, the outlines of risk-taking, and the decision-making powers. The Risk Management Unit, which is independent of business operations, is responsible for risk management reporting and for maintaining the risk management system; it reports directly to the Chief Executive Officer. The principal components of risk management are the determination of strategies and policies, preparation of guidelines for operations, monitoring and controlling the risk position realised, and the related reporting. These components are emphasised in different ways depending on the type of risk.

The goal of risk management is, for its own part, to ensure prerequisites for implementing the company's strategy. Finnvera's risks can be grouped as follows:

1. Risks pertaining to credits and guarantees
2. Operational risks
3. Financing and market risks
4. Other risks.

Operational risks pertaining to financial reporting are identified, assessed and controlled as part of operational risk management. Utilisation of information technology and investing in the quality of operations play a central role in financial reporting systems.

The internal reporting system for risk management works at all levels of the Group. The parent company manages risks arisen in subsidiaries through ownership steering and by keeping all subsidiaries within the sphere of the risk management and internal auditing practised within the Group.

## The State's responsibility for Finnvera's commitments

Finnvera's objective is to ensure that, in the long term,

the expenses incurred in the company's operations can be covered by the income received from operations. If the government decides to support some of Finnvera's activities separately, the necessary appropriations are included in the State Budget. For instance, the State has made a commitment to Finnvera concerning compensation for the parent company's credit and guarantee losses.

The State's commitments enable Finnvera to take higher risks in domestic operations than those taken by commercial financial institutions. In addition, the Government is entitled to grant State guarantees as security for domestic and foreign loans taken by Finnvera.

The annual profits from domestic financing and export financing are transferred to two separate reserves on Finnvera's balance sheet. Correspondingly, losses from domestic operations are covered from the reserve for domestic financing, while losses from export credit guarantees and special guarantees are covered from the reserve for export financing. There is no cross-subsvention between the reserves. At the end of the year, before appropriations, the assets of the reserves totalled EUR 495 million. The State Guarantee Fund and the State of Finland are responsible for Finnvera's losses only if the losses cannot be covered by assets in these two reserves.

The State Guarantee Fund serves as a buffer between the State Budget and any losses that might arise from Finnvera's export credit and special guarantee activities. Defined in §4 of the Act on the State Guarantee Fund, these losses are ultimately the State's responsibility. The State Guarantee Fund's assets are also used to cover the liability arising from the guarantees and other commitments granted by the Finnish Guarantee Board – subsequently incorporated into Finnvera – and by its predecessors. Finnvera manages this 'old' liability for the State, and the State Guarantee Fund pays Finnvera a fee for its management. The 'old' liability totalled EUR 5 million at year's end.

Moreover, Finnvera's balance sheet includes a reserve for venture capital investments, under unrestricted equity. This reserve is used for monitoring the assets allocated by the European Regional Development Fund (ERDF) for venture capital investments. In June 2011, the Ministry of Employment and the Economy granted Finnvera EUR 18 million for venture capital investments during the ERDF programme period 2007–2013. This sum has been entered into the above reserve for venture capital investments.

## Acquisition of funds

Finnvera's long-term acquisition of funds takes place mainly by issuing bonds and other debt instruments on capital markets.

Finnvera obtains long-term funding primarily by issuing notes under the Euro Medium Term Note (EMTN) programme of EUR 3.0 billion. The programme is guaranteed by the State of Finland. Both Moody's and Standard & Poor's have rated the loan programme. The rating given by Moody's to Finnvera is Aaa and that given by Standard & Poor's is AA+.

The State can give guarantees as security for the loans taken by Finnvera and for the associated interest rate and currency swaps. The Act on Finnvera sets a ceiling of 9 billion euros for State guarantees. At the end of 2014, the guarantees given by the State totalled EUR x.x billion (2.1 billion).

Finnvera uses the funds acquired both for SME financing and for financing export credits. By means of currency and interest rate swaps, Finnvera converts the funds acquired into euros or US dollars, depending on the final use of the funds. Finnvera trades in currency, interest and derivative products only for hedging purposes.

## Supervisory operations

Finnvera's operating policies and guidelines ensure the management of all central operations.

The guidelines pertaining to financial administration are on the Intranet, available for everyone participating in financial reporting. The Finance and IT Unit is responsible for the processes and development of financial reporting. Process descriptions have been drawn up for the main financial processes. The persons taking part in the reporting process meet regularly and discuss reporting and the related activities. Named persons have been assigned responsibility for maintaining internal guidelines for financial reporting.

Detailed instructions have been compiled for activities associated with financial systems and financial reporting; these instructions set the standards for financial operations and financial reporting. The tallies and the

internal controls and checks included in these activities are a central element of the range of functions ensuring the timeliness, correctness and reliability of monthly, quarterly and annual reporting.

Risk management is involved in the generation of principles for calculating capital adequacy and write-downs.

## Communications

Finnvera's external financial information is based on a separate set of guidelines where the main principles are: essential information, correctly, promptly, simultaneously and available to all.

In accordance with the guidelines, the Chief Executive Officer is responsible for Finnvera's financial information. The Finance and IT Unit is responsible for the production of financial information. The Communications and Marketing Unit publishes the financial information.

## Internal auditing

Internal auditing supports the Finnvera Group and its executive management in meeting goals by providing a systematic approach for evaluating and developing the functioning and efficiency of the organisation's internal control, risk management, and managerial and governance processes.

Internal auditing is a function independent of the business operations under the Chief Executive Officer of Finnvera plc. Finnvera's Board of Directors approves the guidelines and annual plans for internal auditing. Internal auditing reports regularly on audits and on the observations made to the Board of Directors and its Inspection Committee. Auditing is done in keeping with the international professional standards applied in the sector.

## External auditing

Finnvera has a minimum of one and a maximum of two auditors, depending on the decision made by the General Meeting of Shareholders. The auditors must be authorised public accountants or accounting firms.

In competitive bidding arranged in 2012, the Finnvera Group selected KPMG Oy Ab to serve as its auditor.

The auditor submits a report on auditing to the Inspection Committee every six months and to the Board of Directors once a year. In addition, the auditors' report is submitted to the Supervisory Board. For the company, the auditor draws up a separate summary of the audits conducted during the financial period.

The Financial Supervisory Authority monitors Finnvera's bond issues. In other respects, Finnvera's finances are supervised by the Auditing Unit of the Ministry of Employment and the Economy, applying the standards of the Financial Supervisory Authority.

Realisation of the industrial and ownership policy goals set by the Ministry of Employment and the Economy for Finnvera is monitored by the Ministry's Enterprise and Innovation Department, which receives reports from Finnvera twice a year.

The auditors' term ends at the next Annual General Meeting following their election. The auditor with the main responsibility is Juha-Pekka Mylén, Authorised Public Accountant. The fees paid by the Finnvera Group to the auditors in 2014 totalled EUR 72,523. In addition, the auditing company was paid EUR 157,416 for advisory services.

### Switchboard

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