



Statement on the Corporate Governance and Steering System 2015

Finnvera's Financial Review 2015

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 2010 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.

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 London), and the decisions of the Ministry of Finance.

Finnvera draws up the consolidated financial statements, the parent company's financial statements, and the semi-annual 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.

The financial statements of the Finnvera Group and the parent company are published in February, the Annual Report in March, and the Semi-annual Report for the period 1 January–30 June in August. The Annual Report, including the financial statements and the annual review, and the Semi-annual Report 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 to act so that they reinforce Finnvera's role as a specialised financing company. 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 of disqualification and the guidelines on insider information are part of Finnvera's ethical guidelines. The principles of disqualification 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 industrial and ownership policy goals for the company for a period of four years. Whenever necessary, the Ministry revises these goals annually.

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. In 2015, Finnvera's goals highlighted the financing of start-up enterprises and the promotion of growth and internationalisation.

The ownership policy goals, set 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. The review period is 10 years for SME financing and 20 years for export financing. Finnvera should act efficiently and should improve the productivity of work in keeping with the goal set 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 decide on issues assigned to it by law and the Articles of Association. 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, Chair and Vice Chair of the Supervisory Board for a term of one year.

In 2015, the Supervisory Board had 18 members (18 in January–August, 17 in September–December). Chairman of the Supervisory Board Johannes Koskinen resigned from membership and chairmanship of the Supervisory Board as of 1 September 2015, when he assumed the post of a Director in the European Bank for Reconstruction and Development. No new chairman was elected for the remainder of the term. The Supervisory Board met eight (eight) times in 2015. The average attendance rate at the Supervisory Board meetings was 87 per cent (91).

Members on 31 December 2015

Vice Chairman

Lauri Heikkilä, Ph.D. (The Finns Party)

Members

Paula Aikio-Tallgren, Entrepreneur, Virvatuli-Valaisimet Oy

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

Mika Harjunen, Information Security 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, Engineer (National Coalition Party)

Ann-Louise Laaksonen, Vice Chairman, Finnish Business School Graduates

Anna Lavikkala, Labour Market Director, Finnish Commerce Federation

Veli-Matti Mattila, Chief Economist, Federation of Finnish Financial Services

Lea Mäkipää, Member of Parliament (The Finns Party)

Antti Rantakangas, Member of Parliament (Centre Party)

Hanna Sarkkinen, Member of Parliament (Left Alliance)

Osmo Soininvaara, Licentiate of Social Sciences (Green League)

Tommi Toivola, Senior Adviser, Financing, Confederation of Finnish Industries EK

Sofia Vikman, Member of Parliament (National Coalition Party)

- www.finnvera.fi > Finnvera/eng > Finnvera in brief > Organisation > Supervisory Board

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 semi-annual 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 Deputy CEO, 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. The General Meeting elects the members for a term of one year at a time. 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.

In 2015, the Board had seven members and met a total of 16 times (20). The regular members' average attendance rate at Board meetings was 95 per cent (94).

Members on 31 December 2015

Chairman

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

Markku Pohjola has been a member and Chairman of Finnvera's Board of Directors since 2012. He is also the Chairman of the Boards of Tieto Corporation and Koskitukki Oy and a member of the Board 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 and served as a senior adviser in ownership steering affairs for the Ministry of Trade and Industry in 2001–2007. In 2007–2012 he was Director General of the Ownership Steering Department at the Prime Minister's Office 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 first 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 2013. She also has a seat on the Boards of the following companies: Metsä Board Corporation, Bittium 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.

Pirkko Rantanen-Kervinen, b. 1949
B.Sc. (Econ.)

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

Harri Sailas, b. 1951
B.Sc. (Econ.)

Harri Sailas has been a member of Finnvera's Board of Directors since 2015. He worked as President and CEO of Mutual Pension Insurance Company Ilmarinen in 2007–2015. Before that he held executive posts at Nordea and its predecessor banks, most recently as Director of the Helsinki Regional Bank and as Deputy CEO of Nordea Bank Finland. Sailas also chairs the Boards of Directors of Alko Inc. and Finavia Corporation.

Antti Zitting, b. 1956
M.Sc. (Tech.)

Antti Zitting has been a member of Finnvera's Board of Directors since 2015. Until 2014 he worked as an entrepreneur in Sacotec Components Oy and serves currently as Chairman of the Boards of the Sacotec companies. Zitting is also a member of the Boards of the following companies and organisations: Sten&Co Oy Ab; Federation of Finnish Technology Industries; TT Foundation; and the Board for the Centenary of Finland's Independence 2017 – Finland 100. In addition, he chairs the Board of the Technology Industries of Finland Centennial Foundation.

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 2015 comprised Board Member Kirsi Komi (Chair), Second Vice Chairman Marianna Uotinen, Board Member Pirkko Rantanen-Kervinen and Board Member Antti Zitting.

In 2015, the Committee met four times and the members' attendance rate was 100 per cent (94).

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 2015 comprised Chairman Markku Pohjola, Vice Chairman Pekka Timonen and Board Member Harri Sailas.

In 2015, the Committee met five times (five) and the members' attendance rate was 100 per cent (94).

- www.finnvera.fi > Finnvera/eng > Finnvera in brief > Organisation > Board of Directors

The Report of the Board of Directors is presented in the Annual Report for 2015 on Finnvera's website.

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 > Finnvera > Finnvera in brief > Organisation > Management Group and Corporate Management

Salaries and fees

The fees paid to the members of the Supervisory Board and the Board of Directors are in agreement with the recommendation issued by the Ministry of Employment and the Economy on fees paid to the administrative bodies of State-owned companies. The fees paid in 2015 totalled EUR 205,000.

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 2015 totalled EUR 346,000. 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 2015 were EUR 159,000 and EUR 141,000, respectively.

The salaries and fees paid to the rest of the members of the Management Group in 2015 totalled EUR 1,269,000. The supplementary pension contributions had an impact of EUR 149,000 on the company. The Chief Executive Officer's supplementary pension accounted for EUR 35,000 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 2015. 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 2015 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 15 per cent of the annual earnings when the so-called target level is reached, and 30 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 26 February 2015, Finnvera's Board of Directors decided to pay the CEO and the other Management Group members a performance bonus between 9.4 and 13.0 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 has a supplementary group pension plan based on the principle of defined contribution. The CEO is included in the scope of the defined contribution pension plan where the retirement age is 63 years. The Deputy CEO belongs to a defined benefit pension plan, which offers eligibility for retirement at 60 years of age. The rest of the Management Group's members belong to the defined contribution pension plan, under which they are eligible to retire upon reaching 63 years of age.

- www.finnvera.fi > 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 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 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.

Risk management

Finnvera's Board of Directors confirms the principles of the Group's risk management, the policies to be observed, the outlines of risk-taking, and decision-making powers. Risk Control, 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 component tasks of Risk Control are participation in the determination of strategies and policies and in the preparation of guidelines for operations, as well as 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 Control 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-subsidy between the reserves. At the end of the year, before appropriations, the assets of the reserves totalled EUR 672 million. The State Guarantee Fund and, after the State Guarantee Fund, 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 3 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.

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 6.0 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. As defined in the Act on Finnvera, the outstanding principal of State-guaranteed loans cannot exceed the equivalent of EUR 9.0 billion. At the end of 2015, the principal of the loans guaranteed by the State totalled EUR 3.9 billion (2.5 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 activi-

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

Communications

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

In keeping with the guidelines, the Chief Executive Officer is responsible for Finnvera's financial communications. The Finance and IT Unit is responsible for the generation of financial information. The Communications and HR 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 with the main responsibility is elected annually by the General Meeting. The Annual General Meeting of 2015 elected KPMG Oy Ab to serve as Finnvera's auditor. The auditor with the main responsibility is Juha-Pekka Mylén, Authorised Public Accountant.

Once every quarter, the auditor participates in the meetings of the Inspection Committee of the Board of Directors and draws up a separate semi-annual report to the Board and to its Inspection Committee. In addition, the auditor's report is submitted to the Supervisory Board.

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 fees paid by the Finnvera Group to the auditors in 2015 totalled EUR 71,000. In addition, the auditing company was paid EUR 65,000 for advisory services.

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