



GOVERNMENT
OWNERSHIP
STEERING
ANNUAL REPORT
2016

Suomi
Finland
100

Congratulations
Finland!



CONTENTS

Key indicators _____	2
A word from the Minister _____	4
Director General’s review _____	6
Developments in 2016 _____	8
Government ownership steering _____	10
Remuneration _____	12
Board appointments _____	13
Corporate social responsibility and social impact _____	14
State-owned companies _____	16
Basic data on companies _____	18
Movement in the value of the State’s share portfolio _____	22
Direct state holdings in listed companies _____	26
Non-listed commercial companies _____	29
Special assignment companies overseen by the Prime Minister’s Office _____	49
Special assignment companies overseen by other ministries _____	54
State holdings and parliamentary authorisations _____	66
Sources of data and formulae for calculating key financial indicators _____	68

Prime Minister’s Office, Ownership Steering Department
Po BOX 23, 00023 Government, Finland

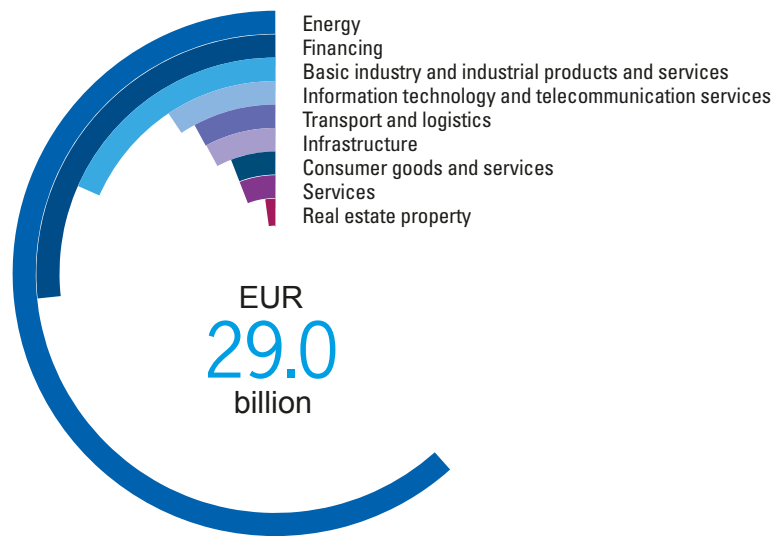
ISBN Print 978-952-287-426-9
ISBN PDF 978-952-287-427-6

Layout: Mainostoimisto Visuviestintä Oy, Taina Ståhl
Printing place: Lönnberg Print & Promo, Helsinki 2017

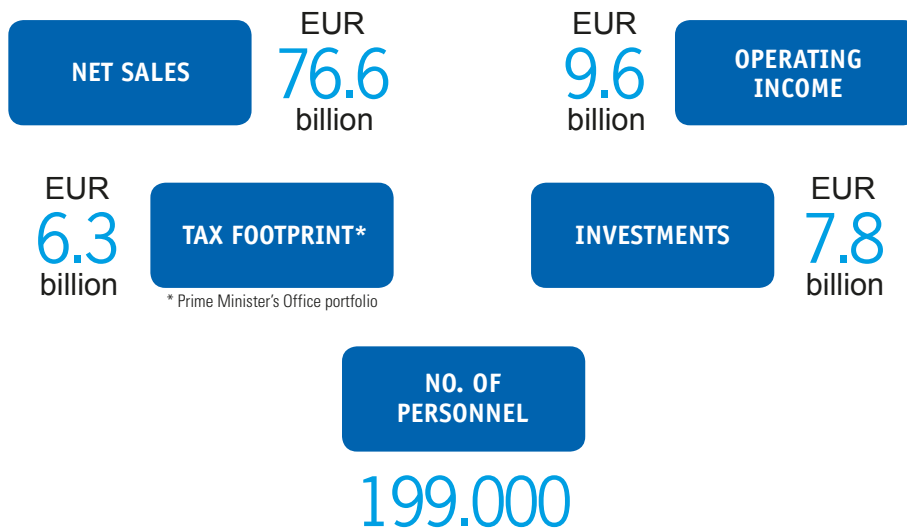


Key indicators

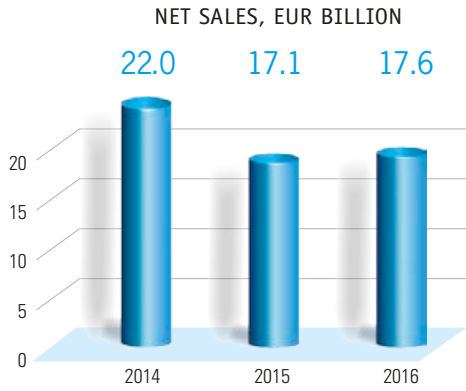
VALUE OF STATE'S INTERESTS IN COMPANIES



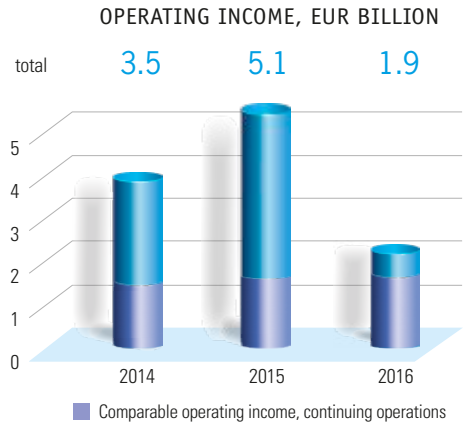
KEY FIGURES



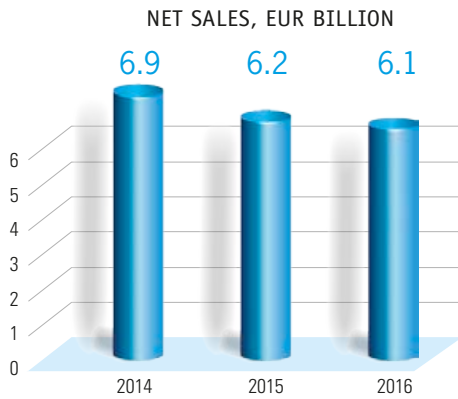
MAJORITY-WNED LISTED COMPANIES



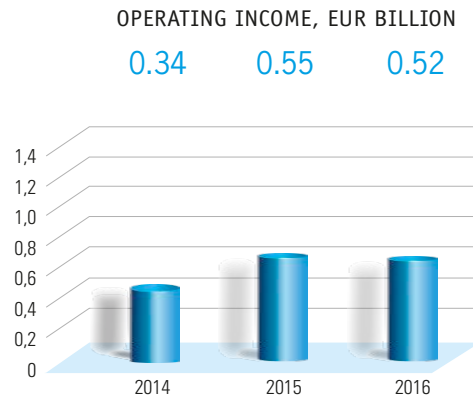
ROI
%
8.0
(21.0)



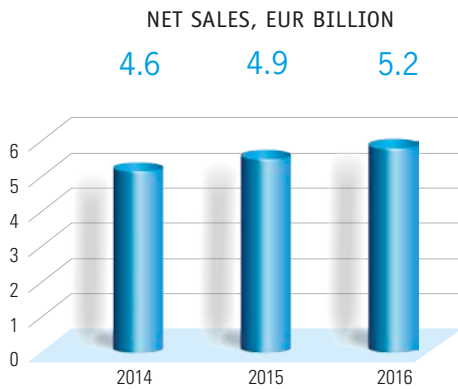
NON-LISTED COMMERCIAL COMPANIES



ROI
%
7.3
(7.7)

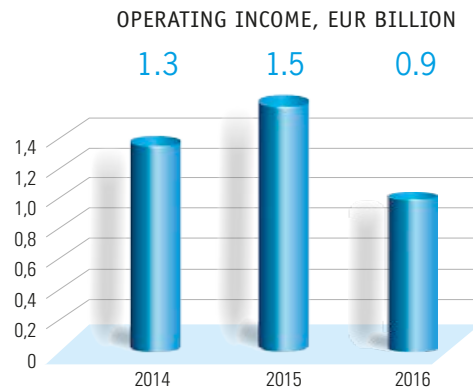


SPECIAL ASSIGNMENT COMPANIES



ROI*
%
4.0
(6.2)

* Municipality Finance figures not included



New Government resolution implemented

For government ownership steering, the year 2016 was significant in terms of creating something new. The Government issued a new resolution on state-ownership policy on 13 May 2016. It seeks to ensure that corporate assets held by the State are put to more efficient use to boost economic growth and employment. State ownership is a tool of active social ownership designed to deploy capital efficiently and generate new economic activity in Finland.

State ownership can increase investment and accelerate the creation of new business. It may greatly contribute to the emergence of new markets or provide support in the face of major transitions when new ways of working need to be tested on the markets. Additionally, the State, in its capacity as an owner and shareholder, may promote the creation of corporate structures that have true potential for success in the new post-transition operating environment, characterised by extensive networking and global competition.

By its own actions, the Government seeks to reinforce Finnish ownership. State ownership is one way of doing so. State ownership aims to increase value over the long term rather than seek quick profits.

Much of the new Government resolution on state ownership policy was implemented towards the end of the year. August saw the establishment of the State Business Development Company Vake Oy. It will serve as a tool for employing released capital reserves to generate new business, reinforce the capital base of the companies held in Vake's portfolio and implement corporate restructuring schemes more efficiently. At the end of the year, the Government issued more detailed guidelines for Vake's operations and decision-making procedures.

The first company to be transferred to Vake was Ekokem Corporation. However, before the transfer, the company was sold to Fortum Corporation. Vake Oy completed the transaction in accordance with its mission. State interests in Altia Plc, Arctia Ltd, Kemijoki Oy, Neste Corporation, Nordic Morning Plc, Posti Group Corporation, Raskone Ltd and Vapo Oy will be transferred to Vake Oy at a later date as determined by the Government.

The Act on State Shareholdings and Ownership Steering was amended at end of the reporting period. A new 33.4 per cent ownership interest limit was added to the previous 100 and 50.1 per cent limits. The new one-third

limit is designed to make it easier to deploy company balance sheets to generate new growth and promote business development, while at the same time safeguarding the State's strategic ownership interests. Use will be made of this new provision in lowering the ownership interest limits in Vapo and Neste from the current 50.1 to 33.4 per cent. The ownership interest limits and adjustments to these limits are determined by Parliament.

The State holds major interests in companies deemed to have a specific strategic importance. Safeguarding strategic interests vital to society because they are typically based on the need to maintain adequate emergency stocks of critical supplies or other vital functions. When the resolution on ownership policy was pre-



© Prime Minister's Office



pared, the Government examined and updated all relevant strategic interests to reflect the current situation.

In December, a new Parliamentary Advisory Council was established to support state ownership steering and reinforce the role of Parliament. The Government's ownership policy involves a long-term approach that calls for a parliamentary commitment spanning several electoral periods. The Council will serve in an advisory capacity, reviewing the Government's ownership policy, evaluating the general principles of ownership steering and addressing issues related to parliamentary authorisations in general. The Advisory Council will not be consulted regarding the actual business in which the individual companies are engaged.

In its resolution, the Government also issued guidelines for corporate social responsibility (CSR) and recommended more conservative remuneration policies. In the spring of 2017, state wholly owned and majority-owned companies reported to their Annual General Meetings regarding CSR performance and actions taken to achieve the established objectives. Additionally, the companies have reported on their remuneration policies and criteria for incentive rewards. Underlying these policy lines are relevant directives as well as the Government's ambition to set an example. We want to act as a responsible shareholder in these areas.

Additionally, new guidelines were issued for Solidium Oy determining the framework for cooperation

between the company's board of directors and the State, the returns expected by the State, state interests in portfolio companies and board appointments. Solidium-owned companies play a key role in the Finnish economy. Solidium's active ownership policy seeks to develop the companies to promote the economy, employment and corporate growth in general. Solidium is a Finnish 'anchor owner' which takes into account the national interests while at the same time operating on market terms.

Considering the past year, it is fair to say that as a result of the actions taken, state ownership was transformed into a tool of active reform as envisioned in the Government Programme. Among the changes underlying the State's pioneering role and responsibility as an owner and shareholder was the establishment of the State Business Development Company Vake Oy; the introduction of the new one-third ownership interest limit; the establishment of the Parliamentary Advisory Council; as well as the new corporate social responsibility and remuneration guidelines. The past year was not an easy one: the state of the economy posed challenges to companies and shareholders alike, but we were successful in finding a new path and taking the first few steps along it. A turn for the better has already taken place and now we need to proceed with determination.

Mika Lintilä
Minister of Economic Affairs

State-shareholder on the forefront

Of the events of the reporting period, most of the media attention up to the end of the year focused on the new Government resolution on state ownership policy. Few of our other achievements received much publicity, even though they occupied this Department more than the preparation of the resolution. However, it is the issues that fall under the media radar that constitute the true grind of ownership steering: supporting corporate growth and development, increasing shareholder value and reinforcing domestic ownership.

In early 2016, we completed the drawn-out process of acquiring the entire share capital of Gasum. The last step was the purchase of Gazprom's interests in the company. As a result of the transaction, it is now easier to develop Gasum as part of the Finnish and northern European gas markets. Another major project was brought to completion in late spring. After the State had acquired Airbus' non-controlling interest in Patria, 49 per cent of the company was sold to Kongsberg of Norway. Financially, the deal was successful and created new opportunities for industrial cooperation. Additionally, the State, together with the other shareholders, was involved in the project to have Ekokem Corporation listed. However, Fortum Corporation made such a lucrative offer for the shares that all the prin-

cipal shareholders sold their interests to Forum early last autumn. The year was crowned by the creation of the new Veikkaus on the last day of December when determined efforts to merge Fintoto, the Slot Machine Association and Veikkaus, the Finnish pools and lottery operator, were brought to a successful completion.

The State seeks to be on the forefront when new approaches are adopted. While at times this creates change resistance, it helps move forward in the context of ownership. The latest policy decision was to require the disclosure of remuneration policies and the criteria for incentive rewards in anticipation of an EU directive. Although the remuneration of executive management is the prerogative of the board of directors, it is actually in the best interest of shareholders. Carefully considered executive incentivisation for the purpose of increasing shareholder value lies at the heart of the policy.

Over the past few years, we have made determined efforts to relax the capital structure of Solidium-owned non-listed commercial companies and improve efficiency in the deployment of capital. These efforts were successfully continued in the reporting period, which was reflected in the marked increase in dividend distribution: the total dividends paid by these compa-

nies increased from EUR 174 in 2015 to EUR 255 million in 2016. While a lot of work remains to be done, we are definitely moving in the right direction.

A veritable wave of corporatisation is under way in the public sector. To a great extent, this trend is related to the Government's declared intent to provide more opportunities for the private sector to engage in the provision of public services. For example, the social and healthcare reform and a wide range of projects related to transport and logistics are being



clarified by converting operations into independent companies. At the same time, it is believed that corporatisation itself will provide a solution to structural problems.

People matter above all other business. Each spring the Ownership Steering Department is involved in appointing some 150 board members. Of this number, more than twenty are completely new. It is a major proposition because identifying suitable candidates calls for acute judgement. Since every one of them must be able to generate value for the company, close individual evaluation is necessary. In reality, it takes almost a year to make the selection. Additionally, a total of 10 chief executive officers were replaced for various reasons during 2016. It is extremely important to be able to ensure sufficient rotation and renewal while ensuring that state-owned companies keep up with developments.

Ownership steering activities within the Government are not visible to the public. It calls for comprehensive management by the Ownership Steering Department, which is required to ensure and oversee the consistency of ownership steering across the administrative boundaries between ministries. A total of seven ministries have special assignment companies under management, in addition to the state-owned companies overseen by the Prime Minister's Office. Few people are interested in what company is overseen by what ministry. What is of interest, however, is to assess the total corporate assets held by the State as a whole. Consequently, the objective for the next few years is to create a consistent system of analysis and a comprehensive statement of financial position for all state-owned companies.

All in all, the duties related to state ownership of limited companies

and the importance of these duties will only increase. A wise State would allocate much more intellectual resources to the management of these assets worth EUR 30 billion.

Sound ownership steering is based on legislation, the OECD's recommendations and the Corporate Governance Code of the Securities Market Association. Along with Sweden and Norway, we are the pioneers in this field in Europe. One of our key priorities is to ensure competition neutrality and keep regulation and ownership apart. At the same time, we find it important that board membership is solely based on business expertise. It is one of the issues we have been working on. Additionally, it would be advisable to call into question why commercial companies, such as Post Group, need a supervisory board. While this is understandable in the case of Veikkaus and Alko because of their social mission, this type of governing body is not consistent with a company operating on a market basis. It amounts to a distortion of competition neutrality. Not all companies have legislators on their governing boards.

2016 was a busy year that ended on a positive note, and 2017 appears to offer equally exciting and interesting prospects. I wish to express my special thanks to my colleagues in the Ownership Steering Department for their superb efforts under constant pressure and changing circumstances despite the strained resources. Similarly, I want to thank all stakeholders for their smooth cooperation and I wish you all every success in the future.

Eero Heliövaara

Director General, Head of Department



Developments in 2016

NEW VEIKKAUS OY

A new pools and lottery operator was created at the beginning of 2017 when Veikkaus Oy, the Slot Machine Association and Fintoto were merged. The company assumed the name of Veikkaus Oy. The company created as a result of the merger is the largest single non-listed company in the State's portfolio as well as one of Finland's biggest non-listed companies with net sales of EUR 3.5 billion. Some one billion euros of gaming revenues per year will be distributed in subsidies. Underlying the merger was the need to develop the Finnish gaming industry in a way that alleviates the problems associated with money games more effectively while maintaining the monopoly. The decision on the merger is based on a unanimous report with broad-based parliamentary support released during the previous electoral period.

Gaming revenues are used for offering opportunities for a better life. Subsidies are provided to help people in Finland to pursue hobbies, engage in physical exercise, stay healthy and recover. The subsidies are used for supporting a wide range of voluntary activities. Gaming revenues finance

activities that help to cope with everyday crises, support special-needs groups and promote science and horse sports. Without these subsidies, people would not have access to many cultural experiences.

THE STATE SOLD ITS INTERESTS IN EKOKEM TO FORTUM

In May, the State of Finland sold its 34.08 per cent interest in Ekokem Corporation, a circular economy company, to Fortum Corporation. The State finds that the business combination will improve the companies' potential for commercialising new products and services as it will combine Fortum's solid expertise in the generation of electricity and heat with Ekokem's advanced expertise in waste processing and materials flows. At the same time, it will make it possible to create innovations and identify new business opportunities. In particular, Fortum's extensive international business network and expertise combined with its strong financial position are expected to drive growth internationally.

For Finland, it was an excellent move because combining the leading-edge

skills and know-how of the two companies creates a path for growth that the State needs to enable as a responsible owner. The company now created will be a pioneer in Scandinavia, capable of offering a wide range of services on a broad front both in Finland and in the export sector. The energy sector is of key importance to society and its significance will only grow in the future.

ESTABLISHMENT OF THE BUSINESS DEVELOPMENT COMPANY VAKE

The State Business Development Company Vake Oy was founded in August. Its mission is to circulate the capital invested by the State in state-owned companies more effectively. This arrangement will make it possible to use the released capital reserves to generate new business, reinforce the capital base of the companies held in the development company's portfolio and implement corporate restructuring schemes more efficiently. The proceeds from the sale of interests in Ekokem Corporation to Fortum Corporation were channelled to Vake. State interests in Altia Plc, Arctia Ltd, Kemi-joki Oy, Neste Corporation, Nordic Morning Plc, Posti Group Corporation,

Raskone Ltd and Vapo Oy will also be transferred to Vake Oy at a later date.

At the end of the year, the Government issued new guidelines for Vake. Under these rules, the company may invest in business activities that are deemed necessary to renew the structure of the economy and otherwise promote the overall development of society. Additionally, Vake is to offer state-owned companies a natural development path for renewal and the restructuring of the ownership base.

NEW GUIDELINES FOR SOLIDIUM

The Ministerial Finance Committee reviewed Solidium Oy's new guidelines in September. According to the guidelines, Solidium will serve as a Finnish 'anchor owner' whose operations are based on national interests. The company is both entitled and duty-bound to develop its holdings while ensuring that all investments and exits are financially justified. As a rule, proceeds from the sale of shares are used to make new investments or consolidate existing holdings. At the same time, Solidium must be capable of assuming responsibility for the supply of capital for its portfolio com-

panies and take part in share issues or other financing arrangements in proportion to its shareholdings. Additionally, the new guidelines determine the framework for cooperation between the company's board of directors and the State, the returns expected by the State, state interests in portfolio companies and board appointments.

SALE OF NON-CONTROLLING INTEREST IN PATRIA TO KONGSBERG COMPLETED IN THE SUMMER

The sale of the 49.9 per cent interest in Patria Industries, a defence company, to Kongsberg Defence & Aerospace AS was closed during the second quarter of 2016. The deal will improve Patria's competitiveness and support profitable growth both in Finland and export markets. Kongsberg is an international, knowledge-based group that supplies high-technology systems and solutions to customers in the oil and gas industry, the merchant marine as well as the defence and aerospace industries. With a presence in over 25 countries, the company operates a worldwide marketing network. Patria, Kongsberg and Nammo, a joint venture co-owned by

Patria and the State of Norway, will together form a leading Nordic company in its field. The State of Finland holds a 50.1 per cent interest in Patria Industries.

ACQUISITION OF GAZPROM'S SHARES IN GASUM COMPLETED IN EARLY 2016

The purchase of PJSC Gazprom's 25 per cent stake in Gasum Oy closed in December 2015 was brought to a conclusion at the beginning of 2016. As a result of the transaction, Gasum became a wholly state-owned Finnish company.

The State bought the Gasum shares because gas in its various forms plays a central role in the Finnish energy policy and enables a cost-effective transition towards a carbon-neutral society. The investments in gas will make it possible to reduce the use of coal and oil-based products in the future and replace them with gas, a considerably lower-emission option not only for industry, but also for the co-generation of electricity and heat and for land and sea transportation.

Government ownership steering

Underlying state ownership steering policy is the government programme specifying the main objectives and programmes for the government term. The Government resolution on ownership steering policy outlines the key principles and day-to-day operating practices of ownership steering by the State. Juha Sipilä's Government announced the new resolution on 13 May 2016 under the heading "Let's put the balance sheets to work – Growth-promoting ownership steering policy". It proclaims that state ownership is a tool of active social renewal.

Originally, the State's actions as an owner are governed by the State Shareholdings and Ownership Steering Act (1368/2007, hereinafter 'Ownership Steering Act') enacted at the beginning of 2008. The act was updated at the end of 2016. A new 33.4 per cent ownership interest limit was introduced in addition to the previous 100 and 50.1 per cent limits. The Ownership Steering Act regulates the State's role as an owner and shareholder in all companies. No exceptions are made in the Act to the provisions of the Limited Liability Companies Act or any other laws relating to companies.

The State's corporate assets are divided into holdings in companies

operating on a commercial basis and special assignment companies entrusted with a specific state-defined mission. Some of these special assignments are specified by law. The latter are to fulfil their respective missions as effectively as possible. Companies operating on a commercial basis engage in competition in their respective fields seeking to achieve the best possible financial performance and increase shareholder value. For some of the holdings in commercial companies, specific strategic interests are defined by the relevant ministries. They may relate to the maintenance of adequate emergency stocks of critical supplies, infrastructure or equivalent social activities.

State ownership steering calls for strict compliance with the principles of good governance. In commercial companies, regulation and ownership must be held apart, and the boundaries between the rights and responsibilities of shareholders, board of directors and executives should not be blurred.

As an owner, the State calls for transparency in all corporate activities, respect for employees and responsible action with regard to the environment. When appointments are made to boards of directors and exec-

utive management, due consideration is given to the attainment of equality objectives by ensuring that both genders enjoy equal opportunities for career advancement. Executive remuneration is based on the company's competitiveness and financial performance.

The opinions issued by the Ministerial Finance Committee also include statements on executive remuneration in state-owned companies. Companies in which the State exercises majority control are to follow these opinions, while associated companies are encouraged to apply them where possible. Responsibility for the application of, and compliance with, these opinions in respect to the State rests with the boards of directors. The latest opinion on executive remuneration was incorporated in the new Government resolution on state ownership policy.

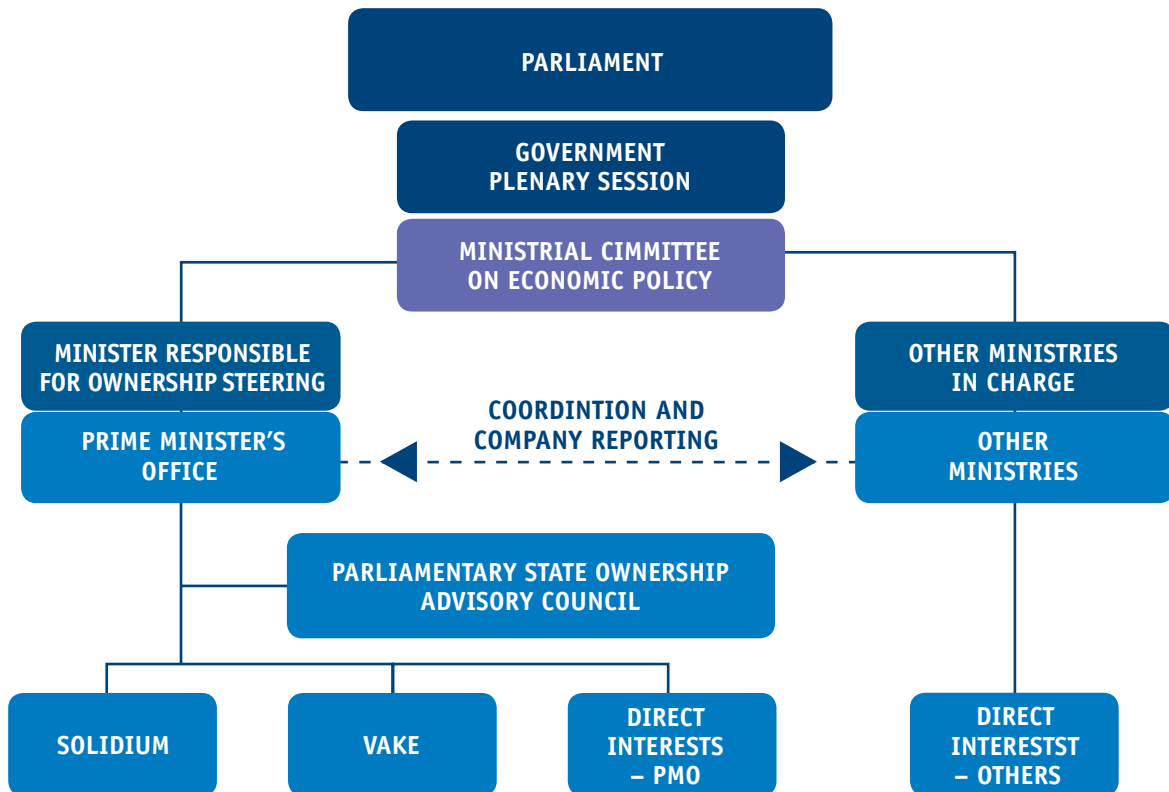
As an owner, the State seeks to maximise the overall financial and social benefit in the management of its assets. The financial benefits generated by the companies consist of dividends and potential extensions of the ownership base. The social benefits accrue as a result of the State's actions as an owner in a society where changing social needs have to be considered at every turn.

At the same time, the management of state assets must be subject to control and enjoy public confidence – the basis for this being that the State is a consistent and predictable owner whose holdings contribute to the long-term development of the companies and their shareholder value. The main tools of ownership steering include board appointments; the owner’s focus on management resources and executive commitment; the promotion of sound governance; independent corporate analysis; and the preparation of the ownership strategy with due regard to corporate social responsibility. As an owner, the State shall act as transparently and

responsibly as possible. Its policies must enjoy confidence on the securities market in order to ensure that the State’s involvement as a major owner will not diminish the value of the listed companies included in its investment portfolio. At the same time, the business associates and competitors of the commercial companies must be able to trust that such companies enjoy no special privileges because of state shareholdings.

At end of 2016, the State held interests in a total of 63 companies of which 27 are special assignment companies and 36 operate on a commercial basis. A total of 31 compa-

nies are ownership-steered by the Prime Minister’s Office and 20 companies by other ministries. Solidium Oy is responsible for ownership steering in respect of 12 listed companies. The Prime Minister’s Office is primarily responsible for commercial companies, while the special assignment companies are handled by ministries. The announcement of the government resolution on ownership policy in May 2016 was accompanied by the establishment of the State Business Development Company Vake Oy, to which holdings in partly or wholly owned commercial companies will be transferred. The transfers will be carried out during 2017.



Remuneration

The State issued new guidelines for executive remuneration in the Government resolution on state ownership policy given in May 2016. At the same time, the opinion of the Ministerial Finance Committee, which used to be a separate document, was included in the resolution.

Executive and staff remuneration is a tool used by the board of directors for the purpose of increasing the company's value. When top management and employees are rewarded for attaining long-term objectives, their interests coincide with those of the shareholders. A sound remuneration policy is based on indicators relevant to the company and steers operations in the preferred direction.

State-owned companies need to be able to hire executives and staff on competitive terms. State ownership may not generate any special rights or privileges for companies, nor impose any additional obligations or restrictions as compared to privately owned companies. As a shareholder, the State requires that financial rewards are reasonable and fair. The remuneration of executive management and employees is determined by the board of directors. As an owner, the State does not make decisions on remuneration.

The State expects that boards of directors explain the company's remuneration policy at the General Annual Meeting and justify the performance-based financial rewards paid to the Chief Executive Officer as well as provide a summary of the rewards paid to the members of the executive management team. In the State's view, there must be a maximum limit for the total variable remuneration of the executive management within which the board of directors determines short and long-term incentives.

The State-owner's position on the limits of remuneration is defined by the government resolution on state ownership policy.

The State urges the executives of listed companies to personally invest in the equities of the companies that they manage, for example when recruited. The State endorses incentive plans under which financial rewards are offered in the form of company shares. The State does not approve of incentive schemes that include option plans or other instruments requiring the issue of new shares.

In the State's view, future executive contracts of employment to be concluded by listed companies and comparable non-listed companies should not specify levels of compensation where the pay for the notice period and severance package combined exceeds 12 months' regular pay. In companies other than listed companies the compensation should not exceed 6 month's fixed pay. Boards of directors must see to it that companies disclose remuneration information in accordance with the Limited Liabilities Companies Act and the Securities Markets Act and the Corporate Governance Code of the Securities Market Association.

In 2016, the overall level of executive remuneration in the market remained reasonable. The general recovery of the economy had a positive effect on companies' financial performance as well as share prices. Generally, this led to a slight increase in the level of remuneration under both short and long-term incentive plans. Basic salaries remained unchanged in the broad view. On the whole, the remuneration of executives in state-owned companies followed the general market trends.

Board appointments

In 2016, the Ownership Steering Department proposed candidates for board membership to the AGMs or nomination committees of 30 companies. All in all, there were a total of 178 members on these boards, of whom the State had appointed 156. Of all State-appointed members, women accounted for 43 per cent of the total in 2016. During 2017, the Ownership Steering Department has proposed or will propose candidates to the AGMs or nomination committees of 31 companies. All in all, these boards of directors have 187 members, of whom the State may appoint 166. Of the appointees, 25 will begin their first term on the board of directors of a state-owned company; 12 of them are women and 13 are men. The wholly owned investment company Solidium Oy is active in the nomination committees of its portfolio companies and not included in the above figures.

A good board of directors is diversified not only in terms of its expertise, but also in its composition. Both genders and people of different age groups should be equally represented. The State's objective is that neither gender should have less than 40 per cent of the State's board appointments. Failure to meet this objective can usually be explained by the total number of board positions available or the number of members that the State is authorised to appoint under shareholder agreements.

Key criteria for board membership include experience and expertise, assurance of the capacity for cooperation and diversity of competence, and compliance with the gender equality objectives established by the Government. With board members appointed on proposal from the State, the preferred duration of the term is 5–7 years.

The Annual General Meeting of Shareholders

– in which the State is represented either by the minister responsible for ownership steering or a person designated by the minister – appoints the members of the board of directors and often also the chair of the board. In wholly state-owned companies, the Ownership Steering Department proposes candidates directly to the AGM. When identifying potential candidates for board membership, the State draws upon a resource pool maintained by an external expert. At many of the companies in which the State is not the sole owner, the largest shareholders form a nomination committee to prepare the issues related to the composition and remuneration of the board and to propose candidates for board membership to the AGM.

Board appointments offer a way of ensuring that the State's objectives are achieved as effectively as possible. When officials responsible for ownership steering are appointed to the boards of directors of state-owned companies, steps must be taken to ensure that such officials are not disqualified when preparing decisions affecting state ownership or exercising other shareholder control or powers.

Boards of directors are required to engage in a dialogue with major shareholders on issues related to the development of shareholder value or otherwise important to shareholders. The State, in its capacity as an owner or shareholder, engages in active exchanges with the companies within the limits imposed by law and with due regard to other shareholders.

Corporate social responsibility and social impact

The social impact of state ownership is significant considering that it owns a total of over 60 companies, either fully or partially. An essential part of this is the State's role as an enabler when projects of national importance fail to be launched or achieved by the private sector alone. Despite its substantial role in society, the State is just one of the shareholders in commercial companies. The State does not manage companies, nor should regulation be confused with ownership.

In 2016, the combined net sales of state-owned and Solidium-owned companies reached EUR 77 billion. They employ a total of 199,000 people of whom 89,000 work in Finland. The total dividends paid by these companies to the State out of the 2016 profits amounted to EUR 1.4 billion. The aggregate amount of taxes paid by the companies ownership-steered by the Prime Minister's Office was EUR 6.3 billion. Proceeds from the sale of direct holdings in the State's portfolio during 2010–2016 totalled EUR 412 million. Solidium's proceeds from the sale of shares during 2010–2016 totalled some EUR 3.6 billion.

NEW REQUIREMENTS INTRODUCED IN THE GOVERNMENT RESOLUTION

Corporate social responsibility (CSR) issues have been integrated as part of the financial analysis and strategic efforts of the Ownership Steering Department. The level of CRS management is analysed and the CRS risks and opportunities relevant to the company identified, including the level of performance in managing these risks. The analysis serves as a basis for dialogue with companies.

In the resolution on state ownership policy issued in spring 2016, the State introduced more detailed expectations

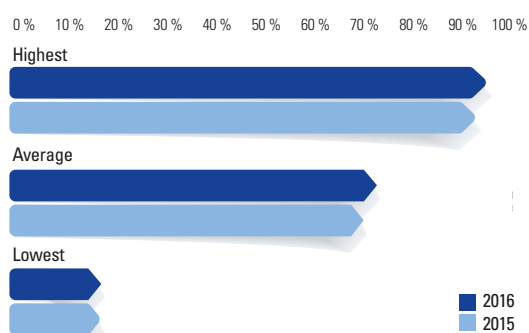
regarding corporate social responsibility. Compared with the previous government resolution, the State's expectations in this respect have extended beyond mere reporting, to strategic CRS requirements in recognition of the overall development of society and stakeholder expectations. Leading-edge companies attach increasing importance to CSR issues and have successfully integrated them into their daily business operations. A sustainable competitive advantage can only be achieved through responsible action. Consequently, the promotion of corporate social responsibility is part of the toolkit of active owners in their efforts to increase shareholder value.

As declared in the government resolution, the State expects every company to establish measurable objectives for corporate social responsibility, report on their CRS performance, actions taken and goals for the coming years. In the future, the State will monitor CRS performance more closely in terms of the progress made in attaining these objectives. In the spring of 2017, CRS issues were addressed at the AGMs of all companies in respect of which ownership steering is exercised by the Prime Minister's Office.

Corporate social responsibility is clearly growing in importance in state-owned companies and the level of management and performance in this respect has improved year on year. Special attention is being paid to goal-driven CRS management, an issue also highlighted in the government resolution which called for the establishment and systematic monitoring of CRS objectives. As a result, CRS performance is expected to improve over the next few years. Most importantly, the goal-driven CRS management efforts should focus on issues that are relevant to the company and generate value.

LEVEL OF CRS MANAGEMENT AND PERFORMANCE¹

The level of CRS management and performance is assessed by means of a range of criteria related to the management system and strategic level, CRS resources and expertise, CRS objectives, business opportunities created by CRS, risk management and reporting. Average CRS performance by portfolio companies in 2015–2016 is illustrated in the diagram below.



TOTAL TAX REVENUES INCREASED

Large international groups of companies engaged in business in Europe will be required to disclose country-by-country tax data. This will happen when progress is made with the EU Commission's proposal of 2016 to amend the Accounting Directive. However, no quick progress is likely.

State-owned companies disclosed their tax data for the second time in 2016 while at the same time improving the standard of reporting. Almost all the companies in the Prime Minister's Office's portfolio reported their tax footprints.

More detailed descriptions were provided of the organisation and management of tax issues as well as the reporting procedures and materiality principles applied. Reporting by country and type of tax was extended although some companies only reported tax information by country. However, Finland's share of taxes was reported almost without exception. Exclusions were justified by reference

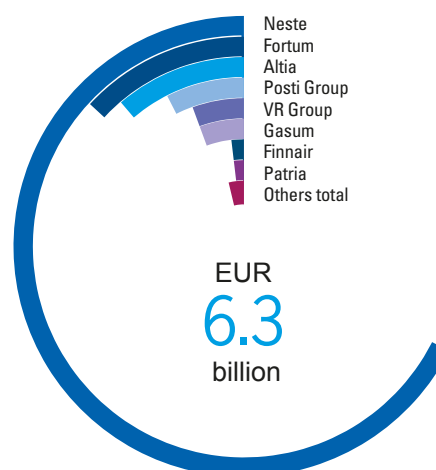
to the limited extent of operations, competition and the confidentiality of data.

Total tax revenues in 2016 amounted to approximately EUR 6.3 billion (5.8 billion) of which Finland accounted for EUR 4.7 billion (4.5 billion). The biggest source of tax revenues was excise duties, followed by valued added taxes (net), taxes on earned income and employer contributions.

The aggregate profit of all the companies combined amounted to EUR 1.8 (EUR 0.8) billion before taxes. For Finland's part, the companies showed an aggregate taxable profit of EUR 0.8 billion (1.0 billion). A total of 69 (70) per cent of the reported net sales of the companies was generated in Finland and 73 (73) per cent of the employees worked in Finland.

Of the aggregate of accrued taxes paid by all the companies, the countries for which no specific figures were provided accounted for 12 (7) per cent of the total. Profit before taxes was disclosed in 45 (47) per cent of these countries. They accounted for 12 (19) per cent of the total taxes paid. Of the combined net sales of all the companies, 22 (21) per cent was generated in countries on which no specific reports were provided. Of all the personnel, 8 (7) per cent were employed in these countries.

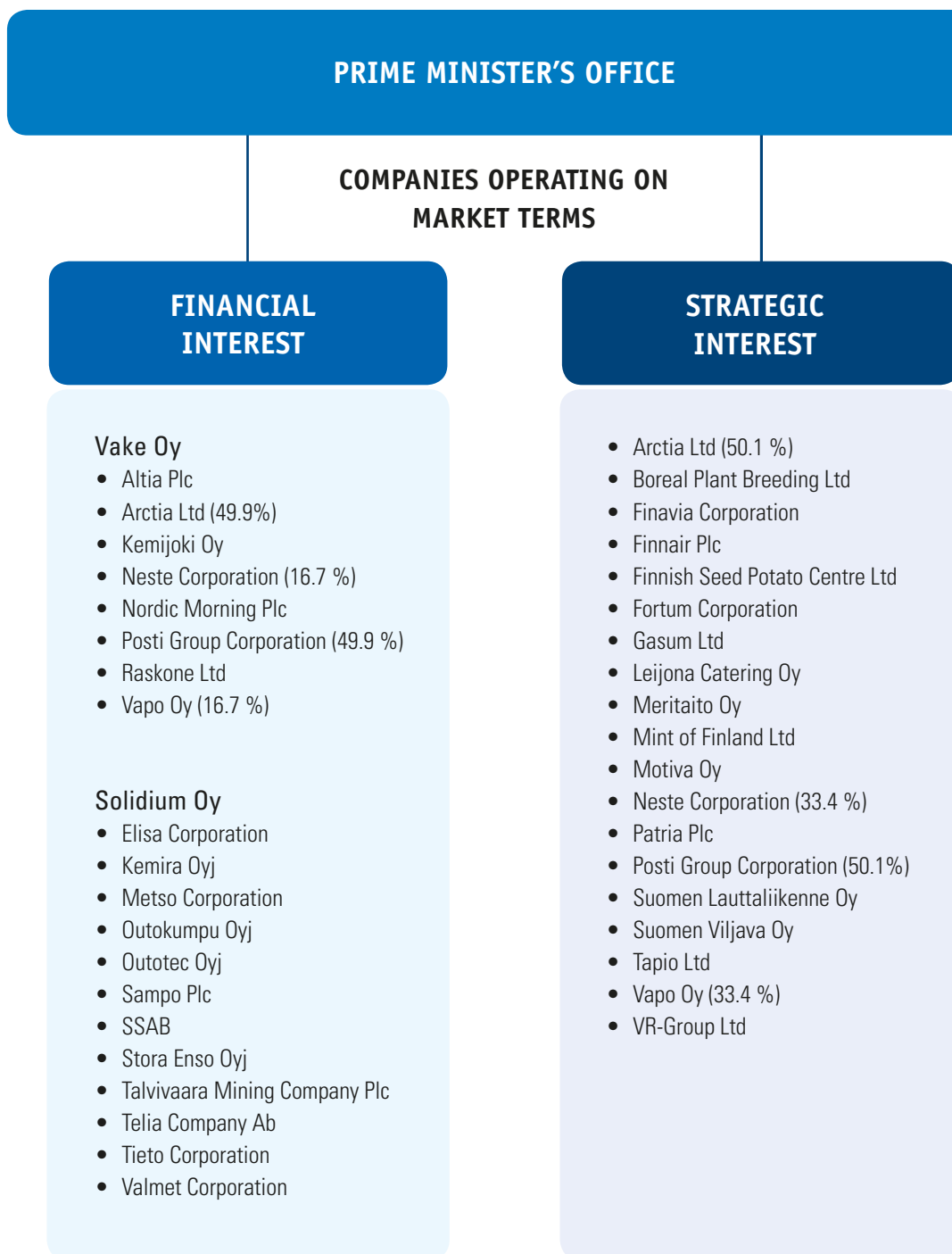
Company-specific tax footprint, EUR billions



¹ Portfolio composition changed, 2015 figures adjusted

State-owned companies

(after transfers)





STATE COMPANIES WITH A SPECIAL ASSIGNMENT

- Finnpiilot Pilotage Ltd
- Gasonia Oy
- Governia Oy
- Solidium Oy
- Suomen Erillisverkot Oy
- Finnish Aviation Academy Ltd
- State Business Development Company (Vake Oy)
- Veikkaus Oy

STATE COMPANIES WITH A SPECIAL ASSIGNMENT

- Air Navigation Services Finland Oy LVM
- Finrail LVM
- Finnish Broadcasting Company Yle LVM
- CSC Scientific Computing Ltd OKM
- Equine College (Horse Institute Ltd) OKM
- Alko Inc STM
- Baltic Connector Oy TEM
- Finnvera plc TEM
- Finpro Oy TEM
- Finnish Industry Investment Ltd TEM
- VTT Technical Research Centre of Finland Ltd TEM
- Terrafame Group Ltd. TEM
- Finnish Fund for Industrial Cooperation Ltd (Finnfund) UM
- Fingrid Oyj* VM
- Hansel VM
- HAUS Finnish Institute of Public Management VM
- University Properties of Finland Ltd VM
- Tietokarhu VM
- A-Kruunu YM
- Municipality Finance Plc YM

* Note: Commercial company and strategic interest

Basic data on companies

PRIME MINISTER'S OFFICE

LISTED COMPANIES	Net sales, EURm	Operating income, EURm	Operating income, %
Finnair Plc	2317	116,2	5
Fortum Corporation	3632	633	17,4
Neste Corporation	11689	1155	9,9
NON-LISTED COMMERCIAL COMPANIES	Net sales, EURm	Operating income, EURm	Operating income, %
Altia Plc	356,6	46,3	13
Arctia Ltd	60,7	12,9	21,2
Boreal Plant Breeding Ltd	9,8	0,7	7,2
Gasum Corporation	843,4	124,8	14,8
Fingrid Oyj	586,1	192	32,8
Finnish Seed Potato Centre	2,8	0,1	3,7
Kemijoki Oy	43,5	-5,3	-12,1
Leijona Catering Oy	71,1	2,5	3,6
Meritaito Ltd	28,3	-5	-17,6
Mint of Finland Ltd	66,6	-1,6	-2,5
Motiva Oy	6,5	-0,2	-2,8
Nordic Morning Plc	103,4	-14,3	-13,8
Patria Industries	489,9	74,6	15,2
Posti Group Corporation	1607,6	30,7	1,9
Raskone Ltd	65,5	0,1	0,1
Suomen Lauttaliikenne Oy	50,8	9,4	18,5
Suomen Viljava Oy	17,5	4	23
Tapio Ltd	9	-0,4	-4,5
Vapo Oy	459,8	8,6	1,9
VR-Group Ltd	1187	43,3	3,6

BASIC DATA ON COMPANIES

Total assets, EURm	Equity ratio, %	Gering, %	Return on equity, %	Return on investment, %	Personnel
2529	33,9	80,2	10,7	8,9	4937
21964	62	-0,4	3,6	4,0	8108
7443	50,6	18,2	27,6	22,7	5001
Total assets, EURm	Equity ratio, %	Gering, %	Return on equity, %	Return on investment, %	Personnel
438,6	43,8	5	19	17,3	797
287,4	49,9	62,5	6,4	5,8	265
11	74,2	-22,9	5,4	9	62
1461,5	40,8	102,2	19,2	11,4	375
2102	36,4	134,2	18,8	10,4	334
3,3	66,5	41,4	3,8	3,3	14
477	14	603	1	-1	40
28,7	73,6	-82,6	13,1	10	457
34,7	39,1	109,2	-32,1	-18,8	232
64,8	45	79,5	-7,4	-2,9	173
3,6	54,1	-84,2	-9,1	-7,9	67
54,6	36,3	30,9	-54,3	-37,7	653
491,7	58,3	8,8	28	27,3	2750
1185,6	54,9	-13,6	3,9	5,4	20497
21,7	15,4	145,9	0,4	0,7	482
58,9	76,4	-34,3	17,9	22	304
25,2	78,4	0,1	16,6	17,9	60
14,7	62	-39,8	-4,9	-3,9	56
795	36,8	130,1	-1,5	2,2	803
2002	72	5,9	3,4	2,7	7691

Basic data on companies

OTHER MINISTRIES

SPECIAL ASSIGNMENT COMPANIES	Net sales, EURm	Operating income, EURm	Operating income, %
A-Kruunu Oy	1,9	0,2	10,1
Alko Oy	1162,8	47,3	4,1
Baltic Connector Oy	0	-0,4	
CSS - IT Centre for Science	36,8	0,3	0,7
Finavia Oyj	380,9	42,3	11,1
Finnish Aviation Academy Ltd	8,8	0,2	2,2
Finnish Broadcasting Company Ltd	470,9	-2,9	-0,6
Finnish Fund for Industrial Cooperation Ltd. (Finnfund)		-9	
Finnpilot Pilotage Ltd	36,5	1,5	4,2
Finnvera Oy		69,3	
Finpro Oy	5,1	0,3	5,7
Finrail Oy	36,6	1,9	5,3
Governia Oy	90,6	8	8,8
Hansel Ltd	9,6	0,5	4,7
HAUS Finnish Institute of Public Management Ltd	6	0,3	5,3
Hevosopisto Oy	8,1	-0,5	-6,3
Municipality Finance Plc	183,7	174,2	94,8
Solidium Oy	0	-3,5	
State Security Networks Ltd	93,2	7,2	7,7
Suomen Teollisuussijoitus Oy		55,2	
Suomen yliopistokiinteistöt Oy	148,2	39,9	26,9
Terrafame Oy	101	-136,7	-135,3
Tietokarhu Oy	29	3,8	13,2
Veikkaus Oy	2204,5	582,3	26,4
VTT Technical Research Centre of Finland Ltd	188,4	-0,2	-0,1

BASIC DATA ON COMPANIES

Total assets, EURm	Equity ratio, %	Gering, %	Return on equity, %	Return on investment, %	Personnel
87,9	34,8	85,9	0,5	0,3	6
258,4	29,4	-143,5	50,8	63,4	2655
31,2	76,3	-167,5	-2,7	-2,7	10
17,4	27,9	-301,5	8	10,7	289
1000,9	58,9	38,8	4,9	5,1	2995
18,8	94,3	-34,8	1,2	1,1	40
250,5	51,1	13,2	-2,3	-1,6	2951
406	57,4	50,9	0,1	2,7	64
29,6	70,9	-34	6,3	7,1	327
9497,8	12,7		6	0,8	381
23,6	92,9	-55,4	5,5	2,5	228
9,3	33	-246	60,5	74,8	406
314,4	49,9	51,9	1,1	1,9	234
19,1	83,8	98,1	2,6	3,3	75
5,4	52,6	-180	37,2	29,7	31
5,1	68,8	-36,6	-9,3	-7,8	96
34052	3,48		12,5	0,4*	106
4186,2	91,6	-8	0,3	-0,4	12
247	89,6	-13,4	2,5	3,3	313
943	97,9	-44,9	5	6,2	34
1226,8	48,8	96,2	3,9	3,4	32
377	45,4	-29	-88,5	-93,6	629
16,2	21,5	0	83,9	105,8	199
712,5	83,4	-9,9	98,7	98,7	369
224,4	63,5	-51,1	0,9	-0,2	2414

Movement in the value of the State's share portfolio

DIRECTLY HELD LISTED COMPANIES

The market capitalisation of the State's listed portfolio companies increased by 13 per cent in 2016. One reason for this was the increase in Neste's share price. It rose by 32 per cent only to start falling towards the end of the year due to the uncertainties surrounding the US biofuel markets. Fortum's share price also increased by 4.7 per cent. Finnair's closing price was down 25 per cent.

Total return on the portfolio during the reporting period was 21 per cent. Considering that the general index of the Nasdaq OMX Helsinki Stock Exchange increased by 3.6 per cent and the return index by 8.5 per cent in 2016, overall performance relative

to the markets was good. The companies also outperformed their benchmark indexes. However, except for Neste, they are lagging behind the benchmark indexes in terms of five-year returns. Neste did extremely well relative to the benchmark index.

During 2016, the State continued the policy of easing the capital structure of non-listed commercial companies and deploying the capital reserves more effectively. This objective was achieved, as shown the marked increase in the dividends paid by said companies during the reporting period. Total dividends paid increased to EUR 255 (174) million. The total dividends paid by directly owned listed companies in spring

	Return %, 1y	Benchmark index, 1y	Return %, 5y*	Benchmark index, 5y*
Finnair Plc	-25.7	-26.2	12.7	18.7
Fortum Corporation	15.0	-5.0	4.7	5.8
Neste Corporation	36.7	29.6	40.9	4.0
Total portfolio	21	8.5	12	15.8

* annualised

	Ownership share (%)	2012	2013	2014	2015	2016
Finnair Plc	55.8	170	198	177	388	288
Fortum Corporation	50.8	6,381	7,499	8,103	6,277	6,570
Neste Corporation	50.1	1,255	1,846	2,577	3,549	4,689
Total		7,806	9,543	10,858	10,215	11,547
Total interests held by Solidium Oy		7,176	8,172	7,616	6,835	7,848
Total		14,982	17,715	18,474	17,050	19,395

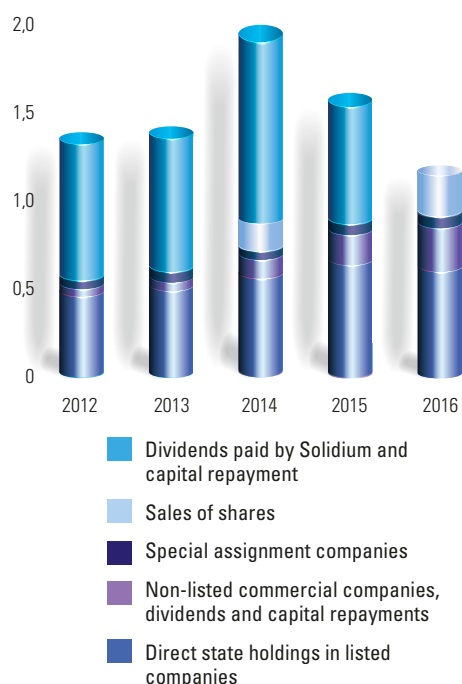
2016 decreased to EUR 625 (670) million, which was due to the fall in Fortum Corporation's dividends.

In 2017, however, the total dividends to be paid by directly held listed companies based on their 2016 financial performance will increase to EUR 670 million after Neste Corporation and Finnair Plc decided to increase their dividends for 2016. Fortum's dividend for 2016 remained unchanged.

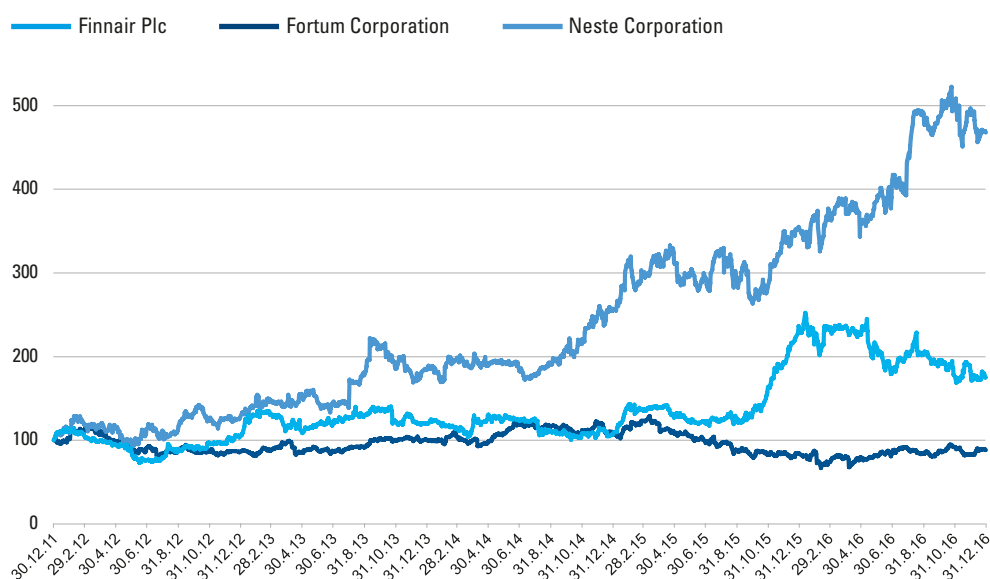
On the whole, the cash dividends received by the State fell to EUR 1,194 (1,603) million. Over the same period, the dividends earned by Solidium for the financial year 2015–2016 fell to EUR 278 (706) million. As Solidium Oyj credited the dividends to the State in 2017, they are not shown in the 2016 cash basis report.

The EUR 198 million received by the State from the sale of its interests in Ekokem Corporation were credited to the State Business Development Company Vake Oy and is therefore not recognised as state revenue for the reporting period.

Returns earned by the State and recognised on a cash basis during 2012–2016, EUR billion



Movement in the market capitalisation of companies 2012–2016



The return on the State's portfolio of directly held companies fell to 5.8 (6.1) per cent. Compared to the average earnings of companies on the Nasdaq OMX Helsinki Stock Exchange, the rate of return was reasonable. The average dividend yield from the companies on the Helsinki Stock Exchange was 4.4 (4.9) per cent.

SOLIDIUM-HELD COMPANIES

Solidium's investment portfolio at 31 December 2016:

Solidium – equity investment, total	€ million	% of company	% of portfolio
Sampo	2 839	11,9%	36%
Stora Enso	1 002	12,3%	13%
Outokumpu	928	26,2%	12%
Metso	606	14,9%	8%
SSAB	543	17,1%	7%
Telia Company Ab	526	3,2%	7%
Elisa Corporation	520	10,0%	7%
Kemira Oyj	314	16,7%	4%
Valmet Corporation	233	11,1%	3%
Tieto Corporation	192	10,0%	2%
Outotec Oyj	136	14,9%	2%
Talvivaara	10	15,1%	0%
Solidium – equity investment, total	7 848		100%
Investment allocation	€ million		% of portfolio
Solidium – investments, total	8 536		100%
Solidium – equity investment, total	7 848		92%
Solidium - money market investments, total	688		8%

Equities accounted for about 92 per cent of Solidium's investment portfolio on 31 December 2016. The greatest weight in equities was on Sampo, which accounted for 36 (46) per cent of the total.

Solidium's money market investments stood at EUR 688 (457) million on 31 December 2016.

The total return on Solidium's equity portfolio exceeded the weight-limited OMX Helsinki Cap GI gross index over the past 12 months. The overall return on the portfolio since Solidium's establishment fell short of the benchmark index.

	Return, % 12 months		Return (annual), % from start*	
	Company	Index	Company	Index
Elisa Corporation	-7%	-12%	23%	9%
Kemira Oyj	17%	4%	21%	13%
Metso	37%	4%	25%	12%
Outokumpu	211%	61%	-2%	-2%
Outotec Oyj	47%	4%	-8%	10%
Sampo	-5%	9%	22%	21%
SSAB	90%	61%	-4%	-2%
Stora Enso	28%	9%	11%	12%
Talvivaara			-52%	-9%
Telia Company Ab	-11%	-12%	7%	8%
Tieto Corporation	11%	5%	14%	13%
Valmet Corporation	63%	4%	32%	3%
Total portfolio return	18%	13%	13%	15%
Money market investments	0,4%			
Return on investment	16%		13%	

*From the start of operations on 11 Dec. 2018, except Elisa Corporation starting 11 June 2009, Outotec 14 Dec. 2011, Tieto 1 Jan. 2010, Talvivaara 1 June 2011 and Valmet Corporation 2 Jan. 2014.

The share prices of the steel companies Outokumpu and SSAB (Rautaruukki) developed favourably during the year. However, overall returns on these equities since their were included in the portfolio remained negative.

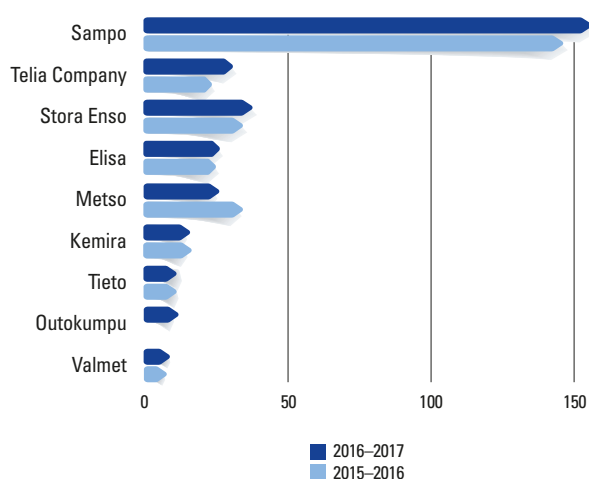
Similarly, the share prices of the engineering companies Valmet, Outotec and Metso increased considerably. Of these companies, Valmet and Metso have been generating healthy returns since their inclusion in the portfolio.

Negative returns were also generated by Sampo and the telecom companies Elisa and Telia Company. Sampo was the only company whose return also fell short of the industry index. However, Sampo has generated a sound overall return while in the portfolio.

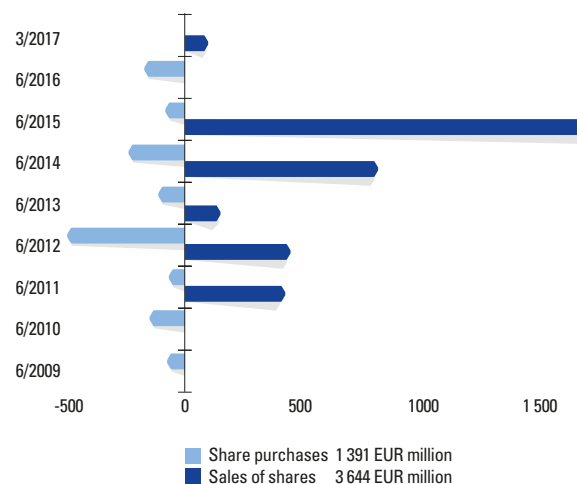
The dividend yield from Solidium's equity portfolio calculated at 2016 year-end share prices was 4.5 (5.5) per cent and the payout ratio 95 (81) per cent. The corresponding figures for the Helsinki Stock Exchange are 4.4 (4.9) per cent dividend yield and 79 (85) per cent payout ratio.

Since 2008, Solidium has received a total of EUR 2.8 billion in dividend income. The State, in turn, has received capital returns and dividends from Solidium to the tune of EUR 4.9 billion. Consequently, Solidium has paid the State some EUR 1.9 billion more than it has received in dividends. This was made possible by the sale of shares by Solidium, as a result of which its annual dividend income has decreased from about EUR 400 million to less than EUR 300 million.

Dividend income, EUR million



Share purchases and sales



FINNAIR

Finnair Plc

STATE SHAREHOLDING

55.8%

STRATEGIC INTEREST OF OWNERSHIP

To develop Finland as a hub of international air traffic

BOARD OF DIRECTORS ON 16 MARCH 2017

Jouko Karvinen (Chair), Colm Barrington, Mengmeng Du, Maija-Liisa Friman, Jussi Itävuori, Jonas Mårtensson, Jaana Tuominen

CHIEF EXECUTIVE OFFICER

Pekka Vauramo

Finnair is a network airline specialising in scheduled services between Asia and Europe. Finnair flies to 17 destinations in Asia, 3 in Northern America and over 70 destinations in Europe. The total number of passengers carried in 2016 was 10.9 (10.3) million and the total amount of cargo 145 (131) million kilograms.

ACCELERATED GROWTH STRATEGY

Traffic volumes in the company's main market areas continued to grow and its net sales increased with the increase in the number of passengers. Over two-thirds of the revenue was generated by passenger services. However, the revenue from cargo traffic declined despite the substantial increase in the amount of cargo.

In 2016, the company made a decision to accelerate growth. The company took delivery of four new A350 airliners increasing its overall capacity in terms of passenger-kilometres by 6.5 per cent.

As a result of the investments in growth, the company incurred upfront costs of EUR 23 million. Unit costs decreased, mainly due to reduced fuel costs thanks to the low price of jet fuel. The comparable operating income was EUR 552. (23.7) million. It includes fleet arrangements with a positive effect of some EUR 40 million. In 2015, the effect of the fleet arrangements totalled some EUR 80 million.

Most of the investments were made in the fleet. Over EUR 500 million was raised to finance the fleet-related arrangements. The company's equity includes a hybrid bond of EUR 200 million.

STRONG LINK BETWEEN CSR STRATEGY AND BRAND

The most significant effects of corporate social responsibility relate to the efforts to secure the safety of the customers and personnel, maintain the company's financial competitiveness and its role in Finnish society and to improve fuel efficiency on an ongoing basis.

Finnair seeks to generate clear social and economic benefits for the communities in which it operates. Its ambition is to be one of the leading airline companies in environmental performance. While total carbon dioxide emissions increased due to the growth of traffic volumes, they did decrease per unit.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	2,317	2,255
Operating income	EURm	116.2	121.7
Operating margin	%	5.0	5.4
Total assets	EURm	2,529	2,050
Equity ratio	%	33.9	35.5
Gearing*	%	80.2	45.8
Return on equity	%	10.7	14.4
Return on investment	%	8.9	11.8
Personnel, total, 31 Dec		4,937	4,817
Personnel, Finland, 31 Dec		4,322	4,333
Total dividends paid	EURm	12.8	0
Dividends received by the State	EURm	7.2	0
Investments	EURm	519	330
Gender composition of the management team	w/m	4/5	2/5
Gender composition of the Board of Directors	w/m	3/4	3/4

* Includes estimated leasing payments over the next seven years.



Fortum Corporation

STATE SHAREHOLDING

50.8%

STRATEGIC INTEREST OF OWNERSHIP

To secure adequate supply of energy also under exceptional circumstances

BOARD OF DIRECTORS ON 4 APRIL 2017

Sari Baldauf (Chair), Hanz-Werner Binzel, Eva Hamilton, Kim Ignatius, Tapio Kuula, Matti Lievonen, Anja McAlister, Veli-Matti Reinikkala

CHIEF EXECUTIVE OFFICER

Pekka Lundmark

Fortum Corporation is an energy company that pursues a strategy of emission-free generation based primarily on hydroelectric and nuclear power. About one third of Fortum's annual output of electricity is generated by hydroelectric power plants. Similarly, nuclear power accounts for about one third of the production.

GROWTH IN TWO PHASES

The market conditions remained challenging in 2016. Towards the end of the year, the price of electricity increased from the dismally low level prevailing at the beginning of the year, reflecting the overall rise in commodity prices. Fortum's hydropower production was down 20% relative to 2015, which, together with the low price of electricity, had an adverse impact on Generation Division's profitability. The company's comparable operating income was EUR 644 (808) million, of which Generation accounted for EUR 330 (419) million. The investment programme for Russia was completed in the spring, which affected the figures for the Russian Division to some extent. The Division's comparable operating income was EUR 191 (201) million; the reference figure includes a reversal of the CSA provision totalling EUR 52 million.

In November 2016, Fortum released a detailed update on its strategy announced earlier in the year and a plan for its implementation. In the first phase of the growth strategy, the company seeks to maximise its cash flow by harness-

ing the consolidation of the energy industry in Europe. At the same time, it will take steps to increase sales by the City Solutions Division. A key role in this process will be played by the company's core expertise in co-generation and the acquisition of Ekokem. The investments designed to increase wind and solar power production to gigawatt-scale will be carried mainly after the first-phase growth investments have been brought to a conclusion. Additionally, the company will invest in new energy business.

FOR A CLEANER WORLD

Consistent with its new vision, Fortum is committed to assisting its stakeholders in finding sustainable solutions. Aside from fuel and resource efficiency, the vision underlines the opportunities offered by the circular economy. Sustainable development is one of the linchpins in Fortum's strategy and sustainable solutions give it a competitive edge. Fortum seeks to increase CO2 emission-free electricity production on a continuous basis, improve efficiency in fossil fuel generation and reduce specific emissions. Previously, the company had established clear-cut goals for reducing greenhouse gas emissions and improving energy efficiency, and achieved these goals for 2016.

KEY FINANCIAL INDICATORS		2016	2015
Net sales (continuing)	EURm	3,632	3,702 (3,459)
Operating income (continuing)	EURm	633	4,245 (-150)
Operating margin	%	17.4	115
Total assets	EURm	21,964	22,767
Equity ratio	%	62	61
Gearing	%	-0.4	-15.8
Return on equity	%	3.6	33.6
Return on investment	%	4.0	22.7
Personnel, total, 31 Dec		8,108	7,835
Personnel, Finland, 31 Dec		2,029	1,959
Total dividends paid	EURm	977	977
Dividends received by the State	EURm	496	496
Investments	EURm	1,435	625
Gender composition of the management team	w/m	2/9	3/9
Gender composition of the Board of Directors	w/m	3/5	3/5



Neste Corporation

STATE SHAREHOLDING

50.1%

STRATEGIC INTEREST OF OWNERSHIP

To secure nationwide fuel supply with due regard to the maintenance of emergency stocks of critical supplies

BOARD OF DIRECTORS ON 5 APRIL 2017

Jorma Eloranta (Chair), Martina Flöel, Heike van de Kerkhof, Matti Kähkönen, Laura Raitio, Jean-Baptiste Renard, Willem Schoeber, Marco Wirén

CHIEF EXECUTIVE OFFICER

Matti Lievonen

Neste has three business areas: Oil Products, Renewable Products and Oil Retail. As of February 2017, Oil Retail operates under the new name of Marketing & Services. The company pursues two strategic objectives to be the Baltic Sea champion and grow in the global renewables markets. Neste is the global market leader in renewable diesel and seeks to develop other non-motor renewable products into a major business. Neste's vision is to create responsible choices every day. Neste Corporation's oil refineries are located in Porvoo and Naantali, Finland, and Singapore and Rotterdam. The overseas refineries make exclusively renewable products.

FINANCIAL PERFORMANCE IN 2016

Neste's financial result for 2016 was the best in its history with comparable operating income reaching EUR 983 (925) million. The comparable operating income for renewable products was EUR 469 (402) million, which exceeded the comparable operating income of EUR 453 (439) million achieved by Oil Products. As a result of robust financial performance, the company's balance sheet was strengthened. The liabilities-to-equity ratio fell below the strategic of 25–50 per cent range to 15.4 (29.4) per cent. At the

same time, the dividend was increased to EUR 1.30 (1.0) per share.

CORPORATE SOCIAL RESPONSIBILITY AT NESTE

Corporate social responsibility is an essential element of Neste's strategy. For the eleventh time, Neste made it into the Global 100 list of the world's most responsible companies. Neste improved its ranking from 39th to 23rd and was rated the best company in the oil and gas sector. Neste's Board of Directors monitors the company's CSR policies to ensure that they are duly implemented in operations. According to the company, sustainability work is the enabler of its business strategy, and sustainability goals are an integral part of its business area objectives. In 2016, Neste engaged in an extensive international dialogue with its stakeholders to learn about their expectations. The ongoing exchange with the stakeholders gives pointers for and supports Neste's sustainability efforts.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	11,689.0	11,130.6
Operating income	EURm	1,155.0	698.7
Operating margin	%	9.9	6.3
Total assets	EURm	7,443.0	6,793.0
Equity ratio	%	50.6	46.1
Gearing	%	18.2	41.6
Return on equity	%	27.6	19.5
Return on investment	%	22.7	15.1
Personnel, total, 31 Dec		5,001	4,856
Personnel, Finland, 31 Dec		3,399	3,279
Total dividends paid	EURm	332.0	256.0
Dividends received by the State	EURm	167.0	128.5
Investments	EURm	422.0	536.0
Gender composition of the management team	w/m	2/8	2/8
Gender composition of the Board of Directors	w/m	3/4	3/4

ALTIA

— YOUR 1ST CHOICE —

Altia Plc

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

No strategic interest

BOARD OF DIRECTORS ON 21 MARCH 2017

Sanna Suvanto-Harsaae (Chair), Kim Henriksson, Annikka Hurme, Jarmo Kilpelä, Tiina Lencioni, Kasper Madsen, Kai Telanne

CHIEF EXECUTIVE OFFICER

Pekka Tennilä

Altia is a leading wine and spirits company offering quality brands in the Nordic and Baltic countries. Altia produces, markets, sells, imports and exports alcoholic beverages.

DURING THE 2014–2016 STRATEGY PERIOD, THE COMPANY'S RELATIVE PROFITABILITY IMPROVED FROM 3.7 TO 7.4 PER CENT

The 6.3 per cent decline in net sales in 2016 was mainly due to the discontinuation of contract manufacturing in Denmark and the streamlining of the product portfolio. While a steady yet moderate decline in the sales of alcoholic beverages continued in Finland, the upward trend in Sweden was sustained and total sales in Norway increased. In 2017, the decline in the revenue from the sale of alcoholic and other beverages is expected to level off or even reverse.

Comparable operating income improved reaching an all-time high of 7.4 (6.2) per cent. IFRS-compliant operating income accounted for 13.0 (6.1) per cent of net sales. Personnel expenses totalled EUR 36.6 (54.7) million, mainly due to changes in deferred supplementary pension liabilities. Additionally, EUR 20 million cost savings were achieved during the strategy period by improving the cost structure. The comparable operating income and relative profitability are expected to improve in 2017 relative to 2016.

In 2016, Altia sold the Koskenkorva feed processing business to A-rehu and restructured energy production and distribution at the Rajamäki plant.

The overall reform of the Alcohol Act, currently under preparation in Finland, is expected to clarify industry regulation. In Estonia, past and future increases in alcohol taxation have opened a significant market on the Latvian side of the border. Cross-border trade between Denmark, Sweden and Germany is assumed to have declined slightly due to the introduction of border controls.

KEY SUCCESS DRIVER

Altia wishes to contribute to the emergence of a new, positive and responsible drinking culture in the Nordic countries and Baltics. Corporate social responsibility is a key strategic priority for Altia. One example of environmental responsibility is the company-owned bioenergy power plant at the Koskenkorva distillery.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	356.6	380.7
Operating income	EURm	46.3	25.3
Operating margin	%	13.0	6.6
Total assets	EURm	438.6	466.7
Equity ratio	%	43.8	36.6
Gearing	%	5.0	12.2
Return on equity	%	19.0	13.2
Return on investment	%	17.3	10.7
Personnel, total, 31 Dec		797	842
Personnel, Finland, 31 Dec		448	470
Total dividends paid	EURm	10.4	10.4
Dividends received by the State	EURm	10.4	10.4
Investments	EURm	8.7	11.3
Gender composition of the management team	w/m	2/4	1/6
Gender composition of the Board of Directors	w/m	3/4	3/4



Arctia Ltd

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To ensure winter navigation capabilities in order to serve the needs of Finnish business and industry

BOARD OF DIRECTORS ON 3 APRIL 2017

Pertti Saarela (Chair), Hanna Masala, Ilpo Nuutinen, Antti Pankakoski, Päivi Söderholm

CHIEF EXECUTIVE OFFICER

Tero Vauraste

Arctia is a specialised shipping company that offers ice-breaking services and specialised services provided by multipurpose icebreakers.

FLEET UPGRADE

The company put in a strong financial performance even if its operating income fell short of the all-time high of 2015. While the winter was mild in terms of ice cover, more ice-breaking days were clocked on the Baltic Sea than in the previous year. A total of 385 (175) operating days were accumulated during the season. The company achieved its service targets for the Baltic Sea. Polar icebreaker Otso operated in the waters of Greenland in the summer. Arctia's long-term contract on ice management services in Alaska expired at the beginning of the year. To maintain the high utilisation rate of its fleet, the company focused on new markets and customer segments in accordance with its strategy. At the end of the year, Arctia signed an agreement with a Russian customer.

Polaris, a new icebreaker, joined Arctia's fleet in late 2016. The investments affected Arctia's financial position considerably. Additionally, the service life of Voima, the oldest ship in the fleet, was extended allowing it to continue to operate as part of the fleet for another ten

years. The company's balance sheet and financial position remained strong.

CLEAN FUTURE OF SHIPPING

Most of Arctia's environmental impacts are due to fuel emissions. Arctia will draw up an emissions monitoring and reporting plan for each ship during 2017 and has established the objective of reducing carbon dioxide emissions by 20 per cent relative to the 1990 levels over the next four years. Polaris, the new icebreaker, is a highly environment-friendly vessel capable of using liquefied natural gas in addition to ultra low-sulphur diesel. By its business operations, Arctia contributes to the protection of sensitive marine environments. Safety – both occupational and environmental safety – is the starting point for all operations. Arctia continued the efforts to improve its occupational safety. However, the occupational accident rate increased slightly relative to 2015.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	60.7	64.4
Operating income	EURm	12.9	18.1
Operating margin	%	21.2	28.1
Total assets	EURm	287.4	193.9
Equity ratio	%	49.9	73.1
Gearing	%	62.5	-16.9
Return on equity	%	6.4	10.6
Return on investment	%	5.8	11.8
Personnel, total, 31 Dec		265	273
Personnel, Finland, 31 Dec		265	273
Total dividends paid	EURm	4.6	7.5
Dividends received by the State	EURm	4.6	7.5
Investments	EURm	131.6	14.8
Gender composition of the management team	w/m	2/6	1/7
Gender composition of the Board of Directors	w/m	2/3	2/3



Boreal Plant Breeding Ltd

STATE SHAREHOLDING

60.75%

STRATEGIC INTEREST OF OWNERSHIP

To ensure the continued breeding of production plant species suitable for the northern climate necessary for proper functioning of the markets and to retain ownership of the breeding material Availability of the necessary species is important to the maintenance of emergency stocks of critical supplies.

BOARD OF DIRECTORS ON 29 MARCH 2017

Riitta Mynttinen (Chair), Jaakko Halkilahti, Pekka Hurtola, Jyrki Lepistö, Birgitta Vainio-Mattila

CHIEF EXECUTIVE OFFICER

Markku Äijälä

Boreal Plant Breeding Ltd owns, breeds and markets productive and high-quality varieties of field crops for professional farmers operating in the harsh growing conditions prevailing in northern Europe.

GROWTH AND DEVELOPMENT IN FOCUS

Boreal is the market leader in Finland with a 55 per cent market share in cereals and about 70 per cent in grasses. The supply of foreign varieties is growing and competition intensifying. However, the company's objective is to consolidate its market position in Finland and increase exports, particularly to neighbouring areas.

Boreal's net sales decreased by 5.2 per cent relative to 2015. This was due to a decline in seed sales and a fall in the license fees for the use of farm-owned seeds, which, in turn, was due to the poor financial position of farms and a reduction in the area of cultivated land. By contrast, royalty income from certified seeds increased, particularly in the export market.

Operating income improved year-on-year to EUR 0.7 (0.5) million, equivalent to 7.2 (4.8) per cent of net sales. The equity ratio remained high.

Boreal has renovated its greenhouses and started using geothermal heat as a source of energy. By the end of 2017, all the remaining greenhouses will be connected to the geothermal heating system. The company has also acquired significant areas of farmland required for plant breeding.

Biotechnology, genome tools, methods improving resistance to plant diseases and data management procedures are quickly growing in importance and call for further investments. Plant breeding is a product development activity. Most of Boreal's staff (77 per cent) are involved in product development.

CHANGING OPERATING ENVIRONMENT – ENSURING THE NECESSARY PRECONDITIONS FOR GLOBAL FOOD PRODUCTION

A materiality analysis was carried out by Boreal in 2016. Plant breeding plays a key role in the adaptation to climate change. The importance of local breeding is underlined in borderlands of cultivation like Finland. Boreal is in a key position when the priorities of agricultural production change, for example when the cultivation of peas and horse beans is expanded in order to increase self-sufficiency in proteins.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	9.8	10.4
Operating income	EURm	0.7	0.5
Operating margin	%	7.2	4.8
Total assets	EURm	11.0	10.5
Equity ratio	%	74.2	79.3
Gearing	%	-22.9	-17.3
Return on equity	%	5.4	5.6
Return on investment	%	9.0	6.2
Personnel, total, 31 Dec		62	68
Personnel, Finland, 31 Dec		62	68
Total dividends paid	EURm	0.3	0.2
Dividends received by the State	EURm	0.2	0.1
Investments	EURm	0.6	1.7
Gender composition of the management team	w/m	3/3	4/3
Gender composition of the Board of Directors	w/m	2/3	1/4

Gasum

Gasum Corporation

STATE SHAREHOLDING

26.5% **50.2%**

of Class A shares of voting rights

Gasonia Oy 73.5% of Class A shares, 49.8% of voting rights

STRATEGIC INTEREST OF OWNERSHIP

To ensure the operation of the gas transmission and supply system under all circumstances

BOARD OF DIRECTORS ON 23 MARCH 2017

Juha Rantanen (Chair), Stein Dale, Elina Engman, Timo Koponen, Charlotte Loid, Päivi Pesola, Jarmo Väisänen

CHIEF EXECUTIVE OFFICER

Johanna Lamminen

Gasum is an energy company that imports natural gas to Finland for use in energy production, industry, homes, and land and maritime transports. Additionally, the company upgrades biogas. With its extensive network biogas-fired plants, Gasum is Scandinavia's leading processor of biodegradable fractions. Gasum Corporation is creating a gas ecosystem in the Nordic countries based on natural gas, liquefied natural gas (LNG) and biogas. Gasonia Ltd is a special assignment company owned by the Prime Minister's Office with the sole mission of managing state holdings in Gasum.

NEW USES OF GAS

Gasum's net sales declined because the market prices of natural gas and LNG fell relative to 2015. The demand for natural gas decreased because of the low price of electricity and coal and increased taxes. A total 24 (26) TWh of natural gas was sold in the area covered by the transmission network. The LNG and biogas markets developed favourably, particularly the sale of biogas. However, biogas deliveries are still modest in terms of volumes.

The company invested in the expansion of the geographical area where gas can be used. Most of the investments were made in Finland's first LNG terminal which went into service in the autumn. At the same time, the network of gas filling stations was expanded.

The company's operating income improved clearly. The operating income of the reference year includes proceeds from the sale of the local distribution network. The company's total assets were increased by acquisitions. While the amount of long-term liabilities increased, the company's balance sheet remained sufficiently strong.

ADDED EFFICIENCY FROM DIGITISATION

Gasum's corporate responsibility is divided into four themes; carbon-neutral future and innovations; better society with the company's stakeholders; safety and pioneer in ensuring maintenance of emergency stocks of critical supplies; and an understanding of life-cycle impacts. The company's energy solutions help to reduce emissions in the energy industry. The company invests in biogas production and seeks to improve efficiency in operations and create new business through digitisation.

Improvements were made to the safety culture by introducing a range of preventive measures, which was reflected in the large number of safety-related findings. Progress was made in the efforts to reduce methane emissions from the gas distribution network to the extent that emissions decreased by 32 tonnes.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	843.4	915.5
Operating income	EURm	124.8	126.4
Operating margin	%	14.8	13.8
Total assets	EURm	1,291.3	1,291.3
Equity ratio	%	40.8	39.4
Gearing	%	102.2	116.0
Return on equity	%	19.2	22.0
Return on investment	%	11.4	10.6
Personnel, total, 31 Dec		375	310
Personnel, Finland, 31 Dec		309	264
Total dividends paid	EURm	50.0	70.0
Dividends received by the State	EURm	50.0	70.0
Investments	EURm	147.2	49.6
Gender composition of the management team	w/m	3/6	2/2
Gender composition of the Board of Directors	w/m	2/3	2/2



Kemijoki Oy

STATE SHAREHOLDING

50.1%

BOARD OF DIRECTORS ON 6 APRIL 2017

Tiina Tuomela (Chair), Risto Andsten,
Elina Engman, Tapio Jalonen, Tapio Korpeinen,
Pekka Manninen, Jukka Ohtola

CHIEF EXECUTIVE OFFICER

Tuomas Timonen

Kemijoki Oy engages in hydropower generation and has a total of 20 power plants located on the Kemijoki, Kymijoki and Lieksanjoki rivers. The combined output of the power plants is 1,150 MW. The company has commenced preparations for the detailed design and planning of the Sierilä power plant.

The electricity produced by Kemijoki Oy is sold at cost to its shareholders in proportion to the number of hydroelectric power shares held. Additionally, the company receives rental income and revenues from the sale of frequency-controlled reserves. The change to the company's operating model was successfully completed during the reporting period. The relocation of the control from Rovaniemi to Fortum, Espoo, was carried out in stages.

ALL-TIME RECORD IN HYDROPOWER PRODUCTION

In 2016, Kemijoki Oy generated a total of 5.74 GWh of hydropower, an all-time high in the company's history. Of this, the Kemijoki river accounted for around 94 per cent and Lieksanjoki and Kymijoki rivers for the remaining 6 per cent. At present, the company is Finland's leading genera-

tor of hydroelectric and on-demand power. The availability of the power plants stayed high throughout 2016 at 96 per cent. The company's operating income was consistent with the dividend required under the articles of association.

INVESTMENT IN ENVIRONMENTAL MANAGEMENT

Kemijoki Oy's environmental impacts are due to the construction of new power plants, on-demand generation at the existing power plants and the regulation of waterways. A total of EUR 3.6 million was used for environment management purposes in 2016. Of this, the fisheries obligations accounted for EUR 2.4 million.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	43.5	38.7
Operating income	EURm	-5.3	2.7
Operating margin	%	-12.1	7.0
Total assets	EURm	477.0	474.2
Equity ratio	%	14	14
Gearing	%	603	481
Return on equity	%	1	1
Return on investment	%	-1	1
Personnel, total, 31 Dec		40	44
Personnel, Finland, 31 Dec		40	44
Total dividends paid	EURm	0.8	0.8
Dividends received by the State	EURm	0.4	0.4
Investments	EURm	16.5	33.3
Gender composition of the management team	w/m	1/6	1/6
Gender composition of the Board of Directors	w/m	1/6	1/6



Leijona Catering Oy

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To secure the operation of the Defence Forces by providing essential food services under all conditions

BOARD OF DIRECTORS ON 17 MARCH 2017

Riitta Laitasalo (Chair), Anne Gullsten, Hannu Kuusela, Sinikka Mustakari, Teemu Penttilä, Juha Rannikko

CHIEF EXECUTIVE OFFICER

Ritva Paavonsalo

Leijona Catering Oy is responsible for the provision of food services to its biggest customer, the Finnish Defence Forces. One of its main tasks is to manage the Defence Forces' food supply under emergency conditions. Another business area is the operation of staff and student canteens. At the end of 2106, the company had over 50 sites.

STRATEGIC PARTNERSHIP WITH THE DEFENCE FORCES AND PROVISION OF CATERING SERVICES

Leijona Catering's operations were profitable in 2016 even though the company's net sales and operating income declined year on year. Four new staff canteens were opened during the reporting period. In keeping with its new strategy, the company will give up its business operations in the private sector.

The company expects its net sales to fall in the current financial year. One of the reasons for the decline in net sales is the discontinuation of private-sector business. However, the profitability of ongoing business is assumed to remain sound. One of the key themes for 2017 is to improve cost efficiency.

In December 2016, the company initiated statutory employer-employee cooperation talks on staff reductions to be implemented in spring 2017.

SUSTAINABLE WAYS OF WORKING

Corporate social responsibility is one of Leijona Catering's values and an integral part of the company's strategy and management. It covers social, economic and environmental responsibility. The company made significant progress particularly in reducing the environmental impact of its operations. At the same time, the company continues its long-term efforts to improve customer orientation and operational efficiency as well as to promote skills development. Both job and customer satisfaction continued to improve. No serious occupational accidents took place in 2016.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	71.1	73.5
Operating income	EURm	2.5	5.0
Operating margin	%	3.6	6.8
Total assets	EURm	28.7	27.0
Equity ratio	%	73.6	76.4
Gearing	%	-82.6	-73.7
Return on equity	%	13.1	26.8
Return on investment	%	10.0	20.8
Personnel, total, 31 Dec		457	462
Personnel, Finland, 31 Dec		457	462
Total dividends paid	EURm	5.0	5.0
Dividends received by the State	EURm	5.0	5.0
Investments	EURm	1.3	1.4
Gender composition of the management team	w/m	2/3	6/2
Gender composition of the Board of Directors	w/m	3/3	3/3



Meritaito Ltd

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To provide hydrographic surveying services necessary for naval preparedness under all circumstances

BOARD OF DIRECTORS ON 23 MARCH 2017

Mats Rosin (Chair), Taru Keronen,
Heikki Martela, Jukka Ohtola, Sanna Sonninen

CHIEF EXECUTIVE OFFICER

Up to 16 January 2017 Jari Partanen,
as of 13 February 2017 Akif Ali;
Pro tem General Manager Tauno Maksniemi

Meritaito's field of activity comprises waterway management; operation and maintenance of canals; duties related to the prevention and mitigation of environmental damage; hydraulic engineering; design and specialist services; hydrographic surveying; and other duties related to waterways and hydraulic engineering. Meritaito is the market leader in its field in Finland. Meritaito's largest customers are the Finnish Transport Safety Agency and the Finnish Environment Institute.

REVERSAL OF TREND NECESSARY

Net sales increased by 3 per cent in 2016 due to the award of contracts for transport corridor maintenance put out to open tender by the Finnish Transport Safety Agency and the sale of international expert services. The volume of domestic hydrographic surveying decreased as in the previous year. The international Mareano contract for m/s Pohjanmeri compensated for the fall in orders by the Finnish Transport Safety Agency. However, the company's profits decreased despite the growth in net sales. Compared to 2015, the operating loss doubled. Additional investments included the purchase and fitting out of Letto, a channel survey ship, and Pohjanmeri, a hydrographic survey vessel, for the Norwegian Mareano hydrographic surveying project. The loss-making operations and extensive investments weakened Meritaito's financial position and liquidity.

It is of great importance to reverse the trend to increase net sales and achieve major efficiencies. In its strategy, the company will focus on international growth, particularly in its expert consultation business. An efficiency programme has been launched to put the business on a sounder footing. The Chief Executive Officer resigned from his position in early 2017 and the recruitment of his successor is underway. As of 2017, vessel subsidies will be available in Finland for international operations, which is expected to improve Meritaito's competitiveness in hydrographic surveying projects.

GROWTH FROM CLEANTECH

Meritaito Ltd seeks to distinguish itself through a high standard of quality and invests in a safe and environment-friendly performance of its duties. Meritaito has established targets for safety and quality as well as ethical and environmental performance. While the company attained its quality objectives, the safety objectives were only achieved with regard to occupational accidents. The SeaHow business is based on the business opportunities offered by sustainability. It is based on the need to protect the environment and manage environmental risks. With the expansion of international operations, sustainability risks will increase proportionately – and call for determined steps to manage them.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	28.3	27.5
Operating income	EURm	-5.0	-2.2
Operating margin	%	-17.6	-8.0
Total assets	EURm	34.7	29.8
Equity ratio	%	39.1	61.7
Gearing	%	109.2	27.1
Return on equity	%	-32.1	-11.6
Return on investment	%	-18.8	-8.9
Personnel, total, 31 Dec		232	226
Personnel, Finland, 31 Dec		232	226
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-
Investments	EURm	6.1	4.2
Gender composition of the management team	w/m	0/6	0/6
Gender composition of the Board of Directors	w/m	2/3	2/3



Motiva Oy

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To ensure impartial expert services for promoting energy efficiency, renewable energy and resource efficiency.

BOARD OF DIRECTORS ON 28 MARCH 2017

Salla Vainio (Chair), Anja Kahri, Petteri Kuuva, Jarmo Muurman, Jukka Ohtola

CHIEF EXECUTIVE OFFICER

Hille Hyytiä

Motiva is an expert company that encourages the efficient and sustainable use of energy and materials. Motiva provides government agencies, companies, municipalities and consumers with information, solutions and services to enable them to make resource-efficient, effective and sustainable choices. Resource efficiency means the effective use of energy, materials, water and renewables to create maximum added value and welfare in a sustainable manner with due account taken of the environmental, economic and social aspects involved.

Motiva's Chief Executive Officer was replaced in October 2016 when Hille Hyytiä took up the position.

FINANCIAL PERFORMANCE IN 2016

During the financial year 2016, Motiva Group's net sales decreased by approximately 21 per cent to EUR 6.5 (8.2) million. The decline in net sales was due to the drop in customer orders from the previous year, for both public sector and market-driven customers. Despite the adjustment of operations, the operating income was negative at EUR -0.2 (0.2) million. Despite the loss-making result, the company's balance sheet remained strong. The Group's equity ratio was 54.1 (56.3) per cent. The company will not pay dividends for the financial year.

CORPORATE RESPONSIBILITY AT MOTIVA

Social and corporate responsibility play an integral part in the range of services provided by Motiva. According to its strategy, Motiva manages and develops its business responsibly to promote sustainable development. Corporate responsibility in Motiva's business is also relevant to its customers' goals as it aims to reduce environmental impacts and improve resource efficiency.

Energy and material efficiency are key ways to curb climate change in the national economy, businesses and households. The importance of energy and material efficiency is increasing in environmental protection, in the conservation of natural resources and as a factor in gaining a competitive advantage. Motiva plays a key role in the improvement of society's resource efficiency and, consequently, the competitiveness of companies.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	6.5	8.2
Operating income	EURm	-0.2	0.2
Operating margin	%	-2.8	2.3
Total assets	EURm	3.6	4.3
Equity ratio	%	54.1	56.3
Gearing	%	-84.2	-47.4
Return on equity	%	-9.1	6.3
Return on investment	%	-7.9	8.9
Personnel, total, 31 Dec		67	74
Personnel, Finland, 31 Dec		67	74
Total dividends paid	EURm	0	0.3
Dividends received by the State	EURm	0	0.3
Investments	EURm	0.008	0.06
Gender composition of the management team	w/m	6/0	5/1
Gender composition of the Board of Directors	w/m	2/3	2/3



Nordic Morning Plc

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

No strategic interest

BOARD OF DIRECTORS ON 21 MARCH 2017

Per Sjödel (Chair), Ingrid Jonasson Blank, Maritta Iso-Aho, Anni Ronkainen, Jukka Ruuska, Petri Vihervuori

CHIEF EXECUTIVE OFFICER

Anne Årneby

Nordic Morning is a marketing communications company whose current home markets are in Finland and Sweden. The Group's services include both publishing and printing operations, but its growth is focussed on digital revenue.

Digital services include strategic consulting and service planning, data management and digital marketing techniques. Nordic Morning provides data-driven services combining strategic content, user-oriented design, optimised visibility and customer dialogue. In March 2016, Nordic Morning acquired CountQuest Interactive AB which specialises in data analytics.

The company appointed a new CEO, Anne Årneby, in October 2016.

FINANCIAL PERFORMANCE IN 2016

In 2016, the Group's net sales decreased by 1.4 per cent to EUR 103.4 (104.9) million. 40 (39) per cent of the net sales were generated in Finland and 60 (61) per cent in Sweden. Net sales fell due to the reorganisation of the printing business in Sweden and the decline in the content business.

The Group's reported operating income showed a loss of EUR -14.3 (-0.2) million. The result includes non-recurring

items of EUR -12.4 (-0.2) million. The Group's operating income exclusive of non-recurring items amounted to EUR -1.9 (-0.1) million. As a result of the negative result, the Group's balance sheet deteriorated. The equity ratio fell to 36.3 (48.6) per cent. The company distributed dividends to the State amounting to EUR 2.0 million, the same as in the previous financial year.

CORPORATE RESPONSIBILITY AT NORDIC MORNING

The Group's corporate responsibility is based on three basic factors; people, profit and planet. Their counterparts in the corporate responsibility strategy are social, economic and environmental responsibility. Corporate responsibility is integrated as part of the Group strategy. In 2016, the company decided to use the following KPI indicators to monitor the development of the three basic factors mentioned above. These KPIs are added value per employee, the employee's willingness to recommend the company as an employer, and the reduction in the carbon footprint.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	103.4	104.9
Operating income	EURm	-14.3	-0.2
Operating margin	%	-13.8	-0.2
Total assets	EURm	54.6	75.7
Equity ratio	%	36.3	48.6
Gearing	%	30.9	27.6
Return on equity	%	-54.3	-0.6
Return on investment	%	-37.7	-0.3
Personnel, total, 31 Dec		653	709
Personnel, Finland, 31 Dec		263	271
Total dividends paid	EURm	2.0	2.0
Dividends received by the State	EURm	2.0	2.0
Investments	EURm	5.3	7.8
Gender composition of the management team	w/m	4/7	3/7
Gender composition of the Board of Directors	w/m	3/3	3/3

Patria

Patria Plc

STATE SHAREHOLDING

50.1%

STRATEGIC INTEREST OF OWNERSHIP

To secure the operation of the Defence Forces by producing essential military equipment and services in all conditions

BOARD OF DIRECTORS ON 8 MAY 2017

Christer Granskog (Chair), Harald Aarø, Marko Hyvärinen, Geir Håøy, Eirik Lie, Päivi Marttila, Ari Puheloinen, Janne Sølvi Weseth

CHIEF EXECUTIVE OFFICER

Olli Isotalo

Patria Plc is an international provider of defence, security and aviation life-cycle services and technology solutions. The company's customers include the defence forces of different countries as well as authorities and operators from the civilian sector. Patria's products include armoured wheeled vehicles, mortar systems and system integrations, among other things. Defence materiel and their maintenance accounted for 95 (93) per cent and civilian products for 7 (7) per cent of net sales in 2016.

LIFE-CYCLE PROJECTS INCREASED NET SALES

Change in the global security situation stimulated the defense industry market, but at the same time competition became fiercer. Patria's net sales increased when a number of active projects related to the life-cycle support management of equipment progressed as planned and the operations of Millog expanded. Key projects included, for example, the life-cycle update for Hornet fighters completed by the Aviation unit for the Finnish Air Force. The Land business unit, in turn, received a major order for wheeled vehicles from the United Arab Emirates Defence Force. 41 (31) per cent of consolidated net sales were generated outside Finland. The increase in net sales also

showed in the improvement of the Group's relative profitability. The balance sheet strengthened further, and the Group's net debt is almost zero.

The share deal between the State of Finland and the Norwegian company Kongsberg Defense & Aerospace AS was finalised in May 2016. With the acquisition, Kongsberg became a minority owner of Patria with a 49.9 per cent share. The new ownership structure may open up new markets and business opportunities for Patria.

COOPERATION WITH KONGSBERG TO FURTHER ETHICAL PRACTICES

The foundation of Patria's business is built on ethics. The development of ethical practices was continued in cooperation with the new minority owner by sharing best practices. With regard to social responsibility, the focus was on ensuring the ability to work. Accident frequency was successfully reduced by active measures.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	489.9	427.7
Operating income	EURm	74.6	46.8
Operating margin	%	15.2	10.9
Total assets	EURm	491.7	475.8
Equity ratio	%	58.3	49.7
Gearing	%	8.8	15.9
Return on equity	%	28.0	17.7
Return on investment	%	27.3	18.5
Personnel, total, 31 Dec		2,750	2,754
Personnel, Finland, 31 Dec		2,631	2,634
Total dividends paid	EURm	31.2	13.9
Dividends received by the State	EURm	15.6	13.9
Investments	EURm	16.5	23.9
Gender composition of the management team	w/m	2/7	2/6
Gender composition of the Board of Directors	w/m	2/6	2/3



Posti Group Corporation

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To provide postal services throughout Finland

BOARD OF DIRECTORS ON 27 MARCH 2017

Markku Pohjola (Chair), Eero Hautaniemi, Petri Järvinen, Petri Kokko, Kirsi Nuotto, Marja Pokela, Suvi-Anne Siimes, Arja Talma

CHIEF EXECUTIVE OFFICER

Heikki Malinen

Posti Group is a service company that provides postal and logistics solutions. The company's goal is to be customers' first choice as a provider of postal and logistics services. In its strategy, Posti aims to modernise and grow with the provision of new services.

In August 2016, Posti acquired Veine Group which specialises in temperature regulated logistics, and in October, Kuljetus Kovalainen Oy which specialises in food transportation. In Russia, Posti acquired OOO Maxipost in March, and OpusCapita acquired jCatalog Software Ag in Germany.

Posti's universal service was discontinued for domestic parcels, but it still applies to parcels weighing up to 10 kg sent abroad from all parts of Finland, Åland included.

FINANCIAL PERFORMANCE IN 2016

In 2016, the Group's net sales decreased by 2.6 per cent. In the last quarter of the year, the net sales rose by 5.4 per cent. Businesses and organisations generate 96 per cent of Posti's net sales. The key customer industries are the media, trade and service industries.

The Group's reported operating income fell to EUR 30.7 (54.8) million. Adjusted operating income reached almost

the same level as the year before at EUR 47.1 (47.6) million. Special items in 2016 totalled EUR 10.6 (40.8) million.

The Group's balance sheet strengthened, and the equity ratio increased to 54.9 (46.9) per cent. Gearing fell to -13.6 (-10.8) per cent. Posti pays the state dividends of EUR 60 (18) million for the financial year 2016.

CORPORATE RESPONSIBILITY AT POSTI

Posti's corporate responsibility is divided into four sub-areas. They are social responsibility, personnel responsibility, environmental responsibility and financial responsibility. Based on Posti's materiality analysis, the key areas of corporate responsibility were defined as being a responsible service provider, sustainable business, creating value for customers and engaged multi-skilled employees. Rather than being separate, these areas overlap in many ways. The Group has set measurable objectives in line with the Group's strategy.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	1,607.6	1,650.3
Operating income	EURm	30.7	54.8
Operating margin	%	1.9	3.3
Total assets	EURm	1,185.6	1,311.9
Equity ratio	%	54.9	46.9
Gearing	%	-13.6	-10.8
Return on equity	%	3.9	6.2
Return on investment	%	5.4	8.0
Personnel, total, 31 Dec		20,497	21,598
Personnel, Finland, 31 Dec		16,052	16,874
Total dividends paid	EURm	60.0	18.0
Dividends received by the State	EURm	60.0	18.0
Investments	EURm	100.4	66.8
Gender composition of the management team	w/m	3/7	3/5
Gender composition of the Board of Directors	w/m	4/4	4/4

RASKONE

Raskone Ltd

STATE SHAREHOLDING

85%

Governia Oy 15%

BOARD OF DIRECTORS ON 13 MARCH 2017

Kai-Petteri Purhonen (Chair), Sinikka Mustakari,
Ilpo Nuutinen, Anu Ora, Klaus Sundström

CHIEF EXECUTIVE OFFICER

Timo Seppä

Raskone provides its customers with life-cycle services for utility vehicles. Raskone is Finland's leading company specialising in the servicing and maintenance of utility vehicles. Its repair shops in 19 locations form a network with nationwide coverage. The company provides maintenance services for heavy-duty vehicles, trailers, work machinery, cars and vans as well as superstructures. The business is based on the company's ability to service vehicles and machinery of all makes.

NET SALES PICKED UP

Raskone's industry sector showed signs of recovery in 2016. Road transportation, an indicator relevant for business, rose by approximately 15 per cent during the year. The sales of utility vehicles also increased. The net sales of Raskone showed a growth of nine per cent after many years of negative numbers. The company focussed on active sales work and new service concepts. Operating income improved by approximately EUR 1.4 million, showing a modest profit. The company streamlined processes and cut property costs. Operating income includes non-recurring expenses and cost provisions related to personnel adjustments.

Raskone's business at Helsinki-Vantaa airport was transferred, in an asset deal, to Swissport Oy, the largest cus-

tomor of the repair shop, which decided to take direct control of the repair shop business from the beginning of 2017.

PROGRESS IN OCCUPATIONAL SAFETY

Highly skilled employees are a key competitive factor for Raskone, and the company focusses on maintaining the expertise of mechanics. The company's working atmosphere developed positively. To keep it up, the company will invest in managerial training and development discussion coaching. Occupational safety risks were mapped at each site. Particular attention was paid to the use of safety goggles. The accident frequency rate continued to decline due to changes in practices carried out in prior years. The company's energy consumption decreased due to more efficient use of properties and the introduction of LED lighting fixtures in some repair shops. The waste reuse rate improved. The more stable economic situation provides the company with an opportunity to invest in the development of corporate responsibility.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	65.5	60.3
Operating income	EURm	0.1	-1.3
Operating margin	%	0.1	-2.1
Total assets	EURm	21.7	20.8
Equity ratio	%	15.4	16.0
Gearing	%	145.9	159.6
Return on equity	%	0.4	-52.8
Return on investment	%	0.7	-9.8
Personnel, total, 31 Dec		482	482
Personnel, Finland, 31 Dec		482	482
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	0.7	0.6
Gender composition of the management team	w/m	1/4	1/4
Gender composition of the Board of Directors	w/m	2/3	2/3



Suomen Lauttaliikenne Oy

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To secure cable ferry and ferry services as part of the public road network

BOARD OF DIRECTORS ON 23 MARCH 2017

Juha Heikinheimo (Chair), Pekka Hurtola, Kati Niemelä, Matti Pajula, Annika Parkkonen

CHIEF EXECUTIVE OFFICER

Mats Rosin

Suomen Lauttaliikenne is responsible for the state's cable ferry and ferry services as part of the public road network along a total of 44 routes. The company's largest client is the Centre for Economic Development, Transport and the Environment for Southwest Finland. The Group's vessels are used to transport millions of vehicles and passengers each year.

STEADY FINANCIAL PERFORMANCE

The company's market position remained strong, sales and earnings also remained stable and at a good level in 2016. In the summer of 2017, the company will launch Finland's first hybrid ferry. The vessel will run on shore power, and it will improve transportation along the Pargas-Nagu route. There was a significant increase in investments compared to the previous year. However, the company's balance sheet remained strong and financial position excellent. The company will continue the modernisation of its fleet in the coming years.

The increasingly stringent competition poses a challenge for Suomen Lauttaliikenne. The company's largest client is the Centre for Economic Development, Transport and the Environment for Southwest Finland; other clients include private road maintenance associations and operators who lease the vessel fleet. The Centre for Economic Development, Transport and the Environment seeks to increase the

number of service providers and so promote competition in the sector. The situation requires continuous improvement of cost efficiency and development of operations in the future. Therefore, the company has invested in efficient maintenance and the digitisation of processes. Maritime transport digitisation and innovative IT solutions will have a particularly important role in the future.

RENEWAL OF FLEET SUPPORTS THE ACHIEVEMENT OF THE OBJECTIVES OF SUSTAINABLE DEVELOPMENT

In the case of Suomen Lauttaliikenne, corporate responsibility focusses on vessel and passenger safety, high quality and reliability as well as environmental responsibility, environmental safety and the reduction of emissions from fuels. New vessels complying with sustainable development play a key role in the modernisation of the fleet. The company aims to reduce its carbon footprint significantly over the next few years. Customer satisfaction was at an excellent level. The accident frequency rate rose from the previous year, which calls for investments in safety in the future.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	50.8	49.6
Operating income	EURm	9.4	9.5
Operating margin	%	18.5	19.2
Total assets	EURm	58.9	57.2
Equity ratio	%	76.4	74.4
Gearing	%	-34.3	-47.9
Return on equity	%	17.9	18.5
Return on investment	%	22.0	23.2
Personnel, total, 31 Dec		304	298
Personnel, Finland, 31 Dec		304	298
Total dividends paid	EURm	6.0	6.0
Dividends received by the State	EURm	6.0	6.0
Investments	EURm	10.4	0.5
Gender composition of the management team	w/m	2/6	2/7
Gender composition of the Board of Directors	w/m	2/3	2/3



Mint of Finland Ltd

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

No strategic interest

BOARD OF DIRECTORS ON 28 MARCH 2017

Hanna Maria Sievinen (Chair), Pekka Hurtola, Pekka Leskinen, Riitta Mynttinen, Ari Viinikkala, Anna Maija Wessman

CHIEF EXECUTIVE OFFICER

Jonne Hankimaa

The Mint of Finland Group designs, markets and manufactures coins, coin blanks, collector coins and gift coins as well as coin sets. The company is the leading mint in the euro zone and one of the world's largest coin exporters whose target market areas include Europe, Asia, Africa and Latin America. The company's customers for circulation coins and coin blanks include the central banks of various countries, ministries of finance as well as mints. With regard to commemorative coins, the company serves both consumers and retailers.

The Chief Executive Officer of Mint of Finland was replaced in August 2016 when Jonne Hankimaa took up the position.

FINANCIAL PERFORMANCE IN 2016

During the financial year 2016, net sales of the Mint of Finland decreased by approximately 25 per cent to EUR 66.6 (88.2) million. The decrease in net sales was largely due to the decline in the volume of coin blanks produced, partly affected by the fact that some important invitations to tender were postponed until 2017. The volumes of both circulation coins and collector products increased from the previous year. Exports accounted for 95 per cent of the consolidated net sales. The Group's operating loss decreased to EUR -1.6 (-3.7) million. The

Group's equity ratio was 45.0 (47.7) per cent. The company will not pay dividends for the financial year.

CORPORATE RESPONSIBILITY AT MINT OF FINLAND

In 2016, the Mint of Finland specified corporate responsibility as one of the cornerstones of long-term business. The Group's objective is that all seven core areas of corporate responsibility – human rights, fair practices, organisational governance, the environment, consumer affairs, community participation and development, and workplace practices – are subjected to self-assessment by the beginning of 2017 with regard to the level of responsibility and its importance to company operations. After this, key stakeholders will be involved in the prioritisation of tasks related to responsibility and key figures for stakeholders assessed on the basis of materiality analysis. Responsibility and reliability are particularly important with regard to customer requirements.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	66.6	88.2
Operating income	EURm	-1.6	-3.7
Operating margin	%	-2.5	-4.2
Total assets	EURm	64.8	67.5
Equity ratio	%	45.0	47.7
Gearing	%	79.5	78.2
Return on equity	%	-7.4	-12.8
Return on investment	%	-2.9	-5.8
Personnel, total, 31 Dec		173	181
Personnel, Finland, 31 Dec		65	63
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	2.2	1.6
Gender composition of the management team	w/m	4/2	4/2
Gender composition of the Board of Directors	w/m	3/3	3/3



Finish Seed Potato Centre Ltd

STATE SHAREHOLDING

22%

STRATEGIC INTEREST OF OWNERSHIP

the promotion of plant health and the maintenance of security of supply by providing seed potato material that is healthy and suitable for Finnish conditions.

BOARD OF DIRECTORS ON 19 OCTOBER 2016

Ossi Paakki (Chair), Kauko Matinlauri, Antti Lavonen, Jouko Lähteenoja, Alf-Håkan Romar, Jyrki Siira

CHIEF EXECUTIVE OFFICER

Paula Ilola

The Finnish Seed Potato Centre Ltd (SPK) is a Finnish seed potato-producing enterprise whose field of activity comprises the cleaning and maintenance of seed material as well as the production, packaging and marketing of basic and certified seed grades.

COMMERCIALISATION OF NEW METHODS

SPK's net sales of EUR 2.8 (3.2) million for the financial year 1 December 2015 to 31 July 2016 were less than in the previous period due to the shorter financial year. Operating income turned positive at EUR 0.1 (-0.4) million as costs were cut in line with the reduction of net sales.

The company's outlook is stable, but margins are small. The company's earnings are now entirely dependent on the potato growing season and the market price. SPK will seek to increase net sales and improve profitability with new methods.

The revaluation of land areas in the previous financial year increased the equity ratio, which was 66.5 (47.9) per cent.

The company has continued the development and commercialisation of the aeroponic method related to seed potato production. The aeroponic method increases the number of tubers tenfold. In addition, the method is cost-effective and enables the quick introduction of new varieties to market. The method has also attracted a lot of international attention. In the summer of 2016, aeroponic production was expanded twofold. The intention is to further expand aeroponic production in late summer 2017.

PREVENTION OF PLANT DISEASES

SPK seeks to attain corporate responsibility through the prevention of plant diseases and the promotion of supply security. The company participates in regional and nationwide research concerning potato planting and plant diseases as well as in the international Tunisia project.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	2.8	3.3
Operating income	EURm	0.1	-0.4
Operating margin	%	3.7	-11.1
Total assets	EURm	3.3	4.3
Equity ratio	%	66.5	47.9
Gearing	%	41.4	50.8
Return on equity	%	3.8	-19.7
Return on investment	%	3.3	-13.5
Personnel, total, 31 Dec		14	13
Personnel, Finland, 31 Dec		14	13
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0
Investments	EURm	0.0	0.1
Gender composition of the management team	w/m	4/3	4/2
Gender composition of the Board of Directors	w/m	0/6	0/6



Suomen Viljava Oy

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

To ensure the functioning of the cereal storage and handling market in a manner that is neutral in terms of competition and to secure the undisturbed execution of tasks related to the supply security of the food chain and EU intervention operations.

BOARD OF DIRECTORS ON 27 MARCH 2017

Petri Alava (Chair), Thomas Isaksson, Esko Pyykkönen, Helena Tammi, Tanja Viljanen

CHIEF EXECUTIVE OFFICER

Pasi Lähdetie

Suomen Viljava Oy specialises in the storage and handling of cereals and other grain products.

VILJAVA SEEKS GROWTH IN NET SALES

In 2016, there was considerably less cereals on the market than in the previous years despite the fact that the National Emergency Supply Agency reduced its cereal stocks. However, in the autumn of 2016, exports of cereals were at a high level considering the cereal harvest. Compared with 2015, the cereal handling volumes for the whole year were down by 20%, the average stock level by 5% and the year-end stock level by 10%. However, the intervention stock volumes of milk powder increased.

The stock level of cereals for 2017 is expected to remain well below that of 2016. Net sales in 2017 are expected to be less than in 2016. Operating income will also be modest due to the extensive investment programme which will increase write-offs.

During 2016, operating models and the organisational structure were revised and the number of employees reduced by a quarter. Significant business development investments, such as a bio-heating plant using grain dust in Korja, were also carried out. Furthermore, storage of

wood pellets was initiated in Kokemäki, modification of a horizontal warehouse for the storage and handling of wood pellets started in Turenki, and a new conveyor line and ship loader purchased in Rauma.

In 2017, the growth of net sales is sought by developing the cereal business through targeted investment.

The growth of other storage and handling business is sought by raising the utilisation rate of existing storage space, new storage products, the sale of bio-energy and increase of subcontracting volumes.

ROLE OF CORPORATE RESPONSIBILITY IN THE DEPLOYMENT OF COMPANY STRATEGY AND THE MANAGEMENT SYSTEM

For a company to be profitable, competitive, vigorous and successful in the long term, it must act in an ecologically, socially and financially sustainable manner. In order to measure the success of sustainable management, indicators have been set up for service production, people, environment and local reach.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	17.5	19.7
Operating income	EURm	4.0	3.6
Operating margin	%	23.0	18.2
Total assets	EURm	25.2	22.1
Equity ratio	%	78.4	89.6
Gearing	%	0.1	2.5
Return on equity	%	16.6	12.8
Return on investment	%	17.9	16.5
Personnel, total, 31 Dec		60	87
Personnel, Finland, 31 Dec		60	87
Total dividends paid	EURm	3.3	3.3
Dividends received by the State	EURm	3.3	3.3
Investments	EURm	4.2	2.9
Gender composition of the management team	w/m	1/2	1/6
Gender composition of the Board of Directors	w/m	2/3	2/3

TAPIO

Tapio Ltd

STATE SHAREHOLDING

100%

STRATEGIC INTEREST

To ensure the use of good quality forest seed material suitable for Finnish conditions accounting for long-term security of supply

BOARD OF DIRECTORS ON 30 MARCH 2017

Anne Ilola (Chair), Tuula-Riitta Markkanen, Matti Mäkelä, Timo Piekkari, Marja Pokela

CHIEF EXECUTIVE OFFICER

Panu Kallio as of 2 May 2016

In addition to the parent company that provides expert services for the State, the Tapio Group is also comprised of Metsäkustannus Oy and Tapio Silva Ltd, the business concept of which also includes a seed production business in addition to the provision of expert services. Tapio Ltd's largest client is the Ministry of Agriculture and Forestry.

PROFITABLE GROWTH AT THE HEART OF THE REVISED STRATEGY

Year 2016 was the Group's second year of operation as a limited company. As in the previous year, its focus was on the productisation and digitalisation of services. The company revised its strategy which aims at profitable growth and an increasingly integrated Tapio Group. Investments were made in the utilisation of Group synergies which will continue in the future. The company divested itself of the affiliated company Pohjan-Taimi which helped to focus the business. The parent company provides consulting services primarily to the Ministry of Agriculture and Forestry as an in-house company. Consulting accounted for 22 per cent of the consolidated net sales. The main part of the net sales came from the Media business which accounted for 43 per cent.

The competitive situation remained tight and the company's net sales decreased slightly from the previous year's

level. Profitability was weighed down by non-recurring items related to the reorganisation of operations and a write-down related to the sale of an affiliated company. The operating margin was positive. In the future, Tapio will focus not only on profitable growth, but also on the utilisation of intra-group synergies and on further improvements to cost efficiency and competitiveness.

REVENUE FROM SUSTAINABLE FOREST USE AND MANAGEMENT

The company provides solutions for ensuring a sustainable forest bioeconomy. Tapio's business is based on the opportunities arising from the bioeconomy and the sustainable and responsible use of forests and on finding sustainable solutions for customers. New energy and climate objectives will increase the use of wood. Therefore, the need to ensure the sustainable use and management of forests will probably grow in the future. In an expert organisation, the employees' competence and well-being will naturally gain focus as key factors in ensuring competitiveness.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	9.0	9.1
Operating income	EURm	-0.4	0.1
Operating margin	%	-4.5	0.6
Total assets	EURm	14.7	15.4
Equity ratio	%	62	63
Gearing	%	-39.8	-54.7
Return on equity	%	-4.9	0.1
Return on investment	%	-3.9	1.6
Personnel, total, 31 Dec		56	54
Personnel, Finland, 31 Dec		56	54
Total dividends paid	EURm	0	0.01
Dividends received by the State	EURm	0	0.01
Investments	EURm	0.3	1.1
Gender composition of the management team	w/m	3/3	3/3
Gender composition of the Board of Directors	w/m	3/1	3/1



Vapo Oy

STATE SHAREHOLDING

50.1%

STRATEGIC INTEREST OF OWNERSHIP

To ensure the availability of domestic fuels for energy production in all circumstances.

BOARD OF DIRECTORS ON 22 SEPTEMBER 2016

Jan Lång (Chair), Tuomas Hyyryläinen, Risto Kantola, Hannu Linna, Pirita Mikkanen, Minna Pajumaa, Minna Smedsten, Markus Tykkyläinen

CHIEF EXECUTIVE OFFICER

Tomi Yli-Kyyny

Vapo supplies its energy customers with peat and wood fuel as well as heat and electricity generated from local raw materials. The product range also includes garden products and environmental business solutions.

SUCCESS IN THE IMPROVEMENT OF PROFITABILITY

The net sales for May to December 2016 decreased compared to the previous financial year; this was due to the sale of the sawmilling operations at the beginning of 2016. However, operating income improved due to cost savings and a reduction in inventory levels. On 2 January 2017, the company sold its 45 per cent share in Harvestia, a wood procurement company.

The net sales of Vapo for the financial year ending on 30 April 2017 will fall short of the previous year's level due to the sale of the sawmill operations. The profitability is expected to continue to improve as a result of better efficiency. New business operations will not generate significant revenue during the current financial year.

The ongoing EU-level negotiations on the sustainability criteria for the use of wood in energy production is a threat to the competitiveness of peat compared to imported fuels. The limit values of emissions generated through the com-

bustion of biomass and peat will probably become a lot tighter while coal will have less stringent discharge limits.

Vapo's aim is to implement, by the summer of 2017, an ownership restructuring in which it gives up almost all of its land holdings so that it can continue, as a tenant, the exploitation of land areas previously owned by it. The aim is to seek efficiency in the procurement of raw materials and the use of the balance sheet and to free up capital for other business development. Even now approximately one third of land used for peat production is leased from external landowners.

RESPONSIBILITY FORMS THE BASIS OF PROFITABLE OPERATIONS

Vapo's corporate responsibility focuses on environmental responsibility and measures used by the company to minimise impacts on the environment and waters. The four main focus points of responsibility are Security of supply, Renewal and domestic origin; Environmental impact; Local effects; and Responsibility for employees.

KEY FINANCIAL INDICATORS		5/2015 -4/2016	5/2014 -4/2015
Net sales	EURm	459.8	486.9
Operating income	EURm	8.6	36.9
Operating margin	%	1.9	7.6
Total assets	EURm	795.0	838.2
Equity ratio	%	36.8	37.3
Gearing	%	130.1	132.3
Return on equity	%	-1.5	6.6
Return on investment	%	2.2	6.2
Personnel, total, 30 April		803	928
Personnel, Finland, 30 April		545	692
Total dividends paid	EURm	4.0	12.0
Dividends received by the State	EURm	2.0	6.0
Investments	EURm	38.5	88.4
Gender composition of the management team	w/m	2/11	3/9
Gender composition of the Board of Directors	w/m	2/4	2/4

VR GROUP

VR-Group Ltd

STATE SHAREHOLDING

100%

STRATEGIC INTEREST OF OWNERSHIP

Ensuring the future of rail transport

BOARD OF DIRECTORS ON 24 MARCH 2017

Hannu Syrjänen (Chair), Heikki Allonen,
Marko Hyvärinen, Roberto Lencioni,
Tuija Soanjärvi, Kirsi Sormunen, Maija Strandberg

CHIEF EXECUTIVE OFFICER

Rolf Jansson

VR is a service company for travel, logistics and infrastructure that operates not only in Finland but also in other countries such as Sweden and Russia. The company operates in three segments: VR, providing passenger services; VR Transpoint, providing logistics services; and VR Track, specialising in infrastructure construction. Passenger services include bus and coach services in addition to rail traffic.

IMPROVEMENT IN THE PERFORMANCE OF PASSENGER TRAFFIC

VR Group's net sales declined due to continued adverse market conditions. The decline was most pronounced in passenger traffic where the net sales for rail transport decreased by 7.9 per cent. Net sales were affected by the pricing reform of long-distance services. Ticket prices were reduced permanently to make the train a more competitive alternative to other modes of public transport as well as cars. Net sales were also reduced by the cuts made by the Ministry of Transport and Communications in the volume of contractual services. Thanks to the lower prices, the number of journeys increased and the load factor of market-based traffic improved. VR Transpoint's net sales remained unchanged, even though transport volumes rose significantly. VR Track's net sales decreased slightly as a whole, but the revenue from its Finnish operations increased by more than 10 per cent.

The Group's operating income declined, but the operating result was good in all domestic operations. The performance of passenger traffic improved when the competitiveness of long-distance services was increased by cutting more than EUR 40 million of costs. VR Track's Swedish operations were clearly in the red with the unit's operating result showing a loss of EUR 14 million.

IMPROVED CUSTOMER SATISFACTION

The themes of the Group's corporate responsibility are Customer, Safety, Environment, Well-being of personnel and Transparency in operations. The main indicators, carbon dioxide emissions and accident frequency, developed in the right direction. The reduction of emissions was affected by the increase in the share of electric traction in freight traffic. Decisive safety measures produced results in the number of accidents. Customer satisfaction of train passengers increased by 24 per cent as measured by the Willingness to Recommend responses obtained. The company is building nationwide travel chains to facilitate travelling.

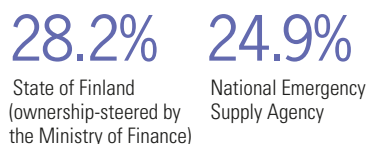
KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	1,187	1,231
Operating income	EURm	43.3	65.4
Operating margin	%	3.6	5.3
Total assets*	EURm	2,002	2,029
Equity ratio	%	72.0	71.1
Gearing	%	5.9	-5.3
Return on equity	%	3.4	1.5
Return on investment	%	2.7	4.3
Personnel, total, 31 Dec		7,691	8,221
Personnel, Finland, 31 Dec		7,204	7,789
Total dividends paid	EURm	90	100
Dividends received by the State	EURm	90	100
Investments	EURm	123.1	119.8
Gender composition of the management team	w/m	3/7	3/7
Gender composition of the Board of Directors	w/m	3/5	3/5

* The balance sheet for the comparison period as well as related financial indicators have been adjusted with regard to derivatives and financial lease agreements.

FINGRID

Fingrid Oyj

STATE SHAREHOLDING



STRATEGIC INTEREST OF OWNERSHIP

To secure the usability and trouble-free operation of electricity transmission and the power system in all conditions

BOARD OF DIRECTORS ON 24 MAY 2017

Juhani Järvi (Chair), Anu Hämäläinen,
Juha Majanen, Sanna Syri, Esko Torsti

CHIEF EXECUTIVE OFFICER

Jukka Ruusunen

Fingrid's main strategic objectives are to secure the provision of reliable electricity and effective markets for society as well as the provision of affordable services satisfying the needs of customers.

A VERY GOOD YEAR OPERATIONALLY AND FINANCIALLY

The company's financial year 2016 was operationally and financially very good from the perspective of society, customers, finances and owners, internal processes and personnel. Among European companies with a corresponding infrastructure, Fingrid's grid pricing was one of the lowest. Grid transmission reliability was 99.9998%; disturbances caused an average of 2.1 minutes of no electricity at the connection points. The number of disturbances for cross-border connections decreased and the duration of disturbances became shorter. The rating of customer satisfaction was 4.0 (on a scale of 1-5), and the landowners' feedback on the operation was also at a good level. In a comparative study between global electricity transmission system operators, Fingrid again ranked as a 'Top Performer'.

RESPONSIBILITY IS ONE OF THE COMPANY'S VALUES AND SHOWS IN EVERYTHING IT DOES

Corporate responsibility is managed as an integrated part of Fingrid's management system. On its sites, the company carried out 15 audits of contractor responsibility, occupational safety and environmental issues as well as 7 audits related to purchases in its international subcontracting chain. There were no significant environmental deviations. No major risks were realised. During the year under review, Fingrid signed the energy efficiency agreement of Finnish industries 2017–2025 and committed to the target of cutting energy use by six per cent by 2025. The company was in the lowest pension insurance contribution category due to the personnel's excellent work condition and late retirement; measured job satisfaction was also at an excellent level. The company was ranked second in the Most Inspiring Place to Work in Finland survey. The combined injury-frequency rate (own personnel and service suppliers) was 8. A human rights impact assessment was carried out in compliance with the due diligence process recommended in the UN's Guiding Principles on Business and Human Rights, and the company committed to the Global Compact initiative of the United Nations in 2016. The state of corporate responsibility as a whole is excellent.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	586.1	600.2
Operating income	EURm	192.0	162.6
Operating margin	%	32.8	27.1
Total assets	EURm	2102	2124
Equity ratio	%	36.4	33.5
Gearing	%	134.2	144.4
Return on equity	%	18.8	15.0
Return on investment	%	10.4	8.7
Personnel, total, 31 Dec		334	315
Personnel, Finland, 31 Dec		334	315
Total dividends paid	EURm	98	90
Dividends received by the State	EURm	35.3	31.6
Investments	EURm	146.7	147.5
Gender composition of the management team	w/m	2/6	1/7
Gender composition of the Board of Directors	w/m	2/3	2/3



Finnpilot Pilotage Ltd

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To provide pilotage services and take care of other related functions and duties specified under the Finnish Pilotage Act operating in the water areas defined in the said act

BOARD OF DIRECTORS ON 22 MARCH 2017

Seija Turunen (Chair), Ville Haapasalo, Pekka Hurtola, Johanna Karppi, Tuula-Riitta Markkanen, Employee representative Jouni Rätty, deputy representative Aki Saartia

CHIEF EXECUTIVE OFFICER

Kari Kosonen, Matti Pajula until 1 April 2017

Finnpilot Pilotage provides pilotage services to ensure the safety and functioning of shipping and to prevent any environmental damage caused by shipping.

PERFORMANCE AND SERVICE LEVEL REMAINED STABLE

The number of pilotage assignments decreased by 2.2% and the mileage by 4.4% on the previous year. Pilotage exemptions granted increased somewhat, and the company's market share declined to 31.9 (32.9) per cent. The demand for pilotage services was also affected by larger vessel sizes, the increased load factor and the continuation of the economic downturn. The company increased pilotage fees by 1 per cent. Despite this, the company's net sales fell slightly to EUR 36.5 (36.8) million. Although the company managed to lower its costs, the decrease in net sales resulted in a slight drop in the operating income compared to the previous year. Operating income was EUR 1.5 (1.7) million. Low fuel prices helped keep costs under control. Nevertheless, the cost per pilotage assignment and the transport cost per pilotage assignment increased by approximately 2 per cent. The company was able to carry out 99.8% (99.9%) of the pilotage assignments within the waiting times specified for the target service level, the objective being 99%. The company continued to invest in

the exploitation of digitalisation in business development and process improvement.

The company's cash flow from operations was strong at EUR 5.1 (3.4) million and the investment rate fell slightly to EUR 2.5 (2.7) million, which further strengthened the company's liquidity. The company has no net debt and its financial position is very strong. For the financial year 2016, the company paid a dividend of EUR 4.0 (0.3) million.

PILOTAGE PREVENTED 29 POSSIBLE SERIOUS ACCIDENTS

With regard to Finnpiilot's corporate responsibility, the key thing is to secure the safety and efficiency of shipping. Pilotage prevented 29 possible serious accidents in 2016. Both customer satisfaction and employee well-being at work developed positively. The company continues to invest in the predictability of pilotage orders, which is expected to further improve results. Challenging working conditions and the aging of the personnel require continuous efforts to maintain employees' working ability. Occupational safety is also at stake when piloting vessels in challenging conditions and promoting maritime safety. However, the accident frequency rate increased in 2016 from the previous year.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	36.5	36.8
Operating income	EURm	1.5	1.7
Operating margin	%	4.2	4.5
Total assets	EURm	29.6	28.7
Equity ratio	%	70.9	70.1
Gearing	%	-34.0	-23.6
Return on equity	%	6.3	7.6
Return on investment	%	7.1	7.9
Personnel, total, 31 Dec		327	335
Personnel, Finland, 31 Dec		327	335
Total dividends paid	EURm	4.0	0.3
Dividends received by the State	EURm	4.0	0.3
Investments	EURm	2.5	2.7
Gender composition of the management team	w/m	1/4	1/4
Gender composition of the Board of Directors*	w/m	3/3	3/4

* Includes the employee representative



Governia Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To serve as a state investment company that can be used for special ownership restructuring purposes

BOARD OF DIRECTORS ON 29 MARCH 2017

Jarmo Kilpelä (Chair), Ilkka Salonen,
Taina Susiluoto, Helena Tarkka, Petri Vihervuori

CHIEF EXECUTIVE OFFICER

Timo Kankuri

Governia Oy is a wholly state-owned special assignment company whose balance sheet is actively used for off-exchange special ownership arrangements. Additionally, the company is tasked with the development of the companies in its ownership. Governia's most important subsidiaries are Kruunuasunnot Oy, Cinia Group Ltd, Turun telakka-kiinteistöt Oy and GoK Oy. In September 2016, Governia disposed of the entire share capital of Pajakulma Oy.

POSITIVE DEVELOPMENT IN GROUP COMPANIES

Kruunuasunnot sold its properties in Santahamina and Upinniemi to Senate Properties for EUR 21.5 million. The proceeds from the sale raised the net sales of the Governia Group to EUR 90.6 (71.3) million. Kruunuasunnot continued to develop its housing stock. Cinia managed to turn its operating loss into an operating income. The operating income was EUR 0.5 (-0.6) million. The submarine cable project, which was completed at the beginning of the year, will drive growth in international connection services. The challenge for the future is to succeed in the sale of capacity. In 2016, the business operations were still in a ramp-up and growth stage. Strong demand for software services supported Cinia's financial performance. The company also invested in the creation of new business in international connection services and cloud services.

Gok Oy, a subsidiary wholly owned by Governia, was established, and the company acquired undeveloped residential building land in the Kuninkaantammi region in Helsinki from Nordic Morning.

The operating income of the Governia Group grew mainly due to the non-recurring items of Kruunuasunnot which arose from the change in the depreciation plan and some technical Group-related entries. The Group's net profit was EUR 1.7 (-6.4) million. The profit was eroded by impairments of EUR 2.0 (2.3) million. Governia used the proceeds from the sale of properties by Kruunuasunnot for repayments of the subordinated loan extended by the State. Governia's financial position remained good.

MODEL FOR CORPORATE RESPONSIBILITY MANAGEMENT DEVELOPED IN GROUP COMPANIES

In 2016, Governia began to implement a corporate responsibility management model in its operating subsidiaries. The model allows subsidiaries to integrate corporate responsibility into management, strategy and business operations as well as identify key themes of corporate responsibility in business.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	90.6	71.3
Operating income	EURm	8.0	-2.8
Operating margin	%	8.8	-3.9
Total assets	EURm	314.4	320.5
Equity ratio	%	49.9	48.6
Gearing	%	51.9	55.8
Return on equity	%	1.1	-4.3
Return on investment	%	1.9	-1.5
Personnel, total, 31 Dec		234	330
Personnel, Finland, 31 Dec		234	330
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	30.4	75.3
Gender composition of the management team	w/m	n/a	n/a
Gender composition of the Board of Directors	w/m	2/3	2/3



Solidium Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To reinforce and consolidate domestic ownership in listed companies of national significance, and increase the economic value of assets in the long term.

BOARD OF DIRECTORS ON 7 SEPTEMBER 2016

Harri Sailas (Chair), Eija Ailasmaa, Aaro Cantell, Markku Hyvärinen, Paula Lehtomäki, Marjo Miettinen

CHIEF EXECUTIVE OFFICER

Kari Järvinen until 31 January 2017, Antti Mäkinen was appointed on 27 January 2017

Solidium is a limited company wholly owned by the State of Finland. Solidium Oy is a company operating outside the budget economy with a mission to reinforce and consolidate domestic ownership in companies of national significance and to increase the financial value of its holdings in the long term. Solidium manages the State's non-strategic minority holdings in listed companies. Solidium wields influence in the companies owned by it, primarily by being actively involved in board appointments.

FINANCIAL PERFORMANCE IN 2016

Solidium's financial year is from 1 July to 30 June. It does not generate net sales. The half-year operating income comprised EUR 1.6 million in costs and a EUR 1.6 million profit from the sale of SSAB shares. A EUR 705 million revaluation was recognised in the financial items of the past half-year period, EUR 449 million of which relates to shares in Outokumpu, EUR 26 million to shares in Outotec, and EUR 231 million to shares in SSAB. A year earlier, financial expenses included an impairment of EUR 446 million, of which 195 million was related to changes in the value of shares in Outokumpu, 60 million in Outotec and 191 million in SSAB. In June 2016, a respective revaluation

of EUR 145.5 million was recognised. Solidium's net asset value has increased by EUR 981.3 million over the half-year period and by EUR 719.6 million over the calendar year.

CORPORATE RESPONSIBILITY AT SOLIDIUM

Solidium wishes to promote responsible business through ownership and expects that companies closely integrate corporate responsibility into their business operations and aim to create objective-oriented corporate responsibility. The corporate responsibility objectives for 2016-2017 are to increase and safeguard shareholder value, interact with stakeholders as an owner, carry out an integrated analysis and ensure accountability of operations. Issues with corporate responsibility in portfolio companies can grow to such extent that they have an impact on shareholder value. It is important for a responsible owner to identify key issues with corporate responsibility and their potential impact on shareholder value from the perspective of risks as well as opportunities.

KEY FINANCIAL INDICATORS		1.7-31.12 2016	1.7-31.12 2015	1.7.2015- 30.6.2016
Net sales	EURm	0.0	0.0	0.0
Operating income	EURm	0.0	-1.7	-3.5
Profit for the financial year	EURm	643.1	-439.8	11.2
Return on investments at fair value	%	22.4	-2.5	-7.4
Dividends and capital repayments received	EURm	20.9	7.9	282
Administrative cost ratio	%	0.05	0.05	0.05
Net asset value	EURm	7,109.2	6,389.6	6,127.9
Shareholders' equity	EURm	4,200.6	3,384.4	3,835.5
Financial liabilities	EURm	350.0	350.0	350.0
Equity ratio	%	85.6	90.6	91.6
Personnel, total		10	12	12
Personnel, Finland		10	12	12
Profit distribution	EURm			278
Dividends received by the State				278
Gender composition of the management team	w/m	1/3	2/3	1/3
Gender composition of the Board of Directors	w/m	3/3	1/2	1/2



State Security Networks Ltd

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To construct and operate communications networks used by public administration authorities that are critical to the nation's security as well as other security networks and to provide related services and provision of related services and consulting services.

BOARD OF DIRECTORS ON 29 MARCH 2017

Jarmo Väisänen (Chair), Teemu Anttila, Lea Jokinen, Päivi Nerg, Maria Nikkilä, Sohvi Rajamäki, Esa Rautalinko

CHIEF EXECUTIVE OFFICER

Timo Lehtimäki

State Security Networks Group is a state-owned company with a special mission to ensure critical management capabilities in times of crisis and secure the provision of information society services under all circumstances. Aside from the parent company State Security Networks Ltd, the Group includes the subsidiaries Suomen Virveverkko Oy, Virve tuotteet ja palvelut Oy, Suomen Turvallisuusverkko Oy, Leijonaverkot Oy and Johtotieto Oy.

BUSINESS STRUCTURE CLARIFIED AND OPERATIONS STABILISED

The year 2016 was the first full operational year as a security network operator. In particular, the continued development of its operating model and the consolidation of operations were emphasised. The stabilisation of the security network business succeeded well reaching its full capability. In the future, the company will invest in the development of security network processes. The company revised its operating procedures and its brand in an increasingly customer and business-oriented direction. The organisational structure was changed by grouping services into three areas: data centre services, telecommunication services and situational awareness services. The company is well-positioned to satisfy the demanding needs of security operators which will only increase in future.

The VIRVE network of the Finnish authorities gained more users particularly in the social and health sector. The increase in users and cost savings improved the financial position of VIRVE. The subsidies received by VIRVE decreased to EUR 4.9 (6.5) million. The operational development of data centre services continued at a good pace, and the company was able to make more efficient use of premises. Data centre services contribute to the Group's financial result more than any other segment. The entire Group's net sales increased by 9 per cent and EBITDA rose to EUR 23.3 (22.4) million. Operating income was weighed down by increased write-offs. The company's balance sheet is strong and financial position excellent.

RESPONSIBILITY IS A ROUTINE MATTER

Corporate responsibility is part of the strategy and values of State Security Networks. The security and reliability of services are the most essential aspects of the State Security Networks' corporate responsibility. The challenges related to the security of the information society, digitisation and the increasingly networked functions will only highlight this aspect in the future. The company clarified its corporate responsibility goals for 2017 and determined indicators for them. The company has also developed stakeholder interaction and invested in the development of employee expertise and management.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	93.2	85.6
Operating income	EURm	7.2	8.5
Operating margin	%	7.7	10
Total assets	EURm	247	243
Equity ratio	%	89.6	88.9
Gearing	%	-13.4	-10.8
Return on equity	%	2.5	4.5
Return on investment	%	3.3	5.2
Personnel, total, 31 Dec		313	294
Personnel, Finland, 31 Dec		313	294
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	20.3	9.9
Gender composition of the management team	w/m	0/7	0/6
Gender composition of the Board of Directors	w/m	3/4	3/4



Finnish Aviation Academy Ltd

STATE SHAREHOLDING

49.5%

SPECIAL ASSIGNMENT

To keep up the institute of education providing aviation training

BOARD OF DIRECTORS ON 15 MAY 2017

Kai-Petteri Purhonen (Chair),
Ari Kuutschin, Rita Linna, Tommi Vänskä

CHIEF EXECUTIVE OFFICER

Juha Siivonen

The Finnish Aviation Academy is a special vocational institute that trains professional pilots for Finnish commercial aviation needs and develops aviation training. The company also sells aviation training services, as well as other aviation-related services. The company aims to meet the existing and future pilot needs of airlines and helicopter operators operating in Finland. The company's financial objective is to generate enough EBITDA to finance the necessary investments.

NEED FOR PILOTS IS GROWING

As a result of Finnair Plc's growth strategy, the demand for pilots has increased in Finland, and approximately 100 new pilots are needed every year. At the end of the year, the Aviation Academy launched a public procurement procedure for an extra course for 20 students to be held in 2017. The student application process was started in cooperation with Finnair.

A total of 47 (32) students on three different courses graduated from the Aviation Academy in 2016. The average number of students was approximately one-fifth higher than the previous year. The company's net sales increased slightly, because the state subsidy paid on the basis of student work days grew by about seven per cent. Transfers from the State are the main source of income

accounting for approximately 75 per cent of net sales. Customer proceeds from the sale of services amounted to EUR 1.6 (1.4) million.

The company's operating income decreased. Personnel costs rose after the company was forced to hire temporary flight instructors to complement its teacher resources.

SIMULATORS REDUCE THE ENVIRONMENTAL LOAD

The corporate responsibility of the Aviation Academy focusses on safety and environmental aspects. The company employs a safety management system based on international rules which covers occupational safety and environmental risks in addition to flight operations. The main impact on the environment comes from the emissions released during flight training. The company has modernised its training equipment and thus reduced its fuel consumption. Much of the training takes place in simulators which have virtually no environmental impacts.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	8.8	8.7
Operating income	EURm	0.2	0.8
Operating margin	%	2.2	8.9
Total assets	EURm	18.8	18.2
Equity ratio	%	94.3	96.2
Gearing	%	-34.8	-30.8
Return on equity	%	1.2	5.0
Return on investment	%	1.1	4.6
Personnel, total, 31 Dec		40	38
Personnel, Finland, 31 Dec		40	38
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	1.1	0.7
Gender composition of the management team	w/m	1/6	1/6
Gender composition of the Board of Directors	w/m	1/3	1/3

FINAVIA

Finavia Corporation

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

After the review period, the company was converted into a commercial company.

BOARD OF DIRECTORS ON 17 MARCH 2017

Harri Sailas (Chair), Katja Keitaanniemi, Annaleena Kiikonen, Jarmo Kilpelä, Nina Kiviranta, Erkkä Valkila, Stefan Wentjärvi

CHIEF EXECUTIVE OFFICER

Kari Savolainen

Finavia's line of business covers airport operations and related services as well as other business related to air transport. The company has taken care of its social service assignment in an efficient and economical way. Considered against its social service assignment, the company's profitability is at a good level. On 1 April 2017, the ownership steering of Finavia was transferred to the Prime Minister's Office. Air navigation services were incorporated on 1 April 2017. Air Navigation Services Finland Oy operates under the Ministry of Transport and Communications as a special assignment company.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	380.9	353.1
Operating income	EURm	42.3	56.3
Operating margin	%	11.1	15.6
Total assets	EURm	1,000.9	941.1
Equity ratio	%	58.9	60.5
Gearing	%	38.8	24.8
Return on equity	%	4.9	7.3
Return on investment	%	5.1	7.1
Personnel, total, 31 Dec		2,995	2,963
Personnel, Finland, 31 Dec		2,995	2,963
Total dividends paid	EURm	0	6,5*
Dividends received by the State	EURm	8.3	6,5*
Investments	EURm	182.8	169.9
Gender composition of the management team	w/m	1/9	1/9
Gender composition of the Board of Directors	w/m	3/4	1/3

* Of which EUR 1.9 million consist of capital repayments

FINRAIL

Finrail Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To ensure that all rail operators have equal opportunities for providing rail traffic control services

BOARD OF DIRECTORS ON 6 MARCH 2017

Kimmo Mäki (Chair), Pia Björk, Yrjö Poutiainen, Kaija Sellman, Pekka Timonen

CHIEF EXECUTIVE OFFICER

Pertti Saarela

Finrail's line of business includes rail traffic control services, passenger information services, coordination of track work and traffic, electric railway control centre operations and value-added services related to rail traffic management. The company's growth strategy includes, for example, the transfer of shunting yard traffic control from operators to the company as part of ensuring competition neutrality.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	36.6	36.9
Operating income	EURm	1.9	1.7
Operating margin	%	5.3	4.6
Total assets	EURm	9.3	11.0
Equity ratio	%	33.0	19.1
Gearing	%	-246	-440
Return on equity	%	60.5	94.0
Return on investment	%	74.8	117.4
Personnel, total, 31 Dec		406	422
Personnel, Finland, 31 Dec		406	422
Total dividends paid	EURm	0.3	0.6
Dividends received by the State	EURm	0.3	0.6
Investments	EURm	0.0	1.3
Gender composition of the management team	w/m	2/5	2/5
Gender composition of the Board of Directors	w/m	2/3	2/3



Yleisradio Oy (YLE)

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To make comprehensive television and radio programming and related ancillary and extra services available for all citizens. According to the Act on Yleisradio Oy, the company operates in the administrative sector of the Ministry of Transport and Communications, but in practice Parliament and the Supervisory Board elected by Parliament have a key role in organising the company's management, control and direction.

BOARD OF DIRECTORS ON 1 JANUARY 2017

Thomas Wilhelmsson (Chair),
Carina Geber-Teir, Heikki Hellman, Jussi Karinen,
Lauri Kontro, Kirsi-Marja Laitinen, Pauliina Mäkelä,
Arto Nieminen

CHIEF EXECUTIVE OFFICER

Lauri Kivinen

The parliamentary working group which reviewed the public service mission and funding of YLE published its report on 16 June 2016. The report contains the working group's view of such things as the need to clarify YLE's public service tasks and strengthen the Supervisory Board's role. In November 2016, Parliament approved an amendment to freeze public service funding for the period 2017–2019.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	470.9	467.8
Operating income	EURm	-2.9	3.6
Operating margin	%	-0.6	0.8
Total assets	EURm	250.5	258.3
Equity ratio	%	51.1	50.7
Gearing	%	13.2	17.3
Return on equity	%	-2.3	1.0
Return on investment	%	-1.6	1.9
Personnel, total, 31 Dec		2,951	3,043
Personnel, Finland, 31 Dec		2,951	3,043
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	25.6	21.4
Gender composition of the management team	w/m	4/6	5/6
Gender composition of the Board of Directors	w/m	3/5	3/5



CSC – IT Center for Science Ltd

STATE SHAREHOLDING

70%

SPECIAL ASSIGNMENT

To provide and develop IT services for science, research, education and management as a state-affiliated entity.

BOARD OF DIRECTORS ON 2 MAY 2017

Mirjami Laitinen (Chair), Anu Harkki, Heikki Mannila, Mika Hannula, Pentti Heikkinen, Jouko Paaso, Kaija Pöysti,

CHIEF EXECUTIVE OFFICER

Kimmo Koski

CSC – IT Center for Science Ltd's mission is to develop and produce, as a non-profit state-affiliated entity, world class ICT services for research, education, culture and public administration. The company maintains and develops nationwide interoperability services, such as a nationwide database for universities.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	36.8	35.7
Operating income	EURm	0.3	0.4
Operating margin	%	0.7	1
Total assets	EURm	17.4	19.8
Equity ratio	%	27.9	28.2
Gearing	%	-301.5	-363.4
Return on equity	%	8.0	16.1
Return on investment	%	10.7	20.7
Personnel, total, 31 Dec		289	285
Personnel, Finland, 31 Dec		289	285
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	0.3	0.1
Gender composition of the management team	w/m	3/4	2/9
Gender composition of the Board of Directors	w/m	3/4	4/3



Horse Institute Ltd

STATE SHAREHOLDING

25%

SPECIAL ASSIGNMENT

To maintain a vocational equestrian college, organise and develop training in the field, and, for instance, provide advice and information, as well as promote horse breeding.

BOARD OF DIRECTORS IN 2016

Tapani Peltonen (Chair), Jouni Kangasniemi, Jarmo Pynnönen, Anu Saltevo, Laura Airaksinen, Vesa Mäkinen, Kirsti Piminäinen

CHIEF EXECUTIVE OFFICER

Pauliina Mansikkamäki

Horse Institute Ltd's special assignment is to maintain a vocational equestrian college, organise and develop training in the field, and, for instance, provide advice and information as well as promote horse breeding. The fee-based service provided by the Horse Institute is intended for those involved in competitive sport, enthusiasts and professionals working in the equestrian field by promoting their expertise through training and courses.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	8.1	8.8
Operating income	EURm	-0.5	0.04
Operating margin	%	-6.3	0.4
Total assets	EURm	5.1	5.3
Equity ratio	%	68.8	72.7
Gearing	%	-36.6	-30.3
Return on equity	%	-9.3	1.6
Return on investment	%	-7.8	2.1
Personnel, total, 31 Dec		96	99
Personnel, Finland, 31 Dec		96	99
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	0.2	0.4
Gender composition of the management team	w/m	5/2	1/2
Gender composition of the Board of Directors	w/m	3/4	2/4



Veikkaus Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To pursue gambling operations in such a manner that the legal protection of those engaging in gaming activities is guaranteed, abuse and criminal activity are prevented, and the financial, social and health problems associated with gaming are prevented or reduced. (Special task assigned by the Lotteries Act to Veikkaus Oy, which started operations on 1 January 2017.)

BOARD OF DIRECTORS ON 1 MARCH 2017

Olli-Pekka Kallasvuo (Chair), Outi Henriksson, Harry Harkimo, Minna Pajumaa, Tuomo Puumala, Hanna Sievinen, Jutta Urpilainen, Raimo Vistbacka

CHIEF EXECUTIVE OFFICER

Olli Sarekoski

Veikkaus Oy prepared for the consolidation of three gaming companies at the beginning of 2017 which required a lot of resources from the previous company. However, the company's last year of operation was particularly successful. The net sales of all business groups increased, earnings developed positively and the number of customers rose.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	2204.5	2095.3
Operating income	EURm	582.3	536.7
Operating margin	%	26.4	25.6
Total assets	EURm	712.5	738.3
Equity ratio	%	83.4	83.1
Gearing	%	-9.9	-42.2
Return on equity	%	98.7	89.5
Return on investment	%	98.7	89.5
Personnel, total, 31 Dec		369	350
Personnel, Finland, 31 Dec		369	350
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	10.9	15.2
Gender composition of the management team	w/m	1/5	1/5
Gender composition of the Board of Directors	w/m	3/4	3/4



Alko Inc

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To run a monopoly on the retail sale of alcoholic beverages, with the aim to prevent the harmful effects of alcohol consumption. Its special assignment is based on the Alcohol Act (1143/1994) and the Decree on the Operation of the Alcohol Company (243/2000).

Net sales excluding alcohol tax increased slightly, and the operating income dropped. At the end of 2016, Alko had 354 shops and 66 pick-up points. The company's annual objectives concerning alcohol policy are confirmed by its Supervisory Board.

BOARD OF DIRECTORS ON 4 MAY 2017

Harri Sailas (Chair), Juhani Eskola, Kristiina Hannula, Kuisma Niemelä, Ulrika Romantschuk, Kirsi Varhila, Jarmo Väisänen, Mikko Eronen (staff representative), Riina Väntsi (staff representative)

CHIEF EXECUTIVE OFFICER

Hille Korhonen (until 31 May 2017)

Alko sold 93.5 million litres of alcoholic beverages, which was 0.5 million litres or 0.6 per cent less than in 2015.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	1162.8	1159.0
Operating income	EURm	47.3	48.8
Operating margin	%	4.1	4.2
Total assets	EURm	258.4	257.9
Equity ratio	%	29.4	29.9
Gearing	%	-143.5	-156.2
Return on equity	%	50.8	51.0
Return on investment	%	63.4	64.0
Personnel, total, 31 Dec		2655	2525
Personnel, Finland, 31 Dec		2655	2525
Total dividends paid	EURm	30.0	40.0
Dividends received by the State	EURm	30.0	40.0
Investments	EURm	7.4	4.7
Gender composition of the management team	w/m	5/3	5/2
Gender composition of the Board of Directors	w/m	4/5	4/5



Baltic Connector Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

Its line of business is to build a gas transmission pipeline connecting the natural gas networks of Finland and Estonia and to pursue a gas transmission business in its own network or lease it to other transmission system operators.

BOARD OF DIRECTORS IN 2017

Esa Härmälä (Chair), Päivi Janka, Antero Jännes, Pekka Kettunen

CHIEF EXECUTIVE OFFICER

Herkko Plit

The Balticconnector pipeline enables the connection of the gas markets in the Baltic region and Finland, as well as their integration with the common EU energy market. This will enhance energy security by diversifying gas supply routes and improving the security of supply in Finland and the Baltic region and in turn giving Finland access to the underground gas storage facility located in Latvia. The Balticconnector pipeline will also facilitate the opening up of the Finnish gas market. The Balticconnector pipeline is scheduled for completion in 2020.

KEY FINANCIAL INDICATORS		2016
Net sales	EURm	0.0
Operating income	EURm	-0.4
Operating margin	%	
Total assets	EURm	31.2
Equity ratio	%	76.3
Gearing	%	-167.5
Return on equity	%	-2.7
Return on investment	%	-2.7
Personnel, total, 31 Dec		10
Personnel, Finland, 31 Dec		10
Total dividends paid	EURm	0
Dividends received by the State	EURm	0
Investments	EURm	-5.0
Gender composition of the management team	w/m	1/3
Gender composition of the Board of Directors	w/m	1/3



Finnvera Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To provide financial services in order to promote and develop small and medium-sized enterprises, and to assist in their internationalisation and exports. In its operation, the company shall promote the achievement of the State's regional policy objectives. The company's activities shall be directed to correct the shortcomings in the provision of financial services. The special assignment is based on the Act on the State-Owned Specialised Financing Company (443/1998).

BOARD OF DIRECTORS ON 7 APRIL 2017

Pentti Hakkarainen (Chair), Terhi Järvikare, Kirsi Komi, Ritva Laukkanen, Pirkko Rantanen-Kervinen, Pekka Timonen, Antti Zitting

CHIEF EXECUTIVE OFFICER Pauli Heikkilä

As part of its efforts to assist SMEs and midcap companies, Finnvera provided financing to almost 3,400 start-up enterprises and more than 2,100 growth enterprises. Through financing, it also contributed to the creation of more than 8,700 new jobs. In 2016, the demand for export credit guarantees and specific guarantees increased by 50 per cent to a total of EUR 14.6 billion.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm		
Operating income	EURm	69.3	113.6
Operating margin	%		
Total assets	EURm	9,497.8	8,418.1
Equity ratio	%	12.7	13.3
Gearing	%		
Return on equity	%	6.0	10.4
Return on investment	%	0.8	1.6
Personnel, total, 31 Dec		381	396
Personnel, Finland, 31 Dec		381	396
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	-5.1	-2.3
Gender composition of the management team	w/m	4/4	4/4
Gender composition of the Board of Directors	w/m	4/3	3/4



Finpro Oy

STATE SHAREHOLDING

100%

ASSIGNMENT

To help Finnish SMEs internationalise, attract more foreign investments to Finland and increase the flow of foreign tourists to Finland.

BOARD OF DIRECTORS IN 2016

Päivi Leiwo (Chair), Matti Anttonen, Hanna Halme, Jussi Järventaus, Ville Kopra, Janne Känkänen, Timo Lappi, Pekka Soini, Karoliina Sulkakoski, Arja Suominen

CHIEF EXECUTIVE OFFICER

Matti Hietanen

Finpro Oy began its operations on 1 January 2016. The company's mission is to help Finnish companies grow and succeed in international markets, attract foreign investments to Finland and increase the flow of foreign tourists to Finland. Its operations are almost entirely financed by state subsidies as well as state funding for individual growth programmes managed by Finpro.

KEY FINANCIAL INDICATORS		2016
Net sales	EURm	5.1
Operating income	EURm	0.3
Operating margin	%	5.7
Total assets	EURm	23.6
Equity ratio	%	92.9
Gearing	%	-55.4
Return on equity	%	5.5
Return on investment	%	2.5
Personnel, total, 31 Dec		228
Personnel, Finland, 31 Dec		
Total dividends paid	EURm	0
Dividends received by the State	EURm	0
Investments	EURm	0.4
Gender composition of the management team	w/m	3/6
Gender composition of the Board of Directors	w/m	4/6



Finnish Industry Investment Ltd

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To act as an investment company promoting business, employment and economic growth in Finland. Its special assignment is based on the Act on Finnish Industry Investment Ltd (1352/1999).

BOARD OF DIRECTORS IN 2017

Esa Lager (Chair), Urpo Hautala, Kimmo Jyllilä, Johanna Lindroos, Mika Niemelä, Annamarja Paloheimo, Riitta Tiuraniemi

CHIEF EXECUTIVE OFFICER

Jan Sasse as of 6 March 2017

During the review year, Finnish Industry Investment Ltd made investment commitments in private equity funds as well as direct investments in companies totalling EUR 165 million. At the end of the year, the equity investments managed by the company amounted to EUR 986 million. The investees included 93 funds and 46 direct investee companies. Our international partner network channelled a total of EUR 159 million of capital into Finland as well as international business expertise.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm		
Operating income	EURm	55.2	108.3
Operating margin	%		
Total assets	EURm	943.0	895.3
Equity ratio	%	97.9	96.9
Gearing	%	-44.9	-48.7
Return on equity	%	5.0	11.2
Return on investment	%	6.2	14.0
Personnel, total, 31 Dec		34	31
Personnel, Finland, 31 Dec		34	31
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments*	EURm	164.6	93.0
Gender composition of the management team	w/m	2/3	1/6
Gender composition of the Board of Directors	w/m	3/4	3/4

* New investment commitments made during the year



VTT Technical Research Centre of Finland Ltd

STATE SHAREHOLDING

100%

ASSIGNMENT

To carry out applied research in technology and advance the use of research findings in practice. To provide expert services to domestic and international customers, partners, businesses and the public sector through research and acquired information.

BOARD OF DIRECTORS ON 21 APRIL 2017

Aaro Cantell (Chair), Matti Hietanen, Kari Knuuttila, Harri Leiviskä, Petra Lundström, Kaija Pehu-Lehtonen, Tuija Pulkkinen

CHIEF EXECUTIVE OFFICER

Antti Vasara

VTT has concentrated its research and innovation activities on sectors which aim to create significant economic growth. This is done by focussing on projects projected to have a larger impact. Strategic research projects contribute to supporting the Government's priority areas and key projects (bio-economy, cleantech, digitalisation and health).

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	188.4	184.5
Operating income	EURm	-0.2	3.3
Operating margin	%	-0.1	1.8
Total assets	EURm	224.4	226.5
Equity ratio	%	63.5	65.5
Gearing	%	-51.1	-61.4
Return on equity	%	0.9	2.7
Return on investment	%	-0.2	2.5
Personnel, total, 31 Dec		2,414	2,470
Personnel, Finland, 31 Dec		2,414	2,470
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	14.3	15.6
Gender composition of the management team	w/m	6/5	3/8
Gender composition of the Board of Directors	w/m	3/4	3/4



Terrafame Group Ltd

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

The company is responsible for managing the State's holdings and using its shareholder power in Terrafame Ltd. Terrafame Group's mission is to secure private supplementary financing for Terrafame and support the stabilisation and development of the mining company's operations.

BOARD OF DIRECTORS IN 2017

Janne Känkänen (Chair), Juha Majanen, Minna Pajumaa

CHIEF EXECUTIVE OFFICER

Matti Hietanen

The situation in the environmental management of the Terrafame mine improved substantially during 2016 and the production ramp-up progressed largely as planned. In February 2017, Terrafame Group Ltd, Terrafame Ltd, the Trafigura Group and Galena Private Equity Resources Fund agreed to a financing arrangement and commercial cooperation totalling EUR 250 million. Sampo Plc acts as a co-investor in the arrangement. The State of Finland is still Terrafame Ltd's majority owner with a share of about 85 per cent.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	101.1	2.5
Operating income	EURm	-136.7	-93.1
Operating margin	%	-135.3	-3,688.7
Total assets	EURm	377.0	309.7
Equity ratio	%	45.4	37.5
Gearing	%	-29.0	-100.3
Return on equity	%	-88.5	-80.3
Return on investment	%	-93.6	-77.9
Personnel, total, 31 Dec		629	482
Personnel, Finland, 31 Dec		629	482
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	-74.3	-8.9
Gender composition of the management team	w/m	0/1	0/1
Gender composition of the Board of Directors	w/m	1/2	1/2

Ministry for Foreign Affairs



Finnish Fund for Industrial Cooperation Ltd. (Finnfund)

STATE SHAREHOLDING

93.4%

ASSIGNMENT

To provide companies with long-term venture capital for profitable and responsible investments in developing countries. To promote sustainable development and create jobs and prosperity by funding business.

BOARD OF DIRECTORS ON 25 APRIL 2017

Ritva Laukkanen (Chair), Tuukka Andersén, Sinikka Antila, Kristiina Kuvaja-Xanthopoulos, Pirita Mikkanen, Lars-Erik Schöring, Anne af Ursin, Tuula Ylhäinen

CHIEF EXECUTIVE OFFICER

Jaakko Kangasniemi

Finnish Fund for Industrial Cooperation Ltd. (Finnfund) promotes the economic and social development of its target countries by funding private sector projects that involve a Finnish interest. Finnfund is a venture capital provider which complements commercial financing. The majority of Finnfund financing is directed at low-income and lower-middle-income developing countries, with the aim of building bridges between Finnish expertise and the needs of developing countries, and of augmenting the developmental impacts of Finnfund investments.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	0,0	0,0
Operating income	EURm	-9,0	-7,5
Operating margin	%		
Total assets	EURm	406,0	377,1
Equity ratio	%	57,4	66,5
Gearing	%	50,9	30,1
Return on equity	%	0,1	2,1
Return on investment	%	2,7	4,2
Personnel, total, 31 Dec		64	57
Personnel, Finland, 31 Dec		64	57
Total dividends paid	EURm	0,0	0,0
Dividends received by the State	EURm	0,0	0,0
Investments	EURm	0,2	0,2
Gender composition of the management team	w/m	2/3	3/5
Gender composition of the Board of Directors	w/m	6/2	5/3



Hansel Ltd

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To act as a central purchasing body.

BOARD OF DIRECTORS ON 5 APRIL 2017

Timo Laitinen (Chair), Anna-Maija Karjalainen, Katariina Kempainen, Rami Metsäpelto, Panu Kilpinen (staff representative)

CHIEF EXECUTIVE OFFICER

Anssi Pihkala

Hansel Ltd is the government's central purchasing body whose objective is to produce savings for the State through competitive tendering and by maintaining framework agreements for services and products. It also provides its customers with professional procurement services. These generate significant savings for the State, reducing both purchasing and process costs. In 2016, Hansel was involved in the procurement of more than one billion euros for the State.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	9.6	9.1
Operating income	EURm	0.5	0.4
Operating margin	%	4.7	4.3
Total assets	EURm	19.1	20.0
Equity ratio	%	83.9	78.3
Gearing	%	-98.1	-85.7
Return on equity	%	2.6	2.4
Return on investment	%	3.3	3.1
Personnel, total, 31 Dec		75	74
Personnel, Finland, 31 Dec		75	74
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	0.07	0
Gender composition of the management team	w/m	3/2	3/2
Gender composition of the Board of Directors	w/m	2/3	2/3



HAUS Finnish Institute of Public Management Ltd

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To produce training and development services for the central government and export specialist services to the EU and other member state governments as well as international organisations to which Finland is a member.

BOARD OF DIRECTORS ON 8 MAY 2017

Hannu Mäkinen (Chair), Pauli Forma, Päivi Nerg, Susanna Niinistö-Sivuranta, Petri Virtanen

CHIEF EXECUTIVE OFFICER Anneli Temmes

The training and project activities of HAUS Finnish Institute of Public Management Ltd focussed on themes concerning central government and public administration. The company was involved in several administration developments and has produced supporting training and development services. HAUS has been a key implementer of the EU's Twinning projects in Finland, and also channelled exports of Finnish expertise in that context. The company's core competence is in the preparation and implementation of training and development projects.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	6.0	6.0
Operating income	EURm	0.3	0.2
Operating margin	%	5.3	2.8
Total assets	EURm	5.4	4.9
Equity ratio	%	52.6	41.5
Gearing	%	-180	-298
Return on equity	%	37.2	25.1
Return on investment	%	29.7	16.9
Personnel, total, 31 Dec		31	33
Personnel, Finland, 31 Dec		31	33
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	0	0
Gender composition of the management team	w/m	3/0	3/0
Gender composition of the Board of Directors	w/m	2/3	2/2



Suomen yliopistokiinteistöt Oy

STATE SHAREHOLDING

33.3%

ASSIGNMENT

To manage the real estate assets of universities.

BOARD OF DIRECTORS ON 27 APRIL 2017

Petri Lintunen (Chair), Essi Kiuru,
Päivi Laajala, Juha Lemström,
Matti Paavonsalo, Kalervo Väänänen

CHIEF EXECUTIVE OFFICER

Mauno Sievänen

The review year went according to plan and showed a surplus. The economic and financial strategy was to ensure the continued financing of investments well into the future. The use of the same infrastructure and services for different projects strengthens the sustainable use of finances, nature and expertise.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	148.2	144.9
Operating income	EURm	39.9	41.6
Operating margin	%	26.9	28.7
Total assets	EURm	1226.8	1192.6
Equity ratio	%	48.8	49.4
Gearing	%	96.2	92.1
Return on equity	%	3.9	3.9
Return on investment	%	3.4	3.8
Personnel, total, 31 Dec		32	34
Personnel, Finland, 31 Dec		32	34
Total dividends paid	EURm	14.6	13.7
Dividends received by the State*	EURm	4.9	4.6
Investments	EURm	95.8	126.8
Gender composition of the management team	w/m	0/4	0/4
Gender composition of the Board of Directors	w/m	2/4	2/4

* To Senate Properties



Tietokarhu Oy

STATE SHAREHOLDING

20% 80%

of shares

of votes

SPECIAL ASSIGNMENT

To produce IT solutions, information system development and maintenance services mainly for the Finnish Tax Administration.

BOARD OF DIRECTORS ON 27 MARCH 2017

Tomi Hytönen (Chair), Patrik Ekström,
Lasse Heinonen, Arto Pirinen, Elina Pykkänen

CHIEF EXECUTIVE OFFICER

Pekka Liutu

With respect to Tietokarhu Oy's net sales, 96.5 per cent of orders came from the Finnish Tax Administration. The company has played a central role in the development and maintenance of the Tax Administration's information systems. Despite numerous systems under maintenance, fairly complex and changeable tax laws, as well as large service volumes, the availability and quality of services remained at a good level.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	29	33.7
Operating income	EURm	3.8	4.4
Operating margin	%	13.2	13.1
Total assets	EURm	16.2	17.6
Equity ratio	%	21.5	22.2
Gearing	%	0	0
Return on equity	%	83.9	88.9
Return on investment	%	105.8	112.7
Personnel, total, 31 Dec		199	247
Personnel, Finland, 31 Dec		199	247
Total dividends paid	EURm	3.1	3.5
Dividends received by the State	EURm	0.6	0.7
Investments	EURm	0	0
Gender composition of the management team	w/m	3/6	2/5
Gender composition of the Board of Directors	w/m	2/3	2/3



A-Kruunu Oy

STATE SHAREHOLDING

100%

SPECIAL ASSIGNMENT

To build state-subsidised rental housing for its own ownership in the Helsinki region at a reasonable cost and rent level.

BOARD OF DIRECTORS ON 10 APRIL 2017

Hannu Puttonen (Chair), Ari Eschner,
Sinikka Mustakari, Eero Saastamoinen

CHIEF EXECUTIVE OFFICER

Jari Mäkimattila

A-Kruunu Oy is a non-profit actor whose mission is to build affordable rental housing in the Helsinki region for its own ownership. At the end of the year, the company owned a total of 306 housing units in Helsinki, Hyvinkää, Mäntsälä, Pietarsaari and Turku. During the year under review, the company began the construction of 191 housing units and the design of approximately 390 more.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	1.9	1.8
Operating income	EURm	0.2	0.0
Operating margin	%	10.1	1.6
Total assets	EURm	87.9	50.4
Equity ratio	%	34.8	60.3
Gearing	%	85.9	-44.0
Return on equity	%	0.5	0.0
Return on investment	%	0.3	0.1
Personnel, total, 31 Dec		6	4
Personnel, Finland, 31 Dec		6	4
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	43.4	8.2
Gender composition of the management team	w/m	1/2	1/2
Gender composition of the Board of Directors	w/m	1/3	1/3



Municipality Finance Plc

STATE SHAREHOLDING

16%

SPECIAL ASSIGNMENT

To secure affordable funding for the building and renovation of state-subsidised housing.

BOARD OF DIRECTORS ON 23 MARCH 2017

Helena Walldén (Chair), Fredrik Forssell,
Tapani Hellstén, Minna Helppi, Teppo Koivisto,
Jari Koskinen, Vivi Marttila, Tuula Saxholm

CHIEF EXECUTIVE OFFICER

Pekka Averio

The special assignment of Municipality Finance Plc is to provide affordable funding for state-subsidised housing. In 2016, the Municipality Finance Plc's share of the funding of government interest-subsidised loans was still about 75 per cent. A new initiative is to use green financing and green bonds to encourage customers and investors to participate in environmentally responsible projects.

KEY FINANCIAL INDICATORS		2016	2015
Net sales	EURm	183.7	204.1
Operating income	EURm	174.2	151.8
Operating margin	%	94.8	74.4
Total assets	EURm	34,052	33,889
Equity ratio	%	3.48	3.08
Total own funds in relation to risk weighted assets	%	66.89	64.61
Return on equity	%	12.51	14.84
Return on all assets	%	0.41	0.38
Personnel, total, 31 Dec		106	95
Personnel, Finland, 31 Dec		106	95
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Gender composition of the management team	w/m	2/4	2/4
Gender composition of the Board of Directors	w/m	4/4	4/4

State holdings and parliamentary authorisations

LISTED COMPANIES	Ownership steering	Group	State shareholding	Minimum level of shareholding
Elisa Corporation	Solidium	1a	10.0 %	0.0 %
Finnair Plc	VNK	1b	55.8 %	50.1 %
Fortum Corporation	VNK	1b	50.8 %	50.1 %
Kemira Oyj	Solidium	1a	16.7 %	0.0 %
Metso Corporation	Solidium	1a	14.9 %	0.0 %
Neste Oil Corporation	VNK	1b	50.1 %	50.1 %
Outokumpu Oyj	Solidium	1a	26.2 %	0.0 %
Outotec Oyj	Solidium	1a	14.9 %	0.0 %
Sampo Plc	Solidium	1a	11.9 %	0.0 %
SSAB	Solidium	1a	17.1 %	0.0 %
Stora Enso Oyj	Solidium	1a	12.3 %	0.0 %
Talvivaara Mining Company Plc	Solidium	1a	15.1 %	0.0 %
Telia Sonera AB	Solidium	1a	3.2 %	0.0 %
Tieto Corporation	Solidium	1a	10.0 %	0.0 %
Valmet Corporation	Solidium	1a	11.1 %	0.0 %
Total		15		

UNLISTED COMMERCIAL COMPANIES	Ownership steering	Group	State shareholding	Minimum level of shareholding
Altia Plc.	VNK	1a	100.0 %	0.0 %
Arctia Ltd	VNK	1b	100.0 %	100.0 %
Boreal Plant Breeding Ltd	VNK	1b	60.8 %	50.1 %
Fingrid Oyj	VM	1b	53.1 %	0.0 %
Finnish Seed Potato Centre Ltd	VNK	1b	22.0 %	0.0 %
Gasum Corporation	VNK	1b	100.0 %	50.1 %
Kemijoki Oy	VNK	1a	50.1 % ¹⁾	50.1 %
Leijona Catering Oy	VNK	1b	100.0 %	100.0 %
Meritaito Oy	VNK	1b	100.0 %	100.0 %
Mint of Finland Ltd	VNK	1b	100.0 %	50.1 %
Motiva Oy	VNK	1b	100.0 %	100.0 %
Nordic Morning Plc	VNK	1a	100.0 %	0.0 %
Patria Plc	VNK	1b	50.1 %	50.1 %
Posti Group Corporation	VNK	1b	100.0 %	50.1 %
Raskone Ltd.	VNK	1a	85.0 %	0.0 %
Suomen Lauttaliikenne Oy	VNK	1b	100.0 %	100.0 %
Suomen Viljava Oy	VNK	1b	100.0 %	100.0 %
Tapio Ltd	VNK	1b	100.0 %	100.0 %
Vapo Oy	VNK	1b	50.1 %	50.1 %
VR-Group Ltd	VNK	1b	100.0 %	100.0 %
Total		20		
Total of commercial companies		35		

LVM = Ministry of Transport and Communications
OKM = Ministry of Education and Culture
STM = Ministry of Social Affairs and Health

TEM = Ministry of Employment and the Economy
UM = Ministry for Foreign Affairs
VM = Ministry of Finance

VNK = Ownership Steering Department
in the Prime Minister's Office
YM = Ministry of the Environment

COMPANIES ENTRUSTED WITH SPECIAL STATE ASSIGNMENTS	Ownership steering	Group	State shareholding	Minimum level of shareholding
A-Kruunu Oy	YM	2	100.0 %	100.0 %
Alko Oy	STM	2	100.0 %	100.0 %
OHY Arsenal Ltd ²⁾	VM	2	100.0 %	100.0 %
Baltic Connector Oy	TEM	2	100,0 %	0,0 %
CSC Scientific Computing Ltd	OKM	2	100.0 %	100.0 %
Finavia Corporation	LVM	2	100.0 %	100.0 %
Finnish Aviation Academy Ltd	VNK	2	49.5 %	0.0 %
Finnish Fund for Industrial Cooperation Ltd (Finnfund)	UM	2	93.4 %	50.1 %
Finnish Industry Investment Ltd	TEM	2	100.0 %	100.0 %
Finnpilot Pilotage Ltd	LVM	2	100.0 %	100,0 %
Finnvera Oyj	TEM	2	100.0 %	100.0 %
Finpro Oy	TEM	2	100.0 %	100.0 %
Finrail Oy	LVM	2	100.0 %	100.0 %
FRV Evo Oy	VNK	2	100,0 %	100,0 %
Gasonia Oy	VNK	2	99.0 %	0.0 %
Governia Oy	VNK	2	100.0 %	100.0 %
Hansel Ltd	VM	2	100.0 %	100.0 %
Haus Kehittämiskeskus Oy	VM	2	100.0 %	100.0 %
Horse Institute Ltd	OKM	2	25.0 %	0.0 %
Municipality Finance Plc	YM	2	16.0 %	0.0 %
Solidium Oy	VNK	2	100.0 %	100.0 %
Suomen Erillisverkot Oy	VNK	2	100.0 %	100.0 %
Suomen yliopistokiinteistöt Oy	VM	2	33.3 %	..
Terrafame Ltd	TEM	2	100,0 %	0,0 %
Tietokarhu Oy	VM	2	20.0 % ³⁾	50.1 %
Valtion kehitysyhtiö Vake Oy	VNK	2	100.0 %	100.0 %
Veikkaus Oy	OKM	2	100.0 %	100.0 %
VTT Technical Research Centre of Finland Ltd	TEM	2	100.0 %	100.0 %
Yleisradio Oy	LVM	2	100.0 %	100.0 %
Total		29		
Total (number)		64		

Company Group 1 a

The State as an owner has only or almost exclusively a strong shareholder interest.

Company Group 1 b

Besides a strong shareholder interest, the company is connected with strategic interests owing to which the State is to remain so far a strong shareholder or to safeguard in other ways the strategic interests concerned, if the shareholding is reduced or relinquished.

Company Group 2

The State as an owner has a special interest related to regulation or official duties: the company has an industrial, societal or other political mission defined by the State or some other special role.

1) Percentage of votes 70,9 %

2) In liquidation

3) Percentage of votes 80 %

Sources of data and formulae for calculating key financial indicators

The data provided in this annual report are based on the information that is publicly available. An attempt has been made to select information on the companies and the share portfolio held by the State that is essential in the eyes of the State Ownership Steering Department. The Ownership

Steering Department carries out independent analyses of the companies to formulate its own view of their status and performance. Valutum Oy's equity analysis platform is used for the analysis work. The key financial indicators presented in the report are ratios calculated by the State Owner-

ship Steering Department using the following formulae. Consequently, the key indicators may differ from those calculated by the companies themselves. One of the reasons for the differences is the items included in the companies' comparable profit.

Operating income %	=	$\frac{\text{operating income}}{\text{net sales}} \times 100$
Equity ratio %	=	$\frac{\text{shareholders' equity} + \text{minority interest}}{\text{total assets} - \text{advances received}} \times 100$
Return on investment %	=	$\frac{\text{profit before taxes} + \text{interest and other financial cost}}{\text{average capital employed}} \times 100$
Return on equity %	=	$\frac{\text{net profit}}{\text{shareholders' equity (average for the financial period)}} \times 100$
Gearing %	=	$\frac{\text{interest bearing net debt}}{\text{shareholders' equity}} \times 100$
Dividend yield %	=	$\frac{\text{dividend/share}}{\text{share price}} \times 100$
Payout ratio %	=	$\frac{\text{dividend/share}}{\text{net earnings/share}} \times 100$
Return on assets, %	=	$\frac{\text{Net operating profit} - \text{taxes}}{\text{Average balance sheet total}} \times 100$
Ratio of total own funds to risk-weighted assets, %	=	$\frac{\text{Total own funds}}{\text{Risk-weighted assets}} \times 100$

”

But that's how
it is when you want
to own something!

– Snufkin



PRIME MINISTER'S OFFICE
FINLAND

Prime Minister's Office
Ownership Steering Department
Po BOX 23, 00023 Government, Finland

julkaisut@vnk.fi
vnk.fi/en

ISBN Print 978-952-287-426-9
ISBN PDF 978-952-287-427-6

