



FINNVERA

Finnvera's Annual Review
and Corporate Responsibility 2021



Finnvera finances various stages of business with loans, guarantees and export credit guarantees. Finnvera is a specialised financing company owned by the State of Finland. Finnvera has official Export Credit Agency (ECA) status.

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When creating the PDF documents of Finnvera's Annual Report, the accessibility requirements for online services have been taken into account, and the publications can be read using a screen reader.

Finnvera in 2021



Return to a growth track after an exceptional year

Against the backdrop of the highly exceptional pandemic year of 2020, the economy developed positively in 2021. The economy and exports recovered. Companies now required financing for responding to the pent-up demand rather than needing funding to cope with the slump caused by the coronavirus crisis. The level of domestic financing remained high, and more export financing was granted than in 2020. Uncertainty surrounding the prolonged pandemic continued in 2021, however.



Strong economic recovery in Finland

Finnish companies have coped mostly well with the exceptional conditions. There was no significant drop in client companies' risk ratings. Some sectors continued to suffer from restrictions, however.

A capital injection of EUR 400 million from the government

In order to keep export financing stable and internationally competitive, the government decided in December to recapitalise Finnvera's export guarantee and special guarantee operations by EUR 400 million.

Outlook for 2022

The economic outlook is influenced by global factors, economic cycles and monetary policy. Fear of inflation is a threat to many sectors. The trends in the outlook for shipyards and the shipping industry will play a key role for Finnvera in 2022.



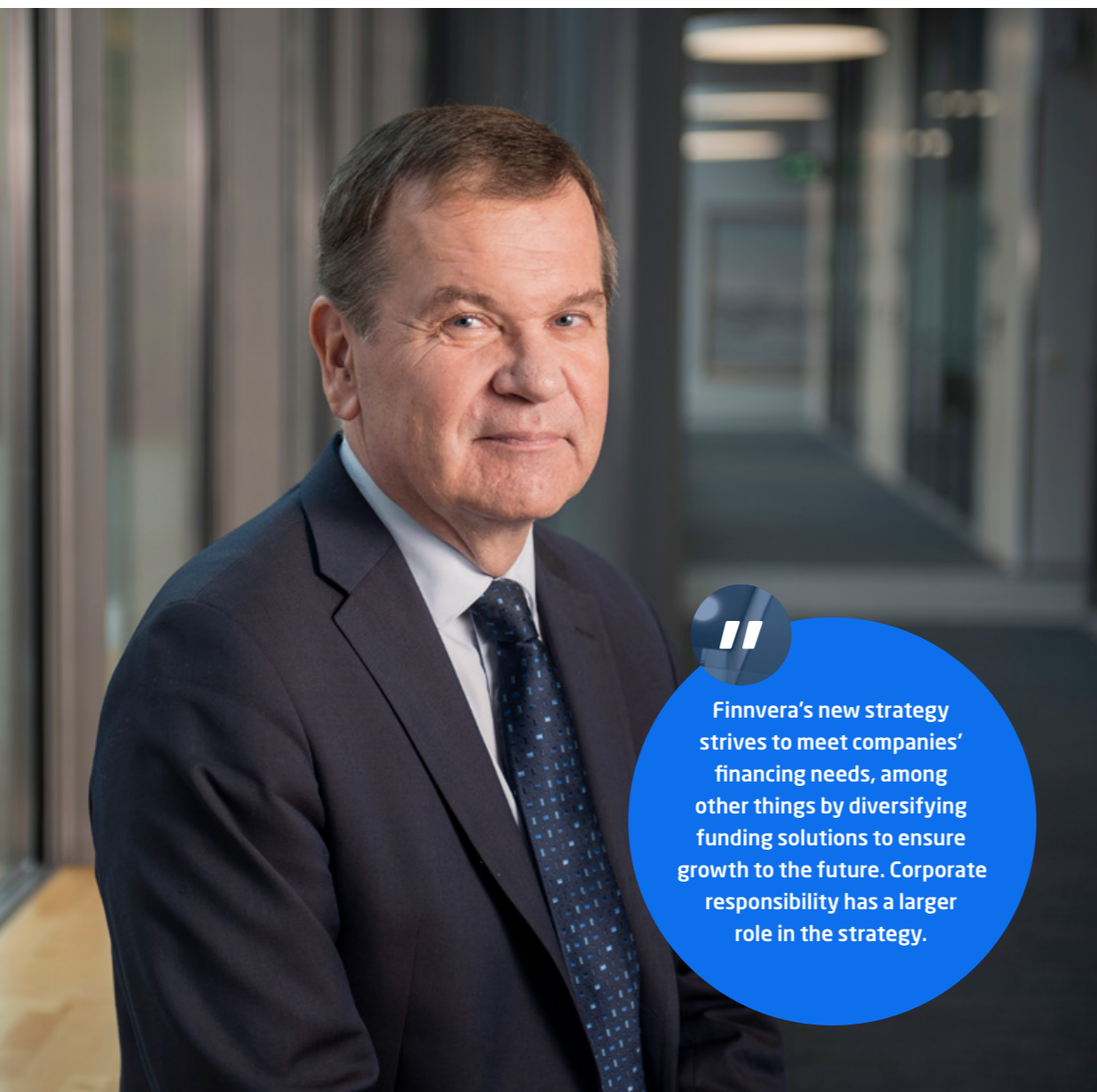
A highly effective financing system

The Finnish financing system has remained effective throughout the coronavirus crisis. Certain modifications made to Finnvera's products during the pandemic in 2020 remained in place until the end of 2021.

Finnvera's total exposure

Including the parent company's domestic, export credit guarantee and special guarantee operations, Finnvera's total exposure at year end was

EUR 25.6 bn
(25.0)



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Finnvera's new strategy strives to meet companies' financing needs, among other things by diversifying funding solutions to ensure growth to the future. Corporate responsibility has a larger role in the strategy.

CEO's review

The economic outlook in 2021 was positive. The backdrop to the economic situation was the highly exceptional year 2020 marked by the pandemic, during which companies' need for domestic financing grew significantly and the difficulties faced by shipping companies were reflected in Finnvera's loss provisions. Finnvera achieved a positive result in 2021. However, uncertainty surrounding the prolonged pandemic continued in 2021. The pandemic situation deteriorated once again in late 2021.

The volume of domestic financing remained high during the year. While it was targeted at financing new growth more often than in 2020, we also allocated financing to the working capital needs of large companies. Through domestic financing and the European Investment Bank's EGF facility, Finnvera had at its disposal an exceptional mandate to grant domestic financing to large corporates. This obscures somewhat any year-to-year comparisons of figures describing the granted financing.

Finnish companies have coped mostly well with the exceptional situation. There was no significant drop in client companies' risk ratings. At the same time we should note that some sectors, particularly tourism and hospitality as well as the event industry, continued to suffer greatly from the restrictions.

Of key sectors in export financing, telecommunications and forestry were able to operate steadily and make new investments. The telecommunications sector and packaging industry have been the winners of the pandemic period.

The recovery of cruise shipping will be the most critical issue. The situation looked promising in late 2021, and the sector was relaunching operations. Over one half of the cruise capacity in the world, and particularly in the United States, was already in use. However, the shipping companies' prospects depend on the ups and downs of the pandemic. This sector has a key impact on Finnvera's result, as it accounts for almost one half of the company's export credit guarantee and special guarantee exposure.

At EUR 153 million (-748), Finnvera Group's profit in 2021 was largely similar to the result in the year before the pandemic. While no new significant credit loss provisions had to be made for export credit guarantee operations and no major final losses were realised, there were neither grounds for decreasing the extensive loss provisions made in 2020. Cumulative self-sustainability has been achieved, despite the loss-making year in 2020. While the loss provisions decreased Finnvera's buffer funds for possible future losses in 2020, with the positive result we build up our buffers again.

In order to keep export financing stable and internationally competitive, the government decided in December to recapitalise Finnvera's export guarantee and special guarantee operations by EUR 400 million. A reservation for this had been made in the third supplementary budget for the year in June.

The new strategy looks to the future

Finnvera's mission is to supplement the financial markets in cooperation with the banks. The financing system

worked well, and the SME Barometer survey indicated that companies' views regarding the availability of financing were similar to normal years. It should be noted, however, that Finnvera was very frequently needed to secure financing for companies with strong growth prospects, in particular. Of companies that had used bank funding, 35 per cent reported in the survey that a Finnvera guarantee was instrumental in arranging the loan. Among SMEs and strongly growth-oriented companies, this share exceeded one half.

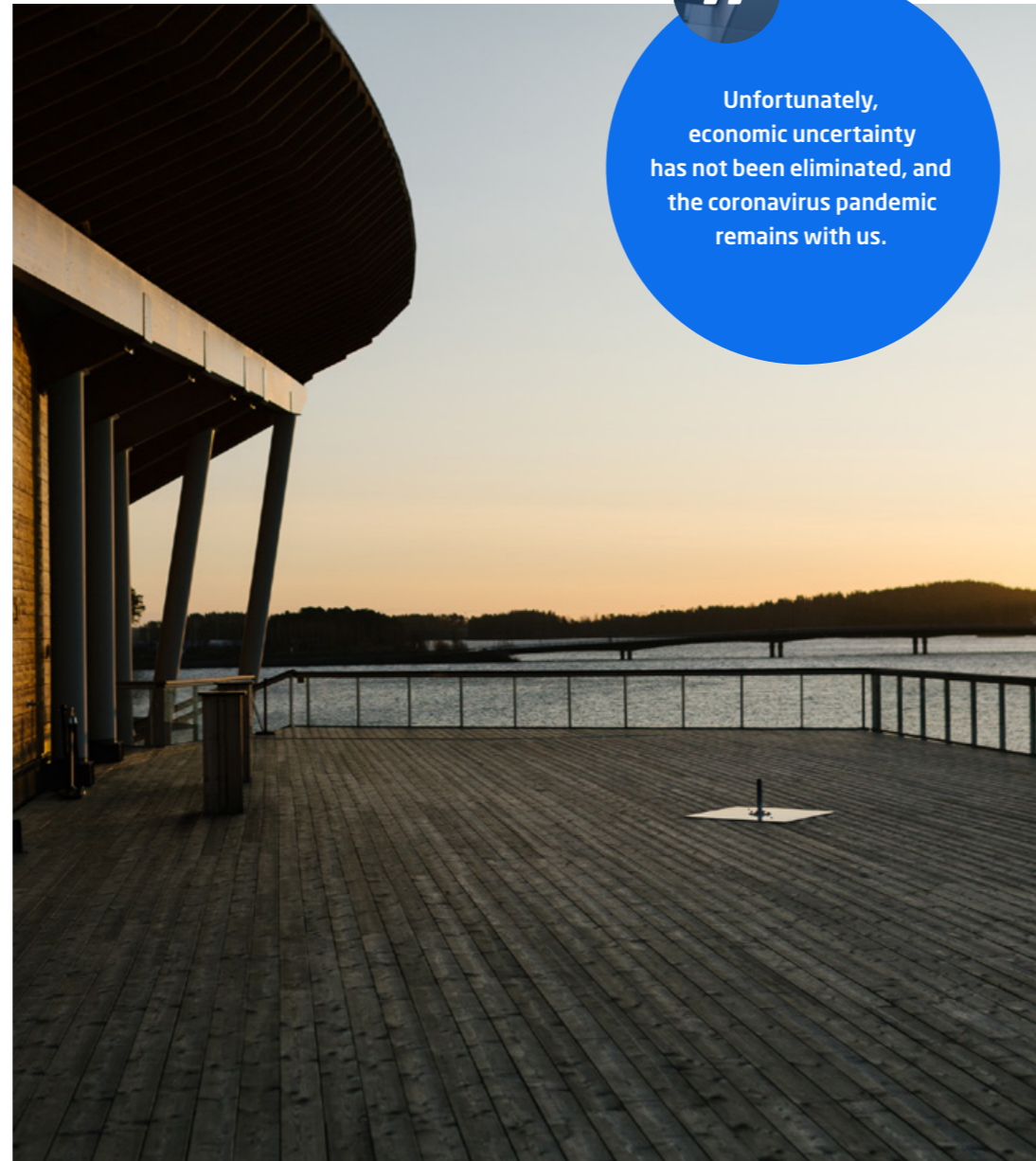
Finnvera's new strategy, which was updated in 2021, strives to meet companies' financing needs, among other things by diversifying funding solutions to ensure growth. Our other goals include promoting exports steadily, improving the client experience, digitalisation of operations and strengthening of partnerships.

Our strategy consciously looks to the future. In line with the owner and our alignments, corporate responsibility plays a larger role in the strategy, and in the years to come, we will be creating measures and targets for mitigating climate change through financing. We will also measure the impacts of our own operations, the first step to which was calculating the CO₂ emissions from our ship financing in accordance with the Poseidon Principles.

Delightful levels of client and staff satisfaction

From the perspective of the organisation, 2021 was another exceptional year. Our work, including meetings with clients, was mainly carried out remotely. I am delighted to report that we achieved very good NPS scores, which measure our clients' willingness to recommend us. This indicates that we have successfully responded to our clients' needs.

The relevance of our work repeatedly comes up as one of the key sources of motivation for Finnvera employees. This could also be seen in the personnel's dedication and



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Unfortunately, economic uncertainty has not been eliminated, and the coronavirus pandemic remains with us.”

enthusiasm in 2021. For the second time in the company's history, Finnvera was selected one of Finland's most inspiring workplaces in 2021 in Eezy Flow's People Power personnel survey.

The exceptional situation will continue to require adaptation and measures in both corporate financing and the modes of working.

Work for the benefit of companies continues

The economic outlook in 2022 is influenced by global factors, economic cycles and monetary policy. While central banks have attempted to address the exceptional situation through monetary policy, concerns over inflation arose in the United States and emerged to shadow the future, threatening to influence many sectors.

The outlook for cruise shipping will play a key role for Finnvera.

I would like to extend my warmest thanks to our clients, staff and all partners for the year 2021. Unfortunately, economic uncertainty has not been eliminated, and the coronavirus pandemic remains with us. In keeping with our strategy, Finnvera's mission is to mitigate this uncertainty. We promote the internationalisation and exports of companies, complement financial services and contribute to positive regional development.

Pauli Heikkilä
CEO

Strategy and role in society



Financing new growth and getting through the crisis as priorities

As the global economy and Finland's national economy returned to a growth track in early 2021, Finnvera was once more able to emphasise new growth, investments and internationalisation in addition to crisis measures. In normal circumstances, Finnvera's strategic goal is to allocate the majority of its financing to enterprises seeking growth and internationalisation as well as to investments, transfers of ownership and exports. For a description of Finnvera's role in society and the impact of our financing, see the value creation model on the next page. An updated strategy for 2021-2024 was produced during the year.

Strategy and goals
The objectives of the industrial and ownership policy and Finnvera's strategy support each other and are examined in parallel.

Share of financing allocated to strategic target groups over

90%
(goal 80%)

1

Finnvera backs growth

Finnvera plays an important role in society by facilitating and boosting Finnish enterprising. Through its export solutions, Finnvera is also involved in exporting Finnish expertise.

2

Operating environment in 2021

Year 2021 marked a period of global growth. The global economic output recovered strongly, which also meant that world trade bounced back. As a small open economy, Finland benefits from global economic growth.

3

High level of preparedness for changing practices

The impacts of the coronavirus pandemic continued to be felt in the activities of Finnvera's governing bodies and management, for example as remote work arrangements and preparation for hybrid work.

Active engagement with stakeholders

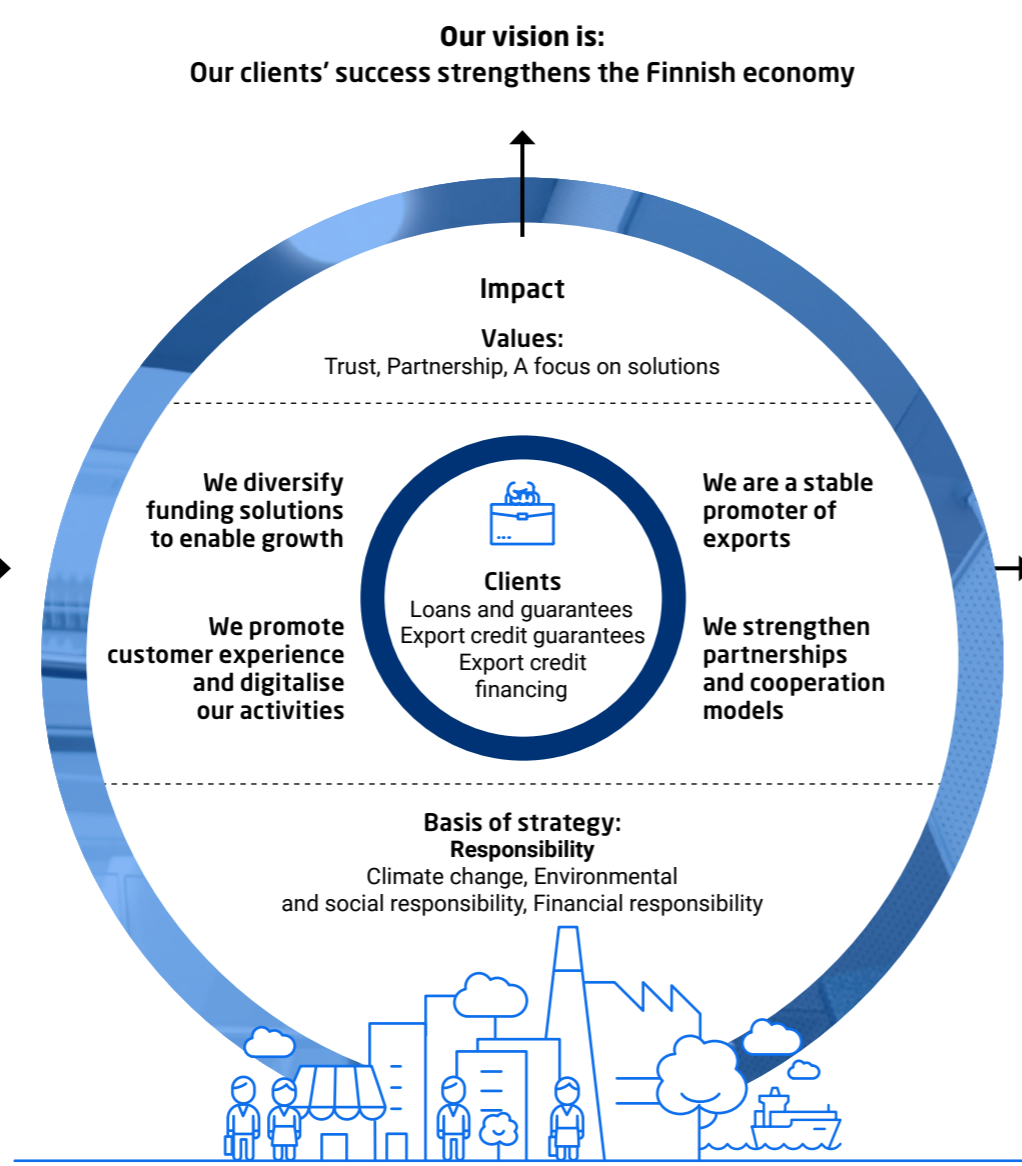
An extensive survey addressed to clients, banks and stakeholders found that Finnvera has successfully influenced the arrangement of business financing as well as the growth and development of companies. The client net promoter score exceeded targets. Active and seamless cooperation with banks and providers of financing continued in 2021.

How Finnvera creates value

- Financial resources**
- Balance sheet EUR 12.2 billion
 - Equity EUR 0.9 billion, which non-restricted equity account for EUR 0.6 billion
 - Funding from international bond markets amounts to EUR 1.0 billion per year

- Personnel**
- In average 366 employees in 15 locations in Finland
 - Average length of employment relationship 14.2 years
 - Extensive experience and competence in the financial sector and risk assessment

- Stakeholder relations**
- 7,080 meetings and contacts with clients and stakeholders
 - Partner networks with banks and private providers of financing
 - The Team Finland network that promotes internationalisation among enterprises
 - Domestic organisations such as the Federation of Finnish Enterprises, the Chamber of Commerce and the Confederation of Finnish Industries (EK)
 - International organisations, such as the Berne Union, The Montreal Group, the OECD, the EU, the Paris Club, NEFI and AECM



Number of clients 31 Dec 2021: 25,800

- Micro-enterprises: 87%
- SMEs and midcap enterprises: 13%
- Large corporates: 0.4%

Products and services 1-12/2021

- Loans and guarantees granted**
EUR 1.5 billion in total
- Export credit guarantees and special guarantees granted**
EUR 4.6 billion in total
- Export credits granted**
EUR 0.7 billion in total

Authorisations and exposures 31 Dec 2021

- Exposures include credit commitments as well as guarantee receivables
- Loans and guarantees**
 - authorisation EUR 12.0 billion
 - exposure EUR 3.0 billion
- Export credit guarantees**
 - authorisation EUR 38.0 billion
 - exposure EUR 22.2 billion
- Export credits**
 - authorisation EUR 33.0 billion
 - exposure EUR 13.1 billion of which drawn EUR 7.9 billion
- Special guarantees** (shipping and environmental guarantees and raw material guarantees)
 - authorisation EUR 3.15 billion
 - exposure EUR 0.5 billion

The exposure defined in the Act on the State's Export Credit Guarantees include commitments and half of offers given at the closing date's exchange rate. The exposure according to the Act on the State's Export Credit Guarantees was EUR 19.2 billion on 31 December 2021. Of the authorisation for domestic loans and guarantees the amount used in 31 December 2021 was EUR 2.7 billion and of the export credit authorisation the amount used was EUR 12.4 billion.

Impact on society & financial impacts

- We reinforce the capacity and competitiveness of Finnish enterprises
- Number of financed start-ups 2,399
- Number of new jobs created with the help of domestic financing 8,599
- 813 transfers of ownership financed, EUR 174 million
- Exports covered by export credit guarantees: EUR 2.5 billion to over 90 countries
- Our risk management ensures financial self-sustainability
- Development of target countries through export financing projects

Social impacts

- Personnel expenses EUR 30 million and EUR 0.3 million to training
- Personnel job satisfaction index EUR 4.3/5
- Sick leave rate 1.2
- Assessment and monitoring of social and human rights risks of the financed transactions

Environmental impacts

- Assessment and monitoring of environmental risks of the financed transactions
- We help companies take advantage of the opportunities that arise from the climate actions
- We measure the climate impact of our own operations

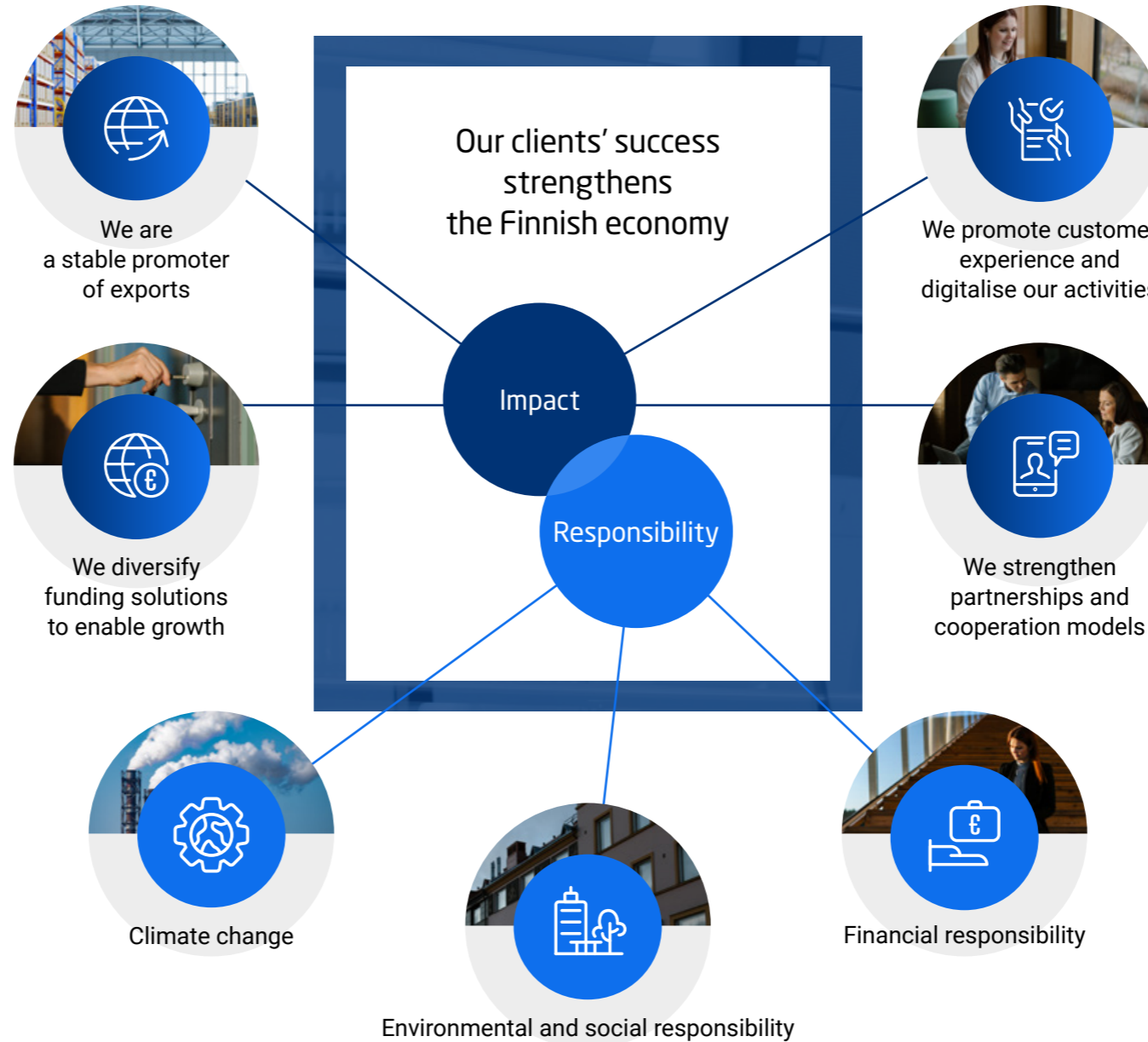
Impacts on stakeholder relations

- Continuous measurement of the customer experience: average NPS of 67
- Large customer and stakeholder satisfaction survey every 2. year: willingness to recommend Finnvera, average NPS (net promoter score) of 68.9 (2021)

Strategy

As the coronavirus pandemic started, Finnvera introduced a strategy for the exceptional circumstances, which remained valid in 2020 and 2021. Under this strategy, the allocation of financing was expanded to ensure the operating conditions of enterprises in Finland and in the export sectors. In domestic financing, the strategic objective was to secure the availability of lending to viable companies in all stages of the crisis. In export financing, the objective was to secure effective export financing throughout the crisis.

When the global economy and Finland's national economy returned to a growth track in early 2021, Finnvera was once more able to emphasise new growth, investments and internationalisation in addition to crisis measures. In normal circumstances, Finnvera's strategic goal is to allocate the majority of its financing to enterprises seeking growth and internationalisation as well as to investments, transfers of ownership and exports. Finnvera's role is to supplement the financial market and to accelerate business growth, ensuring that Finnish enterprises are up and running as the world economy recovers.



As the title of Finnvera's strategy 2021-2024 was chosen A renewing and responsible financing provider for growth and internationalisation. The coronavirus pandemic is expected to die down during the longer planning period which Finnvera is about to introduce.



Achievement of strategic objectives in 2021

Targets were achieved in export financing

The export financing system remained competitive throughout the crisis, and the company reached the targets set for launching new projects in 2021. In keeping with the state owner's industrial policy, Finnvera participated in financing the maritime industry. New reinsurance policies were made, and the contingency plan for export financing related to capital adequacy drafted together with ownership steering was implemented as planned. In June, Parliament approved a provision for recapitalising Finnvera's export credit guarantee and special guarantee operations with EUR 650 million in the third supplementary budget for the year.

In line with the objectives, Finnvera brought to its clients new solutions which tap EU funding. The European Investment Bank's Pan European Guarantee Fund enables Finnvera to grant working capital loans totalling EUR 650 million covered by an EIB guarantee to large corporates. The guarantee programme will be available until the end of 2022, whereas using the InvestEU programme in SME financing solutions has been delayed due to the European Commission's schedules.

System projects help improve client experience

The goals of the year included three key system projects. A procurement procedure that marked the launch of a large-scale upgrade of Finnvera's financing systems had already started in 2020. The planning of this procurement was suspended in March 2021 but soon began once more. A project aiming to upgrade the e-service system for Finnvera's clients was put out to tender in 2021, and a case management project reached the tendering stage on schedule. Advancing digitalisation in order to improve the

client experience and develop Finnvera's processes will continue to be a strategic goal for the company.

In domestic financing, the NPS scores of different client segments exceeded the targets. The NPS was 57 for locally operating SMEs, 65 for companies operating in the domestic market, and 72 for companies seeking growth and internationalisation. A client, bank and stakeholder survey was conducted to measure the satisfaction of large corporates. The overall score was 3.72/5, indicating that there was little change in the satisfaction rate.

Preparations for an overhaul of the legislation on Finnvera and the elements associated with it, including the transfer of financial supervision to the Financial Supervisory Authority, and buyer credits for small export transactions made headway in 2021.

The corporate responsibility goals included in the strategy are discussed in this report in connection with business, asset, risk and corporate responsibility management.

New strategy sets goals for business and corporate responsibility

Work on an updated strategy for 2021–2024 was launched during the year. The starting point of the new strategy is Finnvera's basic mission: promoting the internationalisation and exports of companies, complementing financial services and contributing to positive regional development.

The strategy takes account of international development in the financial markets, the progress of digitalisation and climate change mitigation.



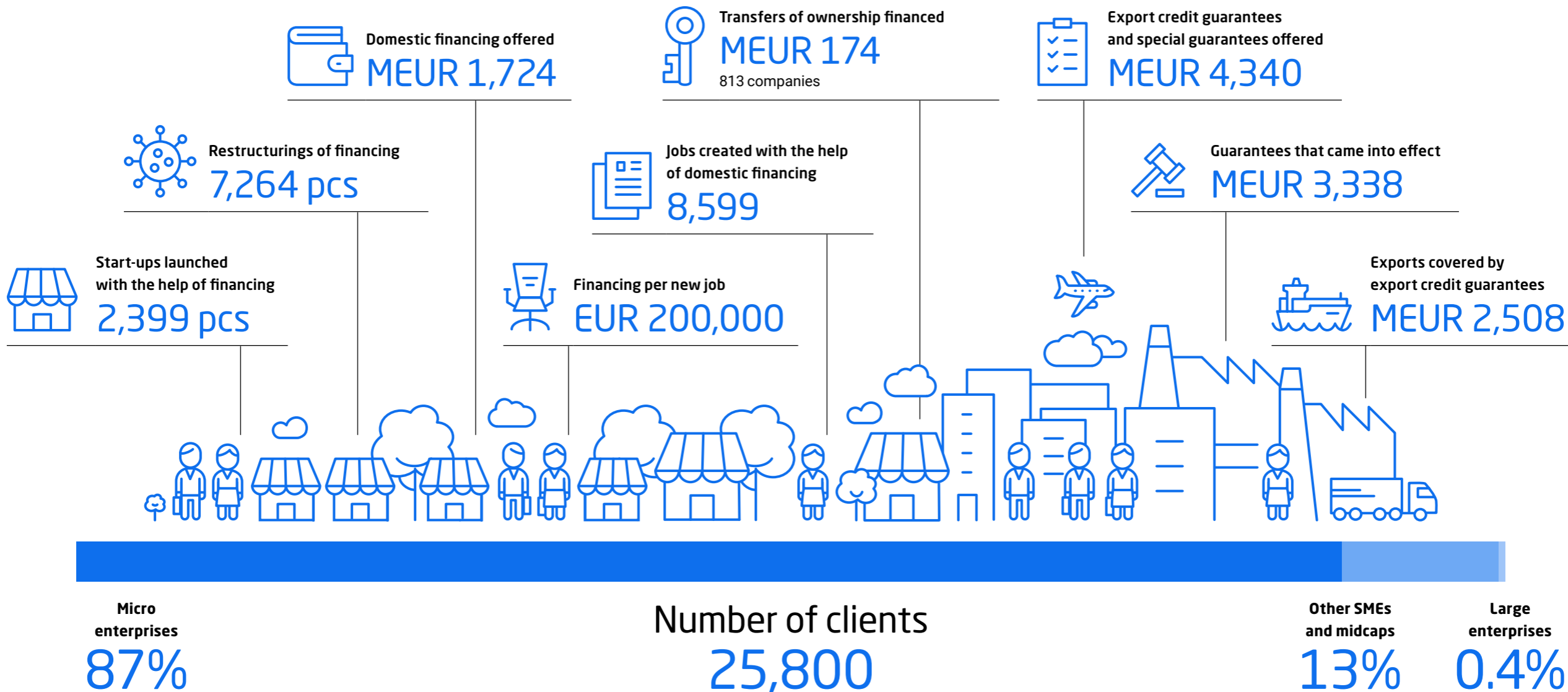
Finnvera will not finance new coal-fired power plants

In keeping with its new sectoral policies, Finnvera will not participate in financing coal-fired power plants or infrastructure related to them. The backdrop to this decision is the OECD countries' policy to no longer provide export credits for new coal-fired power plants. Finnvera's policies will also exclude infrastructure, short-term export guarantees and domestic financing related to coal-fired power plants. Finnvera will no longer fund peat power plant projects abroad. In compliance with the legislation governing Finnvera's operations and the company's policies, certain sectors will not be eligible for domestic financing. Finnvera's financing is compatible with most sectors.

Active and strategic communications about the company's roles and solutions comprised one of the group-level goals in 2021. This goal was achieved. Among other things, regional reviews were produced as a form of more active regional communications. Finnvera's Finance & Growth LIVE webinars, which were again organised in the autumn, attracted large numbers of clients and other stakeholders.



Finnvera's role in society





The family business carries out the greatest investment in its history

Koskisen Oy is having a new sawmill production line constructed on its site in Kärkölä. Valued at EUR 48 million, this is the greatest investment in the 100 years of the company's history. Finnvera is involved in co-financing the project. The EUR 10 million loan has an EGF guarantee provided by the European Investment Bank. Finnvera is able to grant working capital and investment loans up to a total of EUR 650 million within the framework of the European Investment Bank's EGF facility. This financing mainly intended for the needs of large corporates has a 75% EIB guarantee.

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The spearhead of Finnvera's strategy is impact: our financing enables our clients to improve their turnover and profit in a way that would not have been possible otherwise.

The four goals of the new strategy are:

- We are a stable promoter of exports
- We diversify our financing solutions to facilitate growth
- We improve the client experience and digitalise our activities
- We strengthen partnerships and cooperation models.

The cornerstones of Finnvera's strategy are corporate responsibility and its themes, or climate change and environmental, social and financial responsibility. In particular, the updated strategy highlights actions on climate change mitigation and their links to Finnvera's business.

These themes emerged strongly in Finnvera's materiality analysis carried out in 2020. More than 1,000 clients and other stakeholder representatives were interviewed for it, including personnel members. Finnvera's personnel also participated in the strategy process in autumn 2021 and were given an opportunity to evaluate the priorities of the selected goals and measures.

For more information about corporate responsibility and climate actions, see the section on corporate responsibility management on page [39](#).

From a larger societal role during the crisis to sharper focus on sustainable growth

Finnvera's role in society and the impact of financing loomed extremely large in the exceptional situation caused by the pandemic. Instalment-free periods and guarantees supported companies as the coronavirus put business on hold. In 2021, companies needed funding as demand and growth recovered. Impact remains the spearhead of Finnvera's strategy, and with the help of our financing, the clients can increase their turnover and profits in a way that would not have been possible otherwise.

Finnvera's vision is, 'Our clients' success strengthens the Finnish economy'. Supporting sustainable growth and the green transition will be strongly associated with impact and growth in the future. We will encourage companies to capitalise on the new markets that climate change measures are opening up and the growth opportunities they offer. The shift to low-emission solutions and recovery after the coronavirus crisis will boost investments and trade. Investments will be driven by a need to use natural resources more sustainably and reduce emissions. The transition to low-emission solutions often takes place through gradual technological advancement.

Digitalisation has strong links with the strategy

The digital agenda updated twice a year points the direction for digital development in Finnvera's operations and services as well as the desired outcome. The agenda is implemented by the units through their annual plans. Under the digital agenda, our e-services will improve the client experience, strengthen partnerships and increase operational efficiency.

New e-services made available to clients during the year included e-invoices and the use of e-services to submit notifications of export transactions. Such internal tools as the intranet and data connections were upgraded in 2021.

The project-based model for and resource allocation to development work were improved by introducing FinnThink, a new project management application. The purpose of this application, which can be accessed by all Finnvera employees, is to increase the transparency of development work and provide more information on the progress of projects.

Digitalisation underlines the importance of information management. Finnvera made progress in developing the

company's information management in 2021, and the aim is to build up the company's information management culture comprehensively and over the long term in all parts of the organisation.

As digitalisation makes headway, the IT services have taken on a larger role not only in maintaining the systems but also as a partner for the business and other units. The IT function was strengthened during the year, for example through recruitments. Finnvera's strategic goals, information security and data protection requirements as well as the forthcoming transition to cloud services will make it necessary to reinforce the IT function further.

Digitalisation and the automation of routine tasks are also closely linked to the strategic personnel plan and the personnel's competence development. By improving the efficiency of internal operations, Finnvera strives to free up its experts' time for more demanding tasks.

Industrial and ownership policy goals guide Finnvera's operations

The State of Finland owns the entire stock of Finnvera. The Innovations and Enterprise Financing Department of the Ministry of Economic Affairs and Employment is responsible for the ownership and industrial policy steering of Finnvera. The ministry sets industrial and ownership policy goals for Finnvera. When determining these goals, attention is paid to the Finnish Government Programme, the ministry's corporate strategy, the policy objectives concerning the ministry's branch of administration, and the goals of EU programmes.

The objectives of the industrial and ownership policy and Finnvera's strategy support each other and are examined in parallel.



When nothing is certain, everything is possible

This is the message about Finnvera's role and mission communicated to the personnel, clients and other stakeholders in 2021. The purpose of the campaign was to say that every crisis can be an opportunity. Finnvera backs growth and enables change.



Digitalisation has strong links with the strategy. The digital agenda points the direction for digital development in Finnvera's operations and services as well as the desired outcome. Under the digital agenda, our e-services will improve the client experience, strengthen partnerships and increase operational efficiency.

Achievement of industrial policy and ownership policy goals

Out of the industrial and ownership policy goals set by the Ministry of Economic Affairs and Employment for 2021, four goals were reached, four were reached in part and two were not reached.

Monitoring of industrial and ownership policy goal attainment in 2021

	Goal
Domestic financing	<p>Over a normal business cycle, at least 80 per cent of Finnvera's SME financing is allocated to enterprises seeking growth or internationalisation, start-ups, investments, and transfers of ownership. Rather than keeping to this objective, the aim during the coronavirus pandemic is to secure loan financing for all viable companies to help them survive the crisis.</p> <ul style="list-style-type: none"> ● In investments that promote productivity and competitiveness, Finnvera's guarantee coverage in debt-based financing may be at maximum 80 per cent per project, especially outside urban growth centres. In the position of the main provider of financing, Finnvera must assess the enterprise and determine that its business operations are profitable and its own contribution is sufficient, and ensure that the project does not distort competition between enterprises. By the end of 2023, a total of 50 per cent of SME financing will be allocated to clients seeking growth and internationalisation (LTA3 segment).
EU financing	<ul style="list-style-type: none"> ● Following the completion of the pillar assessment required by the European Commission, Finnvera starts putting together the expertise, goals and operating methods needed for EU financing in 2021, provided that the company is approved as a financing implementer or intermediary. If Finnvera is accepted as an implementer or intermediary of financing, new solutions based on EU financing cooperation will be introduced in 2021 in keeping with the decisions made.
Export financing	<p>Finnvera Group and the Ministry of Economic Affairs and Employment continue working together to develop the export and ship financing system, giving Finnish exporters access to an export financing system with terms and instruments that are as competitive as possible. At the same time, the company develops and improves the efficiency of risk management as described below.</p> <ul style="list-style-type: none"> ● Export financing advice and training for SMEs are developed and continued in order to increase the number of export companies and enterprises using export financing services (including private services) by 30 per cent compared to the situation at the end of 2019. Finnvera strives to develop financial instruments for SMEs and small export transactions further. Finnvera's clients benefit from the company's national and international networks. Finnvera increases information exchanges and cooperation with Business Finland, Finfund and client enterprises in the field of financing offered to promote Finnish enterprises' export projects.
Risk management	<p>Finnvera ensures self-sustainability through risk management: in most years, credit losses stay well below the level of income received from operations, and even large unexpected losses remain below the buffers formed by the balance sheet and the State Guarantee Fund.</p> <ul style="list-style-type: none"> ● As the statutory maximum authorisations and exposures of Finnvera's export financing have increased, a need to manage the growing risk concentrations (cruise shipping, telecommunications and pulp and paper) has been identified. The aim is to ensure that Finnvera can respond to the growing demand, especially from cruise shipping and telecommunications, in order to safeguard Finnish exports and their considerable impacts on employment. Especially with regard to major transactions, the company assesses as part of its decision-making the transaction's impact on the risk position and the amount of reserves needed in the coming years when the credit is drawn. As far as possible, Finnvera sees to the mitigation of exposure risks with reinsurance and other protection arrangements. In addition, the company aims to share risks with other countries' ECAs and other providers of financing.
Impact	<ul style="list-style-type: none"> ● Finnvera provides the Ministry of Economic Affairs and Employment with an assessment framework by 31 December 2020. Finnvera submits an assessment based on this framework to the Ministry of Economic Affairs and Employment by the end of 2021, using data based on client enterprises' financial statements for 2020.
Self-sustainability	<ul style="list-style-type: none"> ● Finnvera conducts its business ensuring that the income from the company's operations covers the expenses of the operations over a period exceeding a business cycle. The review period is 10 years for SME financing and 20 years for export financing.
Efficiency	<ul style="list-style-type: none"> ● Finnvera develops its operations as set out in the Government Programme and the action plan for its implementation. Finnvera continues to pursue operational efficiency.
Capital adequacy and risk-taking – domestic financing	<p>The company's capital adequacy in domestic financing operations must be at least 15 per cent when calculated according to the principles of the standard method. If there is a risk of capital adequacy falling below this limit, the company must submit a proposal to the Ministry of Economic Affairs and Employment regarding the measures needed to keep capital adequacy at the required level.</p> <ul style="list-style-type: none"> ● Additionally, Finnvera will introduce an expected shortfall (ES) indicator in 2021, calculated using the 99.5% method. In normal circumstances, the ES may not exceed 90% of the capital amount. Rather than restricting Finnvera in performing its industrial policy task, the purpose of these indicators for capital adequacy is to ensure that Finnvera is able to carry out the task assigned to it. Finnvera's industrial policy task is emphasised in the most difficult times, including a financial crisis or pandemic.
Capital adequacy and risk-taking – export financing	<p>The adequacy of export financing reserves in relation to current and future exposures is primarily assessed with so-called VaR 99.5%, ES 99.5% and Expected Loss models to ensure that there would be adequate capital to cover credit risks in normal circumstances. When it comes to major transactions, the company must assess their impact on risk position development and the adequacy of reserves. If forecasts seem to indicate that reserves are inadequate to cover losses caused by exposures and the exposure forecast, the company must inform the Ministry of Economic Affairs and Employment of this and submit a proposal concerning the measures that could potentially be necessary. In addition, risk scenario calculations are made for export financing exposures, and the main exposures are monitored separately. Export credit guarantee operations are ultimately based on the State's balance sheet and entail risk-taking that differs from commercial risk-taking.</p> <ul style="list-style-type: none"> ● Due to Finland's economic structure, Finnvera has sectoral and exposure related risk concentrations. At the end of June 2020, 52% of Finnvera's exposures were related to cruise shipping, 18% to telecommunications and 12% to the paper and pulp sector. In addition to other industries, Finnvera can continue to provide export financing for these sectors, ensuring that Finnish exporters have the same possibilities to compete in international markets as exporters in other countries, provided that the conditions for financing are met. However, all financing decisions concerning export credit guarantees for cruise shipping in excess of EUR 500 million must for the time being be treated as special risk-taking referred to in section 6 of the Act on State Export Credit Guarantees, due to the high concentration risk in the sector. Despite the risk concentration related to the maritime industry, the owner continues to regard financing this sector as important for industrial policy reasons. In normal circumstances, the expected shortfall in export financing may be at most 90% of the capital amount. Due to the crisis caused by the pandemic, the threshold value was exceeded in autumn 2020, and Finnvera informed the Ministry of this. At the moment, this is primarily a question of credit loss provisions for the exposure related to export credit guarantees. Finnvera and the Ministry are monitoring the situation with heightened intensity. If necessary, Finnvera must submit to the Ministry a proposal and plan regarding a potential need to strengthen capital adequacy, detailing how, from the perspective of the State and Finnvera, Finnvera can perform the industrial policy task assigned to it as efficiently as possible and support Finnish exporters.
Transfer of Finnvera's financial supervision to the Financial Supervisory Authority	<ul style="list-style-type: none"> ● Finnvera starts preparations for the measures required as the financial supervision of the company is transferred from the Ministry of Economic Affairs and Employment to the Financial Supervisory Authority in 2021. More specific transitional provisions will be contained in forthcoming legislation.

● Goal achieved ● Goal partly achieved ● Goal not achieved



Operating environment

The recession caused by the coronavirus crisis has remained less deep than feared in Finland, at least for the time being, and the pre-pandemic level of production was reached in late 2021. According to the preliminary data from Statistics Finland, the Finnish gross domestic product grew by nearly four per cent in 2021.

Economic growth contracted less in Finland than in most European countries in 2020, thanks to not only a successful strategy for restricting the spread of the pandemic and swift policy measures but also some special features of the Finnish economy. The Finnish economy recovered strongly in 2021 and was boosted by increased domestic demand. While the recovery is expected to continue in 2022, the development of the pandemic continues to be associated with risks.

In Finland, society's gradual return to normal life was particularly important for the services sector, even if 2021 cannot yet be regarded as a normal year of business. The Omicron variant of the coronavirus spreading around the world in late 2021 was a disappointment for those who dreamed of overcoming the pandemic.

Employment trends, inflation and monetary policy at the centre

The sharp increase in lay-offs at the early stages of the coronavirus crisis levelled out relatively soon. In 2021, the number of the employed already exceeded the previous

year's figure. However, the unemployment rate is persistent and has not returned to the pre-crisis level in Finland.

The government strongly supported the business sector in 2020 and once more in 2021. Finland has managed to avoid a wave of business bankruptcies, partly due to the aid policy. An expansionary monetary policy environment has also supported recovery, even if the stock and housing market indices have also reached record highs. Inflation has again become a talking point.

The markets expect the introduction of tighter monetary policy, however on a slow schedule: central banks currently believe that the rise in consumer prices is largely a transient phenomenon. If this analysis changes, higher interest rates can be expected earlier.

As a whole, recovery from the initial shock of the pandemic has been fast in many ways in Finland – and even excellent by international comparison – whereas the persistently high level of unemployment still raises concerns.

Good access to finance but more investments needed

The financial market environment remained relatively stable in 2021. While lower than in 2020, the demand for Finnvera's domestic financing was higher than in 2019. In particular, financing for transfers of ownership grew in 2021, which indicates that the business sector is renewing and that corporate acquisitions, which may have been put on hold during the coronavirus crisis, are now going ahead.

Itemised by sector, Finnvera's exposure continued to grow in manufacturing, while it decreased in other sectors. Clearly less financing than in 2020 was granted to tourism, in particular.

According to surveys, Finnish companies have good access to finance. The European Central Bank's Survey on the access to finance of enterprises (SAFE) found that only 6% of Finnish companies regard access to finance as the biggest problem in their operations. Two years ago, this view was held by 8% of the respondents.

The number and quality of Finnish investments has been a cause for concern for some time, and 2021 did not see any change in this crucial structural issue. The SME Barometer survey conducted in autumn 2021 indicated that the number of investments made with external financing is increasing, which is good news, even though investments are still significantly lower than in 2019. Another piece of good news is that companies' need for cyclical working capital financing from external sources has decreased.

Global economic growth is boosting exports - this is how Finnvera's largest country exposures developed

Year 2021 marked a period of global growth. The global economic output recovered strongly, which also meant that world trade bounced back from the pandemic-induced recession. Finland as a small open economy benefits from growth in the world economy, and exports are expected to develop positively.

Both export and import prices increased sharply, particularly due to shortages of raw materials and components and supply difficulties. Due to labour shortages, a wage inflation is also expected in Finland and many other Western countries. Rising price levels did not yet prove to be a problem in 2021, although at the end of the year, inflation breached the 6% threshold in the United States and was also close to 5% in the eurozone.

Finnvera's largest country exposure outside the United States and the EU is related to trade with Chile and Brazil in Latin America, as well as Russia and Turkey.

With its share of total exports exceeding 5%, Russia is a key export market for Finland. While there was a sharp drop in exports to Russia in the previous year, 2021 saw a partial recovery. Sanctions related to trade with Russia affect Finnvera's export credit guarantees, and Finnvera grants enterprise and bank risks guarantees for exports to Russia on a case-by-case basis.

Exports to Brazil and Chile also recovered in 2021, spearheaded especially by bioeconomy and mining projects. Forestry projects once more increased Finnvera's exposure in Brazil, and Brazil and Russia are leading countries in terms of Finnvera's political risk measured by the number of export guarantees. The country exposure in Chile is only slightly smaller.

Turkey, which has been a traditional export market for Finnish companies, was among the top five in Finnvera's country exposure in late 2021. Turkey's economic and political uncertainty is reflected in export financing, however, and Finnvera may consider granting export credit guarantees and financing for short and medium to long term export transactions using various instruments.

Of Finland's major export countries, China's economic growth also took a hit in 2020, whereas China's national economy more than made up for the slump caused by the pandemic in 2021. In terms of Finnvera's country exposures, China is the 11th largest. Africa has been hard hit by the coronavirus pandemic, and Finland's exports to Africa have not picked up significantly.



While climate change is a threat, investments aimed at mitigating it can bring work and growth to Finland. The fact that businesses are grasping these opportunities is already visible in Finnvera's Finance & Growth review: 61% of Finnvera's financial experts say that business related to climate and environmental solutions has increased somewhat, says Mauri Kotamäki, Chief Economist at Finnvera.

The risks in a near future include fluctuations in the pandemic situation due to virus variants, geopolitical unrest around the world and tensions between major powers, accelerating inflation and any consequent changes in monetary policy, and the increasingly rapid change in the economic operating environment due to climate change and biodiversity loss.



+3.9%

According to Statistics Finland's preliminary data, Finland's GDP grew by approx. 3.9% in 2021.

Total exposure, export credit guarantees and special guarantees 31 Dec 2021

EUR 22.4 billion, including commitments and binding offers.

Exposure by sector 31 Dec 2021

Cruise shipping
EUR 11.3 bn (50%)

Pulp and paper
EUR 3.5 bn (16%)

Telecommunications
EUR 3.3 bn (15%)

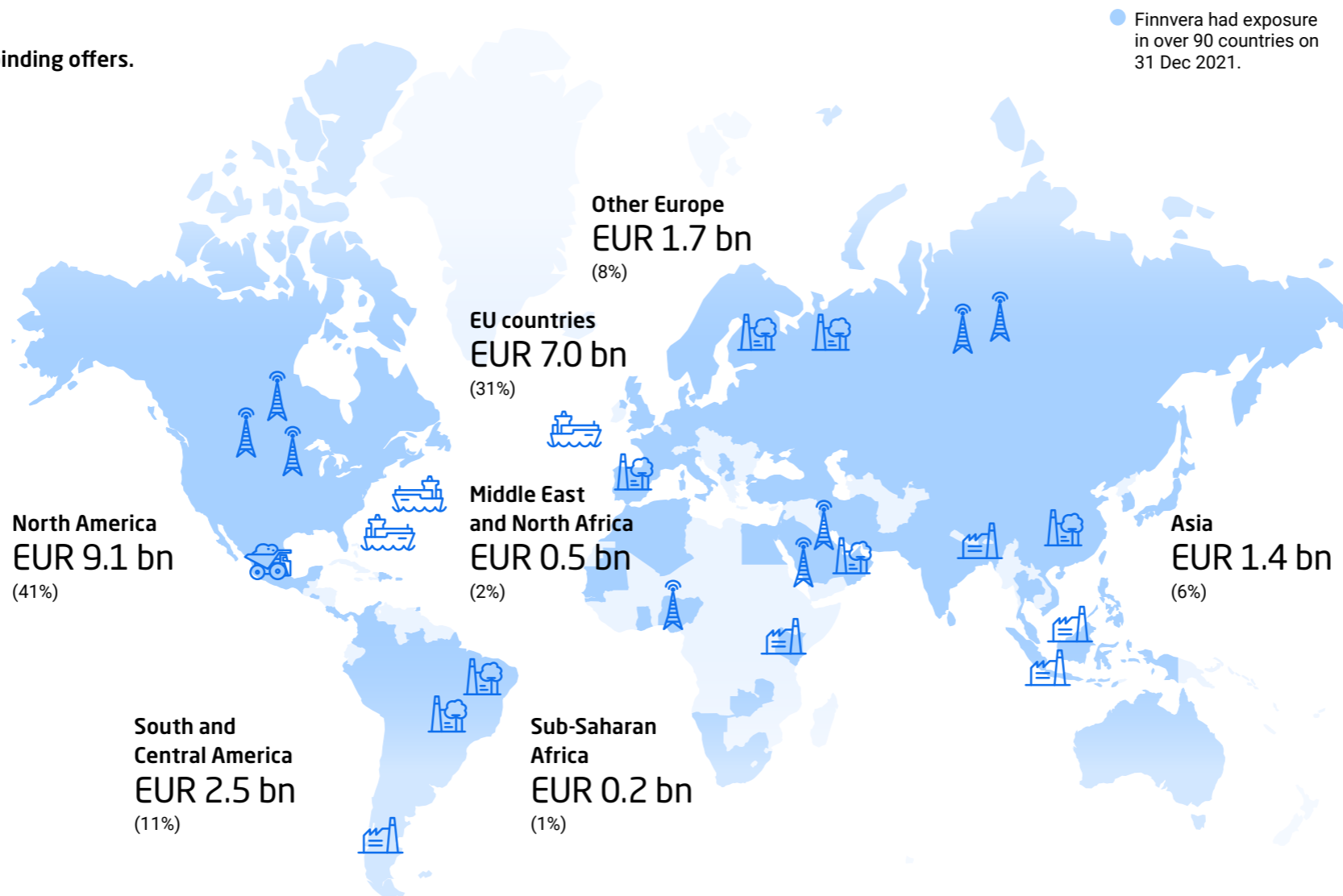
Others*
EUR 2.1 bn (10%)

Other industries
EUR 0.8 bn (4%)

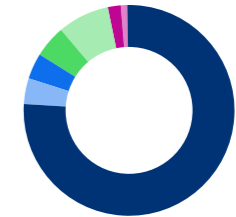
Mining and metals
EUR 0.7 bn (3%)

Energy
EUR 0.6 bn (3%)

* Including other risks such as state and bank risks.

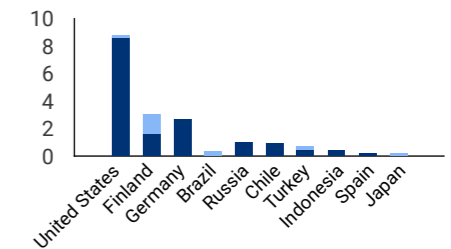


Exposure by country risk classification 31 Dec 2021



- 0 Advanced economy, 77%
- 1 Very low risks, 0%
- 2 Low risks, 4%
- 3 Relatively low risks, 4%
- 4 Intermediate risks, 5%
- 5 Relatively high risks, 8%
- 6 High risks, 2%
- 7 Very high risks, 1%

The biggest country exposures 31 Dec 2021, EUR billion



EUR billion	● Commitments	● Offers
United States	8.6	0.2
Finland	1.6	1.5
Germany	2.7	0.0
Brazil	0.6	0.4
Russia	1.0	0.0
Chile	0.9	0.0
Turkey	0.5	0.2
Indonesia	0.5	0.0
Spain	0.3	0.0
Japan	0.0	0.3

Corporate governance

The impacts of the coronavirus pandemic continued to be felt in the activities of Finnvera's governing bodies and management, for example as remote work arrangements and preparation for hybrid work. Finnvera maintained a high level of preparedness for changing its operating practices as required by the situation. The internal control policy was also updated during the year. This policy ensures the efficiency, performance and reliability of the company's operative work.

Internal control and risk management are an essential part of Finnvera's operations and management. Well-functioning and efficient internal control is underpinned by an appropriate internal control structure, effective organisational structures and a clear division of powers and responsibilities. The Board of Directors and senior executives of Finnvera and its subsidiaries are responsible for the arrangements and organisation of internal control, which are implemented by the entire organisation. Supervisors are responsible for the effectiveness of internal control in their areas of responsibility.

In June 2021, Finnvera's Board of Directors approved the company's updated internal control policy. The purpose of the internal control system is to ensure operational efficiency and performance, the reliability of financial and other information, and compliance with external and internal regulations and policies. The internal control policy is reviewed annually.

Governing bodies' preparedness level reflected the pandemic situation

Finnvera's Board of Directors had fewer meetings in 2021 than 2020 once the economic operating environment had stabilised and financing volumes normalised, but the intervals between meetings remained shorter than usual. The Board met 25 times during the year. While the recommendation to work remotely was in force, the Board opted for virtual meetings.

Finnvera complied with the Government's remote work recommendation, and the entire organisation worked remotely until the end of October. After this, a so-called hybrid work model was introduced. In November and December, an extensive recommendation to work remotely was again issued for all areas that were in a community transmission phase of COVID-19.

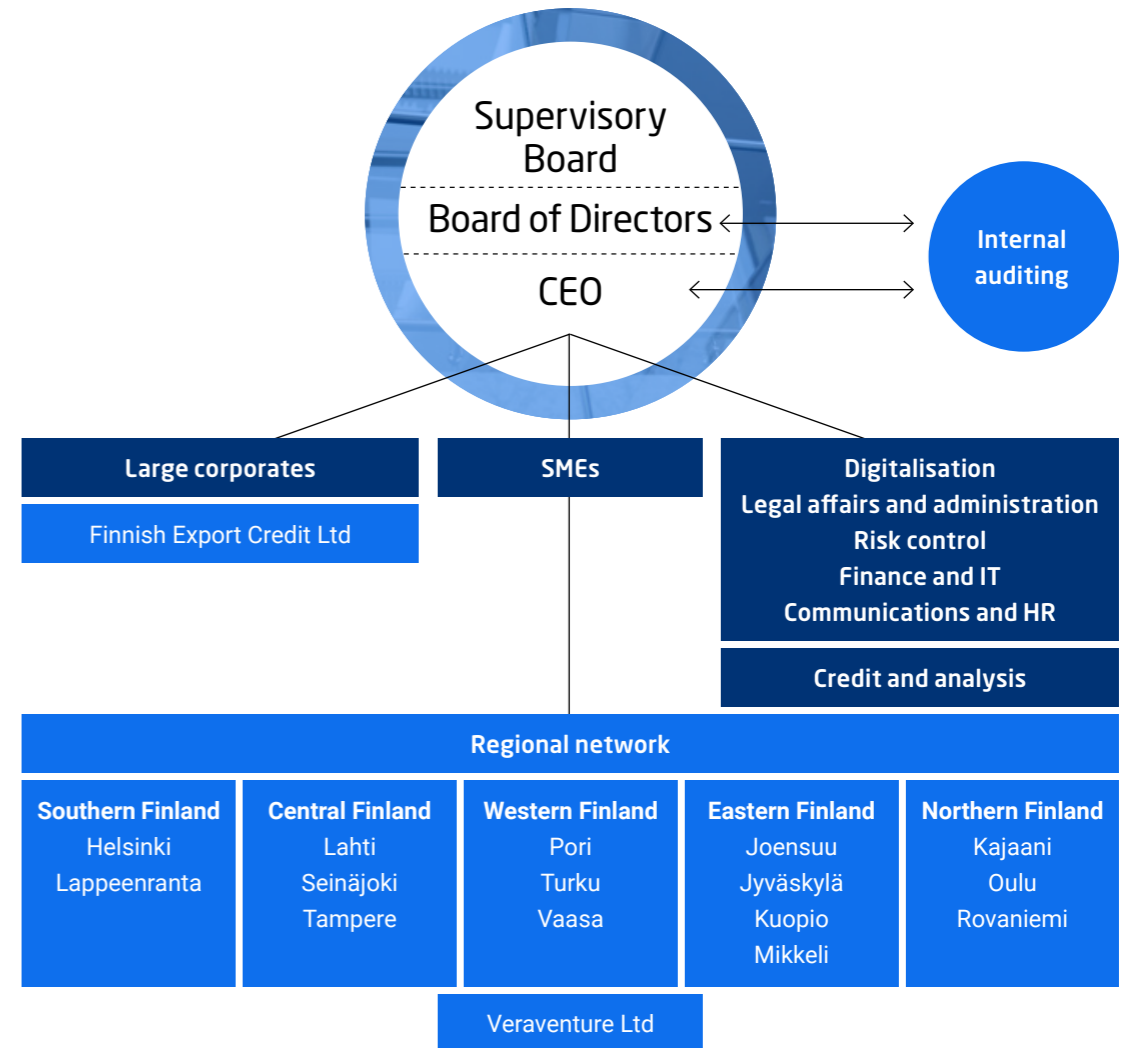
The preparedness task force referred to in the company's contingency plan, which has been operational since March 2020, met every two weeks, monitored the pandemic situation and decided on the requisite measures and communication.

Close cooperation with the ministry

Finnvera's operations are steered by the Innovations and Enterprise Financing Department of the Ministry of Economic Affairs and Employment. Close cooperation with the Ministry of Economic Affairs and Employment and other ministries continued. The Ministry of Economic Affairs and Employment extended the validity of its industrial and ownership policy guidelines issued to Finnvera in the context of the coronavirus pandemic until the end of 2021. In its mid-term policy review and spending limits session, the Finnish Government also outlined measures for accelerating exports and business growth by developing Finnvera's credit instruments and using them more effectively.

Organisation and governance

Responsibility for Finnvera's governance and operations is vested in the General Meeting of Shareholders, the Supervisory Board, the Board of Directors, and the Chief Executive Officer. See the organigram for the company's business areas and units as well as the regional organisation.



Finnvera makes financial decisions independently based on a careful risk assessment and analysis of each project, complying with the national and international regulation applicable to the company. While Finnvera's Board of Directors makes the largest exposure decisions itself, in other respects it has delegated decision-making powers to the operative management. Finnvera can also take into account the government's industrial policy goals in its decisions regarding projects and, if necessary, include projects in the special risk-taking procedure defined in the Act on the State's Export Credit Guarantees.

Finnvera's Code of Conduct and key policies

Finnvera's Code of Conduct includes good corporate governance and transparency throughout the organisation. The Code of Conduct adopted by the company's Board of Directors brings together the legal rules and ethical principles which apply to Finnvera's employees and the members of the governing bodies.

Finnvera has an ISO 9001 certified integrated management system, which underwent a follow-up audit towards the end of the year.

Read more about our key policies: [Statement on the Corporate Governance and Steering System](#).

Board of Directors and Supervisory Board

On 12 March 2021, Finnvera's Annual General Meeting appointed Petri Ekman, M. Sc. (Eng.) as the new Chairman of Finnvera's Board of Directors. Hannu Jaatinen, M.Sc. (Econ.), was selected to the Board as a new member. Three committees assist the Board in managing its tasks: the Audit Committee, the Risk Committee and the Remuneration Committee. Finnvera's Board of Directors has seven members, who select the committee

members among themselves. The fees paid in 2021 totalled EUR 219,500.

As new members to the Supervisory Board were appointed Anni Marttinen, Economist in the Central Organisation of Finnish Trade Unions SAK; Martin Paasi, Chairman in the Finnish Business School Graduates; and Arja Parkkinen, Development Manager at Finnvera.

Finnvera's Supervisory Board has eighteen members. The fees paid in 2021 totalled EUR 61,800.

The fees paid to the Board of Directors and Supervisory Board members comply with the government policy on fees paid to the governing bodies of State-owned companies.

Supervisory Board 31 December 2021

Chair

Sofia Vikman, Member of Parliament, National Coalition Party

Vice Chairperson

Johannes Koskinen, Member of Parliament, Social Democratic Party of Finland

Members

Eeva-Johanna Eloranta, Member of Parliament, Social Democratic Party of Finland

Mari Holopainen, Member of Parliament, Green League

Anne Kalmari, Member of Parliament, Centre Party

Juho Kautto, Member of Parliament, Left Alliance

Leila Kurki, Senior Adviser, Finnish Confederation of Professionals STTK

Kari Luoto, Managing Director, Finnish Grocery Trade Association

Anni Marttinen, Economist, Central Organisation of Finnish Trade Unions SAK

Veli-Matti Mattila, Director, Chief Economist, Finance Finland

Board of Directors 31 December 2021



Chairman
Petri Ekman
(1958), M.Sc. (Eng.), entrepreneur
Chairman of Finnvera's Board of Directors and the Board's Remuneration Committee as of 12 March 2021.



Ritva Laukkanen
(1954), M.Sc. (Econ.)
Member of Finnvera's Board of Directors (2017-) and Chairperson of the Board's Risk Committee.



First Vice Chairman
Antti Neimala
(1963), LL.M. with court training,
Director General of the Employment and Well-functioning Markets Department of the Ministry of Economic Affairs and Employment
Member of Finnvera's Board of Directors (2019-) and a member of the Board's Remuneration Committee and Risk Committee.



Pirkko Rantanen-Kervinen
(1949), Economist
Member of Finnvera's Board of Directors (2013-) and the Board's Audit Committee.



Second Vice Chairman
Terhi Järvikare
(1970), Lic.Sc. (Econ.), Director General of the Tax Department of the Ministry of Finance
Member of Finnvera's Board of Directors (2017-) and Chair of the Board's Audit Committee.



Antti Zitting
(1956), M.Sc. (Tech.),
Enterprise Counsellor
Member of Finnvera's Board of Directors (2015-) and a member of the Board's Remuneration Committee and Audit Committee.



Hannu Jaatinen
(1957), M.Sc. (Econ.), eMBA
Member of Finnvera's Board of Directors and the Board's Risk Committee as of 12 March 2021.

For a full description of governance and remuneration, see the Statement on the Corporate Governance and Steering System.

[Read more >](#)

Anne Niemi, Vice President, Federation of Finnish Enterprises
Martin Paasi, Chairman, Finnish Business School Graduates
Arja Parkkinen, Development Manager, Erityisrahoituksen ammattilaiset ERA Pro personnel organisation
Juha Pylväs, Member of Parliament, Centre Party
Lulu Ranne, Member of Parliament, Finns Party
Wille Rydman, Member of Parliament, National Coalition Party
Joakim Strand, Member of Parliament, Swedish People's Party of Finland
Tommi Toivola, Director, Confederation of Finnish Industries EK

Management Group and Corporate Management Team

Finnvera's Management Group comprises the Chief Executive Officer; the Executive Vice President, SMEs; the Executive Vice President, Large Corporates; the Senior Vice President, Finance and Treasury; the Group Chief Credit Officer; the Senior Vice President, Legal Affairs and Administration; the Chief Digitalisation Officer; Senior Vice President, Corporate Communications and HR; and the Chief Risk Officer.

The Corporate Management Team discusses matters that have a major impact on Finnvera's personnel. Besides the members of the Management Group, the Corporate Management Team in 2021 included the representatives of the Kuopio Headquarters, the regional network and the personnel organisations.

Management Group, 31 December 2021

Pauli Heikkilä (1962) D.Sc. (Tech.), CEO
Jussi Haarasilta (1973) LL.M., M.Sc. (Econ.), Executive Vice President, Large Corporates, Deputy CEO
Ulla Hagman (1969) M.Sc. (Econ.), Senior Vice President, Finance and Treasury
Juuso Heinilä (1978) M.Sc. (Tech.), M.Sc. (Econ.), Executive Vice President, SMEs
Risto Huopaniemi (1975) LL.M., Senior Vice President, Legal Affairs and Administration
Tapio Jordan (1967), M.Sc. (Econ.), B.Sc. (agriculture and forestry), Group Chief Credit Officer
Minna Kaarto (1980), M.Sc. (Tech.), Chief Digitalisation Officer (CDO)
Tina Schumacher (1967), M.Sc. (Econ.), CEFA, Chief Risk Officer, Risk Control
Tarja Svartström (1971) M.Sc., Senior Vice President, Corporate Communications and HR

Corporate Management Team, 31 December 2021

The Corporate Management Team consists of the members of the Management Group and the following persons:
Mika Johansson, representative of the personnel organisation Erityisrahoituksen ammattilaiset ERA Pro
Heikki Lähdesmäki, representative of the personnel organisation Finnveran akavalaiset
Ilse Salonen, representative of the personnel organisation Finnveran toimihenkilöt
Mikko Vänttinen, representative of the Kuopio Headquarters and the regional network

Regional organisation

Southern Finland

Helsinki, Lappeenranta
 Regional Director **Anna Karppinen**, M.Sc. (Econ.)

Western Finland

Pori, Turku, Vaasa
 Regional Director **Seija Pelkonen**, M.Soc.Sc.

Eastern Finland

Joensuu, Jyväskylä, Kuopio, Mikkeli
 Regional Director **Mikko Vänttinen**, Vocational Qualification in Business Administration, eMBA

Central Finland

Lahti, Seinäjoki, Tampere
 Regional Director **Juha Ketola**, M.Sc. (Tech.)

Northern Finland

Kajaani, Oulu, Rovaniemi
 Regional Director **Pasi Vartiainen**, M.Sc. (Econ.)

Venture capital financing transferred to Tesi

In September 2021, Finnvera sold its entire remaining venture capital portfolio to Tesi (Finnish Industry Investment Ltd). The arrangement simplified the government's venture capital financing and put the finishing touches on Finnvera's gradual and controlled withdrawal from venture capital financing in line with the Ministry of Economic Affairs and Employment's policy. The transaction included the entire share capital of ERDF Seed Fund Ltd and a 19.71% share in Innovestor Growth Fund I Ky.

Close cooperation with the Ministry of Economic Affairs and Employment and other ministries continued.

Stakeholder cooperation

An extensive survey addressed to clients, banks and stakeholders conducted every second year found that Finnvera has successfully influenced the arrangement of business finance as well as the growth and development of companies. The client net promoter score exceeded targets. Clients, banks and other providers of financing are Finnvera's key stakeholders alongside the owner, the Team Finland network and NGOs.

Clients' and stakeholders' experiences of Finnvera's work and services comprise highly important feedback helping to develop the services. As clients use the services, Finnvera continuously measures their willingness to recommend the company, and a goal is set for this net promoter score as part of annual targets. The business operations commission an extensive client and stakeholder satisfaction survey every two years. In 2021, Finnvera's activities were rated good or very good in this extensive survey, although the overall customer satisfaction decreased slightly. The satisfaction levels of respondents representing banks that finance SMEs, providers of export financing and other stakeholders had improved since 2019, while the levels of other target groups remained more or less unchanged.

Companies seeking growth and internationalisation and financing providers satisfied with Finnvera's professional competence during the pandemic

Satisfaction with Finnvera's professional competence and expertise increased among such groups as companies seeking growth and internationalisation, banks and stakeholders involved in SME financing, providers of export financing and stakeholders. Financing providers found the cooperation more useful than before and were satisfied with the way it was managed.

The target groups of SME financing found arrangement of business financing as well as growth and development of companies the areas in which Finnvera's financing had the highest impact. Finnvera's involvement is considered increasingly important in the arrangement of business funding. The view that Finnvera played an important role in managing the impacts of the coronavirus crisis was held the most strongly by providers of SME and export financing. Companies found Finnvera's role in the coronavirus crisis less significant.

Finnvera's main role during the crisis was to grant guarantees for bank loans in order to speed up and facilitate banks' financing decisions, which is why Finnvera's role was particularly visible for the banks.

Ensuring competitive export financing as the aim

While business clients of export financing were less satisfied with the processing of financing applications than before, their satisfaction level remained good. The largest corporates were the most critical about the impact of export financing on export transactions going ahead and their value, for example, and the positive impact of the financing on Finnish jobs. However, other essential providers of export financing and stakeholders held a very positive view of the impacts of Finnvera's export financing.

Finnvera's key stakeholders



Clients

We are here for our clients. We finance different stages of business development to help enterprises to achieve their goals.



Banks and providers of financing

We complement the financial markets diversely. Banks and other private providers of financing are our partners.



Ownership steering and ministries

Finnvera's operations are guided by the Innovations and Enterprise Financing Department of the Ministry of Economic Affairs and Employment.



Domestic organisations and cooperation partners

Our NGO cooperation focuses on advising companies about financing options and promoting Finnvera's financing.



Team Finland

Finnvera is one of the key organisations in this network that accelerates business internationalisation and growth together with Business Finland, the Ministry for Foreign Affairs and the Centres for Economic Development, Transport and the Environment.



International organisations and cooperation

For an export-driven country, international cooperation is extremely important. Finnvera is active in forums of its field, including the OECD and the EU, and in many organisations.

We constantly listen to our clients and stakeholders, for example in advisory boards, in which enterprise representatives share their views of financing. In 2021, we met with our stakeholders more than 1,100 times, which was well above the target (900). Clients participated in piloting the e-invoice, and they will be engaged in developing our e-services and the forthcoming website upgrade.



The export financing system aims for an excellent client experience and steady promotion of Finnish exports, and its competitiveness is one of the four goals set in Finnvera's new strategy.

Cooperation with financing providers expanded

Active and seamless cooperation with banks and providers of financing was crucial for managing the coronavirus crisis in 2020. Companies' demand for financing levelled out in 2021. However, the forum created for Finnvera and the banks to streamline practical cooperation continued to operate in 2021. Finnvera would like to thank all banks for their positive and active cooperation for the benefit of Finnish companies.

As the financial markets diversified and new business financing providers emerged, Finnvera launched a pilot project to expand the beneficiaries of domestic guarantees.

President of the Republic's Internationalisation Awards to Relex, Peikko, Bayer and Maria O1

The Internationalisation Award of the President of the Republic is a recognition granted each year to internationally successful Finnish companies or corporations. This year, a long-term foreign investor also received an award. The proposals concerning candidates for the award were submitted to the President by the core actors of Team Finland, including Business Finland, the Centres for Economic Development, Transport and the Environment, Finnvera and the Ministry for Foreign Affairs.

[Read more >](#)

The debt fund GOS Private Debt I was approved as a new beneficiary in June 2021, while the provider of factoring finance Noja Rahoitus Oy was approved for a pilot period of one year in November, meaning that Finnvera can now guarantee loans granted by them.

A close network of Team Finland actors

The core mission of the Team Finland network (TF) is to accelerate the exports and international growth of companies operating in Finland. Finnvera is one of the key members of the network together with Business Finland, the Ministry for Foreign Affairs, the Centres for Economic Development, Transport and the Environment and the TE Offices. In line with the TF strategy, efforts were made to step up cooperation and improve customer relationship management further. When a client uses the new contact request form on the website, they are directed digitally to the most appropriate TF actor. Continuous network development and a joint CRM system provide a smoother service path for our clients seeking internationalisation.

A virtual Team Finland day and TF Talks webinars were organised by the actors. Finnvera described how financing can benefit the export transactions and export risk management of SMEs, in particular.

NGO cooperation in Finland for the benefit of companies

As in 2020, Finnvera was again involved in the coronavirus information webinars which provided training for business advisors on financing solutions during the pandemic. The other organisers were the Federation of Finnish Enterprises, the Finnish Enterprise Agencies, the Association of Finnish Local and Regional Authorities and SEKES – Association of Finnish Development Companies.

Other cooperation with Finnish NGOs focused on business advice and services related to financing options, for example for transfers of ownership or export trade. Key partners include the Federation of Finnish Enterprises as well as the Forum for Transfers of Ownership and its member organisations. The forum is co-funded by the Ministry of Economic Affairs and Employment and the member organisations.

The same actors work together and produce information in the context of many business sector projects. The Forum for Transfers of Ownership published a Transfer of Ownership Barometer, and an SME Barometer was commissioned twice a year together with the Federation of Finnish Enterprises and the Ministry of Employment and the Economy.

Finnvera was active in international forums

The objectives of international cooperation are monitoring the operating environment and regulatory framework of financing, making Finnvera's and Finland's views heard, and establishing contacts and learning best practices. Finnvera is 'larger than its size' on an international scale as, in terms of exposure, Finnvera is larger than equivalent export credit agencies in many countries with a higher GDP.

In early 2021, Finnvera joined the European Investment Bank's Pan-European Guarantee Fund. From the perspective of responsible financing, commitment to the Poseidon Principles was also important. The political commitments made by the State of Finland at the Glasgow Climate Change Summit and Finland's accession to the E3F (Export Finance for Future Coalition) create a framework which promotes the phasing out of export financing for fossil fuels. In autumn 2021 Pekka Karkovirta, Finnvera's Vice President, International Relations, chaired negotiations on the OECD Arrangement on Export Credits, in which a decision to ban the financing of new coal power plants with export credits was reached.

68.9

Our average client net promoter score in an extensive client and stakeholder survey was 68.9 (2019: 74.8).



Transfer of Ownership Barometer: Transfers of ownership involve less problems than entrepreneurs tend to anticipate.

Responsible financing



Domestic financing remained at a high level while export financing increased

In domestic financing, year 2021 was unexpectedly busy. Financing for growth, transactions and transfers of ownership reached record levels. Investments gained momentum during the year. The numbers of export credit guarantees and special guarantees granted by Finnvera clearly exceeded the previous year's figures. Enterprises carried out large investment projects in many export sectors, and Finnvera made financing decisions related to them. In addition to export guarantees, we provided more financing for the operation of large companies in Finland.

Number of Finnvera's clients at the end of 2021
25,800
 (2020: 26,500)

Manufacturing accounted for the largest share of domestic financing

The relative distribution of financing between different sectors reverted close to the pre-pandemic figures. Manufacturing accounted for 64% of the financing, whereas in 2020, its share was exceptionally less than a half.

Telecommunications and forestry were strong sectors in export financing

Of sectors that play a key role in Finnvera's export financing, telecommunications and forestry were able to operate steadily and make new investments.

Spotlight on the climate

The climate theme played a large role in international discussions on export financing and Finnvera's strategy. Finnvera joined the Poseidon Principles for ship financing.



More financing for SMEs' exports

Export guarantees for SMEs amounted to EUR 272 million (268) which was the highest figure in ten years.

Tapping EU financial instruments

The banks had access to an 80% Finnvera guarantee and a record number of EU instruments. Finnvera also tapped EU funding. The extension of the European Investment Fund's COSME instrument enables Finnvera to continue its SME guarantees until the end of 2023. Finnvera was also able to grant working capital loans to large corporates within the framework of the European Investment Bank's EGF facility.

Domestic financing

The volume of domestic financing was high in 2021, and the total amount of financing granted by Finnvera exceeded even the previous year's record-breaking figure. In companies' financing needs, coping with the crisis was replaced by financing new growth and internationalisation. Financing for transfers of ownership reached a higher level than ever before.

Finnvera granted domestic financing a total of EUR 1.7 billion (EUR 1.7 billion). This includes domestic loans and guarantees as well as export guarantees and export credit guarantees granted in the SME and midcap business. The volume of SME and midcap financing was higher than usual, in addition to which the total amount includes EUR 516 million of financing granted to large corporates. By decision of the Cabinet Committee on Economic Policy, Finnvera was able to also grant working capital financing to large

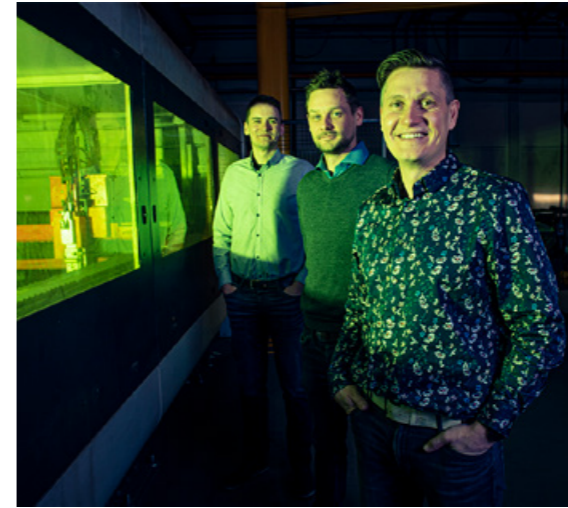
corporates until the end of 2021. Additionally, Finnvera could grant working capital loans to large corporates within the framework of the European Investment Bank's (EIP) Pan-European Guarantee Fund (EGF). The EGF facility will remain in place until the end of June 2022.

Manufacturing accounted for the largest share of financing

The relative distribution of financing between different sectors reverted to the pre-pandemic figures.

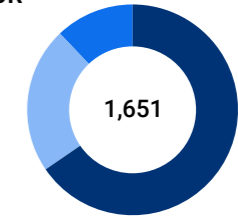
Measured in euros, the largest amount of financing, or EUR 1.1 billion (EUR 0.8 billion) in total, was granted to manufacturing. Manufacturing accounted for 64% of the financing, whereas in 2020, its share was exceptionally less than a half. EUR 312 million was granted to business services, and EUR 174 million to trade and consumer services. The share of the tourism sector, which was the hardest hit by the coronavirus pandemic, returned to the pre-pandemic level of 6% (11%). Measured in euros, however, the financing granted to this sector was higher than usual at EUR 92 million (EUR 174 million).

More than 90% of the domestic financing was allocated to the target groups set out in the strategy: start-ups,



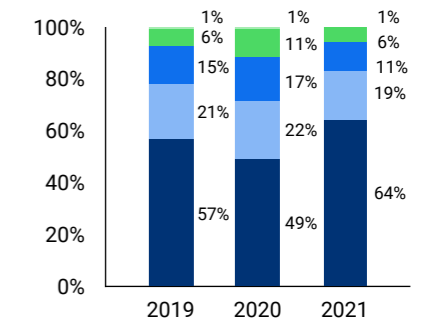
A Growth Loan granted by Finnvera played a crucial role in the acquisition of Laserkeskus, a metal sector company, by its new owners. The role of Junior Loans will be stressed in the future, as transfers of ownership are predicted to increase in numbers over the next few years.

Domestic financing granted 2021, MEUR



- Guarantees, 1,081 MEUR, 65%
- Loans, 371 MEUR, 22%
- Export guarantees, 200 MEUR, 12%

Domestic financing granted by main sector, % of financing granted



- Industry, 2021: 64%
- Services to business, 2021: 19%
- Trade and consumer services, 2021: 11%
- Tourism, 2021: 6%
- Rural trades, 2021: 1%

Domestic financing granted

EUR 1.7 billion
(2020: 1.7)

Transfers of ownership financed

EUR 174 million
(2020: 141)

Export guarantees for SMEs' exports

EUR 272 million
(2020: 268)

companies seeking growth and internationalisation, transfers of ownership, investments, exports and deliveries. The emphasis on working capital financing continued, with a share of 53% (58%) of all projects financed. However, the financing increasingly targeted enabling the growth of companies, whereas in 2020, the focus was on companies' working capital needs ensuing from the coronavirus pandemic and securing their liquidity. The euro-denominated share of investments out of all projects financed was 31% (26%).

Companies seeking growth and internationalisation, which are crucial for boosting economic growth, accounted for 52% and EUR 659 million of SME and midcap funding.

At year end, Finnvera had around 25,800 clients (26,500). The exposure for domestic financing grew and a part of the growth came from Large corporates business.

Products and services

Of the domestic financing, 78% comprised guarantees for loans granted by banks. In 2020, this share was 93%. The number of instalment-free periods and rearrangements fell to 7,000 (14,000); this is one half of the figure in 2020, a year in which numerous companies resorted to instalment-free periods.

The Finnish financing system has remained effective throughout the coronavirus crisis. The agile forms of cooperation created by Finnvera and the banks in early 2020 were continued. Certain modifications made to Finnvera's products during the pandemic in 2020 remained in place until the end of 2021.

The banks had access to an 80% Finnvera guarantee and a record number of EU instruments. Finnvera also tapped EU funding. Finnvera and the European Investment Fund agreed to extend the COSME LGF counter-guarantee agreement

for SMEs, which will enable Finnish SMEs to benefit from Finnvera's SME Guarantee until the end of 2023.

In December, Finnvera signed an Implementing Partner agreement with the European Commission under the CEF AFIF facility. The purpose of this facility is to support the deployment of alternative fuels and to contribute to reducing CO₂ emissions from transport. Finnvera continued preparations for implementing partnership in the InvestEU programme with the European Commission.

Efforts were made to further increase the uptake of Growth Loans intended for growth and internationalisation projects and business reorganisation. The Growth Loan is a so-called junior loan which, in the context of lending, is to a great extent comparable to an enterprise's equity and improves its possibilities of acquiring external financing. More advantageous terms and pricing for these loans were introduced in 2020. Efforts to promote the uptake of Growth Loans as well as Finnvera's Entrepreneur Loans will continue in 2022.

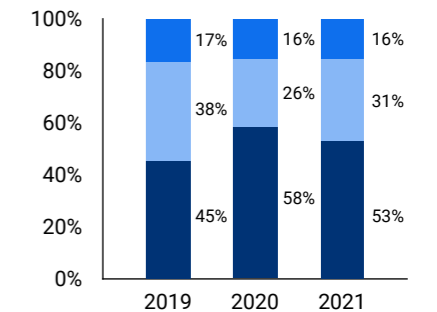
New record in financing for transfers of ownership

Transfers of ownership are important from the perspective of renewing the corporate structure. In 2021, EUR 174 million (EUR 141 million) was allocated to transfers of ownership. This was the highest amount in ten years and exceeded the previous peak year's figure by 13%. As a positive trend, transfers of ownership were seen particularly in the segments of enterprises operating in the domestic market as well as companies seeking growth and internationalisation, and they were increasingly related to seeking growth through acquisitions. The average size of transfers of ownership financed by Finnvera increased slightly. Finnvera was involved in 813 (768) transfers of ownership.



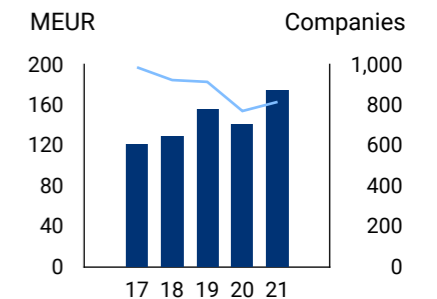
Mellano Oy, which produces fixed furniture in Lapinlahti, challenges international competitors with its agile, carefully thought-out and scalable concept. The company has discovered a path to growth and internationalisation.

Share of investments and working capital in the overall projects financed %, domestic financing



- Working capital, 2021: 53%
- Investments, 2021: 31%
- Other, 2021: 16%

Transfers of ownership financed



- MEUR, 2021: 174
- Number of companies, 2021: 813



More financing for SMEs' exports

Export guarantees for SMEs amounted to EUR 272 million (EUR 268 million) which, similarly to transfers of ownership, was the highest figure in ten years. Under a special mandate from the European Commission, Finnvera could continue granting credit insurance for projects in Western industrialised countries and, for example, EU countries. One of Finnvera's long-term strategic goals is

to increase the number of enterprises using the export financing services.

More than 150 virtual export financing workshops and 300 export financing guidance sessions were organised for companies during the year. The workshops are part of Finnvera's client advisory service provided free of charge, and they will be continued in 2022.

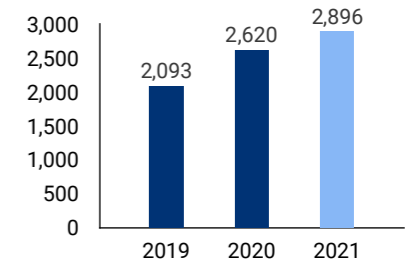


Launching exports takes strategic intent and long-term work, but when successful, it will increase the company's turnover by figures that cannot be achieved on the domestic market. Each market is different, and nobody knows this better than Nordic Spa, a hot tub manufacturer that has quadrupled its turnover.

The number of client contacts returned to a normal level in 2021. Finnvera received more than 12,500 calls (17,000) and answered 92% of them. The largest number of calls was received in March. Finnvera's experts had 1,300 discussions on chat. The topics for contacts also reverted to normal themes. On chat, clients made enquiries about transfers of ownership, starting a company and, in particular, start-up financing.

Banks can apply for several products and notify Finnvera of any changes on behalf of the company. Contacts made by banks increased in 2021, and around one in four calls came from banks.

3-year-trend of exposure, MEUR
Loans, guarantees and export guarantees





Juuso Heinilä
Executive Vice President,
SME and midcap business

Executive Vice President's review

A year of new growth despite the uncertainty

The economy and exports recovered in 2021. Companies needed financing to respond to pent-up demand and for new growth, rather than for dealing with the aftermath of the coronavirus crisis. In domestic financing, year 2021 was unexpectedly busy.

Describe the year 2021 from the perspective of domestic financing?

The SME financing focused more accurately than ever before on our priorities, or start-ups, business growth and renewal of companies as well as internationalisation. The domestic financing granted by us reached EUR 1.7 billion, and when we include the domestic financing for large corporates, measured in euros we even exceeded the record figures of 2020. We financed growth, transactions and transfers of ownership more than ever before. We helped many companies to get up and running after a sluggish period.

We witnessed the differentiation of companies and sectors and met entrepreneurs who were in a wide variety of different situations. Some were seeking growth for their enterprise, while others faced challenges due to lack of components and labour and increased costs, or their topmost concern was making it through the crisis. We covered some rearrangements and instalment-free periods

in tourism and hospitality but were also delighted to finance start-ups in this industry.

The result of the SME and midcap business in 2021 stood at EUR 34 million (EUR 87 million).

How willing were Finnish companies to invest in 2021?

Investments got off the ground, and we co-financed investments of over EUR 1 billion during the year. I would still like to see more investments in the SME sector. In comparison with their counterparts in competing countries, it appears that Finnish companies have not been equally brave when it comes to investing. Investments in both fixed capital and product development are needed to boost the Finnish economy into more permanent and sustainable growth.

Investments got off the ground, and we co-financed investments of over EUR 1 billion during the year.

What were the biggest successes and challenges of the year?

The greatest success of the year was reaching a very high net promoter score in our client satisfaction survey. These figures indicate that we succeeded in our work for the benefit of our clients and that our clients value our services.

I was also delighted to see that our financing targeted growth and internationalisation. We granted a record-breaking number of export credit guarantees to SMEs.

The greatest challenge was the uncertainty of the outlook. From the perspective of developing SMEs' exports, the challenge lies in Finnish companies' inability to access an equally wide range of financing solutions for export transactions as companies in competing countries.

The pending reform of the legislation on direct lending will also enable us to find new solutions.

What is the outlook for 2022 like?

We will be challenged by new requirements under financial and banking regulation. We will diversify our efforts to enable Finnish companies to launch, grow and internationalise their business. Working closely together with private financing providers, we will continue to meet the shortfall in the financial market. As new solutions, we are working on a novel type of export financing package and preparedness to provide direct lending in certain situations also in Finland.

How is corporate responsibility visible in Finnvera's business?

We are creating more financing solutions especially for projects related to climate change. We wish to improve Finnish SMEs' possibilities to participate in solving the most critical climate problems through their products and to promote their business. We will also encourage companies to recognise the impacts of the growing corporate responsibility requirements on their business in the future.

The average NPS score, which describes our clients' willingness to recommend us, was

67
in 2021.

Export financing

Finnvera's export financing grew in 2021 when measured in euros, whereas the previous year's increase in the number of financing arrangements, which was due to a high demand for credit insurance in 2020, levelled out. Many export sectors did well despite the coronavirus pandemic. Cruise shipping, which had been hard hit by the pandemic, was able to relaunch operations globally. Towards the end of the year, however, the outlook was dimmed by the spread of the Omicron variant.

Finnvera granted export credit guarantees and special guarantees amounting to a total of EUR 4.3 billion (2.9), mainly for large corporates' export transactions. This represented a year-on-year increase of 48%. Export credits granted by Finnvera amounted to EUR 0.7 billion (1.1).

The annual volume of export financing is always influenced by the timing of individual major export

transactions, which is why annual variations are typically large. The absence of large individual projects was reflected in the demand for export financing, and part of the volume of both the export guarantees and export credits granted by Finnvera was associated with rearrangements of existing finance. The year-on-year increase in the volume of financing granted in 2021 is also explained by the fact that Finnvera was able to finance export companies' projects and investments in Finland as the exceptional situation created by the coronavirus pandemic continued.

In situations resulting from the pandemic, Finnvera was able to grant an 80% guarantee for loans responding to large corporates' working capital needs of up to EUR 100 million, however without becoming the main provider of financing. From April 2021, Finnvera was able to grant loans totalling EUR 650 million to large corporates within the framework of the European Investment Bank's EGF facility. The largest amounts of financing granted under the guarantee facility went to the steel and battery industries, to Outokumpu and Valmet Automotive.

In 2021, Finnvera granted construction-phase financing to such beneficiaries as shipyards in Finland.

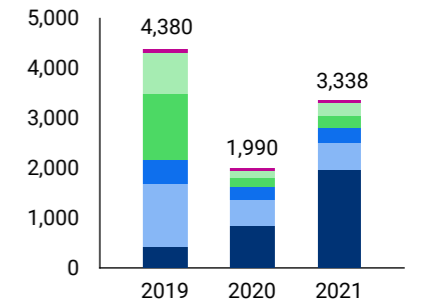
As in the previous years, the export credit guarantees granted by Finnvera went to the shipping industry, shipyards, telecommunications sector and forestry. An export credit



The electrification of transport has boosted the battery cluster into a phase of strong growth in Finland. Finnvera's EGF funding supports Valmet Automotive's transition into transport electrification. This change will have a significant impact on Finnish exports and jobs.

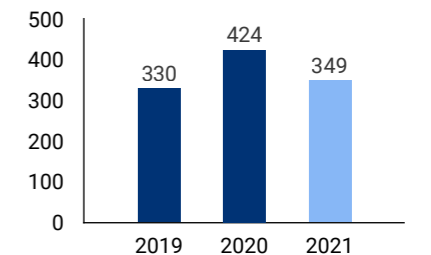
[Read more >](#)

Export credit guarantees and special guarantees that came into effect by region, MEUR



- EU countries, 2021: 58%
- Other Europe, 2021: 16%
- North America, 2021: 9%
- South and Central America, 2021: 8%
- Asia, 2021: 8%
- Middle East and North Africa, 2021: 1%
- Sub-Saharan Africa, 2021: 0%

Number of guarantees and special guarantees granted



Export credit guarantees and special guarantees granted

EUR 4.3 billion
(2020: 2.9)

Export credits granted

EUR 0.7 billion
(2020: 1.1)

Credit insurance type guarantees granted

EUR 406 million
(2020: 99)

guarantee for a loan amounting to EUR 500 million granted to Metsä Fibre's bioproduct mill in Kemi was one of the highest individual amounts. Finnvera is the largest individual provider of debt financing in this project. In the mining sector, Finnvera granted Boliden a raw material guarantee for a USD 250 million loan to secure the company's copper supply in Chile.

Approximately one half of Finnvera's export financing exposure is associated with cruise shipping, the export financing sector that continued to suffer the most during the pandemic. Shipping companies were able to relaunch their cruise activities around the world. In late 2021, however, the spread of the Omicron variant had a negative impact on the industry's outlook.

New ships were also handed over to buyers from Finland during the pandemic. Costa Toscana was handed over from Meyer Turku Shipyard to Costa Cruises in December 2021, and the first one of two cruise ships ordered by Swan Hellenic Shipyard was handed over from Helsinki Shipyard. Finnvera's export guarantee decision regarding Costa Toscana was made as early as 2017, which reflects the length of the processes involved in large-scale export goods.

While orders were generally increasing in the export industry, the demand for Finnvera's new export guarantees dropped slightly compared to 2020, indicating a slackening pace of new orders especially in the shipbuilding sector. Other factors that influence the demand for Finnvera's export financing include good access to financing from other sources internationally and fiscal stimuli in different countries.

Finnvera's exposure related to export credit guarantees and special guarantees grew, and at the end of 2021 nearly one half of the exposure consisted of binding offers or commitments related to export companies' future deliveries.

Demand for export credit guarantees with a short risk period levelled off

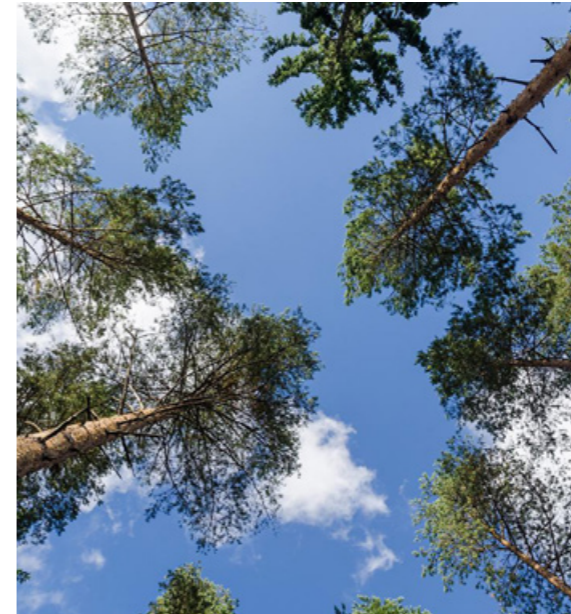
In the export credit guarantees granted, the share of buyer credit guarantees was EUR 2.1 billion (EUR 1.6 billion). The demand for buyer credit guarantees reflects the structure of Finnish exports and the fact that the financing of capital goods exports requires long payment periods and long-term credits for export companies' buyer clients.

As far as small and medium-sized export transactions are concerned, Finnvera typically promotes them with credit insurance and the Documentary Credit Guarantee with a repayment period of less than two years.

Granted by the European Commission, Finnvera's special authorisation to give guarantees with a short risk period for exports to so-called marketable risk countries, including the EU Member States, Japan and the United States, continued beyond 2021. This authorisation is based on an extensive package of measures that the European Commission introduced due to the coronavirus pandemic. The special authorisation will remain valid until the end of June 2022.

The number of credit insurance type guarantees used increased in 2020, especially in SMEs, but levelled off in 2021. Finnvera granted 199 (266) credit insurance type guarantees, or Export Receivables Guarantees, Receivables Purchase Guarantees and Credit Risk Guarantees amounting to a total of EUR 406 million (EUR 99 million). The growth measured in euros is explained by credit risk guarantees granted to large corporations. Credit insurance allows an export company to protect itself against credit losses and improve its competitiveness by offering the buyer a longer term of payment.

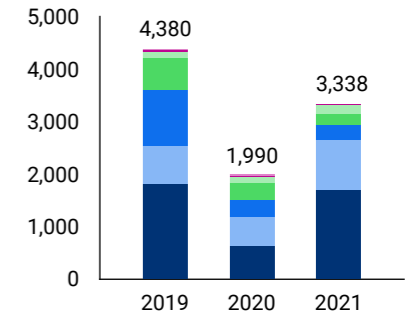
The use of Documentary Credit Guarantees reflects Finnvera's role in sharing the political risks associated



Fintoil Hamina Ltd accessed EUR 70 million of green bond funding. Finnvera participated in the bond with a significant share based on its conditional subscription guarantee. Fintoil is building a biorefinery in the Port of HaminaKotka, which will make Fintoil the world's fourth largest refiner of crude tall oil with a market share of approximately 10%.

with export trade and is a sign of banks wishing to resort, to an increasing extent, to Finnvera as a guarantor of risks. Finland granted almost as many Documentary Credit Guarantees in 2021 as in 2020: 107 guarantees (111) and EUR 185 million (EUR 177 million).

Export credit guarantees and special guarantees that came into effect by sector, MEUR



- Cruise shipping, 2021: 51%
- Pulp and paper, 2021: 28%
- Mining and metals, 2021: 8%
- Other*, 2021: 6%
- Telecommunications, 2021: 1%
- Other industries, 2021: 1%
- Energy, 2021: <1%

* Including other risks such as state and bank risks.

Update of credit insurance services and product range

In May, Finnvera upgraded its credit insurance e-services, allowing export companies to submit electronically their export declarations and, for example, applications for new export guarantees.

The updated Credit Risk Guarantee will replace the Export Credit Guarantee and the former Credit Risk Guarantee, which will be phased out in 2022. The Credit Risk Guarantee covers the risk of a foreign buyer failing to pay the transaction amount, or the transaction falling through during the manufacturing period. The guarantee may also cover the political risk arising from the buyer's country and the sovereign risk. The new Credit Risk Guarantee also includes subsidiary insurance, where the guarantee holder is a Finnish company and the exporters are its foreign subsidiaries or companies controlled by it. This enables Finnvera to serve a wider group of exporters.

Export credit guarantee and special guarantee exposures in over 93 countries

Finnvera had export credit guarantee and special guarantee exposures in 97 countries. In approximately 20 countries, the exposure exceeded EUR 100 million. In almost one half of the countries, it amounted to more than EUR 10 million. In 2021, the strongest demand for Finnvera's export financing in euro amounts outside Europe was related to trade with Latin America.

Geographically, roughly one half of the total exposure for export credit guarantees is related to trade with the United States. Credit insurance was granted to a wide variety of sectors and, under special authorisations, for trade with almost all EU countries and the United Kingdom.



A historic investment in Finland's future was made in Kemi. In 2021, foundations were laid for a bioproduct mill in Kemi, which will start operating in 2023. This is the largest domestic investment in the history of the Finnish forest industry. Its value is EUR 1.6 billion.

[Read more >](#)

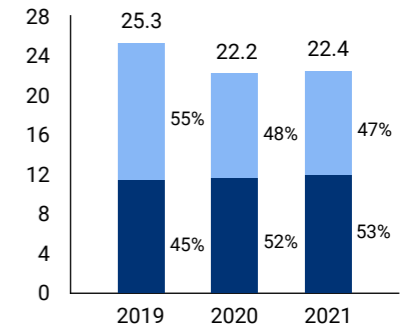
On the African continent, guarantees were granted especially for trade with North African countries.

Finnvera's traditional large-volume credit insurance countries are Russia and Turkey, while the largest country exposure with a political risk is related to Russia. Traditionally, the role of export credit agencies is emphasised in export projects directed to countries with a political risk, examples of which are export guarantees for the construction of telecommunications networks in Argentina and Turkey in 2021.

Reinsurance secured risk protection

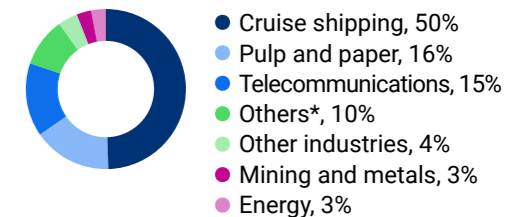
Protection against risks carried by Finnvera has been developed actively for several years, and the maximum indemnity amount of Finnvera's reinsurance arrangements at the end of 2021 was EUR 1.2 billion (EUR 1.3 billion), or 10% of the drawn guarantees. New reinsurance policies amounted to over EUR 300 million, but some of the planned reinsurance arrangements did not go ahead due to the coronavirus pandemic.

Export credit guarantee and special guarantee exposure, EUR billion



- Undrawn guarantees and binding offers, 2021: 53%
- Drawn guarantees, 2021: 47%

Exposure by sector 31 Dec 2021, % Export credit guarantees and special guarantees, in total 22,405 MEUR



* Including other risks such as state and bank risks.



Jussi Haarasilta
Executive Vice President,
Large Corporates

Executive Vice President's review

Climate theme takes on a large role in export financing

Year 2021 marked a period of strong economic growth both globally and in Finland, which was seen in many export sectors as increased orders. The prolonged coronavirus pandemic added to the uncertainty, however. The climate theme played a large role in international discussions on export financing and Finnvera's strategy.

What was 2021 like from the perspective of export financing?

The number of export credit guarantees and special guarantees granted by Finnvera clearly exceeded the previous year's figures. Enterprises carried out large investment projects in many export sectors, and Finnvera made financing decisions related to them.

The annual volume of export financing is always influenced by the timing of individual major export transactions. Extremely large individual financing decisions, such as ship financing, were not made in 2021. A EUR 500 million export credit guarantee for Metsä Group's bioproduct mill in Kemi, which was one of the largest projects during the year, will produce significant new jobs, growth and exports in Finland as its multiplier effects in the years to come.

In addition to export credit guarantees, we provided more financing for the operation of large corporates in Finland. The European Investment Bank's EGF facility expands Finnvera's possibilities of complementing the financial market.

-7%

The carbon intensity level of ship financing was 7% below the target level of the Poseidon Principles, which is based on maritime emission targets of the International Maritime Organization IMO.

The separate result of Finnvera's n Large Corporates business in 2021 was EUR 73 million (EUR -848 million), whereas the previous year's result showed a considerable loss.

The negative effects of the pandemic continued in the cruise shipping sector, which is important in terms of Finnvera's export credit guarantee exposure. While cruise shipping companies were able to relaunch their operations, the Omicron variant hampered their business again in late 2021.

What were the biggest successes and challenges of the year?

We improved the client orientation of our activities by expanding our e-services and clarifying our product range to make it easier for companies to access export financing.

The prolongation of the pandemic increased economic uncertainty. Finnvera's mission as a provider of financing is to create stability. Large export projects are often lengthy processes; consequently, long-term financing is a key factor enabling Finnish export companies and foreign buyers to commit to large export transactions.

What is the outlook for 2022 like?

Uncertainty in the world economy typically emphasises the role of export credit agencies. We strive to respond to this situation by ensuring that Finnvera's export financing is competitive and by introducing new instruments, for example for financing small export transactions.

"

The prolongation of the pandemic increased economic uncertainty. Finnvera's mission as a provider of financing is to create stability.

How is corporate responsibility visible in Finnvera's business?

Our climate actions started to take a very concrete shape in 2021. We reviewed the sectoral policies of our financing, and we will no longer participate in financing new coal-fired power plants or the infrastructure related to them. The backdrop to this is the OECD countries' decision to stop offering export credits for new coal-fired power plants. We will also not finance peat power plant projects abroad.

The coordination of export financing and the climate theme is also supported by intergovernmental initiatives to which Finland is committed. As a State-owned export credit agency Finnvera has good opportunities to promote climate change mitigation: we finance new investments in developing better technologies. Regarding the climate impact of our ship financing, we calculated the CO₂ emissions from our ship financing as a member of the

Poseidon Principles. The result was encouraging, as our emissions were below the international target level according to our goals. The measuring method does not take into account the vessels' methane emissions.

We believe that through financing we will promote the transition to lower-emission solutions.

In the future, we will encourage companies to seize the opportunities of the green transition more systematically, develop the measurement of emissions related to our exposure, and participate in international cooperation on the rules of export financing.

ESG risk management in financing operations

Since the beginning of 2021, all applications for Finnvera's export financing have been screened for environmental and social risks. In 2021, 455 examinations were carried out. The environmental and social risk management process was updated during the year, and detail was added to Finnvera's tax haven and tax avoidance prevention policy in compliance with EU requirements.

By managing the environmental, social and governance risks, or ESG risks for short, Finnvera ensures compliance with corporate responsibility in its financing. Careful

assessment of the projects to be funded is part of Finnvera's risk management.

Our application forms for export credit guarantees were updated in early 2021, and they now contain questions about the use and location of the export product as well as its potential environmental and social impacts and risks. These questions are used to map the ecological values of the project site and determine if the investment could have impacts on the people living in the area, especially any vulnerable groups.

Training related to these changes was organised for the personnel and enterprises in early 2021.

Environmental and social risk management process updated in 2021

Finnvera identifies projects which may have major environmental and social impacts and high risks based on export credit guarantee applications and other potential information sources.

The themes of the risk assessment include the reputation of the export product's end user, the human rights and political situation in the country, the environmental and social risks inherent in the combination of the country and sector, and environmental factors of the site, including the proximity of nature conservation areas or areas used by indigenous peoples. Indicators have been defined for different themes, based on which the application is assigned to risk category (A/B/C) defined by Finnvera. These indicators represent internationally renowned, reliable sources that seek to provide objective information on such aspects as the country's human rights situation.

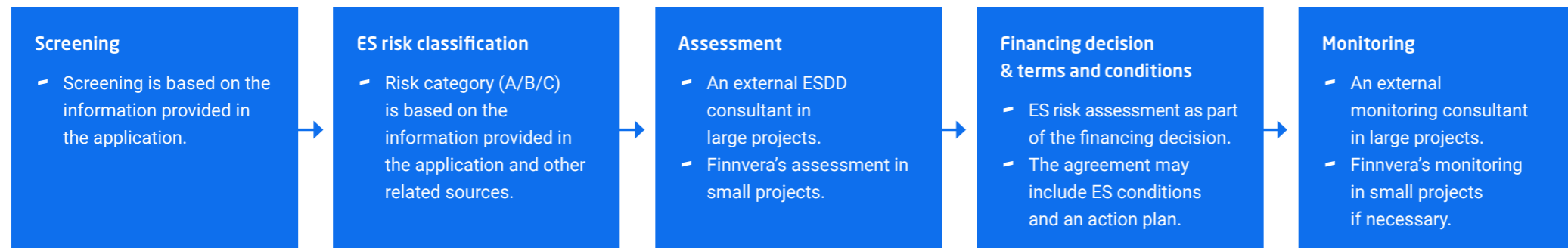
If the risks associated with the sector are high and the target country's legislation related to environmental and social risks is weak or its enforcement is lacking, Finnvera has a more stringent obligation to ensure that national and international requirements are met. Finnvera's possibilities of influencing the environmental and social factors of the

For a more detailed description of the ES risk management process, see Finnvera's Export guarantee operations page.

[Read more >](#)



Environmental and social risk management process



project also play a role in risk management and the financing decision. The State of Finland as Finnvera's owner has instructed Finnvera to give more weight to the United Nations Guiding Principles on Business and Human Rights (UNGPs) when assessing financing projects.

An application related to an investment that may involve significant negative environmental or social impacts or risks, including human rights risks, is placed in risk category A. The impacts may be permanent or complex, or extend beyond the location of the project. In risk category B, the impacts are smaller and easier to manage, local and largely reversible. Even in risk category B, higher-risk projects are assessed more thoroughly. Applications in risk category C are not associated with negative environmental and social impacts, or these impacts are minor. Consequently, no ES assessment is needed for an application placed in risk category C.

Assessment of export projects in 2021

Finnvera received 455 applications in 2021, of which 309 were screened for environmental and social risks. Of these, 42% were placed directly in risk category C. For letters of credit and bank risk guarantees with a payment period of less than two years, an ex post evaluation of the environmental and social risks is carried out annually. The number of these guarantees was 113. Applications that were not automatically placed in risk category C or which were not covered by ex post evaluations were processed by experts of environmental and social risks. The number of such applications was 180, and 37% of them were initially placed in risk category A, 26% in risk category B, and 34% in risk category C. Large projects accounted for 35 of these applications.

In its assessments, Finnvera works closely together with various stakeholders, including other export credit agencies,

export companies, buyers, and banks. In large category A projects, which include pulp mills, mines or power plants, the processing time is typically months or even years. In 2021, the largest assessed projects were located in Brazil, Chile and China.

In discussions with the parties of the export transaction, the environmental and social criteria necessary for the realisation of the transaction are always reviewed. The aim is to be proactive and to guide, ensuring that the transaction can meet the financing decision requirements. This is not always the case, however. One financing application was turned down in 2021 because of its social and environmental risks. The reasons for this were extremely serious shortcomings in managing the project's environmental and social risks and the operator's bad reputation.

Important site visits were not possible during the pandemic

After the application and screening stage of large risk projects, a due diligence consultant visits the site of the

transaction to be financed and prepares an Environmental and Social Due Diligence (ESDD) report. The report assesses if the project meets the requirements of the World Bank Group's Environmental, Health, and Safety Guidelines and the IFC Environmental and Social Performance Standards as well as the preconditions of Finnvera's ES risk management policy. In addition, it lists the measures that must be taken to meet these requirements.

In some cases, a site visit by a Finnvera expert is also desirable. On such visits, the operator's attitude, ability and practices related to risk management are assessed. In addition, we listen to the opinions of various stakeholders in the area affected by the project, including NGOs, authorities and people, to get a comprehensive overview of the project and to understand local circumstances.

The pandemic continued to make site visits impossible in 2021. In some cases, site visits were organised virtually using remote connections and drone cameras. Finnvera plans to visit the sites of high-risk projects as soon as the situation permits. In credit agreements, an effort has been



Valmet supplied equipment for a textile recycling plant in Sweden covered with Finnvera's guarantee

This financing project will have positive environmental impacts as it improves the efficiency of textile recycling and further use. While funding pulp mills is a significant part of Finnvera's financing activities, dissolving pulp is a more recent product for Finnvera.

[Read more >](#)

The assessment and management of impacts and risks in Finnvera's export credit guarantee projects exceed the minimum level of the OECD Common Approaches, which concern export guarantees with a repayment period of over two years.



Finnvera carried out an environmental and social risk assessment on

455

export guarantee applications



made to ensure that Finnvera gets sufficient access rights to the project area.

If the project also meets the requirements for managing environmental and social risks, the financing decision may be approved. A monitoring plan for the project will then be produced. In transactions with particularly high risks, a consultant monitors the activities throughout the loan repayment period. If problems emerge, the primary means to address them is negotiations.

More detailed tax haven and tax avoidance prevention policy

The "Know Your Customer" (KYC) process is an essential part of processing financing applications. It includes registering the clients' identifying data and information on the company's ownership structure, the nature of

its business and the object of financing. Applicants are also required to provide information on beneficial owners and so-called PEP information, which indicates if the beneficiary of the client enterprise is a politically exposed person. The background screening also extends to the export company's buyer client and, if necessary, to other parties in the project to be financed in most export financing products.

Finnvera's operating policies are reviewed and updated annually. In 2021, detail was added to the Tax haven and tax avoidance prevention policy to ensure its compliance with the requirements of identifying and preventing tax avoidance, which must be met in order to access EU financing. When channelling EU funds, Finnvera cannot grant financing to a company if its ownership is even partly in a tax haven blacklisted by the EU.



Finnvera guarantees Valmet and Andritz deliveries to China

Sun Paper, one of the biggest operators within its industry in China, invests around EUR 2 billion in a new integrated greenfield pulp and paper mill in Beihai, South China. The deliveries guaranteed by Finnvera are related to the first phase of the project, which focuses on the production of writing and printing paper.

[Read more >](#)

Finnvera's corporate responsibility policies, the company's Code of Conduct, the Anti-bribery policy, the Environmental and social risk management policy for financing, and the Tax haven and tax avoidance prevention policy were reviewed and approved by Finnvera's Board of Directors.

37%

Of the screened export projects 37 per cent were placed in risk category A.

Asset management

The coronavirus pandemic continued to affect funding in 2021. As in 2020, the amount of export credits granted, was lower than in previous years. For this reason the scale of Finnvera's funding activities was smaller than usual.

Finnvera operates actively on international capital markets. While Finnvera's annual funding has typically totalled approximately EUR 2.0 billion, during the pandemic it has remained at approx. EUR 1.0 billion. In practice, this has meant one EUR-denominated and one USD-denominated benchmark bond issue per year.

Similarly to 2020, the need for export financing was lower than usual in 2021. Finnvera issued one benchmark bond in October. This was a USD 1.0 billion bond that will mature in 2026.

Finnvera mainly carries out its funding activities within the framework of the state-guaranteed EMTN programme and, from the beginning of 2022, also more extensively within the state-guaranteed ECP loan programme. This programme will provide Finnvera with additional tools for liquidity management. At the end of 2021, the outstanding bonds issued under the EMTN programme amounted to approximately EUR 10.0 billion (EUR 9.7 billion).

The demand for financing is mainly influenced by the banks' ability to provide loans to businesses and by global economic development. Rough plans on funding needs are made for a minimum of one year ahead of time, and they



are based on estimates of clients' needs for financing and debt maturity. The estimated amount of long-term funding for 2022 is EUR 1.0 billion of funding with a term exceeding one year.

Finnvera uses the acquired funds for financing export credits. The goal of funding is enabling competitive financing for the clients of Finnish export companies.

Perspective of sustainable financing to be emphasised in investor communications

International institutional bond investors mainly come from Europe, Asia and North America. Most of them are financial institutions, such as banks, central banks, insurance companies and asset managers.

Finnvera has evaluated its activities on capital markets both as an issuer and an investor from the perspective of sustainability. In investor communications, providing information from the perspective of sustainable financing will be increasingly emphasised. When developing communications addressed to investors, numerous reporting frameworks related to corporate responsibility and sustainable development will be taken into account in order to respond better to investors' growing requirements.

In 2022, Finnvera plans to create a more detailed sustainable investment framework. This framework will determine the preconditions for sustainable and responsible investments and systematically allocate capital to investments that meet these preconditions.

A guarantee by the State of Finland is a sign of a low-risk bond for investors. The oversubscription of Finnvera's bonds signals a growing demand and shows that previous issues and active work in investor relations have increased Finnvera's recognisability on international capital markets.



Key figures

Finnvera Group	2021	2020	2019	2018	2017
Key P&L figures					
Net interest income, MEUR	55	51	41	42	46
Net fee and commission income, MEUR	167	143	141	135	127
Other operating income, MEUR	4	349	0	4	1
-Of which fund payment from The State Guarantee Fund, MEUR	-	349	-	-	-
Operational expenses, MEUR	-46	-44	-42	-46	-43
-Of which salaries including social security costs, MEUR	-30	-29	-29	-28	-29
Realised credit losses and change in expected credit losses, MEUR	-46	-1,269	-60	-45	-42
Credit loss compensation from the State, MEUR	35	36	17	24	23
Operating profit/loss MEUR	164	-740	100	100	109
Profit/loss for the period MEUR	153	-748	94	98	107
Key balance sheet figures					
Loans to and receivables from customers, MEUR	7,404	7,088	8,083	6,876	5,846
Investments, MEUR	3,323	3,474	3,231	2,665	3,084
Liabilities, MEUR	11,356	11,946	11,202	9,681	9,023
-of which debt securities in issue, MEUR	10,285	10,379	10,138	8,783	6,483
Shareholders' equity, MEUR	863	727	1,463	1,358	1,314
- of which non-restricted equity, MEUR	626	473	1,221	1,126	1,062
Balance sheet total, MEUR	12,220	12,673	12,665	11,039	10,337
Key ratios					
Return on equity, ROE, %	19.2	-68.3	6.7	7.4	8.5
Return on assets, ROA, %	1.2	-5.9	0.8	0.9	1.1
Equity ratio, %	7.1	5.7	11.6	12.3	12.7
Capital adequacy ratio, Tier 1, Domestic operations, %	23.9	25.1	29.4	27.2	25.3
Capital adequacy ratio, Tier 1, Export credit guarantee and special guarantee operations, % 1)	3.4	1.3	6.9	6.8	
Expense-income ratio, %	23.5	26.4	25.4	29.3	27.2
Average number of employees	366	360	364	372	383
Finnvera plc, domestic financing					
Loans, guarantees and export credit guarantees offered, Billion EUR	1.7	1.7	1.0	0.9	1.0
Outstanding commitments, Billion EUR	3.1	2.9	2.3	2.3	2.5
Number of start-up enterprises financed	2,400	2,700	2,400	2,600	3,100
Number of new jobs created with the help of financing	8,600	8,700	8,400	7,900	9,300
Finnvera plc, export financing					
Export credit guarantees and special guarantees offered, Billion EUR	4.3	2.9	5.2	3.0	7.5
Outstanding commitments, Billion EUR	22.2	22.0	25.2	23.3	22.2
Finnvera plc, clients					
Number of clients, domestic financing and export financing together	25,800	26,500	24,500	25,700	27,300

1 The publishing of capital adequacy ratio, Tier 1, for export credit guarantee and special guarantee operations began in 2019, when the figure for the comparison year 2018 was also provided. No specific requirement has been set for the capital adequacy of Finnvera's export financing because ultimately it is the State that is responsible for any major export credit guarantee losses if the equities accumulated from operations and the assets of the State Guarantee Fund were not sufficient for covering these losses. Consequently, calculating capital adequacy in a manner similar to that applied to banking is not a suitable option for Finnvera, considering its special industrial policy purpose as a promoter of exports.

Formulas for the key indicators

Return on equity % (ROE)	$\frac{\text{profit/loss for the period}}{\text{equity (as the average of the value at the beginning and the end of the period)}} \times 100$
Return on assets % (ROA)	$\frac{\text{operating profit/loss} - \text{income taxes}}{\text{balance sheet total on average (as the average of the value at the beginning and the end of the period)}} \times 100$
Equity ratio, %	$\frac{\text{equity} + \text{minority share} + \text{accumulated appropriations} - \text{deducted by the deferred tax liability}}{\text{balance sheet total}} \times 100$
Capital adequacy, Tier 1	calculated according to Basel III standard method
Expense-income ratio, %	$\frac{\text{administrative expenses} + \text{depreciation, amortisation and impairment from tangible and intangible assets} + \text{other operating expenses}}{\text{net interest income} + \text{net fee and commission income} + \text{gains/losses from financial instruments carried at fair value and foreign exchange gains and losses} + \text{net income from investments} + \text{other operating income excl. fund payment from The State Guarantee Fund}} \times 100$
Average number of employees	based on monthly average for the whole period

Risk management at Finnvera

The worst threat scenarios of the coronavirus pandemic were not realised in 2021. The uncertainty associated with the prolongation of the pandemic continued, however, and became more acute towards the end of the year. In particular, this uncertainty could be seen in Finnvera's export financing.

In 2020, Finnvera's task was to secure financing across a broad front and to ensure the availability of lending for viable enterprises to overcome the crisis. However, the impacts of the crisis were not seen in domestic financing as strongly as predicted in the early stages of the pandemic. The credit risk level remained stable in 2021, and the solvency of companies remained rather good.

Finnvera's exposure related to domestic financing grew, and part of the growth came from Large corporates business. Nearly one half of the total exposure related to SME and midcap financing was associated with manufacturing. The share of tourism companies in the financing increased significantly in 2020, only to return to normal levels in 2021.

Of the domestic financing exposure 72% was in risk categories BB and B. While BB and B are risk categories of so-called normal financing for Finnvera, companies belonging to them may struggle to access financing in the market. As for enterprises in risk category CCC, their ratings have usually declined after the financing was originally granted and their credit risk has clearly increased.

These companies accounted for 11.6%, while category D companies accounted for 3.5%. Finnvera's financing is usually less important in categories BBB and higher.

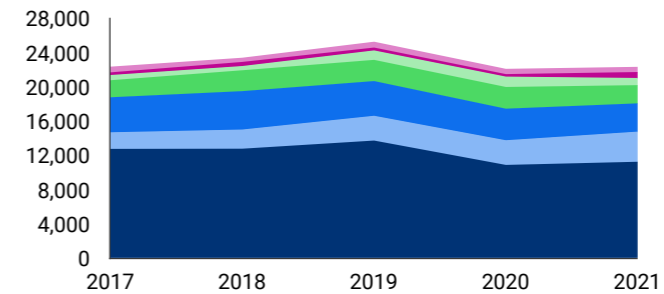
In domestic financing, the company's ability to take risks was significantly influenced by the fact that Finnvera's authorisation to grant domestic financing was raised to EUR 12 billion in 2020, while the State's credit and guarantee loss compensation was raised from 50% to 80%. The increase in loss compensation is valid until further notice but at most until the end of 2022.

Outlook for export financing remains uncertain

The Finnvera Group made a positive result in 2021. No significant new credit loss provisions had to be made for export credit guarantees, and no essential final losses were realised. There were no grounds for decreasing the substantial credit loss provisions made in 2020, however, and they were kept at the previous year's level. According to the IFRS 9 standard, credit loss provisions must be made in a proactive manner and in accordance with the prudence principle.

To make the financing of new export projects possible, the government decided in December to recapitalise Finnvera's export guarantee and special guarantee operations by EUR 400 million. This amount was based on an estimate of the minimum recapitalisation need and took into account the uncertainty caused by the prolonged coronavirus pandemic. The recapitalisation will be carried out by transferring the funds to the State Guarantee Fund by decision of the Ministry of Economic Affairs and Employment. The State Guarantee Fund is an off-budget entity which covers losses from export credit guarantee and special guarantee operations if the funds in the reserve on Finnvera's balance sheet are not sufficient to cover the loss.

Export credit guarantees and special guarantees, 5-year-trend of exposure by sector, MEUR



Exposure on 31 Dec	2017	2018	2019	2020	2021
● Cruise shipping	12,814	12,835	13,786	10,938	11,308
● Pulp and paper	1,940	2,243	2,901	2,886	3,526
● Telecommunications	4,092	4,487	4,055	3,688	3,303
● Others*	1,993	2,440	2,478	2,539	2,129
● Other industries	611	497	1,108	1,215	840
● Mining and metals	310	478	332	290	693
● Energy	667	492	684	616	606
Total	22,427	23,472	25,344	22,172	22,405

* Including other risks such as state and bank risks.

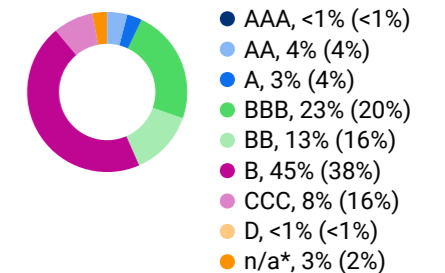
Finnvera's largest export financing sectors are cruise shipping, telecommunications and forestry. The pandemic has actually favoured the telecommunications sector in the form of online trade and the forestry sector as increased demand, among other things in the packaging industry. The outlook for cruise shipping remains dim, and 2021 was still difficult for this sector.

One half of the total exposure for export guarantees is related to cruise shipping. Finnvera's total exposure in cruise shipping reflects the length of the order book resulting largely from the shipyards' limited building capacity. Slightly less than one half of the total exposure comprised binding

For Finnvera's risk control organisation, see the Statement on the Corporate Governance and Steering System.

[Read more >](#)

Export credit guarantees and special guarantees, exposure by risk category 2021, % in total 22,405 MEUR (31 Dec 2020: 22,172 MEUR)



* Including other risks such as state and bank risks.



“Please sign a birthday card for Mika” - information security was tested in interesting ways

In 2021, the company invested in information security and system development in the form of IT procurements, personnel training and exercises. In the autumn, the systems were tested in a continuity exercise in which Finnvera’s server connections were disabled momentarily. The exercise showed that the resilience of the systems was good and that their recovery could be carried out as planned.

Finnvera also organised a Red Team information security exercise. This authorised attack carried out to test the organisation’s, processes’ and technology’s ability to cope with a security incident. The main focus of the exercise was on intelligence and phishing, and it included a social media phishing exercise. The personnel’s awareness was tested with a request to download an attachment named ‘Birthday card for Mika’. A mandatory online course on information security was also organised for Finnvera employees during the year.

offers or commitments related to export companies’ future deliveries. Geographically, slightly less than one half of the exposure is related to the United States.

Of the exposure of the Large Corporates business, 29% was in risk category BBB, which describes investment grade, or in better risk categories. Risk categories declined as a result of the coronavirus pandemic, especially in several cruise shipping companies.

Finnvera’s Board of Directors annually confirms the Group’s risk management principles and risk appetite as well as all key risk policies. For a description, see the section on [risk management in the financial statements](#).

Risk management was evaluated and developed

Finnvera’s strengths during the crisis have included the company’s risk management, which has remained at a good level over the long term, even by international comparison. Along with the increase in its exposure, Finnvera has continuously developed its risk management. The special characteristics of export financing and the concentration of risks in certain sectors, reflecting the structure of Finnish exports, are taken into account in risk management and reinsurance. The risk calculation methods were also evaluated and validated in two separate audits in 2021.

During the year, Finnvera prepared internally for transferring financial supervision to the Financial Supervisory Authority, among other things by conducting risk management evaluations. Finnvera also mapped its risk management level in relation to valid guidelines under banking regulation and introduced an insolvency definition compliant with the regulation, which helps to identify problem claims in credit risk management. A more accurate schedule for the transfer of financial supervision to the Financial Supervisory Authority will be prepared in 2022.

The shares associated with renewable and fossil energy were examined in energy sector’s exposure

Finnvera examined for the first time the company’s exposure related to energy production and its distribution between renewables and fossil fuels.

The exposure of export financing related to energy production and distribution amounted to EUR 758 million at the end of 2021, of which fossil energy accounted for 66%, renewable energy for 24% and peat for 6%, including guarantees related to power generation, electricity and heat distribution. Non-categorised guarantees accounted for 4%.

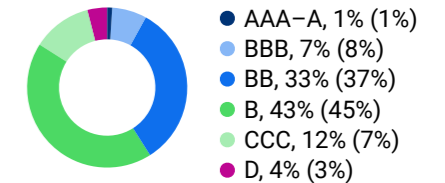
In domestic financing, the exposure for energy production amounted to EUR 24 million at year end. Of this exposure, a major share was related to renewable energy.

The analysis took into account the sectors related to electricity and gas production and the production and distribution of heat and cooling.

Impact of ESG risks on credit risk was examined

Finnvera produced a report on the impacts of climate change on companies’ credit risk, especially in export financing, in 2021. The report indicates that climate change is already having concrete impacts on the credit risk in various sectors, for example through regulatory and technological changes. The report examined possible models for taking ESG risks into account in the risk categories of export financing. Finnvera currently applies a risk classification model for export financing exposures that makes it possible to indirectly address the impacts of climate change.

Exposure by risk category 2021, % Loans, guarantees and export guarantees, in total 2,896 MEUR (31 Dec 2020: 2,620 MEUR)



Exposure by sector 2021, %, Loans, guarantees and export guarantees, in total 2,896 MEUR

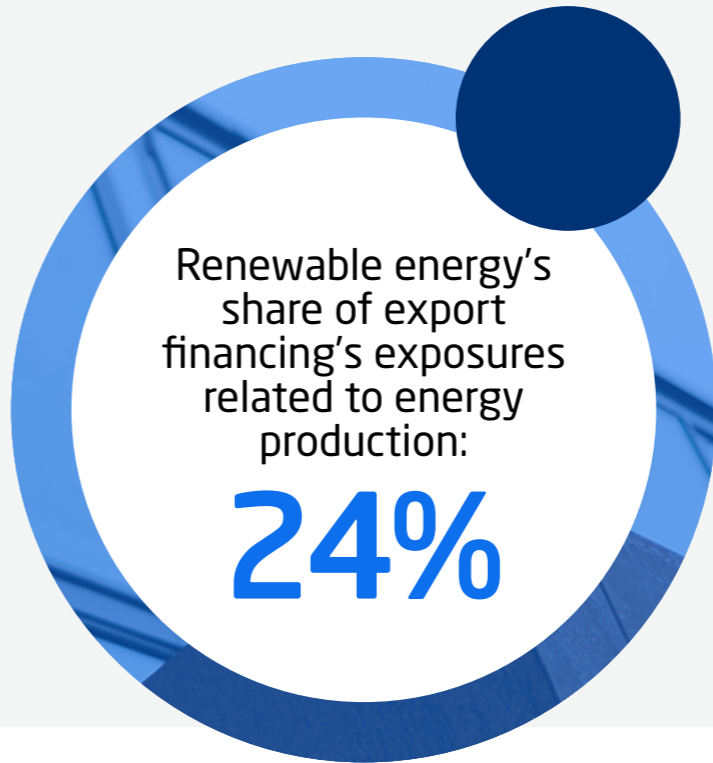


Corporate responsibility management



Corporate responsibility is the cornerstone of Finnvera's operations

A materiality analysis of corporate responsibility conducted in 2021 laid a solid foundation for strategy work, which aimed to prepare for the challenges of a post-pandemic world and to provide a better response to investors' growing ESG information needs. Climate change and international goals of limiting global warming are some of the key challenges affecting companies' operations. Finnvera plays an important role in achieving this goal, especially as a provider of export financing. Corporate responsibility and the impact of financing are interlinked in Finnvera's strategy.



We updated our sectoral financing policies

In keeping with our new sectoral policies, Finnvera will no longer finance coal-fired power plants or infrastructure related to them, nor peat power plant projects abroad. However, Finnvera's financing continues to be compatible with most sectors.

We measure climate impacts and identify risks

In the future, we will measure the climate impacts of our activities and report on them to stakeholders. We will set a target for reducing the climate impacts of our exposure. We will identify climate change risks.

Corporate responsibility in Finnvera's own operations and financing projects

Finnvera wishes to carry its social responsibility in its own operations, HR work and projects to be financed alike.



We help companies see climate actions as opportunities

Finnvera's financing mainly targets new investments, which typically replace old and more polluting technologies. We work together with our clients to increase the number of projects that create solutions to climate change. We encourage our clients to carry through these projects.

Financial responsibility as the cornerstone of operations

One of the cornerstones of our operations is long-term self-sustainability, which we ensure through controlled risk-taking.

Corporate responsibility management at Finnvera

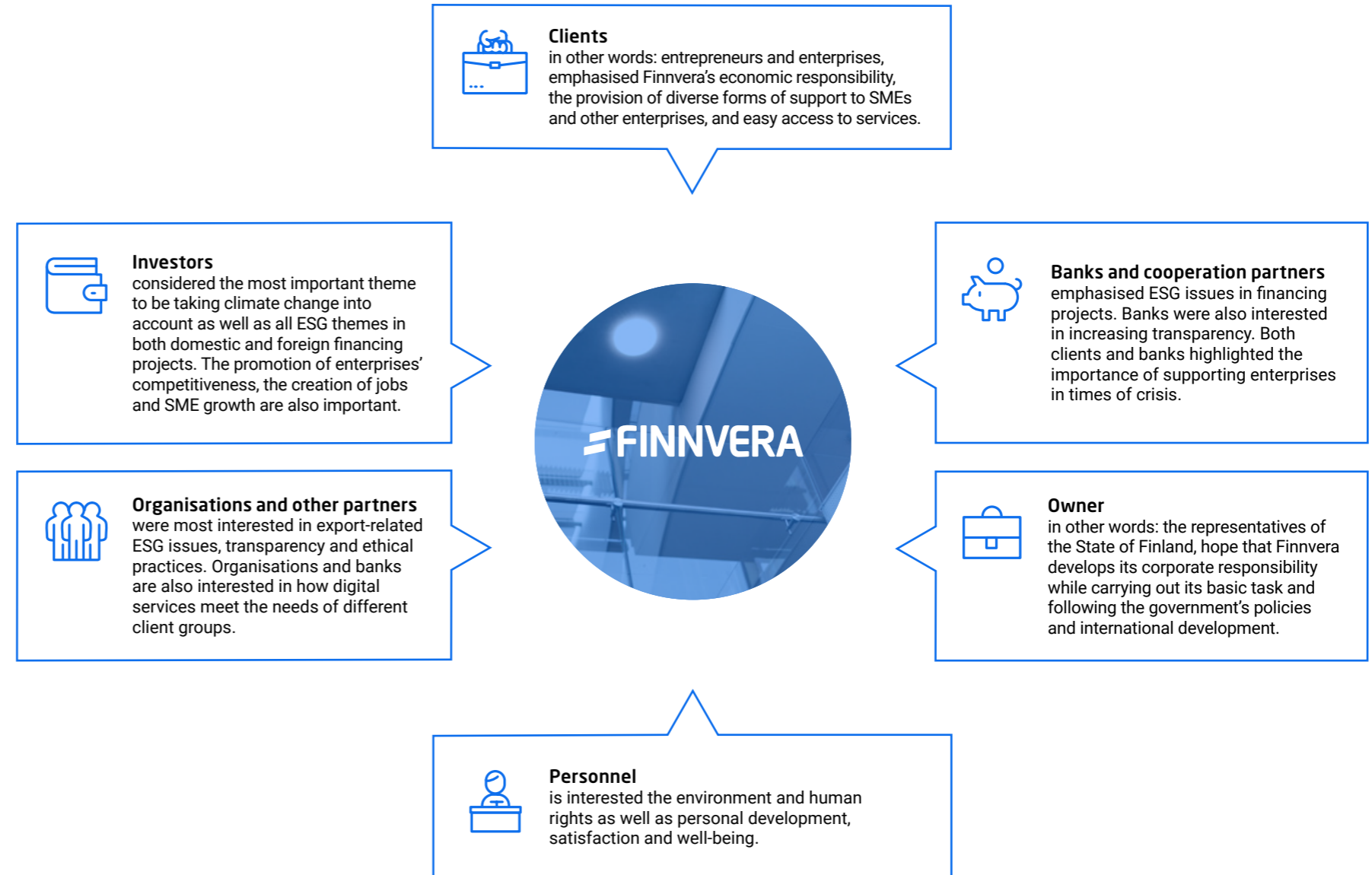
Corporate responsibility is the cornerstone of Finnvera's operations. In 2021, the company prepared its new strategy to meet the challenges of a post-pandemic world. In this strategy, corporate responsibility plays an increasingly large role. The new strategy highlights climate change as a special factor that directs the company's operations, while traditional corporate responsibility themes also remain important. In 2021, responsibility management largely focused on setting targets and indicators for the climate impacts of projects financed by Finnvera.

Climate change emphasised in key themes of corporate responsibility

In the face of a rapidly changing world, keeping the work on corporate responsibility up to date is important. The aim of a materiality analysis carried out in cooperation with Finnvera's main stakeholders in 2020 was to ensure that the company's operations meet current expectations and focus on the most significant issues in terms of impacts. Finnvera's four key themes of corporate responsibility identified on the basis of this analysis are

1. responsible operating methods,
2. boosting the competitiveness of the Finnish economy and companies,
3. respect for the personnel and human rights, and
4. client orientation.

Stakeholders' views on Finnvera's material corporate responsibility topics



The material topics of Finnvera's corporate responsibility

The material topics of corporate responsibility are based on the materiality analysis conducted in 2020. The topics have been refined taking into account the company's strategy and business:

Responsible operating methods

- Environmental and social responsibility in financing projects
- Working against corruption, bribery and tax havens
- Taking actions against climate change
- Sustainable financing
- Minimising the environmental impact of our own operations and procurement
- Financial responsibility

Boosting the competitiveness of the Finnish economy and companies

- Strengthening growth and competitiveness among small-scale entrepreneurs and SMEs through financing
- Promoting Finnish exports steadily and sustainably
- Creating jobs

Respect for the personnel and human rights

- Competent and well-being personnel
- Protecting information security
- Taking human rights into account in financing

Client orientation

- Client-oriented operations, a continuous improvement of the services
- Strengthening partnerships and cooperation models
- Open and clear communications

Identifying the themes of corporate responsibility laid a solid foundation for strategy work in 2021, the aim of which was to prepare for the challenges of a post-pandemic world and provide a better response to investors' growing ESG information needs. Climate change is one of the most significant challenges affecting companies' operations, and the international community has adopted the goal of limiting global warming to 1.5° C. Finnvera plays an important role in achieving this goal, especially in export financing, which is why Finnvera's new strategy highlights climate change as a key factor that guides all activities. In the future, more effective efforts will be made to minimise the negative climate and environmental impacts of projects financed by Finnvera, and in the years to come, the company will focus on measuring these impacts and reporting on them in compliance with the increasing international regulation, including the EU taxonomy on sustainable finance.

Joining the Poseidon Principles is an example of measuring climate impacts already launched in 2021. For more information about the Poseidon Principles, see page 41.

Responsible practices as the cornerstone of all activity

Finnvera's activities are guided by a number of corporate responsibility principles approved by the Board of Directors. These principles are based on operating responsibly in dealings with all stakeholders as well as on compliance with laws, regulations, recommendations issued by different authorities and international commitments in the company's operations. Finnvera has also defined binding policies for its own activities to ensure responsible action. Corporate responsibility at Finnvera is managed by the Board of Directors and the CEO, and its implementation is monitored by the Management Group.

Finnvera's Code of Conduct is an important guideline for the company's daily work. The Code of Conduct brings together the legal rules, internal corporate responsibility policies and ethical principles to which all personnel members at Finnvera are committed. It is supplemented by Finnvera's ethical guidelines, which consist of the principles of good governance, guidelines for ensuring impartiality in decision-making and preparation of matters, and insider guidelines.

For example, compliance with responsible practices is monitored in an annual management review and internal and external audits as part of Finnvera's certified operating system. The Ministry of Economic Affairs and Employment, which steers Finnvera's operations, also annually assesses the attainment of the goals set for company. Finnvera's Board of Directors assesses the Management Group members' performance, and the management evaluates the activities of the units. The work on corporate responsibility is also developed based on feedback from personnel, clients and stakeholders.

Finnvera is a responsible partner

Finnvera's role as a public provider of financing and a channel of EU funding requires strict policies on fight against corruption, bribery and tax havens. In this context, the company has undertaken to comply with OECD recommendations, in addition to which Finnvera has its own, annually reviewed guidelines for ensuring appropriate action. Finnvera also always communicates to exporter companies about the principles of preventing corruption and tax avoidance in each financing project. In the future, Finnvera wishes to increasingly support its partners in developing ethical and responsible operating methods.

Finnvera aims to provide more transparent information on the principles of its financing. Among other things, transparency has been improved by adding to the company's

In 2021, Finnvera focused on identifying targets and indicators for the climate impacts of projects financed by it.



website a description of responsible operating practices and documentation on compliance. The website also has an open whistleblowing channel which different stakeholders can use to report any abuses they have observed, anonymously if they so wish. In 2021, no reports were received through this channel.

Actions for boosting the Finnish economy and business competitiveness

Finnvera's core mission is to boost the Finnish economy through creating new companies and jobs and by promoting the exports of Finnish companies. Together with other public providers of financing, Finnvera also strives to support business growth, especially in SMEs. In export financing, companies are increasingly encouraged to look for growth in the opportunities offered by climate solutions.

Finnvera assesses its success in this core mission through the impact of the financing, in other words the success of its clients. At the same time, the principle of self-sustainability is part of Finnvera's financial responsibility. Alongside pursuing new growth, financing companies to minimise the negative impacts of the pandemic was an important part of Finnvera's role during the exceptional period that continued in 2021.

A client-oriented approach is another important principle that guides Finnvera's work, and the company strives to develop its financing services and products as a response to changing needs. The new strategy highlights providing more digital services and making Finnvera's services easy to use as important areas of development. Among other things, client and stakeholder satisfaction is monitored by means of an extensive survey carried out every two years, the respondents in which include our financing provider partners.

Personnel and human rights at the heart of social responsibility

Finnvera wishes to carry its social responsibility in its operations, HR work and projects to be financed alike. Looking after the well-being, satisfaction and up-to-date professional competence of the personnel are important themes for the company. Through good workplace practices, management and supervisory work, we aim to keep employees' motivation as high as possible. Finnvera measures the personnel's satisfaction regularly: a pulse survey is conducted annually, and a broader job satisfaction survey every two years.

Human rights play an important part in Finnvera's corporate responsibility, as the export projects the company finances are often directed to countries where respect for human rights

cannot be taken for granted. In its operating model for managing environmental and social risks related to its financing, Finnvera is committed to the UN Guiding Principles on Business and Human Rights (UNGP), and human rights risks are addressed when evaluating and monitoring financing projects. Methods defined by the OECD are also applied to assessing the social impacts of financing projects. For more information on this topic, see the section on managing the **ESG risks of financing**. As the digitalisation of services is progressing rapidly, ensuring the clients' and personnel members' information security has also emerged as an important theme of corporate responsibility in Finnvera's work. In 2021, investments in information security played an important part especially in IT procurements and personnel training.



The Poseidon Principles - reducing shipping emissions through monitoring and actions

Finnvera calculated, for the first time, the carbon intensity of the ship finance portfolio. The climate alignment score was seven per cent below the Poseidon Principles climate alignment level. The score reflects an exceptional year due to the pandemic, when cruise ships stayed mainly in ports, but maintenance still produced emissions. In April 2021, Finnvera joined the Poseidon Principles developed by international ship financing institutions to monitor the climate impacts of ship financing. The signatories, which consist of export credit agencies and international banks from different countries, have undertaken to halve the annual greenhouse gas emissions from shipping by 2050 compared to the 2008 levels.

[Read more >](#)

Alongside pursuing new growth, financing companies to minimise the negative impacts of the pandemic was an important part of Finnvera's role during the exceptional period that continued in 2021.

This is how corporate responsibility is monitored and implemented at Finnvera

This table lists some of the goals, aspects to be monitored and actions which describe corporate responsibility in Finnvera's own operations, through transactions to be financed and their impacts.

	Corporate responsibility topic	Aspects that we monitor	Indicator or guiding principle	2020	2021	Observations
Responsible operating methods	Environmental and social responsibility in financing projects	Controlling the environmental and social impacts of projects carried out abroad	Screening of projects based on their environmental and social risks, risk category A and B projects of export guarantees applied for, %	A: 5% B: 5%	A: 37% B: 25%	Processes and project screening in compliance with the Environmental and social risk management policy for Finnvera's financing operations was introduced in 2021. The 2020 classification of granted export guarantees is not comparable regarding its figures or the definition used.
		Sustainable lending: Prevention of over-indebtedness of low-income countries	Compliance with OECD Sustainable Lending Practices	ok	ok	
	Work against corruption, bribery and tax havens Ilmastonmuutoksen vastaiset toimet	Identification of bribery and tax haven connections in financed projects according to Finnvera's anti-bribery and tax haven policies.	Finnvera's up-to-date policies, EU and OECD guidelines	ok	ok	Finnvera's Anti-bribery policy and Tax haven and tax avoidance prevention policy were updated in 2021.
		We help companies to grasp the opportunities created by climate actions We measure climate impacts	Financing of climate-positive projects	-	-	Introduction of a digital and climate loan backed by an EU guarantee, increase in the number of climate-positive projects in the strategy period 2022–2024.
		We identify climate change risks	Ship financing CO ₂ level, distribution of exposures related to energy Integrating climate change impacts into risk management	-	ok	Application of the Poseidon Principles and dividing energy sector exposures into fossil sources and renewables for the first time in 2021.
	Sustainable financing	Sustainable financing framework	Terms and targets for sustainable and responsible investments	-	-	In 2021, we produced a report on the impacts of climate change on companies' credit risk, especially in export financing. In 2022, Finnvera plans to create a more detailed sustainable investment framework.
	Minimisation of the environmental impacts of Finnvera's own operations and purchasing	Business travel replaced by video and telephone conferences, prioritising rail transport in domestic travel	Domestic flights/train journeys in the year under review	45/235	32/109	In Finnvera's travel policy, domestic flights are replaced with rail travel on routes where this can be conveniently done. The need for international flights is determined based on project requirements. Due to the coronavirus pandemic, virtual meetings continued to replace a large share of domestic and foreign travel.
			Digitalisation as a way to reduce paper consumption	ok	ok	
		Using the framework agreements of Hansel, the government's central purchasing body	ok	ok	E.g. in travel agency services, which take environmental responsibility issues into account.	
	Financial responsibility	Self-sustainability: In the long term, the expenses incurred in the company's operations can be covered by the income received from operations	Cumulative self-sustainability was achieved	ok	ok	The period for reviewing self-sustainability is 10 years for SME and midcap financing and 20 years for export financing. Self-sustainability has been attained in Finnvera's SME and midcap financing over a 10-year period. Correspondingly, export financing has been cumulatively self-sustainable for as long as Finnvera has been operating.
Capital adequacy: Capital adequacy for domestic operations must be at least 15 per cent		Capital adequacy %	25.1%	23.9%		
Boosting the Finnish economy and the competitiveness of enterprises	Providing financing solutions that enable growth, internationalisation, and competitiveness for small entrepreneurs and SMEs	Allocating 80 per cent of financing to strategic focus areas	%	-	91%	The allocation of financing was not monitored while a strategy for exceptional conditions was in place during the coronavirus pandemic.
		Start-ups financed	number	2,697	2,399	
		SME and midcap financing offered and the share of enterprises seeking growth and internationalisation	EUR/%	EUR 1.7 bn/ 43%	EUR 1.7 bn/ 52%	
	Promoting Finnish exports steadily and sustainably	Guarantees that came into effect	EUR	EUR 2.0 bn	EUR 3.3 bn	Based on the Finnish Customs' preliminary statistics on international trade in goods.
		Export credit guarantees and special guarantees offered	EUR	EUR 2.9 bn	EUR 4.3 bn	
Creating jobs	Ratio of exports covered by export credit guarantees to Finland's total exports	%	5.50%	3.66%		
	New jobs created with the help of SME and midcap financing	number	8,717	8,599		
Looking after the personnel and respect for human rights	Skilled and healthy personnel	Financing per new job	EUR/new job	EUR 194,000	EUR 200,000	
		Training per year	hours per person per year	12.2	8.4	
		Performance review discussions for the entire personnel to support competence and well-being	participation %	92%	90%	
	Information security	Personnel survey index	People Power index	-	76.8	Measured every second year. In 2019 the index was 72. Work energy score (measured annually) was 4.3/5.
		Sick leaves	%	1.7%	1.2%	
	Taking human rights into account in financing projects	Discrimination cases	number	0	0	
		Keeping information security, systems and information security skills up to date	System testing and personnel training	ok	ok	
Client orientation	Controlling the environmental and social impacts of projects carried out abroad	Project categorisation according to environmental and social risks, including human rights risks.	ok	ok	The UN Guiding Principles on Business and Human Rights (UNGPR) are taken into account when assessing financing projects.	
	Client orientation in all of our operations and the continuous improvement of customer experience	Clients' willingness to recommend us	NPS index	56	67	Willingness to recommend is constantly monitored.
	Reinforcing partnerships and cooperation models	Client satisfaction	NPS index by business area, average	-	68.9	An extensive client and stakeholder survey is conducted every second year.
Open and clear communication	Active stakeholder dialogue, stakeholder satisfaction	Stakeholder surveys, meetings and contacts with clients and stakeholders	ok	ok	An extensive client and stakeholder survey is conducted every other year. In 2021, the number of meetings and contacts with clients and stakeholders was over 7,000.	
	Finningvera publishes company stories and information about guaranteed export transactions by the parties' permission.	Publications on the Finnvera.fi website	ok	ok		

Personnel competence and well-being

Finnvera's 370 experts in different fields are at the heart of the company's business. While the exceptional conditions of the coronavirus pandemic continued to strongly define HR work in 2021, significant measures were taken to promote personnel development and well-being, including an extensive personnel plan titled "Finnvera employees 2025".

Developing modes of work while listening to the personnel

Motivated and competent personnel are an important success factor for Finnvera, and the company supports in many ways the employees in developing their professional competence. Good management also has a major impact on Finnvera employees' well-being. Finnvera's HR management is based on a bold culture of development, a climate of trust and an inspiring future outlook. Other important principles of management and supervisory work are equality, fairness and impartiality.

The coronavirus pandemic continued in 2021, which meant that Finnvera's personnel went on working remotely. Coping at remote work was examined by conducting a personnel survey. It was supported by means of lectures focusing on work ergonomics, virtual events and offering occupational health psychologist's services to those who felt they needed them. The company also started preparing for the transition to the post-pandemic 'new normal' by investigating personnel members' wishes concerning future

modes of work and by creating a workspace concept and hybrid work model.

Changing work requires new types of competence

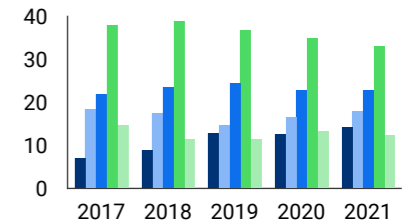
Looking after the employees' competence is an important part of Finnvera's HR work. Personnel development in 2021 was closely linked to 'Finnvera employees 2025', a personnel plan produced to map the competence needs of the future working life. To produce this plan, all personnel members were offered an opportunity to use a digital tool to reflect on what types of work will increase or reduce in importance. Digital discussions and management workshops helped to build an overall picture of competence areas that are critical for the successful implementation of Finnvera's strategy and digital agenda.

The most critical competence areas identified in this way will be addressed in development discussions with all personnel members, both as teams and individuals, by defining the most essential competence development areas for each team and individual employee for the coming years. The fact that digitalisation may change some tasks, in some cases significantly, will be taken into account in the development plans. Finnvera wishes to support the personnel proactively in this change and offer alternative development paths. The work on the personnel plan will be continued in 2022 in the context of defining a corporate culture compatible with the new strategy.

On average, the personnel received a total of 8.4 hours of training per person (women 5 hours and men 3.4 hours) in 2021. As part of continuous personnel development, Finnvera will prepare personal, competence-specific induction paths for new employees, and the induction process will include a large volume of learning material found in a digital study portal. During 2021, 20 new permanent employees joined the company. The company had 12 summer workers.

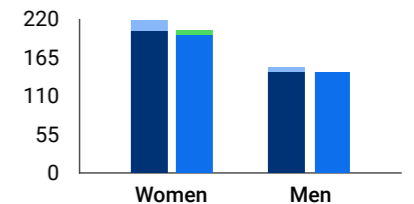
Personnel age distribution, %

	2017	2018	2019	2020	2021
Under 31 years	7.01	8.96	12.82	12.50	14.09
31–40 years	18.33	17.37	14.81	16.67	17.89
41–50 years	21.83	23.25	24.22	22.78	22.76
51–60 years	38.01	38.94	36.75	34.72	33.06
Over 60 years	14.82	11.48	11.40	13.33	12.20



Type of employment contract in year 2021, ppl

	Women	Men
Permanent contract	202	144
Fixed-term contract	16	7
Full-time contract	197	144
Part-time contract	5	0



Personnel turnover in 2021

Incoming	Men, ppl (%)	Women, ppl (%)	Total, ppl (%)
Under 30 years	2 (0.6)	2 (0.6)	4 (1.2)
30–50 years	6 (1.7)	10 (2.9)	16 (4.6)
Over 50 years	0	0	0
Total	8 (2.3)	12 (3.5)	20 (5.8)

Outgoing	Men, ppl (%)	Women, ppl (%)	Total, ppl (%)
Under 30 years	0	0	0
30–50 years	3 (0.9)	3 (0.9)	6 (1.8)
Over 50 years	4 (1.2)	12 (3.5)	16 (4.7)
Total	7 (2.1)	15 (4.4)	22 (6.5)

Finnvera was selected one of Finland's most inspiring workplaces in 2021 in Eezy Flow's People Power personnel survey.



Relevant work makes for high levels of work energy

Finnvera looks after its personnel's well-being by providing good working conditions: appropriate tools and premises as well as competitive pay. We look after our employees' health by means of comprehensive occupational health care services, which include regular age-based health check-ups, laboratory tests, and the opportunity to access physical therapy, among other things. In the exceptional conditions, the personnel have also been offered training and coaching related to mental coping and work ergonomics. The sick leave rate in 2021 was 1.2% (1.7%).

The annual work energy level survey found that, despite the continuation of the coronavirus pandemic in 2021, Finnvera employees' had extremely high levels of work energy at 4.3 (+ 0.1). This was the best result for work energy levels in the company's history, and it was largely based on the personnel's experience of Finnvera's important role and the relevance of their work during the crisis. The survey found that experts were able to carry out their task smoothly while working remotely, and that the supervisors provided excellent support for their teams in the exceptional conditions. Finnvera's net promoter score (eNPS) also remained high at 34 (-1) points, and the company was selected one of Finland's most inspiring workplaces in Eezy Flow's People Power personnel survey.

The extended period of remote work necessitated by the coronavirus pandemic has raised concerns over preserving communality and the company culture. Finnvera has striven to respond to these concerns by developing new approaches to keeping in touch and raising community spirit within the teams through various informal events.



Ground rules for hybrid work

Finnvera prepared for transitioning from remote work to hybrid work and created ground rules for hybrid work. Training on managing hybrid work was organised for supervisors in the autumn. The training covered psychological safety, development work, drawing up principles for individual teams and the principles of management in remote, hybrid and office work.





Purchasing and environmental impacts in Finnvera's operations

Under a government resolution, public procurement must promote sustainable choices. According to the government, the aim of public procurement should be overall solutions that meet the needs in an ecologically and economically optimal manner.

Finnvera complies with the Finnish Public Procurement Act, which aims to enhance efficiency in the spending of public funds, promote high-quality, innovative and sustainable procurement, and safeguard equal opportunities for enterprises and other corporations to provide goods and services through competitive tendering for public procurements.

Finnvera's purchasing team is led by the Head of Legal Affairs and includes the Procurement Manager, who is responsible for purchasing, as well as two procurement experts. The largest procurements in 2021 were related to IT systems, in particular. Purchasing projects carried out as part of Team Finland cooperation included a procurement of tenant representation related to the search for new premises for the Helsinki office.

As far as possible, Finnvera relies on the framework agreements of Hansel, the government's central purchasing body. Among other things, these framework agreements were also used in strategic personnel planning and expert resource allocation for robotic process automation in 2021. The goal is to decrease total costs through systematic, long-term

purchasing that crosses the boundaries of units and areas of responsibility. Finnvera relies on the services of approximately two hundred suppliers, most of which are Finnish.

Some smaller procurements were additionally made during the year, including a survey on the accessibility of Finnvera's services. Others were postponed as the coronavirus situation changed the needs. Masks and hand sanitizer for workstations were purchased but had little use as the personnel were working remotely.

Finnvera's environmental impacts

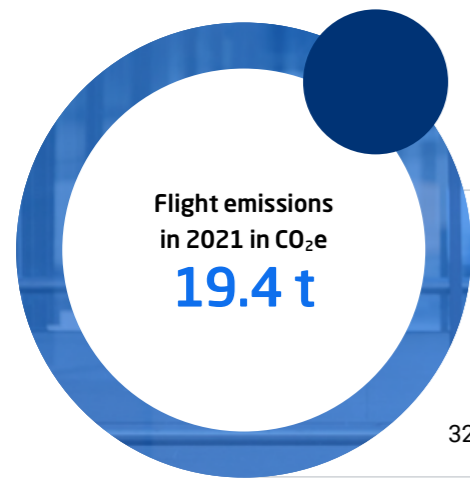
Under normal circumstances, Finnvera's direct environmental impacts are mainly related to properties' energy consumption as well as commuting and business travel in Finland and in international financing projects. Finnvera's offices operate on new and modern premises in 15 locations. In the largest one of Finnvera's offices in the Team Finland building in Ruoholahti, Helsinki, the principles of a responsible and sustainable office environment are followed.

As the recommendation to work remotely remained valid in 2021, Finnvera's premises in different parts of the country were underused. This affected such aspects as paper consumption, and six of the nine photocopiers in the Team Finland building were not used. Instructions for social distancing and wearing masks were followed on the premises, and intensified cleaning continued. Photocatalyst coatings were installed to improve hygiene in Finnvera's offices.

The work environment concept in Helsinki was updated, and the premises were adapted to this concept in late 2021. The concept takes into consideration the future needs of hybrid work. A work environment survey addressed to all personnel members in the spring found that their most

important wishes related to future modes of work include flexible remote work practices, location independence and self-directiveness. The respondents estimated that the share of remote work could be up to 3.5 working days per week in the future. The three key reasons for coming into the office are meetings with colleagues, the services provided on the property, including exercise facilities and lunches, and better ergonomics in the office.

We strive to minimize the environmental impact of our own direct operations. In line with the domestic travel policy, non-essential business travel is replaced by virtual meetings, and rail transport is the preferred means of domestic travel. In normal times, foreign travel at Finnvera is related to financing projects abroad, in particular, which often involve site visits and meetings with foreign buyer clients and financing provider partners. The need for a visit is always determined on a case-by-case basis. There was significantly less business travel than usual, both in Finland and abroad, while the remote work recommendation was in force.



The number of flights and the amount of emissions reduced

In 2021, the number of international flights taken by Finnvera employees was 20 and domestic flights 32, whereas these figures in 2019 were 386 and 448 respectively. The CO₂ emissions from Finnvera employees' flights totalled 19.4 t carbon dioxide equivalent (CO₂e) in 2021, while in 2019, this figure was 324.6 t CO₂e.

Finnvera began to map the climate impacts of its financing

Finnvera's key impacts from the perspective of the climate and the environment are realised through various export financing projects. Any negative impacts created are evaluated and monitored systematically as part of the environmental and social risk assessments of the projects. In the company's new strategy, more accurate identification, measurement and reporting of the climate impacts of financing have been highlighted as a climate change mitigation measure.

Under the action plan, measurable targets will be set for reducing the climate impacts of Finnvera's exposure, and the attainment of these targets will be reported in compliance with internationally recognised standards. The measurement of climate impacts will be launched in 2022, and a target for reducing the impacts will be set in 2023. The work on measuring climate impacts began in 2021 as Finnvera joined the Poseidon Principles and calculated the CO₂ emissions from the company's ship financing for the first time. For more information on this topic, see the section on **Responsible financing**. For the first time, Finnvera also calculated the shares of renewable and fossil energy in exposures related to energy production and distribution. Read more in the **Risk management** section.



Tax footprint

Finnvera Group's tax footprint in 2021 totalled EUR 19 million (EUR 15 million). The parent company Finnvera plc does not pay income tax on its operations because, as a state-owned specialised financing company, Finnvera is exempt from income taxation as defined in the Income Tax Act. The company's positive result is transferred to reserves annually for potential future losses. Finnvera measures its operations' impact on society by assessing, among other things, the growth, exports and employment achieved by enterprises with Finnvera's financing. Finnvera's subsidiaries have no corresponding income tax exemption.



Reporting principles

This report was prepared in accordance with the GRI Standards: Core option. The report covers the economic, social, and environmental impacts of Finnvera plc's operations in the financial period 1 January–31 December 2021.

In the 2021 report, aspects related to corporate responsibility in financing are reported in the section **Responsible financing**, whereas the section **Corporate responsibility management** at Finnvera contains information on responsibility management practices and the direct impact of Finnvera's operations. Compared to previous years, no significant changes have taken place in the data, scope, or calculation limits of the report. Finnvera reports on corporate responsibility each calendar year; the previous report was released on 23 February 2021. The report has not been subject to external assurance.

Further information

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GRI Standards Content Index

Disclosure	Location	Additional information
GRI 102: General Disclosures		
Organisational profile		
102-1	Name of the organisation	Report of the Board of Directors and Financial Statements: p. <u>6</u>
102-2	Activities, brands, products, and services	Finnvera's year 2020, p. <u>3</u> , Strategy and role in society, pp. <u>6-13</u>
102-3	Location of headquarters	GRI content index Porkkalankatu 1, P.O. Box 1010, FI-00101 Helsinki, Finland + Kallanranta 11, P.O. Box 1127, FI-70111 Kuopio, Finland
102-4	Location of operations	Operating environment, pp. <u>14-16</u> , How Finnvera creates value, p. <u>7</u>
102-5	Ownership and legal form	Corporate governance, pp. <u>17-19</u> , Statement on the Corporate Governance and Steering System, pp. <u>2-4</u>
102-6	Markets served	How Finnvera creates value, p. <u>7</u> , Operating environment, pp. <u>14-16</u> , Responsible financing, p. <u>22</u> ; Domestic financing pp. <u>23-25</u> , Export financing, pp. <u>27-29</u>
102-7	Scale of the organisation	How Finnvera creates value, p. <u>7</u> , Key figures, p. <u>35</u> , Report of the Board of Directors and Financial Statements: pp. <u>2-5</u>
102-8	Information on employees and other workers	How Finnvera creates value, p. <u>7</u> , Personnel competence and well-being, pp. <u>43-44</u> , Report of the Board of Directors and Financial Statements, pp. <u>16, 79-80</u>
102-9	Supply chain	Purchasing and environmental impacts in Finnvera's operations, pp. <u>45-46</u>
102-10	Significant changes to the organisation and its supply chain	CEO's review, pp. <u>4-5</u> , Strategy and role in society, pp. <u>6-13</u> , Corporate governance, p. <u>19</u> ; Domestic financing, pp. <u>23-25</u> , Export financing, pp. <u>27-29</u> ; Finnvera Group's Report of the Board of Directors and Financial Statements: Report of the Board of Directors, pp. <u>16-17</u>
102-11	Precautionary Principle or approach	ESG risk management in financing operations, pp. <u>31-33</u> ; Purchasing and environmental impacts in Finnvera's operations, pp. <u>45-46</u>

Disclosure	Location	Additional information	
102-12	External initiatives	Corporate governance, pp. <u>17-18</u> ; Cooperation with stakeholders, p. <u>21</u> ; ESG risk management in financing operations, p. <u>31</u> ; Corporate responsibility management at Finnvera, pp. <u>40-42</u> ; Statement on the Corporate Governance and Steering System, pp. <u>2-11</u>	
102-13	Membership of associations	Cooperation with stakeholders, pp. <u>20-21</u>	
Strategy			
102-14	Statement from senior decision-maker	CEO's review, pp. <u>4-5</u>	
102-15	Key impacts, risks, and opportunities	How Finnvera creates value, p. <u>7</u> , Strategy and role in society, pp. <u>8-13</u> ; Operating environment, pp. <u>14-15</u> ; ESG risk management in financing operations, pp. <u>31-33</u> , Risk management at Finnvera, pp. <u>36-37</u> ; Corporate responsibility management at Finnvera, pp. <u>39-42</u> ; Purchasing and environmental impacts in Finnvera's operations, pp. <u>46</u> ; Finnvera Group's Report of the Board of Directors and Financial Statements: Report of the Board of Directors, pp. <u>15-16, 39-42</u>	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	How Finnvera creates value, p. <u>7</u> ; Statement on the Corporate Governance and Steering System, pp. <u>3-11</u>	
102-17	Mechanisms for advice and concerns about ethics	Corporate responsibility management at Finnvera, pp. <u>40-41</u> ; https://www.finnvera.fi/eng/whistleblowing	
Governance			
102-18	Governance structure	Corporate governance, pp. <u>17-19</u> , Corporate responsibility management at Finnvera, p. <u>40</u> ; Statement on the Corporate Governance and Steering System, pp. <u>4-11</u>	
102-22	Composition of the highest governance body and its committees	Corporate governance, pp. <u>17-19</u> , Finnvera Group's Report of the Board of Directors and Financial Statements: Corporate governance, p. <u>16</u> , Statement on the Corporate Governance and Steering System, pp. <u>5-6</u>	All Board members are independent.
102-23	Chair of the highest governance body	Corporate governance, p. <u>18</u> , Finnvera Group's Report of the Board of Directors and Financial Statements: Corporate governance, p. <u>16</u> ; Statement on the Corporate Governance and Steering System, p. <u>6</u>	The Chairman of the Board is independent of the executive management.
102-24	Nominating and selecting the highest governance body	Corporate governance, pp. <u>17-18</u> , Statement on the Corporate Governance and Steering System, p. <u>5</u>	

Disclosure	Location	Additional information
102-35	Remuneration policies	Finnvera Group's Report of the Board of Directors and Financial Statements: pp. <u>79–80</u> ; Statement on the Corporate Governance and Steering System, pp. <u>8–9</u>
Stakeholder engagement		
102-40	List of stakeholder groups	Cooperation with stakeholders, p. <u>20</u>
102-41	Collective bargaining agreements	GRI content index 94 (94) per cent of Finnvera's personnel are covered by a collective labour agreement.
102-42	Identifying and selecting stakeholders	Cooperation with stakeholders, pp. <u>20–21</u>
102-43	Approach to stakeholder engagement	Cooperation with stakeholders, pp. <u>20–21</u> ; Corporate responsibility management at Finnvera, pp. <u>40–41</u>
102-44	Key topics and concerns raised	Cooperation with stakeholders, p. <u>20</u> , Corporate responsibility management at Finnvera, p. <u>39</u> ; Personnel competence and well-being, pp. <u>43–44</u> ; https://www.finnvera.fi/eng/whistleblowing
Reporting practice		
102-45	Entities included in the consolidated financial statements	Finnvera Group's Report of the Board of Directors and Financial Statements: Financial statements, pp. <u>29–30</u>
102-46	Defining report content and topic Boundaries	Corporate responsibility management at Finnvera, pp. <u>39–41</u>
102-47	List of material topics	Corporate responsibility management at Finnvera, p. <u>40</u>
102-48	Restatements of information	GRI content index No changes.
102-49	Changes in reporting	GRI content index No significant changes.
102-50	Reporting period	Reporting principles, p. <u>47</u>
102-51	Date of most recent report	Reporting principles, p. <u>47</u>
102-52	Reporting cycle	Reporting principles, p. <u>47</u>
102-53	Contact point for questions regarding the report	Reporting principles, p. <u>47</u>
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles, p. <u>47</u>
102-55	GRI content index	GRI content index, pp. <u>48–50</u>
102-56	External assurance	Reporting principles, p. <u>47</u> The report has not been subject to external assurance.

Disclosure	Location	Additional information
GRI 103: Management approach		
103-1	Explanation of the material topic and its Boundary	Corporate responsibility management at Finnvera, pp. <u>39–42</u>
103-2	The management approach and its components	Corporate responsibility management at Finnvera, pp. <u>40, 42</u>
103-3	Evaluation of the management approach	Corporate governance, p. <u>17</u> ; Statement on the Corporate Governance and Steering System, pp. <u>9–11</u>
GRI 200: Economic standards		
GRI 201 Economic performance		
201-1	Direct economic value generated and distributed	How Finnvera creates value, p. <u>7</u> , Finnvera's role in society, p. <u>10</u> (chart), Key figures, p. <u>35</u> , Finnvera Group's Report of the Board of Directors and Financial Statements: pp. <u>2–4</u>
201-4	Financial assistance received from government	Finnvera Group's Report of the Board of Directors and Financial Statements: pp. <u>2, 8, 11, 19, 35, 38</u>
GRI 203 Indirect economic impacts		
203-2	Significant indirect economic impacts	Finnvera's year 2021 p. <u>3</u> , Strategy and role in society, p. <u>6</u> , How Finnvera creates value, p. <u>7</u> , Strategy, pp. <u>8–13</u> , Finnvera's role in society, p. <u>10</u> ; Domestic financing, pp. <u>23–26</u> , Export financing, pp. <u>27–30</u>
GRI 205 Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	ESG risk management in financing operations, p. <u>33</u> ; Corporate responsibility management at Finnvera, pp. <u>39–42</u> Training and communications on guidelines regarding gifts and hospitality have been provided to the entire Finnvera personnel (100%) in connection with the Code of Conduct online training. Finnvera's operating policies are reviewed and updated annually. In 2021, detail was added to the Tax haven and tax avoidance prevention policy to ensure its compliance with the EU financing requirements.
GRI 206 Anti-competitive behavior		
206-1	Legal actions for anticompetitive behaviour, anti-trust, and monopoly practices	GRI content index No cases in 2021.

Disclosure	Location	Additional information
GRI 300: Environmental Standards		
GRI 307 Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	GRI content index
		No cases of non-compliance in 2021.
Own disclosure	Number of export projects categorised according to their environmental and social risks	ESG risk management in financing operations, pp. 31–33 ; Corporate responsibility management at Finnvera, p. 42
		New ES risk classification implemented in 2021.
Own disclosure	Reduction of domestic flights	Corporate responsibility management at Finnvera, p. 42 ; Purchasing and environmental impacts in Finnvera's operations, p. 46
		In line with the domestic travel policy, domestic flights are replaced by virtual meetings, and rail transport when possible. Due to the coronavirus pandemic, the use of domestic flights reduced very significantly in 2021.
GRI 400: Social Standards		
GRI 401 Employment		
401-1	New employee hires and employee turnover	Personnel competence and well-being, p. 43
GRI 403 Occupational health and safety		
403-1	Occupational health and safety management systems	Personnel competence and well-being, pp. 43–44
		Occupational health care, including occupational safety and health activities, is managed by the HR function, and a full-time Security Manager is responsible for safety at the level of individual buildings. The occupational health system covers Finnvera's own personnel, and when it comes to safety, the system covers everyone working at Finnvera.
403-2	Hazard identification, risk assessment, and incident investigation	Personnel competence and well-being, pp. 43–44 ; Finnvera Group's Report of the Board of Directors and Financial Statements, p. 41
		Reported in part
403-3	Occupational health services	Personnel competence and well-being, pp. 43–44
403-4	Worker participation, consultation, and communication on occupational health and safety	Personnel competence and well-being, pp. 43–44
403-5	Worker training on occupational health and safety	Personnel competence and well-being, pp. 43–44
		Finnvera's operations do not entail tasks categorised as hazardous.

Disclosure	Location	Additional information
403-6	Promotion of worker health	Personnel competence and well-being, pp. 43–44
		Reported in part.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Personnel competence and well-being, pp. 43–44
		Reported in part
403-9	Work-related injuries	Personnel competence and well-being, pp. 43–44
		One accident took place in 2021.
GRI 404 Training and education		
404-1	Average hours of training per year per employee	Personnel competence and well-being, p. 43
		We do not specify the number of training hours by employee type.
404-2	Programs for upgrading employee skills and transition assistance programs	Personnel competence and well-being, pp. 43–44
404-3	Percentage of employees receiving regular performance and career development reviews	Corporate responsibility management at Finnvera, p. 42
GRI 412 Human rights		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	ESG risk management in financing operations, pp. 31–33
GRI 419 Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	GRI content index
		No cases of non-compliance in 2021.
G4 Financial services sector guidelines, product responsibility		
G4-FS6	Percentage of the portfolio for business lines by specific region, size, and by sector	Operating environment, pp. 14–16 , Finnvera's role in society, p. 10 , Responsible financing, pp. 23–36
		Reported in part.



Finnvera improves and diversifies financing opportunities available for Finnish enterprises by offering loans, guarantees and export credit financing. As a State-owned company, Finnvera supplements the financial market and with its operations, promotes the development of enterprises and exports.

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 **FINNVERA**