

**BUSINESS
FINLAND**

**SOCIAL
RESPONSIBILITY
REPORT
2021**

TRANSLATED FROM THE ORIGINAL FINNISH VERSION



Photo: Mikko Törmänen

CONTENTS

1 Review by the director general.....	3	5.1. Targets 9.4 and 9.5.....	43
2 Description of the reporting organization.....	5	6 A handprint for the UN Sustainable Development Goal 13.....	47
2.1. Business Finland as an organization.....	5	6.1. Targets 13.1 and 13.3.....	48
2.2. Sustainability management and administration.....	15	7 Footprint – impact on the operating environment.....	51
2.3. Sustainability goals.....	17	7.1. Business Finland’s personnel.....	51
2.4. Responsibility principles.....	19	7.2. Direct environmental impacts.....	65
2.5. Impact evaluation.....	24	7.3. Procurement.....	67
2.6. Stakeholder work.....	27	7.4. Finances.....	67
3 UN Sustainable Development Goals selected by Business Finland.....	30	7.4.1. Business Finland Oy’s tax footprint.....	69
4 A handprint for the UN Sustainable Development Goal 8.....	34	8 Principles applied in preparing the report.....	71
4.1. Targets 8.2, 8.3, 8.4, and 8.9.....	36	9 GRI content index.....	73
5 A handprint for the UN Sustainable Development Goal 9.....	42		

1 REVIEW BY THE DIRECTOR GENERAL

At Business Finland, we generate prosperity and wellbeing for Finland. We help companies operating in Finland to succeed globally, develop sustainable solutions, and renew their business operations boldly. We promote collaboration between companies and research groups, so that new endeavours can develop into solutions. In this way, we boost the productivity of the economy and contribute to making Finland an attractive operating environment and a superpower in sustainability.

Sustainability is one of the cornerstones of our strategy and plays a key role in the development of our operations. Besides sustainability, we will invest in economic growth and competitiveness during the strategy period 2021–2025.

In 2021, our most significant initiatives included the launch of pilot missions that were identified on the basis of mega trends. With the missions, we create value for society and identify significant future market opportunities for Finnish companies. The missions are carbon neutrality (Zero Carbon Future) and digitalization (Digital Native Finland). Business Finland has strong expertise and existing models and tools in both themes.

Carbon neutrality is a critical social challenge globally. Finland's carbon neutrality goal for 2035 provides an incentive for promoting low-carbon solutions in business operations. Commercial innovations and collaborative innovations between the public and private sector will play a key role in achieving the goal.

The digitalization mission plays an important role in our economic wellbeing and future competitiveness. The digitalization mission aims to improve productivity and versatile use of data and thereby contribute to the wellbeing of society. Digitalization also provides a means to use energy and raw materials more efficiently, promote health and wellbeing, and observe the state of the environment, for example. All of these contribute to sustainability.

Sustainability is closely related to both of our missions. Business Finland systematically and comprehensively implements the principles of sustainability in the business sector with its funding instruments and by carrying out export promotion and innovation work. In this manner, we are improving Finland's competitiveness, economic growth, and credibility by increasing the number of sustainability solutions, which will drive the virtu-



ous circle of competitiveness and growth.

This year, the leading company challenge was among our most influential measures. The substantial funding for leading companies and ecosystems will significantly increase the research, development, and innovation investments by the companies that won the competition, and it will contribute to the achievement of the Finnish government's RDI (4%) and employment (75%) targets.

In accordance with the UN sustainability Goals (SDGs), the program activities of Business Finland take the environment, the economy, and people into account in equal measure. One of the focus areas of Business Finland's programs is bio and circular economy and cleantech. Under this theme, there are several programs implementing goals related to low-carbon approach, circular economy, and resource efficiency.

We are also working to involve Finnish companies in the procurements and funding programs of the UN and development banks. Business Finland has engaged in funding cooperation with the Ministry of Foreign Affairs since 2015 under the BEAM (Business with Impact) program, which has since continued as a bundle of services called the Developing Markets Platform. The program funds projects that comply with the SDG criteria for the market demands of developing countries. This promotes directly the UN's sustainability criteria in a manner that generates growth in Finland and sustainability in developing countries.

The tourism industry is also responding to changing developments by taking sustainability into account. For tourism companies and regions, Visit Finland has developed a Sustainable Travel Finland program, which awards Sustainable Travel Finland labels. The Sustainable Travel Finland label offers companies and tourism regions a concrete toolkit for sustainable tourism, which facilitates the adoption of sustainable measures and choices in the everyday life of a region or a company.

Social responsibility is reflected in many ways in our operations, which are guided by good governance and our Code of Conduct.

Business Finland acts as a change agent for sustainable business. Our roadmap addresses both personnel training and the mapping of client needs. As groundwork, we conducted an extensive survey for SME clients on the current state of sustainability. The results help Business Finland to develop its services in a customer-oriented manner to meet the sustainability challenges faced by SMEs. We challenge companies to grow, develop sustainable solutions, increase their carbon handprint, and spot market opportunities outside of Finland.

During the strategy period 2021–2025, we promise to promote sustainability in our client companies, work hard, and promote sustainability as a component of success for the Finnish economy as well as to operate sustainably ourselves.

Nina Kopola

2 DESCRIPTION OF THE REPORTING ORGANIZATION

2.1. BUSINESS FINLAND AS AN ORGANIZATION

OWNERSHIP STRUCTURE AND TYPE OF COMPANY

Business Finland began its operations when the Finnish Funding Agency for Technology and Innovation Tekes and Finpro, a provider of internationalization services, merged at the beginning of 2018. Business Finland consists of the Innovation Funding Agency Business Finland (the Funding Agency), which is under the administration of the Ministry of Economic Affairs and Employment, and Business Finland limited (the Company), which is a special-purpose company managed by the Funding Agency and wholly owned by the state. The Funding Agency and the Company form a functional entity, and their operations are guided by a common strategy. The performance agreement for 2021 concerning the Funding Agency also applies to the Company. Business Finland Oy Group consists of Business Finland Oy, the FinChi Innovation Center Company Ltd operating in Shanghai, China, Business Finland USA Inc. operating in the USA, and the in-

active Finpro Finland Oy, which is registered in Finland. Business Finland Oy is the Group's parent company, and the other companies are 100% owned subsidiaries. The Funding Agency also steers the venture capital company Business Finland Venture Capital Ltd.

Business Finland is part of the Team Finland network. Team Finland is a network of public actors offering internationalization services to companies, in which the services offered by different actors are coordinated in a customer-oriented manner. The Team Finland network is managed by the Ministry of Economic Affairs and Employment and the Ministry of Foreign Affairs, with Business Finland coordinating the operations of the network at the national level and Centres for Economic Development, Transport and the Environment (ELY Centres) coordinating the operations at the regional level.

SIGNIFICANT CHANGES AND EVENTS IN THE ORGANIZATION

During 2021, Business Finland underwent significant changes. Business Finland adopted a new strategy in 2021. Alongside economic growth and competitiveness,



one of the cornerstones of Business Finland's strategy is sustainability, which plays a key role in the development of its operations. This implies a significant need for development and implementing the concept of sustainability extensively in Business Finland's operations and services.

The new organizational structure, based on the new strategy, came into effect at the beginning of 2021. The new organization also involved profound changes to the operating models of the organization, and during the year, strong efforts were made to develop, implement, and clarify operations and processes.

The Covid-19 pandemic affected Business Finland's operations as well. Business Finland's support funding for companies suffering from the pandemic continued in 2021. In particular, the activities focused on monitoring, supervising, and auditing the funded projects. Due to the restrictions resulting from the Covid-19 pandemic, the personnel of Business Finland mainly worked remotely.

In 2021, Business Finland was given an important role in the Sustainable Growth Program for Finland. The program supports ecologically, socially, and economically sustainable growth. Through the program, Business Fin-

land is expected to receive funding authorizations worth more than EUR 500 million during 2021–2023. With the RRF funding, Business Finland received a significant number of new responsibilities. The RRF funding is estimated to occupy the organization's personnel significantly at least until the end of 2023.

In 2021, our most significant initiatives included the launch of pilot missions that were identified on the basis of megatrends. Missions are a new operating model for Business Finland. With mission, Business Finland seeks to respond to global challenges requiring long-term and extensive work in society. The topics of the missions are selected from sectors undergoing large global changes, which also provides significant future market opportunities for Finnish companies. The first two missions are Zero Carbon Future, which focuses on low-carbon technology, and Digital Native Finland, which focuses on digital technology. The goals and measures of the two pilot missions are closely linked to sustainability. In particular, the missions promote the themes of sustainability, such as solutions that increase the carbon handprint and the circular economy.

In 2021, Business Finland prepared a roadmap with

measures for its strategic priority area “Change Agent for Sustainable Business”. It also carried out a change project with the aim of looking more closely at the alternatives and necessary measures that would enable Business Finland to take on a stronger role in generating sustainability solutions and strengthening its clients’ capabilities. These measures are described in more detail in Chapter 6.1.

BRANDS, PRODUCTS AND SERVICES

Business Finland offers expert and funding services to companies that seek bold business growth and renewal in international markets. Business Finland’s clients also include research organizations and public organizations that cooperate with companies. Business Finland’s services include services related to export and internationalization, services related to the building of ecosystems, funding services, program services, and the promotion of tourism and investments in Finland. Business Finland also provides expert services in connection with the European Union’s research and innovation funding.

In addition to the umbrella brand of Business Finland,

the most significant brands of Business Finland are Visit Finland and Invest in Finland. As a national expert in the tourism industry and an active operator, Visit Finland is responsible for promoting tourism from abroad to Finland. Visit Finland helps tourism companies operating in Finland to internationalize and to develop, sell, and market competitive and high-quality tourism products. Invest in Finland helps foreign companies identify business opportunities in Finland, produces information on Finland as an investment destination, and enhances and coordinates national efforts to attract investment by actively networking with regional and international entities. Another significant brand of Business Finland is Good News from Finland. Good News from Finland is a service that compiles positive and globally interesting news topics related to Finnish business and innovation. In addition, the Team Finland brand is closely related to Business Finland.

SIZE OF THE ORGANIZATION

Table 1: Business Finland in figures

	2021	2020	2019
Total number of employees: Funding Agency and Company (persons with an employment contract with Business Finland)	713	680	619
Authorizations exercised by the Funding Agency	EUR 909 million	EUR 1,920 million	EUR 572 million
Operating expenditure of the Funding Agency (incl. operating expenditure carried over from previous years)	EUR 139.9 million	EUR 130.6 million	EUR 114.1 million
Operating income of Business Finland Oy and its subsidiaries (without the de minimis appropriation)	EUR 93.9 million	EUR 88.6 million	EUR 90.4 million
Group's balance sheet total (Business Finland Oy and its subsidiaries)	EUR 46.3 million	EUR 48.4 million	EUR 58.2 million
Funding applied for from Business Finland (Funding Agency and Company)	EUR 1,359 million (incl. disruption funding EUR 64,4 million, share of RRF contribution EUR 363,1 million)	EUR 2,722 million (incl. disruption funding EUR 1,668 million)	EUR 843.5 million
Number of funding applications (Funding Agency and Company)	6,077 (incl. 197 applications for disruption funding and 347 RRF applications)	35,027 (incl. 29,287 applications for disruption funding)	6,803
Total funding granted	EUR 707 million (incl. EUR 51.8 million in disruption funding, EUR 74 million in RRF funding) *) **)	EUR 1,734 million (incl. disruption funding EUR 1,053 million)	EUR 588.7 million
Funding for companies	EUR 561 million (incl. disruption funding EUR 52 million, EUR 66,1 million in RRF funding)	EUR 1,612 million (incl. disruption funding EUR 1,053 million)	EUR 477.1 million
Funding for research	EUR 146 million (incl. RRF funding EUR 7.9 million)	EUR 123 million	EUR 111.7 million
Number of business clients (Operating in Finland, excl. disruption funding, Visit Finland, and Invest in Finland clients)	8,129	6,900	7,800
Research institutes (universities, higher education institutes, and polytechnics) as clients of Business Finland	29	37	34

*) EUR 28 million (1,784 funding decisions) of the funding was granted by Business Finland limited. EUR 0.2 million of this was disruption funding, which was all business funding.

**) The amounts of applied and granted funding include membership fees. Of the funding granted in 2021, membership fees amounted to EUR 6.1 million.

LOCATIONS

Business Finland operates in 16 locations in Finland. The head office is located in Helsinki in premises shared with Finnvera. In early 2021, the Climate Fund moved in as a subtenant of Business Finland, and also Finnish Industry Investment Ltd (Tesi) operates in the same building. Shared premises with common areas make it easier for client companies to access services that suit them.

Outside Helsinki, Business Finland has offices in 12 locations in connection with the ELY Centres (Joensuu, Jyväskylä, Kajaani, Kuopio, Lahti, Lappeenranta, Mikkelä, Oulu, Rovaniemi, Seinäjoki, Turku, Vaasa) and in two locations in premises shared with Finnvera (Pori and Tampere). In Kemi, Business Finland is the tenant of Digipolis, the city's development company. An extensive network of domestic offices improves the local availability of services. It also strengthens Business Finland's ability to take into account the special characteristics of different regions and local strengths that improve the preconditions for growth of international business.

In 2021, Business Finland operated abroad in 34 countries and 40 locations. These locations were Belgium,

Spain, Austria, Norway, Poland, France, Sweden, Germany (2 locations), Denmark, Turkey, Russia (2 locations), the United Kingdom, Brazil, Canada, Chile, Mexico, Peru, the United States (3 locations), Australia, South Korea, Indonesia, India, Japan, Kazakhstan, China (3 locations), Malaysia, Taiwan, Vietnam, South Africa, Kenya, Morocco, Nigeria, Saudi Arabia, and the United Arab Emirates.

Business Finland employs 34 different nationalities. In addition to foreign offices, foreign experts also work at the Helsinki office. Thanks to their expertise, Business Finland is able to offer services that take into account the international business environment and culture for all its clients and is able to pay attention to the special needs of international entrepreneurs operating in Finland.

OUR CLIENTS' INDUSTRIES

Business Finland provides funding and professional services to companies and research institutes that have operations in Finland. The most common industries among Business Finland's clients were manufacturing (21%), information and communication (21%), and professional, scientific, and technical activities (18%). The distribu-



tion of the top industries remained very similar to 2020. The distribution of industries is based on the number of business clients operating in Finland, and it does not in-

clude disruption funding, Visit Finland, or Invest in Finland clients.

BUSINESS FINLAND CUSTOMERS 2021 BY PRIMARY INDUSTRY

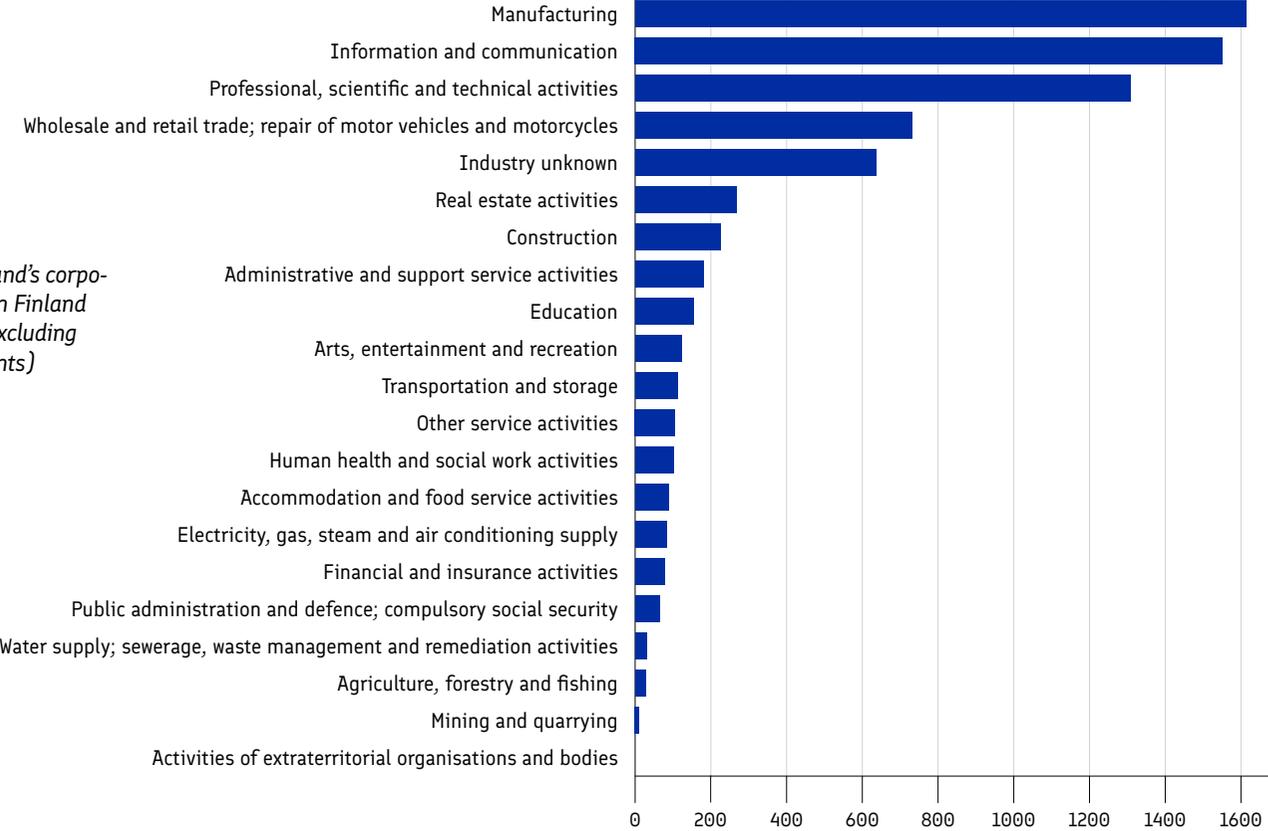


Figure 1: Business Finland's corporate clients operating in Finland by primary industry (excluding disruption funding clients)

GOVERNANCE

The Funding Agency has a Board of Directors that steers, monitors, and controls the operations of the Business Finland entity and decides upon its strategy and other general operating principles, taking into consideration the targets set by the Ministry of Economic Affairs and Employment and the principles and guidelines of ownership steering.

The Audit Committee of Business Finland assists the Board of Directors in the management of supervisory responsibilities. The Audit Committee assists the Board of Directors to ensure, with regard to the entire Business Finland entity, that accounting is properly organized and that internal control, risk management, the compliance function, Internal Audit, and auditing have been arranged in accordance with laws, regulations, and principles confirmed by the Board of Directors.

The director general of the Funding Agency is responsible for the overall operational management of Business Finland. The director general manages the entity formed by the Innovation Funding Agency Business Finland and Business Finland Oy and is responsible for the overall de-

velopment of the operations and ensures that the tasks of Business Finland are carried out efficiently and appropriately. The leadership team supports the director general in managing Business Finland.

Business Finland Oy's annual general meeting decides on the matters within the meeting's remit as specified by law and the articles of association. The Business Finland entity operates as a single functional entity in which Business Finland Oy's Board of Directors primarily ensures that the owner's wishes are realized in the Company.

The Ministry of Economic Affairs and Employment appoints Team Finland's leadership team, which consists of influential members in the Team Finland network and stakeholders. Team Finland's leadership team manages the coordination and continuous development of Team Finland's network and operations.

EXTERNAL PRINCIPLES OR INITIATIVES ADOPTED OR PROMOTED BY THE ORGANIZATION

Finland is committed to promoting the OECD's Guidelines for Multinational Enterprises, which were updated

in 2011. In 2011, the UN published the UN Guiding Principles on Business and Human Rights (UNGPR). Finland adopted a national implementation program on UN principles in 2014. Business Finland supports these principles in its own operations. During 2021, support for the principles was strengthened by providing training and discussion sessions for the entire personnel concerning the UN Guiding Principles on Business and Human Rights, which promoted their awareness and competence regarding companies' duty of care.

MEMBERSHIPS IN ASSOCIATIONS AND ADVOCACY ORGANIZATIONS

Both the Funding Agency and the Company are involved in various associations and advocacy organizations. The European Space Agency (ESA) is an independent organization of its member states. Finland approved the treaty and joined ESA in 1995. The organization promotes research and development in Europe with cooperation programs. The Ministry of Economic Affairs and Employment and Business Finland fund Finland's ESA membership and participation in ESA programs. With regard to voluntary programs, Business Finland is responsible for

national decision-making with the aim of to using public funds as efficiently and prudently as possible. Business Finland's funding has enabled clients to participate in the development of critical space infrastructure and services. The services contribute to the sustainable use of natural resources and to the wider UN Sustainable Development Goals. The activities supported stakeholder cooperation and the implementation of an inter-administrative national space strategy.

Cooperation with the global Mission Innovation and the Digital for Development Hub are good examples of Business Finland's participation in programs that promote multidisciplinary and relevant innovation activities. Several international tasks, such as the EU's Framework Program for Research and Innovation, ESA, Eureka, IEA, and co-operation under the Nordic Council of Ministers (Nordisk Energiforskning NEF and Nordisk Innovation NI), are special responsibilities assigned to Business Finland by the Ministry of Economic Affairs and Employment. Other key organizations or associations in which Business Finland is involved are TAFTIE and the ETC (the European Travel Commission). The company is also a member of the employers' association Palta.

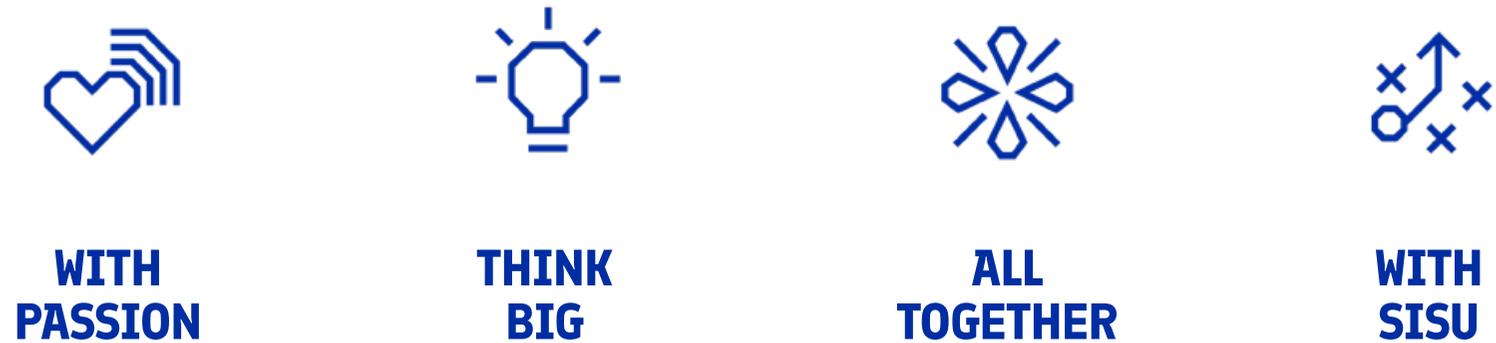


Figure 2: Business Finland's values

VALUES

Business Finland's values are reflected in the day-to-day operations of its personnel with clients, partners, and colleagues. They provide the basis for Business Finland's operations and help Business Finland achieve its stra-

tegic goals. They are the cornerstones of Business Finland's culture. These values have been included in the recruitment and induction processes and remuneration. Business Finland's values are: With passion, Think big, All together, and With SisU.

REPORTING PRACTICES

Business Finland's strategy reform influenced the 2021 social responsibility report. The Finnish central government moved to uniform sustainability reporting, on which the State Treasury issued guidelines during 2021. The reporting guidelines required that the organization define three to five UN Sustainable Development Goals (SDGs) identified as the most significant for its operations. These goals and the new strategy contributed to Business Finland reforming its material topics of social responsibility. The structure of the report was also changed to better reflect the guidelines of the State Treasury. In its reporting, Business Finland still complies with the GRI Standards for Corporate Responsibility Reporting Framework.

Business Finland began its operations on January 1, 2018. The first social responsibility report of Business Finland was made for the financial year January 1 – December 31, 2018. Some of the information in the report are extracted from the financial statements of both the Funding Agency and the Company, which also contain the comparative financial information. Alternatively, the

report indicates that the information can be found in the above-mentioned documents. The social responsibility report concerns the Business Finland entity, separating the information on the Funding Agency and the Company to the extent necessary. Business Finland Venture Capital Ltd prepares its own social responsibility report. This report describes how Business Finland's social responsibility has been implemented with regard to the material topics defined in Chapter 8 and the UN Sustainable Development Goals for the financial year January 1 – December 31, 2021. Reports on Business Finland's social responsibility are published annually. The report is prepared in accordance with the GRI Standards for Corporate Responsibility Reporting Framework (Core). The report has not been externally audited.

2.2. SUSTAINABILITY MANAGEMENT AND ADMINISTRATION

Business Finland discharges a service duty handed down by the Finnish state and assigned to it by law. Therefore, social responsibility is a key part of Business Finland's operations, and it is managed as a part of its day-to-day operations. Business Finland has prepared a new strategy for the years 2021–2025. The preparation of the strategy was preceded by broader scenario work, which took into account the changes and uncertainties in the operating environment.

Business Finland's new strategy is based on three core areas: economic growth, sustainability, and competitiveness. Together, these three themes lay the foundations for the prosperity that Business Finland aims to create for Finland. Therefore, they also provide a solid foundation for the new strategy of Business Finland.

Sustainability has always been important for Business Finland. Sustainability is at the heart of Business Finland's new strategy. With sustainability, Business Finland refers to all three areas of sustainability: ecological, economic, and social sustainability. Business Finland's

mission is to promote sustainability in two manners: to ensure the ecological, economic, and social responsibility of our own and our clients' operations and to mitigate the negative effects of these operations. A stronger emphasis on sustainability still requires planning the practical implementation process and adjusting Business Finland's offering and working methods. Furthermore, the definition of sustainability is still in part unclear to Business Finland's personnel.

As part of its new strategy, Business Finland has defined five strategic focus areas for its operations. Strategic focus areas are identified as important development areas for the success of the strategy. For each development entity, Business Finland has appointed a leadership-team-level owner who is responsible for the detailed planning of the development entity and the management and monitoring of its implementation. In order to ensure the change required by the new strategy and to implement the strategy's focus areas, a new steering model for the development of the focus areas was also created and successfully piloted during the second half of the year. One of the focus areas specifically deals with sustainability. In addition to the leadership-team-level owner,

Business Finland has appointed a project group for the sustainability focus area to drive the development forward. During 2021, the project team prepared a sustainability roadmap, and the intention is to implement its measures between 2021 and 2025.

Business Finland's organizational structure, operating model, and management model are designed to support the implementation of the strategy. Business Finland's planning process contains a strategic perspective. As part of the annual planning process, the goals for the service areas and units all the way to the personnel level are derived from Business Finland's strategic goals and strategic focus areas. The implementation of the strategy is regularly monitored at the meetings of the leadership team. In addition, strategic focus areas are coordinated and cross-checked at the level of the leadership team. In addition to the leadership team, the implementation of the strategy requires the commitment of every Business Finland employee.

The basic principle of Business Finland's risk management is that risk management is integrated into operation processes so that identifying risks and planning management methods are carried out in connection with

managing each operation. The leadership team processes the key risks and management methods of the entire Business Finland organization. Members of the leadership team are in charge of risk management within their own service area. Risks are mainly identified as part of regular operations, operational planning, and decision making. Service areas then report the risks and the implementation of the management methods as part of their semi-annual and annual report.

2.3. SUSTAINABILITY GOALS

The central strategic goals under the administration of the Ministry of Economic Affairs and Employment, based on the Government Program, are a 75% employment rate; a 4% GDP share of research, development, and innovation funding; and Finland's carbon neutrality by 2035. Business Finland's new strategy takes into account the implementation of the key goals, programs, and strategies of the Government Program, in particular the goals related to growth and competitiveness as well as to business and innovation policy.

The annual performance agreement with the Ministry of Economic Affairs and Employment defines Business Finland's goals and the indicators for monitoring the outcomes. The performance agreement applies to the whole of Business Finland. The goals take into account the above-mentioned goals of the Government Program and Business Finland's new strategy. Business Finland reports on the achievement of the goals in the annual report of the Funding Agency. The same goals also guide the social responsibility of Business Finland.

In its strategy, Business Finland defines impact targets that concern three areas: economic growth, promo-

tion of sustainability, and the development of competitiveness. Business Finland has set two strategic goals for each core area, one for the client level and one for the level of society. At the level of society, the goals are: (1) a productive economy, (2) a superpower in sustainability, and (3) an attractive and a resilient business landscape. At the client level, the goals are (4) globally thriving companies, (5) developers of new sustainable solutions and operations, and (6) bold reformers of business.

The goals for the client level are based on the value that Business Finland creates for its clients and provide an indication of the impact of Business Finland on the development of its clients and, thus, society. The performance agreement's key performance indicator targets are set for these client-level goals. Business Finland assesses its success by measuring the success of its clients. The goals at the level of society are closely related to the core mission of Business Finland: creating prosperity for Finland. Business Finland's impact at the level of society cannot be measured directly, as other factors also influence the achievement of the goals. This is why Business Finland assesses its success with these goals through impact assessments.

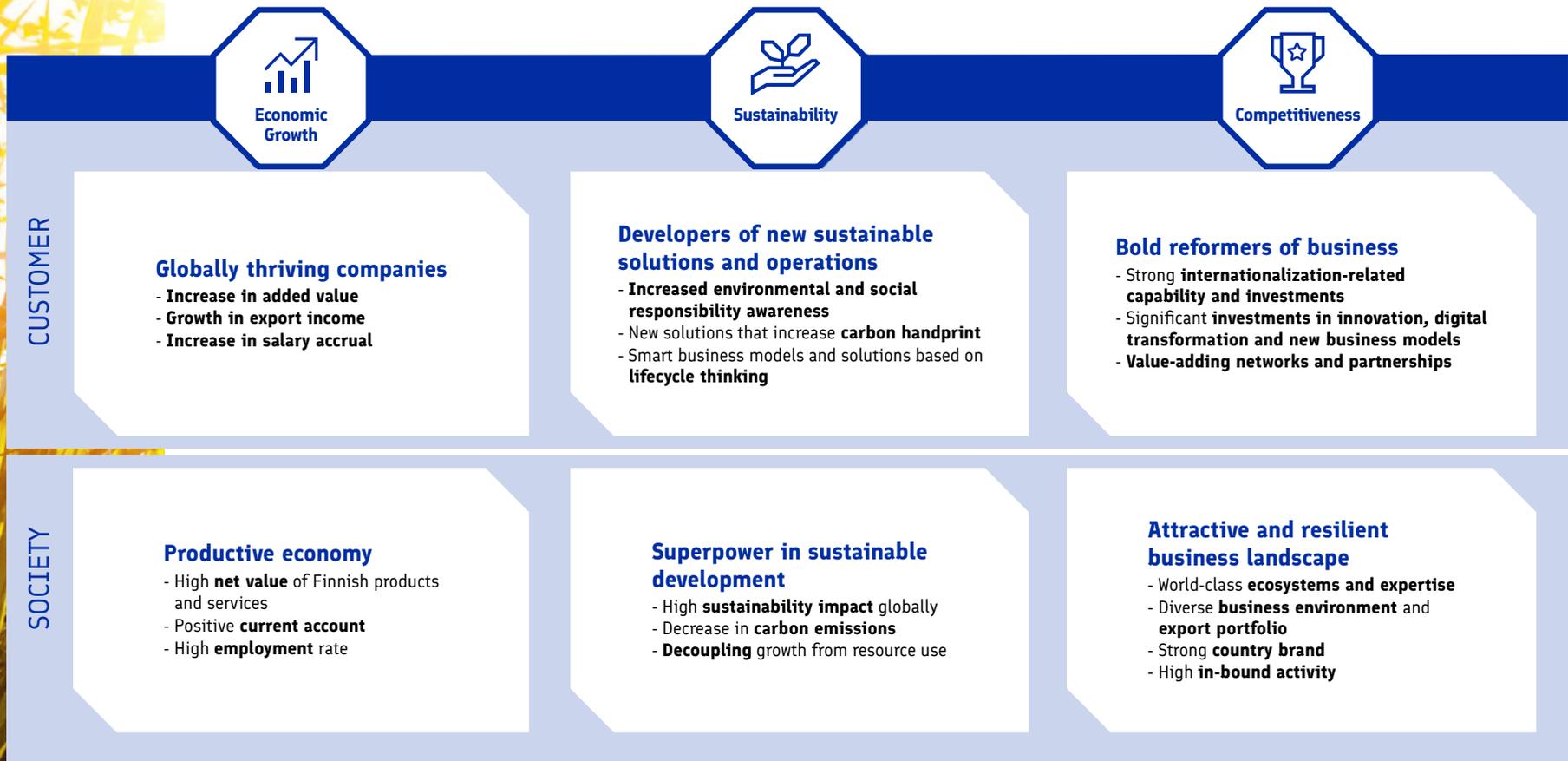


Figure 3: Business Finland's impact targets

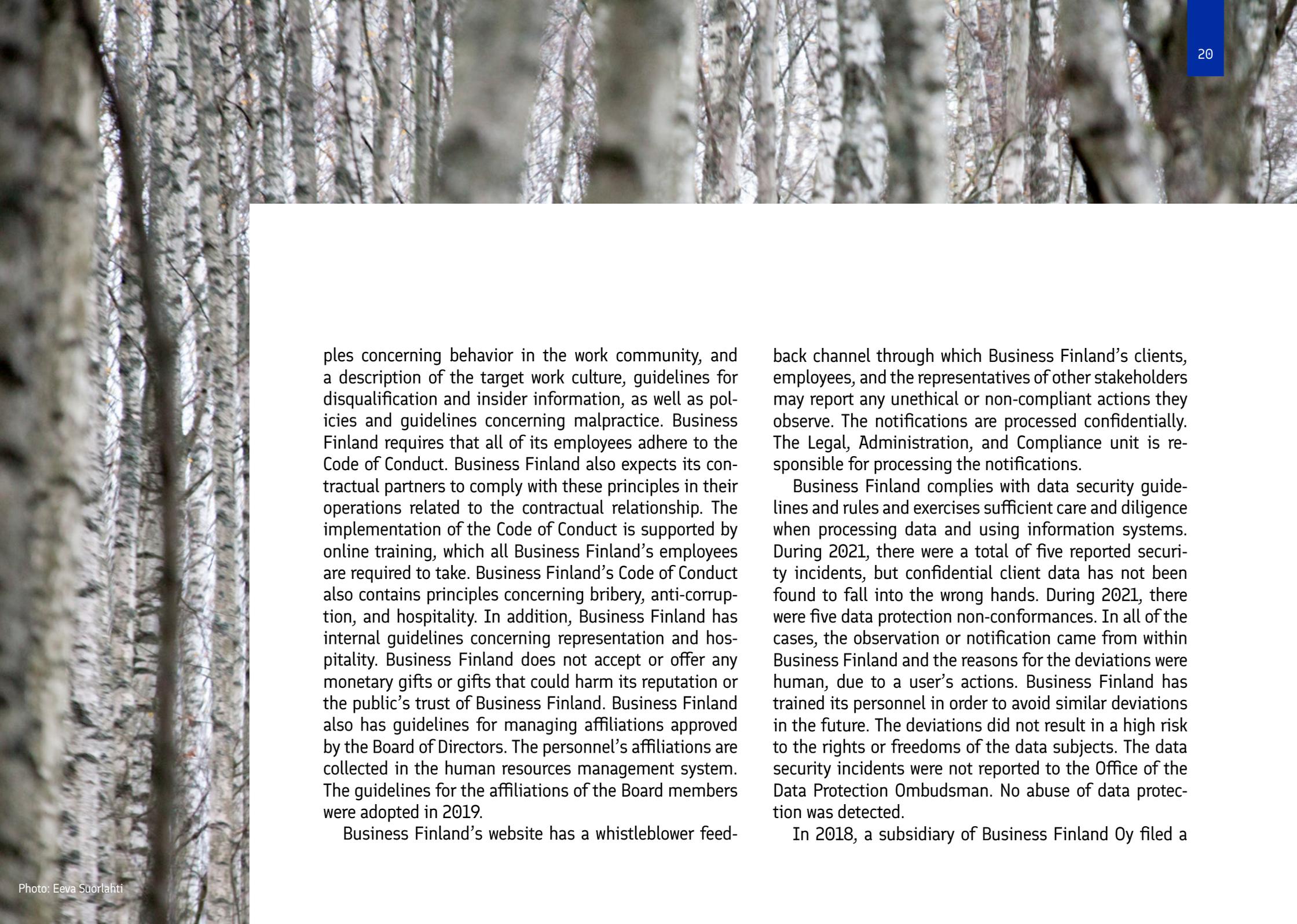
2.4. RESPONSIBILITY PRINCIPLES

Achieving the goals set for Business Finland's operations requires responsible operations from Business Finland. Business Finland complies with the laws, regulations, and practices in force both in Finland and the EU and in each country in which it operates as well as with good governance. Business Finland's operations are governed by specific legislation, national and European regulations on state aid, and the Companies Act in the case of company-based operations. In carrying out public administrative tasks, Business Finland complies with general legislation on governance. The core tasks of Business Finland are defined in the law (the Act on Innovation Funding Agency Business Finland and a limited liability Company called Business Finland 1146/2017). Business Finland's work is also steered by the performance agreement signed with the Ministry of Economic Affairs and Employment and other guidelines.

In addition to laws, regulations, and the performance agreement, Business Finland has a general set of rules and guidelines that govern the way it acts in relation to

its clients, employees, and partners in all its operations. The most important of these are the Business Finland's Code of Conduct approved by the Board of Directors, the guidelines for affiliations, the risk management policy, management principles, the information security policy, data protection guidelines, and various security guidelines. With regard to human resources, the most important guidelines and policies are the equality plan, the early intervention model, policies on the use of personnel resources, guidelines for accidents and occupational diseases as well as inappropriate behavior and its management, the substance abuse model, sanctions for neglect and violations, training support, guidelines for threatening customer service situations, and the occupational health and safety program. Business Finland's work with clients is also guided by a customer service handbook. Instructions, policies, and regulations relating to funding activities have also been compiled into a handbook.

The Business Finland Code of Conduct compiles the main principles of responsible operations, which include the principles of good funding and generally worthwhile operations principles, policies on the openness and confidentiality of information and operations, princi-



ples concerning behavior in the work community, and a description of the target work culture, guidelines for disqualification and insider information, as well as policies and guidelines concerning malpractice. Business Finland requires that all of its employees adhere to the Code of Conduct. Business Finland also expects its contractual partners to comply with these principles in their operations related to the contractual relationship. The implementation of the Code of Conduct is supported by online training, which all Business Finland's employees are required to take. Business Finland's Code of Conduct also contains principles concerning bribery, anti-corruption, and hospitality. In addition, Business Finland has internal guidelines concerning representation and hospitality. Business Finland does not accept or offer any monetary gifts or gifts that could harm its reputation or the public's trust of Business Finland. Business Finland also has guidelines for managing affiliations approved by the Board of Directors. The personnel's affiliations are collected in the human resources management system. The guidelines for the affiliations of the Board members were adopted in 2019.

Business Finland's website has a whistleblower feed-

back channel through which Business Finland's clients, employees, and the representatives of other stakeholders may report any unethical or non-compliant actions they observe. The notifications are processed confidentially. The Legal, Administration, and Compliance unit is responsible for processing the notifications.

Business Finland complies with data security guidelines and rules and exercises sufficient care and diligence when processing data and using information systems. During 2021, there were a total of five reported security incidents, but confidential client data has not been found to fall into the wrong hands. During 2021, there were five data protection non-conformances. In all of the cases, the observation or notification came from within Business Finland and the reasons for the deviations were human, due to a user's actions. Business Finland has trained its personnel in order to avoid similar deviations in the future. The deviations did not result in a high risk to the rights or freedoms of the data subjects. The data security incidents were not reported to the Office of the Data Protection Ombudsman. No abuse of data protection was detected.

In 2018, a subsidiary of Business Finland Oy filed a

civil suit against a former employee of a subsidiary in the United States based on suspected financial abuse by the former employee from 2011 to 2017. The amount of ambiguous expenses in the accounts for 2011–2017 is significant, approximately USD 4.8 million in total. As the case has proceeded, the suspicions regarding the abuse have been reinforced. The case will be handled by the District Court in accordance with local laws and processes. During 2020, the process resulted in positive interim decisions and interlocutory judgments, but the case is still pending. Due to the delays caused by the pandemic, the case progressed only minimally in 2021.

Business Finland's funding activities comply with the principles of good governance, the Code of Conduct, as well as national legislation and the EU state aid rules. Business Finland monitors its state aid operations through quality audits and audits concerning the supervision of funded clients. Quality audits assess the quality of the preparatory work for funding decisions and the monitoring performed during the duration of the project. The purpose of the audits conducted by Business Finland is to ensure that the projects it funds comply with the funding decision and its terms and conditions, and that

the implementation of the project corresponds to the information provided to Business Finland.

Business Finland maintains funding policies, guidelines, and legislation on a regular basis. In order to maintain openness and transparency, public funding information is published on the website. The funding information is reported to the European Commission by aid scheme and also by project in accordance with the EU's transparency obligation.

Business Finland addresses malfeasance, and every employee is responsible for reporting suspected malfeasance. Business Finland does not tolerate money laundering or other illegal activities in its operations. Business Finland conducts background checks on its clients to prevent money laundering and support for illegal or unethical activities, for example. When granting funding, Business Finland establishes the owners of all of the funded clients, their financial situation, and all their existing business activities. If the client company is also funded by other funders, they must always inform Business Finland of the amount of funding and the names of the other funders. Each client's business activities are investigated when evaluating the project for which funding

has been applied for/proposed. In addition, it is verified that neither the funded clients nor their beneficiaries are on sanctions lists. Chapter 10 of the annual report of the Funding Agency summarizes the malfeasance detected.

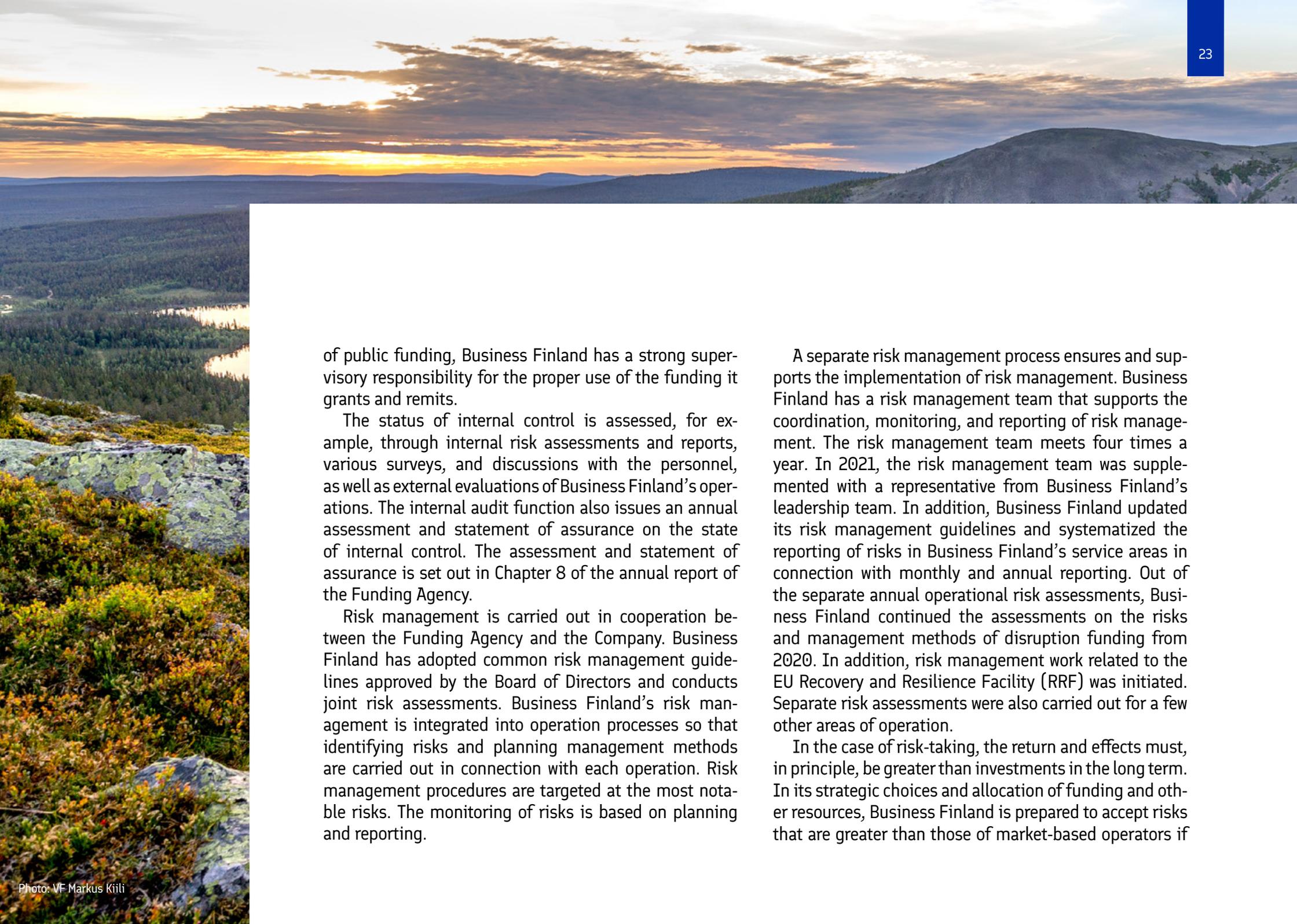
Projects funded under the Sustainable Growth Program for Finland are always assessed in accordance with the DNSH (Do No Significant Harm) principles. In the Sustainable Growth Program for Finland, Business Finland does not finance projects that do not meet the DNSH criteria. Information of the actual beneficiaries of the funding is collected.

Business Finland assesses the long-term social benefits of each project and also takes into account the project's impact on other organizations and its direct impact on the environment and society. In 2021, Business Finland continued to develop its funding criteria from the perspective of sustainable business. During the year, it piloted the utilization of sustainability reports provided by Suomen Asiakastieto in evaluating funded clients. On the basis of the pilot, the reports were discovered to be a useful tool in funding, and Business Finland is preparing their utilization in funding. The use of a sustainability survey as part of funding applications was also prepared

in 2021, and the pilot will be implemented during 2022 as part of the Incentive for audiovisual productions funding. Various options have also been examined for assessing how the funding applications and funded projects support the UN SDG sustainability themes.

During 2021, Business Finland also prepared ethical guidelines for its operations.

The purpose of Business Finland's internal control is to ensure that the finances and operations comply with the law, the operations are effective, the funds and property under Business Finland's control are safeguarded and correct and sufficient information is obtained for management and external steering. The internal control is based on a functioning control environment, a target-oriented approach and accountability, as well as controls, systems, and risk assessment. Internal control is an integral part of all core activities and their management. Support for internal control ensures and supports internal control as part of the core activities. The internal audit function verifies the effectiveness of the internal control function. The Funding Agency monitors the Company's activities, and it can audit the Company's state aid activities to the extent necessary. As a significant user



of public funding, Business Finland has a strong supervisory responsibility for the proper use of the funding it grants and remits.

The status of internal control is assessed, for example, through internal risk assessments and reports, various surveys, and discussions with the personnel, as well as external evaluations of Business Finland's operations. The internal audit function also issues an annual assessment and statement of assurance on the state of internal control. The assessment and statement of assurance is set out in Chapter 8 of the annual report of the Funding Agency.

Risk management is carried out in cooperation between the Funding Agency and the Company. Business Finland has adopted common risk management guidelines approved by the Board of Directors and conducts joint risk assessments. Business Finland's risk management is integrated into operation processes so that identifying risks and planning management methods are carried out in connection with each operation. Risk management procedures are targeted at the most notable risks. The monitoring of risks is based on planning and reporting.

A separate risk management process ensures and supports the implementation of risk management. Business Finland has a risk management team that supports the coordination, monitoring, and reporting of risk management. The risk management team meets four times a year. In 2021, the risk management team was supplemented with a representative from Business Finland's leadership team. In addition, Business Finland updated its risk management guidelines and systematized the reporting of risks in Business Finland's service areas in connection with monthly and annual reporting. Out of the separate annual operational risk assessments, Business Finland continued the assessments on the risks and management methods of disruption funding from 2020. In addition, risk management work related to the EU Recovery and Resilience Facility (RRF) was initiated. Separate risk assessments were also carried out for a few other areas of operation.

In the case of risk-taking, the return and effects must, in principle, be greater than investments in the long term. In its strategic choices and allocation of funding and other resources, Business Finland is prepared to accept risks that are greater than those of market-based operators if



it is estimated that the economic and social return potential is sufficient. Business Finland's existence is based on the idea of taking such risks and sharing the risks of innovation activities in the Finnish economy.

The effectiveness of the risk management system is assessed as part of normal operational monitoring and, for example, with self-assessment in accordance with the ISO31000 assessment framework, assessments supported by an internal audit, or data collections or assessments conducted with the assistance of an external expert. The leadership team, the Board of Directors of the Company, the Audit Committee, and the Business Finland Board of Directors discuss the functionality of Business Finland's risk management, and its development needs annually.

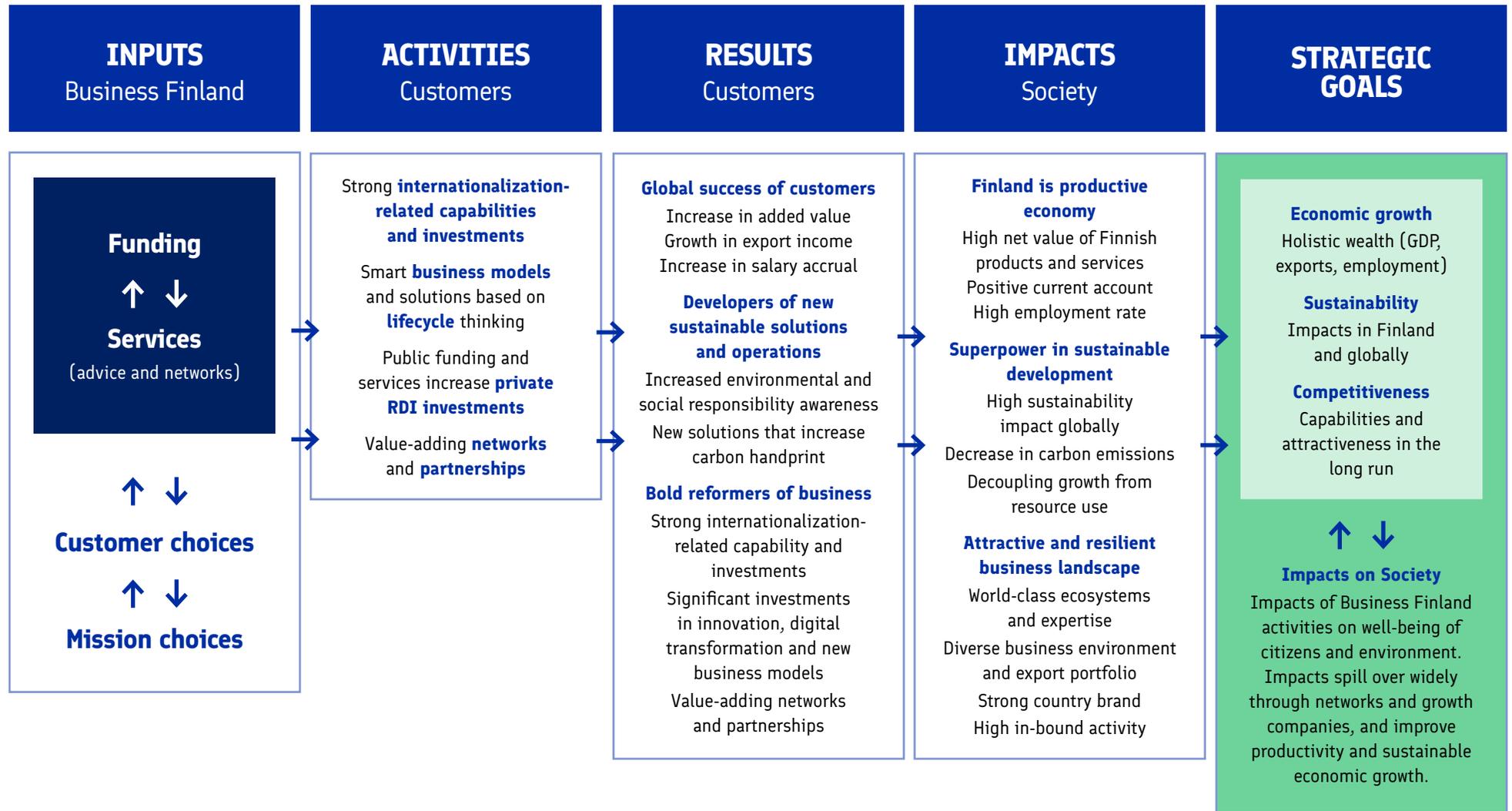
2.5. IMPACT EVALUATION

According to its new strategy, Business Finland fulfills its mission by focusing on economic growth, sustainability, and competitiveness. These core areas are inextricably linked to Business Finland's goals. The goals for the client level are based on the value that Business Finland

brings to its clients. The clients' activities and value creation, in turn, are reflected at the level of society. The social goals are closely linked to Business Finland's goal of creating prosperity for Finland. They reflect the value that Business Finland wants to create for the Finnish taxpayers and society at large. The connection between Business Finland's activities and goals at the level of society cannot be observed directly, as other operators also contribute to these goals. Therefore, Business Finland's contribution to achieving these goals is measured by impact assessments.

The impact of Business Finland and the development of its core areas are monitored by means of impact studies for each core area (economic growth, sustainability, competitiveness) agreed upon with the Ministry of Economic Affairs and Employment. In addition, other assessments are conducted in accordance with the assessment plan agreed upon with the ministry. Separate impact studies are carried out annually for different goals, so that every goal will be assessed at least once between 2021 and 2024. Impact studies and their results are described in the Funding Agency's annual report.

Figure 4: Business Finland's impact model



MARKET FAILURES

(Markets fail to operate fully with e.g. networks, knowledge, ideas, sustainability and funding)

SPILLOVERS

(New ideas and knowledge spill over the whole society)



Business Finland's impact studies are based on an impact model describing added value (additionality). The impact model has also been developed to describe various client segments and instrument-specific results and impacts. In addition, the impact model is suitable for utilizing impact information, such as impact paths specific to each core area. At the same time, Business Finland will increase the use of impact information in its strategic decision-making and strengthen its proactive impact and external communication. During 2021, Business Finland refined the impact model related to the strategic core area of sustainability. Impact communication has been further developed using visualization, client segmentation, case analyses, and impact reviews.

The mission concept is a new approach for Business Finland which combines long-term strategic forecasting with helping companies here and now. In the future, missions will play a strong role in Business Finland's programs. With missions, the aim is to create value for society on a broad scale and to identify significant future market opportunities for Finnish companies. The topics that Business Finland's missions deal with are selected from sectors that are experiencing global changes. This

way, missions also provide significant future market opportunities for Finnish companies. Since missions are a new approach for Business Finland, their monitoring and evaluation as well as ensuring their impact also have to be built from a new perspective. The work has started as a process with the aim of preparing a more precise concept for missions and a framework for monitoring and evaluating impact with the help of consultants who are already familiar with the functions of Business Finland. As the programs will in future be guided by missions, this planning work will also concern the programs where appropriate.

2.6. STAKEHOLDER WORK

Clients are a key stakeholder group for Business Finland. Business Finland provides funding and professional services to companies and research institutes that have operations in Finland. In 2021, the majority of the clients of Business Finland's funding and professional services were micro and small enterprises (approximately 80%). Expert services are also available to foreign clients: for example, the clients of Visit Finland and Invest in Finland are primarily companies registered outside of Finland.

In order to improve customer service, Business Finland developed a service model during the year for key clients as well as service-to-service guidance for other clients. In customer service, Business Finland emphasized its strategic goals. In 2021, Business Finland adopted new tier and segmentation models which helped build a framework for better identification of the needs and desired impacts of Business Finland's clients. During the year, Business Finland accumulated industry expertise and introduced industry management models.

Business Finland regularly and systematically collects feedback from its clients on their use of its services.

For example, funding services and internationalization services send out an automated survey to clients at the end of each service event. In addition, Business Finland conducts an annual feedback survey for its Key and Focus clients in order to receive client-level feedback on its operations. In funding services, client satisfaction is measured in two different steps by three different surveys. The first client satisfaction survey is sent out after a positive or negative funding decision. The second client satisfaction survey is sent out after the final payment decision. The client satisfaction survey for funding clients was revised in late 2020 and early 2021. The survey sent out after the funding decision focuses on the funding application process, while the survey sent out after the final payment decision focuses on the activities during the project. The two surveys described above are sent out to all other funding clients except de minimis and energy aid clients, who receive a separate survey of their own after a positive or negative funding decision.

The most important indicators of Business Finland's client experience are general satisfaction with Business Finland's services and willingness to recommend its services. In 2021, the quality of Business Finland's services

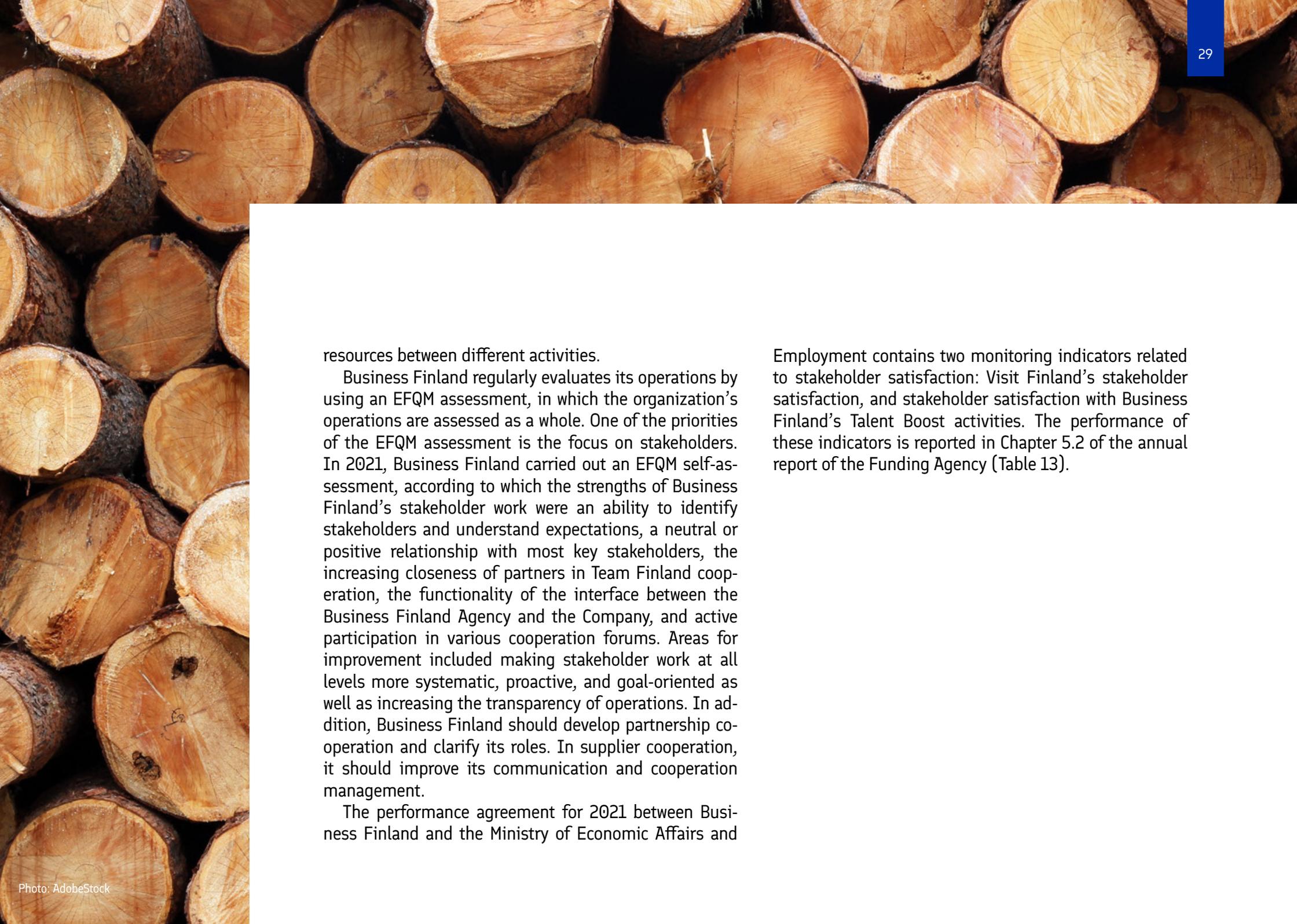
was mostly considered excellent. The indicators and their outcomes related to the quality of services are described in more detail in Chapter 5.2 of the annual report of the Funding Agency.

According to Business Finland's stakeholder guidelines, it is essential to assess the strategic nature, impact, and client value of cooperation. Stakeholder cooperation is guided by Business Finland's strategy. On the basis of the strategy, it is assessed whether cooperation with a particular organization is strategic and/or has a significant social impact or whether the cooperation contributes significantly to the goals of Business Finland.

Business Finland engages in particularly close cooperation with the Ministry of Economic Affairs and Employment and the organizations under its administration, as well as with the Ministry for Foreign Affairs. The Ministry of Economic Affairs and Employment is Business Finland's owner and performance manager. In addition to the above, the key strategic stakeholders include: Finnvera, VTT, Academy of Finland, and Sitra. Business Finland operates actively in the Research and Innovation Council, which guides and coordinates research and innovation policy. Business Finland also engages in close

cooperation with ELY Centres and other regional actors as well as with bodies of the European Union. Business Finland's international network has expanded significantly. The network engages in close cooperation with Finnish Embassies and significant regional actors. Examples of Business Finland's stakeholder cooperation can be found in Chapters 4–6 of this report, as well as in the annual report of the Funding Agency.

In 2021, the Ministry of Economic Affairs and Employment commissioned an evaluation of Business Finland in order to obtain an independent view of Business Finland as a provider of research, development, and innovation funding as well as a promoter of export and internationalization of enterprises, foreign investment, and foreign tourism. The evaluation highlighted the need to develop more strategic partnerships and cooperation with different actors, e.g., between Business Finland and the Academy of Finland, as well as with regional actors. The focus of Business Finland's operations is seen to have shifted more towards short-term goals instead of long-term renewal and goals that emphasize RDI activities. Stakeholders were also concerned about the allocation of Business Finland's resources and the distribution of



resources between different activities.

Business Finland regularly evaluates its operations by using an EFQM assessment, in which the organization's operations are assessed as a whole. One of the priorities of the EFQM assessment is the focus on stakeholders. In 2021, Business Finland carried out an EFQM self-assessment, according to which the strengths of Business Finland's stakeholder work were an ability to identify stakeholders and understand expectations, a neutral or positive relationship with most key stakeholders, the increasing closeness of partners in Team Finland cooperation, the functionality of the interface between the Business Finland Agency and the Company, and active participation in various cooperation forums. Areas for improvement included making stakeholder work at all levels more systematic, proactive, and goal-oriented as well as increasing the transparency of operations. In addition, Business Finland should develop partnership cooperation and clarify its roles. In supplier cooperation, it should improve its communication and cooperation management.

The performance agreement for 2021 between Business Finland and the Ministry of Economic Affairs and

Employment contains two monitoring indicators related to stakeholder satisfaction: Visit Finland's stakeholder satisfaction, and stakeholder satisfaction with Business Finland's Talent Boost activities. The performance of these indicators is reported in Chapter 5.2 of the annual report of the Funding Agency (Table 13).

3 UN SUSTAINABLE DEVELOPMENT GOALS SELECTED BY BUSINESS FINLAND



Photo: AdobeStock

The uniform sustainability reporting of the Finnish central government requires that agencies and institutions identify three to five most significant UN Sustainable Development Goals (SDGs) and targets concerning their own their activities. Business Finland selected goals 8, 9, and 13 as its UN Sustainable Development Goals (SDGs). At the same time, it also selected the most suitable SDG targets for its operations. At some level, Business Finland contributes to almost every UN Sustainable Development Goal. This report describes the UN Sustainable Development Goals (SDGs) which particularly concern Business Finland's operations, although its operations are also linked to the other goals. For example, in the context of the core theme of sustainability, climate change was not the only UN SDG that Business Finland could have selected.

The selected goals are described in the table below. The tables also contain the indicators proposed in the UN indicator list for measuring the progress of the targets, as well as the indicators selected by Business Finland for each target.

Table 2: UN Sustainable Development Goals and indicators selected by Business Finland.¹

SDG	TARGET	UN INDICATOR	BF INDICATOR
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Annual growth rate of real GDP per employed person.	Export growth of SME clients (incl. midcap), EUR million and %.
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	Proportion of informal employment in total employment, by sector and sex.	Number of jobs created by RDI funding (estimated number of jobs in the target year of the project).
	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.	Material footprint, material footprint per capita, and material footprint per GDP or domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP.	Business Finland does not yet have a specific progress indicator for this target but the indicator of target 9.4 describes well also the progress of this target.
	8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.	Tourism direct GDP as a proportion of total GDP and in growth rate.	Registered foreign overnight stays, 1,000 days. Finland's market share of overnight stays by foreign tourists in relation to other Nordic countries (%). International tourism income (tourism balance), EUR million

¹ Indicators: <https://unstats.un.org/sdgs/indicators/indicators-list/>, goals: <https://www.globalgoals.org/goals/>

Table 2 part 2: UN Sustainable Development Goals and indicators selected by Business Finland.¹

SDG	TARGET	UN INDICATOR	BF INDICATOR
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	CO2 emission per unit of value added.	Funding for solutions promoting low-carbon and circular economy, EUR million.
	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	Research and development expenditure as a proportion of GDP or researchers (in full-time equivalent) per million inhabitants.	Increase in the combined RDI investments of Business Finland's clients (%).
Goal 13: Take urgent action to combat climate change and its impacts.	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population. Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030. Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies.	Business Finland does not yet have a specific progress indicator for this target.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment.	Share of service events related to the promotion of sustainability (%).

¹ Indicators: <https://unstats.un.org/sdgs/indicators/indicators-list/>, goals: <https://www.globalgoals.org/goals/>



As described in Chapter 2.3, the annual performance agreement with the Ministry of Economic Affairs and Employment defines Business Finland’s goals and the indicators measuring the achievement of these goals, and these same goals also govern Business Finland’s social responsibility. The indicators in the performance agreement measure the progress of Business Finland’s work. The UN has included appropriate indicators for each target in its list of indicators. However, the indicators included in the UN indicator list are not suitable for measuring the work Business Finland carries out to promote each UN target, and they are not fully suitable for Business Finland’s reporting either. This is why Business Finland measures the progress of its goals with the performance and monitoring indicators set out in its performance agreement. The descriptions and calculation method of the performance and monitoring indicators are described in Appendices 4 and 5 to the performance agreement 2021–2024. The performance agreements can be found on Business Finland’s website under “Performance management” (in Finnish).

The primary measures taken to achieve the goals outlined above are described in the following Chapters 4–6. The Funding Agency’s annual report describes these measures in more detail.

4 A HANDPRINT FOR THE UN SUSTAINABLE DEVELOPMENT GOAL 8

UN SUSTAINABLE DEVELOPMENT GOAL 8:

PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE ECONOMIC GROWTH,
FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL

Target 8.2:

Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value added and labor-intensive sectors.

Target 8.3:

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Target 8.4:

Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead.

Target 8.9:

By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.



Business Finland is an important operator in promoting economic growth in Finland. For Business Finland's clients, economic growth primarily means the ability to create added value and increase export earnings. At the level of society, the services offered by Business Finland to its clients that bring them added value promote the growth of the net value of Finnish products and services – in other words, increase the contribution of the private sector to Finland's GDP. By supporting the growth of its clients' export earnings, Business Finland contributes to a positive current account balance at the national level. By increasing its clients' salary accrual, Business Finland promotes the development of the employment rate in Finland.

In the long term, Business Finland aims to increase sustainability as a prerequisite for economic growth and competitiveness. Business Finland also implements the Government Program entries on tourism and the guidelines for Finland's tourism strategy. The aim is to enable faster growth of foreign tourism demand in relation to the growth of the number of tourists.

4.1. TARGETS 8.2, 8.3, 8.4, AND 8.9

When Business Finland helps its clients to increase their export earnings, it creates more prosperity for Finland. Business Finland also aims to increase the number of jobs, especially in high-tech companies and knowledge-intensive service sectors.

Business Finland helps Finnish companies to enter the international markets and advises companies at all stages of internationalization. Business Finland recognizes promising business opportunities in the market and helps to find suitable partners and contacts. The number of clients who received Business Finland's internationalization services increased by 12.8% in 2021 despite the restrictions on travel and event arrangements caused by the Covid-19 pandemic. The Covid-19 pandemic moved operations to the virtual realm already in spring 2020, and Business Finland developed virtual operations further in 2021 on the basis of what it has learned, especially regarding encountering clients and end clients in the target markets.

Business Finland's research, development, and innovation funding encourages organizations to engage in re-

search, development, and innovation activities and joint programs aimed at accelerating development, increasing processing value and productivity, and promoting the development of working life. During 2021, the funding criteria have been updated to meet the economic growth targets defined in the new strategy. In the future, funding decisions will also take into account the qualitative factors of export and the funding criteria will focus not only on the export potential but also on its nature, with the aim of funding projects in which exports bring added value and increase salary accrual in Finland.

Sales and marketing work of Business Finland's Invest in Finland function helps to identify foreign companies that could have the potential to make investments that strengthen Finland's economic environment. In particular, these include knowledge-intensive sectors, high value-added production, and investments in research, development, and innovation. The impact of the investments is measured by indicators such as the creation of new jobs. The results of Invest in Finland in 2021 are presented in Chapter 5.1.2 of the annual report of the Funding Agency.

In 2021, Business Finland was closely involved in

the government's program for export and international growth. The program for export and international growth aims to promote the growth and internationalization of companies on a large scale and to support the emergence and development of multi-billion business ecosystems. The program was launched in 2020, and it will run until 2023. The Team Finland network plays an important role in the program.

The organizations that provide funding in the Team Finland network cooperated to help companies to overcome the Covid-19 crisis. The organizations also agreed to redirect companies that received Covid-19 funding to other services provided by the operators in the Team Finland network. The members of the Team Finland network worked closely with clients and served together more than 10,000 clients, the services including client advice, TF inquiries, funding, and joint events.

In 2020 and 2021, Business Finland launched challenge competitions for leading companies in order to get companies to significantly increase their research, development, and innovation activities in Finland and to create new jobs and multi-billion ecosystems aiming at new business. In 2021, these leading ecosystems were

further strengthened through a new funding call for leading companies and calls for partnership funding. The new leading companies Wärtsilä, TietoEVRY, and Nokia are committed to increasing their RDI investments in Finland by more than EUR 350 million in total and creating hundreds of new jobs.

Business Finland regularly assesses how it has succeeded in its mission through impact assessments. Based on the impact assessments conducted and follow-up monitoring, it can be concluded that Business Finland's funding operations have generated growth in both companies' turnover and exports. In other words, the funding produces significant benefits for society that would otherwise not occur ².

Decoupling economic growth from the use of resources is necessary to ensure long-term sustainable growth. This means that, as a society, we need to find sustainable solutions that enable economic growth without consuming more resources. Sustainability also offers significant market potential for our clients and the Finnish economy as a whole: solving the great challenges facing humanity offers viable and significant business opportunities. Business Finland's efforts to promote target 8.4 are very

² Hovmand, Eräkallio, Sunesen, Riehl: Impact Study of Economic Growth – Global Networks and Fast Growth Companies. Business Finland Report 1/2022.



similar in content to target 9.4. The work carried out for target 9.4 is described in Chapter 5.1.

The Visit Finland function, which is part of Business Finland, helps tourism companies operating in Finland to internationalize and to develop, sell, and market competitive and high-quality tourism products. The Covid-19 pandemic and travel restrictions significantly hindered foreign travel to Finland and affected Visit Finland's operations. In 2021, the focus was on measures that sought, on the one hand, to strengthen the resilience of the tourism industry and, on the other, to improve the tourism industry's ability to take the fastest and longest possible development leap when the pandemic situation would subside. Visit Finland renewed its own operational roadmap and updated the target market strategy to enable preparation for the market situation after the Covid-19 pandemic.

Today, sustainability is the most important theme in the promotion of tourism. Over the past two years, Visit Finland has strongly guided the transformation of the entire tourism industry towards the common goal of making Finland a leading destination for sustain-

able tourism. The Sustainable Travel Finland (STF) program, developed for tourism companies and regions, was launched in the summer of 2020. It provides a common, continuous development model and platform, the most recent information, and support for increasing competence and sustainable operating practices. The sustainable tourism indicator system, developed as part of the STF program, will be adopted gradually from early 2022. The indicators are linked to the UN Sustainable Development Goals (SDGs).

Tourism companies need extended support to recover from the financial difficulties caused by the pandemic. Visit Finland's action plan for 2021–2025, published in September 2021, is a roadmap for concrete measures to support the recovery of the industry. Practical implementation is possible with the EU RRF (Recovery and Resilience Facility) funding granted until the end of 2024, which will be at the core of Visit Finland's activities in the coming years.

PROGRESS INDICATORS

The progress of targets 8.2 and 8.3 is measured by the export growth indicator for SME client companies and the jobs created by RDI funding. There is no specific indicator for target 8.4, but its progress is measured by the same indicators as target 9.4. The progress of target 8.9

is measured by the number of registered foreign overnight stays, Finland's market share of foreign tourists' overnight stays in relation to other Nordic countries, and international tourism revenue.

The outcomes are analyzed in Chapters 3.2.2 and 3.2.3 of the annual report of the Funding Agency.

Table 3: Progress indicators for targets 8.2, 8.3, and 8.9

KEY PERFORMANCE INDICATOR	2019 outcome	2020 outcome	2021 outcome	2021 estimate
Export growth of SME clients (incl. midcap), EUR million and %.	EUR 399 million 6.5%	EUR 71 million 1%	EUR 1,500 million 16.5% (forecast)	EUR 500 million 10%
Number of jobs created by RDI funding (estimated number of jobs in the target year of the project).	34,000	38,835	24,937	35,000
Finland's market share of overnight stays by foreign tourists in relation to other Nordic countries (%).	14	14	9 (estimate)	11
International tourism income (tourism balance), EUR million ³ .	3,312	1,089	700 (estimate)	1,850
KEY PERFORMANCE INDICATOR	2019 outcome	2020 outcome	2021 outcome	2021 goal
Registered foreign overnight stays, 1,000 days ⁴ .	7,055	2,292	2,000 (estimate)	4,500

³ Income from foreign tourism treated as export (excluding transport income).

⁴ Visit Finland's measures contribute to these only in part.

CASE EXAMPLE

COMPANIES SELECTED FOR THE YOUNG INNOVATIVE COMPANY FUNDING IMPROVE HEALTH AND GENERATE INFORMATION

Business Finland's Young Innovative Company funding is intended for startups with a high business potential that have been in operation for less than five years. Funding enables the company to invest in the growth of international business and, in addition, strengthen the team, develop its business model and growth strategy, and target new markets.

A net impact study of the young innovative companies was conducted in 2020⁵. According to the study, the overall rating for the company portfolio is very satisfying. The companies produce a particularly high number of positive health effects and generate a lot of new information. The net impact study assesses the overall impact of companies' products and operations in four different categories, which are society, knowledge, health, and the environment.

The social impact of the young innovative companies is very positive, as they create large numbers of jobs and are a major source of tax revenue. On the other hand, these companies have little or no impact on equality or the stability of society.

As for the information category, the overall impact is negative. In practice, this is due to the fact that the analyzed companies use large amounts of scarce human capital, i.e., skilled and wanted employees. The important question is whether scarce human capital is harnessed to do the right

things. On the positive side of the information category, companies also produce and disseminate information.

The combined health effects of the young innovative companies are positive. There are a number of companies that strive to improve their users' health and quality of life. There are also negative health effects: for example, decreased physical activity due to mobile games reduces the positive health impacts of the analyzed companies.

In the environment category, the impacts are relatively small but negative overall. In particular, negative forms of impact are caused by companies in the delivery and transport sectors. The companies also have positive environmental impacts.

The overall rating of the company portfolio is very positive, 35. In other words, the portfolio's negative forms of impact are 35% lower than its positive forms of impact. For comparison, the corresponding overall rating of the 200 largest companies in the Nordic countries is -6, while the rating of Nasdaq Helsinki is 10 and that of the S&P 500 ESG index is 21. When the analysis takes into account the life cycle stage of the young innovative companies, the portfolio's net impact can be expected to improve further. As the relative use of scarce human capital decreases, the expected rating rises to 50.

The analysis was conducted by the Finnish startup UpRight. The analysis utilizes AI that understands text relations and conducts the analysis on the basis of open research data. The analysis involved 50 young innovative companies that had received the most funding from Business Finland.

⁵ <https://www.businessfinland.fi/4999dd/globalassets/julkaisut/Business-Finland-Vaikuttavuusraportti-2021.pdf> (in Finnish)

CASE EXAMPLE

SUSTAINABLE TRAVEL FINLAND

The Visit Finland unit of Business Finland has developed the Sustainable Travel Finland (STF) program for Finnish tourism companies and regions, which also awards STF labels. The program has been in place since summer 2020.

Companies and regions awarded the STF label have access to a continuous development model, the latest information related to the sustainability of tourism, as well as marketing support and additional visibility on the Visit Finland channels.

Tourism companies and regions participating in the STF program (as of February 7, 2022):

- 67 Finnish tourism regions have set out to reach for the STF destination label
- 818 companies have signed up for the program
- 138 companies across Finland have already been awarded the label
- 1 destination/tourism region (Posio) has been awarded the STF label

The Sustainable Travel Finland program has attracted a great deal of international interest, and it has been actively presented at virtual events of the tourism industry

throughout the year. In September 2021, Visit Finland became a member of the Global Sustainable Tourism Council (GSTC), which means that Visit Finland contributes to the promotion of sustainable tourism together with other tourism operators.

The accessibility of the STF program has been improved. The contents of the e-guide to Sustainable Tourism, created in support of the STF program, have been expanded and made more readable in order to better serve the tourism industry. In addition, the Visit Finland Academy has regularly held in-depth coaching sessions on sustainable tourism and STF program clinics for both companies and tourism destinations.

The indicators for sustainable tourism have been defined and measuring tourism companies and regions will start in early 2022. The results obtained by the indicators are an integral part of knowledge management and enable measuring the qualitative sustainability of tourism in addition to quantitative indicators.

During 2021, the joint development of Visit Finland and regional tourism projects has promoted the adoption of a carbon footprint calculator (CO₂ calculator) for tourism services on a national level. Introducing the tourism calculator as a tool in the STF program during 2022 will enable measuring and comparing the climate impact of services.

5 A HANDPRINT FOR THE UN SUSTAINABLE DEVELOPMENT GOAL 9

UN SUSTAINABLE DEVELOPMENT GOAL 9:

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION, AND FOSTER INNOVATION

Target 9.4:

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Target 9.5:

Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

Business Finland promotes the sustainable and bold renewal of its clients and the Finnish economy by investing especially in strong capabilities and investments related to internationalization, significant innovation invest-

ments, digital transformation, and new business models, as well as value-added networks and partnerships. Business Finland strives to support its clients so that they would develop into bold reformers of business.

5.1. TARGETS 9.4 AND 9.5

Business Finland participates in the implementation of the government's program for export and international growth and promotes the achievement of the program's goals in the areas of internationalization services for companies, improvement of internationalization and digital skills, multi-billion ecosystems and innovation, as well as the promotion of low-carbon approach in cooperation with other Team Finland members. Building joint offerings is part of the program for export and international growth. Business Finland created an operating model for building joint offerings of Finnish companies and launched a total of 16 joint offerings for concrete market opportunities. The different stages of the process, from the building of a Finnish offering to concrete business opportunities on the market, were modeled and integrated into the Market Opportunities process. The joint offerings have been designed to accommodate sustainability themes.

Business Finland promotes circular economy and directs funding to new solutions related to bioeconomy, circular economy, climate change mitigation, health care,

and digitalization. With RDI and investment funding for circular economy, Business Finland supports projects that have a significant impact on emissions reduction or employment and promote systemic change towards a circular economy. The investment aid for circular economy was introduced as a new funding service at the beginning of 2021, and demand significantly exceeded the available funding. In particular, Business Finland promoted circular economy with the Bio&Circular Finland program, through which it channeled more than EUR 45 million of innovation funding in 2021. At the end of 2021, the Zero Carbon Future mission was approved as part of Business Finland's strategy. Circular economy is one way of achieving the mission's goals. Business Finland also supports the implementation of a sustainable growth program in the transport industry through the Smart Mobility program. The Sustainable Manufacturing program aims to modernize the manufacturing industry and increase competitiveness.

Business Finland was given an important role in the Sustainable Growth Program for Finland and launched 10 funding calls in connection with the program. The measures in the national Recovery and Resilience Plan





contribute to sustainable growth based on digitalization, green transition and recovery of the economy. The recovery of the economy will be supported by investing in knowledge, research, innovation, and internationalization, as well as in low-carbon industrial renewal, strengthening the digital transformation of industry, and the international growth of Finland's leading industries. The measures mentioned above will create a supportive environment for research and innovation, investment, industry, and tourism, as well as for entrepreneurship and employment.

During 2021, Business Finland participated in the work of a parliamentary working group that was tasked with identifying ways of committing to increasing public sector R&D funding until the end of the decade. The working group will propose a new funding act to raise R&D funding, the preparation of a statutory R&D funding plan for a period longer than the framework period, and the introduction of a permanent and more extensive tax incentive for R&D activities.

Business Finland contributes to ensuring that Finnish research and innovation operators have the ability to utilize European and other international networks, exper-

tise, and funding. The aim is to enable Finnish companies and other actors to take better advantage of funding provided by the EU and other international organizations. In light of the figures from the Horizon 2020 program, which ended in 2020, the situation in Finland regarding the utilization of EU RDI funding is reasonably good. However, there is room for improvement, in particular as regards participation in joint projects carried out in the framework of European cooperation and the participation of large companies. For more information on EU cooperation, see Chapter 3.2.3 of the annual report of the Funding Agency.

Business Finland funded ecosystem initiatives aiming at projects worth more than EUR 1 billion. The development of ecosystems is a prerequisite for Finland to attract world-class ecosystems and a competitive operating environment. The leading ecosystems were further strengthened through a new funding call for leading companies and calls for partnership funding. The new leading companies are committed to increasing their RDI investments in Finland by more than EUR 350 million in total. A total of 9 leading ecosystems and 20 growth engine ecosystems are in operation, each of which is pursu-

ing a new multi-billion business. Strong ecosystems are emerging around the leading companies in particular.

Business Finland continued to implement the partnership model presented in the national RDI road map. The aim of the model is to bring research and networks that utilize research together into larger centers of expertise and ecosystems, and to strengthen cooperation between universities, research institutes, companies, and other RDI actors. The measures in the national RDI roadmap will make the Finnish RDI environment more attractive and encourage companies to increase their RDI investments.

In 2021, Business Finland cooperated closely with the Academy of Finland. Both organizations allocate RDI funding to promote the green and digital transition and to support partnerships in accordance with the Sus-

tainable Growth Program for Finland. In addition, Business Finland and the Academy of Finland engaged in a joint foresight project and coordinated national program activities in the areas of health and wellbeing, climate change and carbon neutrality, and digitalization in order to identify thematic areas of national importance.

PROGRESS INDICATORS:

The achievement of targets 9.4 and 9.5 is measured by the amount of Business Finland's funding allocated to solutions promoting low-carbon and circular economy, as well as by the combined increase of RDI investments among Business Finland's clients. The outcomes are analyzed in Chapter 3.2.3 of the annual report of the Funding Agency.

Table 4: Progress indicators for targets 9.4 and 9.5.

KEY PERFORMANCE INDICATOR	2019 outcome	2020 outcome	2021 outcome	2021 estimate
Funding for solutions promoting low-carbon and circular economy, EUR million.	189	305	270	200
KEY PERFORMANCE INDICATOR	2019 outcome	2020 outcome	2021 outcome	2021 goal
Increase in the combined RDI investments of Business Finland's clients (%) ⁶ .	-	4,7	2,1	> 5,9

⁶ The value of the indicator corresponds to the change in RDI inputs of Business Finland's 2019 clients in 2019–2020, which is the most recent set of data available.

CASE EXAMPLE

BUSINESS FINLAND CHALLENGES LEADING COMPANIES TO SOLVE SIGNIFICANT FUTURE CHALLENGES⁷

The purpose of the challenge competitions for leading companies launched by Business Finland in 2020 and 2021 was to get companies to significantly increase their research, development, and innovation activities in Finland and to create new jobs and multi-billion ecosystems aimed at new business. The competition proposals were expected to solve significant future challenges and affect the RDI (4%) and employment (75%) targets of the Government Program significantly.

⁷ Funding for leading companies and ecosystems – Business Finland (in Finnish)

Projects by nine companies were selected as winners of the competitions. These leading companies are Nokia, Wärtsilä, TietoEVRY, ABB, Fortum and Metsä Group, Kone, Neste, and Sandvik. A leading company is a company operating in global networks that has the expertise and willingness to boost the innovation capacity of its industry.

The winning companies have committed to increasing the number of RDI jobs by hundreds in total and their RDI investments by hundreds of millions of euros in total. If successful, the projects will lead to additional investments of several billion euros in Finland.

6 A HANDPRINT FOR THE UN SUSTAINABLE DEVELOPMENT GOAL 13

UN SUSTAINABLE DEVELOPMENT GOAL 13:

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

Target 13.1:

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Target 13.3:

Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Sustainability is one of the three core areas of Business Finland's strategy, which implies a significant need for development and a broad implementation of the perspective of sustainability in Business Finland's operations and services. In particular, Business Finland

focuses on increasing awareness of environmental and social responsibility, new solutions that increase the carbon handprint, and smart business models and solutions based on life cycle thinking.

6.1. TARGETS 13.1 AND 13.3

Business Finland's role in promoting sustainability is to:

1. ensure ecological, economic, and social responsibility in the activities of its clients by mitigating their possible negative forms of impact, and
2. support Finnish companies in developing solutions that have a positive impact on sustainability and contribute to the UN Sustainable Development Goals (SDGs).

Business Finland promotes sustainability by raising awareness of sustainability and sustainable business activities and by strengthening its clients' ability to increase their ecological, economic, and social responsibility.

Sustainability is closely linked to the goals of the two pilot missions launched in 2021 by Business Finland. The subject areas of the missions are a carbon-neutral future (Zero Carbon Society) and productivity growth through digitalization (Digital Native Finland). The missions respond to global challenges that require sustained and broad efforts at the level of society. At the same time, they help Finnish companies to take advantage of the new

market opportunities that arise as a result of systemic changes. The missions promote sustainability themes, such as solutions that increase the carbon handprint.

Business Finland's programs serve as a central tool in the implementation of the missions. Business Finland has defined sustainability goals for each program, which also directs implementation to increase its emphasis on sustainability. The programs aim at arranging sustainability-related talk events, webinars, and blogs on sustainability themes in order to introduce the client base to sustainability themes.

Business Finland will develop and continue its cooperation with the Ministry of Foreign Affairs in support of the Sustainable Development Goals on the Developing Markets partnership platform. The platform covers project funding in accordance with sustainability criteria, as well as market opportunities in developing markets opened through international financial institutions (IFIs) and the operations of the UN. In 2021, for example, Business Finland put together a compact information package on international funding institutions and the sustainable business opportunities they offer.



In 2021, Business Finland prepared a roadmap for its strategic priority area “Change Agent for Sustainable Business” and carried out a change project that explored further the alternatives and necessary measures that would enable Business Finland to take on a stronger role in generating sustainability solutions and strengthening its clients’ capabilities. At the same time, Business Finland outlined and refined its most important global frameworks for sustainability. As part of the project, Business Finland conducted an extensive client survey to find out how its SME clients have taken sustainability issues into account from an economic, social, and ecological perspective. It also conducted an international benchmark study. During 2021, Business Finland refined the impact model related to its strategic core area of sustainability, and at the same time it planned a more extensive impact study on its sustainability activities to be conducted in 2022.

With regard to the competence development of Business Finland’s personnel, efforts were made during 2021 to increase the personnel’s awareness of sustainability

and, in particular, environmental and social responsibility with sparring events and training sessions. During 2021, Business Finland planned the next steps necessary for promoting sustainability from the point of view of development activities and prepared a broader partnership review to be conducted in 2022. Business Finland aims to deepen the practical skills of its personnel and think of various ways in which it could contribute to sustainability and mitigate the risks associated with it.

PROGRESS INDICATORS

The implementation of targets 13.1 and 13.3 is measured by how the theme appears in Business Finland’s client interface. The client encounters and customer service events recorded in the CRM system are provided with information on whether the promotion of sustainability has been an essential part of the encounter or event. The measurement method is still in the deployment phase, which is also reflected in the performance of the indicator, which clearly falls short of the target level.

Table 5: Progress indicator for target 13.1

KEY PERFORMANCE INDICATOR	2019 outcome	2020 outcome	2021 outcome	2021 goal
Share of service events related to the promotion of sustainability (%).	-	-	17	> 50

CASE EXAMPLE

SOLUTIONS FOR GLOBAL DEVELOPMENT CHALLENGES

The Developing Markets Platform helps Finnish companies, and their partners develop sustainable business and access global funding in developing markets. Business Finland provides services together with the Ministry of Foreign Affairs, Finnpartnership, and other partners. The services help Finnish companies and their partners to reach developing markets and to integrate the UN Sustainable Development Goals into their business. The platform provides information, advice, contacts, and innovation funding related to emerging markets.

Developing markets, throughout Africa and Asia, are growing significantly faster than traditional markets. Development banks and the United Nations (UN) invest huge sums of money in developing markets. Finland has technology, know-how, and a good reputation. Finland can participate in developing sustainable and scalable solutions for the needs of developing markets.⁸

⁸ <https://www.businessfinland.fi/suomalaisille-asiakkaille/palvelut/ohjelmat/developing-markets-platform>

7 FOOTPRINT – IMPACT ON THE OPERATING ENVIRONMENT

7.1. BUSINESS FINLAND'S PERSONNEL

HUMAN RESOURCE MANAGEMENT

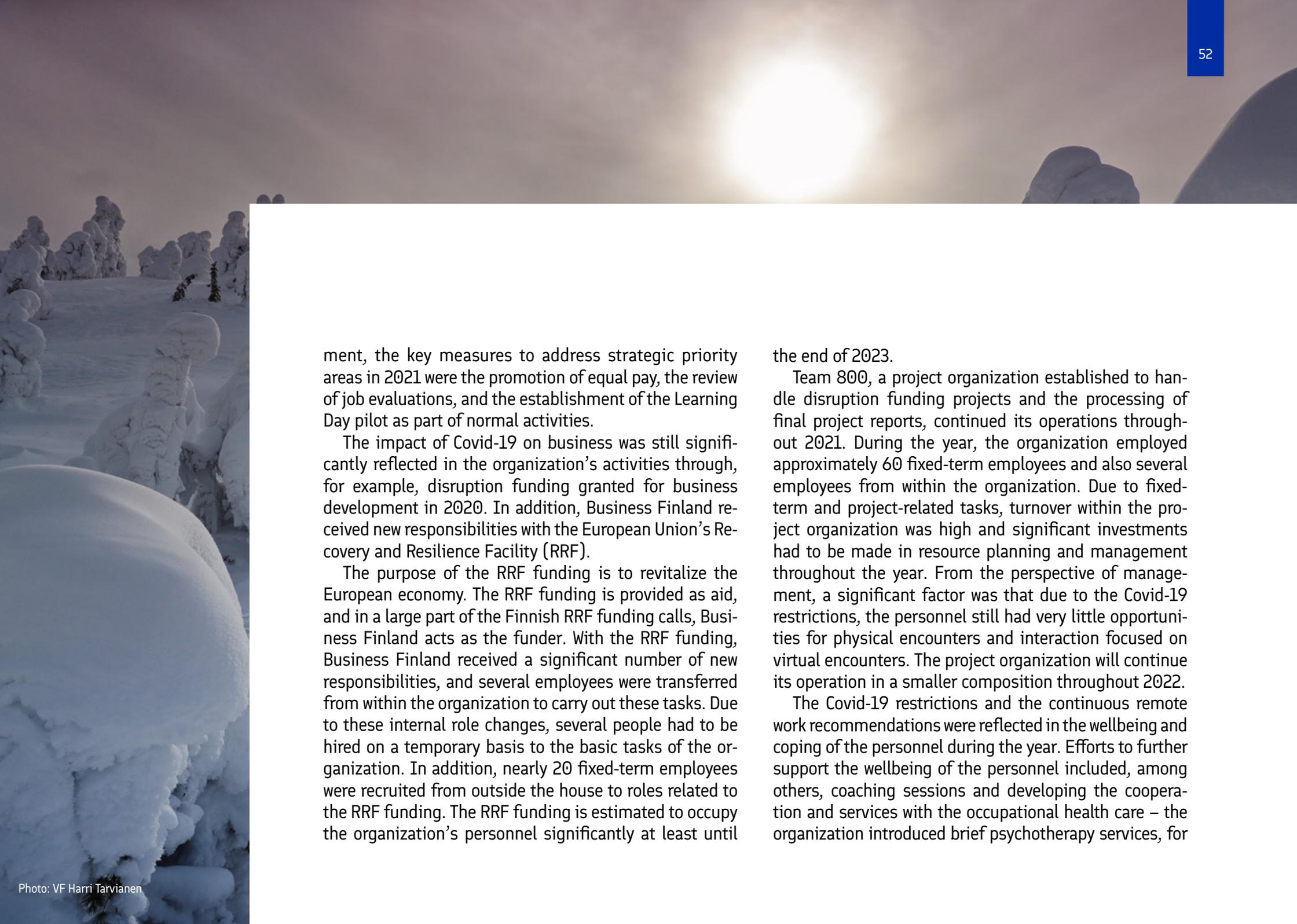
The new organizational structure, based on the new strategy, came into effect at the beginning of 2021. The new organization also involved profound changes to the operating models of the organization, and during the year, strong efforts were made to develop, implement, and clarify operations and processes. The implementation or deployment program, known as the Rampup program, was launched at the beginning of the year. During the first six months, the Rampup program was used to set up the most central functions from the point of view of the new organization and strategy, which created a basis for new kinds of work and other important development. The biggest change in operating models has taken place in client management. Dozens of training sessions and events were held throughout the organization to familiarize the personnel with the new operating models.

In order to achieve the strategy's impact targets, Business Finland adopted five strategic priority areas in

June: 1) a value adding and proactive partner for our customers, 2) a strong and proactive actor in society, 3) a change agent for sustainable business, 4) the best workplace for leading-edge expertise, and 5) an operationally excellent and agile organization. The strategic priority areas represent topics in which Business Finland needs to make a leap forward in order to achieve its strategic impact targets and vision for 2030. In the future, most of the development work will focus on the implementation of the priority areas. The implementation of the priority areas does not only mean launching new development projects but also carrying out development work as part of core tasks and the related prioritization of measures.

The strategy and renewed practices also challenge management and leadership. In spring 2021, Business Finland developed, in cooperation with the supervisors, new management principles that are strongly linked to values. Supervisors are committed to these principles in their daily management work, and they have also discussed them with their team members.

From the perspective of human resource manage-



ment, the key measures to address strategic priority areas in 2021 were the promotion of equal pay, the review of job evaluations, and the establishment of the Learning Day pilot as part of normal activities.

The impact of Covid-19 on business was still significantly reflected in the organization's activities through, for example, disruption funding granted for business development in 2020. In addition, Business Finland received new responsibilities with the European Union's Recovery and Resilience Facility (RRF).

The purpose of the RRF funding is to revitalize the European economy. The RRF funding is provided as aid, and in a large part of the Finnish RRF funding calls, Business Finland acts as the funder. With the RRF funding, Business Finland received a significant number of new responsibilities, and several employees were transferred from within the organization to carry out these tasks. Due to these internal role changes, several people had to be hired on a temporary basis to the basic tasks of the organization. In addition, nearly 20 fixed-term employees were recruited from outside the house to roles related to the RRF funding. The RRF funding is estimated to occupy the organization's personnel significantly at least until

the end of 2023.

Team 800, a project organization established to handle disruption funding projects and the processing of final project reports, continued its operations throughout 2021. During the year, the organization employed approximately 60 fixed-term employees and also several employees from within the organization. Due to fixed-term and project-related tasks, turnover within the project organization was high and significant investments had to be made in resource planning and management throughout the year. From the perspective of management, a significant factor was that due to the Covid-19 restrictions, the personnel still had very little opportunities for physical encounters and interaction focused on virtual encounters. The project organization will continue its operation in a smaller composition throughout 2022.

The Covid-19 restrictions and the continuous remote work recommendations were reflected in the wellbeing and coping of the personnel during the year. Efforts to further support the wellbeing of the personnel included, among others, coaching sessions and developing the cooperation and services with the occupational health care – the organization introduced brief psychotherapy services, for

example. One stress factor has been the lack of community due to the restrictions on physical encounters. In the fall, the theme of communality was discussed in teams in connection with the planning of a hybrid work model.

The year-long pilot concerning the hybrid work model was launched in early November. According to the model, employees can work both remotely and at the office, depending on their role. Before the start of the pilot, each team discussed which regular and tasks known in advance in the team are site-specific and how to maintain the sense of community in the hybrid model.

PERSONNEL TARGETS

In accordance with the performance agreement signed with the Ministry of Economic Affairs and Employment, Business Finland monitors the development of personnel satisfaction, the management index, and the personnel turnover, the assessment and implementation of which are reported in Chapter 6 of the annual report of the Funding Agency (Tables 14, 15). The personnel turnover includes Business Finland's internal recruitments and internal job rotation as well as job rotation with partner organizations. However, the Covid-19 pandemic continues

to affect the plans to promote full job rotation between Finland and foreign locations.

NUMBER AND STRUCTURE OF PERSONNEL

Business Finland's total number of employees (persons with an employment contract) was 713 on 31 December 2021 (in 2020: 680 employees). A total of 144 people had an employment contract with the Funding Agency (in 2020: 133) and a total of 569 people with the Company (in 2020: 547). The number of employees increased by 4.9% compared to 2020, primarily due to temporary resource requirements for disruption funding. In 2021, a total of 82 new employees joined the Company, 32 of them outside of Finland. Some of the recruitments abroad were new and others were replacement recruitments, and Metsä Pavilion in Tokyo hired 15 local people for short-term employment, which is why the growth of Business Finland's international network in 2021 was +6 employees. Trainees or third-party employees are not included in this figure. A total of 16 new employees joined the Funding Agency in 2021.

During 2021, the company had 8 trainees in Finland and 9 trainees abroad in the EDUFI program.

Additionally, at the end of the year, the following people worked at the Company:

- 13 employees in Business Finland USA Inc
- 5 employees in FinChi Innovation Center Company Ltd
- 45 employees outside Finland, employed by a third party (not having a direct employment relationship with Business Finland but working for Business Finland)
- 4 employees in temporary agency employment relationships in Finland

The adjacent tables show the number of employees in an employment relationship with Business Finland on 31 December 2021 (Table 6), the proportion of women among the personnel and in different personnel categories (Table 7) and the proportion of different age groups in the personnel categories (Tables 8 and 9). The figures are based on the personnel in an employment relationship with Business Finland (Table 6). Members of the leadership team are considered part of the management.

Table 6: Personnel in an employment relationship with Business Finland on December 31, 2021

	FUNDING AGENCY	COMPANY
TOTAL	144	569
men	62	256
women	82	313
permanent	123	434
fixed term	21	135
permanent women	66	237
permanent men	57	197
By location		
Helsinki	124	366
rest of Finland	20	76
other countries	-	127
permanent Helsinki	105	282
permanent rest of Finland	18	65
permanent other countries	-	87
part-time	5	10
full-time	139	559
full-time women	79	306
full-time men	60	253
AVERAGE AGE		
male/female	51.8/50.5	48.6/44.3

Table 7: Proportion of women among the personnel and in different personnel categories on December 31, 2021

	FUNDING AGENCY 2021	COMPANY 2021	FUNDING AGENCY 2020	COMPANY 2020
female employees	57%	55%	57%	55%
female experts	55%	56%	54%	56%
female supervisors	71%	46%	67%	50%
female managers	50%	50%	50%	30%

Table 8: Proportion of different age groups in the personnel categories on December 31, 2021, the Company

	UNDER 30 YEARS	30–50 YEARS	OVER 50 YEARS
management and supervisors	0%	33%	67%
experts	11%	44%	44%
entire Company	10%	43%	46%

Table 9: Proportion of different age groups in the personnel categories on December 31, 2021, the Funding Agency

	UNDER 30 YEARS	30–50 YEARS	OVER 50 YEARS
management and supervisors	0%	18%	82%
experts	6%	27%	67%
entire Funding Agency	6%	26%	68%

The Board of Directors of Business Finland has 7 members, 3 women and 4 men. None of them belong to the age group of 30–50 years, which means that all 7 of them belong to the age group of over 50 years.

Information and indicators related to the personnel are also reported in Chapter 6 of the annual reports of the Funding Agency and the Company.

EQUALITY AND NON-DISCRIMINATION PLAN

Business Finland adheres to an equality and non-discrimination plan, which describes the current situation as well as measures to prevent discrimination and promote equality. The plan also describes the presentation of male and female employees in different positions and the results of the salary survey. The latest plan was drawn up in 2020, and it will be updated again in 2022. Business Finland celebrates the diversity of its personnel and prohibits all kinds of discrimination. These principles apply to Business Finland's operations both in Finland and abroad. The cooperation committees of the Funding Agency and the Company monitor the implementation of the measures. In 2021, no notifications regarding dis-

crimination were submitted to the employer.

In 2021, Business Finland Oy has promoted equality especially from the point of view of equal pay. In early 2021, Business Finland Oy conducted an extensive survey, in which the entire personnel of Business Finland Oy were asked to enter their education and previous work experience in the human resources management system. This provided comparative data to better identify any unjustified pay differences between men and women. On the basis of the data, Business Finland Oy identified pay differences that were not directly explained by differences in job difficulty, educational level, or work experience.

The first phase of the equal pay project examined only 20% of the personnel in Finland. Among the employees examined, Business Finland Oy identified 20 employees (8 men, 12 women) whose pay did not correspond to their skills and experience. They received a separate equal pay raise in November 2021. The work on equal pay is expected to continue in 2022 with an examination of the entire Business Finland Oy personnel in Finland and abroad.

The Agency has not identified similar unexplained pay gaps in connection with the salary survey it conducted in connection with its equality plan.

In 2021, a new unfortunate phenomenon was the harassment by clients experienced especially by young female experts. In connection with these experiences, Business Finland offered its personnel a training package in the fall to provide tools for identifying and addressing harassment and discrimination and to support a colleague in a harassment situation. The training package consisted of three webinars with the same content, and separate sparring sessions were also arranged for those interested. The training package, strikingly named Take No Bullshit, was carried out in collaboration with the PR agency Ellun Kanat. The training package attracted widespread interest among the personnel and received a large number of participants and positive feedback. In connection with harassment and inappropriate treatment, Business Finland also updated its internal policy regarding situations in which an employee experiences inappropriate treatment or harassment during 2021. The updated policy will be published in early 2022 when the English translation is completed.

Business Finland will support better balance between work and family life with a new hybrid work model, which will be piloted for 12 months starting in November 2021. The hybrid work model enables multi-location work, de-

pending on the employee's role. Increased opportunities for remote work have been reflected in, for example, where employees live. Job applicants come from a wider geographical area, and, on the other hand, some current employees have moved back to their places of origin or closer to their relatives.

EMPLOYER IMAGE

In the latest employer image survey 2021 by the employer branding specialist Universum, professionals from the commercial sector chose Business Finland as the most attractive employer in the public sector. Business Finland was ranked number one in the Finnish public sector for the third year in a row. Professionals from the commercial sector ranked Business Finland number eight. This means that we were ranked one place higher than last year and were in the top ten for the second year in a row. Commercial sector is the largest sector surveyed by Universum. In addition, Business Finland ranked among the top 20 Finnish employers in the category of humanities and rose to the 19th place. In the results for other professional groups, Business Finland was ranked 24th among professionals in humanities, liberal arts, and ed-

ucation, 33rd among natural science professionals, and 66th among tech professionals. According to the survey, awareness of Business Finland as an employer has increased compared to previous years, and more and more survey respondents could see Business Finland as their employer.

In the 2021 Universum survey among students, Business Finland was also ranked 8th in the commercial sector as the best public Finnish employer. In this category, there was an increase of four positions compared to the previous year's corresponding student survey. At the same time, Business Finland reached the top 10 for Finnish employers.

In 2021, Business Finland hired 9 trainees for employment relationships of 5–7 months. The trainees were placed in different parts of the organization and worked as junior level colleagues for Business Finland's permanent personnel.

REMUNERATION SYSTEM AND PERFORMANCE-BASED BONUSES

The Company and the Funding Agency harmonized their remuneration systems as far as possible in 2019. Job

difficulty is assessed with the Hay Job Evaluation system. The performance of employees is assessed on the basis of the same criteria. Business Finland uses an annual salary adjustment process in which each employee's salary is reviewed against the market salary and their own performance. Annual salary increases are granted on the basis of this process. In addition, Business Finland has a one-off reward model that can be used to reward either individuals or teams for annual performance that exceeds expectations. In early 2021, the Company offered its personnel training on the remuneration system.

In late 2021, the Company and the Funding Agency piloted the new one-off reward model. The new model will replace the bonus model used by the Company. In connection with the adoption of the one-off reward model, the opportunity for a one-off bonus during the pay raise round will be abolished and the freed money will be transferred to the pay raise budget. The one-off reward is intended to be a management tool for the team leader, and this means that the supervisor makes the proposals which are then approved by the service area manager.

In 2021, the Company still used the old bonus model with a 50% budget. In 2021, a performance-related bo-



nus of 2.3% was paid based on the 2020 performance targets. The targets adhere to the goals passed down to the Company by the ministry, and the performance-related component only begins to take effect when the performance surpasses the target.

The performance bonuses of the Company's leadership team members are determined in accordance with the general performance bonus model applied to the entire personnel and within the limits applied to state-owned companies. The new one-off reward model also applies to the members of the Company's leadership team.

Four Business Finland's employees from different parts of the organization were awarded a sum equal to two weeks' salary for operating according to Business Finland's values. The employees participated in the selection of the bonus recipients.

The salary structure of posted employees was changed to reflect the market practice while enabling future salary development in accordance with the remuneration models.

PERFORMANCE APPRAISALS

Business Finland conducts two rounds of performance appraisals annually, and they cover the entire personnel.

At the beginning of the year, Business Finland agrees upon the next year's targets and reviews the previous year's performance. In the fall, Business Finland held an interim performance appraisal for reviewing the targets and discussing development needs in connection with the continuation of the Learning Day concept and the role satisfaction discussion. According to the role satisfaction survey, the average satisfaction of Business Finland's personnel was 3.42 (3.38 in Finland and 3.55 abroad) on a scale of 1 to 4. Performance appraisals highlight the current competence of individuals and teams, as well as their development needs and wishes. The performance appraisal process develops Business Finland's feedback culture and encourages employees to be active in their careers and steer their development in the right direction. The performance appraisals are documented in the human resources management system. In 2021, the coverage of the performance appraisals was 97.3%.

TRAINING AND COMPETENCE DEVELOPMENT

Business Finland has a global policy for developing the competence of its employees and offering them professional training. The goal of competence development is

to strengthen top expertise by developing, maintaining, and updating know-how and competence. The changing demands of expert work in a constantly changing operating environment also require anticipation of competence needs to ensure that the development meets future needs and supports the implementation of Business Finland's strategy.

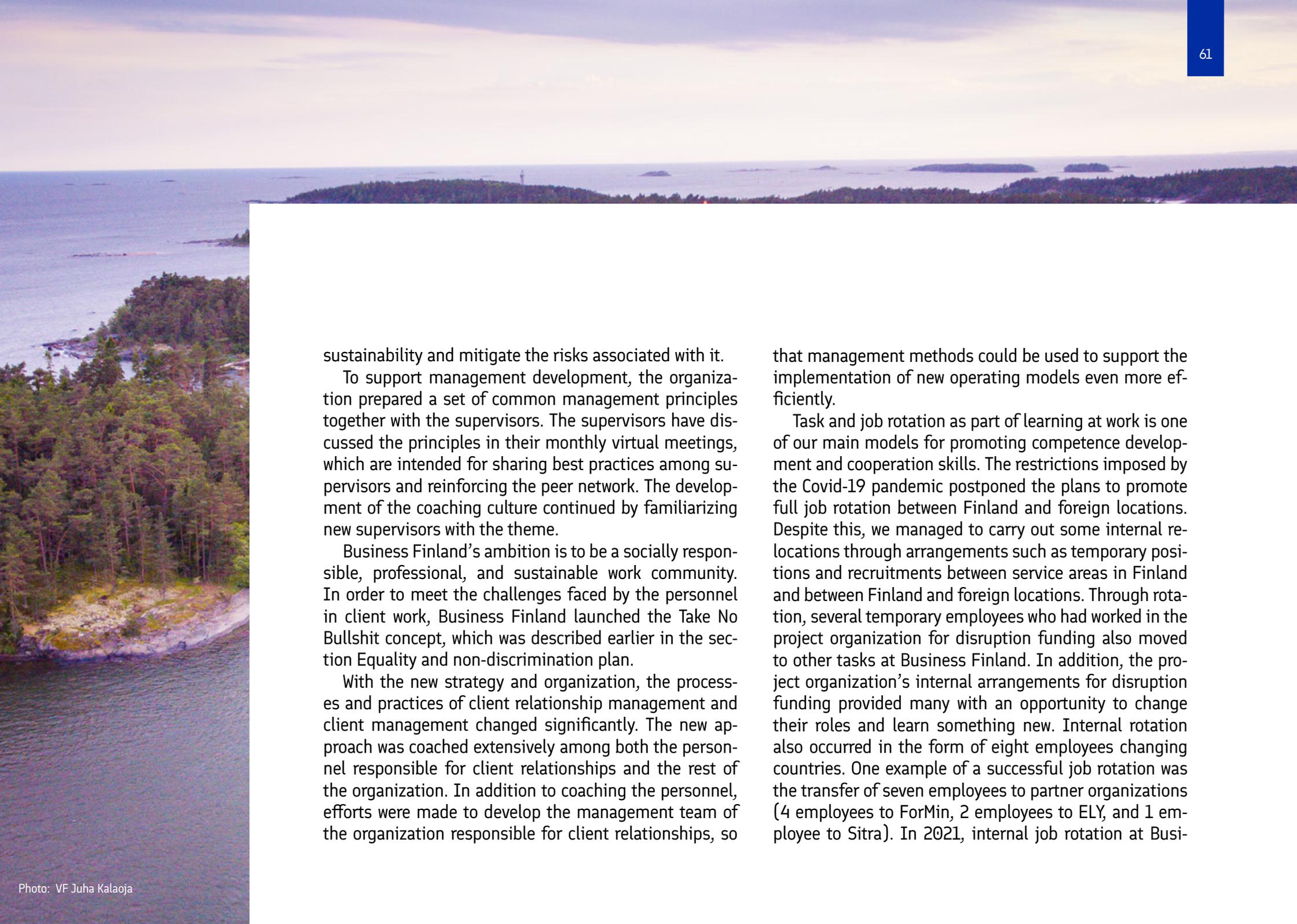
At Business Finland, competence development is based on the "70-20-10" model for continuous learning (learning from job-related experiences – learning from others – formal training). Strengthening awareness of individual development needs, self-determination, and orderliness, which are part of competence development, are supported by, for example, the Uraunelmat (Career Dreams) model and regular coaching discussions.

Business Finland also brings self-determination and flexibility into personal development with the continued Learning Day concept, which encourages professional self-development and the adoption of continuous learning routines. The six-month Learning Day pilot ended in April 2021, and 46% of Business Finland's personnel tried out the concept by spending an average of four working days on self-development. The personnel gave the concept positive feedback, and it was called one of

the most successful personnel development initiatives in the open comments of the personnel satisfaction survey. Business Finland continues with the concept, which means that every employee can spend 4-8 freely chosen working days annually to develop their skills.

The manners of individual development, which can involve training or learning at work, for example, are agreed upon in regular discussions with the supervisor. It is also possible to develop one's skills at the expense of the employer.

One of Business Finland's strategic focus areas is to become a sustainable change agent. In support of this, the employees were offered two learning paths in 2021: the first learning path introduced the framework for sustainability in general, and the second learning path examined the social dimension of sustainability. In 2021, Business Finland arranged 11 lectures on the basic principles of sustainability and 13 workshops on social sustainability (by target group: entire personnel, Funding, and supervisors). Through learning content, information sharing, and active dialogue, we increase and support awareness and understanding of sustainability. We aim to deepen the practical skills of our personnel and think of ways in which Business Finland could contribute to



sustainability and mitigate the risks associated with it.

To support management development, the organization prepared a set of common management principles together with the supervisors. The supervisors have discussed the principles in their monthly virtual meetings, which are intended for sharing best practices among supervisors and reinforcing the peer network. The development of the coaching culture continued by familiarizing new supervisors with the theme.

Business Finland's ambition is to be a socially responsible, professional, and sustainable work community. In order to meet the challenges faced by the personnel in client work, Business Finland launched the Take No Bullshit concept, which was described earlier in the section Equality and non-discrimination plan.

With the new strategy and organization, the processes and practices of client relationship management and client management changed significantly. The new approach was coached extensively among both the personnel responsible for client relationships and the rest of the organization. In addition to coaching the personnel, efforts were made to develop the management team of the organization responsible for client relationships, so

that management methods could be used to support the implementation of new operating models even more efficiently.

Task and job rotation as part of learning at work is one of our main models for promoting competence development and cooperation skills. The restrictions imposed by the Covid-19 pandemic postponed the plans to promote full job rotation between Finland and foreign locations. Despite this, we managed to carry out some internal relocations through arrangements such as temporary positions and recruitments between service areas in Finland and between Finland and foreign locations. Through rotation, several temporary employees who had worked in the project organization for disruption funding also moved to other tasks at Business Finland. In addition, the project organization's internal arrangements for disruption funding provided many with an opportunity to change their roles and learn something new. Internal rotation also occurred in the form of eight employees changing countries. One example of a successful job rotation was the transfer of seven employees to partner organizations (4 employees to ForMin, 2 employees to ELY, and 1 employee to Sitra). In 2021, internal job rotation at Busi-

ness Finland amounted to 4.6% of the total number of employees (Funding Agency and Company).

PERSONNEL SATISFACTION

In April and May, the Business Finland organization (Funding Agency and Company) conducted a Signi personnel survey to find out what its employees considered most relevant in the workplace and how the circumstances reflected this. The results of the survey are reported on a scale of 0 to 100, with a result over 80 results being good and under 60 poor. The survey response rate was very high, 87% of the personnel. This indicates that the employees clearly have a desire to make a difference in the workplace.

According to the survey, the five top things that Business Finland's employees found most relevant were 1) meaningful tasks, 2) freedom to work at any time wherever they wish, 3) a good balance between work and leisure, 4) opportunities to influence one's own work and work environment, and 5) the ability to use one's expertise. Based on the results, the personnel felt that the above-mentioned circumstances had remained more or

less unchanged from 2020, with the exception of the freedom to work at any time wherever they wish, which had risen from 79% to 85%. The survey results for the five most relevant issues varied between 67 and 85. Each service area has prioritized its own development areas based on its own results.

In December, the organization conducted a follow-up survey with a response rate of 85%. There was little change in matters relevant to the personnel between the first survey and the follow-up survey. The themes that gained the most attention in the follow-up survey were excessive internal development and concern about people's coping.

EMPLOYEES' WORK CAPACITY AND WELLBEING AT WORK

Personnel benefits amounting to EUR 600 per year were offered to the employees through ePassi. ePassi is intended for Business Finland's employees working in Finland, and it can be used to pay for services such as sports, culture, commuting, and lunch.

Special attention has been paid to ergonomics in Team



Finland's office premises. All desks are electric and allow standing while working. Occupational health care has also provided ergonomic guidance to employees at the office when necessary. The employees can also use the gym at the main office at Ruoholahti.

However, as remote work continues due to Covid-19, the focus of measures for occupational wellbeing has shifted to remote work. In cooperation with occupational health care, Business Finland also offered webinars on remote work ergonomics for its personnel at the beginning of the year, accompanied by practical exercises. In addition, Business Finland still uses the BreakPro program for exercise during breaks. Business Finland's leisure club, the Huppari club, has offered weekly 30-minute sessions of virtual pilates and virtual body care for the personnel.

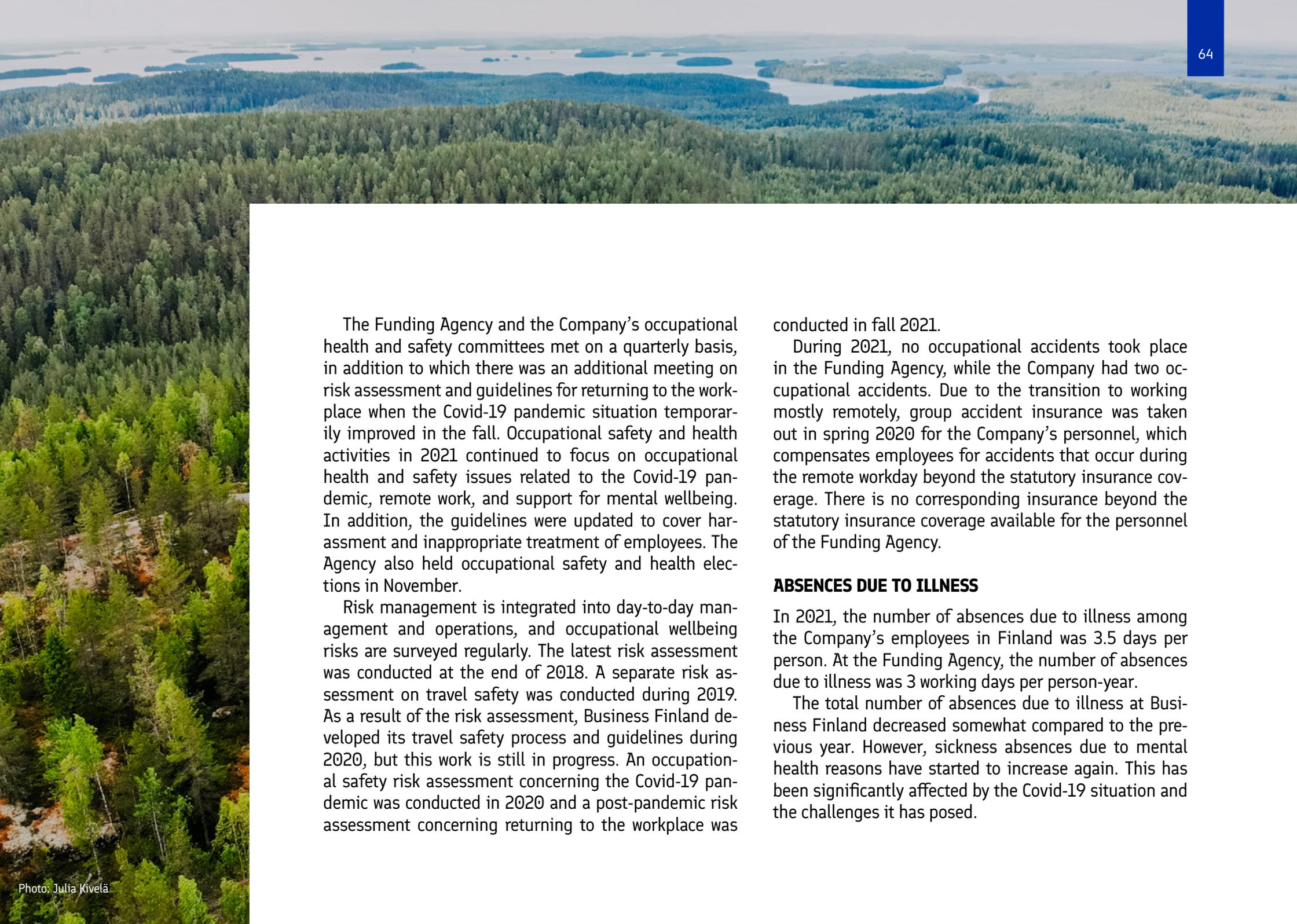
Due to the coping challenges caused by prolonged remote work, supervisors have been trained by an occupational psychologist on how supervisors can detect, especially in remote working conditions, if a team member is burdened with work and what to do in light of the situation. In addition, a few service areas have separately offered their employees development services related to wellbeing at work and self-management, which have included webinars for the personnel of the entire service area as well as group coaching sessions for those who

have wanted to learn more about the topic. Occupational health care services were also expanded to support employees in coping challenges, and brief psychotherapy services were introduced among the occupational health care services provided to the personnel. In addition, the employees have access to the low-threshold Auntie service, which offers psychological discussion support.

Business Finland has also provided guidelines for meeting practices, break times, and the planning and prioritization of work to relieve the stress caused by attending many Teams meetings in a row. Each working day has a so-called Meeting Free hour, and Fridays involve a Meeting Free Afternoon during which no internal meetings are held. The duration of meetings is scheduled so that there is a break between meetings before the beginning of the next meeting. The employees' accumulated working hours are monitored constantly, and both the employees and supervisors are regularly reminded to reduce their working hours balance.

ACCIDENTS AND OCCUPATIONAL HEALTH AND SAFETY

Business Finland's occupational health and safety activities focus on the physical and psychosocial working environment.



The Funding Agency and the Company's occupational health and safety committees met on a quarterly basis, in addition to which there was an additional meeting on risk assessment and guidelines for returning to the workplace when the Covid-19 pandemic situation temporarily improved in the fall. Occupational safety and health activities in 2021 continued to focus on occupational health and safety issues related to the Covid-19 pandemic, remote work, and support for mental wellbeing. In addition, the guidelines were updated to cover harassment and inappropriate treatment of employees. The Agency also held occupational safety and health elections in November.

Risk management is integrated into day-to-day management and operations, and occupational wellbeing risks are surveyed regularly. The latest risk assessment was conducted at the end of 2018. A separate risk assessment on travel safety was conducted during 2019. As a result of the risk assessment, Business Finland developed its travel safety process and guidelines during 2020, but this work is still in progress. An occupational safety risk assessment concerning the Covid-19 pandemic was conducted in 2020 and a post-pandemic risk assessment concerning returning to the workplace was

conducted in fall 2021.

During 2021, no occupational accidents took place in the Funding Agency, while the Company had two occupational accidents. Due to the transition to working mostly remotely, group accident insurance was taken out in spring 2020 for the Company's personnel, which compensates employees for accidents that occur during the remote workday beyond the statutory insurance coverage. There is no corresponding insurance beyond the statutory insurance coverage available for the personnel of the Funding Agency.

ABSENCES DUE TO ILLNESS

In 2021, the number of absences due to illness among the Company's employees in Finland was 3.5 days per person. At the Funding Agency, the number of absences due to illness was 3 working days per person-year.

The total number of absences due to illness at Business Finland decreased somewhat compared to the previous year. However, sickness absences due to mental health reasons have started to increase again. This has been significantly affected by the Covid-19 situation and the challenges it has posed.

OCCUPATIONAL HEALTH

Business Finland offers its personnel comprehensive occupational health care services through Mehiläinen. The services cover the employees working in Finland and the employees posted abroad from Finland. For the employees who work abroad and were recruited locally, occupational health care is arranged either through insurance policies or the local health care or social security system.

The occupational health care services cover preventive services, medical care, and any additional services agreed upon separately. The goal is to support occupational wellbeing by taking into account the nature and ergonomics of the work conducted and to cover the specific requirements of posted employees. The occupational health care services sought to promote wellbeing at work and productivity, manage absences due to illness, and reduce the health and safety risks associated with work. Guidelines for the occupational health care services are available to the personnel in Finnish and English.

APPLICATION OF COLLECTIVE AGREEMENTS AND COLLECTIVE BARGAINING

The collective agreements for state employees and civil servants apply to all of the employees of the Funding Agency. In addition, the Funding Agency has its own

local collective bargaining agreement concerning remuneration. Business Finland Oy is a member of Palta, the representative association for service sector businesses and organizations, but its employees are not covered by a collective agreement. Instead, the terms of employment are determined in the employment contract and the employment relationship guide.

7.2. DIRECT ENVIRONMENTAL IMPACTS

Due to the nature of Business Finland's operations, direct environmental impacts are mainly related to offices, energy consumption, and travel.

Business Finland has offices in 16 locations in Finland. The head office is located in Ruoholahti, Helsinki, in a property owned by Ilmarinen Mutual Pension Insurance Company (Kiinteistö Oy Helsingin Lepakko). The property has the largest building-specific solar power plant in Helsinki, which produces part of the building's electricity (its production corresponds to the electricity consumption of about 80 apartments). In addition, the property has an LEED certificate (2018) for controlling the environmental impact of the property and its tenants in terms of, for example, energy efficiency, waste man-



agement, and recycling. In addition, efforts are made to minimize various environmental impacts in cooperation with the lessor.

The premises of the head office are used jointly by Business Finland and Finnvera plc, which significantly reduces the carbon footprint and energy consumption due to the premises. During the Covid-19 pandemic, Business Finland and Finnvera have now mainly worked remotely in accordance with the recommendations, and only about a quarter of the head office's premises have been in use. This, among other things, has made it possible to reduce the maintenance of the premises and energy consumption.

Outside Helsinki, Business Finland mainly operates in the premises of its other partners (e.g., the ELY Centres, shared premises of the state), which also reduces the size of its own premises and their carbon footprint.

Business Finland aims at a more sustainable future by developing its operations through new working methods (e.g., a model pilot for hybrid work, the promotion of multi-location work) and work environment solutions that support of these new methods. For example, Business Finland is currently investigating premises solutions for the period after the termination of its head office lease based on its updated working environment concept. The intention is to minimize space requirements and sig-

nificantly reduce the carbon footprint of the premises. Outside Helsinki, the aim is to rely even more on shared premises provided by the state and other operators that take sustainability into account.

Business Finland's operations are generally paperless, as they rely on electronic transactions and the digitalization of services and administrative tasks. Business Finland's virtual meeting and other digital communication solutions reduce commuting, and flexible remote work policies also reduce commuting between home and the office. The increase of remote work and the Covid-19 restrictions have reduced commuting and business travel even further. The table below shows the travel expenses of the Funding Agency and the Company in 2019–2021.

Table 10: Travel expenses of the Funding Agency and the Company in 2019–2021

	2021	2020	2019
Travel expenses Funding Agency	22,943	46,528	253,971
Travel expenses Company	1,078,959	1,189,086	5,278,039

7.3. PROCUREMENT

The annual value of procurement in both of the Business Finland organizations is approximately EUR 50 million. In general, procurements are divided as follows: administrative services, ICT purchases, maintenance of buildings and areas, and expert and office services. In 2021, Business Finland procured goods and services from a total of 1,059 suppliers. The figure includes both domestic and foreign suppliers. Business Finland operates in 40 different locations abroad and makes plenty of small purchases from local suppliers.

Procurement is budgeted, planned, and scheduled annually. Procurement at Business Finland is governed by the Procurement Act and Directive as well as Business Finland's procurement policies and rules. Business Finland adheres to the Procurement Act and the principles of good governance in all its procurements. The implementation of the procurements is also governed by legal praxis as well as other legislation and official regulations (principles and instructions issued by the Ministry of Finance, Ministry of Economic Affairs and Employment, Ministry of the Environment, and Motiva).

The goal of responsibility and sustainability means that Business Finland recognizes and takes into account the social impact of its procurements. When implementing procurements, Business Finland also aims to promote social justice and the consideration of sustaina-

bility matters. Business Finland takes environmental matters and the principles of sustainability into account in its procurements.

Business Finland ensures that the procurements are in conformity with the contract performance of the contract by monitoring the delivery of the service provider or supplier. Business Finland pays special attention to cooperation during the contract period and makes complaints when necessary. Collaboration with the supplier during the contract has a crucial impact on the outcome.

The aim is that Business Finland is fair and impartial in its procurement and strives to promote healthy competition through its operations. As far as possible, Business Finland strives to divide procurements so that smaller companies can also participate in tendering. Business Finland ensures that the contracting parties fulfill their social obligations in accordance with the procurement legislation, the contractor's liability law, and other legislation. As the majority of Business Finland's procurements involve expert services, Business Finland rarely has the opportunity to verify the supply chains. Goods, such as office supplies and furniture, are purchased under framework agreements made by Hansel Oy, the central purchasing body for central and local governments in Finland, and/or the dynamic purchasing system (DPS). Hansel Oy monitors the corporate responsibility of the suppliers subject to the above-mentioned framework agreements.



7.4. FINANCES

Business Finland aims to use public funds as efficiently and prudently as possible. Most of the funds available to the Funding Agency come from the budget. The Company's funding is based on an annual service agreement concluded with the Funding Agency, as described in Chapter 7.4.1 below.

In addition to laws and regulations, financial management in Business Finland is guided by several internal guidelines, most importantly the Financial Rules. The responsibility principles set out in Chapter 2.4 also guide Business Finland's operations in the area of economic governance. The sustainability of procurement is described in Chapter 7.3.

A few key figures on the finances of both the Funding Agency and the Company are presented in section Size of the organization in Chapter 2.1. In other respects, the finances of the Funding Agency and the Company are described in the financial statements and the annual report of both organizations.

7.4.1. BUSINESS FINLAND OY'S TAX FOOTPRINT

Business Finland Oy is a non-profit entity fully owned by the State of Finland that does not, in accordance with its articles of association, distribute its assets in the form of dividends or any other distributions. The funding of the limited liability company is primarily based on a service agreement signed with the Funding Agency, according to which Business Finland Oy invoices the costs of both basic operations and programs from the Funding Agency based on cost equivalence. Where applicable, the Company also invoices its clients for the expenses caused by third parties. Some of the projects have received funding from other sources, such as the EU.

Business Finland Oy has not had operations subject to income tax in Finland since 2019. In 2019, activities governed by the Business Income Tax Act in Finland consisted of the sales of a shipping manual. However, the shipping manual has been provided free of charge since the beginning of 2020. The Company has offices abroad that do not constitute independent foreign branches engaged in business activities. Business Finland Oy

does not conduct activities subject to income tax in its offices abroad.

Business Finland Oy has three subsidiaries: Business Finland USA Inc., FinChi Innovation Center Company Ltd, and Finpro Finland Oy. Finpro Finland Oy does not have any active operations. Business Finland USA Inc is part of Business Finland Oy's operational activities, and all its expenses are invoiced from the parent company. Business Finland USA Inc does not have any taxable income. FinChi Innovation Center Company Ltd in China leases premises and sells different supporting services to Finnish companies looking for a place for establishment in China. FinChi Innovation Center Company Ltd pays income tax locally in China. According to its financial statements for 2021, the income tax amounted to EUR 20,000 and the impact of FinChi on the Group earnings was EUR 257,000 (2020: EUR 214,000).

The taxes paid by Business Finland Oy mostly consist of value added tax and employer contributions. Business Finland Group does not practice any transfer pricing or tax planning related to the transfer of income. Taxes are paid locally where the operations are carried out. Tax matters and taxation decisions are managed at the

Group level. If necessary, tax experts are used, and the Tax Administration may be consulted to clarify taxation practices.

The tax footprint is reported in Business Finland Oy's annual report and the social responsibility report of the Business Finland organization. The information in the tax footprint report is based on figures collected from the

Group's accounting systems. Taxes and fees are classified by tax type. In terms of the geographical breakdown, the tax footprint reporting complies with the materiality principle. In 2021, no single country met the 10% share of the Group's operating income, which is considered the materiality limit. Hence, the geographical breakdown in 2021 is Finland and other countries.

BUSINESS FINLAND OY – TAX FOOTPRINT	FINANCIAL YEAR 2021			FINANCIAL YEAR 2020		
	Finland	Other Countries	Total	Finland	Other Countries	Total
Tax paid in the financial year, €						
Corporate Income Tax	-	18 039	18 039	-	2 965	2 965
Other Taxes	9 484	6 988	16 472	21 580	733	22 313
Social Security Payments	1 415 208	1 263 749	2 678 957	1 329 695	991 422	2 321 117
Accrued Taxes						
Corporate Income Tax	-	20 802	20 802	-	14 273	14 273
Indirect and other collected taxes, €						
VAT, sales	22 640 818	-	22 640 818	22 323 822	-	22 323 822
VAT, purchases	7 830 475	20 650	7 851 124	7 105 549	15 353	7 120 903
Withholding taxes	8 978 985	758 718	9 737 703	8 481 966	602 521	9 084 487
Other taxes	-	-	-	-	-	-
Number of employees (FTE) 31.12.	442	145	587	441	119	560

8 PRINCIPLES APPLIED IN PREPARING THE REPORT

The central strategic goals under the administration of the Ministry of Economic Affairs and Employment, based on the Government Program of Finland, are a 75% employment rate; a 4% GDP share of research, development, and innovation funding; and Finland's carbon neutrality by 2035. Business Finland's role as a catalyst in meeting the goals is significant, which raises high expectations for Business Finland.

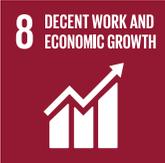
Business Finland's new strategy was adopted in early 2021. The three core areas of Business Finland's new strategy are economic growth, competitiveness, and sustainability. These core areas are an integral part of our core task and are inextricably linked. Sustainability is at the core of the strategy. Sustainability refers to all three aspects of sustainability: ecological, economic, and social sustainability. Business Finland's new strategy emphasizes sustainability as a clear precondition for long-term economic growth and competitiveness.

The uniform sustainability reporting of the Finnish central government requires that agencies and institutions identify three to five of the most significant UN Sustainable Development Goals (SDGs) concerning their own activities. The new strategy and its three core areas

served as a basis for Business Finland's selection of the UN SDG goals. Business Finland selected goals 8, 9, and 13 as its UN Sustainable Development Goals (SDGs). At some level, Business Finland contributes to almost every UN Sustainable Development Goal. This report describes the UN's goals which particularly concern Business Finland's operations, although its operations are also linked to other goals. For example, in the context of the core theme of sustainability, climate change was not the only UN SDG that Business Finland could have selected. At the same time, it also selected the most suitable SDG targets for its operations. The selection of targets was also influenced by the measures defined for the implementation of the new strategy, which are in line with the measures set out in the performance agreement signed with the Ministry of Economic Affairs and Employment. The leadership team approved the UN Sustainable Development Goals (SDGs) and targets in May 2021.

The table below describes the core areas of Business Finland's strategy, the UN Sustainable Development Goals in line with them, and the role and activities of Business Finland in promoting the goal. These core areas also form the material topics of social responsibility.

Table 11: The core areas of the Business Finland strategy and the UN Sustainable Development Goals.⁹

CORE AREA OF STRATEGY / MATERIAL TOPIC	SDG	BUSINESS FINLAND'S ROLE IN PROMOTING EACH SDG	ACTIVITIES FOR PROMOTING THE SDGs
Economic growth		Business Finland has an important role as a promoter of economic growth in Finland.	<ul style="list-style-type: none"> Increasing added value, export income and salary accrual RDI-funding, which creates new businesses, jobs and economic growth Supporting the growth of customers' export income Investments in Finland Promoting tourism
Sustainability		Business Finland's task is to promote sustainability in two ways: 1. ensure ecological, economic, and social responsibility in our own operations, but also our customers' operations and 2. mitigate possible negative forms of impact	<ul style="list-style-type: none"> Increasing customers' environmental and social responsibility awareness Supporting customers in developing solutions that have a positive impact on sustainability Business Finland operating sustainably in its own operations (responsibility, positive employee experience, procurement, business premises)
Competitiveness		Business Finland strives to support its clients so that they would develop into bold reformers of business.	<ul style="list-style-type: none"> Supporting customers to develop and commercialize new sustainable solutions and functions and thus create positive development impacts Supporting investments, in particular in innovation and new business models in support of sustainable development Missions: Zero Carbon Future and Digital Native Finland Programmatic activities

⁹ SDG images: <https://www.globalgoals.org/resources/#icons-for-the-goals>

9 GRI CONTENT INDEX

NUMBER OF THE STANDARD	NAME OF THE STANDARD	LOCATION IN THE REPORT	COMMENTS
GRI 102 General disclosures 2016			
Organizational profile			
102-1	Name of the organization	Chapter 2.1.	
102-2	Activities, brands, products, and services	Chapter 2.1.	
102-3	Location of headquarters		Porkkalankatu 1, Helsinki
102-4	Location of operations	Chapter 2.1.	
102-5	Ownership and legal form	Chapter 2.1.	
102-6	Markets served	Chapter 2.1.	
102-7	Scale of the organization	Chapters 2.1., 7.1. Financial statements of the Funding Agency, chapters 5.1.1-5.1.2, 6-7, Financial statements of the Company	
102-8	Information on employees and other workers	Chapter 7.1.	
102-9	Supply chain	Chapter 7.3.	
102-10	Significant changes to the organization and its supply chain	Chapters 2.1., 7, Financial Statements of the Funding Agency and the Company	
102-11	Precautionary Principle or approach	Chapters 2.2.-2.4., 7.1.	
102-12	External initiatives	Chapter 2.1.	
102-13	Membership of associations	Chapter 2.1.	

NUMBER OF THE STANDARD	NAME OF THE STANDARD	LOCATION IN THE REPORT	COMMENTS
Strategy			
102-14	Statement from senior decision-maker	Chapter 1	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Chapters 2.1., 2.4.	
102-17	Mechanisms for advice and concerns about ethics	Chapter 2.4.	
Governance			
102-18	Governance structure	Chapter 2.1., Financial statements of the Company, chapter 6	
Stakeholder engagement			
102-40	List of stakeholder groups	Chapter 2.6.	
102-41	Collective bargaining agreements	Chapter 7.1.	
102-42	Identifying and selecting stakeholders	Chapters 2.4., 2.6.	
102-43	Approach to stakeholder engagement	Chapters 2.4., 2.6., 4-6., Financial statements of the Funding Agency chapters 3-5	
102-44	Key topics and concerns raised	Chapters 2.6., 4-6 Financial statements of the Funding Agency chapters 3-5	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Chapter 2.1.	
102-46	Defining report content and topic Boundaries	Chapters 2.1., 8	
102-47	List of material topics	Chapter 8	
102-48	Restatements of information	Chapters 2.1., Financial statements of the Funding Agency and the Company	
102-49	Changes in reporting	Chapter 2.1.	

NUMBER OF THE STANDARD	NAME OF THE STANDARD	LOCATION IN THE REPORT	COMMENTS
102-50	Reporting period	1.1.2021-31.12.2021	
102-51	Date of most recent report	Chapter 2.1.	
102-52	Reporting cycle	Chapter 2.1.	
102-53	Contact point for questions regarding the report	GRI content index	Sari Turja, sari.turja@ businessfinland.fi
102-54	Claims of reporting in accordance with the GRI Standards	GRI content index	The report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	GRI content index	
102-56	External assurance	GRI content index	No external assurance
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	Chapters 2.2.-2.3., 2.5.-2.6., 4-8	Boundary: Business Finland / Innovation Funding Center Business Finland / Business Finland Oy
103-2	The management approach and its components	Chapters 2.2.-2.6., 4-8	
103-3	Evaluation of the management approach	Chapters 2.2.-2.6., 4-8 Financial statements of the Funding Agency chapters 2-3, 5-6, 8-10.	

NUMBER OF THE STANDARD	NAME OF THE STANDARD	LOCATION IN THE REPORT	COMMENTS
Economics			
GRI 201 Economic Performance 2016			
201-1	Direct economic value generated and distributed	Chapters 2.1., 7.4. Financial statements of the Funding Agency chapters 4-5, 7, 11-14, Financial statements of the Company chapter 3	
GRI 203 Indirect Economic Impacts 2016			
203-2	Significant indirect economic impacts	Chapters 2.5., 4-6 Financial statements of the Funding Agency chapters 2-3	
Social			
GRI 403: Occupational Health and Safety 2018			
403-2	Hazard identification, risk assessment, and incident investigation	Chapter 7.1.	Partly reported
403-3	Occupational health services	Chapter 7.1.	
403-6	Promotion of worker health	Chapter 7.1.	
GRI 404: Training and Education 2016			
404-2	Programs for upgrading employee skills and transition assistance programs	Chapter 7.1.	
404-3	Percentage of employees receiving regular performance and career development reviews	Chapter 7.1.	
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	Chapter 7.1.	

NUMBER OF THE STANDARD	NAME OF THE STANDARD	LOCATION IN THE REPORT	COMMENTS
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Chapter 7.1.	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 2.4.	
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	Chapter 2.4.	

BUSINESS FINLAND

Business Finland on globaalin kasvun kiihdyttämö. Luomme edellytyksiä uudelle kasvulle auttamalla yrityksiä kansainvälistymään sekä rahoittamalla tutkimusta ja innovaatioita. Huippuasiantuntijamme ja uusin tieto nopeuttavat markkinoiden mahdollisuuksien tunnistamista ja auttavat muuttamaan ne kansainvälisiksi menestystarinoiksi.

WWW.BUSINESSFINLAND.FI