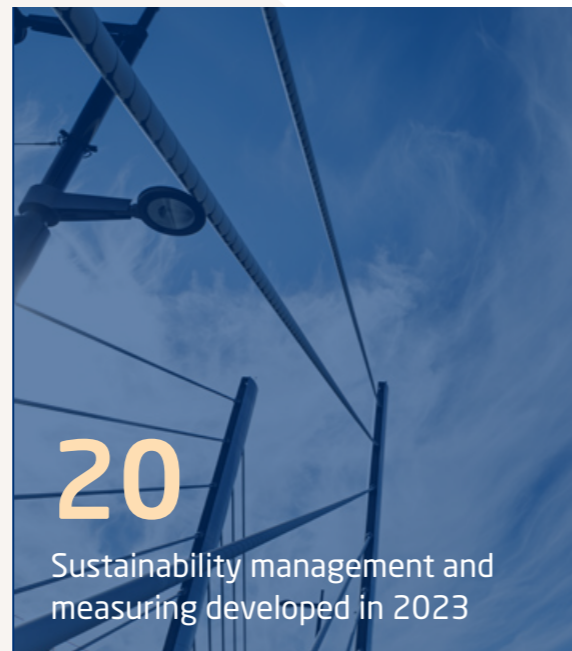
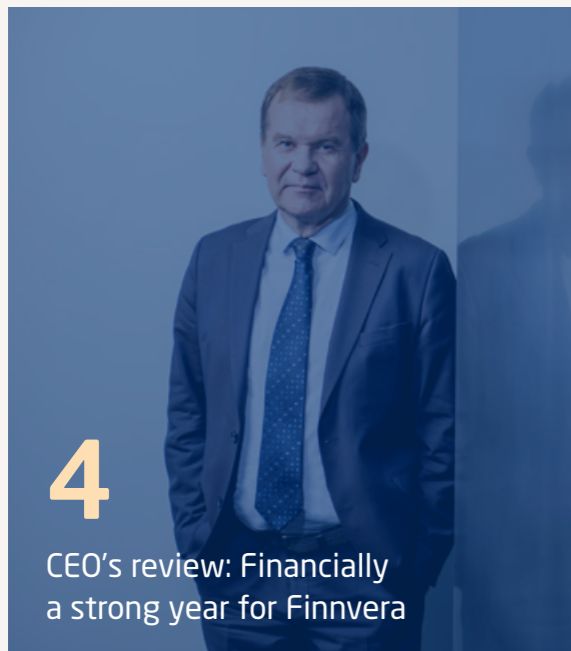


# FINNVERA

Finnvera's Annual Review  
and Sustainability Report 2023





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

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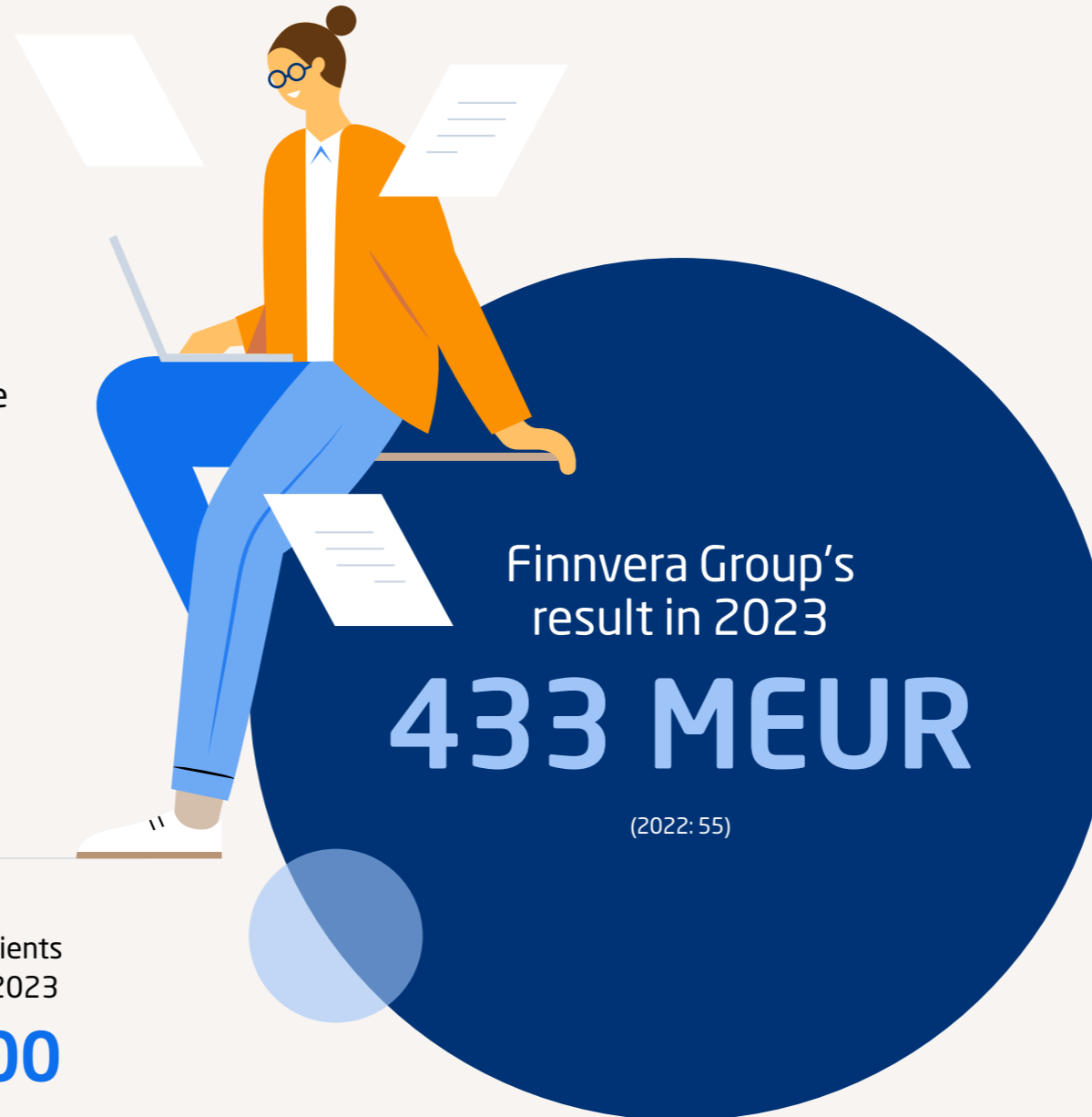
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When creating the PDF documents of Finnvera's Annual Report, the accessibility requirements for online services have been taken into account, and the publications can be read using a screen reader.

# Finnvera's year 2023

Finnvera had a financially strong year in 2023 and the result was exceptionally good. Finnvera was able to partially reverse the loss provisions for export credit guarantee operations made mainly in the cruise industry due to the coronavirus pandemic. Also, the exposure relating to Russia decreased.



Parent company Finnvera plc's total exposure at the end of 2023

**EUR 26.2 bn**

(2022: 26.6)

Number of clients at year end 2023

**23,100**

(2022: 24,400)

## Financing at a high level despite the economic uncertainty

While Finnvera's domestic and export financing volumes were high, risk indicators deteriorated in domestic financing. Investments were hampered by economic uncertainty and high interest rates. Clients and stakeholders were satisfied with Finnvera's services.

## Finnvera's financing meets market needs

Our SME financing meets market needs and attains the industrial policy objectives set for the operations efficiently. This was the conclusion of an external evaluation commissioned by the Ministry of Economic Affairs and Employment. While the evaluation contains recommendations, the implementation of which we will start planning immediately, the overall assessment of Finnvera's operations is very positive.

## Operating environment: Decline in investments and consumption

Whereas year 2023 was marked by an economic downturn in Finland and the euro area, the inflation environment stabilised. While the economic operating environment will continue to suffer from the downturn in 2024, the economy may begin to recover in the second half of the year.

CEO's review

## A year of strong finances and development

Year 2023 was surprisingly busy regarding both domestic and export financing, despite the downturn that hit the Finnish economy towards the end of the year. In line with our strategy, we introduced new financing products that improve access to financing for SMEs, in particular. Our client satisfaction was high. Finnvera had a financially strong year in 2023, and our result was exceptionally good. Year 2024 will bring new undertakings, including legislative reforms and corporate responsibility targets.

Our SME financing meets market needs and attains the industrial policy objectives set for these activities efficiently. This was the conclusion of an external evaluation commissioned by the Ministry of Economic Affairs and Employment. While the evaluation contains recommendations whose implementation we will start planning, the overall assessment of Finnvera's operations is very positive. Finnvera has managed its mission professionally and achieved the objectives set by the owner. Finnvera's service processes are efficient and of high quality, and the company regularly receives excellent client feedback.

This was also the case in the spring of 2023, as Finnvera received remarkably positive results in an extensive customer and stakeholder survey.

One of our strategic goals is to be a stable promoter of exports. We commissioned a group of consultants specialising in export financing markets to assess our competitiveness in relation to export credit agencies and export credit providers in key reference countries. Based on this evaluation, we decided to work more actively in the field of export promotion. Trade Facilitators appointed to the role in early 2024 aim to bring together foreign buyers and Finnish exporters and to promote trade using Finnvera's export financing. Cooperation with Business Finland will also be stepped up.

We welcome the fact that Finland's new Government Programme includes an extremely important overhaul of legislation applicable to Finnvera, which will enable appropriate development of our financing operations in the future and ensure the competitiveness of export financing. The preparations for the legislative reform have begun in early 2024.


### New products to expedite exports, the green transition and digitalisation

Finnvera's export credit introduced in February 2023 after a long period of preparation meets the need to fill in a gap in financing for SMEs and smaller export transactions worth less than EUR 20 million. In cooperation with the European Investment Fund, we launched a Climate and Environmental Loan as well as a Digitalisation and Innovation Loan, which draw on the InvestEU facility, in June 2023. Through these loans, we can channel EU funding to Finnish companies and expedite companies' energy transition and development projects. Finnvera's



SME Guarantee was updated at the turn of the year, and its uses were expanded.

In spring 2024, we will introduce a new bill financing product for export companies, which provides financing for export transactions up to EUR 2 million. In line with our strategy, the aim is to diversify the financial market.



We encourage companies to seek growth through investments that are sustainable in terms of both the environment and the economy.

### **Finnvera's result was exceptionally good**

Finnvera Group's result was EUR 433 million (55) in 2023. In particular, the result was impacted by changes in the amounts of loss provisions. The loss provisions related to cruise shipping companies, made in the first year of the coronavirus pandemic, could be partially reversed.

The outlook for cruise shipping, which is the largest sector in terms of Finnvera's export financing exposure, has improved: the client volumes and profitability of the largest cruise shipping companies have returned to their 2019 levels.

Exposure related to Russia also decreased as a result of the repayments. Finnvera's exposure relating to Russia amounted to EUR 97 million at the end of 2023, whereas it remained at EUR 422 million at the end of 2022 and approximately EUR 1 billion at the end of 2021.

Due to the reversing of the loss provisions for export financing the result for the year was exceptionally good.

In line with the objective set for Finnvera the company must, over the long term, cover the costs of its operations with income from financing. This cumulative self-sustainability has been achieved.

A high amount of both domestic and export financing was granted in 2023, and the results of the business areas were positive.

The downturn in the Finnish economy was particularly visible as an increase in credit risk indicators for domestic financing. The risk ratings of companies have deteriorated, payment difficulties have increased. We are preparing for an increase in financial restructuring arrangements in 2024. The increase in the expenses and the interest rate has resulted in delays also in foreign export projects.

### **Sights on a sustainable future despite uncertainty**

The Government Programme sets the aim of increasing the number of midcap enterprises in Finland. We are preparing to work together with the new Tesi Group, especially when it comes to financing growth companies.

Corporate responsibility and measuring our own activities are key development areas. We have developed the calculation of emissions from our financing operations and are already able to report them more accurately than in the previous year. We have set a climate target. In line with our strategy, we encourage companies to seek growth through investments that are sustainable in terms of both the environment and the economy, in Finland and in the export sectors alike. The falling interest rates and, for example, climate incentives of financing that we are adding to the range of instruments available to companies, will hopefully speed up vital green transition investments.

A personnel satisfaction survey conducted in late 2023 shows that Finnvera employees are motivated and have a high level of work energy. The work energy was assessed on the basis of our new values, which contributes to mainstreaming the values in our corporate culture.

We will continue working in line with our vision: our clients' success strengthens the Finnish economy. I would like to extend my warmest thanks to our clients, personnel and all partners for the year 2023.

**Pauli Heikkilä**  
CEO

Operating environment

## A year of economic downturn while inflation stabilised

While year 2023 was marked by an economic downturn in Finland and the euro area, the inflation environment stabilised. Finnvera's financing remained at a high level despite the economic uncertainty and the investment environment decreased. While the economic operating environment will continue to suffer from the downturn in 2024, the economy may begin to recover in the second half of the year.

Year 2022 was marked by accelerating inflation which, according to the Harmonised Index of Consumer Prices, reached 8.8% in December 2022. Year 2023 was a different story: the inflation rate slowed down sharply and was no more than 1.3% in December.

The rapidly accelerating inflation forced central banks around the world to introduce more stringent monetary policies, as their key aim is maintaining a stable price level, or moderate inflation. The most common reference rate, the 12-month Euribor, went up from around zero in April 2022 to around 4% in late 2023. This indicates a heavy-handed approach to tightening the monetary policy over a short period of time.



### Economic downturn in target countries to reduce Finnish exports by billions

The sputtering economic growth in Finland's most important export countries predicts difficulties for Finnish exports. Finnvera's calculations indicate that a decrease of one percentage point in target countries' economic growth will reduce the growth of Finnish exports by 2 to 3 percentage points, as the recent Financing & Growth review shows.

[Read more \(in Finnish\) >](#)

The tighter monetary policy is probably yet to have its full effect on the Finnish economy and, in particular, the eurozone. Inflation slowed down faster in Finland than in the eurozone on average, which meant that the monetary policy was even excessively stringent from Finland's perspective. The tight monetary policy will contribute to curbing consumption and investments in the near future, while signs of laxer policy are already in sight.

### A decline in investments and consumption

The sharp increase in interest rates caused many companies to adopt a cautious approach, and investments started declining in late 2022. Client enterprises of the manufacturing industry, in particular, were additionally seen to postpone purchases and use stocks they had filled while components were in short supply following the coronavirus pandemic.

Exports also declined – which unfortunately did not come as a surprise. The greater share of Finnish exports go to Europe and the eurozone, where the economic situation deteriorated. The stalling of the export countries' economies led to a reduced demand for Finnish export products.

In the domestic economy, the standstill in housing construction was particularly noticeable. Uncertainties caused by the economic situation were perhaps also reflected in the fact that the number of small start-ups among Finnvera's customers decreased significantly.

The good news was that while the unemployment rate increased gradually towards the end of the year, employment remained at a high level. The high employment hides a nasty structural problem, however: a labour shortage that is likely to affect Finland once again as the next economic upturn approaches.



1.3%

The Harmonised Index of Consumer Prices was 1.3% in December 2023.



**Countries and Markets review: Poorest countries' debt crisis is gathering new momentum**

In cooperation with other actors the Paris Club, a group of 22 countries established almost 70 years ago, seeks coordinated and sustainable solutions to the payment difficulties of debtor countries facing financial problems. Finland and Finnvera are members of the Paris Club.

[Read more \(in Finnish\) >](#)

**Finnvera's exposure relating to key countries**

The United States still leads the top ten list of countries for Finnvera's export credit guarantees. The list changed during the year as Finnvera's exposure relating to Russia decreased significantly. As a result of arrangements necessitated by the war and sanctions, Finnvera's exposure in Russia was reduced to EUR 97 million at the end of 2023. No new export credit guarantees have been granted for Russia since it invaded Ukraine in February 2022.

India emerged as a newcomer among the most important countries in terms of exposure. It offers huge business opportunities also for Finnish export companies in many different industries. Above all, these opportunities are found in ICT and telecommunications, energy and environmental sectors, and in infrastructure projects.

Turkey which is one Finnish companies' traditional export markets, ranked fifth in Finnvera's country exposure in late 2022, and Finland's exports to this country have actually increased in recent years despite the challenges

facing the country's economy. The most important sectors in terms of export financing have been telecommunications, pulp and paper, mining and the metal industry.

The largest countries associated with Finnvera's drawn export credit guarantees in Latin America are Brazil and Chile, where pulp and paper as well as the energy and mining sectors account for the largest share of the exposure. The green transition, in which geopolitically neutral Latin America plays an important role as a producer of critical raw materials, is likely to increase the demand for financing further. The digital transformation is also creating a strong market for Finnish exports in Latin America.

The need for Finnvera's financing for China, which is important in terms of world trade, has been moderate and decreased even further after the coronavirus pandemic, but the country's sluggish economic development may also increase the demand for Finnvera's financing. China ranks 15th in Finnvera's country exposure.

**Sector analysis: Export productivity**



**High added value and productivity sectors are drivers of exports and benefit from export financing**

Finnish exports are dominated by high productivity sectors, which produce the highest levels of added value and accumulate GDP. These sectors include many technology industries and, for example, machinery and equipment exports for mining. They account for approximately 60% of Finnish exports.

The share of high productivity sectors in exports decreased between 2015 and 2020, and in this respect, a slight 'bulking' effect has occurred in Finland's exports according to a report produced by Finnvera. Medium productivity sectors account for the second largest share of Finnish exports. This group includes the food industry, manufacture of vehicles and the intermediate products industry.

Public export financing appears to play an important role in securing high added value

exports. More than 90% of export projects financed by Finnvera represent export sectors of high and average productivity.






The role of export credit guarantees typically increases as the global economy is affected by increased uncertainty. In recent years, the high productivity sectors have again increased their share of Finnvera's export financing. The more productive the exports are, the more efficiently they bolster the Finnish economy and Finnish people's welfare.

In absolute amounts, domestic projects financed by Finnvera would also seem to concentrate mostly in medium and high productivity sectors.

[Read more \(in Finnish\) >](#)

# Total exposure, export credit guarantees and special guarantees 31 Dec 2023

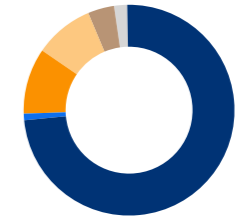
## Exposure by sector Dec 31 2023

-  **Cruise shipping**  
EUR 11.5 bn (50%)
-  **Telecommunications**  
EUR 4.0 bn (17%)
-  **Pulp and paper**  
EUR 3.5 bn (15%)
- Others\***  
EUR 2.1 bn (9%)
-  **Energy**  
EUR 0.8 bn (4%)
-  **Mining and metals**  
EUR 0.6 bn (3%)
- Other industries**  
EUR 0.4 bn (2%)

\* Including other risks such as state and bank risks and reinsurance risk transfer.

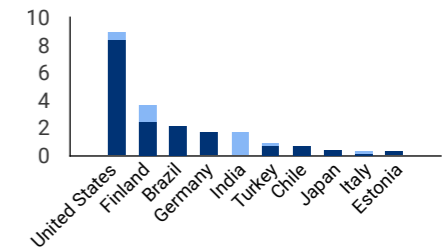


## Exposure by country risk classification 31 Dec 2023



- 0 Advanced economy, 73%
- 1 Very low risks, 0%
- 2 Low risks, 1%
- 3 Relatively low risks, 10%
- 4 Intermediate risks, 9%
- 5 Relatively high risks, 4%
- 6 High risks, 0%
- 7 Very high risks, 2%

## The biggest country exposures 31 Dec 2023, EUR billion



EUR billion	● Commitments	● Offers
United States	8.3	0.6
Finland	2.4	1.2
Brazil	2.1	0.0
Germany	1.7	0.0
India	0.0	1.7
Turkey	0.7	0.2
Chile	0.7	0.0
Japan	0.4	0.0
Italy	0.1	0.2
Estonia	0.3	0.0

● Finnvera had exposure in 85 countries on 31 Dec 2023.



# Finnvera's strategy and role in society

Finnvera's mission is promoting the internationalisation and exports of companies, complementing financial services and contributing to positive regional development. The strategy accounts for international development in financial markets, digitalisation and climate change mitigation. The climate theme and corporate responsibility measures found a more concrete expression during the year.

The update of values and their introduction to the day-to-day work led Finnvera's corporate culture into a new direction in 2023.



## A strategy with long-term objectives

The strategy is updated annually. In August 2023, the four cornerstones of Finnvera's strategy for 2024–2027 were formulated as Promoting exports, Growth and internationalisation, Customer experience and partnerships, and Digitalisation. While the way the values are expressed changed slightly, they are underpinned by Finnvera's long-term objectives.

## Customer satisfaction is an important indicator

Finnvera's strategic objective is to enable growth by diversifying the financial market. Finnvera has expanded and developed its cooperation with different financing provider partners. The results of the stakeholder survey tell a story of reliability and smooth cooperation.

## Overhaul of legislation on Finnvera launched

An overhaul of legislation applicable to Finnvera was included in the new Government Programme of summer 2023. To prepare this legislative reform, the Ministry of Economic Affairs and Employment has appointed a working group in which the Ministry of Finance, the State Treasury and Finnvera are represented. Representatives of key stakeholders have also been invited to participate in an enlarged composition of this group.

Strategy

## A strategy underpinned by Finnvera's mission

Finnvera's vision is that our clients' success strengthens the Finnish economy. Another key theme is impact. Our goal is to ensure that our financing helps clients create and achieve turnover, financial results and new jobs.

The strategy is updated annually, and in August 2023, the following were identified as its cornerstones for 2024–2027:

- Export promotion
- Growth and internationalisation
- Customer experience and partnerships
- Digitalisation

Both concrete objectives and indicators have been defined for each objective.

Annual planning translates the strategic objectives into concrete goals and action plans for the company and its units. Strategy implementation will be ensured by our competent personnel who have a willingness to renew and courage to reform the company's operations.

### Corporate responsibility

Corporate responsibility is part of everything we do. Its areas are environmental responsibility, social responsibility, good corporate governance, financial responsibility and risk management. For more information on corporate

## Objectives of Finnvera's strategy for 2024–2027



### Export promotion

- We offer an export financing system that is competitive in terms of its pricing and risk-taking capacity and, in particular, customer orientation
- We seek new trading opportunities and partnerships
- We encourage companies to grasp the opportunities of green growth



### Growth and internationalisation

- We ensure that financing is available for the commercialisation of innovations and green growth
- We recognise the special needs of midcap enterprises and provide financing for growth
- We secure financing for the establishment and growth of SMEs and for transfers of ownership



### Customer experience and partnerships

- Our fast and customer-centric services are available on multiple channels
- We promote companies' internationalisation and exports in close Team Finland cooperation
- We bolster partnerships and promote diversification in the financial market



### Digitalisation

- We develop services that our clients can use whenever and wherever they are
- We aim for active renewal and integration with our partners' systems.
- We are improving our change readiness and the efficiency and transparency of our operations.

responsibility, Finnvera's objectives and the impacts of our work, see page 19.

### Achievement of objectives in 2023

While our strategic objectives have been expressed in slightly different words, their underlying long-term goals remain. This annual report describes the achievement of the objectives set out in our strategy for 2023–2025.

### We are a stable promoter of exports

Finnvera's goal is to guarantee a competitive export financing system for Finnish companies. ActorRx, a consultancy group specialising in export financing markets, analysed at Finnvera's request our competitiveness factors in relation to export credit agencies and export financing services in Austria, Denmark, Germany, Italy, Norway and Sweden.

The report noted that while Finnvera is highly customer-centric and supports Finnish companies proactively, the example of some other countries would be worth following when it comes to sales activity. This is why Finnvera has established a new Trade Facilitator role tasked to actively seek export trade opportunities and strive to enable financing arrangements between Finnish companies and foreign buyers.

Finnvera encourages companies to grow and discover new markets and helps them find trading opportunities in climate solution investments. To develop exports to Africa, Finnvera worked closely together with Business Finland in order to identify EPC projects (Engineering, Procurement, Construction).

An overhaul of the legislation applicable to Finnvera set out in the Government Programme, which aims to simplify the regulation governing the company's operations and export financing, is also relevant to the competitiveness of export promotion.

**We diversify funding solutions to enable growth**

Finnvera's strategic goal is to allocate at least 80% of our domestic financing to start-ups, growing and internationalising companies as well as investments, transfers of ownership and exports. This goal was again attained in 2023, as up to 92% of the financing was allocated to the priority areas.

Financing was allocated to internationalisation and accelerating the green transition by means of new loans drawing on the European Commission's InvestEU facility. The Climate and Environmental Loan and the Digitalisation and Innovation Loan launched in cooperation with the European Investment Fund were introduced in June 2023. These new loans are the next step in Finnvera's guarantee and loan solutions relying on EU funding.

In order to accelerate SME exports and smaller export transactions, in particular, Finnvera introduced export

**Industrial and ownership policy goals guide operations**

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

The objectives of the industrial and ownership policy and Finnvera's strategy support each other and are examined in parallel. Areas to be monitored in the context of the industrial and ownership policy include domestic financing, EU financing, export financing, risk management, impact, self-sustainability, operational efficiency, solvency, capital adequacy and risk-taking in domestic financing and export financing, and the transfer of Finnvera's financial supervision to the Financial Supervisory Authority. Of the 12 goals set for 2023, 9 were reached and 3 were partly reached.

credits for transactions worth less than EUR 20 million in February 2023. A legislative amendment allows Finnvera to grant export credits to export companies' buyer clients directly, without a bank's involvement. The backdrop to this possibility was a need to ensure that Finnish companies have access to financing instruments equal to those in competitor countries.



**Information system overhaul is making headway**

The RAJU project aiming to upgrade Finnvera's financing systems focuses on key information systems. The project includes several sub-projects for ensuring well-managed progress in the development of Finnvera's different functions.

In line with Finnvera's digital agenda, the RAJU project took significant strides forward in 2023 regarding a system upgrade that focused on export financing.

The first preparations for commissioning the new system will take place in spring 2024. The selected off-the-shelf software solution will ensure better customer experience and risk management over the lifecycle of financing. In addition, the project has achieved its goal of assessing the suitability of joint project processing and collateral management.



**Led by values**

With the renewal of Finnvera's values, operations were led more strongly through values than before. The values have well taken root in Finnvera.

**Our values are:**

- For a good cause
- Better together
- Let's get started
- Courage to solve

**We strengthen partnerships and cooperation models**

The internationalisation of growth companies was promoted by stepping up Team Finland cooperation with the aim of improving the service path for companies. The service path illustrates different actors' services that companies can use in various stages of their growth and internationalisation.

Diversification of financing also involves establishing new financing partnerships. Finnvera aims to ensure that companies have alternatives to bank financing. During 2023, Finnvera launched guarantee cooperation with Alisa Bank plc and prepared cooperation with several other providers of financing that could use Finnvera's guarantees when financing companies.

**We promote client experience and digitalise our activities**

Digitalisation projects and service development are managed through Finnvera's digital agenda. The strategic objective is developing our e-services to meet the future requirements of clients and partnerships. These efforts became visible to our clients as the first phase of Finnvera's e-service was introduced in June 2023. In the initial phase, some of the services for corporate and private customers were transferred to the new e-service. The e-service for exporters was upgraded in late 2023 and early 2024, while the service for financing partners will get its turn in early 2024. The aim is to complete the update by the end of 2024. In the transition phase, both the old and the new services will be in use.

The aim of the upgrade is to improve service quality in terms of usability, accessibility and technical solutions alike. The new e-service will offer more functionalities than the old one.



**Finnvera encourages staff members to learn about AI use**

While artificial intelligence is not yet used to support Finnvera's work, the company encourages its personnel to experiment with the potential offered by AI in conjunction with public information or for private purposes. Artificial intelligence may not be used to process secret information, personal data or other sensitive data. Finnvera provides an AI application for its personnel members' use, and an open lecture on the features of AI was organised in autumn 2023 for all Finnvera employees. The personnel are also guided to learn more about artificial intelligence, for example on open university courses.

In the future, Finnvera will take a stronger stand on AI use and offer training for it. While developing public services is vital, data protection and information security must be carefully addressed in this development.



Finnvera introduced Aarni, a new case management system. This will be the case register referred to in the Act on Information Management in Public Administration.

The upgrade of Finnvera's financing systems (the RAJU project) also continued according to plan. For more information on the new services, see page 11 (fact box).

Finnvera introduced Aarni, our new case management system, in 2023. This will be our case register referred to in the Act on Information Management in Public Administration and provide a space for storing and archiving data.

Internal efficiency is also sought from automation of routine tasks, for example by using robotics, with the aim of freeing up Finnvera experts' time for more demanding tasks.

One of our objectives is developing the personnel's strategic competence areas. The measures for developing the strategic personnel plan and 14 identified competence areas progressed as planned during the year. See the section Social responsibility on page 27 for more information on competence development.

# How Finnvera creates value

## Resources



### Financial resources

Balance sheet EUR 14.3 billion and equity EUR 1.3 billion, of which non-restricted equity EUR 1.1 billion. Funding acquired from international bond markets approx. EUR 1–2 billion a year.



### Personnel

369 employees at 15 localities in Finland. Extensive experience and competence in the financial sector and risk assessment.



### Stakeholder relations

Active client and stakeholder work. Team Finland network. Partner networks with banks and private providers of financing. Finnish and international organisations and networks of entrepreneurs, businesses and financing providers.

**Our vision is:**  
Our clients' success strengthens the Finnish economy

**Impact**

Competent personnel with willingness and daring to renew

**Values:**

For a good cause  
Better together  
Let's get started  
Courage to solve

We strengthen partnerships and cooperation models

We improve customer experience and digitalise our activities

We are a stable promoter of exports

We diversify funding solutions to enable growth

## Business



**Number of clients**  
31 Dec 2023: 23,100

- Micro-enterprises: 85.8%
- Other SMEs and midcap enterprises: 13.7%
- Large corporates: 0.5%



### Products and services

- Loans and guarantees granted
- Export credit guarantees and special guarantees granted
- Export credits granted



### Authorisations and exposures

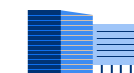
- Loans and guarantees
- Export credit guarantees
- Export credits
- Special guarantees

## Impacts



### Societal & economic impacts

We strengthen Finnish companies' operative capacity, support job creation and competitiveness, and promote exports. Finnvera's goal is to ensure that our operations are self-sustainable. Development of target countries through export financing projects.



### Social impacts

Looking after our personnel's competence and well-being at work. Assessment and monitoring of social and human rights risks relating to the projects we finance.



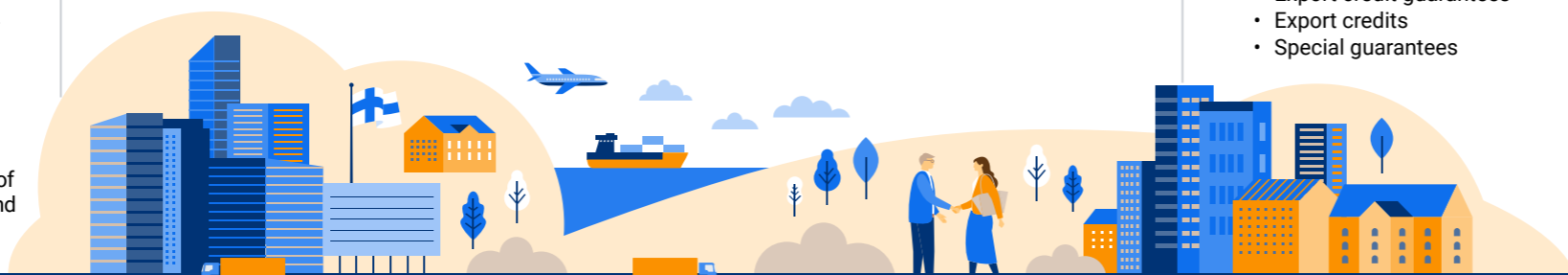
### Environmental impacts

Assessment and monitoring of environmental risks of the financed projects. We encourage companies to seize business opportunities created by the green transition. We measure the impacts of Finnvera's operations.



### Impacts on stakeholder relations

We continuously monitor our net promoter score (NPS). The average in 2023 was 64. We conduct an extensive customer and stakeholder satisfaction survey every two years. We develop our operations on the basis of the feedback we receive.



## Strategy founded on responsible action

Environmental responsibility, social responsibility, good corporate governance, financial responsibility, risk management

Stakeholder cooperation

## Corporate responsibility a key theme in stakeholder cooperation

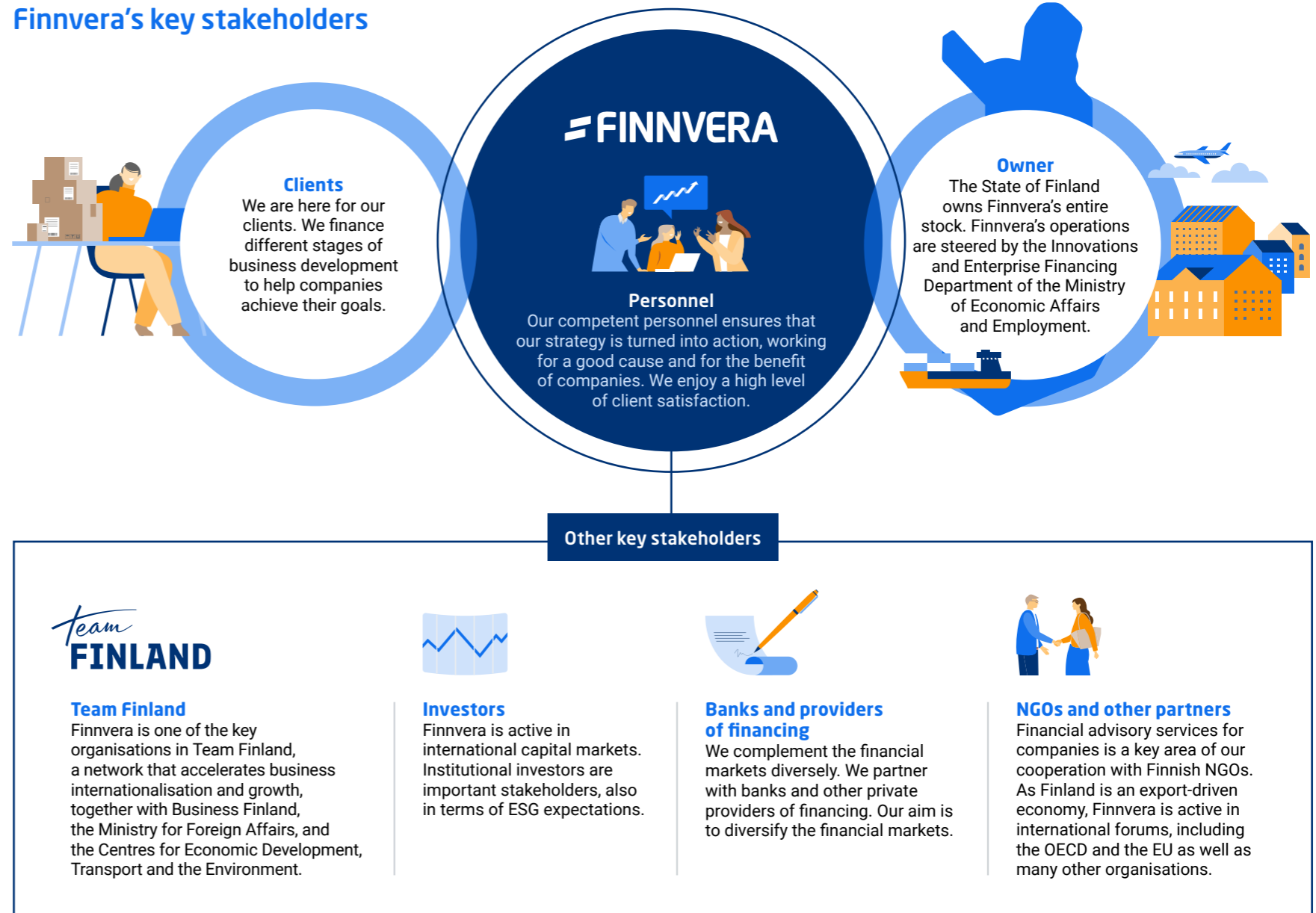
Active dialogue and good cooperation with stakeholders are emphasised in uncertain times. The change in the operating environment was a challenge to smaller SMEs, in particular, and this resulted in an increasing number of contacts with Finnvera. Corporate responsibility was stressed as a key theme in 2023.

Finnvera introduced ESG responsibility reports produced by Suomen Asiakastieto and compiled from public sources as part of processing financing projects. The ESG report contains information found in public sources on the company applying for financing and makes it possible to discuss corporate responsibility in its business operations and the factors affecting it with the company. The use of ESG reports as part of company evaluations has also attracted international interest among national finance providers in different countries.

### New online services for corporate clients

Finnvera launched the first services for corporate clients as part of upgrading its online services. During the year, corporate customers' financing applications were also transferred to the new online service. The aims of this upgrade include developing new solutions that support self-service in customer relationships.

## Finnvera's key stakeholders



**Closer and diversified cooperation with providers of financing**

Finnvera's strategic objective is to enable growth by diversifying the financial market. Finnvera has expanded and developed its cooperation with different financing provider partners. Regular meetings with these partners facilitate the development of operations and efficient communication about changes to products and services.

Finnvera participated in a tour organised to inform businesses about financing opportunities for the green transition in 2023 in cooperation with Business Finland, the Finnish Climate Fund, venture capital company Tesi and local actors.

**Team Finland network is there for the clients**

Together with Business Finland, the Ministry for Foreign Affairs, ELY Centres and TE Offices, Finnvera is a core actor in the Team Finland network that strives to accelerate the exports and internationalisation of businesses.

Cooperation and joint customer relationship management were stepped up further. Finnvera sent a record-breaking number

**Finnvera's strong representation in the Berne Union continues**

Pekka Karkovirta, Vice President of International Relations at Finnvera, was elected Chairman of the Berne Union ECA Committee for 2024–2025. The Berne Union is an international organisation for export credit and investment risk insurers. The insurances and guarantees of its members cover 12% of world trade, amounting to USD 2.6 trillion. Having an active role in cooperation organisations relevant to export credit guarantees is one of Finnvera's key goals in international stakeholder activities.

of customer sales tips to other organisations in the network, enabling them to provide services for our increasingly international clients. Continuous client feedback indicates that customer satisfaction with Team Finland remained at a high level.

A Team Finland Day and webinars were organised by the actors to inform companies and partners about their services. Finnvera's role was to describe how financing can benefit the export transactions and export risk management of SMEs, in particular. The Internationalisation Award of the President of the Republic of Finland was presented at the end of the year. The core Team Finland actors made a proposal regarding candidates for the award.

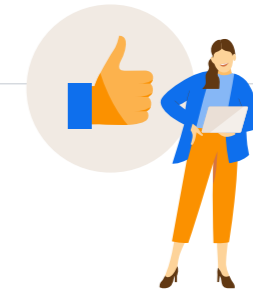
**International organisations and cooperation**

Finnvera operates and influences its sector in international forums. The most significant issue of the year was the renewed OECD Export Credit Arrangement. Finnvera continued to operate in European and international networks relevant to SME financing, including the Montreal Group, the European Association of Guarantee Institutions (AECM), the Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI) and the Berne Union. Corporate responsibility and its realisation in national financing providers' operations were stressed as a key theme in 2023, in addition to sharing means for and lessons learned about improving corporate responsibility in SMEs.

**NGO cooperation in Finland for the benefit of companies**

Finnvera continued to participate actively in the Advisory Board for Entrepreneurship set up by employers and businesses, a forum where representatives of entrepreneurs and public actors come together. Finnvera is represented by Regional Director Anna Karppinen.

Other cooperation with Finnish NGOs focused on business advice and services related to financing options.



**Stakeholder survey results indicate reliability and smooth cooperation**

A total of 1,224 responses were received to an extensive customer, bank and stakeholder survey in 2023. This survey conducted as of 2001, conducted every two years focused on the satisfaction felt by Finnvera's different target groups with the company's operations and services, perceptions of Finnvera, views of the significance of Finnvera's operations, and experiences of Finnvera's different service channels. The data were collected by means of online surveys and telephone interviews. Clients accounted for 72% of the respondents, while providers of financing accounted for 16% and other stakeholders for 12%.

The overall assessments of Finnvera are mainly fairly positive, and the score measuring customer loyalty and satisfaction was the highest ever measured. The client groups and stakeholders of SME financing find that Finnvera has promoted starting a business, made the creation of new jobs possible, and enabled company growth and development. Respondents additionally said that Finnvera has had a significant impact on arranging the company's financing.

All target groups assessed the benefits generated by Finnvera's services and their

quality as very good or even excellent. All target groups and especially bank customers of SME financing find cooperation with Finnvera important. Business and financing provider clients as well as stakeholders of export financing find that Finnvera's export financing has had positive impacts especially on Finnish companies' exports, domestic subcontractors and employment in Finland. Finnvera has also managed to have a positive impact on companies' export transactions. Development areas included Finnvera's ability to manage the necessary contacts with other stakeholders.

Respondents found the level of Finnvera's activity in customer relations and cooperation good. The survey results indicate that Finnvera is perceived as a reliable actor that reacts flexibly to changes in the financial market, and Finnvera's personnel were assessed as being professional and competent. The personnel's service-oriented attitude, smooth cooperation and, in particular, the streamlined process for standard product customers scored highly. The usefulness of Finnvera's communications was also assessed as good.

Corporate governance

## Good corporate governance highlighted in the strategy

Good corporate governance and risk management are highlighted in Finnvera's strategy and lay the foundation for the company's operations. The Finnvera Group observes good corporate governance and strives to ensure transparency at all levels of the organisation. Many legislative projects relevant to Finnvera also made headway in 2023.

Finnvera's work is steered by the Innovations and Enterprise Financing Department of the Ministry of Economic Affairs and Employment. Finnvera's operations are governed by a number of acts, and the need for an overhaul of this legislation has come up in several reports in recent years, especially with regard to export financing. An overhaul of legislation applicable to Finnvera was consequently included in the new Government Programme in summer 2023.

To prepare this legislative reform, the Ministry of Economic Affairs and Employment has appointed a working group in which the Ministry of Finance, the State Treasury and Finnvera are represented. Representatives of key stakeholders have also been invited to participate in an enlarged composition of this group. The working group will strive to forge policies on key issues for the basis of drafting the act in spring 2024, and a government proposal is to be submitted to Parliament in spring 2025. The aim is to simplify the legislation and ensure that Finnish export financing will be competitive in relation to other countries, to reinforce

export promotion structures and to strengthen Finnvera's role in supporting exports. The impacts of the reform will be seen in Finnvera's operations in the years to come.

An amendment to the Act on Officially Supported Export and Ship Credits and Interest Equalisation, which strengthens exports and especially SMEs' preconditions for export trade, entered into force in February 2023. While Finnvera works together with banks and complements the financial market as a basic premise, this amendment allows Finnvera to grant export credits of less than EUR 20 million directly to foreign clients of Finnish export companies, without a bank's involvement.

### Special risk-taking reformed by law

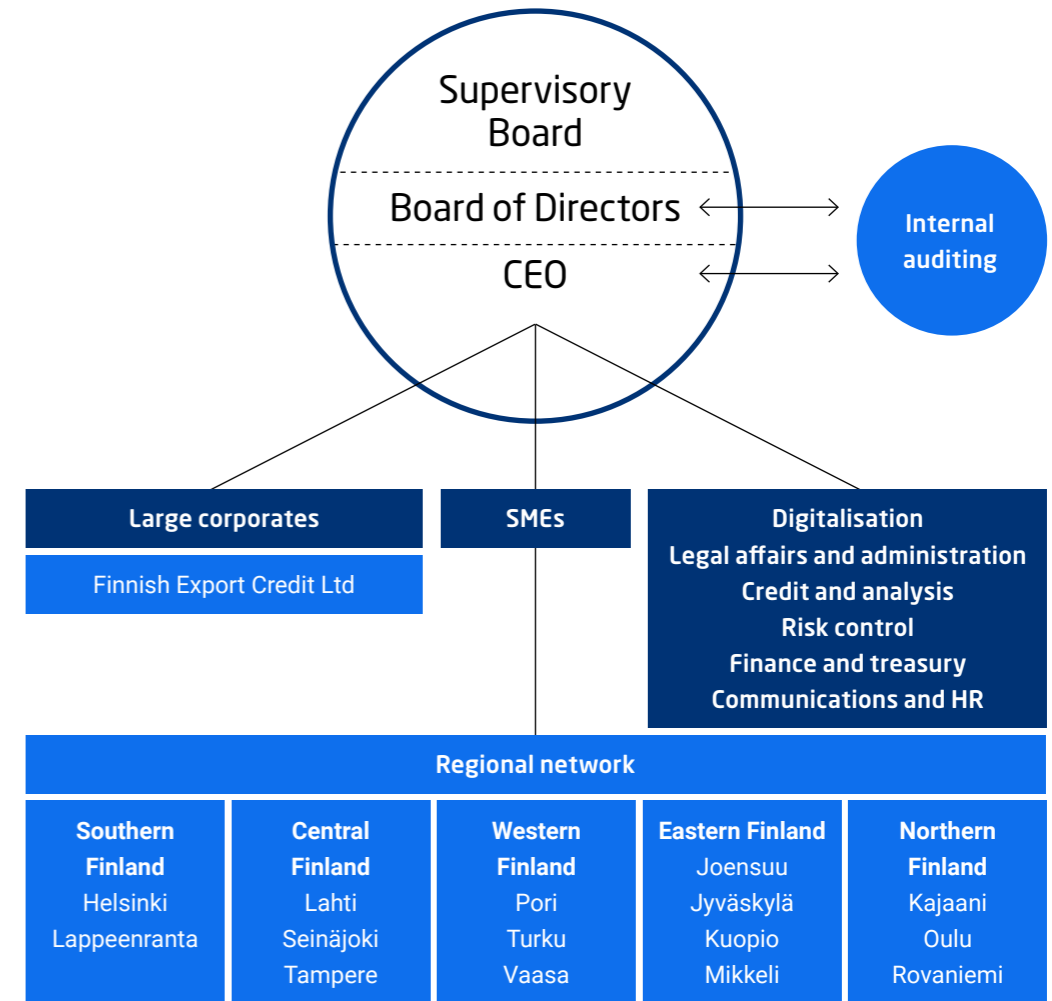
Finnvera makes its financing decisions independently based on a careful risk assessment and analysis of each project. While Finnvera's Board of Directors makes the largest exposure decisions itself, in other respects it has delegated decision-making powers to the company's Credit Committee and financing organisation.

Finnvera can also take into account the government's industrial policy goals in its decisions regarding projects and, if necessary, include projects in the special risk-taking procedure referred to in the Act on the State's Export Credit Guarantees.

The special risk taking procedure was updated by means of a legislative amendment that entered into force in 2023. Special risk taking is a procedure in which Finnvera can grant an export credit guarantee for reasons relevant to industrial policy or competitiveness even if, on the basis of normal risk assessment, the company could not grant a guarantee due to the high risk associated with the project. The granting of export guarantees as special-risk undertakings requires a decision from the Ministry of Economic Affairs and Employment that there are important economic policy or competitiveness-related grounds for granting them.

## Organisation and administration

Responsibility for Finnvera's administration and operations is vested in the General Meeting of Shareholders, the Supervisory Board, the Board of Directors, and the Chief Executive Officer. Finnvera's corporate governance is described on the following pages. More detailed information can be found in [the Statement on the Corporate Governance and Steering System](#).





Under the legislative amendment, the distinction between special risk-taking criteria for countries representing a high political risk and high-income countries was dropped.

A government proposal concerning the transfer of Finnvera's financial supervision to the Financial Supervisory Authority expired at the end of the parliamentary term in spring 2023. In the future, the organisation of Finnvera's financial supervision will be handled as part of the legislative overhaul.

The central government's credit and guarantee loss compensation to Finnvera was brought back down to 50% at the beginning of 2023. In the early stages of the coronavirus pandemic, this compensation was temporarily increased to 80% in 2020. In projects important in terms of industrial policy, the credit and guarantee loss compensation may still be 80% by decision of the Ministry of Economic Affairs and Employment.

**Code of Conduct crystallises  
the principles of good corporate governance**

Finnvera's Board of Directors has approved the key policies, principles and guidelines that direct the company's operations. Finnvera's work is guided by a Code of Conduct. This document approved by the Board of Directors gathers together Finnvera's corporate responsibility policy, ethical principles and legal rules. The Code of Conduct includes the general operating policy outlines and the principles of responsible financing emphasised in Finnvera's societal role, the basic premises for the confidentiality of our operations, and the principles applied to the work community. The Code of Conduct is reviewed and its content is updated annually. This year, the updates concerned actions and objectives relevant to environmental and social responsibility, in particular.

Finnvera's Board of Directors annually confirms the Group's risk management principles and risk appetite as well as all key risk policies. They are described in the section on risk management in the financial statements.



**Finnvera's Management Group**

The Management Group discusses issues relating to the strategy, business, policies on client work, risk management and ownership steering. The members of Finnvera's nine-strong Management Group are (in the picture from left to right):

**Risto Huopaniemi** (1975), LL.M.  
Senior Vice President, Legal Affairs,  
and Administration

**Tina Schumacher** (1967), M.Sc.  
(Econ. & Bus. Adm.), CEFA  
Chief Risk Officer, Risk Control

**Tapio Jordan** (1967), M.Sc. (Econ. & Bus.  
Adm.), B.Sc. (agriculture and forestry)  
Group Chief Credit Officer

**Ulla Hagman** (1969), M.Sc.  
(Econ. & Bus. Adm.)  
Senior Vice President, Finance  
and Treasury

**Pauli Heikkilä** (1962), D.Sc. (Tech.)  
CEO

**Tarja Svartström** (1971), M.Sc.  
Senior Vice President, Corporate  
Communications and HR

**Jussi Haarasilta** (1973), LL.M.,  
M.Sc. (Econ. & Bus. Adm.)  
Executive Vice President,  
Large Corporates

**Minna Kaarto** (1980), M.Sc. (Tech.)  
Development director,  
(CDO, Chief Digitalisation Officer)

**Juuso Heinilä** (1978), M.Sc. (Tech.),  
M.Sc. (Econ. Bus. Adm.)  
Executive Vice President, SMEs

**The search for CEO's  
successor started**

In the autumn 2023, Finnvera's Board of Directors started the search procedure for the successor of Pauli Heikkilä, who has meritoriously led Finnvera as CEO for 18 years. The decision will be made in early 2024.

**New members in Finnvera's governance**

The composition of Finnvera's Supervisory Board changed significantly in August 2023 as the Annual General Meeting elected nine new members to it. Sofia Vikman, Member of Parliament, continues to chair the Supervisory Board. As Vice Chairman was elected Seppo Eskelinen, Member of Parliament.

Some changes also took place in Finnvera's Board of Directors in 2023 as the Annual General Meeting elected Elise Pekkala, Senior Government Adviser at the Ministry of Economic Affairs and Employment as the Board's First Vice Chairman and Mikko Spolander, Director General of the Ministry of Finance as Second Vice Chairman. Long-standing Vice Chairmen of the Board, Antti Neimala, Director General, and Terhi Järvikare, Director General, no longer serve in the Board of Directors.

**Extension of Finnvera's ISO 9001 accreditation confirmed**

Finnvera's ISO 9001 certified operating system continues to be valid. An audit conducted in 2023 found no deviations from the quality standard requirements, and the positive observations, comments and development possibilities



that emerged will be processed further as part of continuous improvement of the operating system.

**Information security and data protection in the limelight**

In 2023, Finnvera maintained its capabilities and preparedness for various cyber and information security threats by means of exercises, training and reviews. Finnvera employees had opportunities to learn about information security and data protection on mandatory online courses which model practical situations and with the help of questionnaires. Such training strengthens our ability to identify information security risks and ensure data protection.

**Changes to premises**

Changes were made to the premises of Finnvera's largest offices, which are the Team Finland building in Ruoholahti, Helsinki and the facilities in Kallanranta, Kuopio, in 2023. Planned renovations went ahead on the premises in Helsinki, and the efficiency of their use was improved. The lease of Finnvera's Kallanranta premises in Kuopio was renewed, and the efficiency of premises use was improved as the new lease was signed. Renovations started on the premises in early 2024.

**Towards genuine hybrid work**

Finnvera's hybrid work model introduced after the coronavirus pandemic was revised in 2023. The jointly agreed practice is that employees complete at least 40% and supervisors 60% of their working hours in the office.



**Update of de minimis regulation impacts Finnvera's financing**

Finnvera's financing decisions include imputed de minimis aid. The European Commission Regulation on this aid will be amended as from 1 January 2024. In particular, these changes are related to company-specific maximum aid limits. The imputed de minimis aid in Finnvera's financing is based on the fact that the price of the financing granted to the company is lower than the EU market price level. Clients are informed of these changes and their impacts on Finnvera's website.



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

[Read more >](#)

[Read more >](#)

# Sustainability at Finnvera

Finnvera's most significant environmental and climate impacts arise from export financing projects. Finnish exports are dominated by emission-intensive industries that also consume a large volume of natural resources. On the other hand, Finnish state-of-the-art technology can also help reduce the environmental load of projects.



## Climate target and incentives introduced

Finnvera defined a climate target for its operations: Finnvera is committed to measures that promote the goal of the Paris Climate Agreement of limiting global warming to 1.5 degrees. Finnvera developed sector-specific criteria for export projects in which climate-positive features can be identified, and launched financing incentives for climate-positive export projects and investments.

## Corporate responsibility in domestic financing processes

In domestic financing, Finnvera introduced the use of ESG reports produced by Asiakastieto to support the processing of financing applications in 2023. These reports can be used to identify risks related to applicant companies' business based on non-financial information.

## Culture of the work community gained strength

In the context of social responsibility, attention was paid to developing competence and strengthening the culture of the work community. Human rights are accounted for when assessing the social impacts of projects to be financed. In 2024, Finnvera's two main competence development themes will be improving active customer work as well as renewal and change readiness.

Corporate responsibility management

## Impact through financing

Through its financing, Finnvera's task is to help its Finnish client enterprises to succeed and expand their business, without forgetting environmental and social responsibility. Finnvera's corporate responsibility management is increasingly systematic, and the company develops its responsibility work based on both legislative requirements and stakeholder expectations.

Finnvera has significant environmental and social impacts through the projects it finances. The projects create jobs and export Finnish expertise. Finnish state-of-the-art technology financed by Finnvera accelerates the green transition, both in Finland and globally. Due to the structure of Finnish industry, however, export financing that accounts for the largest share of Finnvera's exposure is dominated by energy-intensive sectors and partly target markets where sustainability legislation is weak and respect for human rights cannot be taken for granted.

Negative impacts of the financed projects are managed through a detailed environmental, social and governance (ESG) risk assessment and monitoring in each project. Read more in the section on [Sustainable and ethical business](#).

## Finnvera's role and impact in society

Figures of the reference year 2022 are in parentheses.



### Impacts on society

Domestic financing offered:  
**MEUR 2,104**  
(1,260)

Start-ups launched with the help of financing:  
**1,666 pcs**  
(1,931)

Jobs created with the help of domestic financing:  
**4,835**  
(6,001)

Export credit guarantees and special guarantees offered:  
**MEUR 5,102**  
(5,676)



### Social impacts

Personnel expenses:  
**MEUR 32**  
(30)

Personnel training:  
**MEUR 0.5**  
(0.4)

Personnel work energy level:  
**4.3/5**  
(4.3/5)

ESG assessment, export credit guarantees granted:  
**321 pcs**  
(295)



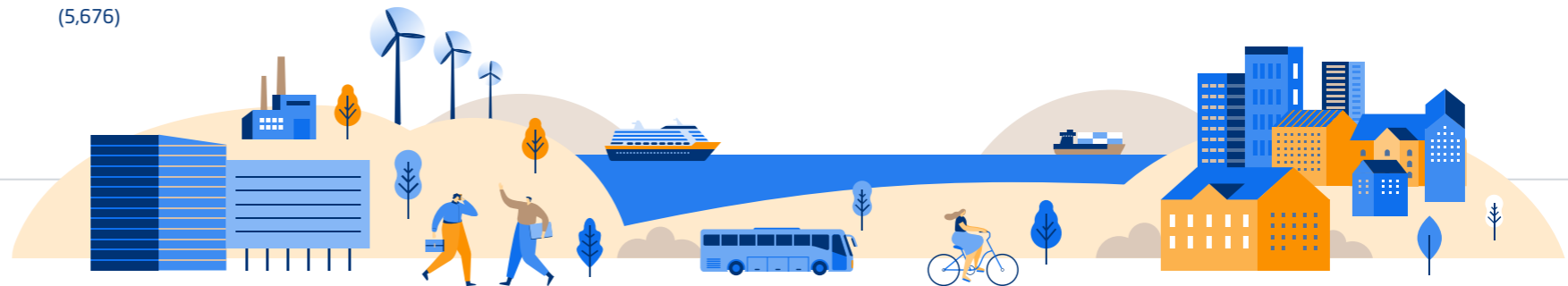
### Environmental impacts

Emissions from Finnvera's own operations:  
**549 t CO<sub>2</sub>e**  
(637)

Emissions from financed projects:  
**5.8 Mt CO<sub>2</sub>e**  
(9.0)

Finnish exports:  
**to 85 countries**  
(94)

Renewable's share of export exposures related to energy production:  
**38%**  
(36)



**Double materiality assessment applied to responsibility themes**

Significantly more stringent international obligations concerning corporate responsibility reporting will be brought in over the next few years. The EU Corporate Sustainability Reporting Directive (CSRD) does not apply to Finnvera under national legislation. Despite this, the company has sought to improve its CSRD reporting capabilities step by step as Finnvera's stakeholders, including clients and banks, will be within the scope of EU sustainability reporting in the next few years.

In 2023, Finnvera carried out a materiality assessment of its corporate responsibility in keeping with the double materiality principle laid down in the CSRD for the first time. In this assessment, the materiality of different sustainability themes was examined from the perspectives of their impacts on people and the environment as well as their economic impacts on Finnvera. The assessment also accounted for the emphasis in Finnvera's sustainability impacts on financing operations and exposure in different sectors.

The materiality assessment methods used were background studies based on public and internal materials, stakeholder interviews and surveys, and materiality assessments conducted by Finnvera's experts and the Management Group. The assessment identified as Finnvera's key sustainability themes impacts on communities (added value for society generated by financing operations), climate change (emissions and energy consumption) and the environment (biodiversity and pollution).

The sustainability themes prioritised as a result of the analysis will lay the foundation for Finnvera's sustainability reporting from 2024 onwards. The report for 2023 is based on key themes identified in 2020.

**Finnvera's key corporate responsibility themes:**

- **Climate change**  
Greenhouse gas emissions from financing operations (Scope 3) and energy consumption. Additionally, emissions from Finnvera's operations (Scope 1, 2 and 3).
- **Biodiversity and ecosystems**  
Impacts of financing on biodiversity loss in forests and water bodies, in particular.
- **Pollution and water consumption**  
Pollution in air, water and soil resulting from emissions from financing operations as well as water consumption in projects.
- **Finnvera's employees**  
Personnel well-being and competence development as well as realising and promoting equality and diversity.
- **Conduct of business**  
Good corporate governance and ethical conduct of business (business culture, relations with suppliers of goods and services, corruption and bribery). In Finnvera's activities and also in financing operations.
- **Workers in the value chain**  
Working conditions and terms of employment that respect the human rights of employees in financed companies.
- **Affected communities**  
Added value created for society through Finnvera's financing.



**Finnvera participated in the UN Climate Change Conference for the first time**

The green transition is making strong headway, and it is important for both companies and providers of financing to have a stake in this change. Finnvera participated in the UN Climate Change Conference (COP28) in Dubai, where export financing was widely discussed for the first time. The first 'Net Zero ECA Alliance' of public financing providers was also launched in Dubai to create common rules for zero-carbon export financing targets.

Nina Karisalo, who took on the role of Sustainability Manager at Finnvera in April, describes the atmosphere of the event as positive:  
"The event was characterised by a positive atmosphere and a desire to make progress in climate change mitigation measures. Export credit agencies were widely represented, including Finnvera, and there was a strong consensus on the importance of climate action," says Karisalo.

[Read more >](#)

**Guided by principles of sustainable business**

The general outlines of corporate responsibility at Finnvera are defined by the Ministry of Economic Affairs and Employment following the ownership steering policy. The principles guiding the company's operations stress responsible action in dealings with all stakeholders as well as compliance with laws, regulations, recommendations issued by different authorities and international commitments in the company's operation. Finnvera's corporate responsibility policies are prepared by the Management Group, Credit Committee and Asset Management Committee. The policies are approved by the Board of Directors.

Finnvera's Code of Conduct brings together the legal rules, internal corporate responsibility policies and ethical principles that apply to all personnel members and members of the governing bodies at Finnvera. The Code of Conduct includes the general operating policy outlines and the principles of responsible financing emphasised in Finnvera's societal role, the basic premises of the confidentiality of our operations, and the principles applied to the work community. Introduction to the Code of Conduct is part of induction training, and training for all personnel in different areas of the Code of Conduct is organised annually. Finnvera will also publish a Code of Conduct for suppliers in 2024.

The policies guiding the financing operations determine Finnvera's participation in financing projects. For example, Finnvera's oil and gas policy that entered into force on 1 January 2023 limits the possibilities of granting export credit guarantees for these sectors. The Environmental and social risk management policy is a key tool for controlling the impacts of Finnvera's financing.

In keeping with the preconditions defined as part of the central government's ownership steering, Finnvera also

complies with the UN Guiding Principles on Business and Human Rights (UNGPR) in its operations and urges guarantee holders to respect OECD recommendations issued to multinational companies.

**More systematic practices for managing corporate responsibility**

Finnvera develops its sustainability targets and indicators as well as monitors such frames of reference as the UN's Global Compact goals as the basis for its operations and reporting. Finnvera also develops its responsibility work based on feedback received from stakeholders. In 2023, stakeholder expectations regarding corporate responsibility at Finnvera were surveyed, especially in connection with the double materiality analysis and background assessment related to setting Finnvera's climate target.

Finnvera's sustainability goals are specified each year as part of annual strategic planning and approved by the company's Board of Directors. The overall responsibility for achieving the goals rests with the Board of Directors and the CEO. Progress towards the goals in different units is monitored by Finnvera's Management Group, which reports to the Board of Directors at minimum once a quarter.

Among other things, progress towards the corporate responsibility goals is monitored by means of an annual management review and internal and external audits conducted as part of Finnvera's certified operating system. The ownership steering policy ties performance associated with the responsibility goals to the rewarding of the Management Group. Read more in the report on **corporate governance and steering system**.

In order to develop its corporate responsibility and to respond to new reporting requirements, Finnvera set up a corporate responsibility group that covers the entire organisation.



**More training on sustainable development**

Sustainable development as part of our operations is one of Finnvera's strategy areas to which detail was added in 2023. The efforts to improve sustainability competence started with providing Finnvera's personnel, Management Group and Board of Directors with training related to EU sustainability reporting legislation, in particular. Along with joining the FIBS corporate responsibility network, an extensive range of sustainability training was available for the entire personnel.

**Corporate responsibility group coordinates responsibility work**

The corporate responsibility group's purpose is to coordinate responsibility work at company level and to share information. The group is headed by the Sustainability Manager recruited for Finnvera in April 2023.



**The corporate responsibility policies guiding Finnvera's financing are**

- Code of Conduct
- Anti-bribery policy in export financing
- Tax haven and tax avoidance prevention policy
- Environmental and social risk management policy for Finnvera's financing operations

Environmental impacts

## Finnvera integrates climate change mitigation into its operations

In 2023, Finnvera defined its climate target, developed a sector-specific criteria for export projects for identifying climate-positive features, and launched financing incentives for climate-positive export projects and investments. In domestic financing, a Climate and Environmental Loan and a Digital and Innovation Loan were introduced to accelerate the twin transition. Along with more detailed calculation of emissions from Finnvera's exposure, the company is also preparing to develop its own long-term emission pathways.

Finnvera's most significant environmental and climate impacts arise from export financing projects. Emission-intensive industries that also consume a large volume of natural resources predominate in Finnish exports. On the other hand, Finnish state-of-the-art technology can also help reduce the environmental load of projects. Finnvera is continuously increasing its financing for climate-positive projects.

In order to minimise negative environmental impacts, Finnvera follows a policy of managing the environmental and social risks of its financing. ESG risk assessments carried out before making export financing decisions

identify projects with high environmental impacts and risks. Projects targeting areas sensitive in terms of biodiversity are assessed with particular care. Climate risk assessments were launched as part of the environmental and social risk management process in 2023 following the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines. For more information, see the section on Sustainable and ethical business.

To bolster the climate strategy, Finnvera defined a climate target that was approved by the company's Board of Directors in December 2023. Finnvera will undertake measures that promote the Paris Climate Agreement goal of limiting global warming to 1.5 degrees.

### More incentives for climate-positive projects

Climate change and actions taken to counter its effects play a key role in Finnvera's strategy. The company participates actively in international cooperation aiming to promote climate-positive export financing and to find effective CO<sub>2</sub> calculation rules. Finnvera is part of the EU's Export Credit Agency (ECA), one of the objectives of which is to agree on common CO<sub>2</sub> calculation practices for export financing. The State of Finland also participates in the International Export Finance for Future (E3F) coalition, as a result of which export financing of fossil fuel projects has been discontinued, with some carefully specified exceptions.

Through its chairmanship in the OECD Arrangement negotiations, Finnvera has also continued to actively exert influence in this context. As part of the OECD Arrangement reform, the Climate Change Sector Understanding (CCSU) that also promotes measures to combat climate change was updated in 2023. As a result, longer repayment periods can be granted to climate-positive projects.



### Solutions for sustainable financing to accelerate green transition projects

To encourage companies to be part of the climate solution, we developed criteria for identifying climate-positive features of the export projects and compiled incentives. Projects that meet the criteria may, on a case-by-case basis, be eligible for financing incentives through which Finnvera can accelerate the exports of new, lower-emission technologies from Finland.

[Read more >](#)



Carbon footprint /employee  
in 2022

**1.49 t CO<sub>2</sub>e**

(2021: 1.74)

Emissions from Finnvera's own operations were 1.49 t CO<sub>2</sub>e per employee. The calculation is based on the information of 2022.

Finnvera defined sector-specific criteria to its export financing for projects in which climate-positive features can be identified. SMEs' climate-positive projects can be promoted by means of Climate and Digital loans introduced in June.

**Emissions pathways to be based on more accurate carbon footprint calculation**

Finnvera has set itself the strategic objective of introducing more detailed identification, measurement and reporting of the climate impacts of its financing operations. In 2022, Finnvera reported for the first time the total CO<sub>2</sub> emissions of its outstanding commitments. The development of the emission calculations continued in 2023, and more data were collected on individual projects. The more detailed data indicated that Finnvera's emissions from financing operations decreased by 35% compared to the previously reported.

Based on the emission calculations, Finnvera will develop its long-term emission pathways in 2024. The emission pathways will be used to measure Finnvera's climate change mitigation measures and assess their compatibility with the Paris Agreement.

Finnvera also considered joining the Net-Zero Export Credit Alliance forum, which aims to bring together ECA actors prepared to strive for net zero emissions by 2050 or earlier.

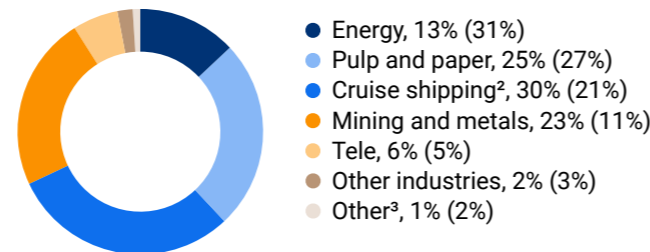
**Change to Poseidon Principles calculation method**

Around one half of Finnvera's outstanding commitments relate to ship financing. Finnvera calculated the emissions from this sector for the third time in keeping with the Poseidon Principles initiative. The result in line with IMO's 50% target was -13.2%, which was well below the target curve. This clearly deviated from the 2022

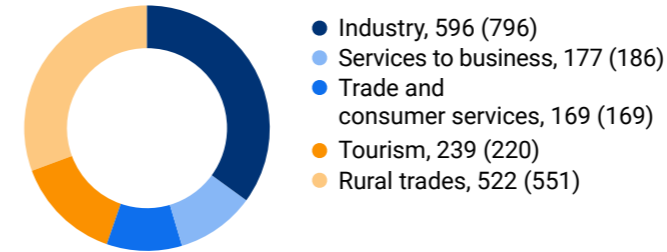
**Financed domestic emissions in 2022 by sector, in total 974,000 t CO<sub>2</sub>e<sup>1</sup>**



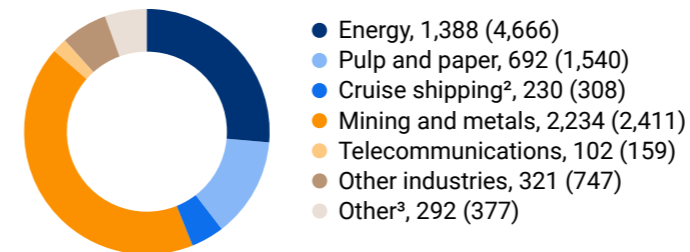
**Financed export emissions in 2022 by sector, in total 4,858,512 t CO<sub>2</sub>e<sup>1</sup>**



**Financed domestic emissions in 2022 by sector, in total 381 t CO<sub>2</sub>e / MEUR<sup>1, 4</sup>**



**Financed export emissions in 2022 by sector, in total 399 t CO<sub>2</sub>e / MEUR<sup>1, 4</sup>**



1 The emission calculation is based on 2022 data.  
 2 Emissions calculated by ship (in other sectors mainly as company emissions).  
 3 Including emissions related to state and bank exposure.  
 4 The figure has been calculated by dividing the total emissions by the total number of drawn guarantees on 31 December 2022.

**Finnvera's carbon footprint 2021-2022, t CO<sub>2</sub>e**

	2022	2021	Change %
Scope 1, Fuels	42	80	-47%
Scope 2, Electricity, district heating and cooling*	104	359	-71%
Scope 3	5,832,915	9,042,275	-35%
Category 1: Purchased Goods and Services	35	83	-58%
Category 2: Capital Goods	23	0	100%
Category 3: Fuel production and energy transmission losses	53	22	139%
Category 5: Waste management	6	47	-86%
Category 6: Business Travel	275	25	1,019%
Category 7: Employee Commuting	11	21	-48%
Category 15: Financed emissions	5,832,512	9,042,077	-35%
<b>Carbon footprint in total*</b>	<b>5,833,061</b>	<b>9,042,714</b>	<b>-35%</b>

\* The market-based electricity and district heating coefficient used in the calculation.  
 Table corrected 15 February 2024 at 16:00.

Flight emissions 2023  
**411 t CO<sub>2</sub>e**  
 (2022: 249)

Commuting was back to normal, which meant increased travel emissions. For reference, the emissions from flights were 19.4 t CO<sub>2</sub>e during the coronavirus pandemic in 2021.

The share of own operations of the emissions in 2022 totalled to 549 t CO<sub>2</sub>e (637).



result (+57.3%). The restrictions to cruise operations and vessel movements imposed due to the pandemic still affected the calculation for 2022.

However, when assessed in the light of the new target set by the Poseidon Principles, or zero emissions by 2050, Finnvera does not yet meet the target. The new measurement takes into account lifecycle emissions from fuels, such as methane emissions. The impacts of the new calculation method are the most evident in the case of LNG (liquefied natural gas), as LNG-powered vessels account for around two thirds of our outstanding commitments within the scope of the calculation.

**Finnvera calculated the shares of renewables and fossil energy in energy sector exposure**

The exposure for export financing related to energy production, distribution and storage amounted to EUR 1.3 billion (1.0) at the end of 2023. Renewable energy accounted for 38% (36), fossil energy for 57% (56) and peat for 3% (5) of this amount, including guarantees related to power generation, electricity, heat distribution and energy storage. 2% (3) of the guarantees were not categorised.

In domestic financing, the exposure for energy production totalled EUR 10 million (12). Most of this exposure was related to renewable energy. The analysis took into account the sectors related to electricity and gas production and the production and distribution of heat and cooling.

**Emissions from Finnvera's operations**

Finnvera's direct environmental impacts are mainly related to the energy consumption of properties and commuting in Finland as well as international financing projects. The company has offices in 15 locations. Most of its personnel work in the Team Finland building in Ruoholahti, Helsinki, where



the principles of Green Office are followed. In 2023, Finnvera's emissions from energy consumption fell considerably after the lessor switched to renewable energy use.

In line with the domestic travel policy, non-essential business travel is replaced by virtual meetings, and rail transport is the preferred means of travel. Foreign travel

**Finnvera set a climate target**

The strategic objective for 2023 was to set a target for reducing the climate impacts of our operations. In the context of the climate target, which was approved by the company's Board of Directors in December, Finnvera will undertake measures that will promote the achievement of the Paris Agreement goal of limiting global warming to 1.5 degrees.

In our climate strategy, the measures are grouped into six areas: encouraging, measuring, managing risks, limiting, advocacy and competence. We will measure the impact of our measures with regard to our outstanding commitments in domestic and export financing using a CO<sub>2</sub>/EUR indicator, in keeping with the emission pathway of 1.5 degrees. We will account for the carbon footprint of both our own operations and our financing portfolio. We will report annually on our measures and results.

Through its financing, Finnvera can help its clients succeed and expand their business while ensuring responsible action towards the environment and humans. It is important that Finnish businesses can play a role in solving the challenges posed by climate change.

[Read more >](#)

is related to financing projects abroad, which involve site visits and meetings with foreign buyer clients and financing partners. Visits to project sites are particularly important for managing environmental and social impacts and for risk management. The need for a visit is always determined individually in each case, however.



Carbon footprint / total exposure in 2022

**0.04 t CO<sub>2</sub>e**

(2021: 0.05)

Finnvera's own emissions in relation to the total exposure were 0.04 t CO<sub>2</sub>e. The calculation is based on the data from year 2022.

## Climate change mitigation in Finnvera's operations

### Encouragement



We help our customers seize the opportunities created by climate change action by financing growth, exports and investments.

#### Goals realised

- Backed by the InvestEU guarantee programme, we provided climate and digitalisation loans for SMEs
- We developed climate criteria to identify export projects that have climate-positive features
- We defined incentives for projects meeting the climate criteria

#### Goals 2024

- We publish the climate target, criteria and incentives

### Restrictions



Our sectoral policies exclude the most harmful projects for the climate.

#### Goals realised

- We restricted granting of export credit guarantees to the oil and gas sectors as of January 1 2023, with strictly limited exceptions
- We exclude coal-fired power plants and peat projects abroad from Finnvera's financing

#### Goals 2024

- We will update our oil and gas sectoral policy

### Measurement and reporting



We set goals for as well as measure and report on the climate impacts of the projects we finance and of our own operations.

#### Goals realised

- We calculated the direct and indirect CO<sub>2</sub> emissions from our operations
- We reported emissions relating to our ship liabilities according to the Poseidon Principles
- We set a long-term target for reducing our climate impacts

#### Goals 2024

- We will define an emission reduction pathway to 2050 and start to measure our performance with a CO<sub>2</sub>/EUR indicator against the 1.5 degree pathway

### Influencing



We influence the regulatory framework of export financing.

#### Goals realised

- We influenced and acted in the OECD export credit negotiations as part of the E3F coalition, which aims for transparency in energy project financing

#### Goals 2024

- We will review joining the UN convened Net-Zero ECA Alliance

### Risk management



We are integrating climate change risks into our key financing decisions and risk management.

#### Goals realised

- We included climate risks (transition and physical) as part of ES assessment reports and ESG risks as part of our company analysis
- We introduced the ESG traffic light model and report for domestic financing projects

#### Goals 2024

- We will integrate climate risk stress test as part of internal capital adequacy assessment process (ICAAP)

### Competence



Sustainability is one of our strategic competences.

#### Goals realised

- CSRD training for the personnel as well as the management team and the Board of Directors
- Membership in the Finnish Business and Society (FIBS) enables sustainability training for the entire staff

#### Goals 2024

- Trainings on the new climate target, criteria and incentives
- FIBS membership and trainings continue

According to the climate target, Finnvera will undertake measures that will promote the achievement of the Paris Agreement goal of limiting global warming to 1.5 degrees.

Social responsibility

## Social responsibility

Our 370 experts in different fields are at the heart of Finnvera's business operations. In terms of human resources, year 2023 was characterised by the introduction of our updated values and corporate culture in day-to-day work. Not only the well-being of our personnel but also human rights in financing projects are emphasised as social responsibility issues at Finnvera.

Finnvera plays an important role in society by facilitating and boosting Finnish enterprising. The projects we finance at home and abroad create jobs and economic added value for local communities.

A thriving and skilled personnel are a key success factor for Finnvera's work. Finnvera makes inputs in developing the professional skills and wellbeing of our personnel in many ways, and our HR management is based on an open reward scheme, systematic competence management and taking care of our employer image.

In addition to our own employees, issues related to the working conditions and terms of employment of workers in projects we finance play an important role in Finnvera's social responsibility. The financed projects are often carried out in countries with shortcomings in their human rights legislation and the realisation of human rights. This is why assessing the social impacts and risks of the projects is an important part of financing decisions.

Finnvera is committed to respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights, the International Labour Organization Working Life Principles and the OECD Guidelines on Multinational Enterprises. When assessing the human rights impacts of export projects, particular attention is paid to vulnerable groups of people, and projects are assessed from the perspective of both labour rights and impacts on local residents.

### Human rights play an important role in risk assessments of projects to be financed

The UN Guiding Principles on Business and Human Rights (UNGP), IFC's Performance Standards on Environmental and Social Sustainability, and any other requirements imposed by Finnvera are taken into account when assessing financing projects. In large-scale industrial export projects financed by Finnvera, not only workers' conditions but issues related to land rights and the status of indigenous peoples are often assessed. These impacts are examined on site visits by talking to local people and stakeholders, and Finnvera also engages in dialogue with NGOs on taking human rights perspectives into account. In this respect, there are differences between sectors. In the telecommunications sector, the focus in human rights issues in 2023 was on assessing the project's operating environment and the operator's operating principles. Finnvera has organised different types of training to raise awareness of human rights issues among its employees.

### Raising Finnvera's profile as an employer

Finnvera employs around 370 experts in various fields at 15 localities in Finland. Most of the employees are based in the company's headquarters in Helsinki. The next largest offices are located in Kuopio, Turku and Tampere.



### Supervisor training creates team spirit

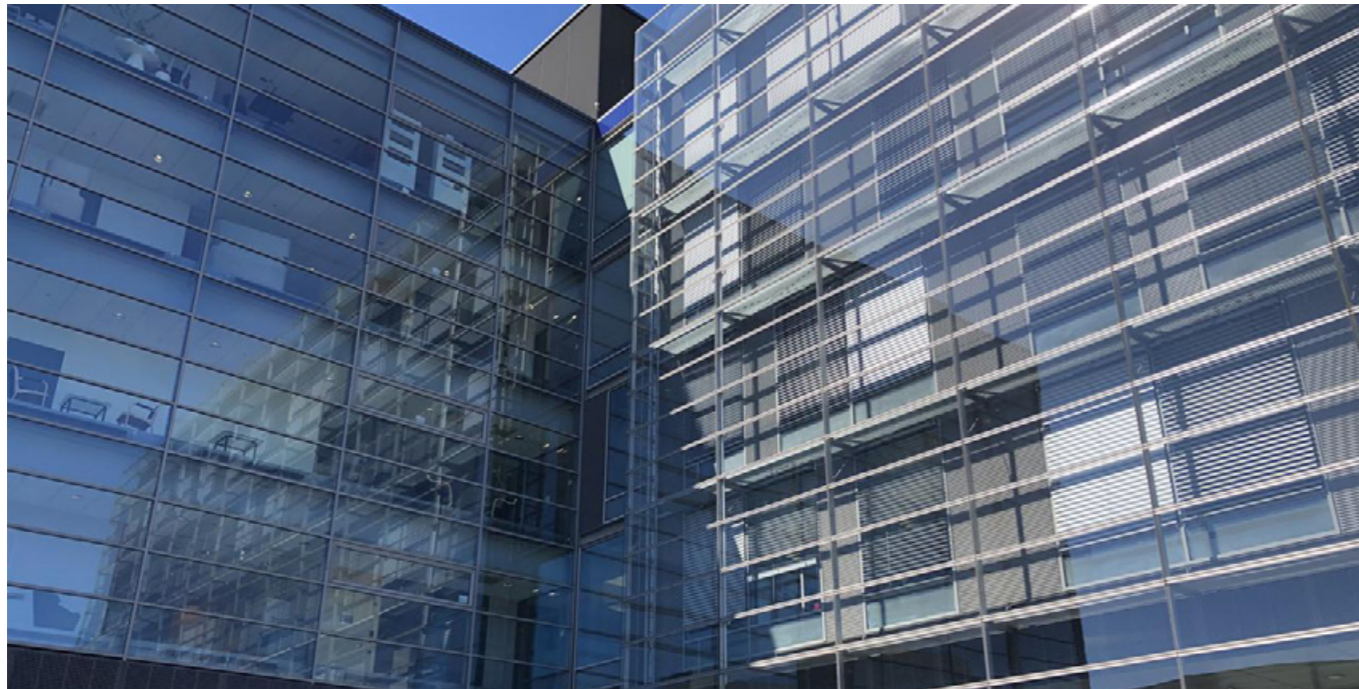
Strengthening the culture of the work community is also important among the supervisors. This is why Finnvera and Aalto EE also wished to focus on team-building in their training programme for supervisors.

The aim was to offer not only training but also fun leisure activities. A training module held in Tampere, for example, was followed by a competition titled Amazing Tampere, in which the supervisors tried to beat each other to solving a wide range of clues.

The supervisors experienced this as an important and necessary way of building up the sense of community among them.



Human rights play an important role in risk assessments of projects to be financed.



In 2023, 22 new permanent employees joined the company. The company had 18 summer workers. Recruitment marketing focused particularly on young financial sector professionals who are seen as the makers of Finnvera's future. By these marketing efforts, Finnvera sought to improve its recognisability as an employer among this key target group.

**Updated values and corporate culture introduced in day-to-day work**

Finnvera's values and corporate culture were updated in 2022 and last year, HR work was characterised by introducing them in the employees' day-to-day work. The measures taken to achieve this included systematically

developing employees' strategic competence and a training programme aimed at supervisors.

Year 2023 began with a 360-degree assessment in which supervisors were given a comprehensive overview of their work and the way it affects others based on feedback from their supervisors, subordinates and colleagues. Leadership in keeping with Finnvera's values was also assessed in this survey.

Based on the survey results, Finnvera planned a training programme for supervisors together with Aalto University Executive Education Ltd (Aalto EE). This two-part training programme began in May and covered management theory and leadership principles derived from the company's values.



**Finnvera Academy brings the personnel together to learn**

One of the key development objectives that emerged in Finnvera's annual target and performance reviews was understanding Finnvera's operation as a whole. To help its personnel to grasp this entity, which may sometimes appear complex, Finnvera decided to establish Finnvera Academy in May.

The purpose of the Academy is to gather employees from all parts of the company together to consider and learn about what the purpose of Finnvera's existence

is and what this means in practice for each employee.

So far, the Academy has delivered five 90-minute lectures given by experts in different fields.

Due to recent significant personnel turnover, employees have seen the Academy as an essential tool for deepening their understanding of what Finnvera actually does.

**Training on key development objectives**

In Finnvera's target and performance reviews in 2023, each employee selected three strategic competences of the company that play a key role in their work and defined development objectives associated with them.

As the most significant objectives emerged managing your own work, an ability to assess and manage risks, perceiving Finnvera's operations as a whole, and the growth potential of the clients' business.

Finnvera organised a large number of trainings for its employees on the themes that emerged in the discussions and set up Finnvera Academy, which brings together employees from all areas of the company to consider the purpose of Finnvera's existence and different themes related to the company's operations. Overall, an average of 21.8 hours of training were organised for employees in 2023.

In 2024, Finnvera's two main competence development themes will be improving active client work as well as renewal and change readiness. The efforts to develop client work will take the form of mapping clients' needs and promoting a comprehensive and solution-oriented understanding of them.

With regard to renewal and change readiness, supervisors will receive coaching focusing on change readiness, and each employee will be challenged to consider how their work will change as a result of extensive digitalisation and development projects.

**Culture of the work community gained strength - work energy remained at a high level**

To strengthen the culture of the work community and to support new employees' learning, Finnvera set the target for the personnel's presence in the office at 40%. Each

employee has been allowed to schedule their presence flexibly as required by their situation.

To strengthen the culture of the work community, the budget for the departments' development days was also increased. This ensures that the teams can spend time together informally at least twice a year.

Finnvera's investments in human-centric management, increased opportunities for spending time together and new benefits in the personnel well-being package also came up in a survey on well-being at work, in which the respondents gave the employer the score of 4.0 for taking care of the personnel's well-being (3.7).

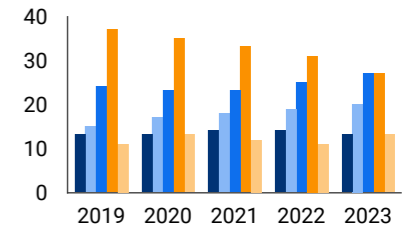
Finnvera looks after the well-being of its personnel by offering them extensive occupational healthcare services, which include health examinations at certain ages, laboratory tests and access to physiotherapy. In 2023, our sick leave rate was 2.7% (2.5). In connection with the annual occupational safety days, the employees in Finnvera's head office in Helsinki were familiarised with the civil defence shelter and given fire-fighting and first aid training.

The work energy of Finnvera employees remained at the very good level of 4.3/5 (4.3/5) in the annual Työvire survey of 2023. The survey found that Finnvera's ENPS index had increased slightly from last year to 35 (33).

The work energy survey also contained questions about the realisation of values at the workplace. The responses identified the employee's personal attitude, the support of the supervisor and team, and good cooperation with other teams as factors that promote the realisation of the values. The results and possible obstacles to the realisation of the values were discussed with each department, on the basis of which attempts will also be made to correct any shortcomings.

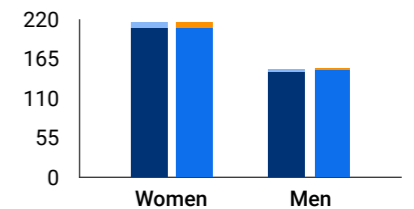
**Personnel age distribution, %**

	2019	2020	2021	2022	2023
Under 31 years	13%	13%	14%	14%	13%
31–40 years	15%	17%	18%	19%	20%
41–50 years	24%	23%	23%	25%	27%
51–60 years	37%	35%	33%	31%	27%
Over 60 years	11%	13%	12%	11%	13%



**Type of employment contract in year 2023, ppl**

	Women	Men
Permanent contract	207	146
Fixed-term contract	9	6
Full-time contract	207	150
Part-time contract	9	2
Zero-hour contract	0	0



**Type of employment contract by region in 2023, ppl**

	Permanent contract	Fixed-term contract	Full-time contract	Part-time contract	Zero-hour contract
Helsinki headquarters and regional office	187	8	187	8	0
Joensuu	6	0	6	0	0
Jyväskylä	11	0	11	0	0
Kajaani	3	0	3	0	0
Kuopio	44	5	48	1	0
Lahti	8	0	8	0	0
Lappeenranta	7	0	7	0	0
Mikkeli	5	0	5	0	0
Oulu	12	0	11	1	0
Pori	7	0	7	0	0
Rovaniemi	6	0	6	0	0
Seinäjoki	6	0	6	0	0
Tampere	22	2	23	1	0
Turku	22	0	22	0	0
Vaasa	7	0	7	0	0

**Personnel turnover in 2023**

Incoming	Men, ppl (%)	Women, ppl (%)	Total, ppl (%)	Outgoing	Men, ppl (%)	Women, ppl (%)	Total, ppl (%)
Under 30 years	0.5 (14%)	0.3 (12%)	0.8 (14%)	Under 30 years	0.3 (4%)	0.0 (0%)	0.3 (2%)
30–50 years	2.7 (77%)	1.9 (76%)	4.6 (78%)	30–50 years	3.2 (44%)	2.9 (53%)	6.1 (48%)
Over 50 years	0.3 (9%)	0.3 (12%)	0.5 (8%)	Over 50 years	3.8 (52%)	2.6 (47%)	6.4 (50%)
<b>Total</b>	<b>3.5</b>	<b>2.4</b>	<b>6.0</b>	<b>Total</b>	<b>7.3</b>	<b>5.5</b>	<b>12.8</b>

Sustainable and ethical operations

## Rules of sustainable and ethical business

Finnvera complies with the principles of good governance laid down in the Administrative Procedure Act, and the Code of Conduct drawn up on this basis guides the daily work of Finnvera employees. Environmental, social and administrative perspectives are increasingly integrated into not only financing projects but also Finnvera's funding and investments.

### Work against corruption, bribery and tax havens

Finnvera does not accept corruption in any form. The company applies anti-corruption principles in all operations and also expects its clients and business partners to take anti-corruption measures. Finnvera is additionally committed to complying with the OECD's Anti-Bribery Recommendation for export financing, in keeping with which the company strives to identify bribery risks in advance and minimise them in projects financed by it.

Finnvera's role as a public provider of financing and in channelling EU funds also necessitates comprehensive measures to combat tax evasion. In order to be eligible for financing, client enterprises must comply with the applicable regulations and good practices in tax matters. The aim is to manage risks by identifying any links to tax havens that

the owners of companies to be financed may have and by obtaining reports on tax obligations.

Finnvera also complies with practices that prevent money laundering and the financing of terrorism in its financing operations by applying the client identification and KYC (Know Your Customer) obligations recommended by the Financial Supervisory Authority and internal procedures. As an essential part of processing financing applications, Finnvera investigates the identifying data of the applicant enterprise, its ownership structure, the nature of its business and the object of financing. Applicants are also required to provide information on who the actual beneficiaries are and whether a beneficiary in the client enterprise is a politically exposed person. The background screening additionally extends to the export company's buyer client and, if necessary, to other parties in the project to be financed in most export financing products.

Ethical conduct of business in Finnvera is monitored, and the company's Board of Directors is regularly informed of any concerns raised by stakeholders, for example in client and stakeholder feedback. Finnvera has an open **whistleblowing channel** which clients, employees and other stakeholders can use to report any abuses or violations of ethical conduct of business. Reports may be submitted anonymously, and all reports are handled confidentially by a limited group of processors to protect the privacy of both parties.

In 2023, there were three whistleblow notifications that concerned the operating methods of the internal financing process, possible receipt of unauthorised hospitality and suspected abuse of Finnvera's financing. No violations were found in the investigated cases.



### ESG report complements information on a company's risks

Finnvera introduced Suomen Asiakastieto's responsibility reporting service in domestic financing to obtain ESG reports (environment, social and governance) on companies applying for financing. In addition to extensive basic information on the company, the report also contains information on climate emissions, energy consumption and environmental taxes in the sector as well as any quality, occupational safety and environmental certificates issued to the company.

Once the SME financing application is received in Finnvera's system, a brief ESG report on the company is retrieved automatically. If the report contains any sections highlighted in red, which means that some of the information requires attention, the system retrieves a more extensive report for the account manager to review. When making financing decisions, Finnvera's account manager must take a stand on the reasons for the highlighted areas in the ESG report and the measures taken regarding them. In the future, Finnvera will use a traffic light system to monitor the development of corporate responsibility among the clients.



Environmental and social risks are highlighted in all proposals for Finnvera's export financing decisions. If the project meets Finnvera's requirements, including environmental and social risk management, the financing proposal can be approved. For a more detailed description of the ES risk management process, see [Finnvera's Export guarantee operations](#) page.

**Management of environmental and social risks in financing**

Finnvera screens all export financing applications for environmental and social (ES) risks. The themes of the risk assessment include the reputation of the export product's end user, human rights and political situation in the country, environmental and social risks inherent in the combination of the country and sector, and environmental factors of the site, including the proximity of nature conservation areas and the status of indigenous peoples.

Indicators have been defined for different thematic areas, on the basis of which the application is assigned a risk category (A/B/C) as defined by Finnvera.

Finnvera received a total of 380 (371) applications for export credit guarantees in 2023.

Large high-risk projects for which an extensive ES risk assessment was required accounted for 9 projects and 2% of the export credit guarantee applications received in 2023. The prerequisites for going ahead with the project

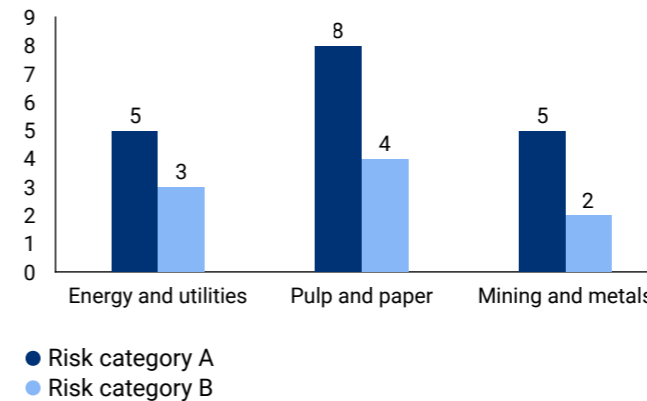
are discussed with the parties to an export transaction. The aim is to be proactive and provide guidance, enabling the transaction to meet the requirements. No financing applications were rejected by Finnvera due to environmental and social risks in 2023. Read more about the process for managing ES risks on [Finnvera's website](#).

**Monitoring of financed projects as a development area**

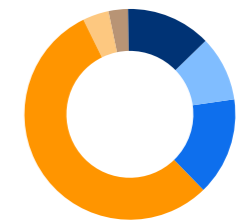
A project monitoring plan is also agreed upon as part of the financing agreement. Finnvera developed the monitoring of the projects financed by the company in 2023. The aim was to create a systematic reporting model to monitor the big picture of Finnvera's projects and to allocate resources to monitoring.

The monitoring currently covers 27 projects, of which in 17 an external consultant is involved. These projects are located in ten different countries. They mainly are

**Export credit guarantee projects being monitored by Finnvera's ES risk categories in 2023, total number 27**



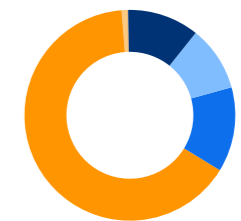
**Export credit guarantee applications by Finnvera's ES risk categories in 2023, total number 380**



- Risk category A, 13%
- Risk category B, 10%
- Risk category C, 15%
- Retrospective evaluation\*, 55%
- Pending, 4%
- Process ended, 3%

\* Retrospective evaluation includes short term Letter of Credit and Bank Risk Guarantees.

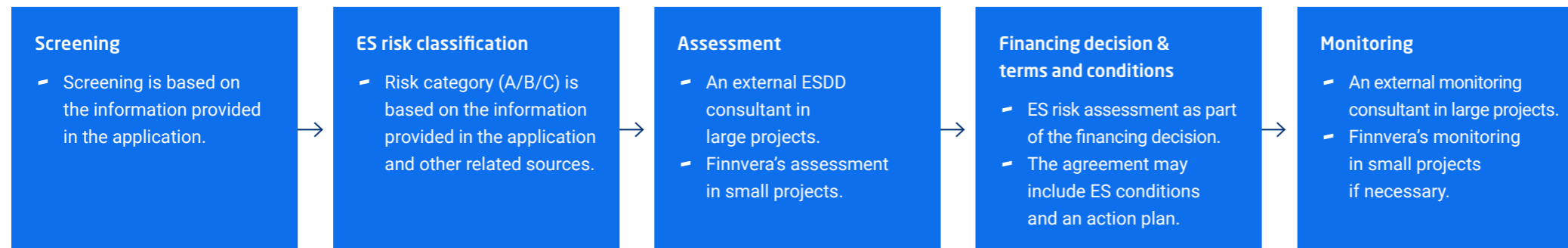
**Export credit guarantees granted by Finnvera's ES risk categories in 2023, total number 321**



- Risk category A, 11% (9%)
- Risk category B, 10% (9%)
- Risk category C, 13% (23%)
- Retrospective evaluation, 65% (57%)
- Old classification\*, 1% (2%)

\* Application arrived before 1 January 2021.

**Environmental and social risk management process**



**Screening**

- Screening is based on the information provided in the application.

**ES risk classification**

- Risk category (A/B/C) is based on the information provided in the application and other related sources.

**Assessment**

- An external ESDD consultant in large projects.
- Finnvera's assessment in small projects.

**Financing decision & terms and conditions**

- ES risk assessment as part of the financing decision.
- The agreement may include ES conditions and an action plan.

**Monitoring**

- An external monitoring consultant in large projects.
- Finnvera's monitoring in small projects if necessary.

large projects in the pulp and paper and energy and mining sectors that have been identified as having significant ES risks in the project assessment phase and classified in ES risk category A.

Finnvera continues to monitor the fulfilment of the environmental and social requirements of projects throughout the loan repayment period, which may be between 10 and 15 years in large export projects financed by the company. The fulfilment of the requirements is checked by an independent consultant required by Finnvera as specified in the credit agreement. By means of timely intervention in any shortcomings, Finnvera strives to ensure that the project progresses and is implemented responsibly in keeping with the agreed international standards and Finnvera's requirements.

**Attention to the project's overall situation on site visits**

In major export projects, an independent consultant visits the site to be financed in the assessment phase and prepares an Environmental and Social Due Diligence (ESDD) report. The report assesses if the project meets the requirements of the World Bank Group's Environmental, Health, and Safety Guidelines and the IFC's Performance Standards for Environmental and Social Sustainability as well as other possible preconditions set by Finnvera. In addition, it presents the measures that must be taken to meet these requirements.

In 2023, Finnvera's expert visited two project sites.



**Sustainable and long-term procurement as a goal**

Under a Government Resolution, public procurement must promote sustainable choices and aim for overall solutions that meet the needs in an ecologically and economically optimal manner. Finnvera complies with the Finnish Act on Public Procurement, which aims to enhance efficiency in the spending of public funds, promote high-quality, innovative and sustainable procurement, and safeguard equal opportunities for enterprises and other corporations to provide goods and services through competitive tendering for public procurements.

The goal is to decrease total costs through systematic, long-term procurement not restricted by the boundaries

of units and areas of responsibility. As far as possible, Finnvera relies on framework agreements negotiated by Hansel, the government's central purchasing body.

Finnvera's procurements in 2023 included an operating and enterprise architecture system and certificate management. Corporate responsibility was taken into account especially in procurements of laptops and coffee machines. Hansel framework agreements were used in several competitive tendering processes, most recently when purchasing furniture.

Finnvera will draw up a Code of Conduct for suppliers of services in 2024.



**Sustainable investments**

Finnvera operates actively in international capital markets, and the company has recognised the growing expectations of institutional investors regarding ESG information. See the section on [Treasury operations](#) for more information about the attainment of sustainable financing goals.



# Financing in 2023

While Finnvera granted more domestic financing in 2023 than in 2022, the beneficiaries also included large corporates. The numbers of payment difficulties and bankruptcies increased slightly during the year. Despite an uncertain operating environment, 2023 was a year of positive development in export financing, and the granted financing almost equalled the previous year's amount.



### A better outlook for cruise shipping

The Icon of the Seas, the world's biggest cruise ship, was handed over from Meyer Turku Shipyard in late November. The financing decision on this ship was made by Finnvera in 2017. The outlook for cruise shipping, which is the largest sector in terms of Finnvera's export financing exposure, has improved: the client volumes and profitability of the largest cruise shipping companies have returned to their 2019 levels.

### New Climate and Digital Loans and export credits introduced

A total of EUR 36 million in Climate and Environmental Loans as well as Digitalisation and Innovation Loans introduced in cooperation with the European Investment Fund at the beginning of June 2023 had been granted by the end of the year. The InvestEU guarantee facility was tapped for these loans, for which no collateral is required from companies. The export credit expedites export transactions of less than EUR 20 million in value.

### International export credit system reformed

The OECD countries agreed to modernise the rules of international export credits. The updated terms enable export financing to meet exporters' needs better in an increasingly competitive environment, while they broaden the possibilities of using this financing for green and climate-positive projects. Finnvera played an active role in the negotiations.

Domestic financing

## Domestic financing included a record high amount of large corporate financing

While Finnvera granted more domestic financing in 2023 than in 2022, the amount also included more large corporates financing. Overall, the amount of domestic financing increased to a very high level and remained even above pre-pandemic levels. New loan products for the green transition and digitalisation as well as export credits especially for expediting SMEs' export transactions were brought out.

Finnvera granted a total of EUR 1.9 billion (1.1) in domestic loans, guarantees and export guarantees to enterprises. The amount of financing granted was EUR 2.1 billion (1.3),

including export credit guarantees granted to SMEs. Domestic financing included EUR 1.0 billion (0.2) mainly working capital financing granted to large corporates.

The financing granted to midcap enterprises amounted to EUR 84 million.

Of the financing granted, 92% went to priority areas identified in Finnvera's strategy: start-ups and companies seeking growth and internationalisation as well as investments, transfers of ownership, export and delivery projects as well as SME guarantee projects. Companies seeking growth and internationalisation, which are crucial for boosting economic growth, accounted for 33% (51) of the SME and midcap financing granted by Finnvera.

The number of small start-ups among Finnvera's clients dropped clearly.

### An exceptional sectoral breakdown

When examined by sector, the largest share of financing measured in euros was allocated to industry, and the relative share of industry was exceptionally high at 75% in 2023. Industrial companies were financed with a total of EUR 1,449 million (616). The largest industrial sector was the manufacture of metal products.

Financing granted to business services increased to EUR 260 million (251), while the sector's relative share of financing dropped to 13%. Financing granted to the trade and consumer services sector was down from the previous year to EUR 172 million (206). The relative share of this sector in financing was 9%. Tourism sector companies were financed with EUR 47 million (52), which accounted for 2% of the total amount.

The breakdown by sector does not include export credit guarantees for SMEs.

The emphasis in the granted financing was on working capital. Its share of the total financing was EUR 566 million (215) and 87% (61). The share of the large corporates' working capital financing of the domestic financing granted was significantly bigger than in the previous year, due to which the share of investments out of all projects financed decreased to 25% (34).

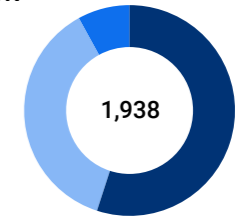
The numbers of payment difficulties and bankruptcies increased slightly during the year. However, the number of financing restructuring arrangement or instalment-free periods did not increase significantly unlike during the coronavirus pandemic.

Finnvera approved 83% of the financing applications received, and this share was similar to previous years' level.

### New loans and updated SME Guarantee diversify funding

Finnvera's primary form of financing is guarantees for loans granted by banks or other financial institutions. In 2023, guarantees and export credit guarantees represented 63% of our domestic financing. The share of loans was 37% of granted domestic financing, with a year-on-year increase resulting from large corporate financing and the introduction of new loan products. A total of

### Domestic financing granted 2023, MEUR



- Loans, MEUR 1,068, 55%
- Guarantees, MEUR 725, 37%
- Export guarantees, MEUR 146, 8%

Domestic financing granted

**EUR 1.9 bn**

(2022: 1.1)

Transfers of ownership financed

**MEUR 121**

(2022: 130)

Export guarantees for SMEs' exports

**MEUR 311**

(2022: 270)

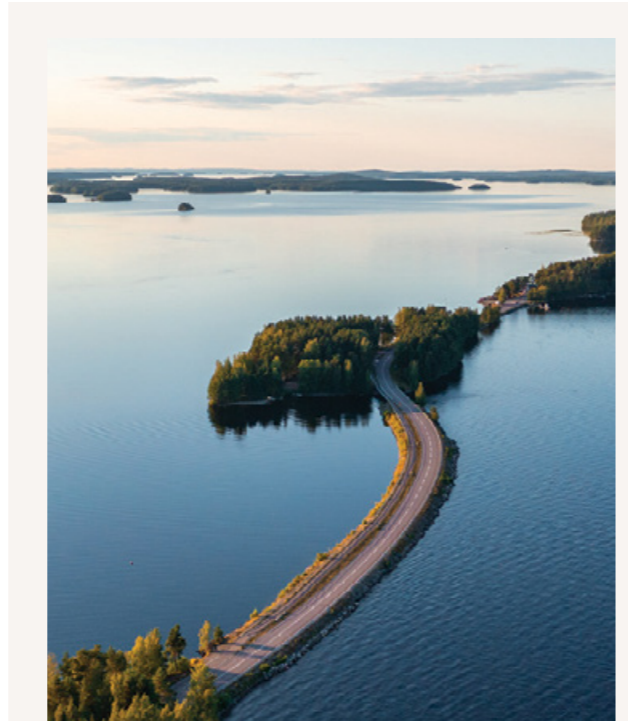
EUR 36 million in Climate and Environmental Loans as well as Digitalisation and Innovation Loans introduced in cooperation with the European Investment Fund at the beginning of June 2023 had been granted by the end of the year. The InvestEU guarantee facility was tapped for these loans, for which no collateral is required from companies. The number of updated Entrepreneur Loans was slightly lower than in 2022.

Finnvera also diversified its financing options by seeking out new partners that can grant financing to companies with a Finnvera guarantee. A cooperation agreement with Alisa Bank entered into force in June.

Finnvera's export credit for transactions worth less than EUR 20 million was introduced in February 2023. Finnvera may grant the export credit directly without a bank's involvement. The export credit complements export financing opportunities for SMEs and midcap enterprises, in particular.

In 2023, Finnvera also prepared for updating the SME Guarantee for SMEs that have been operating for more than three years, as the period for granting the European Investment Fund's COSME counter-guarantees associated with the SME Guarantee expired at the end of 2023. Among other things, the maximum amount of the SME Guarantee was increased, and the purposes for which it can be used were expanded from the beginning of 2024. As before, no collateral is required for the SME Guarantee, which is suitable for domestic investments, product development and working capital.

Finnvera granted EUR 311 million (270) in export guarantees and export credit guarantees for SMEs. To build up the export financing competence of SMEs, financial advice for export trade was offered and 187 workshops on this topic were organised for companies during the year.

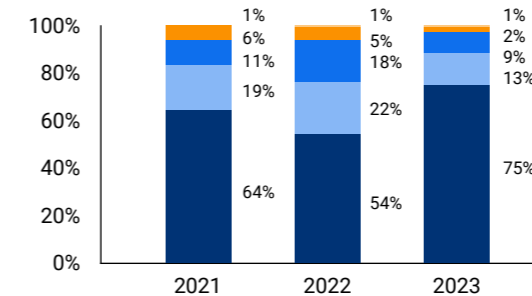


**EIF - Finnvera cooperation channelled EUR 280 million to SMEs' green transition and digitalisation**

Finnvera's Climate and Environmental Loans are intended for investments in climate change mitigation and circular economy projects, whereas Digitalisation and Innovation Loans are suitable for such purposes as product development and the digitalisation of business models and supply chains.

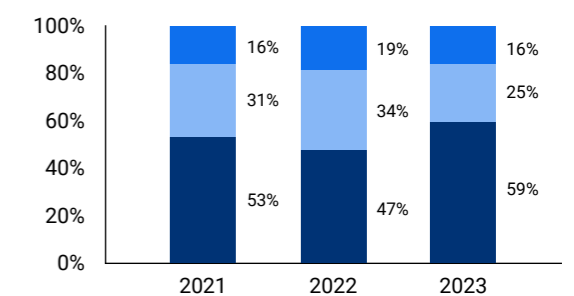
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**Domestic financing granted by main sector, % of financing granted**



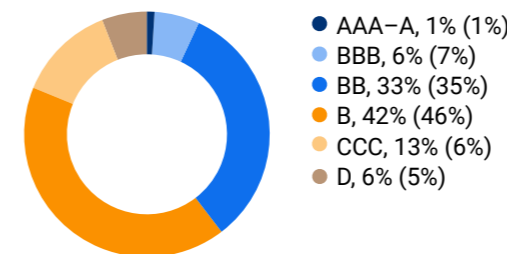
- Industry, 2023: 75%
- Services to business, 2023: 13%
- Trade and consumer services, 2023: 9%
- Tourism, 2023: 2%
- Rural trades, 2023: 1%

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



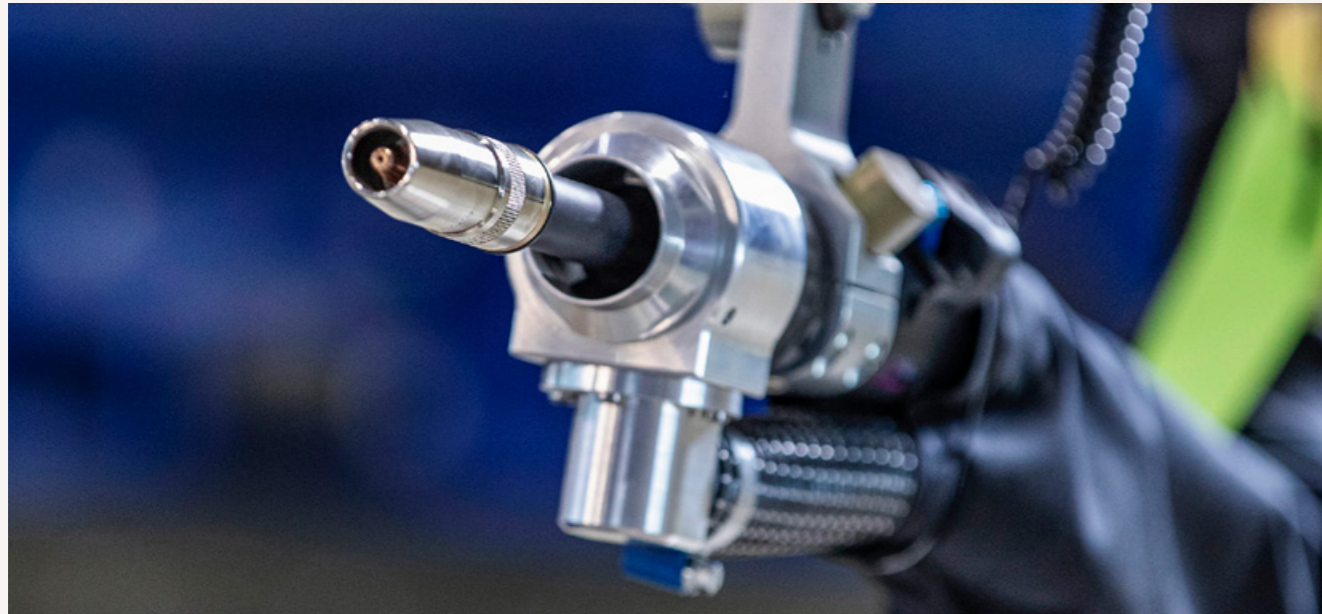
- Working capital, 2023: 59%
- Investments, 2023: 25%
- Other, 2023: 16%

**Exposure by risk category 31 Dec 2023, % Loans, guarantees and export guarantees, in total MEUR 2,603 (MEUR 2,603)**



**Exposure by sector 31 Dec 2023, % Loans, guarantees and export guarantees, in total MEUR 2,603**





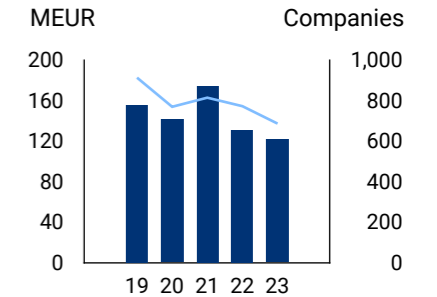
**Megatrends increase demand for Pemamek's welding automation**

Pemamek is a strongly growing company that aims to double its turnover by 2025. Growth is sought on the international market, in particular. Finnvera's new export credit is a welcomed financing model for expediting Pemamek's exports.

"In smaller transactions the lack of financing options has held door ajar for competitors to get through. To this problem a solution is now clearly being brought with Finnvera's export credit", states the CFO Petri Heino.

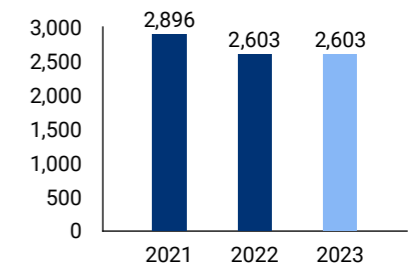
[Read more \(in Finnish\) >](#)

**Transfers of ownership financed**



● MEUR, 2023: 121  
 — Number of companies, 2023: 685

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



**Financing for transfers of ownership declined**

The uncertain economic operating environment and rising interest rates also affected financing for corporate acquisitions and transfers of ownership, especially in late 2023. Finnvera's financing for transfers of ownership, which are crucial for the renewal of business structure and vitality of enterprises, fell to EUR 121 million (130). Finnvera was involved in 685 (771) transfers of ownership. The average size of transfers of ownership financed by Finnvera increased, however. Around one third of the financing was allocated to acquisitions in Uusimaa. As in the previous year, there were differences between regions. Financing transfers of ownership is one of

Finnvera's strategic priorities, and active cooperation continued within the framework of the broad-based Forum for Transfers of Ownership.

**Outstanding commitments developed, credit risks increased**

Finnvera's exposure for domestic loans and guarantees was EUR 3.0 billion (2.7). The uncertain economic situation and Finland's fall into recession were manifested particularly as an increase in the risk indicators for domestic financing. The risk ratings of companies deteriorated, payment difficulties increased, and the numbers of corporate reorganisations and bankruptcies went up.

Risk categories BB and B accounted for 75% (82) of Finnvera's exposure for domestic financing. While BB and B are normal risk categories in Finnvera's financing, companies with these ratings may struggle to access financing in the market. As for enterprises in risk category CCC, their ratings have usually declined after the financing was originally granted and, as a consequence, their credit risk has clearly increased. These companies accounted for 13% (6) of the exposure, while category D companies accounted for 6% (6). Finnvera's financing is usually less important in categories BBB and higher.



**Juuso Heinilä**  
Executive Vice President,  
SME and midcap business

Executive Vice President's review

## A year of new services and busy financing

The Digitalisation and Innovation Loans as well as the Climate and Environmental Loans launched at the beginning of the year were well received. While year 2023 was busy in terms of financing granted by Finnvera, rapid changes in the operating environment, rising interest rates and fluctuations in demand have resulted in companies postponing their planned investments. The number of payment difficulties and bankruptcies has increased slightly.

### What was year 2023 like from the perspective of domestic financing?

Year 2023 marked the introduction of new products in domestic financing. The Digitalisation and Innovation Loan and the Climate and Environmental Loan, direct loans for which no collateral is required, were launched at the beginning of the year and received with interest by companies seeking growth in these areas. Our updated Entrepreneur Loan has made it possible to finance larger transfers of ownership.

We have additionally brought out solutions for promoting responsible and green growth, for example by starting to use ESG reports as part of our company assessments. These reports ensure that Finnish companies operate responsibly and help us to guide and encourage them towards improved corporate responsibility. We have introduced a new operating model for processing early-stage growth projects that provides clear-cut product solutions to meet the needs of

an innovative growth company. Our organisation enables more accurate tailoring of financing and specialisation in those growth projects that we consider particularly important for Finland's future.

Year 2023 was busy in terms of financing, and measured in euros, the amount granted was large. The number of financing decisions has been decreasing, as the demand for guarantees by the very smallest companies has declined. The increased risk awareness of banks was reflected as a slight increase in financing shares in individual financing projects. In our view, however, the availability of financing has remained at a relatively good level when compared to other European countries.

We worked closely together with Team Finland during the year, and we now also have access to Business Finland's analyses of the international competitiveness of technology, which facilitates the making of financing decisions, especially on start-ups about to launch into a phase of growth. The upgrade of our online service during the year improved the efficiency of our operation.

### How willing were Finnish companies to invest in 2023?

Investment projects have declined slightly if we measure the overall projects carried out in euros. Rapid changes in the operating environment, rising interest rates and fluctuations in demand have resulted in investments being postponed – some companies are taking a time-out.

### What were the biggest successes and challenges of the year?

Some of the greatest successes were the offer of new versatile financing solutions to meet the needs of SMEs and midcap enterprises as well as direct lending to export

companies I already mentioned. The introduction of ESG reports was, in my opinion, also a great success. Maintaining a high level of client satisfaction and personnel experience is important, and they often go hand in hand. The aim is to develop and maintain the best client experience in the industry, and we will continue to measure and develop the client experience with a new partner next year.

The greatest challenges have been the same as those faced by our clients. The operating environment has become more difficult for companies since Russia attacked Ukraine. The special feature of 2023 was higher interest rates, which have now hit companies. The numbers of payment difficulties and bankruptcies have increased slightly.

### What is the outlook for 2024 like?

From clients' perspective, uncertainty would appear to continue. While interest rates are expected to no longer increase, and possibly start to decline, the operating environment remains challenging for many companies from the perspective of profitability. In the meanwhile, it would be essential for Finnish companies to have a stake in large international trends. Access to financing for companies that are boldly renewing their operations, investing and building the future also in this environment will be vital. Finnvera, together with commercial providers of financing, is committed to enabling the growth and internationalisation of these companies.

### How is corporate responsibility visible in Finnvera's business?

Finnvera has a highly responsible mission – we are here to promote the creation of new companies in Finland and to support their growth, internationalisation and competitiveness. We wish to help Finnish companies operate responsibly and also create competitiveness this way.

Net Promoter Score  
in 2023

**64**

(2022: 72)

Export financing

## Export financing almost equalled the previous year's level

Despite an uncertain operating environment, 2023 was a year of positive development in export financing, and the granted financing almost equalled the previous year's amount. As in previous years, telecommunications and the pulp and paper sector were prominent in export credit guarantees granted by Finnvera.

Finnvera granted export credit guarantees and special guarantees amounting to a total of EUR 5.4 billion (5.9), mainly for large corporates' export transactions. Finnvera grants export credit guarantees for banks financing export companies' foreign buyers. Some of the projects are financed with export credits guaranteed by Finnvera and granted by its subsidiary, Finnish Export Credit Ltd. Export credits granted by Finnvera amounted to EUR 0.5 billion (0.9). An increasing

number of export transaction are financed by a bank to which Finnvera grants a guarantee.

The annual volume of export financing is always influenced by the timing of individual major export transactions, which makes large annual variations possible. As in previous years, telecommunications and the pulp and paper sector were prominent in export credit guarantees granted by Finnvera. In the telecommunications sector, Finnvera guaranteed Nokia's deliveries to such countries as Portugal and Romania and, in the pulp and paper sector, Valmet's deliveries to Luxembourg among other countries. In ship financing, Finnvera guaranteed orders for new RoPax vessels (passenger and cargo ships) by the shipping company Finnlines. The Icon of the Seas, the world's largest cruise ship, was handed over from Meyer Turku Shipyard to Royal Caribbean Cruises in late November. The financing decision on this ship was made by Finnvera in 2017. This is an example of the long duration of large export projects.

The outlook for cruise shipping, which is the largest sector in terms of Finnvera's export financing exposure, has improved: the client volumes and profitability of the largest cruise shipping companies are almost back to their 2019 levels.

New export credit guarantee applications for large projects also reached the previous year's level in 2023.



### Major reform of OECD Arrangement - focus on climate projects

On 31 March 2023, the OECD countries reached an agreement on modernisation of export credit terms. The updated OECD Arrangement contains terms that help export financing to meet the exporters' needs better in an increasingly competitive environment, while they broaden the possibilities of using this financing for green and climate-positive projects. The maximum repayment period for climate and environmental loans will be extended from 18 to 22 years, and for most other projects from 8.5 and 10 years to 15 years. The minimum guarantee payments will be reduced in the lower risk categories. More flexible repayment terms will also be introduced.

Influencing the minimum terms of export credits and the role of export credit agencies is one of Finnvera's objectives in international forums. Pekka Karkovirta,

Vice President of International Relations at Finnvera, chaired the Arrangement negotiations, concluding his long term as Chairman in November 2023.

International trade disputes and competition between China and the West have contributed to creating pressure to reform the OECD Arrangement. The larger role of states also came up in the negotiations, and in many countries, promoting exports is increasingly seen as an instrument of national interests.

The fact that long-term risks in emerging markets and relatively few sectors mostly dominate in the export credit agencies' financing and exposure is seen as a challenge. In the recent reform, the weight given to investments in climate change mitigation is a positive, says Jussi Haarasilta, Executive Vice President at Finnvera.

Export credit guarantees and special guarantees granted

**EUR 5.4 bn**

(2022: 5.9)

Export credits granted

**EUR 0.5 bn**

(2022: 0.9)

Share of buyer credit guarantees in export credit guarantees granted

**EUR 3.5 bn**

(2022: 2.3)

**Share of Buyer Credit Guarantees increased**

Granted Buyer Credit Guarantees accounted for 67%, or EUR 3.5 billion (2.3), of the export credit guarantees granted by Finnvera. The demand for Buyer Credit Guarantees reflects the structure of Finnish exports and the fact that the financing of capital goods exports requires extended payment periods and long-term credits for export companies' buyer clients.

Under a legislative amendment that entered into force in February 2023, Finnvera can start granting export credits directly to Finnish export companies' foreign buyers, also without a bank's involvement. Finnvera's export credit is intended for capital goods transactions worth less than EUR 20 million, for which it has previously been difficult to arrange financing.

As far as small and medium-sized export transactions are concerned, Finnvera typically promotes them with credit insurance and a Letter of Credit Guarantee with a risk period of less than two years. Finnvera granted 77 (96) credit insurance type guarantees, or Export Receivables Guarantees, Receivables Purchase Guarantees and Credit Risk Guarantees amounting to a total of EUR 140 million.

Finnvera's mission is to complement the private credit insurance market. If certain preconditions are met, however,

**Presidents of the United States and Finland discussed export credits**

The reinsurance agreement between USExim and Finnvera will intensify cooperation between these organisations and enable the use of more extensive financing solutions in joint projects.

[Read more \(in Finnish\) >](#)

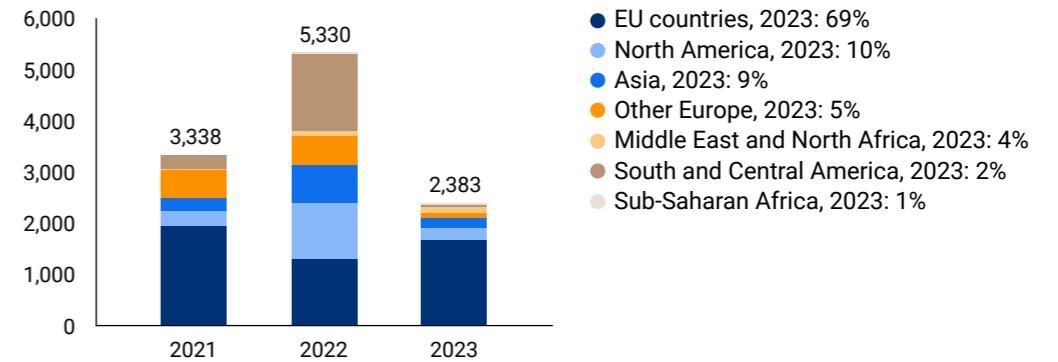
Finnvera may also grant short-term export credit guarantees to so-called marketable countries, such as EU Member States, Japan and the United States, under a special authorisation of the European Commission until the end of 2025.

Credit insurance allows an export company to protect itself against credit losses and improve its competitiveness by offering the buyer a longer term of payment. The credit risk guarantee can also cover political and sovereign risks arising from the buyer's country. The credit risk guarantee can additionally secure the exports of subsidiaries when the guarantee holder is a Finnish company and the exporters are its foreign subsidiaries or companies controlled by it. This enables Finnvera to serve a wider group of exporters.

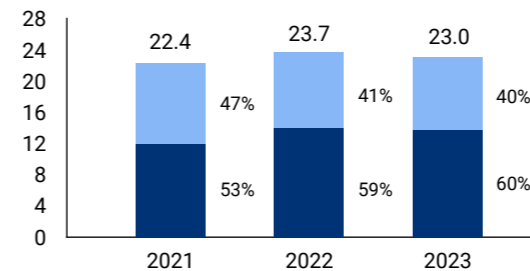
The use of Letter of Credit Guarantees reflects Finnvera's role in sharing the commercial and political risks associated with export trade and is a sign of banks wishing to rely on Finnvera as a guarantor of risks to an increasing extent. Finnvera granted 208 (168) Letter of Credit Guarantees amounting to EUR 268 million (426), which is a significantly higher number than in 2022. A strong demand for Letter of Credit Guarantees continued, especially for transactions in North Africa and Turkey.

No more export credit guarantees have been granted for trade with Russia or Ukraine since the war started in February 2022. In December, Finland published its national reconstruction plan for Ukraine, under which Finnvera will be able to resume granting export credit guarantees for Ukraine from 1 January 2024. This arrangement will apply particularly to financing options for short-term trade (such as Letter of Credit Guarantees and credit insurance), which are particularly important for securing SME exports. Under a supplementary budget, the Ministry of Economic Affairs and Employment can provide Finnvera with up to EUR 50 million in compensation for credit losses sustained

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

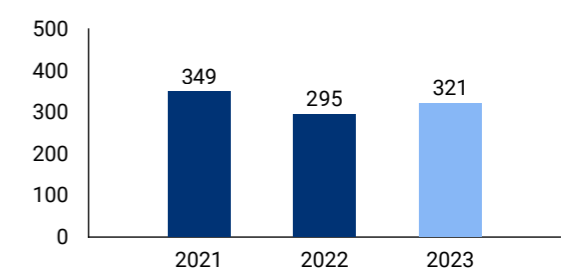


**Export credit guarantee and special guarantee exposure, EUR billion**



● Drawn guarantees, 2023: 60%  
 ● Undrawn guarantees and binding offers, 2023: 40%

**Number of guarantees and special guarantees granted**



in connection with export credit guarantees granted for promoting exports to and investments in Ukraine.

**Export credit guarantee and special guarantee exposure in 85 countries**

At the end of 2023, Finnvera had exposure for export credit guarantees and special guarantees relating to 85 countries. In 18 countries, the exposure exceeded EUR 100 million, including offers given. The exposure relating to Russia, which previously was one of the most important countries in terms of Finnvera's exposure, was less than EUR 100 million at the end of 2023. Geographically, approximately 38% of the total exposure for export credit guarantees and special guarantees is related to trade with the United States. Other important countries are Brazil, India and Germany.

Finnvera's exposure relating to export credit guarantees and special guarantees were EUR 23.2 billion (23.7). The largest export financing sectors are cruise shipping, pulp and paper and telecommunications, which accounted for a total of 83% of the total exposure. One half of the total exposure for export guarantees is related to cruise shipping. Of the total exposure, 40% comprised binding offers or commitments related to export companies' future deliveries.

Finnvera covers some of its liabilities through reinsurance from private markets and bilateral agreements with other export credit agencies. Individual insurance solutions are put in place to manage large or concentrated risks. To secure reinsurance cover, Finnvera requires strong creditworthiness from its counterparties.

For several years, Finnvera has actively developed the hedging of the risks it carries. The maximum indemnity amount of Finnvera's reinsurance arrangements at the end of 2023 was EUR 1.3 billion (1.4), or approximately 6% (6) of the total liabilities and 9% (10) of drawn guarantees. The value of new reinsurance cover was around EUR 290 million.

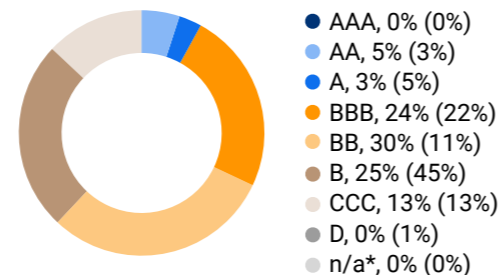


**Finnvera's export credit guarantees to help promote Ukraine's reconstruction**

The Ministry for Foreign Affairs has prepared Finland's national plan for the reconstruction of Ukraine, which contains a list of the state's support elements that can aid these efforts. Finnvera's export credit guarantees are regarded as playing an important role in the financing of the reconstruction by carrying the risks of Finnish companies exporting to Ukraine.

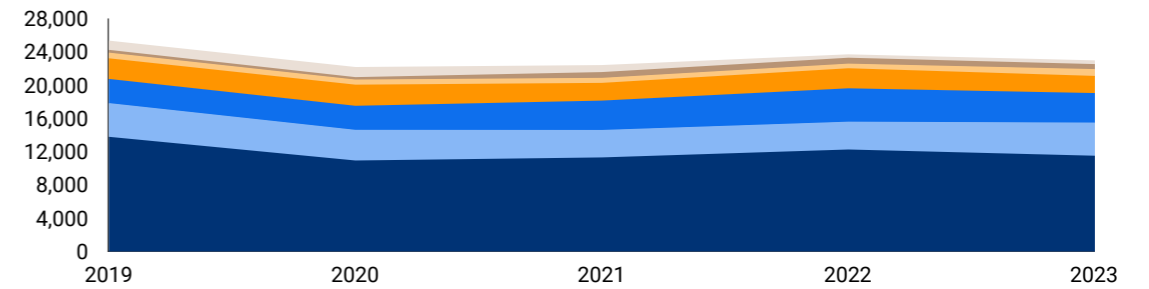
[Read more >](#)

**Export credit guarantees and special guarantees, exposure by risk category 31 Dec 2023, % in total MEUR 22,972 (MEUR 23,697)**



\* Including other risks such as state and bank risks.

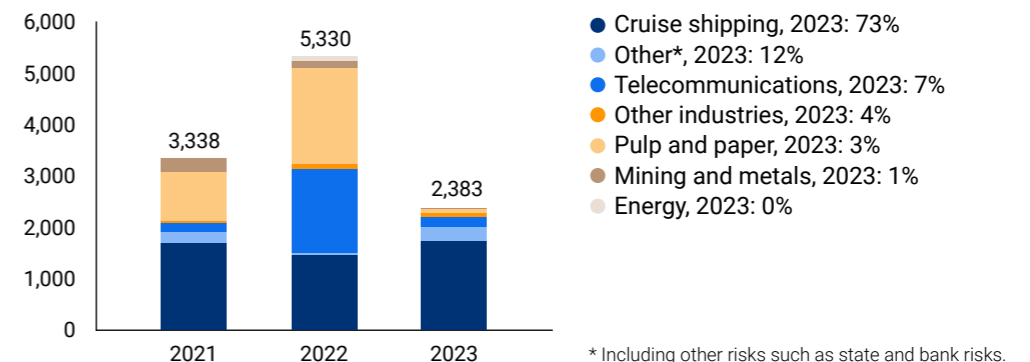
**Export credit guarantees and special guarantees, 5-year-trend of exposure by sector, MEUR\***



Exposure on 31 Dec	2019	2020	2021	2022	2023
● Cruise shipping	13,786	10,938	11,308	12,262	11,512
● Telecommunications	4,055	3,688	3,303	3,345	3,987
● Pulp and paper	2,901	2,886	3,526	4,008	3,545
● Others*	2,478	2,539	2,129	2,409	2,059
● Energy	684	616	606	559	823
● Mining and metals	332	290	693	707	599
● Other industries	1,108	1,215	840	407	447
<b>Total</b>	<b>25,344</b>	<b>22,172</b>	<b>22,405</b>	<b>23,697</b>	<b>22,972</b>

\* Including other risks such as state and bank risks and reinsurance risk transfer.

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



\* Including other risks such as state and bank risks.





**Jussi Haarasilta**  
Executive Vice President,  
Large Corporates

Executive Vice President's review

## A busy and positive year in export financing despite uncertainty

Last year was a busy one in terms of export financing, and export deals were concluded despite the challenging situation. The altered geopolitical situation caused uncertainty, and country risks have increased. Higher costs and rising prices of financing pose challenges to some companies. We have started seeing some green transition projects, and Finnvera welcomes the opportunity to promote them.

### What was 2023 like from the perspective of export financing?

From the perspective of export financing, the year was busy and in many ways positive. Despite an uncertain operating environment, the focus was strongly on the future, and the year brought new export projects and other undertakings.

Finnvera currently has exposures in 85 countries. The altered geopolitical situation caused uncertainty, and country risks have increased. A good example of this is Turkey, a traditional export country for Finnish companies, which is struggling with a turbulent economic situation. This was reflected as a growing demand for Finnvera's export credit guarantees. In Turkey, the most important sectors for export financing have been telecommunications, pulp and paper, mining and the metal industry.

Export deals were concluded during the year despite the challenging situation. The number of export transactions

remained roughly unchanged and at the same level as in 2019. Many factors influence this situation. Companies have to some extent succeeded in finding substitute export markets since Russia was excluded from credit insurance. The number of applications for new export credit guarantees is also at the same level as in previous years.

Amendments to the OECD Arrangement, which enabled longer loan periods, were significant. Countries support their companies in coping with tougher international competition and promote the green transition. International agreements offer protection against unfair competition. The OECD Arrangement is a response to the financing conditions offered by China, which does not participate in the Arrangement, and to the needs of the green transition.

### What were the biggest successes and challenges of the year?

I find the setting of climate targets and more detailed CO<sub>2</sub> emissions data great steps forward. They help us identify Finnvera's importance as an enabler of investments in new, cleaner solutions. The handover of Finnvera's largest financing project of all times, the cruise ship Icon of the Seas I, from the shipyard to the client was also an exciting moment. I would also highlight as a positive the conclusion of a framework agreement on reinsurance with EXIM, or Export-Import Bank of the United States, which I believe will promote telecommunications projects.

Our clients have been affected by inflation, rising interest rates and geopolitical challenges. The number of individual projects presenting with problems went up towards the end of the year. Finnvera

typically finances large industrial investments, in which the increased costs have created problems and delayed investment decisions. We have continued to reduce our exposure relating to Russia during the year.

### What is the outlook for 2024 like?

We are facing year 2024 confidently. It is specifically in such uncertain times that the significance of export financing is emphasised for the competitiveness of companies. We have started seeing some green transition projects, and Finnvera welcomes the opportunity to promote them. They are typically large investments that take time to implement.

We are seeking a new approach to promoting exports. While export credit guarantees and export financing are usually driven by demand, in the future we will be working on behalf of export companies even before they have bagged a concrete deal. The Trade Facilitators who started in their roles in early 2024 will seek export opportunities around the world together with other Team Finland actors.

### How is corporate responsibility visible in Finnvera's business?

We have improved our emissions calculations, set a climate target and defined criteria and incentives for climate projects. These are concrete steps towards promoting corporate responsibility in export financing. Export credit agencies are typically involved in financing new investments, which gives us a natural role in facilitating lower-emission investments based on better technology. In its mission as a provider of export financing, Finnvera promotes the competitiveness of Finnish exports and creates prosperity in Finland.



We identify Finnvera's importance as an enabler of investments in new, cleaner solutions.

**85**

Finnvera had export credit guarantee commitments in 85 countries

(2022: 94)

## Key figures

Finnvera Group	2023	2022	2021	2020	2019
<b>Key P&amp;L figures</b>					
Net interest income, MEUR	115	69	55	51	41
Net fee and commission income, MEUR	177	204	167	143	141
Other operating income, MEUR	0	0	4	349	0
- Of which fund payment from The State Guarantee Fund, MEUR	-	-	-	349	-
Operational expenses, MEUR	-50	-49	-46	-44	-42
- Of which personnel expenses incl. social security costs, MEUR	-32	-30	-30	-29	-29
Realised credit losses and change in expected credit losses, MEUR	192	-176	-46	-1,269	-60
Credit loss compensations from the State, MEUR	18	29	35	36	17
Operating result MEUR	439	64	164	-740	100
Result for the period MEUR	433	55	153	-748	94
<b>Key balance sheet figures</b>					
Loans to and receivables from customers, MEUR	7,924	6,979	7,404	7,088	8,083
Investments, MEUR	3,554	3,165	3,323	3,474	3,231
Liabilities, MEUR	12,969	11,726	11,356	11,946	11,202
- of which debt securities in issue, MEUR	10,585	9,663	10,285	10,379	10,138
Shareholders' equity, MEUR	1,333	909	863	727	1,463
- of which non-restricted equity, MEUR	1,115	682	626	473	1,221
Balance sheet total, MEUR	14,302	12,635	12,220	12,673	12,665
<b>Key ratios</b>					
Return on equity, ROE, %	38.7	6.3	19.2	-68.3	6.7
Return on assets, ROA, %	3.2	0.4	1.2	-5.9	0.8
Equity ratio, %	9.3	7.2	7.1	5.7	11.6
Capital adequacy ratio, Tier 1, Domestic operations, %	24.3	25.7	23.9	25.1	29.4
Capital adequacy ratio, Tier 1, Export credit guarantee and special guarantee operations, % <sup>1</sup>	5.6	3.2	3.4	1.3	6.9
Expense-income ratio, %	19.4	20.7	23.5	26.4	25.4
Average number of employees	369	368	366	360	364
<b>Finnvera plc, domestic financing</b>					
Loans, guarantees and export credit guarantees offered, Billion EUR	2.1	1.3	1.7	1.7	1.0
Outstanding commitments, Billion EUR	2.6	2.6	3.1	2.9	2.3
Number of start-up enterprises financed	1,700	1,900	2,400	2,700	2,400
Number of new jobs created with the help of financing	4,800	6,000	8,600	9,100	8,400
<b>Finnvera plc, export financing</b>					
Export credit guarantees and special guarantees offered, Billion EUR	5.1	5.7	4.3	2.9	5.2
Outstanding commitments, Billion EUR	23.0	23.7	22.2	22.0	25.2
<b>Finnvera plc, clients</b>					
Number of clients, domestic financing and export financing together	23,100	24,400	25,800	26,500	24,500
NPS index (net promoter score) <sup>2</sup>	64	72	67	56	64

<sup>1</sup> No specific requirement has been set for the capital adequacy ratio, Tier 1, for export credit guarantee and special guarantee operations because ultimately it is the State that is responsible for any major export credit guarantee losses if the equities accumulated from operations and the assets of the State Guarantee Fund were not sufficient for covering these losses. Consequently, calculating capital adequacy in a manner similar to that applied to banking is not a suitable option for Finnvera, considering its special industrial policy purpose as a promoter of exports.

<sup>2</sup> The NPS index of 2023 includes the results of a survey addressed to clients, banks and stakeholders of the Large Corporates business area conducted in 2023 as well as the results of a separate NPS survey.

### Formulas for the key indicators

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

Treasury operations

## Goal-oriented and sustainable treasury management

Finnvera operates actively in the international capital markets, and the company has recognised the growing expectations of institutional investors regarding ESG information. Finnvera introduced a framework for sustainable financing for the company's investments and achieved its targets in investment activities. The amount of funding returned to the pre-pandemic level.

The estimated amount of long-term funding in the funding plan for 2023 was around EUR 2 billion. Finnvera issued two bonds of USD 1 billion during the year, the first one in June and the second in October. Both attracted more than 40 investors and were clearly oversubscribed. The majority of investments ended up in portfolios of public investors and banks with geographical locations in Europe, Asia and the United States.

The successful issues show that in uncertain times, investors have a strong trust in Finnvera's creditworthiness and the explicit guarantee given by the State of Finland, even if a great deal of competing supply was available on the market concurrently.

### Finnvera reached the ESG targets set for its investments

For the improvement of sustainability and corporate responsibility, Finnvera introduced a framework for sustainable investments in treasury investments. On the one hand, this framework meets investors' information needs related to sustainability requirements and ESG indicators and, on the other hand, it defines the criteria for sustainable investing as part of the investment plan of Finnvera's treasury operations. The purpose of these principles has been to integrate sustainability and responsibility as an elemental part of treasury investment operations and decision-making process relating to it. Finnvera's Treasury is committed to corporate responsibility principles set at the company level, which is also a requirement of the state's ownership steering. The principles of sustainable investments complement these company-level policies.

In addition to striving to assess sustainability and responsibility risks at investment counterparty level, increasing the share of thematic investments of the long-term investments has been one of the company's concrete goals. Current target range for thematic investments is 15–20% of the long-term investments. By the end of year 2023, green, social and sustainable bonds covered approximately 18% of the long-term investments. Out of these thematic investments 75% were green bonds.

The perspective of sustainable financing will be increasingly emphasised in Finnvera's investor communications in the future. When developing communications addressed to investors, reporting frameworks related to sustainability will be taken into

account in order to provide a better response to investors' growing requirements.

### Funding enables export financing

At the end of 2023, the outstanding bonds issued amounted to EUR 10.6 billion (9.7).

Since the beginning of 2022, Finnvera has also acquired short-term funding under the EUR 3 billion ECP Programme (Euro Commercial Paper) guaranteed by the State of Finland.

Finnvera uses the funds it acquires to finance export credits. The goal of the funding is to make competitive financing available for the clients of Finnish export companies. The arrangement of buyer financing for foreign buyers is often a prerequisite for closing an export deal. Consequently, funding enhances the impact of Finnvera's financing operations and makes transactions possible for Finnish export companies.

Since February 2023, Finnvera has had the possibility to grant export credits for transactions worth up to EUR 20 million directly to foreign buyer clients of Finnish export companies, without a bank's involvement.

### Activity continued in investor relations

Finnvera was active in meeting international investors in 2023. International investors' interest in sustainability indicators has increased, and investor communications were developed during the year to better meet the investors' growing needs for ESG information.



Finnvera issues bonds under the EMTN (Euro Medium Term Note) facility. Bonds issued under this EUR 15 billion facility have an explicit state guarantee, and their rating corresponds to that assigned to the long-term liabilities of the State of Finland. The rating given by Moody's to Finnvera's credit facility is Aa1 and that given by Fitch is AA+.



## Reporting principles

This report was prepared with reference to the updated Universal Standards of the GRI reporting framework. The report covers the economic, social, and environmental impacts of the Finnvera Group in the financial period 1 January–31 December 2023.

For information on corporate responsibility in the 2023 report, see the three parts of the section titled Corporate responsibility at Finnvera. This section describes the societal impacts, material topics and management principles related to the company's sustainability. The section titled Environmental impacts describes Finnvera's direct impacts and those generated by the company's financing operations, as well as the actions associated with them. The section on Social impacts describes actions related to the company's personnel and the principles relating to the human rights impacts of Finnvera's financing. The section on Sustainable and ethical business deals with Finnvera's principles related to combating corruption, bribery and tax havens and measures aimed at ensuring ethical operation. This section also describes the processes for managing the environmental and social risks in the company's financing operations.

Finnvera's carbon footprint calculation principles are presented in a document that can be found on [Finnvera's website](#) (in Finnish).

Compared to previous years, no significant changes have taken place in the data, scope, or calculation limits of the report. Finnvera reports on corporate responsibility each calendar year; the previous report was released on 16 February 2023. The report has not been subject to external assurance.

**Further information:**

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## GRI Standards Content Index

GRI identifier	Location	Additional information
<b>GRI 2: General Disclosures (2021)</b>		
<b>The organization and its reporting practices</b>		
2-1	Organizational details	Operating environment, pp. 6–7; Corporate governance, pp. 16–18; GRI content index; Statement on the Corporate Governance and Steering System 2023, pp. 2–4
		Location of headquarters: Porkkalankatu 1, P.O. Box 1010, FI-00101 Helsinki, Finland + Kallanranta 11, P.O. Box 1127, FI-70111 Kuopio, Finland
2-2	Entities included in the organization's sustainability reporting	Reporting principles, p. 44
2-3	Reporting period, frequency and contact point	Reporting principles, p. 44
2-4	Restatements of information	GRI content index
2-5	External assurance	Reporting principles, p. 44
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	Operating environment, p. 7; How Finnvera creates value, p. 13; Sustainable and ethical business pp. 30–32
2-7	Employees	Social impacts pp. 27–29
2-8	Workers who are not employees	GRI content index
		Finnvera used an estimated 1 person-years of outsourced resources in 2023
<b>Governance</b>		
2-9	Governance structure and composition	Corporate governance, pp. 16–17; Statement on the Corporate Governance and Steering System 2023, pp. 5–7; <a href="https://www.finnvera.fi/eng/finnvera/about-finnvera/organisation">https://www.finnvera.fi/eng/finnvera/about-finnvera/organisation</a>
2-10	Nomination and selection of the highest governance body	Statement on the Corporate Governance and Steering System 2023, p. 5
2-11	Chair of the highest governance body	Statement on the Corporate Governance and Steering System 2023, pp. 5–6
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate responsibility management, p. 22; Statement on the Corporate Governance and Steering System 2023, p. 5
2-13	Delegation of responsibility for managing impacts	Corporate responsibility management, p. 22

GRI identifier	Location	Additional information
2-14	Role of the highest governance body in sustainability reporting	Corporate responsibility management, p. 22; GRI content index
2-15	Conflicts of interest	Statement on the Corporate Governance and Steering System 2023, p. 11; Code of Conduct
2-16	Communication of critical concerns	GRI content index
		Finnvera's corporate responsibility report is included in the Annual Report, which is distributed to the Board of Directors' Audit Committee and the Board of Directors for financial statements meetings. The Board of Directors processes the corporate responsibility report as part of the Annual Report documentation.
		<a href="https://www.finnvera.fi/eng/finnvera/code-of-conduct">https://www.finnvera.fi/eng/finnvera/code-of-conduct</a>
		The Board of Directors is informed about critical concerns through the CEO's regular reviews, which may include customer and stakeholder feedback, for example. In 2023, one concern raised by international environmental organisations was reported, and Finnvera responded to it. In addition, three reports were received through the whistleblowing channel. They concerned the operating practices of the Credit Committee, a Finnvera employee's actions in the partner network and possible reception of unacceptable hospitality as well as suspected misuse of Finnvera's financing. In the investigated cases, no irregularities or reproachable action by the employee were found. The Compliance function informed the Board of Directors of the reports received through the whistleblowing channel and the results of the investigations carried out.
2-17	Collective knowledge of the highest governance body on sustainable development	GRI content index
		Finnvera's Statement on the Corporate Governance and Steering System also defines the experience and expertise expected of the Board of Directors as regards sustainable development and corporate responsibility. The Board of Directors also provides mandatory training for Finnvera's personnel on matters such as corporate responsibility.

GRI identifier		Location	Additional information
2-18	Evaluation of the performance of the highest governance body	GRI content index	The Board of Directors carries out an annual self-assessment, assessing matters such as the activities and management of the Board and any development needs. The Board of Directors sets annual targets related to corporate responsibility and monitors them systematically. The implementation of the strategy, including corporate responsibility, is discussed annually by the Board of Directors. The Board of Directors reports annually to the State owner at the Annual General Meeting on the realisation and indicators of corporate responsibility.
2-19	Remuneration policies of the Board of Directors and senior management	Corporate responsibility management, p. 22; Statement on the Corporate Governance and Steering System 2023, pp. 8–9	
2-20	Process to determine remuneration	Statement on the Corporate Governance and Steering System 2023, pp. 8–9	
2-21	Annual total compensation ratio	GRI content index	The total compensation ratio is 3.52 (highest-paid individual compared to median pay). Ratio of percentage increase 1.01 (annual percentage increase in the compensation for the highest-paid individual compared to the annual median percentage increase).
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	CEO's review, pp. 4–5	
2-23	Policy commitments	Corporate governance, p. 17; Corporate responsibility management, p. 22; Sustainable and ethical business pp. 30–32; Statement on the Corporate Governance and Steering System 2023, p. 4	
2-24	Embedding policy commitments	Corporate governance, pp. 16–18; Corporate responsibility management, p. 22; Social impacts, pp. 27–29; Environmental impacts, pp. 29–31	
2-25	Processes to remediate negative impacts	Sustainable and ethical business, p. 30	

GRI identifier		Location	Additional information
2-26	Mechanisms for seeking advice and raising concerns	Sustainable and ethical business, p. 30; <a href="https://www.finnvera.fi/whistleblowing">https://www.finnvera.fi/whistleblowing</a>	
2-27	Compliance with laws and regulations	GRI content index	No cases of non-compliance in 2023.
2-28	Membership associations	Cooperation with stakeholders p. 15	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Stakeholder cooperation, pp. 14–15	
2-30	Collective bargaining agreements	GRI content index	94 (94) per cent of Finnvera's personnel are covered by a collective labour agreement.
<b>GRI 3: Material Topics (2021)</b>			
3-1	Process to determine material topics	Corporate responsibility management p. 21	
3-2	List of material topics	Corporate responsibility management, p. 21	
3-3	Management of material topics	Corporate responsibility management, pp. 20–22; Environmental impacts, pp. 23–26; Social impacts, pp. 27–29; Sustainable and ethical business, pp. 30–32	
<b>Economic standards</b>			
<b>GRI 201: Economic Performance (2016)</b>			
201-1	Direct economic value generated and distributed	How Finnvera creates value, p. 13; Finnvera's role and impacts in society, p. 20; Key figures, p. 42; Finnvera Group's Report of the Board of Directors and Financial Statements, pp. 2–4	
201-4	Financial assistance received from government	Finnvera Group's Report of the Board of Directors and Financial Statements, pp. 2–4; 8; 13; 15–16; 38	
<b>GRI 203: Indirect economic impacts (2016)</b>			
203-2	Significant indirect economic impacts	Strategy and role in society, pp. 10–12; Value creation at Finnvera, p. 13; Finnvera's role and impacts in society, p. 20; Domestic financing, pp. 34–37; Export financing, pp. 38–41	

GRI identifier	Location	Additional information
<b>GRI 205: Anti-corruption (2016)</b>		
205-2	Communication and training about anti-corruption policies and procedures	Sustainable and ethical business, p. <u>30</u> Online training on the Code of Conduct themed on Finnvera's values was organised for the personnel in 2023. Updates of Finnvera's Code of Conduct concerned such topics as anti-corruption measures. Teams training on ethical principles, which was open to all personnel members, was organised on a quarterly basis in 2023. The training also covered gifts to personnel members and hospitality guidelines.
205-3	Confirmed corruption cases and measures taken	GRI content index No cases in 2023.
<b>GRI 206: Anti-competitive behavior (2016)</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI content index No cases in 2023.
<b>Environmental standards</b>		
<b>GRI 305: Emissions (2016)</b>		
305-1	Direct greenhouse gas emissions (Scope 1)	Environmental impacts pp. <u>24–25</u>
305-2	Indirect greenhouse gas emissions from energy (Scope 2)	Environmental impacts p. <u>24</u>
305-3	Other indirect greenhouse gas emissions (Scope 3)	Environmental impacts pp. <u>24–25</u>
<b>Own disclosure</b>		
	Number of export projects categorised according to their environmental and social risks	Corporate responsibility management pp. <u>22–25</u> ; Sustainable and ethical business, pp. <u>30–32</u>
	Reduction of domestic flights	Corporate responsibility management, p. <u>20</u> ; Sustainable and ethical business, pp. <u>30–32</u> In accordance with the travel policy, the aim is to replace domestic flights with virtual meetings and train journeys.
<b>Social standards</b>		
<b>GRI 401: Employment (2016)</b>		
401-1	New employee hires and employee turnover	Social impacts, p. <u>29</u>
<b>GRI 403: Occupational health and safety (2018)</b>		
403-1	Occupational health and safety management system	Social impacts, p. <u>29</u> ; GRI content index Occupational health care, including occupational safety and health, is managed by the HR function, and a full-time Security Manager is responsible for overall safety. The occupational health system covers Finnvera's own personnel, and when it comes to safety, the system covers everyone working at Finnvera.

GRI identifier	Location	Additional information
403-2	Hazard identification, risk assessment, incident investigation	Social impacts, p. <u>29</u>
403-3	Occupational health services	Social impacts, p. <u>29</u>
403-4	Worker participation, consultation, and communication on occupational health and safety	Social impacts, p. <u>29</u> Finnvera's occupational safety and health committee comprises the occupational safety and health manager and the deputy occupational safety and health manager as the employer's representatives. The personnel are represented by two occupational safety and health representatives and four deputy occupational safety and health representatives. The employers and employees work together on the objectives of occupational safety and health activities. The Occupational Safety and Health Committee met four times in 2023.
403-5	Worker training on occupational health and safety	Corporate governance, p. <u>18</u> ; Social impacts, p. <u>29</u> ; GRI content index Finnvera's operations do not entail tasks categorised as hazardous.
403-6	Promotion of worker health	Social impacts, p. <u>29</u>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social impacts, p. <u>27</u> ; Sustainable and ethical business, pp. <u>30–32</u>
403-9	Work-related injuries	Social impacts, pp. <u>27–28</u> ; GRI content index Two accidents at work occurred in 2023
<b>GRI 404: Training and Education (2016)</b>		
404-1	Average hours of training per year per employee	GRI content index We do not specify the number of training hours by employee type. Average hours of training per employee were 15.9 in 2023 (20.6).
404-2	Programs for upgrading employee skills and transition assistance programs	Social impacts pp. <u>27–29</u>
404-3	Percentage of employees receiving regular performance and career development reviews	GRI content index The participation rate in performance reviews was 95% in 2023 (89%).
<b>G4 Financial Services Sector Disclosures, Product Responsibility</b>		
G4-FS6	Percentage of the portfolio for business lines by specific region, size, and by sector	Operating environment, p. <u>8</u> ; Finnvera's role and impact in society, p. <u>20</u>

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

[finnvera.fi](https://finnvera.fi)

 **FINNVERA**