

**BUSINESS  
FINLAND**

**SOCIAL  
RESPONSIBILITY  
REPORT 2023**

Translated from the original Finnish version



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# 1 REVIEW BY THE DIRECTOR GENERAL

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Business Finland's strategy is based on three cornerstones: economic growth, competitiveness, and sustainability. We see that in a rapidly changing world, sustainable development is a prerequisite for economic growth and competitiveness.

By sustainable development we mean all three areas of sustainability: ecological, economic, and social sustainability. Business Finland's mission is to promote sustainability in two ways: we want to ensure the ecological, economic, and social sustainability of our own and our customers' operations and mitigate the negative impacts of these operations.

We see that we can influence sustainable development both by promoting the success of our customers and the sustainability and well-being of Finnish society. Our goal is that our customers are developers of sustainable development solutions and that Finland as a society is seen globally as a forerunner in sustainable development.


The three core areas of our strategy served as a basis for reflecting on the UN Sustainable Development Goals and linking them to our own goals. As a public and large-scale organization, we contribute at some level to almost every

UN Sustainable Development Goal, but in this report, we focus on three main goals that are particularly relevant to our activities: promoting sustainable economic growth and employment, building infrastructure, industry, and innovation, and taking action against climate change and its impacts.

In our thematic strategy, we have selected five areas around which we believe that Finnish companies and ecosystems can build successful business in the future. The themes are based on extensive global transformations and challenges that create significant growth opportunities for Finland. We intend to invest EUR 1.5 billion in innovation by 2025 in these themes, and we believe that these will enable us to create both sustainable growth in Finland and promote sustainable development globally.

We tackle these themes through long-term mission activities. Our missions are: Zero Carbon Future, Digital Native Finland and Circular Transition for Zero Waste, Immersive Digital Life and Healthcare Reimagined 2035, launched in May 2023. All missions promote sustainable development and take advantage of digitalization.

In our missions, related programs, and services, we



focus especially on increasing environmental and social sustainability awareness, new solutions that increase the carbon handprint, and smart business models and solutions based on lifecycle thinking. We promote sustainable development by raising awareness of sustainability and sustainable business transactions and by strengthening our customers' ability to increase their ecological, economic, and social sustainability.

We have also updated our sustainability roadmap related to our own operations so that it responds to the EU's regulations related to sustainability. In 2024, we will focus especially on preparing for the new Corporate Sustainability Reporting Directive, creating a data infrastructure related to sustainable development and ensuring resourcing for sustainability work. Challenges are posed by changing sustainability legislation. Regulation also affects our customers and our entire operating environment. Promoting sustainable development requires increasingly significant resourcing and closer monitoring to ensure that the different areas of sustainability are adequately considered in both our processes and services.

During the reporting period in 2023, Business Finland's leadership team approved a new sustainability policy outlining the target and commitment to promoting sustainable development and ensuring responsible business

operations. Our equality and non-discrimination plan lays the foundation for preventing discrimination and promoting equality. In 2023, equality has been promoted on the Company's side, especially from the perspective of pay, and in 2024 it will be necessary to update the equality and non-discrimination plan. Last year, we also introduced a Sustainability handbook for personnel to harmonize and increase understanding of what sustainability means in the context of Business Finland. The Sustainability handbook was made into a digital learning material, and every Business Finland employee had to complete an online course based on the handbook.

I believe that during the strategy period, we have done diverse groundwork to promote sustainable development, responsibility, and equality, and created operating models that provide Business Finland with an excellent opportunity to continue its work to accelerate sustainable growth in Finland and to ensure that we act responsibly in our own operations.

**Nina Kopola**

Director General

## 2 DESCRIPTION ABOUT THE REPORTING ORGANIZATION



### 2.1. BUSINESS FINLAND AS AN ORGANIZATION

#### OWNERSHIP STRUCTURE AND COMPANY FORM

Business Finland consists of the Innovation Funding Agency Business Finland (the Funding Agency), which is under the administration of the Ministry of Economic Affairs and Employment, and Business Finland limited (the Company), which is a special-purpose company managed by the Funding Agency and wholly owned by the State. The Funding Agency and the Company form a functional entity, and their operations are guided by a common strategy. The performance agreement concerning the Funding Agency for 2023 also applies to the Company. The Business Finland Oy Group consists of Business Finland Oy, FinChi Innovation Center Company Ltd operating in Shanghai, China, Business Finland USA Inc operating in the USA and the inactive Finpro Finland Oy, which is registered in Finland. Business Finland Oy is the Group's parent company, and other companies are 100% owned subsidiaries. The Funding Agency also steers the venture capital company Business Finland Venture Capital Ltd. Its centralization into Finnish Industry Investment Ltd has been mentioned in Petteri Orpo's

Government Program. The arrangement is estimated to be completed at the turn of the year 2024–2025.

## LOCATIONS

Business Finland operates in 16 locations in Finland. The head office is in Helsinki in shared premises with Finnvera. In the common areas of the head office, Business Finland's subtenant is Business Finland Venture Capital Oy. In addition, the Finnish Industry Investment Ltd (Tesi) and the Climate Fund operates in the same building. Shared premises with common areas make it easier for customer companies to access services that are relevant to them.


Outside Helsinki, Business Finland has offices in 15 locations. In Joensuu, Jyväskylä, Kajaani, Kuopio, Lahti, Lappeenranta, Mikkeli, Oulu, Rovaniemi, Seinäjoki, Turku and Vaasa, Business Finland operates in connection with the ELY Centers and in Pori and Tampere in shared premises with Finnvera. In Kemi, the office is located in premises managed by the city's development company Digipolis Oy in Kemi Technology Village. An extensive network of domestic offices improves the local availability of services. It also strengthens Business Finland's ability to

consider the special characteristics of different regions and local strengths that improve the preconditions for growth of international business.

Business Finland operates abroad in 32 countries and 37 locations. The locations are Belgium, Spain, Austria, Norway, Poland, France, Sweden, Germany (2 locations), Denmark, Turkey, Great-Britain, Brazil, Canada, Chile, Mexico, Peru, USA (3 locations), Australia, South-Korea, Indonesia, India, Japan, China (3 locations), Malaysia, Taiwan, Vietnam, South Africa, Kenya, Morocco, Nigeria, Saudi Arabia, and the United Arab Emirates.

## PRODUCTS AND SERVICES

Business Finland's services include services related to exports and internationalization, services related to building and developing ecosystems, funding services and program services. The services also include the promotion of tourism and investments directed at Finland, as well as expert services in connection with the European Union's research and innovation funding. Business Finland helps companies find international experts and develop the activities of multinational teams. Business Finland also



has digital information services and webinars that can be freely utilized on Business Finland's website.

Business Finland is part of the Team Finland network. Team Finland is a network of public actors offering internationalization services to companies, in which the services offered by different actors are coordinated in a customer-oriented manner. In the Team Finland network, Business Finland is responsible for the operational coordination of the network at national level, with ELY Centers coordinating activities at regional level. The steering of the Team Finland network is the responsibility of the Ministry of Economic Affairs and Employment and the Ministry for Foreign Affairs.

## **BUSINESS FINLAND'S CUSTOMERS**

Business Finland's customers include companies operating in Finland that seek bold business growth and renewal in the international market, as well as research

organizations and public organizations cooperating with companies. Business Finland's customers include also regional tourism organizations, as well as international companies and investors.

During 2023, Business Finland had approximately 6 470 corporate customers operating in Finland (in 2022: 7 850, in 2021: 17 100<sup>1</sup>). The figures do not include customers of Invest in Finland or Visit Finland. The majority of Business Finland's funding and expert service customers were microenterprises and small enterprises (approx. 81%), which is on level with previous years. Most customers come from Uusimaa province (46%), followed by Pirkanmaa (10%), Southwest Finland (9%) and North Ostrobothnia (6,5%). The order is the same as in previous years. Among the industries of Business Finland's customers, most common were manufacturing (24,6%), information and communication (19,8%) and professional, scientific, and technical activities (16,9%). The top of the industry distribution has remained fairly unchanged in

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1 The customer figure for 2021 included a lot of companies that received disruption funding

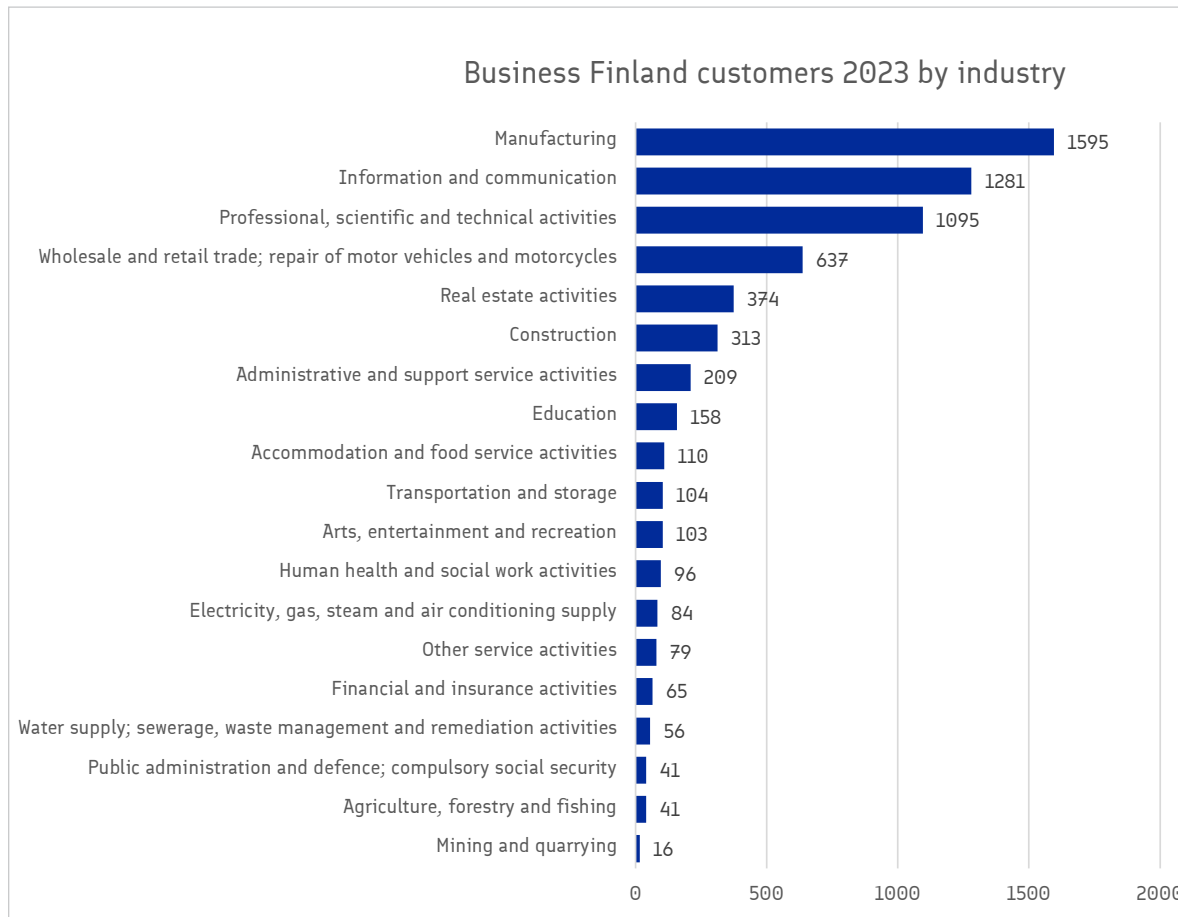


FIGURE 1: BUSINESS FINLAND'S CUSTOMERS OPERATING IN FINLAND BY MAIN INDUSTRY (AMOUNT).

recent years. In 2023, Business Finland's clientele included 30 research organizations (in 2022: 32, in 2021: 29).

## ADMINISTRATION


Business Finland's administration is described in the Description of Business Finland's corporate governance model<sup>2</sup>. Through the Funding Agency, the Ministry of Economic Affairs and Employment steers and supervises the operations of the Business Finland entity in accordance with the central government's performance management practices and the Ministry's Rules of Procedure. The Ministry steers Business Finland's operations at a strategic level so that the operations are in line with the government's strategies and policies. Innovation Funding Agency Business Finland, reports to the Ministry on the realization of the objectives of the Business Finland entity in accordance with the central government's steering model and guidelines.

Provisions on the Board of Directors of Business Finland are defined in law<sup>3</sup>. Provisions concerning the Board of Directors are also included in Business Finland's general operating principles, which also serve as the Rules of Procedure of the Funding Agency as required by law. The Funding Agency has a Board of Directors that steers,

<sup>2</sup> Description of Business Finland's corporate governance model (in Finnish)

<sup>3</sup> Act (1146/2017) on the Innovation Funding Agency Business Finland and a limited liability Company called Business Finland, and the Government Decree on Innovation Funding Agency Business Finland and the limited liability Company called Business Finland (1147/2017)




A man in a blue suit is seen from the side, sitting at a desk in a modern office. He is looking out a large window that offers a view of a cityscape. The office has a clean, professional look with blue accents and large glass panels.

monitors and controls the operations of the Business Finland entity and decides upon its strategy and other general operating principles, taking into consideration the targets set by the Ministry of Economic Affairs and Employment, and the principles and guidelines of ownership steering. The Board of Directors is Business Finland's highest decision-making body. The Board of Director's specific financial responsibilities are related to the approval of the financial statements of the Innovation Funding Agency Business Finland and the decision-making in administrative appointment and funding matters. The Board of Directors decides on the allocation of funding to projects in which the Funding Agency's financial contribution exceeds EUR 3 million.

The Board of Directors has a supervisory responsibility related to the appropriate organization of monitoring of the achievement of objectives and internal control. The state of internal control is assessed, for example, through internal risk assessments and studies, various surveys

and discussions with personnel, and external evaluations of Business Finland's operations. The Internal Audit function prepares an annual assessment and statement of assurance on the state of internal control for the annual report of the Funding Agency.

The Government appoints the Board of directors for two years at a time, in accordance with the state's diversity policies. The authority to appoint is based on the Government rules of procedure<sup>4</sup>. The members of the Board of Directors are appointed based on their expertise, considering the duties and responsibilities of Business Finland. The Government appoints a chairman and a deputy chairman to the Board of Directors. The Board of Directors consists of a minimum of five and a maximum of ten persons familiar with the Funding Agency's field of activity, one of whom represents the Ministry of Economic Affairs and Employment. A person employed by Business Finland cannot be appointed as a member of the Board of Directors. The composition of the Board




During the reporting year, Business Finland's Board of Directors consisted of:

- Chairman **Päivi Marttila**, Board professional
- Vice Chairman **Petri Peltonen**, Under-Secretary of State, Ministry of Economic Affairs and Employment, until August 2, 2023
- Vice Chairman – **Mia Hurta**, Director, Ministry of Economic Affairs and Employment, since August 3, 2023
- **Juha Ala-Mursula**, Director, BusinessOulu
- **Jaakko Aspara**, Professor, Hanken School of Economics
- **Sami Lampinen**, CEO, Inventure Oy
- **Laura Langh-Lagerlöf**, CEO, Langh Group Oy
- **Miia Porkkala**, owner-entrepreneur, Aho Group Oy
- **Jarno Syrjälä**, Under-Secretary of State, Ministry for Foreign Affairs, since September 1, 2023
- **Nina Vaskunlahti**, Under-Secretary of State, Ministry for Foreign Affairs, until August 31, 2023

of Directors, their other duties, the delegation of decision-making authority to the Director General and decision-making may be defined in a Government decree. The members of the Board of Directors are orientated to their task, e.g., Business Finland's strategy, in which sustainability is a key part.

The persons elected to the Board of Directors do not represent stakeholders but are selected for the Board of Directors based on their personal expertise. Business Finland's legal basis requires that the Board of Directors has extensive and up-to-date expertise in matters related to Business Finland's operations. It is therefore possible that the persons appointed to the Board of Directors will play an important role in society, have several other commitments and are widely involved in the business world. The members of the Board of Directors are subject to separate affiliation policies. When making administrative decisions, the members of the Board of Directors shall ensure that they are not disqualified from the matter in question under the Administrative Procedure Act. They must also consider the procedures related to insider information matters. The members of the Board of Directors must declare their affiliations to Business Finland. The members of the Board of Directors or persons closely associated to them have a total of 70 different affiliations.

The Director General operates as a presenting officer for the Board of Directors. The Director General has the right to attend and speak at the meetings of the Board



of Directors. In addition, the personnel, from both the Funding Agency and the Company, elects representatives from among themselves to the Board of Directors. They have the right to attend and speak at Board meetings, apart from appointment matters. The Board of Directors may also invite experts selected on a case-by-case basis and permanent experts for their support.

Business Finland's Board of Directors meets monthly and, if necessary, in separate meetings. The meetings focus especially on handling of strategic and fundamentally significant matters in accordance with the annual calendar which is designed for Board's operations. The meeting will present a topical review of Business Finland's management, as part of which special concerns, if any, will also be reported.

The material topics of the Social Responsibility report have been approved by the leadership team, as the topics are based on Business Finland's strategy approved by the Board of Directors. Business Finland's Social Responsibility report is handled by Business Finland's leadership team and the Board of Directors of Business Finland Oy as well as the general meeting of Business

Finland Oy, and it is distributed to the Board of Directors for their information. The report is also discussed by the Co-operation Committees of the Funding Agency and the Company. Additionally, the Social Responsibility Report is submitted to the Ministry steering Business Finland for their information and published on Business Finland's website. The report has been compiled in co-operation with the personnel.

The performance of the Board of Directors is assessed through regular, biennial self-assessments. In addition, the Director General, a representative of the Ministry of Economic Affairs and Employment and the Chairman of the Board of Directors meet regularly to discuss topical issues. The Board's activities and meeting practices will be developed based on the discussion and feedback received during the evaluation.

Business Finland's Audit Committee assists the Board of Directors in the management of supervisory responsibilities. The Audit Committee helps the Board of Directors to ensure, regarding the entire Business Finland entity, that accounting is appropriately organized and that internal control, risk management, the compliance function,

Business Finland's Director General is Nina Kopola. Additionally, the Business Finland's leadership team in the reporting year, consisted of:

- **Ari Grönroos**, Executive Director, Support & Enablement
- **Johanna Jäkälä**, Executive Director, Finland Promotion Services, since April 1, 2023
- **Hannu Kemppainen**, Executive Director, Strategic Performance Management
- **Teija Lahti-Nuuttila**, Executive Director, Customers and Networks
- **Satu Maaranen**, Transformation Lead
- **Timo Metsä-Tokila**, Executive Director, Funding Services
- **Hanna-Mari Parkkinen**, Executive Director, Experience & Marcom, until May 1, 2023
- **Sari Nevanlinna**, Executive Director, Experience & Marcom, since March 27, 2023
- **Risto Vuohelainen**, Executive Director, Global Growth
- **Laura Ylä-Sulkava**, Executive Director, Renewal & HR

Internal Audit, and auditing have been arranged in accordance with laws, regulations and the principles confirmed by the Board of Directors. The Audit Committee operates systematically and brings significant findings to the Board of Directors' attention without delay.

The Audit Committee of the Board of Directors consists of minimum of three members, at least one of whom is a full member of the Board of Directors. The remaining members of the Committee may be external experts with a good knowledge of the Audit Committee's field of work. The Board of Directors elects the members of the Audit Committee and the Chairman for a two-year term, which is the same as the Board of Directors' term. Business Finland's Audit Committee in 2023 consisted of Petri Peltonen (Chairman), Jaakko Aspara, Sami Lampinen and Miia Porkkala. After Petri Peltonen left the Board of Directors, Sami Lampinen was elected as Chairman and Mia Hurttu as a new member as of August 3, 2023.

The Director General of the Funding Agency is responsible for the overall operational management of Business Finland. The Director General manages the entity formed by the Innovation Funding Agency Business Finland and Business Finland Oy and is responsible for the overall development of operations and ensures that the tasks of Business Finland are carried out efficiently and appropriately. The leadership team supports the Director General in managing Business Finland. The tasks and operating methods of the leadership team are defined in the

description of their operation. The leadership team assesses new opportunities and the measures required to utilize them, and monitors operations and their effectiveness, efficiency, and compliance with regulations.

Business Finland Oy's annual general meeting decides on the matters within the meeting's remit specified by law and the articles of association. The Business Finland entity operates as a single functional entity, in which the Business Finland Oy's Board of Directors primarily ensures that the owner's will is realized. The Board of Directors of Business Finland Oy convenes when necessary and decides only on matters that require decision-making by the Board of Directors according to the law and the articles of association. In 2023 the Board of Directors of Business Finland Oy consisted of:

- **Marianne Asikainen**, Chairman, Senior Director Innovation Funding Agency Business Finland
- **Mirja Huovinen**, Legal Counsel, Business Finland Oy
- **Maiina Turanlahti**, Director Scandinavia (Region Head), Business Finland Oy

When electing the Board of Directors, the objective is that the Board as a whole has sufficient expertise in steering both limited liability company operations and Business

Finland as a whole. The company's Board of Directors consists of 1–5 ordinary members. The annual general meeting elects the members of the Board of Directors for one year at a time. The proposal concerning the composition of the Board of Directors is prepared in accordance with the policies of the Director General of the agency that decides on ownership steering. The members of the Board of Directors are elected from persons employed by the Agency or the Company, and a person employed by the Agency is elected as the Chairman of the Board of Directors. When electing the members of the Board of Directors, the equality aspects concerning state-owned companies and, in the case of public officials, disqualification issues are considered.

Business Finland has affiliation guidelines approved by the Board of Directors, which primarily apply to all Business Finland personnel and the members of the Board of Directors of Business Finland Oy. Everyone is obliged to know the rules concerning affiliations and to keep their information on affiliations and secondary activities up to date. Personnel's affiliations are collected in the HR system and updated in connection with performance appraisals. In their work, everyone must constantly consider situations in which disqualification may arise and refrain from handling these matters. The implementation of the

guidelines of affiliations is supported by online training, which is included in the Code of Conduct online course. In addition, Business Finland's intranet has separate instructions and a question-and-answer section related to affiliations.

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

The remuneration of Business Finland's governing bodies is subject to the decisions of the Ministry of Economic Affairs and Employment concerning remuneration and, in the case of special-purpose companies, to the remuneration guidelines issued by the Government's ownership steering. The remuneration of the Board of Directors is paid in accordance with the decision of the Ministry of Economic Affairs and Employment.<sup>5</sup> The salaries and remuneration of the Director General are decided by the Ministry of Finance on a proposal from the Ministry of Economic Affairs and Employment. The remuneration of the other directors of the Funding Agency are decided by the Director General. The salaries of the directors of Business Finland Oy's service areas are decided by the Company's Board of Directors after consulting the Director

General. Business Finland does not have contribution-based supplementary pension arrangements, clawback clauses or severance pay.

During 2023, a new one-off reward model piloted earlier in the Company and the Funding Agency was established as part of the remuneration system. The members of the leadership team of the Company are also covered by the new one-off reward model. The possible remuneration of the Board of Directors of Business Finland Oy is confirmed by the annual general meeting. As a rule, the members of the Board of Directors carry out the duties related to board membership as part of their job description.

## MEMBERSHIPS AND COMMITMENTS

Business Finland's sustainability policy<sup>6</sup> mentions Business Finland's partnerships and commitments related to sustainable development. Business Finland is a member of UN Global Compact Finland and FIBS (Finnish Business & Society). FIBS is the largest corporate responsibility network in the Nordic countries. Visit Finland and 60 Finnish tourism companies and regions have signed the global Glasgow Declaration for Climate Action in Tourism.

Several international tasks, such as the EU's Framework Program for Research and Innovation, ESA, Eureka, IEA,

<sup>5</sup> MEAE/311/00.03.05.02/2018.

<sup>6</sup> [BF Sustainability Policy \(businessfinland.fi\)](#)



FIGURE 2: BUSINESS FINLAND'S VALUES.

and co-operation under the Nordic Council of Ministers (Nordisk Energiforskning NEF and Nordisk Innovation NI), are special responsibilities assigned to Business Finland by the Ministry of Economic Affairs and Employment. The Ministry of Economic Affairs and Employment and Business Finland are funding Finland's ESA membership and participation in ESA programs. With regard to voluntary programs, Business Finland is responsible for national decision-making with the aim of using public funds as efficiently and prudently as possible. The new ESA programs funded by Business Finland were launched at the beginning of 2023. Other key organizations or associations in which Business Finland is involved are TAFTIE and ETC (European Travel Commission). The company is also a member of the employers' association Palta.

## VALUES

Business Finland's values are reflected in the day-to-day operations of its personnel with its customers, partners, and colleagues. They provide the basis for Business Finland's operations and help Business Finland achieve its strategic goals. They are the cornerstones of Business Finland's culture. These values have been included in the recruitment and induction processes as well as in remuneration. In 2023, four Business Finland's employees from different parts of the organization were awarded a sum equal to 50 % of monthly salary for operating according to Business Finland's values. The employees participated in the selection of the bonus recipients. Business Finland's values are: With passion, Think big, All Together and With Sisuu.



## **SIGNIFICANT CHANGES IN THE ORGANIZATION**

The Act on Business Finland entered into force in May 2023, and the resulting personnel changes had a significant impact on Business Finland's operations. The Act specified the division of responsibilities for public administration tasks in Business Finland, and as a result, Business Finland underwent an organizational change in which job descriptions and organizational structure were renewed. In addition, some parts of the organization made changes related to roles and structure due to the renewal of operating methods. During 2023, two business transfers were carried out from the Company to the Funding Center. In the company, the new organization and job descriptions entered into force on August 1, 2023, and in the Agency the change took place as of January 1, 2024. This is described in chapter 7.1. As a result of the amendment to the Business Finland Act, De Minimis funding decisions were discontinued at Business Finland Oy and transferred to Business Finland, the Finnish Funding Agency for Innovation.

## **REPORTING PRACTICES**

No material changes have been made to the reporting for 2023 compared to 2022. The reported information may be affected in some respects by business transfers carried out on June 1, 2023, and August 1, 2023.

The financial statements of the Funding Agency or the Company, Business Finland's corporate governance model and Business Finland's sustainability policy have been used or referred to in the reporting. The Social Responsibility Report has been prepared from the Business Finland entity, separating the information of the Funding Agency and the Company to the extent necessary. Business Finland Venture Capital Oy prepares its own social responsibility report. BFVC will report to Business Finland on the achievement of its corporate social responsibility targets and corporate responsibility targets for 2023 at its annual general meeting. The reporting period of the Social Responsibility Report is January 1 – December 31, 2023, which is the same as the financial year of the Innovation Funding Agency and Business Finland Oy Group. Business Finland's previous Social Responsibility Report was published on April 28, 2023.





This report describes how Business Finland's social responsibility has been implemented regarding the material topics defined in Chapter 8 and the UN Sustainable Development Goals (SDGs) for the financial year mentioned before. Business Finland's corporate social responsibility is reported annually. The report is prepared with reference to the requirements of the GRI Standards for Corporate Responsibility Reporting Framework. The report has not been externally assured and therefore there is no separate process for external assurance of the report.

## **2.2 SUSTAINABILITY MANAGEMENT AND ADMINISTRATION**

Business Finland discharges a service duty handed down by the Finnish state and assigned to it by law. Therefore, social responsibility is a key part of Business Finland's operations, and it is managed as part of its day-to-day operations. Business Finland has prepared a strategy for the years 2021–2025. Business Finland's strategy is



based on three core areas: economic growth, sustainability, and competitiveness. Together, these three themes lay the foundation for the prosperity that Business Finland aims to create for Finland.

Sustainability is at the heart of Business Finland's strategy. With sustainability, Business Finland refers to all three areas of sustainability: ecological, economic, and social sustainability. Business Finland's mission is to promote sustainability in two manners: we want to ensure the ecological, economic, and social responsibility of our own and our customers' operations and to mitigate the negative effects of these operations.

As part of its strategy, Business Finland has defined five strategic priority areas for its operations, which are identified as important development areas for the success of the strategy. One of the priority areas specifically deals with sustainability. In addition to the leadership team-level owner, Business Finland has appointed a project manager for the sustainability priority area, who will take the development forward in addition to her own work in accordance with the roadmap defined for the strategy period. Sustainable development has also been considered in the annual plans, and the service areas promote

related activities independently. The need for a cross-cutting resource has been on the leadership team's agenda, and decisions will be made in 2024.

Business Finland has also selected five thematic focus areas that Business Finland should focus on in the future. These focus areas are 1. Digitalization based boost for productivity 2. Comprehensive health and wellbeing 3. Carbon neutral and resilient energy system 4. Zero waste and circular economy 5. Engaging immersive experiences. The thematic focus areas are built around sustainability and, in particular, guide programmatic activities such as missions and the programs as well as campaigns that support them. Business Finland's missions are also in line with the thematic focus areas and support either one or more of them. Missions define the more specific objectives and measures with which Business Finland tackles the thematic focus areas. In addition to the ongoing missions Zero Carbon Future and Digital Native Finland, Business Finland decided to launch three new missions in May 2023: Circular Transition for Zero Waste, Immersive Digital Life and Healthcare Reimagined 2035. All missions promote sustainable development and take advantage of digitalization.

Business Finland evaluates its strategy annually as part of the management model for Business Finland's continuous strategizing. The annual review helps Business Finland identify factors (e.g. significant changes in the operating environment) that may question the assumptions behind Business Finland's strategic choices. The annual review also provides better conditions for making changes or prioritizations in the strategy if necessary.

Sustainable development has been discussed in separate evaluations, studies, and projects in the 2023 call for innovations, as well as in the annual review and strategy communication of Business Finland's strategy. The realization of sustainable development in Business Finland is monitored with the help of various indicators. The indicators have been developed and will continue to be developed over the next year. Business Finland's performance indicators have been developed regarding the sustainable development goal in connection with the preparation of the performance agreement for 2024–2027.

Business Finland's organizational structure, operating model and management model are designed to support the implementation of the strategy. Business Finland's planning process contains a strategic perspective. As part of the annual planning process, the goals for the service areas and units all the way to the personnel level are derived from Business Finland's strategic goals and strategic priority areas. The implementation of the strategy is regularly monitored by the leadership team as well as the strategic priority areas are coordinated at the level of the leadership team. In addition, the implementation of

the strategy requires the commitment of every Business Finland employee.

The basic principle of Business Finland's risk management is that risk management is integrated into operation processes, so that identifying risks and planning management methods are carried out in connection with managing each operation. The leadership team processes the key risks and management methods of the entire Business Finland organization. Members of the leadership team are in charge of risk management within their own service area. Risks are mainly identified as part of regular operations, operational planning, and decision making. Service areas then report the risks and the implementation of the management methods as part of their semi-annual and annual reports.

## 2.3. SUSTAINABILITY GOALS

Business Finland's strategy considers the implementation of the key goals, programs, and strategies of the Government Program, in particular the goals related to growth and competitiveness as well as to business and innovation policy.

The annual performance agreement with the Ministry of Economic Affairs and Employment defines Business Finland's goals and the indicators for monitoring the outcomes. The performance agreement applies to the whole of Business Finland. The goals consider the above-mentioned goals of the Government Program and Business Finland's strategy. Business Finland reports on

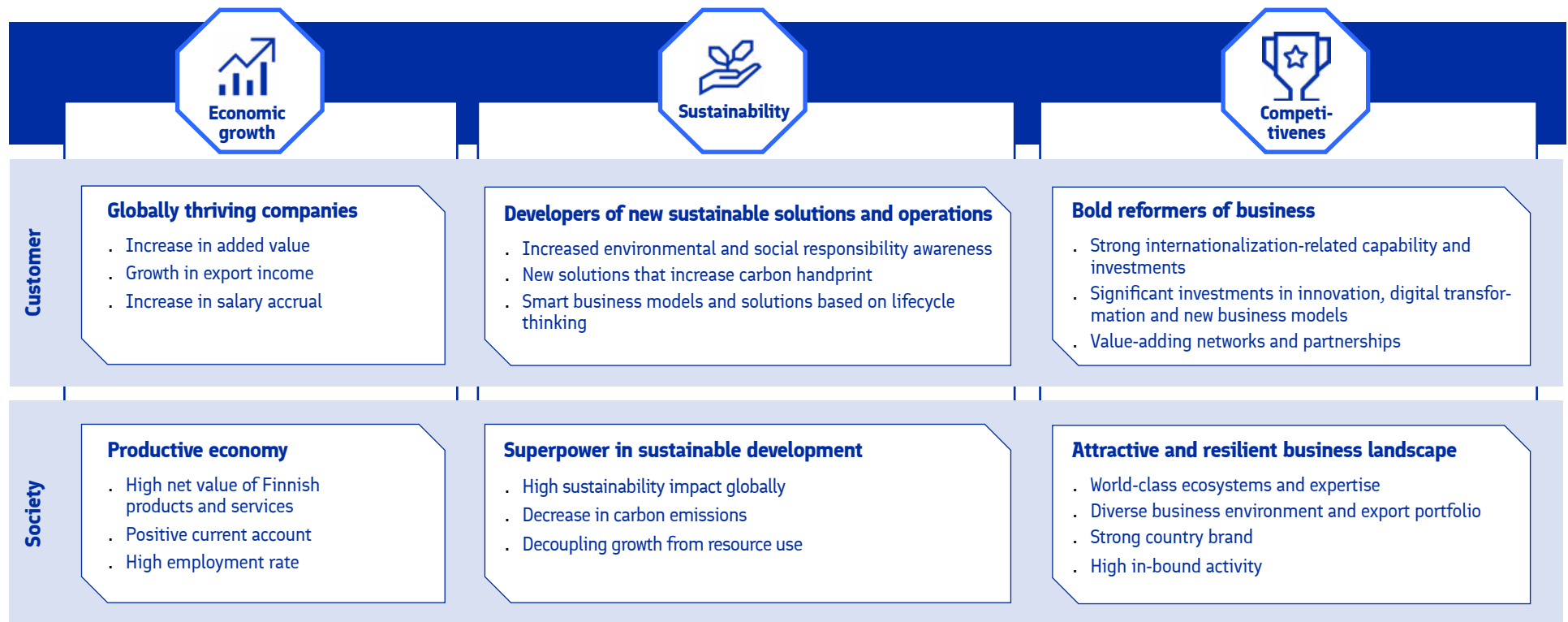
the achievement of the goals in the annual report of the Funding Agency. The same goals also guide the social responsibility of Business Finland.

In its strategy, Business Finland has defined impact targets that concern three areas: economic growth, promotion of sustainability, and the development of competitiveness. Business Finland has set two strategic goals for each core area, one for the customer level and one for

the level of society. These goals are presented in figure 3.

The goals for the customer level are based on the value that Business Finland creates for its customers and provide an indication of the impact of Business Finland on the development of its customers and, thus, society. Business Finland assesses its success by measuring the success of its customers. The performance agreement's key performance indicator targets are set for these customer-level

FIGURE 3: BUSINESS FINLAND'S IMPACT TARGETS.





goals. The goals at the level of society are closely related to the core mission of Business Finland: creating prosperity for Finland. Business Finland's impact at the level of society cannot be measured directly, as other factors also influence the achievement of the goals. This is why Business Finland assesses its success with these goals through impact assessments.

## 2.4 RESPONSIBILITY PRINCIPLES

Achieving the goals set for Business Finland's operations requires responsible operations from Business Finland. Business Finland complies with the laws, regulations, and practices in force both in Finland and the EU and in each country in which it operates as well as with good governance. Business Finland's operations are governed by specific legislation, national and European regulations on state aid, and the Companies Act in the case of company-based operations. In carrying out public administrative tasks, Business Finland complies with general legislation on governance. The core tasks of Business Finland are defined in the law<sup>7</sup>. Business Finland's work is also steered by the performance agreement signed with the Ministry of Economic Affairs and Employment and other guidelines.

In addition to laws, regulations, and the performance agreement, Business Finland has a general set of rules and guidelines that govern the way it acts in relation to its customers, employees, and partners in all its operations. The most important of these are the Business Finland's

<sup>7</sup>

Act on Business Finland and a limited liability company called Business Finland (1146/2017)



Code of Conduct, the guidelines for affiliations, the principles of risk management, leadership principles, the information security policy, data protection guidelines, and various security guidelines. Regarding human resources, the most important guidelines and policies are the equal opportunity plan, the early support model, as well as guidelines for dealing with inappropriate behavior at work, training policy, instructions for threatening customer situations, and the occupational health and safety program. Business Finland's work with customers is also guided by a customer handbook. Instructions, policies, and regulations relating to funding activities have also been compiled into a handbook. Business Finland updates its policies, guidelines, and manuals regularly. The principles related to organization and decision-making are described in Business Finland's general operating principles, which also serve as the Rules of Procedure of the Funding Agency as required by law. Code of Conduct, guidelines for affiliations and the principles of risk management are approved by the Board of Directors, Business Finland-level guidelines are approved by the Director General, and service area-specific guidelines are approved by the service area managers.

Business Finland's Sustainability policy outlines Business Finland's ambition and commitment to promoting sustainability and ensuring responsible business operations in both internal and customer-facing operations. The guidelines consider the interlinked dimensions of sustainability in Business Finland's internal and external operations in a cross-cutting manner. The aim of the policy is to describe Business Finland's role in advancing sustainability and to describe the scope of sustainability operations. Business Finland's leadership team approved the Sustainability policy in February 2023, and it has been published on Business Finland's website.

Business Finland has assessed the realization of operational equality in its operations during 2023. Operational equality has already been promoted in many ways before. Business Finland's Sustainability policy stipulates, among other things, that no discrimination, inappropriate treatment, or harassment of any kind will be tolerated. Business Finland recognizes the importance of promoting diversity and inclusion in all its operations and further develops best practices. The operational equality plan complements Business Finland's existing equality planning. The operational equality plan charts the current state of operations



from equality perspectives regarding selected Business Finland's functions and includes measures aimed at further promoting the realization of equality without forgetting monitoring responsibilities.

Business Finland has introduced a Sustainability Handbook for personnel to harmonize and increase understanding of what sustainability means in the context of Business Finland. The handbook compiles Business Finland-level policies and guidelines related to sustainability as well as current practices in different service areas. At the beginning of 2023, Business Finland also published a Sustainable events guide.

Business Finland's Code of Conduct compiles the main principles of responsible operations. Business Finland requires that all its employees adhere to the Code of Conduct. Business Finland also expects its contractual partners to comply with these principles in their operations related to the contractual relationship. The Code of Conduct has been published on Business Finland's website. The implementation of the Code of Conduct is supported by online training, which all employees are required to take. The personnel have also been informed who to turn to in unclear situations. The Code of Conduct contains the principles concerning bribery and anti-corruption, as well as hospitality. In addition, Business Finland's internal guidelines on representation and hospitality are followed. The personnel's affiliations are collected in the human resources management system, and they are updated in connection with the performance appraisals.




The affiliations are also described in chapter 2.1.

Business Finland addresses malfeasance, and every employee is responsible for reporting suspected malfeasance. Business Finland does not tolerate money laundering or other illegal activities in its operations. Business Finland conducts background checks on its customers to prevent money laundering and support for illegal or unethical activities, for example. Business Finland does not fall within the scope of application of the Anti-Money Laundering Act, but it has an obligation to obtain information. Among the customers applying for funding, Business Finland establishes the owners of all the funded customers, their financial situation, and all their existing business activities. If the customer company is also funded by other funders, they must always inform Business Finland of the names of the other funders and the amount of funding. Each customer's business activities are investigated when evaluating a project for which funding has been applied for. In addition, it is verified that neither the funded customers nor their beneficiaries are not on sanctions lists. Meeting the Know Your Customer requirements has been widely considered in Business Finland. Projects funded under the Sustainable Growth Program for Finland

are always assessed in accordance with the DNSH (Do No Significant Harm) principles. In the Sustainable Growth Program for Finland, Business Finland does not fund projects that do not meet the DNSH criteria. Information of the actual beneficiaries of the funding is collected. Chapter 10 of the annual report of the Funding Agency summarizes the malfeasance detected each year.

The Funding Agency monitors the Company's activities, and it can audit the Company's state aid activities to the extent necessary. As a significant user of public funding, Business Finland has a strong supervisory responsibility for the proper use of the funding it grants and remits. Business Finland monitors its state aid operations through quality audits and audits concerning the supervision of funded customers. Quality audits assess the quality of the preparatory work for funding decisions and the monitoring performed during the duration of the project. The purpose of the audits conducted by Business Finland is to ensure that the projects it funds comply with the funding decision and its terms and conditions, and that the implementation of the project corresponds to the information provided to Business Finland. To maintain openness and transparency, public funding information





is published on the website. The funding information is reported to the European Commission by aid scheme and by project in accordance with the EU's transparency obligation.

Business Finland complies with data security guidelines and rules and exercises sufficient care and diligence when processing data and using information systems. During 2023, there were a total of 7 reported information security incidents (in 2022: 10, in 2021: 5). No customer information, trade secrets or confidential information has been found to fall into the wrong hands. During 2023, there have been five data protection non-conformances. The deviations did not result in a high risk to the rights or freedoms of the data subject. No abuses of data protection were detected. Business Finland has trained its personnel to avoid similar deviations in the future.

Business Finland's website has a whistleblower feedback channel through which Business Finland's customers, employees and the representatives of other stakeholders may report any unethical or non-compliant actions they observe. In 2023, the notifications were processed by a group representing Legal, HR, Internal Audit and Compliance function. Non-group members don't have access to notifications.

The purpose of Business Finland's internal control is to ensure that the finances and operations comply with the law, the operations are effective, the funds and property under Business Finland's control are safeguarded and correct and sufficient information is obtained for management and external steering. The internal control is based on a functioning control environment, a target-oriented

approach and accountability, as well as controls, systems, and risk assessment. Internal control is an integral part of all core activities and their management. Support for internal control ensures and supports internal control as part of the core activities. The internal audit function verifies the effectiveness of the internal control function. From the beginning of 2023, the responsibilities of internal control have been clarified. Business Finland project audits were more clearly separated from compliance activities into a separate team, and security issues were also separated from real estate matters into a separate entity. Enhanced know your customer process (KYC) and sanctions checks were extended to all Business Finland's operations both at the Funding Agency and the Company, and operations became established as part of Business Finland's other operations.

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

Risk management is carried out in cooperation between the Funding Agency and the Company. Business Finland has adopted common risk management principles approved by the Board of Directors and conducts joint risk assessments. Business Finland's risk management is integrated into operation processes so that identifying risks and planning management methods are carried out

in connection with each operation. Risk management procedures are targeted at the most notable risks. The monitoring of risks is based on planning and reporting. A separate risk management process ensures and supports the implementation of risk management. Business Finland has a risk management team that supports the coordination, monitoring, and reporting of risk management. The risk management team meets four times a year. In 2023, the reporting of risks in Business Finland's service areas in connection with annual planning and reporting was developed to be even more strategy oriented. One of the separate annual risk assessments focused specifically on sustainability risks.

Risk analysis is part of operational decision-making at all levels of the organization. A separate, standardized risk review is related to, for example, the preparation of funding decisions, procurement, international cooperation and development projects. In its strategic choices and in the allocation of financial and other resources, Business Finland is prepared to accept greater risks than market-based operators when the potential for economic and social returns is estimated to be sufficiently high. Taking such risks and sharing the risks of innovation activities in the Finnish economy is linked to the basis of Business Finland's existence. At Business Finland, taking risks must support the achievement of strategic and operational goals, and risks must not jeopardize Business Finland's operations. Risk management procedures are proportional to the scope of operations and responsibilities.

The effectiveness of the risk management system is

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

## 2.5 IMPACT ASSESSMENT

Business Finland regularly evaluates the success of its task through impact assessments and strives to develop methods for this. Business Finland utilizes new ways of communicating results and, together with other actors, develops statistics describing innovation activity and international comparative data for the benefit of society.

The impact assessment is based on research and evaluation results and reliable statistical sources. The aim is to convey as objective a view as possible of the subjects of the assessment.

The impact of Business Finland and the development of its core areas are monitored by means of impact studies for each core area (economic growth, sustainability, competitiveness) agreed upon with the Ministry of Economic Affairs and Employment. In addition, other assessments are conducted in accordance with the assessment plan agreed upon with the ministry. Separate impact studies




are carried out annually for different goals, so that every goal will be assessed at least once between 2021 and 2024. Impact studies and their results are described in the chapters 3 and 9 of the Funding Agency's annual report. In addition, a summary of the results and impacts (a report called Results and impact) as well as an impact report titled "Competitiveness and sustainable growth from innovations – Business Finland's results and impacts are published annually on Business Finland's website (currently available in Finnish only).

Business Finland's impact studies are based on an impact model. It is used to develop Business Finland's internal tools, such as evaluation to select companies to be served and funded, as well as more effective management of customers and ecosystems. The impact model has also been developed to describe various customer segments and instrument-specific results and impacts as well as to meet all the needs of service areas. Impact communication has been further developed using visualization, customer segmentation, case analyses, and impact reviews.

## **2.6. STAKEHOLDER ENGAGEMENT**

Customers are a key stakeholder group of Business Finland. Business Finland regularly and systematically collects feedback from its customers on their use of its services. For example, Invest in Finland's services, funding services and internationalization services send out an automated



survey to customers at the end of each service event. In addition, Business Finland conducts an annual feedback survey to its Focus customers to receive customer-level feedback on its operations. The utilization of customer experience data is one of Business Finland's focus areas in 2023 and 2024.


In 2023, Business Finland has increased proactivity and the targeting of its services by utilizing a customer relationship management model (tier and segmentation) and AI-based data models in communications, development of digital channels and services. Business Finland has continued to build capabilities for customer-oriented and multichannel marketing and communications and renewed its digital services on various websites. In the development of services, standardized customer feedback has been extensively utilized as well as involved customers through customer clubs. As part of the Business Finland legislative amendment, Business Finland has updated its customer service paths also taken Team Finland services into account in them. Experts from all service areas have been actively involved in the development work.

The quality of Business Finland's services was mainly at an excellent level in 2023. Business Finland's most important customer experience indicators are general satisfaction with Business Finland's services (scale 1-5, where 1= very unsatisfied and 5 = very satisfied) and willingness to recommend the services (NPS, scale -100 - +100). Both willingness to recommend as well as general satisfaction

rose slightly from 2022 (+67 ja 4,3) to 2023 (+68 ja 4,4). The indicators related to the quality of services are described more extensively in the Funding Agency's annual report in chapter 5.2.

Stakeholder cooperation is guided by Business Finland's strategy. On the perspective of the strategy, it is assessed whether cooperation with a particular organization has a significant social impact or whether the cooperation contributes significantly to the goals of Business Finland. Business Finland engages in close cooperation with the Ministry of Economic Affairs and Employment and the organizations under its administration, as well as with the Ministry for Foreign Affairs. In addition to the above, the key strategic stakeholders include organizations in Team Finland network, VTT, Academy of Finland, Sitra and other regional actors. Business Finland operates actively in the Research and Innovation Council, which guides and coordinates research and innovation policy. Business Finland also cooperates with the bodies of the European Union. Business Finland's global network cooperates closely with both Finnish embassies and significant regional actors. Examples of Business Finland's stakeholder cooperation are given in chapters 4–6 of this report.

Business Finland regularly evaluates its operations by using an EFQM framework. In 2023, the evaluation was carried out as a self-assessment. Business Finland's key strengths were its strategy, positive impact, good employer image, value creation for customers, good relationships

An aerial photograph of a natural area. A river flows through the upper left portion of the image. To the right of the river, there are several buildings with dark roofs. Below the buildings, a dirt road curves through a dense forest. In the lower right, a parking lot is visible with several rectangular outlines, possibly indicating parking spaces or structures. The overall scene is lush and green, suggesting a rural or natural setting.

with stakeholders, and the role of sustainable development in strategy and many services. Key areas for improvement were prioritizing operational activities, clarifying the customer journey and service package, taking over and accelerating digital development, knowledge-based management, the significance of sustainable development as a guiding factor for operations, and employee well-being and coping.

The performance agreement for 2023 between Business Finland and the Ministry of Economic Affairs and Employment contains two monitoring indicators related to stakeholder satisfaction; Visit Finland's stakeholder satisfaction and stakeholder satisfaction with Business Finland's Work in Finland activities. The performance of these indicators is reported in more detail in chapter 5.2 (table 13) of the annual report of the Funding Agency.

# 3 UN SUSTAINABLE DEVELOPMENT GOALS SELECTED BY BUSINESS FINLAND



For the purpose of uniform sustainability reporting of the Finnish central government, Business Finland has selected SDGs 8, 9 and 13 as its UN Sustainable Development Goals. Of the SDG targets, the most suitable ones for Business Finland's operations were selected. At some level, Business Finland contributes to almost every UN Sustainable Development Goal. This report describes the UN Sustainable Development Goals (SDGs) which particularly concern Business Finland's operations, although its operations are also linked to the other goals. For example, in the context of the core theme of sustainability, climate change was not the only UN SDG that Business Finland could have selected.

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

As described in Chapter 2.3, the annual performance agreement with the Ministry of Economic Affairs and Employment defines Business Finland's goals and the indicators measuring the achievement of these goals. The indicators in the performance agreement measure the progress of Business Finland's work. The UN has included appropriate indicators for each target in its list of indicators. However,

TABLE 1: UN SUSTAINABLE DEVELOPMENT GOALS AND INDICATORS SELECTED BY BUSINESS FINLAND<sup>8</sup>

SDG	TARGET	UN INDICATOR	BF INDICATOR
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Annual growth rate of real GDP per employed person.	Export growth of SME clients (incl. midcap), EUR million and %.
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	Proportion of informal employment in total employment, by sector and sex.	Number of jobs created by RDI funding (estimated number of jobs in the target year of the project).
	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.	Material footprint, material footprint per capita, and material footprint per GDP or domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP.	Business Finland does not yet have a specific progress indicator for this target but the indicator of target 9.4 describes well also the progress of this target.
	8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.	Tourism direct GDP as a proportion of total GDP and in growth rate.	Registered foreign overnight stays, 1,000 days. Finland's market share of overnight stays by foreign tourists in relation to other Nordic countries (%). International tourism income (tourism balance), EUR million
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	CO2 emission per unit of value added.	Funding for solutions promoting low-carbon and circular economy, EUR million.
	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	Research and development expenditure as a proportion of GDP or researchers (in full-time equivalent) per million inhabitants.	Increase in the combined RDI investments of Business Finland's clients (%).
Goal 13: Take urgent action to combat climate change and its impacts.	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies	Business Finland does not yet have a specific progress indicator for this target.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment	Share of service events related to the promotion of sustainability (%).



the indicators included in the UN indicator list are not suitable for measuring the work Business Finland carries out to promote each UN target, and they are not fully suitable for Business Finland's reporting either. This is why Business Finland measures the progress of its goals with the performance and monitoring indicators set out in its performance agreement. The descriptions and calculation method of the performance and monitoring indicators are described in Appendix 5 to the performance agreement 2023–2026. The performance agreements can be found on Business Finland's website under "Performance management" (in Finnish).

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



# 4 A HANDPRINT FOR THE UN SUSTAINABLE DEVELOPMENT GOAL 8

## UN Sustainable Development Goal 8:

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

### Target 8.2:

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

### Target 8.3:

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

### Target 8.4:

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

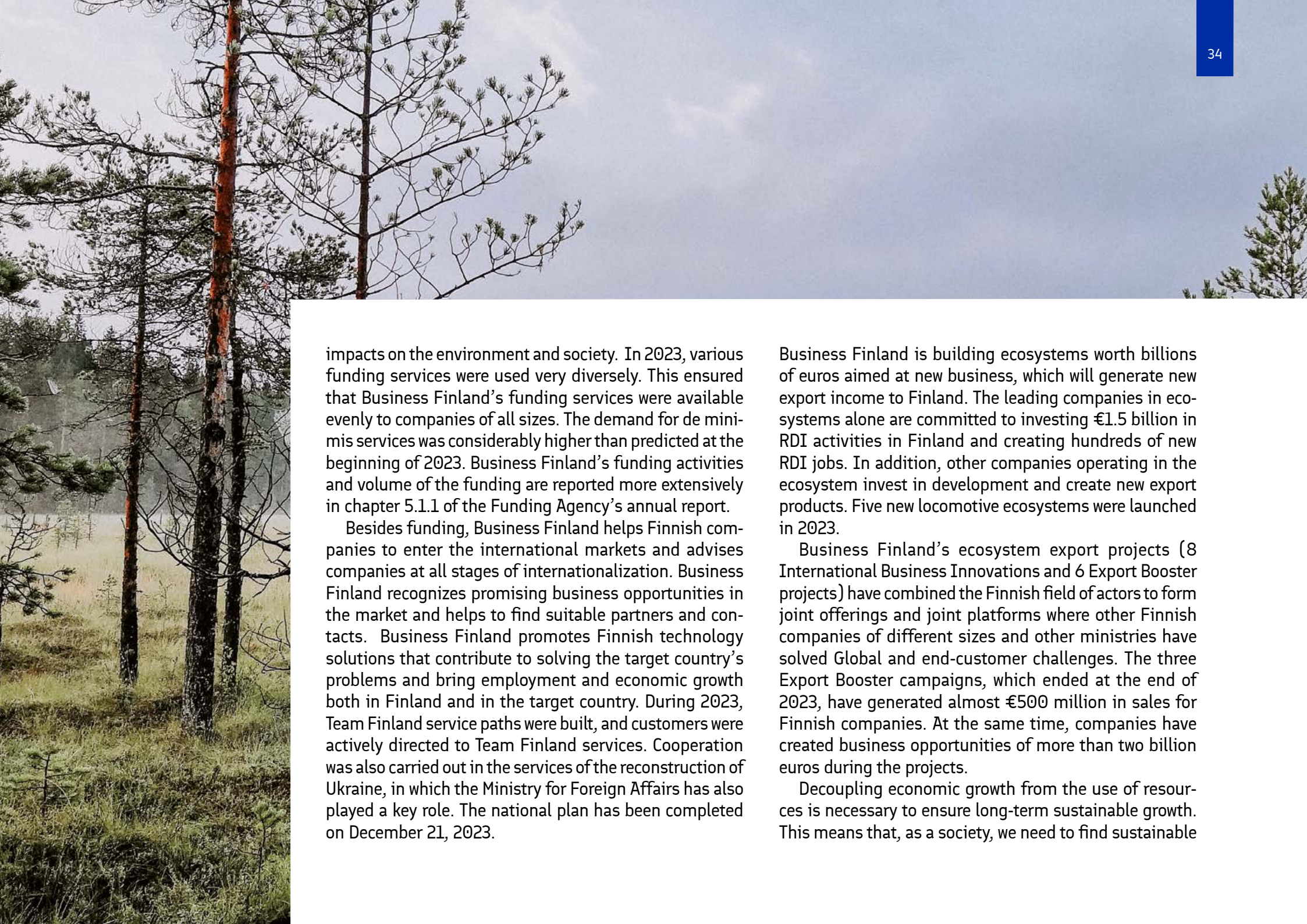
### Target 8.9:

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

Business Finland is an important operator in promoting economic growth in Finland. By supporting the growth of its customers' export earnings, Business Finland contributes to a positive current account balance at the national level. By increasing its customers' salary accrual, Business Finland promotes the development of the employment rate in Finland. In the long term, Business Finland aims to increase sustainability as a prerequisite for economic growth and competitiveness. The aim is also to enable faster growth of foreign tourism demand in relation to the growth of the number of tourists. Visit Finland has defined as its vision that Finland will be the leading destination country for sustainable tourism by 2025.

## 4.1 TARGETS 8.2, 8.3, 8.4 AND 8.9

Business Finland's research, development and innovation funding encourages organizations to engage in research, development and innovation activities and joint programs aimed at accelerating development, increasing value added and productivity, as well as promoting the development of working life. Business Finland assesses the long-term social benefits of each project, considers the project's impact on other organizations and its direct



impacts on the environment and society. In 2023, various funding services were used very diversely. This ensured that Business Finland's funding services were available evenly to companies of all sizes. The demand for de minimis services was considerably higher than predicted at the beginning of 2023. Business Finland's funding activities and volume of the funding are reported more extensively in chapter 5.1.1 of the Funding Agency's annual report.

Besides funding, Business Finland helps Finnish companies to enter the international markets and advises companies at all stages of internationalization. Business Finland recognizes promising business opportunities in the market and helps to find suitable partners and contacts. Business Finland promotes Finnish technology solutions that contribute to solving the target country's problems and bring employment and economic growth both in Finland and in the target country. During 2023, Team Finland service paths were built, and customers were actively directed to Team Finland services. Cooperation was also carried out in the services of the reconstruction of Ukraine, in which the Ministry for Foreign Affairs has also played a key role. The national plan has been completed on December 21, 2023.

Business Finland is building ecosystems worth billions of euros aimed at new business, which will generate new export income to Finland. The leading companies in ecosystems alone are committed to investing €1.5 billion in RDI activities in Finland and creating hundreds of new RDI jobs. In addition, other companies operating in the ecosystem invest in development and create new export products. Five new locomotive ecosystems were launched in 2023.

Business Finland's ecosystem export projects (8 International Business Innovations and 6 Export Booster projects) have combined the Finnish field of actors to form joint offerings and joint platforms where other Finnish companies of different sizes and other ministries have solved Global and end-customer challenges. The three Export Booster campaigns, which ended at the end of 2023, have generated almost €500 million in sales for Finnish companies. At the same time, companies have created business opportunities of more than two billion euros during the projects.

Decoupling economic growth from the use of resources is necessary to ensure long-term sustainable growth. This means that, as a society, we need to find sustainable

solutions that enable economic growth without consuming more resources. Sustainability also offers significant market potential for our customers and the Finnish economy as a whole: solving the great challenges facing humanity offers viable and significant business opportunities. Business Finland's efforts to promote target 8.4 are very similar in content to target 9.4. The work carried out for target 9.4 is described in chapter 5.1.

International country brand marketing, PR and media work with Visit Finland, Invest In Finland, Film In Finland and Work In Finland promote Finland's international recognition and attractiveness and create interest and demand for what Finland has to offer. Through its sales and marketing work, Invest in Finland function identifies foreign companies that could have the potential to make investments that strengthen Finland's economic environment. Foreign investments create high-quality jobs, generate tax euros, and increase sustainable economic activity in Finland. The effectiveness of investments is measured, for example, through the new jobs created. Invest in Finland will bring significant cleantech, bioeconomy and circular economy investments to Finland, accelerating the green transition in Finland.

Visit Finland promotes regional economic growth and employment in Finland by supporting the development and growth of the tourism industry. Visit Finland's work to promote tourism accumulates tourism exports and the sector employs people also in sparsely populated areas. Visit Finland, together with about 70 tourism companies,

has committed to the Glasgow Declaration for Climate Action in Tourism and prepared the required climate action plan for tourism, which was published in November 2023.

Visit Finland's Sustainable Travel Finland program promotes, monitors and reports on the social, cultural, and economic sustainability of tourism companies. The Sustainable Travel Finland (STF) program developed by Visit Finland for the tourism industry continued to expand. There are now 1070 companies and regions involved, of which 302 companies and 4 regions have achieved the STF label. As part of the STF program, Visit Finland has published industry-wide sustainability indicators and launched its own carbon footprint calculator for the tourism industry. Visit Finland publishes annually a report called the national State of Sustainable Tourism in Finland as part of the data collection of the STF program's indicator system.

The compilation of statistics on tourism demand will be developed. In spring 2023, Visit Finland, enabled by EU recovery funding, launched a new national tourist indicator survey (MatkailijaMittari) in cooperation with Statistics Finland. Measures to strengthen the vitality of Eastern Finland have been implemented in accordance with the plan approved by the Ministry. Some of the measures have not been agreed to be implemented until the beginning of 2024 to maximize their impact.

TABLE 2:  
PROGRESS INDICATORS FOR  
TARGETS 8.2, 8.3, AND 8.9.

Key performance indicator	2021 outcome	2022 outcome	2023 outcome	2023 estimate
Export growth of SME clients (incl. midcap), EUR million and %.	EUR 1500 million 16,5 %	EUR 1150 million 11 %	EUR 30 million 0,4 % (forecast)	EUR 500 million 8 %
Number of jobs created by RDI funding (estimated number of jobs in the target year of the project).	24 937	32 610	24 840	30 000
Finland's market share of overnight stays by foreign tourists in relation to other Nordic countries (%).	9	13	11 (estimate) <sup>9</sup>	11
International tourism income (tourism balance), EUR million <sup>10</sup> .	909	2 118	2 546 (estimate) <sup>11</sup>	≥2 500
Key performance indicator	2021 outcome	2022 outcome	2023 outcome	2023 goal
Registered foreign overnight stays, 1,000 days <sup>12</sup> .	2 085	4 975	5 742 (estimate)	≥ 6 000

### PROGRESS INDICATORS:

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

stays, Finland's market share of foreign tourists' overnight stays in relation to other Nordic countries, and international tourism income. The outcomes are analyzed in chapters 3.2.2 and 3.2.4 of the Funding Agency's annual report.

<sup>9</sup> The final results of the indicators will be available in spring 2024..

<sup>10</sup> Income from foreign tourism treated as export (excluding transport income).

<sup>11</sup> The final results of the indicators will be available in spring 2024.

<sup>12</sup> Visit Finland's measures contribute to these only in part.

## CASE EXAMPLE

### **THE VALUE ADDED OF FINNISH EXPORTS MUST BE TURNED UPWARDS**

Prosperity and well-being require sustainable economic growth, which in Finland is mainly generated by exports and the added value they generate. The volume of Finnish exports has remained at the level it was 25 years ago, and value added has developed weakly. The key to a brighter future lies in innovations and export promotion, writes Hannu Kemppainen, Executive Director of Strategy at Business Finland.

Read the whole article:  
[The value added of exports to rise through innovations and exports - Business Finland](#)  
(available in Finnish only)

# 5 A HANDPRINT FOR THE UN'S SUSTAINABLE DEVELOPMENT GOAL 9

## UN SUSTAINABLE DEVELOPMENT GOAL 9:

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

### Target 9.4:

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


### Target 9.5:

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

Business Finland promotes the sustainable and bold renewal of its customers and the Finnish economy, by investing especially in strong capabilities and investments related to internationalization, significant innovation investments, digital transformation, and new business models, as well as value-added networks and partnerships. Business Finland strengthens competitiveness and strives to support its customers so that they would develop into bold reformers of business. In addition, the aim is to improve Finland's attractiveness by promoting a strong country brand and attracting activities to Finland, such as investments, visitors, and experts.

## 5.1. TARGETS 9.4 AND 9.5

Through its mission activities, Business Finland promotes sustainable development and responsibility cross-cuttingly in all strategic themes. The missions respond to global challenges that require long-term and extensive work at the societal level. At the same time, Finnish companies will be helped to take advantage of new market opportunities created as a result of systemic changes. The missions promote sustainable development themes in particular, such as solutions that increase the carbon



handprint. Business Finland's programs serve as a key tool in the implementation of missions, and most of Business Finland's programs are tied to sustainable development.

In 2023, the missions Zero Carbon Future and Digital Native Finland continued their operations. In May 2023, Business Finland decided to launch three new missions: Circular Transition for Zero Waste, Immersive Digital Life and Healthcare Reimagined 2035. The missions are based on Business Finland's thematic strategy and focus on global transformations that involve significant growth opportunities for Finnish companies. Through these five missions, Business Finland will invest approximately EUR 1.5 billion in innovation activities by 2025. All missions promote sustainable development and take advantage of digitalization.

Building ecosystems and networks are key instruments in the implementation of missions, which is done especially in Business Finland's programs and campaigns. After 2023, all Business Finland's programs will be mission-driven. The programs have inspired customers to renew themselves, and RDI funding has been channeled through the programs more than planned. All Business Finland's programs promote innovations and create new sustainable business and industry. For each program, the contribution to sustainable development has been examined. The Sustainable Manufacturing program has supported the renewal, growth and internationalization

of industrial business based on digitalization and sustainable development. During 2023, the focus has been particularly on accelerating the industrial green transition. In spring 2023, Business Finland launched the Decarbonized Maritime and Ports campaign to support the renewal of the maritime industry, focusing on innovation ecosystems, export promotion, international R&D cooperation, and attracting investments and talent. Within the framework of Business Finland's Carbon Neutral Future mission, two new programs have been launched in 2023: Decarbonized Cities and Hydrogen and Batteries programs. In accordance with the roadmap of the Circular Transition for Zero Waste mission, preparations for the Waste into Wealth: Circularizing industrial material flows program were started in the autumn. The program also targets, for example, resource efficiency in the bioeconomy sector.

For its part, Business Finland has contributed to the implementation of Finland's Sustainable Growth Program and Finland's national recovery and resilience plan funded by the EU's Recovery and Resilience Facility (RRF). Most of the RRF calls have already been carried out, and calls related mainly to programmatic measures were still ongoing towards the end of the year. In general, the calls have been successful, and the money has been allocated to innovative projects. Business Finland has granted a total of EUR 425 million through the RRF program between

2021 and 2023, thus promoting the green transition of Finnish companies. In 2023, a call for pilot, demonstration and investment projects concerning RRF-Recycling and reuse was carried out, in which new investment projects worth €46.7 million were funded, a total of 10 projects. Some of RRF-Recycling's and reuse investment projects have focused on the bioeconomy area. Several of the leading companies launched are also related to the strategic transformation and renewal of the bioeconomy sector. In addition, the strategic objectives of many locomotive projects are related to the circular economy. Business Finland also granted circular economy investment grants totaling €81 million to 20 projects in 2023.

For its part, Business Finland is responsible for ensuring that Finnish research and innovation operators can utilize European and other international networks, expertise, and funding. Business Finland has continuously and systematically built and maintained expertise and awareness related to EU programs through open information sessions, trainings, and communications. In addition, Business Finland cooperates with relevant stakeholders and individual actors and advises and spurs individual potential participants. EU services and information sharing with relevant actors are integrated into the activities of the missions and programs. During 2023, particular attention was paid to raising awareness of the new programs (European Defense Fund, Digital Europe, Innovation Fund, Invest EU) and identifying potential beneficiaries. In addition, Business Finland's preparatory funding instrument for Horizon Europe and EDF projects

was renewed to better serve the needs of companies. EU cooperation is described in chapter 3.2.4 of the Funding Agency's annual report.

Business Finland's unit Work in Finland supports companies' innovation activities by improving the availability of international experts and highlighting the benefits of diversity for innovation activities. Work in Finland promotes ethical international recruitment by producing and disseminating information on ethical recruitment, connecting companies with reliable international recruitment partners, and encouraging companies to utilize and lead diversity through leadership mentoring and Talent funding. The Talent funding service was launched during 2023. With the help of funding, companies develop their management and operating methods so that they can recruit and retain international talent. Development activities serve not only international experts but also the entire work community, regardless of the backgrounds of the people working in it.

To promote the objectives of the RDI roadmap and the Act and plan on R&D Funding, Business Finland renewed its funding model for public research at the beginning of 2023 with the aim of increasing the ambition, internationality, and research-business cooperation of research. The renewal has received good feedback from customers. Business Finland also built a new Deep tech funding model in cooperation with the target group. Deep tech startups create unique innovations that can solve today's global problems. They utilize the results of research and



TABLE 3: PROGRESS INDICATORS FOR TARGETS 9.4 AND 9.5.

Key performance indicator	2021 outcome	2022 outcome	2023 outcome	2023 estimate
Funding for solutions promoting low-carbon and circular economy, EUR million.	270	392	345	300
Key performance indicator	2021 outcome	2022 outcome	2023 outcome	2023 goal
Increase in the combined RDI investments of Business Finland's clients (%) <sup>13</sup> .	2,1	16,7	16,4	> 5

intellectual property rights when developing, for example, new ways to produce materials, cure diseases or slow down climate change.

In 2023, Business Finland carried out two extensive studies, one of which dealt with R&D cooperation as a competitiveness factor and the other on Finland's international marketing as an investment, work, and tourism destination, as well as a location for AV productions. The reports and results of the studies are described in chapter 3.2.4 of the Funding Agency's annual report. Based on them, it can be briefly stated that Business Finland's funding services clearly increase R&D cooperation and expand knowledge networks, Invest in Finland has played a key role in attracting foreign direct investments to Finland, and the Work in Finland and Talent Boost programs have increased the interest of specialists towards Finland. In

addition, Finland has become more visible as a tourist destination globally and local tourism companies have become more professional as a result of Visit Finland's measures. Film in Finland has helped attract foreign productions to Finland and thus helped promote Finland to the international audiovisual industry.

#### PROGRESS INDICATORS:

The achievement of targets 9.4 and 9.5 is measured by the amount of Business Finland's funding allocated to solutions promoting low-carbon and circular economy, as well as by the increase in combined RDI investments among Business Finland's clients. The outcomes are analyzed in more detail in chapters 3.2.3 and 3.2.4. of the Funding Agency's annual report.

## CASE EXAMPLE

### MISSIONS SOLVE GLOBAL CHALLENGES

Business Finland has launched three new missions in 2023: Healthcare Reimagined 2035, Circular Transition for Zero Waste and Immersive Digital Life.

**The Healthcare Reimagined 2035** mission aims to address global health challenges as the population ages, chronic diseases increase, healthcare suffers from growing labor shortages and resources are limited. We need to increase cost-efficiency and take care of general government finances. Finland shows the world how to move from healthcare to health maintenance by utilizing data, technology, and digitalization.

The vision of the **Circular Transition for Zero Waste** mission is that sustainable societies of the future will use the circular economy to safeguard natural resources for future generations, reduce

waste and overcome ecological crises through systematic changes in production and consumption patterns. The aim is to make Finland a global forerunner in the zero-waste transition of the circular economy by 2035.

The mission of **Immersive Digital Life** aims to empower people and businesses to collaborate, communicate and solve problems better in open virtual environments. This is important because in the coming years, 25% of people are projected to spend at least an hour a day in virtual environments. The mission will also enhance sustainability and Europe's technological leadership and independence.

Read the whole article:

[Missions solve global challenges - all our missions published - Business Finland](#) (available in Finnish only)

# 6 A HANDPRINT FOR THE UN SUSTAINABLE DEVELOPMENT GOAL 13

## UN SUSTAINABLE DEVELOPMENT GOAL 13:

Take urgent action to combat climate change and its impacts

### Target 13.1:

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

### Alatavoite 13.3:

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

Sustainability is one of the three core areas of Business Finland's strategy. In particular, Business Finland focuses on increasing awareness of environmental and social responsibility, new solutions that increase the carbon handprint, and smart business models and solutions based on life cycle thinking. Business Finland promotes sustainability by raising awareness of sustainability and sustainable business activities and by strengthening its customers' ability to increase their ecological, economic, and social responsibility.

## 6.1. TARGETS 13.1 AND 13.3.

Business Finland has introduced a Sustainability Handbook for personnel to harmonize and increase understanding of what responsibility means in the context of Business Finland. The handbook compiles Business Finland-level policies and guidelines related to sustainability as well as current practices in different service areas. In connection with this, coaching and an online course have been organized. At the beginning of 2023, Business Finland also

published a Sustainable events guide. It contains guidelines for making sustainable choices from the beginning to the end of the event organizing process.

Customers were challenged in different areas of sustainable development, and sustainable development has been considered in customer relationship plans. Customers have been advised on sustainability and responsibility, and services have been provided to help them develop their products and services and take sustainability requirements into account in their business. Monitoring through a customer relationship management (CRM) system has shown that activity in accordance with sustainable development with customers and being active in bringing up the theme in customer discussions has clearly increased.

In Business Finland's communications and marketing, one strong emphasis has been on Business Finland's services for companies developing sustainable solutions. During autumn 2023, one of the main campaigns of customer communications in Finland focused on marketing communications related to the green transition of Business Finland's services and programs. In addition, sustainable industry and innovations and related results were highlighted in the results of the Finnish Sustainable Growth Program (RRF), which included, among other things, example stories from Finnish companies, a results seminar in cooperation with the Academy of Finland, and the publication of the results report of the RRF export programs.

Several sustainability-related trainings were organized in 2023, and all Business Finland employees were instructed to organize at least one learning day on sustainable development. Quarterly voluntary "Sustainability Talks" were held to discuss topical issues such as new EU regulation on sustainability, greenwashing and ecolabelling, the sustainable development strategy, and diversity, fairness, and inclusion. In addition, a Sustainability Learning Day package was created to facilitate the selection of sustainable development topics. Membership in the UN Global Compact and FIBS guaranteed access to diverse events and learning materials. Sustainable development training is also described in section 7.1.

During 2023, Business Finland piloted and later established the use of responsibility reports produced by Suomen Asiakastieto in the preparation of funding. The reports specify responsibility-related information about Business Finland's customers and provide an opportunity to influence Business Finland's funding decisions from the perspective of responsibility. About 1200 reports were retrieved during the year. Business Finland cooperated with some Team Finland actors in this matter. Since the beginning of 2023, customers have also been asked about the impacts of funded projects on sustainable development already when submitting their funding application.

Invest in Finland developed a framework for assessing the sustainability impacts of foreign investments on Finland from the perspective of the environment, society, and governance. This tool helps to understand the

TABLE 4: PROGRESS INDICATOR FOR TARGET 13.3.

Key performance indicator	2021 outcome	2022 outcome	2023 outcome	2023 goal
Share of service events related to the promotion of sustainability (%).	17	30,2	59	> 50

sustainability impacts of investments more holistically and supports future customer selection. In addition, the sustainability offering roadmap was taken forward, paying particular attention to corporate advisory work. During the year, a simple tool was developed to support discussion on sustainability with Business Finland's customers.

More than 75% of the market opportunities sought worldwide are related to sustainable development. Business Finland continued its cooperation with the Ministry for Foreign Affairs in support of the sustainable development goals on the Developing Markets Platform. The Developing Markets Platform (DevPlat) is a cooperation platform of Business Finland and the Ministry for Foreign Affairs that helps Finnish companies, and their partners promote business and innovations in accordance with the UN's sustainable development in emerging markets. DevPlat provides information, advice, contacts, and innovation funding to help Finnish companies and their partners enter emerging markets and integrate the UN Sustainable Development Goals into their own business. DevPlat funding is subject to an SDG assessment to identify potential sustainability

risks and opportunities for impact in project plans before making a funding decision. In IBI-projects (billion-euro export projects), a comprehensive ESG analysis is carried out in the third phase of the process, which also confirms the official start of the project.

#### **PROGRESS INDICATORS:**

The implementation of targets 13.1 and 13.3 is measured by how the theme appears in Business Finland's customer interface. The customer encounters and customer service events recorded in the customer relationship management system are provided with information whether the promotion of sustainability has been an essential part of the encounter or event. Compared to 2022, the outcome for 2023 is almost double, exceeding the target level for the first time. Induction to the documentation of customer work has been increased and the documentation guidelines have been specified to make customer work related to sustainability more visible.

## CASE EXAMPLE

### **RRF FUNDING SPEEDS UP THE GREEN TRANSITION AND DIGITALIZATION**

Finnish companies have received EUR 440 million from the EU Recovery and Resilience Facility (RRF) through Business Finland, while research organizations have received EUR 90 million of RRF funding through the Research Council of Finland. In particular, funding has been granted to promote the green transition and digitalization. In the RRF result event organized by Business Finland and the Research Council of Finland on 17 October 2023, companies and research organizations presented their views on the importance of the funding and the results achieved with it.

Read the whole article:

[RRF funding speeds up the green transition and digitalization - Business Finland digitalisaatioon - Business Finland](#)

# 7 FOOTPRINT – IMPACT ON THE OPERATING ENVIRONMENT



## 7.1 BUSINESS FINLAND'S PERSONNEL

### HUMAN RESOURCE MANAGEMENT

The Act on Business Finland, which entered into force on May 1, 2023, and the resulting personnel changes have been the most significant factor affecting human resource management in 2023. In particular, the legislative amendment clarified the public administration tasks of Business Finland that are related to the funding activities that fall under the responsibility of the Business Finland Funding Agency. The Act also specifies other public administration tasks performed by the Company and defines the provisions concerning the transfer of the Company's tasks and personnel to the Funding Agency. For this reason, significant changes had to be made to the job descriptions, organization, and organizational structure both in the Company and in the Funding Agency during 2023. In addition, some parts of the organization made changes related to roles and structure for reasons related to the renewal of operating methods. In the Company, the new organization and job descriptions entered into force on August 1, 2023, and at the Funding Agency the change took place as of January 1, 2024.



Due to the change, a total of 83 people were transferred from the Company to the Funding agency in 2023. The role of nearly 60 people in the Company's organization changed significantly after the change negotiations, and some roles were subject to minor changes. As a result of the co-operation negotiations held at the Funding Agency in the autumn, the duties of nearly 180 employees changed significantly at the beginning of 2024. The aim was to place people in the new organization and in new roles as far as possible, listening to the expectations and wishes of the personnel, even though the expectations of the personnel could not be met in all respects. In addition, the employment contracts of nearly 30 fixed-term employees could be made permanent towards the end of the change process.

In managing the change process, special emphasis was placed on active communication as well as consultation and involvement of personnel. Personnel briefings organized at least once a month have played a key role in communication related to the change process, informing about the progress of the change process. In addition, the intranet has had its own website, where news and materials related to the change have been collected. Personnel were involved at different stages of the change, for example, in development groups focusing on change themes, the aim of which was to find good and functional solutions for the situation when the revised Business Finland Act enters into force. The development groups sought the competence and representation of personnel from different parts of

the organization. In addition, all personnel had the opportunity to give feedback and ask questions in an experience survey, which was carried out a total of six times during the year. Various discussion and information events were organized in the service areas and units as needed. The change process, which lasted throughout 2023, has naturally burdened the personnel, and various measures have been taken to support the coping of the personnel. More about this, will be told later in this chapter.

## PERSONNEL TARGETS

In accordance with the performance agreement with the Ministry of Economic Affairs and Employment, Business Finland monitors the development of personnel satisfaction, the management index and personnel turnover, the assessment and implementation of which are reported in Chapter 6 of the annual report of the Funding Agency (Tables 14, 15). Personnel turnover includes Business Finland's internal recruitments and internal job rotation, which involve a change of duties or role as well as a change of unit or a change of working country. In addition, job rotation with partner organizations is included.

Business Finland works actively to achieve the government's common HR goals and promote multi-location work. Business Finland considers the objectives of the Government's Action Plan for Gender Equality and the Ministry of Economic Affairs and Employment's Working life diversity program when updating its equality and non-discrimination plan.



## NUMBER AND STRUCTURE OF PERSONNEL

Business Finland's total number of employees (persons with an employment contract) was 637 on 31 December 2023 (2022: 674 employees). A total of 214 people had an employment contract with the Funding Agency (in 2022: 144) and a total of 423 people with the Company (in 2022: 530). The number of employees decreased by 5.5% compared to 2022, primarily due to the end of the fixed-term resource needs required for disruption funding. In 2023, a total of 32 new employees joined the Company, 8 of them outside Finland. Some of the recruitments abroad were new and others were replacement recruitments. In all, the number of personnel in Business Finland's global network decreased by 6 persons in 2023. The figure does not include trainees and people hired through a third party. In 2023, a total of 8 new employees joined the Funding Agency.

During 2023, two business transfers were carried out from the Company to the Funding Agency. In the first part as of June 1, 55 persons were transferred and in the second part as of August 1, 28 persons.

During 2023, the Company had 24 trainees in Finland. Of these, 15 were hired for internships in 2023 and 9 started their internships already in 2022, continuing into 2023. Additionally, at the end of the year, the following people worked at the Company:

- 13 employees at Business Finland USA Inc
- 5 employees in FinChi Innovation Center Company Ltd

- 48 employees outside Finland, employed by a third party, (not having a direct employment relationship with Business Finland, but working for Business Finland)
- 11 employees in temporary agency employment relationships in Finland, hired by a third party.

Of those hired through a third party, 35 are permanent and 13 are temporary employees. They work as experts in Business Finland's global network. In the human resources management system, there is a separate group of employees for these persons, and everyone in that group is included in this number of employees. The number of employees varies depending on how many people are needed in each location of the global network.

Business Finland employs 37 different nationalities. In addition to offices abroad, there are also foreign experts at the Helsinki office. Thanks to their expertise, Business Finland can offer services that consider the international business environment and culture for all its customers and is able to pay attention to the special needs of international entrepreneurs operating in Finland.

Business Finland's Board of Directors has 8 members, 4 women and 4 men. 2 of them belonged in the age group 30–50 years, and the remaining 6 persons belong to the age group over 50 years. Despite the changes in the Board of Directors, there were no changes in the age and gender distribution of the Board of Directors.

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

The following tables show the number of employees in an employment relationship with Business Finland on 31 December 2023 (Table 5), the proportion of women among the personnel and in different personnel categories (Table 6) and the proportion of different age groups in personnel

categories (Tables 7 and 8). The figures are based on the personnel in an employment relationship with Business Finland (Table 5). Members of the leadership team are considered part of the management. Business Finland does not have people who can be called to work if necessary.

TABLE 5. PERSONNEL IN AN EMPLOYMENT RELATIONSHIP WITH BUSINESS FINLAND ON DECEMBER 31, 2023.

	FUNDING AGENCY	COMPANY
<b>Total</b>	<b>214</b>	<b>423</b>
men	99 (46 %)	174 (41 %)
women	115 (54 %)	249 (59 %)
person-years 2023	177,7	350,4*
permanent	180 (84 %)	351 (83 %)
fixed term	34 (16 %)	72 (17 %)
permanent women	94 (82 %)	201 (81 %)
permanent men	86 (87 %)	150 (86 %)
By location		
Helsinki	171 (80 %)	279 (66 %)
rest of Finland	43 (20 %)	38 (9 %)
other countries	-	106 (25 %)
permanent Helsinki	139	228
permanent rest of Finland	41	35
permanent other countries	-	88
part-time	9 (4 %)	11 (3 %)
full-time	205 (96 %)	412 (97 %)
full-time women	109 (95 %)	242 (97 %)
full-time men	96 (97 %)	170 (98 %)
Average age	52,1	48,1
male/ female	53,3/51,1	50,9/ 46,2

TABLE 6. PROPORTION OF WOMEN AMONG THE PERSONNEL AND IN DIFFERENT PERSONNEL CATEGORIES ON DECEMBER 31, 2023.

	FUNDING AGENCY 2023	COMPANY 2023	FUNDING AGENCY 2022	COMPANY 2022
female employees	54 %	59 %	56 %	56 %
female experts	52 %	60 %	55 %	57 %
female supervisors	50 %	45 %	71 %	44 %
female managers	40 %	75 %	40 %	50 %

TABLE 7. PROPORTION OF DIFFERENT AGE GROUPS IN THE PERSONNEL CATEGORIES ON DECEMBER 31, 2023, THE COMPANY.

	UNDER 30 YEARS	30 – 50 YEARS	OVER 50 YEARS
management and supervisors	0 %	29 %	71 %
experts	8 %	43 %	48 %
entire Company	8 %	42 %	50 %

TABLE 8. PROPORTION OF DIFFERENT AGE GROUPS IN THE PERSONNEL CATEGORIES ON DECEMBER 31, 2023, THE FUNDING AGENCY.

	UNDER 30 YEARS	30 – 50 YEARS	OVER 50 YEARS
management and supervisors	0 %	29 %	71 %
experts	4 %	27 %	69 %
entire Funding Agency	4 %	27 %	69 %

←

\*) in an employment relationship in Finland

\*\*) The majority of employment contracts are full-time, so the locality-specific breakdown of personnel also adequately describes the distribution of full-time employees by locality.


## EQUALITY AND NON-DISCRIMINATION PLAN

Business Finland adheres to an equality and non-discrimination plan, which describes the current situation as well as measures to prevent discrimination and promote equality. The plan also describes the presentation of male and female employees in different positions and the results of the salary survey. The plan was drawn up in 2022, and its updating is topical again in 2024. Business Finland celebrates the diversity of its personnel and prohibits all kinds of discrimination. These principles apply to Business Finland's operations both in Finland and abroad. The cooperation committee of the Funding Agency and the Company's co-operation dialogue monitor the implementation of the measures. In 2023, one notification was submitted to the employer asking to find out whether the person had encountered harassment at work. It has been settled with people concerned.

In 2023, Business Finland Oy promoted equality especially from the perspective of equal pay. The pay equality work that started in 2021, was continued also in 2023 by distributing a new equality pay on Business Finland Oy. In 2023, the review was also extended to the global network.

Based on the salary data, pay differences, which were not directly explained by differences in job difficulty, educational level or work experience were identified. Of the limited group under review, 27 people (of which 23 women) in Company's organization in Finland and 39 people (of which 25 women) in the global network were identified, whose salary did not correspond to their skills and experience. They received a separate equal pay raise starting from January 2024. The Funding Agency has not identified similar unexplained pay gaps in connection with the salary survey it conducted in connection with its equality plan.

The hybrid work model has been in place since 2022. It enables multi-location work depending on the person's duties. Extensive remote work opportunities can be seen, for example, in the personnel's places of residence. There are still applicants from a wider geographical area, and, on the other hand, the current personnel have, to some extent, moved back to their hometowns or otherwise closer to their relatives. During autumn 2023, Finnish personnel had the opportunity to apply for a change in their place of work and thus get a job closer to their hometown. The opportunity aroused widespread interest among the



personnel, and most of the requests for changes in the office were met. In addition, the possibilities for implementing remote work abroad have been investigated during 2023. The global policy on remote work abroad entered into force on January 1, 2024.

## **EMPLOYER IMAGE**

In the 2023 employer image survey for professionals conducted by Universum, an employer branding specialist, Business Finland was selected as the most attractive employer in the public sector for the fifth year in a row. In the ranking of employers in the commercial sector, Business Finland ranks sixth, which is historically the highest ranking. For the fourth year in a row, we are in the top ten employers in the commercial sector. In 2023, Business Finland was the only public sector operator to be ranked in the top ten among commercial sector employers in the professional category. The commercial sector is the largest sector surveyed by Universum. The results of the Universum survey conducted among students also followed the same line in 2023: Business Finland ranked 9th in the commercial sector and was the most attractive of the public sector organizations.

In 2023, Business Finland hired 15 trainees for employment relationships of 7–12-months across the organization. In autumn 2023, Business Finland announced a return to the Finnish National Agency for Education's EDUFI trainee program after a break of almost four years. The trainee program was put on hold in 2020 due to the coronavirus pandemic. Trainees will be hired in nine offices of Business Finland's global network in early 2024.

## **REMUNERATION SYSTEM AND PERFORMANCE-BASED BONUSES**

The remuneration processes of the Company and the Funding Agency have been harmonized as far as possible already during 2019. Job difficulty is assessed with the Hay Job Evaluation system. Business Finland uses an annual salary adjustment process in which each employee's salary is reviewed against performance evaluation criteria. The criteria are common to the Company and the Funding Agency. Annual salary increases are made based on this process.

During 2023, a one-off reward model previously piloted by the Company and the Funding Agency was established as part of the remuneration system. The one-off reward



is intended as managing tool for the team supervisor, so the supervisor makes proposals that are approved by the service area manager. Members of the leadership team of the Company are also covered by the new one-off reward model.

Four Business Finland's employees from different parts of the organization were awarded a sum equal to 50 % of the monthly salary for operating according to Business Finland's values. The employees participated in the selection of the bonus recipients.

In addition to performance-based remuneration, salaries were raised in the Company in a same way as general salary adjustments. The Funding Agency complies with the general salary adjustments agreed in the general collective agreements for government (VESTES), which were also implemented in the Company in 2023. In global network, index increases were determined using a formula that considers the average inflation rate of each country. In addition, the Company implemented equality pay increases, for which the working years of the personnel were examined in particular.

Compensation transparency was increased in the Company by publishing in-house median salaries according to job grade on the intranet and by arranging training for personnel related to the job grade system.

## PERFORMANCE APPRAISALS

Business Finland conducts two rounds of performance appraisals annually, and they cover the entire personnel. At the beginning of the year, Business Finland agrees upon the next year's targets and reviews the previous year's performance. In the autumn, an interim performance appraisal is held in which the targets are reviewed, a motivation and well-being, role and learning discussion is held, and two-way feedback is given. The performance appraisals are documented in the human resources management system. In 2023, the coverage of the performance appraisals was 92%, the coverage of the interim performance appraisals was 88%.

## TRAINING AND COMPETENCE DEVELOPMENT

Business Finland has a global policy for developing the competence of its employees and offering them professional training. The goal of competence development is to strengthen leading-edge expertise by developing, maintaining, and updating know-how and competence. Expert work requires the ability to change and the anticipation of competence needs, which ensures that development meets future needs and supports the implementation of Business Finland's strategy.

Competence development, the realization of one's own development needs, self-direction and planning are supported in various ways. Learning management is considered in supervisor work through continuous dialogue. Digital learning modules are offered on the Campus training platform. In addition, the Learning Day concept creates a safe atmosphere for learning so that there are no obstacles to learning during working hours and everyone can identify their own development targets and find solutions to them.

Learning Day (LD) encourages self-development and the creation of routines for continuous learning. In 2023, Business Finland set a target of four LD days per employee (100%) so that one Learning Day should focus on studying sustainable development themes. The achievement of the LD target in 2023 was 94%, and correspondingly, the goal of the sustainable development focus had been exceeded by 204%. According to the LD concept, each employee can use 4–8 working days during the year to develop their own skills.

Business Finland's ambition is to be a socially responsible and sustainable work community. In 2023, the shared strategic focus on competence development was built around the themes of sustainable development. The understanding of what sustainable development means in the context of Business Finland has been strengthened through activities that have continued throughout the year. Business Finland's role in promoting sustainability is outlined in the Sustainable Development Handbook published in 2023, which compiles Business Finland's

common policies, goals, guidelines, and operating models for sustainable development, as well as the roles of different teams. Content adoption was promoted with an online course with a 73% completion rate. In addition, personnel were offered basic training on sustainable development, an online course on human rights in business, human rights discussion and training events for middle management, and quarterly interactive knowledge and information sharing events on changing regulation, greenwashing and eco-labels, corporate sustainability journey and diversity.

In Business Finland's work community communications, external communications, and marketing Business Finland's expertise in taking diversity and equality (DEI) into account was developed. Business Finland's staff received communication training in Finnish and English on the topic, and topics related to equality and diversity were presented in internal communication channels. In addition, communications experts developed their expertise in sustainability communications and DEI issues.

Campus is a digital learning environment that Business Finland has introduced to support leadership and development. The Campus service menu (learning modules) has been categorized according to strategic competences. At the end of the year, the campus had 183 different services, such as webinar recordings, online training, etc. It is also possible to share expertise and spar with a colleague in the form of an on-demand service.

Task and job rotation as part of learning at work is one of our main models for promoting competence development

and cooperation skills. Internal relocations were successfully carried out, for example, through substitutes and recruitments between service areas in Finland and between Finland and foreign offices. In 2023, the internal job rotation at Business Finland amounted to 7% of the total number of employees (Funding Agency and Company).

## EMPLOYEE SATISFACTION

In 2023, employee experience was measured using the Pulse survey. There were six Pulse survey rounds during the year, the first in January and the last in December. The results of Pulse were monitored by Business Finland's leadership team and the Service Areas' leadership teams. The results were also discussed at unit and team level with the personnel. The response rate for this type of Pulse survey was quite good, averaging 46%. With the help of the Pulse survey, it was possible to collect feedback several times during the year, which enabled agile action on corrective measures, for example, communication practices were changed based on the results of the survey.

The section measuring overall job satisfaction included four questions related to supervisor work, well-being at work, the opportunity to use one's own skills and the meaningfulness of work tasks. Measured by these questions, overall job satisfaction decreased in 2023 (69 in 2023, 73 in 2022, on a scale 0–100). Of these four areas, well-being at work received the lowest result (62) and supervisor work the highest (78). Well-being at work was negatively affected by the amendment process related to the Act on Business Finland, which affected a large part of

the personnel during 2023, as well as the need for clarification mentioned in the new Government Program to strengthen the steering role of the Ministry for Foreign Affairs in government export and internationalization promotion activities.

## EMPLOYEES' WORK CAPACITY AND WELLBEING AT WORK

Personnel benefits were offered to the employees through ePassi. ePassi is intended for Business Finland's employees working in Finland, and in 2023 it can be used to pay for services such as sports, culture, commuting, and lunch.

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

As remote work continues to be the most popular form of work, measures to support wellbeing at work must also have been targeted at remote work. The BreakPro program for exercise during breaks is still in use. In addition, the Campus contains many self-study materials related to wellbeing at work.

The personnel's coping challenges caused by the change have been responded by organizing coaching for coping with change and training on the renewed early support model at the beginning of the year. The aim of the renewed early support model is to provide supervisors,



the work community, and each employee with tools to support well-being and ability at work. The piloting of a direct appointment with an occupational psychologist in Finland started in autumn 2022, was continued until the end of 2023. Thus, an employee could, without a referral from an occupational health physician, go directly to an occupational psychologist if he or she has, for example, challenges related to wellbeing at work. The employees still have access to the low-threshold Auntie service, which offers psychological discussion support. The Auntie service was used 43 times in 2023, which is clearly more than in previous years. The Auntie service is available in both Finnish and English.

Several fixed-term employees have been made permanent to ensure sufficient human resources, and urgent assistants have been hired to ease especially the backlog of project processing in funding.

Business Finland has also provided guidelines for meeting practices, break times, and the planning and prioritization of work to relieve the stress caused by attending many Teams meetings in a row. A Handbook for Hybrid Work has been prepared for supervisors to support hybrid work management. Each working day has a so-called Meeting Free hour, and Fridays involve a Meeting Free Afternoon during which no internal meetings are held. The duration of meetings is advised to be scheduled so that there is a break between meetings before the beginning of the next meeting.

## **ACCIDENTS AND OCCUPATIONAL HEALTH AND SAFETY**

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

The occupational safety and health committees of the Funding Agency and the Company met on a quarterly basis in 2023. Occupational safety and health organizations played an active role in both the new early support model and the assessment of the effectiveness of occupational health care. Additionally, themes related to the organizational change concerning Business Finland and the coping of personnel, have been of interest to occupational safety and health.

Risk management is integrated into day-to-day management and operations, and occupational wellbeing risks are surveyed regularly. A separate risk assessment on travel safety has also been conducted. As a result of the risk assessment, Business Finland has further developed its travel safety process and guidelines.

One occupational accident notification was submitted at the Funding Agency and seven occupational accident notifications at the Company during 2023. Due to the transition to working mostly remotely because of the coronavirus pandemic, group accident insurance was taken out in spring 2020 for the Company's personnel, which compensates employees for accidents that occur during



the remote workday beyond the statutory insurance coverage. The accident protection of the Funding Agency's personnel when working remotely has been improved during 2022 through a legislative amendment.

## **OCCUPATIONAL HEALTH**

In 2023, the number of absences due to illness among the Company's employees in Finland was 8,0 days per person-year. At the Funding Agency, the number of absences due to illness was 5,6 working days per person-year.

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

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

care services are available to the personnel in Finnish and English.


## **APPLICATION OF COLLECTIVE AGREEMENTS AND COLLECTIVE BARGAINING**

The collective agreements for state employees and civil servants apply to all the employees of the Funding Agency. In addition, the Funding Agency has its own local collective bargaining agreement concerning remuneration. Business Finland Oy is a member of Palta, the representative association for service sector businesses and organizations, but its employees are not covered by a collective agreement. Instead, the terms of employment are determined in the employment contract and the employment relationship guide.

## **7.2 DIRECT ENVIRONMENTAL IMPACTS**

Due to the nature of Business Finland's operations, the direct environmental impacts are mainly related to offices, energy consumption and travel. These have also been described in Business Finland's sustainability policy.

The premises of the head office are used jointly by Business Finland and Finnvera plc. In the provinces outside Helsinki, Business Finland mainly operates in

A photograph of a brick building with a 'FISKARS SHOP' sign and flower pots in the foreground. The building is made of red brick and has a white window frame. A sign for 'FISKARS SHOP' is visible on the left. In the foreground, there are several flower pots on stands, some containing purple and yellow flowers. A wooden bench is also visible in the foreground.

shared premises with its other partners (e.g. ELY Centers, shared premises of the state), which reduces the necessary premises and the resulting carbon footprint. In the renovation of the head office in 2023, special attention was paid to environmental sustainability, for example, by reducing office space to minimize emissions, considering lighting and water consumption when upgrading sanitary facilities, and utilizing existing furniture and equipment where possible. Business Finland has drawn up an implementation plan for the central government's premises strategy. Business Finland participates, for example, in the government's shared working environment solutions (Senate Properties), which create working environments in the provinces that are suitable for new ways of working and take sustainability into account.

Business Finland's operations are generally paperless as they rely on electronic transactions and the digitalization of services and administrative tasks. Business Finland's virtual meeting and other digital communication solutions reduce commuting, and flexible remote work policy also reduces commuting between home and the office. Business Finland's travel policy takes sustainable development into account. Environmental sustainability is increased by favoring environmentally friendly alternatives in procurement, and public transport is the preferred choice when choosing a mode of travel.

Business Finland's IT equipment has been acquired through leasing agreements. Hansel's equipment

agreement includes requirements for the recyclability of equipment. Most portable devices have electronic privacy protection, which has made it possible to dispense with separate, plastic protectors. The devices are also supplied with only one charger and cable instead of the previous two. Business Finland has tentatively studied the Green coding principle, where the goal is to produce systems with efficient program code, thereby reducing the energy consumption required by software. Business Finland's carbon footprint calculation was not carried out in 2023.

### 7.3 PROCUREMENT

Business Finland is committed to promoting the objectives of the national procurement strategy in terms of its procurement activities and has compiled an action plan for public procurement. As part of the implementation of these, Business Finland has implemented a procurement partner model, launched License to buy -online training for personnel, held targeted procurement trainings, as well as introduced the software called Hankintasalkku to support the systematic implementation, monitoring and reporting of procurements. Business Finland has also participated in the KEINO and TOIMI2 projects, which develop innovative, sustainable procurement. The procurement process was examined from the perspective of sustainability, and new criteria related to sustainability were added to tenders and contracts.

The annual value of procurement in both Business Finland organizations is approximately EUR 42 million (The Company EUR 38 million and the Funding Agency approximately EUR 4 million). In general, procurements are divided as follows: administrative services, ICT purchases, expert and office services, maintenance of buildings and areas, personnel services, materials, supplies and goods, educational and cultural services, accommodation and food services, travel and transport services, construction, and machinery, equipment, and transport equipment. In 2023, Business Finland made purchases from a total of 1500 suppliers. The figure includes both domestic and foreign suppliers. Business Finland operates in 37 different locations abroad and makes plenty of small purchases from local suppliers.

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

The goal of responsibility and sustainability means that Business Finland recognizes and considers the social impact of its procurements. When implementing

procurements, Business Finland also aims to promote the social, economic, and ecological justice and the consideration of sustainability matters. Business Finland takes environmental matters and the principles of sustainability into account in its procurements.

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

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



## 7.4. FINANCES

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

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

A few key figures on the finances of both the Funding Agency and the Company are presented in table 9. In other respects, the finances of the Funding Agency and the Company are described in the financial statements and annual reports of both organizations.

In 2018, a subsidiary of Business Finland Oy filed a civil suit against a former employee of a subsidiary in the United States based on suspected financial abuse by the former employee from 2011 to 2017. The amount of ambiguous expenses in the accounts for 2011–2017 is significant, approximately USD 4.8 million in total. As the case has proceeded, the suspicions regarding the abuse have been reinforced. During 2020, the process resulted in positive interim decisions and interlocutory judgments. The case in the local court in the United States

TABLE 9: BUSINESS FINLAND'S KEY FIGURES.

	2023	2022	2021
Total number of employees: Funding Agency and Company (persons with an employment contract with Business Finland)	637	674	713
Authorizations exercised by the Funding Agency	EUR 771 million	EUR 946 million	EUR 909 million
Operating expenditure of the Funding Agency (incl. operating expenditure carried over from previous years) *)	EUR 147,6 million	EUR 152,8 million	EUR 139,9 million
Operating income of Business Finland Oy and its subsidiaries (without the de minimis appropriation)**)	EUR 97,2 million	EUR 101,3 million	EUR 93,9 million
Group's balance sheet total (Business Finland Oy and its subsidiaries)	EUR 41,0 million	EUR 44,6 million	EUR 46,3 million
Funding applied from Business Finland (Funding Agency and Company)	EUR 1 040 million (share of RRF contribution EUR 135 million)	EUR 1190 million (share of RRF contribution EUR 158 million)	EUR 1 359 million (incl. disruption funding EUR 64,4 million, share of RRF contribution EUR 363,1 million)
Number of funding applications (Funding Agency and Company)	7 014 (incl. 169 RRF applications)	7035 (incl. 393 RRF applications)	6 077 (incl. 197 applications for disruption funding and 347 RRF applications)
Total funding granted	EUR 750 million (incl. RRF funding EUR 58,8 million) ***) ****)	EUR 882 million (incl. RRF funding EUR 273 million)	EUR 707 million (incl. EUR 51.8 million in disruption funding, EUR 74 million in RRF funding)
Funding for companies	EUR 598,6 million (incl. RRF funding EUR 50,1 million)	EUR 702,1 million (incl. RRF funding EUR 252,3 million)	EUR 561 million (incl. disruption funding EUR 52 million, EUR 66,1 million in RRF funding)
Funding for research institutes	EUR 150,9 million (incl. RRF-funding EUR 8,7 million)	EUR 179,4 million (incl. RRF-funding EUR 20,2 million)	EUR 146 million (incl. RRF-funding EUR 7,9 million)

\*) In 2022 ja 2023 the operational expenditure also includes the operating expenditure appropriations allocated to RRF activities.

\*\*\*) Operating income of Business Finland Oy and its subsidiaries consist mostly of costs invoiced from the Funding Agency based on service agreement

\*\*\*\*) Of the funding granted EUR 27 million, 1 497 pcs, are made by Business Finland Oy. Of this, innovation funding amounts to EUR 10,2 million and business funding to EUR 16,4 million.

Business Finland Oy has not made funding decisions related to RRF-funding.

\*\*\*\*\*) The amounts of funding applied for and granted include membership fees. Of the funding granted in 2023, membership fees amounted to EUR 23,6 million.

was suspended in spring 2023 after the defendant filed for bankruptcy, after which the case was transferred to the local bankruptcy court. In September 2023, the National Bureau of Investigation of Finland announced that it had started a preliminary investigation into a case related to the operations of Finpro's former subsidiary with the aim of determining whether there is reason to suspect a crime in the case and whether the Finnish authorities are competent to deal with the matter. The case in both the local court and the bankruptcy court in the United States is still pending at the end of 2023. In January 2024, the National Bureau of Investigation announced that it had started a pretrial investigation based on the findings of the preliminary investigation.

### **7.4.1 BUSINESS FINLAND OY'S TAX FOOTPRINT**

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

invoices its customers for the expenses caused by third parties. Some of the projects have received funding from other sources, such as the EU.

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

Business Finland Oy has three subsidiaries: Business Finland USA Inc., FinChi Innovation Center Company Ltd, and Finpro Finland Oy. Finpro Finland Oy does not have any active operations. Business Finland USA Inc is part of Business Finland Oy's operational activities, and all its expenses are invoiced from the parent company. Business Finland USA Inc does not have any taxable income. FinChi Innovation Center Company Ltd in China leases premises and sells different supporting services to Finnish companies looking for a place for establishment in China. FinChi Innovation Center Company Ltd pays income tax locally in China. According to its financial statements for 2023, the income tax amounted to EUR 10 000 and the result of FinChi Innovation Center Company Ltd was EUR +114 000 (2022: +EUR 50 000).



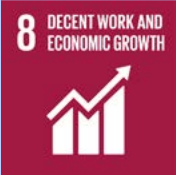


The taxes paid by Business Finland Oy mostly consist of value added tax and employer contributions. Business Finland Group does not practice any transfer pricing or tax planning related to the transfer of income. Taxes are paid locally where the operations are carried out. Tax matters and taxation decisions are managed at the Group level. If necessary, tax experts are used, and the Tax Administration may be consulted to clarify taxation practices.

The tax footprint is reported in Business Finland Oy's annual report and the social responsibility report of the Business Finland organization. The information in the tax footprint report is based on figures collected from the Group's accounting systems. Taxes and fees are classified by tax type. In terms of the geographical breakdown, the tax footprint reporting complies with the materiality principle. In 2023, no single country met the 10% share of the Group's operating income, which is considered the materiality limit. Hence, the geographical breakdown in 2023 is Finland and other countries. In the tax footprint report, the number of employees by Finland / other countries corresponds to the country to which employer contributions and withholding tax are paid.

Business Finland Oy – Tax Footprint	Financial Year 2023			Financial Year 2023		
	Finland	Other countries	TOTAL	Finland	Other countries	TOTAL
<b>Taxes paid in the financial year, €</b>						
Corporate Income Tax	-	3 054	3 054	-	21 123	21 123
Other Taxes	8 113	415	8 528	23 104	132	23 236
Social Security payments	1 210 036	1 554 477	2 764 514	1 381 726	1 406 562	2 788 288
<b>Accured Taxes</b>						
Corporate Income Tax	-	9 416	9 416	-	1 328	1 328
<b>Indirect and other collected taxes, €</b>						
VAT, sales	24 378 876	-	24 378 876	25 380 767	-	25 380 767
VAT, purchases	8 347 848	15 014	8 362 861	9 058 673	31 657	9 090 330
Withholding taxes	8 003 460	989 242	8 992 701	9 128 970	775 332	9 904 302
Other taxes	-	-	-	-	-	-
<b>Number of employees (FTE) 31.12.</b>	<b>338</b>	<b>103</b>	<b>441</b>	<b>441</b>	<b>106</b>	<b>547</b>



# 8 PRINCIPLES APPLIED IN PREPARING THE REPORT

CORE AREA OF STRATEGY	SDG	BUSINESS FINLAND'S ROLE IN PROMOTING EACH SDG	ACTIVITIES FOR PROMOTING THE SDGS
Economic growth	 8 DECENT WORK AND ECONOMIC GROWTH	Business Finland promotes economic growth in Finland.	Increasing added value, export income and salary accrual RDI-funding, which creates new businesses, jobs and economic growth Supporting the growth of customers' export income Investments in Finland Promoting tourism
Sustainability	 13 CLIMATE ACTION	Business Finland promotes sustainability: 1. ensuring ecological, economic, and social responsibility in our own operations, but also our customers' operations and 2. mitigating possible negative forms of impact	Increasing customers' environmental and social responsibility awareness Supporting customers in developing solutions that have a positive impact on sustainability Business Finland operating sustainably in its own operations (responsibility, positive employee experience, procurement, business premises)
Competitiveness	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Business Finland strives to support its clients so that they would develop into bold reformers of business.	Supporting customers to develop and commercialize new sustainable solutions and functions and thus create positive development impacts Supporting investments, in particular in innovation and new business models in support of sustainable development Missions Talent attraction

As a basis for uniform sustainability reporting of the Finnish central government, Business Finland has selected 3–5 UN Sustainable Development Goals (SDGs) most significant for its operations. Business Finland's strategy and its three core areas serve as the basis for the Business Finland's selection of the UN SDG goals. Business Finland selected goals 8,9, and 13 as its UN's Sustainable Development Goals (SDGs). This report describes the UN's Sustainable Development Goals which particularly concern Business Finland's operations, although its operations are also linked to other goals. Of the targets, the most suitable for Business Finland's operations have been selected, also considering the measures defined for the implementation of Business Finland's strategy, which are in line with the measures in Business Finland's performance agreement. The leadership team approved the UN Sustainable Development Goals (SDGs) and targets selected.

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

TABLE 10: THE CORE AREAS THE OF BUSINESS FINLAND STRATEGY AND THE UN SUSTAINABLE DEVELOPMENT GOALS.<sup>14</sup>

# 9 GRI CONTENT INDEX

Statement of use	Business Finland has reported the information cited in this GRI content index for the period 1 January – 31 December 2023 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
Applicable GRI Sector Standards	N/A		
NUMBER OF THE STANDARD	NAME OF THE STANDARD	LOCATION IN THE REPORT	COMMENTS
<b>GRI 2 General disclosures 2021</b>			
<b>Organization and reporting principles</b>			
2-1	Organizational details	Chapter 2.1	Location of headquarters: Porkkalankatu 1, Helsinki
2-2	Entities included in the organization's sustainability reporting	Chapter 2.1 and 7.4.1	Innovation Funding Agency Business Finland and Business Finland Oy Group
2-3	Reporting period, frequency, and contact point	Chapter 2.1	Reporting period: 1 January – 31 December 2023, Contact point: Sari Turja: sari.turja@businessfinland.fi
2-4	Restatements of information	Chapter 2.1, (Financial statements of the Funding Agency and the Company) available in Finnish only	
2-5	External assurance	Chapter 2.1	No external assurance

<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	Chapters 2.1, 2.6 and 7.3	
2-7	Personnel	Chapter 7.1	Partly reported
2-8	Workers who are not employees	Chapter 7.1	
<b>Governance</b>			
2-9	Governance structure and composition	Chapters 2.1 and 7.1 <b>Description of Business Finland's corporate governance model (in Finnish)</b>	Partly reported Business Finland Oy publishes annually a report of Corporate Governance system on Business Finland's website under "Performance management" (in Finnish).
2-10	Nomination and selection of the highest governance body	Chapter 2.1 <b>Description of Business Finland's corporate governance model (in Finnish)</b>	Partly reported
2-11	Chair of the highest governance body	Chapter 2.1	
2-12	Role of the highest governance body in overseeing the management of impacts	Chapters 2.1, 2.2 and 2.4 <b>Description of Business Finland's corporate governance model (in Finnish)</b>	Partly reported
2-13	Delegation of responsibility for managing impacts	Chapter 2.1 and 2.2 <b>Description of Business Finland's corporate governance model (in Finnish)</b>	
2-14	Role of the highest governance body in sustainability reporting	Chapters 2.1 and 8	Partly reported
2-15	Conflicts of interest	Chapter 2.1	Financial statements of Business Finland Oy 2023, chapter 4 (in Finnish).

2-16	Communication of critical concerns	Chapter 2.1	Partly reported
2-17	Collective knowledge of the highest governance body	Chapter 2.1	
2-18	Evaluation of the performance of the highest governance body	Chapter 2.1	
2-19	Remuneration policies	Chapter 2.1 <b>Description of Business Finland's corporate governance model (in Finnish)</b>	Partly reported Business Finland Oy publishes annually a report of Corporate Governance system on Business Finland's website under "Performance management" (in Finnish).
2-20	Process to determine remuneration	Chapters 2.1 and 7.1 <b>Description of Business Finland's corporate governance model (in Finnish)</b>	Business Finland Oy publishes annually a report of Corporate Governance system on Business Finland's website under "Performance management" (in Finnish).
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	Chapter 1	Review by the Director General
2-23	Policy commitments	Chapters 2.1, 2.4, 6.1 and 7.1 <b>Business Finland Code-of-Conduct (in Finnish)</b> <b>Key regulations governing Business Finland's operations (in Finnish)</b> <b>Description of Business Finland's corporate governance model (in Finnish)</b> <b>BF Sustainability Policy (businessfinland.fi)</b>	Partly reported
2-24	Embedding policy commitments	Chapters 2.1, 2.4, 6.1 and 7.1 <b>BF Sustainability Policy (businessfinland.fi)</b>	Partly reported

2-25	Processes to remediate negative impacts	Chapters 2.2, 2.4 and 7.1 <a href="#">Whistleblower -channel</a>	Partly reported
2-26	Mechanisms for seeking advice and raising concerns	Chapters 2.4 and 7.1 <a href="#">Whistleblower -channel</a>	
2-27	Compliance with laws and regulations	Chapters 2.4, 7.1 and 7.4	
2-28	Membership associations	Chapter 2.1	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Chapters 2.4, 2.6 and 4–6	
2-30	Collective bargaining agreements	Chapter 7.1	
<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	Chapters 2.2–2.3 and chapter 8	Partly reported
3-2	List of material topics	Chapter 8	No changes compared to previous year
3-3	Management of material topics	Chapters 2.1 – 2.6 and 4-8 <a href="#">BF Sustainability Policy (businessfinland.fi)</a>	Partly reported

<b>Economics</b>			
<b>GRI 201 Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	Chapter 7.4, Financial statements of the Funding Agency chapters 4-5, 7, 11-14, Financial statements of the Company (in Finnish).	Partly reported Business Finland’s social responsibility report as well as the financial statements of the Funding Agency and the Company are published on Business Finland’s www-pages under” Performance management”.
<b>GRI 203 Indirect Economic Impacts 2016</b>			
203-2	Significant indirect economic impacts	Chapters 2.3, 2.5, 4-6, Financial statements of the Funding Agency chapters 2-3, 5 ja 9 (in Finnish)	A summary of the results and impacts of Business Finland’s operations ”Results and impacts” and an impact report entitled ”Competitiveness and sustainable growth from innovations – Business Finland’s results and impacts”, are annually published on Business Finland’s website. The latest reports are from 2023 but available in Finnish only.
<b>Social</b>			
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-2	Hazard identification, risk assessment, and incident investigation	Chapter 7.1	Partly reported
403-3	Occupational health services	Chapter 7.1	
403-6	Promotion of worker health	Chapter 7.1	

<b>GRI 404: Training and Education 2016</b>			
404-2	Programs for upgrading employee skills and transition assistance programs	Chapter 7.1	
404-3	Percentage of employees receiving regular performance and career development reviews	Chapter 7.1	Partly reported
<b>GRI 405: Diversity and equal opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Chapter 7.1	
<b>GRI 406: Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	Chapter 7.1	Partly reported
<b>GRI 418: Customer Privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 2.4	

# BUSINESS FINLAND

Business Finland is an accelerator of global growth. We create new growth by helping businesses go global and by supporting and funding innovations. Our top experts and the latest research data enable companies to seize market opportunities and turn them into success stories.

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