



HANSEL 

ANNUAL REPORT

2015

POSTI Post

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RAMME

Solo-kompani

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From the CEO



Hansel is the engine of efficient procurement in the government sector. In 2015, we participated in several improvement projects, the most significant of which was the central government procurement development project (HANKO). Published in February 2016, the final report of the HANKO project includes proposals related to the steering of government procurement and improving its efficiency. These proposals can be used by central government agencies and bodies, and by units outside the state budget system. Hansel will play a major role in the practical implementation of the results of the HANKO project.

As a theme, digitalisation is present throughout the Government Programme. Hansel is participating in the digitalisation project for government procurement, which is supported by the outcomes of the HANKO project. We have been using electronic auctions for the competitive tendering of procurements for several years. Last year, Hansel introduced an electronic tendering solution for its own use and for its first clients. The system lightens the administrative burden of procurement units and suppliers and enhances transparency.

Ambitious goals have been set for efficient and digitalised government procurements. Government procurement will become digital all the way from needs to contracts and from orders to payments. This will not only include electronic tendering, but also the management of contracts, e-commerce, processing and the payment of invoices and reporting.

Hansel has been tasked by the Ministry of Finance with investigating the distribution of government procurement. The aim is to provide the government with procurement-related information at a more detailed level than the analyses performed as part of the HANKO project. The results will be used internally by the Ministry of Finance as the head of government procurement and by all government units. The purpose of the project is to improve the efficiency of government procurement and increase its productivity.

General, government-level development targets, deeper co-operation between government entities and the development of procurement expertise within the government are examples of

measures that can generate savings in government procurement. We will also continue developing innovative procurement. We will increase our co-operation with our clients and seek new, efficient procurement practices alongside them. Our expectations for the future are high.

Reductions in the state administration and government savings measures have reflected our operations. The value of products and services produced centrally fell by 2.5% from the previous year, to €697 million. The efficiency of Hansel's operations is demonstrated by the fact that we have been able to lower our service fee percentage. By next year, at the latest, our average service fee will be one per cent of the procurement value.

Growth in the sales of procurement expert services remained strong. In 2015, we participated in 126 client-specific projects, whose total value reached €235 million. Our clients have given us excellent feedback on our expert services, which we will continue to develop accordingly.

The delay in the comprehensive reform of public procurement legislation has posed challenges for us. The Government is scheduled to submit a government proposal to Parliament in June 2016, with the aim of having the new public procurement legislation enter into force in late 2016 at the latest.

It is with great pleasure that I can confirm that the corporate responsibility matters laid down in Hansel's strategy have been achieved as planned. We have begun using life cycle cost calculations as a comparison criterion for application to tenders. Our new strategy will be completed in 2016, covering our operations until 2020. The new strategy will also place an extensive emphasis on corporate responsibility.

I would like to express my thanks for a very successful 2015 to all our customers, suppliers and our highly skilled employees!

Anssi Pihkala

Key figures

Central procurements by sector

EUR thousand		2015	2014	2013	2012	2011	Change 14/15
Procurement sector	Category						
ICT procurement	ICT expert services	48 629	41 751	33 411	28 201	30 784	16 %
	ICT equipment	44 650	65 562	62 745	63 674	56 328	-32 %
	Data center services and equipment	26 748	14 479	8 130	8 978	12 798	85 %
	Software	29 728	29 810	27 834	27 410	22 452	0 %
	Telecommunication	39 688	43 488	41 262	41 544	37 767	-9 %
	Security systems	12 937	13 613	7 573	7 404	13 423	-5 %
	Total	202 381	208 703	180 954	177 211	173 551	-3 %
Procurement of administrative services	Specialist services	23 101	17 883	17 051	14 801	13 311	29 %
	HR and health care services	69 751	70 114	72 030	68 521	61 745	-1 %
	Accommodation and meeting services	23 946	25 755	25 176	24 690	23 884	-7 %
	Travel services	52 630	53 184	53 608	48 814	48 915	-1 %
	Economy and finance services	36 261	45 759	47 152	38 832	31 266	-21 %
	Total	205 689	212 695	215 017	195 658	179 121	-3 %
Procurement of materials and technical services	Vehicle and transport services	55 501	51 201	50 080	49 394	42 367	8 %
	Energy	114 270	123 686	137 460	156 038	176 094	-8 %
	Consumer products and equipment	23 013	25 574	22 692	22 158	21 171	-10 %
	Office services	33 486	38 865	42 002	42 058	39 848	-14 %
	Facility services	62 236	53 860	46 786	44 459	43 406	16 %
	Total	288 505	293 186	299 019	314 107	322 885	-2 %
Total	696 575	714 584	694 990	686 976	675 558	-3 %	

Development of central procurement

EUR thousand



Framework agreements, top 15

EUR thousand	2015	2014	Share	Growth
Electricity	76 031	81 415	11 %	-7 %
Occupational health care services	60 529	61 138	9 %	-1 %
ICT consulting	47 377	40 416	7 %	17 %
Facility user services	33 508	28 798	5 %	16 %
Computers and peripherals	32 419	50 932	5 %	-36 %
Cars and efficient driving training	31 425	26 326	5 %	19 %
Scheduled flights	29 942	31 404	4 %	-5 %
Microsoft distribution channel	29 000	28 517	4 %	2 %
Office furniture	28 728	25 062	4 %	15 %
Fuel	27 344	30 497	4 %	-10 %
Equipment leasing services	23 115	33 641	3 %	-31 %
Domestic accommodation and conference services	21 597	23 116	3 %	-7 %
Data center and capacity services	17 716	6 541	3 %	171 %
Office and ICT supplies	15 292	15 860	2 %	-4 %
Telephony services	15 235	18 611	2 %	-18 %
Other total	207 318	212 310	30 %	-2 %
Total	696 575	714 584	100 %	-3 %

Central procurements by branch of administration

EUR thousand	2015	2014	Share	Growth
Ministry of Finance	113 484	103 360	16 %	10 %
Ministry of Defence	111 196	124 077	16 %	-10 %
Ministry of Education and Culture	98 582	101 746	14 %	-3 %
Ministry of the Interior	77 414	68 406	11 %	13 %
Ministry of Employment and the Economy	71 538	81 965	10 %	-13 %
Ministry of Transport and Communication	55 403	60 891	8 %	-9 %
Finnish Government	36 455	34 855	5 %	5 %
Ministry of Justice	36 272	38 525	5 %	-6 %
Ministry of Social Affairs and Health	36 239	34 629	5 %	5 %
Ministry of Agriculture and Forestry	20 650	30 456	3 %	-32 %
Parliament of Finland	12 925	11 705	2 %	10 %
Ministry of Foreign Affairs	10 092	10 737	1 %	-6 %
Ministry of the Environment	5 468	5 177	1 %	6 %
Agencies of the European Union	2 507	2 029	0 %	24 %
Office of the President of the Republic of Finland	855	1 103	0 %	-23 %
Unallocated to any branch of the public administration	7 497	4 921	1 %	52 %
Total	696 575	714 584	100 %	-3 %

Cost development

EUR thousand



Board of Directors



Timo Laitinen, b. 1958

Chair
Master of Laws
Director General
State Treasury
Member of the board since
2012



Kristiina Luukkonen, b. 1953

Vice Chair
Master of Economic Sciences
Senior Adviser for Information
Management
Ministry of Finance
Member of the board since
2015



Rami Metsäpelto, b. 1968

Master of Laws
Director General
Finnish Transport Agency
Member of the board since
2014



Tiina Lukkari, b. 1954

Master of Arts
Member of the board since
2010



Panu Kilpinen, b. 1974

Vocational Qualification in
Business and Administration
Customer Manager
Hansel Ltd
Member of the board since
2013

Personnel



Pekka Alahuhta,
Sourcing Consultant



Pia Degerholm
Category Manager



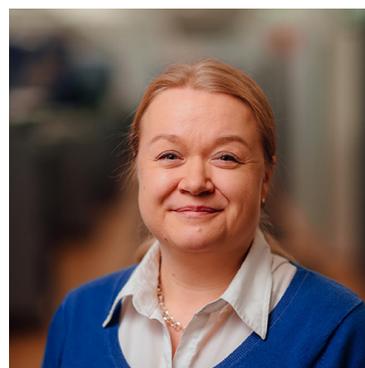
Tero Dits
Procurement Specialist



Kari Eronen
Customer Manager



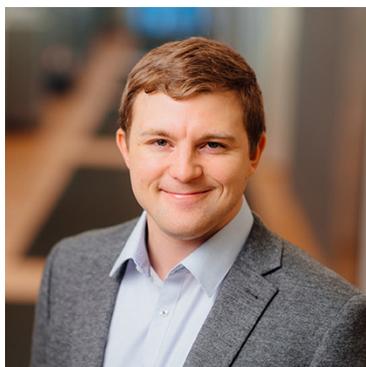
Minna Eskola
Team Manager



Tiina Gabelli
Procurement Specialist



Pontus Grönholm
Category Manager



Joel Hakala
Sourcing Consultant



Kristian Hartikainen
Sourcing Consultant



Maare Heinikoski
Sourcing Consultant



Lea Helppi
Bookkeeper



Kalle Hietaranta
Head of Unit



Marika Hilke
Customer Manager



Minna Hälvä
HR Manager



Annika Hämäläinen
Assistant Controller



Jukka Hämäläinen
Legal Counsel



Minna Isoherranen
Category Manager



Heli Jokela
Controller



Outi Jousi
Legal Counsel



Kari Juopperi
Category Manager



Anne Juslin
Customer Advisor



Anniina Kaitila
Sourcing Consultant



Petri Kalavainen
Customer Relations
Director



Panu Kilpinen
Customer Manager



Kirsi Koivusaari
Chief Financial Officer



Eija Kontuniemi
Chief Legal Counsel



Eero Korkeakoski
Category Manager



Aino-Maija Lahtela
Category Manager



Sasu Laitinen
Category Manager



Tero Lehtisaari
Category Manager



Karolina Lehto
Legal Counsel



Liisa Lehtomäki
Legal Counsel



Merja Leppänen
Statistic Administrator



Olli-Pekka Leskinen
Head of Unit



Mia Lindroos
Customer Advisor



Juho Luoma
Sourcing Consultant



Anne Majalampi
Procurement Specialist



Timo Malmberg
Category Manager



Kari Mattsson
Procurement Specialist



Taina Maukonen
Customer Manager



Katja Mikkonen
Legal Counsel



Petri Muranen
Legal Counsel



Jani Mäkinen
Category Manager



Ansa Nikander
Legal Counsel



Petri Nousiainen
Chief Accountant



Tommi Nurmi
Sourcing Consultant



Susanna Närvänen
Chief Category Officer



Mervi Olkinuora
Head of Unit



Tiina Pietiläinen
Assistant to Chief
Executive Officer



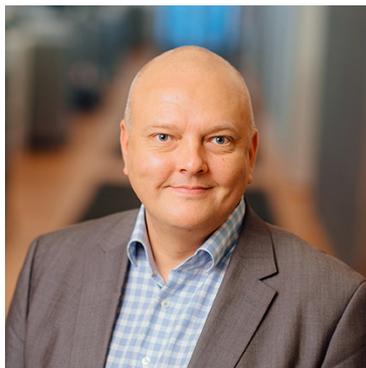
Anssi Pihkala
Chief Executive Officer



Petteri Pohto
Sourcing Consultant



Jussi Pyykkönen
Sourcing Consultant



Timo Rantanen
Development Manager



Tuula Risikko
Development Manager



Jesse Ruotsalainen
Category Manager



Anne Saarnio
Controller



Mikko Saavalainen
IT Manager



Jukka-Pekka Salmela
Legal Counsel



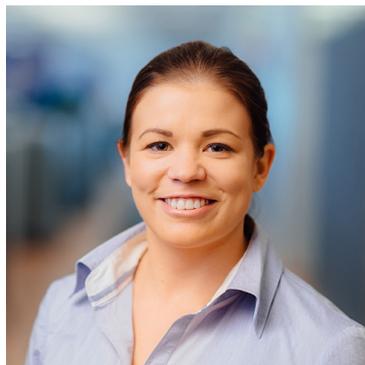
Saana Salonen
Specialist in Marketing
Communications



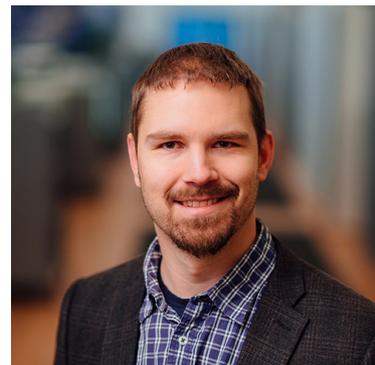
Sami Seppälä
Head of Unit



Ilkka Sihvola
Head of Tendering Unit



Terhi Siitonen
System Specialist



Juha Ståhl
Category Manager



Thomas Sund
Communications Manager



Olli Surakka
Sourcing Consultant



Mirke Turunen
Sourcing Consultant



Sanna Viljamaa
Category Assistant



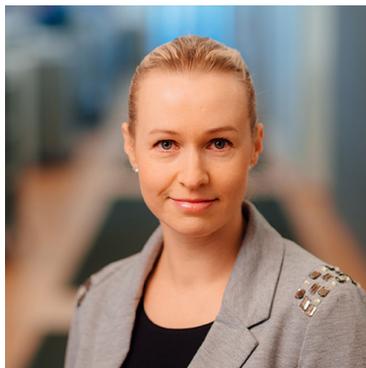
Milja Virtanen
Category Manager



Tuomo Vuorinen
Customer Manager



Sari Ylipalo
Category Manager



Mirka Österberg
Sourcing Consultant

Operations of the central procurement unit

Hansel Ltd is the central procurement unit of the Finnish Government. The objective of Hansel's operations is to generate savings for the State by putting framework agreements for goods and services out to tender. The tasks and roles of the central procurement unit are defined in the Act on Public Contracts, the Act on a Limited Liability Company Called Hansel Oy, and in the State Procurement Strategy. Hansel's customers consist of ministries, their subordinate departments, and other government agencies.

Hansel's customers have the opportunity to make acquisitions without separate tendering processes, by joining the framework agreements administered by Hansel. Central procurement implemented under framework agreements generates considerable savings for the Finnish Government, through both

procurement process costs and pricing. In addition to framework agreements, Hansel offers tendering services for its customers.

Through responsibly run operations, Hansel promotes high-quality procurement and the equal, non-discriminatory treatment of suppliers in the tendering process. Hansel's objective is to promote open competition and organise tendering processes in a manner that fosters efficient market operations. Hansel is a non-profit limited company fully owned by the State of Finland, and operates under the steering of the Ministry of Finance. The company's operations are mainly funded by service fees collected from suppliers based on realised procurement. The maximum service fee that may be currently charged is 1.50 per cent, while the average service fee in 2015 was 1.09 per cent (1.19 in 2014).

Financial status and key figures

Central procurement under Hansel's framework agreements in 2015 totalled €697 million (in 2014, €715 million). Compared to the previous year, this represented a fall of €18 million, i.e. 3 per cent. Measured in euros, growth was strongest in the categories related to Data center services and equipment, Facilities services and ICT consultancy services. The categories that declined compared to the previous year were ICT equipment, Economy and finance services, and Energy.

Net sales in 2015 totalled €9.1 million (€9.3 million in 2014). Net sales consisted of the service fees for framework agreement sales totalling €7.6 million (€8.5 million in 2014), tendering services €1,131 thousand (€671 thousand in 2014), and other revenue €318 thousand (€89 thousand in 2014). Profit for the 2015 accounting period came to €367 thousand (€235 thousand in 2014). The financial position of the company is strong.

Key financial figures

	2015	2014	2013	2012	2011
Central purchasing, EUR thousand	696 575	714 584	694 990	686 976	675 558
Net sales, EUR thousand	9 072	9 268	8 679	8 468	8 263
Profit, EUR thousand	388	239	173	589	918
and its share of net sales, %	4,3	2,6	2,0	7,0	11,1
Profit for the financial period, EUR thousand	367	235	195	602	850
Balance sheet total, EUR thousand	19 981	17 402	17 073	16 677	17 494
Equity capital, EUR thousand	15 651	15 284	15 048	14 853	14 251
Equity ratio, %	78,3	87,8	88,1	89,1	87,5
Personnel at the end of the financial period (FTE)	74	77	73	71	66

Framework agreements as services

In 2015, Hansel organised competitive tendering process for 22 framework agreements (19 in 2014). Subcategories included, the total number of competitive tendering processes organised was 33 (47 in 2014). At the year end, Hansel had a total of 78 framework agreements (76 on 31 Dec 2014), and a total of 200 competitive tenders including subcategories (185 in 2014). Also at the end of 2015, Hansel had 383 contract suppliers (383 in 2014).

Hansel's largest framework agreement was for Electricity, which reached a procurement value of €76 million (€81 million in 2014). The second largest framework agreement, with a volume of €60 million (€61 million in 2014) was Occupational health care

services, whilst the third largest was ICT consulting with a volume of €47 million (€40 million in 2014).

Measured in euros, the main users of Hansel's framework agreements were the administrative sectors of the Ministry of Finance, the Ministry of Defence, the Ministry of Education and Culture, the Ministry of the Interior, and the Ministry of Employment and the Economy. Utilisation of framework agreements is mainly promoted through marketing communications. In addition face-to-face services, customers are offered diverse electronic services. Each year, Hansel organises customer and supplier events with the aim of promoting sales and exchanging experiences on framework agreements.

Review of events in 2015

Hansel's task is to increase productivity in state procurement operations. The year 2015 was the third of the 2013–2017 strategy period. Hansel's strategic objective is to assume a stronger role in developing government procurement and to collaborate actively with government entities. Additionally, Hansel wants to be a pioneer in responsible and innovative public procurement, increase its offering in tendering services, and implement electronic tendering tools. In this strategy period, Hansel will also focus on co-operation with customers and suppliers, contractual supervision, and developing staff competencies.

In connection with the mid-term review of the strategy in October 2015, the Board of Directors noted that strategy implementation has proceeded according to plan. Hansel is responding to the ever-accelerating pace of digitisation by ensuring that processes are automated and more efficient. The extensive e-service update that Hansel launched in 2014 was completed last year. The extranet, which is targeted at contract suppliers, was integrated into hansel.fi e-service, and the updated intranet also went online.

The working group preparing a complete revision of Finland's procurement legislation submitted its proposal to the Ministry of Employment and the Economy in April 2015. Hansel's CEO was a member of the steering group for this legislative amendment. Hansel's Head of Legal Affairs was in both the legislative preparation group and the secretariat. The working group is suggesting various amendments, such as changes to threshold values, competitive tender procedures, and methods of providing legal protection. The new Act will also place a greater emphasis on horizontal policies, such as environmental, social and innovation policies, in procurement. Hansel's position and tasks will be affected by legislative amendments in areas relating to the definition of central procurement and procurement support functions; central procurement that exceeds limits; split procurement; and framework agreements.

The legislative proposal was circulated for comments

in summer 2015, and further preparations are currently ongoing ahead of decisions on technical and policy points. The Board's proposal will be submitted to Parliament sometime in the coming months. The deadline for national adoption of the EU Procurement Directive is 18 April 2016, which means it is probable that Finland will have to comply with the directive, at least in part, before the new national Procurement Act comes into effect. The new Procurement Act will have a significant impact on Hansel's operations.

In line with strategy, strong growth also continued in tendering services during 2015. Year-on-year growth totalled 69 per cent, which was equivalent to 13 per cent of Hansel's net sales. The number of billable projects was 126 with a combined value of approximately €235 million. Hansel's major customers in 2015 were the Finnish Transport Agency, the Government ICT Centre Valtori, and the Finnish Customs. Some of the projects were socially significant and therefore of particular interest to the company's employees.

One of the development projects during this strategy period has been to introduce an e-tendering solution. The project was about a year behind its original schedule due to a case in the Market Court. The agreement was signed with Cloudia Oy in spring 2015. Pilot customers launched their initiation projects in autumn 2015, and the first e-tender was successfully completed in November. The service will be extended to more of our customers in early 2016. Hansel continues developing the e-tendering solution in co-operation with suppliers and customers. One important aspect will be to ensure that the system is updated with the changes required by the new Procurement Act.

Hansel contributed considerable resources to an extensive project to develop government procurement (HANKO). The project, which was led by the Ministry of Finance, was launched in 2014 and completed in early 2016. The HANKO project was divided into four development areas that sought to, for example, strengthen and clarify the steering and organisation of government procurement functions;

make procurement more systematic and improve its monitoring; enhance contract management, co-operation with suppliers, and guidelines; and increase procurement-related expertise. The results were announced in February 2016 at the Ministry of Finance's Government Procurement Day, and the final report can be read on the ministry's website.

Hansel launched codetermination negotiations in 2015. The negotiations sought to boost the efficiency of the company's operations and reorganise framework agreement management in line with the procurement categories and operating models presented in the HANKO development project. The aim was also to develop service centre co-operation and better meet the increased demand for support services for simplified tendering processes. 27 people were affected by the negotiations. Personnel reductions were avoided, as the required changes were implemented through restructuring and changes in personnel's duties. The changes came into effect on 1 October 2015.

During 2015, Hansel's customer base extended to include universities of applied sciences, as the State took over their funding at the beginning of 2015. In accordance with the Act on a Limited Liability Company called Hansel Oy, a public procurement unit that is primarily funded by the government may also be classed as a government customer.

Government electricity procurement is handled centrally through Hansel's framework agreement and involves derivatives that hedge against changes in electricity prices, in accordance with the Government's electricity hedging strategy. Changes had to be made to the derivative operating model in late 2015, due to new market regulations. The European Securities and Markets Authority (ESMA) issued a European Market Infrastructure Regulation (EMIR) according to which non-financial actors will no longer be able to use bank guarantees as collateral for derivatives trading as of March 2016. Hansel's previous model was based on the use of bank guarantees in the Nasdaq electricity derivatives exchange.

Hansel presented several alternative operating models to the monitoring group for government electricity procurement appointed by the Ministry

of Finance and, with the group's support, Hansel's Board of Directors decided to switch to bilateral agreements in September. The decision was based on the price and the operational simplicity from Hansel's perspective. This matter is covered in more detail in Section 5.1 of the Notes to the Financial Statements. For Hansel, electricity derivatives trading is a pass-through item that does not affect profits.

At the end of 2015, Hansel was involved in two tendering-related cases in the Market Court, and one in the Supreme Administrative Court. Hansel received five Market Court decisions in 2015. Two complaints were rejected, two were left uninvestigated, and one remained as was. The Supreme Administrative Court gave Hansel one tendering-related decision in 2015, upholding the decision issued by the Market Court to reject the complaint. After the end of the financial year, in January 2016, an appeal was made to the Supreme Administrative Court concerning a Market Court decision issued in late 2015.

A Hansel representative sat on the State Procurement Advisory Board, which consists of representatives from all state administration sectors and the university sector. The duties of the Advisory Board include overseeing the attainment of the savings targets set for government procurement; promoting the practical implementation of Group-level targets and objectives; and the dissemination of best practices. The Advisory Board is appointed by the Ministry of Finance.

Hansel follows the discussions on public procurement being held in the European Union and is a member of the co-operation group for key central procurement units in European states. In addition to Hansel, its members include the following central procurement units: SKI from Denmark, Kammarkollegiet from Sweden, BBG from Austria, Consip from Italy, and ANCP from Portugal.

Key events after the close of the accounting period

Business operations remained fundamentally the same after the close of the accounting period.

Risks and risk management

Hansel's risks are particularly linked to framework agreement-based tendering and contractual management. Hansel reduces the risks connected with tendering by providing positive expertise in procurement legislation and by following the company's tendering process. The company has internal guidelines in use as well as a quality assurance system for competitive tendering. A special risk connected with the state's Electricity framework agreement applies to the state's electrical derivatives, which are in liquidation in Hansel's name, even though the results of derivatives trading

are charged to customers as such (see Notes 5.1).

Each framework supplier's financial, technical and professional ability to provide the procured products or services is assessed during the tendering phase. Contract suppliers are monitored throughout the contract period. In co-operation with a risk management expert, Hansel regularly conducts major risk identification projects, the results of which are presented in more detail in the Corporate Responsibility Report.

Personnel and organisation

On 31 December 2015, Hansel employed 76 people (80 on 31 Dec 2014, 79 on 31 Dec 2013). The average number of personnel employed by Hansel in 2015 was 73 (75 in 2014 and 71 in 2013). Women accounted for 50 per cent of all personnel and 60 per cent of Executive Committee members. The average age of employees was 43. At the end of the accounting period, 97 per cent of all employees held permanent employment contracts (96 per cent in 2014 and 98 per cent in 2013).

Education-wise, 63.2 per cent of employees hold a Master's degree, and 17.0 per cent a Bachelor's degree or a degree from a university of applied sciences. A total of 14.5 per cent of employees had completed secondary education with no further qualifications, and 5.3 per cent did not have vocational qualifications. The company's incentive system covers all permanent employees. Hansel adheres to the guidelines on management and key employee rewards and incentives issued by the Cabinet Committee on Economic Policy.

In 2015, eight new employees were hired, five of them on fixed-term contracts. Eleven employees left the company during the year. Of those who left, three resigned, the fixed-term contracts for four ended, three retired, and one was dismissed.

Hansel Academy, the project for an expertise

development strategy for Hansel's personnel was continued in accordance with the plan in 2015 in co-operation with Lappeenranta University of Technology. A two-year training programme was assembled on the basis of the expertise survey. The goal is to enhance and diversify the company's expertise-related resources.

Personnel's well-being and working capacity are regularly surveyed. In 2015 the statutory occupational health care workplace assessment was conducted at Hansel. It was concluded that the working atmosphere is good. Training and discussion sessions are regularly arranged for supervisors in connection with their work. During 2015, an HR system was introduced to support HR operations.

Sustainable development, environmental factors and the grey economy

Within public procurement, themes relating to corporate responsibility and combating the grey economy are playing an increasingly important role. In its activities, Hansel adheres to the principles of corporate responsibility, in line with Government policies. Corporate responsibility reporting is integrated with the company's annual reporting practices and provides detailed coverage of all measures related to responsibility.

Forecast and targets for 2016

The total number of central procurements is expected to grow in comparison to the previous year. The growth of central procurement and increased efficiency has enabled a reduction in the service fee percentage in several framework agreements. The average service fee will see a further decrease. For customers, the lower service fee percentage translates into lower prices. Net sales from tendering services are expected to continue growing but at a more moderate rate. It is anticipated that Hansel's financial position will remain strong.

Changes in Finland's administrative structure could have a significant impact on Hansel's operations in the future. If the new provincial government

is a Hansel customer, it will significantly increase the company's business and generate savings for society. If Hansel is not used, our business will contract somewhat, as the plan is to transfer some public administration to the provincial government. Hansel's Board of Directors welcomes the opportunity to be of service to the forthcoming provincial government as well.

The preparation of Hansel's next strategy, which will extend to 2020, has begun. The new strategy will focus on a customer-oriented approach, harnessing digitisation, knowledge management, innovation, and competence development.

Board of Directors' proposal for the disposal of profit

Profit for the financial period totalled €366,983.10. The Board of Directors proposes that no dividend be paid and that the profit for the financial period be recognised as equity capital and entered into the accounts as profit for previous financial periods.

Board of Directors and auditors

At the Annual General Meeting of Hansel Ltd held on 16 April 2015, the following members of the Board of Directors were elected:

- Timo Laitinen, Director General, State Treasury (Chair)
- Kristiina Luukkonen, Senior Adviser for Information Management, Ministry of Finance (Deputy Chair)
- Rami Metsäpelto, Director-General, Finnish Transport Agency (member)
- Tiina Lukkari, M.A. (member)
- Panu Kilpinen, Customer Relationship Manager, Hansel Ltd (member, personnel representative)

The Board convened eight times during 2015.

Authorised Public Accounting Firm KPMG Oy Ab is the company auditor, with Jorma Nurkkala, Authorised Public Accountant, Chartered Public Finance Auditor, as the Chief Auditor. Anssi Pihkala, LL.M., is Hansel's CEO.

Cash flow statement

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flow from business operations:		
Profit (loss) before extraordinary items(+/-)	450 118,39	295 108,26
Adjustments to operating profit (+/-):		
Depreciation according to plan	39 610,73	48 155,45
Financial income and expenses	-62 602,24	-56 380,48
Operating cash flow before change in working capital	427 126,88	286 883,23
Change in working capital:		
Increase/decrease in interest-free short-term receivables	-1 316 550,05	-702 504,09
Increase/decrease in interest-free short-term liabilities	2 253 153,71	98 462,64
Cash flow from operating activities before financial items and taxes	1 363 730,54	-317 158,22
Interest and other financial expenses paid for operating activities	-2 340,16	-1 060,10
Interest received from operating activities	85 247,38	57 623,55
Direct taxes paid (-)	-125 065,25	-64 138,76
Cash flow before extraordinary items	1 321 572,51	-324 733,53
Cash flow from business operations (A)	1 321 572,51	-324 733,53
Cash flow from investment:		
Investments in tangible and intangible assets (-)	-1 224,88	-62 966,45
Cash flow in investing activities (B)	-1 224,88	-62 966,45
Cash flow from financing activities:		
Return of guarantees	129 466,49	0,00
Cash flow from financing activities (C)	129 466,49	0,00
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	1 449 814,12	-387 699,98
Cash and cash equivalents at the beginning of period	11 961 260,66	12 348 960,64
Cash and cash equivalents at the end of period	13 411 074,78	11 961 260,66
	1 449 814,12	-387 699,98

Profit and loss statement

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Net sales	9 072 394,08	9 268 028,11
Other income from business operations	96 283,63	62 931,28
Personnel expenses	-6 201 296,76	-6 312 200,32
Depreciation and value adjustment	-39 610,73	-48 155,45
Other operating expenses	-2 540 254,07	-2 731 875,84
Operating profit (loss)	387 516,15	238 727,78
Financial income and expenses	62 602,24	56 380,48
Profit (loss) before extraordinary items	450 118,39	295 108,26
Profit (loss) before appropriations and taxes	450 118,39	295 108,26
Income taxes	-83 135,29	-59 855,52
Profit (loss) for the financial period	366 983,10	235 252,74

Balance sheet

ASSETS	31 Dec 2015	31 Dec 2014
Non-current assets		
Intangible assets		
Intangible rights	10 742,80	27 840,70
	10 742,80	27 840,70
Tangible assets		
Machinery and equipment	67 538,97	88 826,92
	67 538,97	88 826,92
Non-current assets, total	78 281,77	116 667,62
Current assets		
Long-term receivables		
Other receivables	819 835,95	950 370,67
	819 835,95	950 370,67
Short-term receivables		
Accounts receivable	5 504 118,46	4 276 982,69
Other receivables	11 441,57	7 714,44
Prepayments and accrued income	155 821,32	89 371,66
	5 671 381,35	4 374 068,79
Investments		
Other shares and similar rights of ownership	2 067 625,89	1 969 090,75
	2 067 625,89	1 969 090,75
Cash and cash equivalents	11 343 448,89	9 992 169,91
Current assets, total	19 902 292,08	17 285 700,12
ASSETS, TOTAL	19 980 573,85	17 402 367,74

EQUITY AND LIABILITIES	31 Dec 2015	31 Dec 2014
Equity		
Share capital	12 500 000,00	12 500 000,00
Retained earnings	2 783 612,63	2 548 359,89
Profit (loss) for the financial period	366 983,10	235 252,74
Equity, total	15 650 595,73	15 283 612,63
Liabilities		
Current liabilities		
Accounts payable	2 396 655,54	160 521,94
Other liabilities	516 340,44	481 245,26
Accruals and deferred income	1 416 982,14	1 476 987,91
	4 329 978,12	2 118 755,11
Liabilities, total	4 329 978,12	2 118 755,11
EQUITY AND LIABILITIES, TOTAL	19 980 573,85	17 402 367,74

Notes to the financial statements

1. Basis of preparation for the financial statements

1.1 Valuation principles

Fixed assets are entered in the balance sheet at cost less planned depreciation. 25 per cent reducing balance depreciation is applied to machinery and equipment. Software licenses are amortised on a straight-line basis over five years. Other long-term expenses are amortised on a straight-line basis over five years.

Foreign currency items

Foreign currency denominated assets and liabilities are recognised at the European Central Bank average exchange rate of the closing date of the financial period.

1.2 Comparability of accounts

The accounting principles that were applied in 2014 have also been applied in 2015.

2. Notes to the profit and loss statement

	2015	2014
2.1 Personnel expenses and average number of personnel		
Salaries	-4 746 296,63	-4 855 736,95
Fees and remuneration of the Managing Director and the Board of Directors	-290 352,17	-280 681,54
Pension expenses	-916 310,85	-928 991,48
Other indirect personnel expenses	-248 337,11	-246 790,35
Personnel expenses, total	-6 201 296,76	-6 312 200,32
Total monetary value of fringe benefits	79 952,81	78 948,62
Number of employees		
At the end of the financial period	74	77
Average during the financial period	73	75
2.2 Depreciation		
Planned depreciation during the financial period		
Intangible assets		
Software licenses	-17 097,90	-18 832,27
Tangible assets		
Machinery and equipment	-22 512,83	-29 323,18
Depreciation during the financial period, total	-39 610,73	-48 155,45

2.3 Other operating expenses		
Administrative expenses	-1 216 262,49	-1 344 207,55
Facility expenses	-591 857,94	-576 646,48
Telephone, IT and office expenses	-447 870,13	-461 393,62
Marketing expenses	-53 540,03	-101 515,05
Travel expenses	-78 047,56	-87 524,68
Representation expenses	-3 697,65	-4 213,82
Other operating expenses	-148 978,27	-156 374,64
Other operating expenses, total	-2 540 254,07	-2 731 875,84
2.4 Financial income and expenses		
Financial income		
Interest income	3 810,80	18 604,05
Exchange rate gains	0,00	18,84
Other income from securities	81 436,58	38 817,69
Financial income, total	85 247,38	57 440,58
Financial expenses		
Interest expenses	-2 152,62	-679,86
Exchange rate losses	-187,54	-15,46
Other expenses from investments	-20 304,98	-364,78
Financial expenses, total	-22 645,14	-1 060,10
2.5 Auditors' fees		
Audit fees	-7 883,57	-26 080,49
Other fees	-41 716,02	-26 701,98
Auditors' fees, total	-49 599,59	-52 782,47

3. Notes to assets of the balance sheet	2015	2014
3.1 Changes in non-current assets		
Intangible assets		
Acquisition cost 1.1.	387 410,21	387 410,21
Procured during financial period	0,00	0,00
Sold during financial period	0,00	0,00
Acquisition cost 31.12.	387 410,21	387 410,21
Accumulated depreciation 1.1.	-359 569,51	-340 737,24
Depreciation during the financial period	-17 097,90	-18 832,27
Accumulated depreciation 31.12.	-376 667,41	-359 569,51
Balance sheet value 31.12.	10 742,80	27 840,70
Tangible assets		
Acquisition cost 1.1.	796 875,63	733 909,18
Procured during financial period	1 224,88	62 966,45
Sold during financial period	0,00	0,00
Acquisition cost 31.12.	798 100,51	796 875,63
Accumulated depreciation 1.1.	-708 048,71	-678 725,53
Depreciation during the financial period	-22 512,83	-29 323,18
Accumulated depreciation 31.12.	-730 561,54	-708 048,71
Balance sheet value 31.12.	67 538,97	88 826,92
The company does not have a depreciation difference.		
3.2 Long-term receivables		
Other receivables		
Guarantee deposits	819 835,95	950 370,67
Long-term receivables, total	819 835,95	950 370,67
3.3 Short-term receivables		
Other receivables		
Travel advances	11 441,57	7 714,44
Other receivables, total	11 441,57	7 714,44
Prepayments and accrued income		
Deferred expense	108 131,32	83 330,66
Pension insurance payment receivables	47 690,00	6 041,00
Prepayments and accrued income, total	155 821,32	89 371,66

	Book-value	Book-value
3.4 Investments		
Other shares and similar rights of ownership		
Fund units	2 067 625,89	1 969 090,75
Investments, total	2 067 625,89	1 969 090,75
	Market value	Market value
Fund units	2 202 485,44	2 145 967,15
4. Notes to equity and liabilities of the balance sheet	2015	2014
4.1 Equity		
Restricted equity		
Share capital 1.1.	12 500 000,00	12 500 000,00
Share capital 31.12.	12 500 000,00	12 500 000,00
Restricted equity, total	12 500 000,00	12 500 000,00
Non-restricted equity		
Retained earnings 1.1.	2 783 612,63	2 548 359,89
Retained earnings 31.12.	2 783 612,63	2 548 359,89
Profit/loss for the financial period	366 983,10	235 252,74
Non-restricted equity, total	3 150 595,73	2 783 612,63
Equity, total 31.12.	15 650 595,73	15 283 612,63
4.2 Current liabilities		
Accruals and deferred income		
Annual leave salaries and related social security payments	772 888,84	714 457,50
Salary liabilities and related social security payments	600 000,00	680 000,00
Mandatory employer insurance payments	940,04	12 017,26
Other accrued expense	43 153,26	70 513,15
Accruals and deferred income, total	1 416 982,14	1 476 987,91

5. Notes on collateral and contingent liabilities

5.1 Commitments

Other own commitments

Rental liabilities, less than one year	682 299,84	662 428,20
Rental liabilities, more than one year	1 426 620,74	2 108 924,00
Guarantee deposits to Nasdaq OMX Stockholm Ab	819 835,95	950 370,67
Leasing liabilities, less than one year	140 392,81	160 379,71
Leasing liabilities, more than one year	93 841,37	246 891,21
Commitments, total	3 162 990,71	4 128 993,79
Electricity derivatives		
Market value	-45 558 690,00	-44 390 393,00
Value of hedged volume (underlying security)	110 963 192,73	143 064 401,40

For Hansel, electricity derivatives trading is a pass-through item that does not affect profits. The results of derivatives trading are charged or repaid to customers as such.

The operating model for government electricity derivatives had to be altered in 2015, as an EU authority, the European Securities and Markets Authority (ESMA), issued a European Market Infrastructure Regulation (EMIR) whose second phase applies to derivatives. According to this Regulation, bank guarantees will not be accepted as collateral for derivatives trading among non-financial actors after March 2016.

In spring/summer 2015, Hansel analysed alternative operating models. The alternatives were presented to the monitoring group for government electricity procurement on 12 June 2015. The monitoring group for government electricity procurement gave its support for the forthcoming changes that were decided upon at a meeting of Hansel's Board of Directors on 3 September 2015. The chosen alternative was a switch to bilateral agreements. Existing derivatives will be transferred to two different parties and the counterparty risk was spread out. A total of four potential counterparties were selected. The Board decided to retain its Nasdaq account and monitor market developments. The need for a Nasdaq account will be reviewed again in a year's time. The selection criteria were the

price and the operational simplicity from Hansel's perspective.

Hansel was able to implement the new operating model without financing arrangements, meaning that its existing government guarantee was no longer required either. The derivatives were transferred from Hansel's Nasdaq account in November–December 2015 and the limit agreement made with Pohjola Bank Plc ended in December, making a directly enforceable government guarantee of a maximum of €150 million unnecessary (VM/1805/02.04.16/2013). The Ministry of Finance stated that the guarantee would lapse when the term expires at the end of 2017.

The monitoring group for government electricity procurement's term of office runs from 1 January 2015–31 December 2016 and its task is to take responsibility for supervising government electricity procurement and, if necessary, suggest improvements to the Ministry of Finance. Once a year, the monitoring group provides an update on the current status of government electricity procurement to the State Procurement Advisory Board and, if necessary, also to the management of the Ministry of Finance. The Ministry of Finance decides on the government's hedging strategy for electricity procurement. According to this strategy, a portfolio manager chosen by Hansel through competitive tendering will decide on individual

hedges and their scheduling. Hedges have been made accordingly until 2019.

5.2 Pending legal proceedings

At the end of 2015, Hansel was involved in two tendering-related cases in the Market Court and one in the Supreme Administrative Court. Hansel received five decisions from the Market Court in

2015. Two complaints were rejected, two were left uninvestigated, and one remained as was. The Supreme Administrative Court gave Hansel one tendering-related decision in 2015, upholding the decision issued by the Market Court to reject the complaint. After the end of the financial year, in January 2016, one complaint was made to the Supreme Administrative Court concerning a Market Court decision issued in late 2015.

Signatures to the financial statements and auditor's confirmation

Helsinki March 17th, 2016

Timo Laitinen, Chair
Kristiina Luukkonen, Vice Chair
Tiina Lukkari
Rami Metsäpelto
Panu Kilpinen
Anssi Pihkala, Managing Director

Auditors' confirmation

A report on the audit has been issued today.

Helsinki March 17th, 2016

KPMG Oy Ab
Authorised Public Accountants
Jorma Nurkkala
APA, CPFA

Auditor's Report

To the Annual General Meeting of Hansel Oy

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Hansel Oy for the year ended 31 December, 2015. The financial statements comprise the balance sheet, the income statement, the cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have

violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance

sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 17 March 2016

KPMG OY AB

Jorma Nurkkala

Authorized Public Accountant, CPFA

SUSTAINABILITY REPORT

Our operations

Hansel is the central procurement unit of the Finnish government. It organises competitive tendering processes and maintains framework agreements for products and services for government procurement units. Besides framework agreements, Hansel provides tendering services for its customers.

Hansel's objective is to be the engine of efficient procurement in the government sector. Hansel's core duty is to increase productivity in central government procurement. By working in close and responsible co-operation with customers, Hansel is able to generate considerable cost savings for the government.

Besides creating savings, a centralised model allows more responsible procurement. Hansel seeks to lead the way in responsible procurement.

Hansel offers its customers security and ease. We turn complexity into simplicity. With years of experience in demanding tendering processes, Hansel's experts have accumulated solid competences in responsible procurement.

Businesses are interested in the large volumes

involved in government procurement, and this provides a good channel through which Hansel can influence the practices of those wishing to submit tenders. Contract suppliers are required to comply with sustainable practices in line with government guidelines.

Founded on responsibility

Hansel's operations are guided by public procurement legislation, the central government procurement strategy, and government resolutions.

The results of our corporate responsibility work are presented in a Corporate Responsibility Report published annually in Finnish, Swedish and English. The previous report was published on 16 April 2015. The reporting is based on a materiality matrix, with due attention being paid to G4 reporting principles.

In the CSR report, responsibility themes are arranged into a matrix based on stakeholder and Hansel's perspectives. This enables Hansel to focus on reporting the key themes of corporate responsibility.

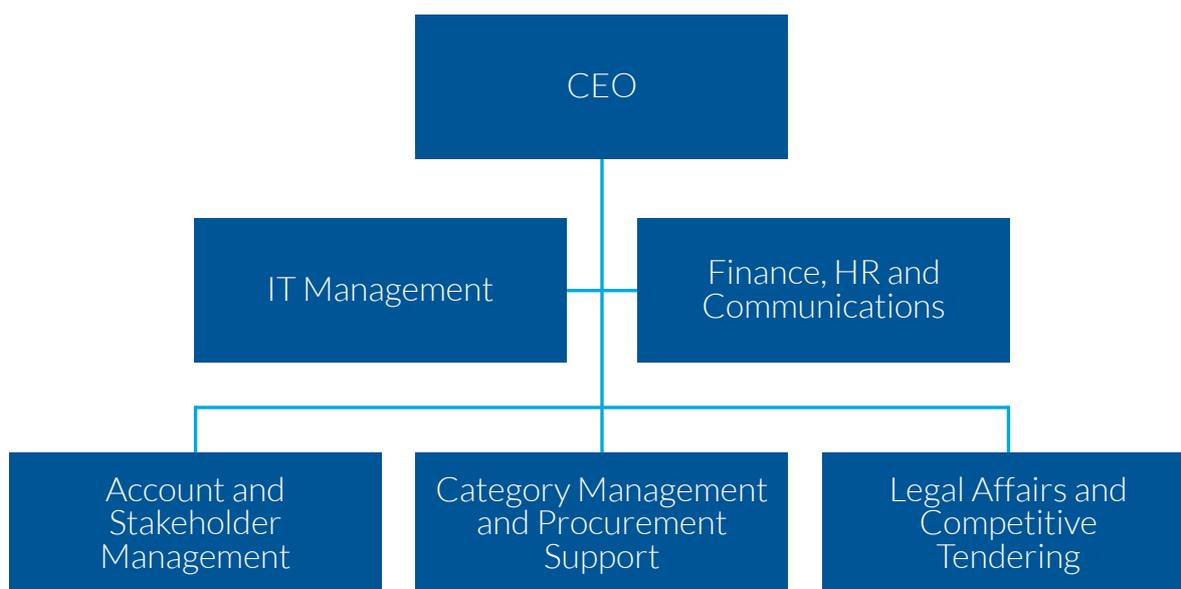
Organisation

The members of the Hansel Board of Directors are elected by the Annual General Meeting. The Board is chaired by Timo Laitinen, Director General of the State Treasury. The Board of Directors consists of five members, including one personnel representative. Board members are not members of the company's operative management. Two of the Board members are women and three men. Decision-making is compliant with the Finnish Limited Liability Companies Act and Hansel's Articles of Association.

Corporate responsibility management is monitored as part of the company's strategic management. The Board reviews and comments on a draft version of the corporate responsibility report. The Board has not appointed any of its members to specialise in corporate responsibility, nor are the Board's fees tied to the results of CSR activities.

Hansel's Executive Committee is nominated by the Board of Directors on the basis of a proposal by the CEO. The Executive Committee has five members, including the CEO: two men and three women.

The organisation of Hansel



The Category management and Procurement support department, responsible for the company's framework agreements, is divided into three sectors: ICT procurement, Procurement of administrative services, and Material and technical service procurement. Employees working in this department include experts in various sectors and competitive tendering consultants. Procurement support assists customers with simplified tendering processes within framework agreements. The department also has a team specialised in electronic tendering.

The Account and stakeholder management department is responsible for sales promotion, marketing communications, and customer service. The Legal affairs and competitive tendering department undertakes tasks relating to contract management and tendering of central procurement. It also offer legal and competitive tendering services to government customers to assist them in their own procurements.

The Finance, HR and communications department

consists of financial administration, communications, and HR. This department is responsible for the company's internal and external accounting, and responsibility reporting. Communications is responsible for the company's internal and external communications, while HR is in charge of resourcing and competence development. The IT management is responsible for the maintenance and development of IT systems.

The company is located in the Main Post Office building in Helsinki. Hansel has no international operations.

Internal audit

The Internal Audit function supports the Board of Directors and the CEO in the supervisory duties prescribed by law and the Board's rules of procedure. It also performs other internal audit-

and risk management-related duties assigned by the CEO and the Board of Directors. Internal Audit reports to the Board of Directors.

In 2014, a decision was made to outsource the internal audit to PricewaterhouseCoopers Oy (PwC). The Board of Directors decided that the areas to be audited in 2015 were Hansel's supplier management processes and verification practices related to accounting.

The internal audit findings related to supplier management processes concerned completing the work instructions and their distribution and development to the process of managing changes to contracts. Findings related to the audit of accounting processes and verification practices concerned monitoring, development and automatisisation of supplier reporting.

Structure of the Corporate Responsibility Report

The Corporate Responsibility Report presents the main results and achievements relating to corporate social responsibility (CSR) in 2015.

The overall concept of responsibility at Hansel is illustrated through CSR-related megatrends, the company's strategy, co-operation with stakeholders, and the responsibility materiality matrix.

The CSR aspects are approached through Hansel's corporate responsibility programme, responsible procurement, and co-operation with stakeholders. The report also explains what responsibility means in Hansel's working community.

The report lists all framework agreements that have been granted Hansel's environmental label and explains the grounds for granting the label.

GRI guidelines compliant reporting

The structure of the report is based on the internationally approved Global Reporting Initiative GRI 4 guidelines, which were updated in 2013. As required by the GRI guidelines, the report includes a table presenting the main content of the report, as well as guidance on where the information can be found.

If information is not available, this is mentioned in the table alongside an explanation for the omission. Some elements of the information are included in the Financial Statements.

Hansel's Corporate Responsibility Report can be read at annualreport2015.hansel.fi. The CSR report was verified by KPMG and, for the third time, is published only in online format.



Corporate social responsibility management and accomplishments in 2015

It is becoming increasingly important to consider responsibility perspectives in central procurement. Hansel's CSR efforts are managed as part of the company's ordinary management system.

CSR is an integral part of Hansel's operations. In accordance with government policies, we pay special attention to the ways in which environmental, social

and financial responsibility issues are factored into our agreements.

Hansel regularly monitors its contract suppliers for their ability to fulfil their obligations as central government procurement partners. We are also committed to combating the grey economy.



Corporate Responsibility Team plays a key role

A central role is played by the Corporate Responsibility Team, which convenes regularly and consists of experts from the organisation's various functions. The team consists of eight people, three of whom are members of Hansel's Executive Committee.

The team develops, deploys and provides information on CSR-related matters. Team members

participate in CSR-related events and training sessions organised by stakeholders.

Members of the CSR team have also been co-operating with their peers in other Nordic procurement units. This co-operation seeks to share information and best practices.

The Corporate Responsibility Team's other activities include giving presentations on Hansel's CSR efforts at client events.

Values and Code of Ethics

Hansel's corporate culture is founded on values that guide all of our operations. The common value base is used as a management tool in our organisation. Values that have been formulated together and properly internalised provide a firm foundation for corporate culture and workplace development. These values are an integral part of co-operation with customers and suppliers, and also within our organisation.

During 2014, an extensive discussion was held on values in Hansel, with the objective of questioning the current values and making changes where necessary. All Hansel employees were invited to join these discussions, which took place in several forums over a period of around six months.

After extensive debate, a decision was made to revise the values. Hansel's new values are 'Responsible Expert' and 'Efficient Partner'. The mobilisation of the new values continued during 2015.



Code of Ethics

Hansel's Code of Ethics was updated in 2014. The Code provides the foundation for Hansel's practices and policies. Operations are founded on a value base common to central government organisations: productivity, expertise, openness and impartiality. Equality and responsibility are also taken into account in Hansel's operations.

Hansel works with its customers, business life and other stakeholders in a variety of ways. Close co-operation with our stakeholders ensures that we can offer good contract solutions to our customers and work efficiently with our contract suppliers.

As Hansel's operations have far-reaching impacts, practices and policies must be flawless. By adhering

to an extensive and well-internalised Code of Ethics, Hansel strives to guarantee the equal treatment of all stakeholders and suppliers.

Corporate hospitality and gifts to individuals comply with codes of conduct for civil servants and other principles generally accepted within central government. Corruption and bribery are strictly forbidden.

Hansel does not offer financial support to political parties or groups. Instead of Christmas gifts, an annual donation of €1,000 is made to one department of the Hospital for Children and Adolescents; the donation goes to a separate department of the hospital each year. No other donations are made.

Disqualification provisions observed

The disqualification provisions of the Administrative Procedure Act do not directly apply to Hansel's operations. Since the majority of our customers comply with the Administrative Procedure Act, we are also expected to abide by its principles.

We also follow the recommendations made in the Public Service Code of Ethics Committee Report, as applicable, and the government guidelines regarding disqualification and conflicts of interest. Disqualified persons do not take part in competitive tendering processes, nor do they exercise any decision-making powers in contract management. Situations involving disqualification are considered on a case-by-case basis and according to Hansel's internal guidelines.

At Hansel, employees should not, in principle, be tasked with any assignments related to their previous employer, its partner or competitor, immediately after assuming their new position.

For any outside employment, employees require a permit issued by the CEO. Hansel keeps a register of employees' outside employment permits. Employees are not permitted to engage in any activities that compete with Hansel's operations.

Hansel's experts give lectures at functions organised by the company's stakeholders. Providing stakeholders with an opportunity to benefit from their experts' competences is considered a positive issue at Hansel. Giving lectures and arranging training days at stakeholder events requires a permit from the employee's supervisor, and information on such permits is recorded in statistical form.

The company's experts may witness situations that constitute a breach of competition laws. These include price fixing, market sharing or abuse of a dominant market position. If our experts suspect that competition laws have been breached, they inform Hansel's Chief Legal Counsel.

Savings for society

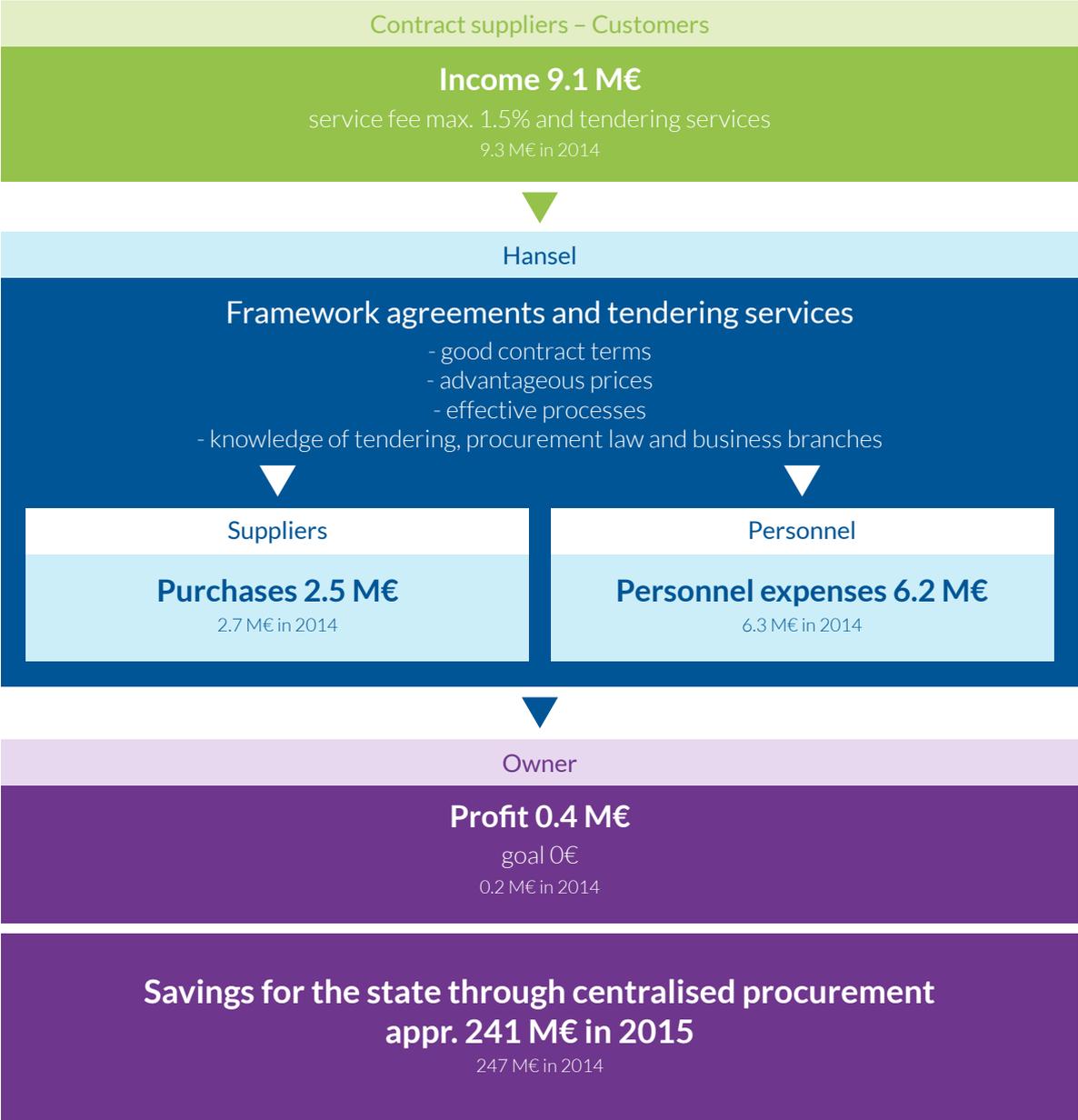
Responsibility is reflected in Hansel's objective – to generate savings for the government. The conclusion of a study conducted at the Helsinki School of Economics (Karjalainen et al. 2008)¹ indicated that, compared to distributed procurement operations, use of a centralised operational model in procurement generates considerable savings of approximately 20–25 per cent.

Based on the model presented in the study and

the potential calculations of Hansel's framework agreements, the savings achieved through central procurement totalled about €241 million in 2015.

Through more efficient operations, Hansel has been able to lower the service fees charged from contract suppliers. Currently, the maximum service fee that can be charged is 1.5 per cent of the contract value. The average service fee in 2015 was 1.09 per cent.

¹This research was conducted using Hansel's central procurement figures for 2006 and concluded that the savings already achieved that year amounted to approximately €95 million. It also suggested that if all potential central procurement were conducted in a fully centralised manner, savings could rise to 25.7 per cent. As it was assumed that a 100% utilisation rate could not realistically be achieved, this figure was viewed as a theoretical maximum value for savings through central procurement. The study estimated a utilisation rate of 80 per cent to be realistic.



Hansel's tax footprint

Hansel is now reporting its tax footprint in its CSR report for the second time. Tax footprint reporting is based on guidelines issued by the Ownership Steering Department of the Prime Minister's Office on 1 October 2014, which instruct the State's majority-owned companies on how to report country-specific taxes.

As Hansel has no operations abroad, all taxes

are paid in Finland in accordance with current legislation. Operating under the CEO, the financial unit is responsible for tax affairs at Hansel. Hansel has no specific tax strategy or tax planning.

The amount of value added tax to be paid from 2015 amounted to €1,632,424.20. The amount of corporate income tax amounted to €72,468.61. Tax withholding in 2015 amounted to €1,617,951.49.

No public grants were paid to Hansel in 2015.



Trends affecting operations

During 2013, the Corporate Responsibility Team defined the trends that affect Hansel's operations. The team examined global megatrends and identified those that affect Hansel in particular. When these trends were re-examined during 2015, the previously identified megatrends and company-specific trends were discovered still current.

The main megatrends affecting Hansel concern the development of the global economy, sustainable consumption, and changes in consumer status. The

latter refers particularly to the strengthening role of the consumer, which means that companies must offer their customers solutions that are easy to use and function properly. Also various technology-driven trends, such as the powerful digitisation of society, have a strong impact on operations.

Once these megatrends had been identified, the focus moved to those which affect Hansel's operations on a practical level.

Megatrends

- Global economy
- Strengthening of consumer position
- Sustainable consumption
- Digitisation

Hansel's trends

- Increasing complexity of the global environment
- Use of technology
- Responsible procurement and marketing functionality

Strategy and vision

Hansel's vision is to be the engine of efficient procurement in the government sector. The company's strategic objective is to assume a stronger role in developing government procurement and to collaborate actively with government entities.

We want to lead the way in responsible and innovative public procurement, to increase our offering in tendering services, and to introduce electronic tendering tools. In the five-year strategy period that began in 2013, Hansel's focus has been on co-operation with customers and suppliers, on contractual supervision, and on developing staff competence.

In an interim assessment completed in October 2015, Hansel's Board of Directors concluded that the strategy implementation has progressed according to plan and in some cases the expectations were exceeded. Both sales of procurement tendering services and the progress of many internal development projects have been brisker than expected.

In its interim assessment, the Board of Directors noted a contraction in procurement through framework agreements. The price of energy, cuts in public administration, and structural reorganisations within our customer base partially explain why we fell short of our budget in 2015.

Vision for 2017: Engine of efficient procurement in the government sector



CSR aspects are extensively accounted for in Hansel's strategy. Responsibility is promoted through framework agreements in particular, which set certain CSR-related requirements on tenders. Regarding Hansel's own operations, corporate social responsibility primarily involves reducing environmental impacts, engaging in proper financial administration, making efficient use of resources, ensuring the occupational well-being of personnel, and improving customer and supplier satisfaction.

Hansel began drawing up a new strategy in autumn 2015, and it is scheduled to be complete during 2016.

Risks and risk management

The risks related to Hansel's operations are analysed in connection with annual strategy updates. Every

few years, in addition to normal risk assessment, Hansel conducts a more comprehensive risk analysis, in co-operation with a risk management expert.

In general, the key risks faced by Hansel are related to contracting activities – the tendering process in particular.

The most recent risk assessment was completed in June 2015. As a result, 29 risks were identified and assessed with respect to the probability and magnitude of their consequences, should the risks be realised. On the basis of this information, risks were placed in a so-called risk matrix.

The causes and consequences of each risk were discussed, as well as actions to reduce the risks. Risks include changes in legislation and legal practices,

major damages or refunds, and risks associated with the availability of workforce or coping at work.

A special risk associated with the electricity framework agreement applies to the state's

electricity derivatives, which are registered in Hansel's name. The matter is described in more detail in the Notes to the Financial Statements, Section 5.1 Commitments.

Materiality assessment

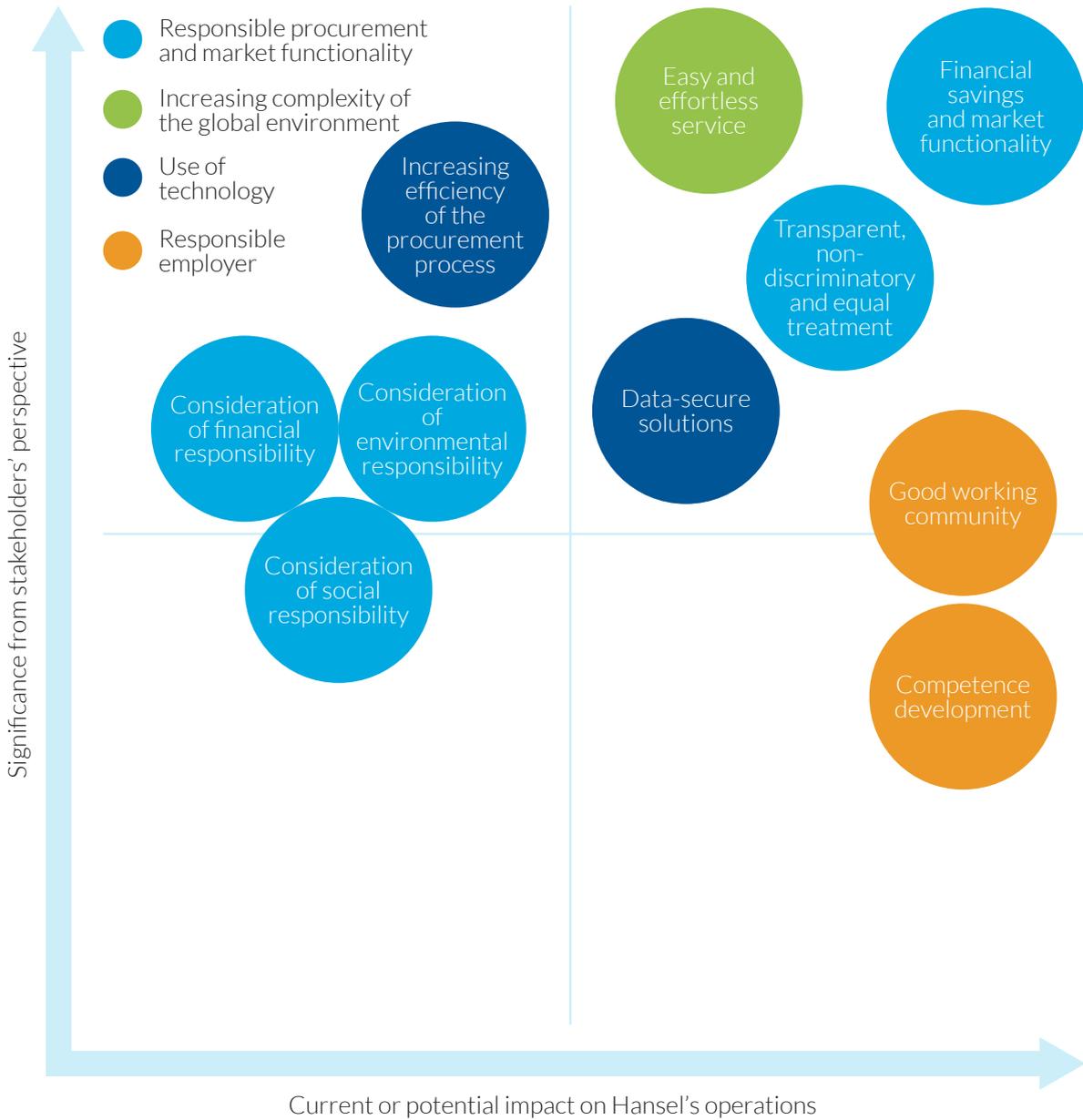
Corporate responsibility efforts at Hansel are based on a materiality assessment. The main CSR aspects of Hansel's operations are presented in the matrix below.

There are several elements affecting the content of the matrix. The assessment took into account the company's values, trends in the operating environment, and the company's strategy and related actions. Similarly, the content of the matrix is also affected by government guidelines and decisions-in-principle relating to Hansel. Other issues considered in the assessment include the outcomes of customer and supplier satisfaction surveys, reports from the Corporate Responsibility Team, feedback from customers and suppliers, and the results of job satisfaction surveys.

The materiality matrix was updated and clarified in fall 2015. The new matrix emphasizes the meaning of an efficient procurement process. Offering of a fluent and effortless service has risen to a more important role. The matrix was updated because of the changes in Hansel's operational environment. Changes were examined by the CSR Team and approved by Hansel's Board of Directors.

The aspects of responsibility presented in the matrix are linked to identified trends through colour-coding. In addition to the megatrends affecting Hansel's operations, the diagram includes issues related to Hansel as a responsible employer. The materiality matrix and the megatrends affecting Hansel's operations define the issues dealt with in the sustainability report.

Responsibility materiality matrix 2015



CSR key performance indicators

Materiality matrix aspects and related strategic objectives	Benchmark (Key indicator)	2015	2014	2013	2012	2011
Responsible employer						
Our goal is to have an encouraging and inspiring working community, and to be a responsible and respected employer	Personnel satisfaction (1-5)	-	3,8	-	3,7	3,6
	Average employee turnover, %	12,5	13,1	14,6	14,1	13,0
Our goal is to grow and diversify our knowledge capital	Hansel Academy	Underway	Underway	-	-	-
	Training days for all personnel	5	5	4	5	5
Increasing complexity of the global environment						
Easy and effortless service for customers and suppliers	Supplier and customer satisfaction survey (1-5)	Cust. 3,83	Cust. 3,87	Cust. 3,84	Cust. 3,66	Cust. 3,65
		Supp. 3,81	Supp. 3,88	-	Supp. 3,75	Supp. 3,67
Significant increase in procurement consultancy services	Volume, EUR thousand	1 131	671	368	173	-
Use of technology						
The introduction of an e-tendering solution in all tenders by 2017, and its usage rate	Introduction and usage	Introduction completed in Hansel	-	-	-	-
Responsible procurement and market functionality						
We seek to lead the way in responsible procurement	The average service fee percentage	1,09	1,19	1,19	1,21	1,20
	Central procurement that considers environmental aspects, %	79	78	75	72	71
	Zero corruption cases	No cases of corruption	No cases of corruption	No cases of corruption	No cases of corruption	No cases of corruption
	Estimated savings, EUR million	241	247	240	238	234
Developing procurement	HANKO project completed by 31 January 2016	Project underway	Project underway	Background work completed	-	-

State is developing government procurement

In August 2014, the Ministry of Finance launched a project to develop central government procurement (HANKO). The project was stemmed from improvements that were recommended after an analysis of government procurement in 2013.

The HANKO project was divided into four development areas that covered procurement steering, planning, contract management, co-operation with suppliers, and competence development. The Ministry of Finance and Hansel were responsible for leading the project.

HANKO was promoted during 2015 and its actual development phase ended in January 2016. About 30 procurement experts from ministries, agencies, institutions and universities joined working groups to examine the various areas for development.

The analysis and suggested improvements did not cover the implementation phase of procurement (tendering, ordering and invoicing), as the Procurement Act will be amended during 2016. The State Treasury was also running a project called 'From procurement to payment' (HAMA), whose objective was to enhance the ordering and invoicing process.



HANKO's main objective is to clarify the steering of central government procurement and put together models and best practices for agencies to use in steering, planning and monitoring their procurement, and in contract and supplier management. With the aid of these tools, government agencies' and institutions' procurement functions can be developed, procurement processes enhanced and procurement-related competence development supported.

The project's recommendations for further research and action plan cover how the Ministry of Finance can develop and further study the steering of central government procurement, how ministries

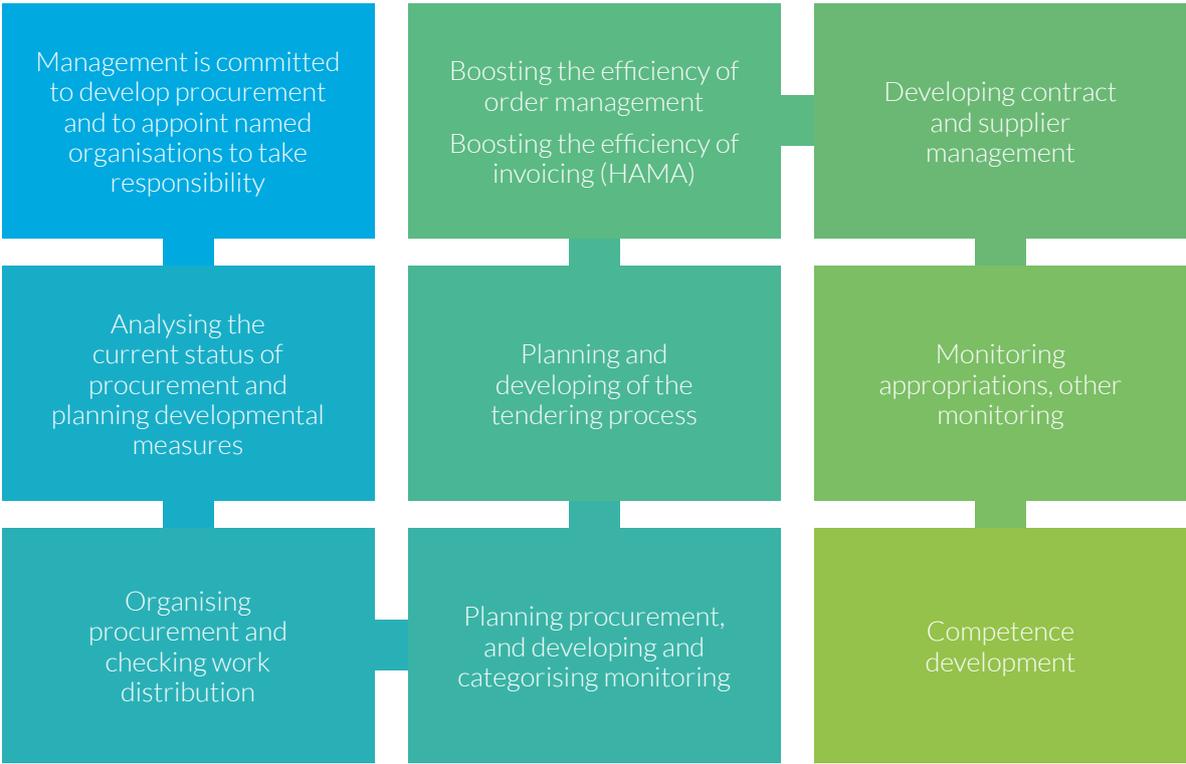
can develop procurement steering in their own administrative sectors; and how all agencies and institutions can develop their procurement functions. Units outside the State budget can also use the project's results and materials.

The final report on HANKO was presented to those responsible for procurement functions in the Government Procurement Day held on 9 February 2016. The final report contains instructions and models, and also analysis tools (complete with instructions) to help agencies develop their procurement. These can be used to build a development path that will get procurement fully under control.

The annual value of central government procurement is about €5.9 billion, and the government has 64 bookkeeping units and over 200 performance-guided agencies. When developing agencies' procurement functions, the key objectives are to increase efficiency, productivity, and effectivity. Benefits will be reached by centralising procurement, reducing process

costs, taking advantage of economies of scale and making carefully planned purchases on the basis of actual requirements. The main issue is to launch the process by searching each procurement unit's basic information and analysing key procurement indicators with the aid of, for example, budgetary resource and other reports.

Development path for agencies' procurement processes



Tendering services

Hansel offers tendering services to assist customers with their tendering or to help them develop their procurement. Assignments can also relate to legal

services in procurement-related issues. Demand for the tendering services has been growing in recent years, and this growth is expected to continue.

Benefits of Hansel's tendering services

 smaller workload	 management of the Act on Public Contracts
 support for tendering	 good contractual terms
 high-quality products and services	 lower risks
 cost savings	 corporate responsibility

Tendering services seek to generate savings and make central government procurement more efficient. Hansel's experts execute demanding tenders and support customers in their procurement processes.

Tendering services are offered in goods and service procurements, in which Hansel has both tender and contract management experience, and sector and market expertise. In special position are procurements for which Hansel cannot offer a framework agreement. Typical assignments involve tenders relating to IT systems, software, and services.

During 2015, Hansel was involved in 126 customer-defined projects with a total value of €235 million. The invoicing from procurement-related tendering services amounted to €1.1 million.

Feedback is collected after every completed project, and the customer feedback has been excellent. Customer satisfaction of tendering services is 4.4 on a scale of 1-5.

Procurement Support assists customers with simplified tendering processes within framework agreements, and also provides separately invoiced expert services.

Case: Laboratory equipment for Tampere University



Tampere University has consolidated its teaching and research of medical science, biomedicine and health science in a single location. A new building scheduled for completion this year will provide over 21,000 square metres of space for 600 employees and 1,200–1,500 students.

The university put out a tender for the new building's laboratory equipment in co-operation with Hansel. The list contained both standard refrigeration equipment and complex technology.

"The most notable acquisition was a liquid nitrogen vapour phase freezer system. This is a very large piece of equipment that represents the latest in modern deep-freezing technology for sample storage. It's about five times larger than any comparable system you'll find in Finland at the moment," says Petteri Malkavaara, Director of laboratory services at the University of Tampere.

Hansel's experts support procurement

The University of Tampere took advantage of Hansel's procurement expertise during the tender process.

"The university provided user expertise and some of our procurement personnel were also involved. Hansel was in charge of areas such as contacting organisations and making the required entries in procurement systems," says Malkavaara.

In Malkavaara's opinion, co-operation between Hansel and the university was very smooth. Issues were dealt with during monthly meetings – and if necessary with the project's building and monitoring planners.

"Hansel's involvement has been a great help in critical situations, the most important being formulating the tender call. Legal assistance has also been needed on numerous occasions in the face of complex process issues."

In addition to providing legal support, using tendering services has also been beneficial in other areas.

"Our own expert users have learnt how to set out requirements in written format and with sufficient precision. Hansel's assistance in our laboratory equipment tender also lightened the workload for the university's own procurement organisation," Malkavaara says.

Case: VITJA connects authorities



VITJA is a large-scale IT system for authorities that seeks to increase their efficiency. It is part of the online criminal process chain, and will be linked to databases owned by the Police, Ministry of Justice, Finnish Border Guard, Customs, and the Defence Forces.

It is also a large-scale project from a tendering perspective. On the basis of a tender held in May 2015, two suppliers were selected as first phase implementers to organise the introduction of the system. There will be several more tenders for VITJA until 2018, when the system is scheduled for completion.

Tendering expertise

Hansel's tendering services were used throughout the tendering process, for example, when preparing the tender call and evaluating tenders. A tender consultant and a lawyer were involved in deciding which would be the most sensible way to carry out the tender and set the quality standards.

"Hansel made sure that everything was done in accordance with procurement legislation. They

also helped us to draw up the tender materials," says Police Inspector Mika Pasanen, the project director.

Three to six representatives of the National Police Board were involved, as required. Co-operation with Hansel also helped the police to update their own procurement procedures.

"We only have limited resources for procurement, so we were glad of a helping hand," says Pasanen.

Pasanen found his co-operation with Hansel to be both beneficial and effective.

"We were able to come up with a number of potential scenarios and achieve a successful outcome without any complaints to the Market Court."

Pasanen praised Hansel's experts in procurement law, but also wanted to highlight the procurement unit's efforts.

"You have to do your homework. Good procurement requires an understanding of your own resources. You have to be clear about what you need to acquire. And it's worth contacting Hansel early on," he hints.

CSR aspects in procurement process

Hansel aims to lead the way in responsible procurement. The importance of corporate responsibility and responsible procurement is emphasised, among other instances, in the decisions-in-principle and procurement strategy of the government.

Framework agreements offer an effective way of deploying government decisions through procurement. Central procurement volumes are significant: during 2015, the Finnish State acquired

products and services worth a total of around €697 million through framework agreements.

Thanks to this large volume, Hansel is able to influence the generation of new services and the development of more environmentally aware products. Hansel can have an impact on what is available on the market by incorporating aspects of CSR into framework agreements and setting, for example, environmental criteria.



Tendering processes organised by Hansel are carried out openly and fairly, in line with procurement legislation. All suppliers of goods and services who fulfil the minimum requirements set in the call for tenders are allowed to take part in the tendering

processes organised by Hansel, in line with our open procedure. CSR elements are taken into account at the planning and implementation stages of the tendering process, as well as during the contract period.

Needs assessment

- Procurement, lease or repair
- Paying attention to the needs of special needs groups, accessibility, reachability ("Design for all")

Tenderer's eligibility

- An account of the tenderer's financial status, subcontractors, and of the environmental care actions pertaining to the service
- Documentation required by the Act on the Contractor's Obligations

Technical specifications (product or service features)

- Requirement specifications using tools such as the EU GPP toolkit, criteria for an environmental or energy label etc.
- Paying attention to the needs of special needs groups ("Design for all")

Comparison criteria (the awarding of points)

- Additional features of a product or service that indicate responsibility when tools such as the EU GPP toolkit are applied

Contractual terms and conditions and supervision of compliance

- Ecological product packaging, reduced carbon dioxide emissions during transport, warranty terms, pick-up and recycling of discarded materials etc.
- Compliance with the standards of ILO conventions, promoting employment opportunities, awareness of ethical trade issues, voluntary responsibility report

Considering CSR in framework agreements

We offer customers easy-to-use services and framework agreements featuring versatile CSR aspects as a built-in element. However, when it comes to products and services, environmental and economic perspectives are easier to take into account than social responsibility perspectives.

Contract solutions comply with government guidelines and policies. For example, the government resolution on the promotion of sustainable energy

and environmental solutions in public procurement defines energy procurement principles and permitted emissions for vehicles used in public administration.

Hansel expects that suppliers have paid their taxes and social security contributions, and comply with statutory demands related to the environment, health and safety, working conditions and terms of employment.

CSR aspects in framework agreements



Environmental aspects

Hansel has included environmental perspectives in its framework agreements for several years. For assistance, Hansel has drawn on other criteria,

such as Motiva's and the European Commission's Green Public Procurement toolkit's eco-friendliness criteria.

Environmental criteria have been established

for computers, for example; these include a requirement to fulfil Energy Star energy-efficiency standards. Attention is paid to recycling and decommissioning, and each supplier is required to collect old equipment from customers for recycling, regardless of the make involved, at the prices given in the contract.

Environmental perspectives are highlighted in the Office furniture framework agreement. All wood and wood-based materials must derive from legally harvested timber, and at least 70% of the materials must come from forests with a documented system of sustainable management. There are separate environmental criteria for the plastic, glues, textiles and metal parts in furniture. The suppliers are required to offer a furniture recycling service.

Framework agreements seek to ensure that discontinued products or packaging materials are recycled whenever possible. Appropriate recycling prevents the discharge of harmful substances into the nature and reduces the environmental burden caused by the use of raw materials and non-renewable natural resources.

Framework agreements allow Hansel's customers to acquire low-emission vehicles with carbon dioxide emissions below 100g/km. All-electric vehicles and plug-in hybrids are also available, with extremely low consumption and carbon dioxide emissions. The vehicle selection offered in the contract is automatically updated, allowing us to offer our customers the latest and most ecological solutions on every occasion.

Emissions scandal shook the motor industry

In September 2015 the United States' Environmental Protection Agency (EPA) found that Volkswagen had been improving emission figures of their diesel cars. Volkswagen admitted that in millions of cars manufactured by the company were equipped with software that enabled cheating in emission tests. Volkswagen also admitted that the equipment were used both in petrol cars and in other Volkswagen group's cars.

Immediately after the information was released Hansel required a written declaration about

emission measurement bias from those framework suppliers whose framework agreements cover Audi, Seat, Škoda or Volkswagen brands.

Hansel got the answers centrally from VW-Auto Group Ltd, which imports Audi, Seat and Volkswagen brands, and from Helkama-Auto Ltd, which is the importer of the brand Škoda in Finland. The importers told that they will contact Hansel's customers when they have the necessary information.

Hansel informed its customers several times and offered help in questions related to cars procured via framework agreements.

Financial aspects

The Finnish government has paid particular attention to various aspects of financial responsibility, such as fighting the grey economy. For example, the government's actions in this respect focus on the grey market in labour-intensive sectors and on a reform of the Act on the Contractor's Obligations.

The main labour-intensive sectors from Hansel's point of view include the hospitality industry, the transport industry, and the cleaning and security services industries.

Hansel strives to consider financial responsibility as comprehensively as possible in its framework agreements. Suppliers taking part in the tendering process are required to have fulfilled their social obligations properly.

In procurement that falls within the scope of the Act on the Contractor's Obligations, it is additionally required that selected contract suppliers provide regular reports on their tax payments, collective labour agreements under which the work and occupational health care arrangements, as well as proof of registration in the trade register, prepayment register, VAT register, and employer register.

The external organisations supervise the financial and legal status of contract suppliers. Hansel is immediately informed if a supplier's financial position weakens or its legal structure changes.

Social aspects

The basic principles of public procurement are applied to the inclusion of social responsibility aspects. All criteria must be fair and non-discriminatory, mindful of the principle of proportionality, and openly communicated. Social elements must relate to the object of procurement and be significant in terms of procurement implementation.

In practice, social elements may be incorporated in the terms and conditions of the contract – for example, by requiring that the supplier commit to the key labour and human rights conventions of the International Labour Organization (ILO).

Occasionally, such as in the competitive tendering process for the Computers and Servers framework agreements, Hansel has required tenderers to present a voluntary statement on their adherence to the ILO conventions.

Hansel has conducted a risk analysis on the social responsibility of its framework agreements. This

involved placing the agreements in a risk matrix, the variables being the value of the contract in euros and the size of the social risk involved. The objective was to identify the sectors and framework agreements involving a high risk from the perspective of social responsibility.

The analysis showed that the highest social risk lies in framework agreements made with specific international goods suppliers and Finnish service providers. With regard to international goods suppliers, the high risk was linked to labour-intensive production practices, a large number of subcontractors, and long supply chains.

Social risks tend to grow when goods are manufactured in countries where little attention is paid to workers' rights, and when raw materials are primarily sourced from outside Europe. With regard to Finnish service providers, the risk factors are related to labour-intensive services, a large number of subcontractors, and low-income sectors. Hansel has around ten framework agreements whose placement in the matrix indicates high or very high social risk.

Hansel's environmental label

The government resolution on the promotion of sustainable energy and environmental solutions in public procurement requires that environmental issues are taken into account in all public procurement.

When planning a tendering process, the project team investigates opportunities for including environmental aspects in the criteria. If including such aspects is not possible, or only one environmental element is identified, this is documented in accordance with Hansel's internal guidelines.

If a framework agreement has included environmental aspects in relation to two or more criteria set by Hansel, it is awarded Hansel's own environmental label. At the end of 2015, 58 of the 78 framework agreements that were in force (74 per cent) considered environmental aspects.

Environmental aspects cannot always be considered, due to the nature of the procurement. For example, it is often difficult to consider environmental aspects in organisational and HR development services and other similar framework agreements involving specialist services.

In Hansel's framework agreements, environmental aspects are accounted for

- ❶ in the definition of the procurement requirement, or
- ❷ in the procurement requirement specifications, or
- ❸ in the applicability requirements, or
- ❹ as a criterion for comparison, or
- ❺ in the agreement terms.

ICT Procurement

ICT expert services

ICT education services 2014–2018	❶	❷	❸	❹	❺
ICT consulting 2015–2019			❸		❺

ICT equipment

Network printers and related services 2012–2016		❷	❸	❹	❺
Multifunction devices and related services 2012–2016		❷	❸	❹	❺
Consumer electronics and AV-equipments 2013–2015		❷	❸		❺
Computers (PC/Windows) 2014–2016		❷	❸		❺
Computers (iOS/OS X) 2014–2016		❷	❸		❺
Rugged computers 2014–2016		❷	❸		❺
Security equipment and services 2015–2017		❷	❸		❺
Managed print services 2015–2019		❷	❸		❺

Data center services and equipment

Data center and capacity services 2013–2019	❶		❸	❹	❺
Servers and related services 2013–2015		❷	❸	❹	❺
Data center network equipment 2015–2017		❷	❸		❺
Storage and backup devices 2015–2017		❷	❸		❺

Software

Microsoft distribution channel 2012–2016	❶		❸		
e-Tendering solution 2015–2023	❶		❸		

In Hansel's framework agreements, environmental aspects are accounted for

- ❶ in the definition of the procurement requirement, or
- ❷ in the procurement requirement specifications, or
- ❸ in the applicability requirements, or
- ❹ as a criterion for comparison, or
- ❺ in the agreement terms.

Telecommunication

Video conferencing services 2010	❶	❷	❸	❺
Telecommunications services 2014-2018	❶	❷		❹
Network equipment (LAN/WLAN) 2015-2017		❷	❸	❺
Network equipment (WAN) 2015-2017		❷	❸	❺
Mobile devices and related services 2015-2017	❶	❷	❸	❺
Security systems				
Security systems and services 2012-2016		❷	❸	❺

Procurement of administrative services

Specialist services

Management consulting 2013-2017			❸	❺
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HR and health care services

Occupational health care services 2013-2018			❸	❹	❺
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Accommodation and meeting services

Domestic accommodation services 2015-2016		❷	❸	❹	
Domestic meeting services 2015-2017		❷	❸	❹	
Accommodation services in Brussels 2015-2016		❷	❸		❺
Ferry services 2015-2018			❸		❺

Travel services

Train services 2011	❶				❺
Travel agency services 2012			❸		❺

Economy and finance services

Payment solution 2013-2017	❶		❸		
Leasing services 2013-2017		❷	❸		
Leasing services for cars 2013-2017		❷	❸		

In Hansel's framework agreements, environmental aspects are accounted for

- ❶ in the definition of the procurement requirement, or
- ❷ in the procurement requirement specifications, or
- ❸ in the applicability requirements, or
- ❹ as a criterion for comparison, or
- ❺ in the agreement terms.

Procurement of materials and technical services

Vehicle and transport services

Moving services 2012		❷	❸		❺
Car rental and minileasing services 2013-2017		❷	❸		❺
Light vehicles and trailers 2013-2017		❷	❸		❺
Cars and efficient driving training 2013-2017	❶	❷	❸	❹	❺
Chartered bus services 2014-2018		❷	❸		❺
Construction machines 2014-2018		❷	❸		❺

Energy

Gases 2013-2017			❸		❺
Fuels 2013-2017		❷	❸		❺
Electricity 2013-2017		❷	❸		
Fuel purchases from service stations (professional drivers) 2014-2018		❷			❺
Fuel purchases from service stations 2014-2018		❷			❺

Consumer products and equipment

Food products 2012-2016	❶	❷	❸		❺
Tools and equipment 2015-2019		❷	❸		❺
Electrical and HVAC supplies 2015-2019		❷	❸		❺
Food and non-food products 2015-2020	❶	❷	❸	❹	❺

Office services

Office and ICT supplies 2012-2016		❷	❸	❹	❺
Printing services 2014-2018	❶	❷	❸		
Distribution services for domestic literature 2014-2018		❷	❸	❹	❺
Distribution services for foreign literature 2014-2018		❷	❸	❹	❺
Distribution services for periodicals 2015-2019		❷	❸		❺

Facility services

Office furniture 2013-2018		❷	❸		❺
Cleaning services (Facility user services) 2014-2017		❷	❸		❺
Restaurant services (Facility user services) 2014-2017		❷	❸		❺
Security services (Facility user services) 2014-2017			❸		❺
Overall services (Facility user services) 2014-2017		❷	❸		❺

Central procurement with environmental aspects taken into account

Procurement sector	Category	Central procurement 2015, M€	Environment considered 2015, M€	Environment considered 2015, %	Environment considered 2014, %	Environment considered 2013, %
ICT procurement	ICT expert services	49	2	4	1	-
	ICT equipment	45	44	99	98	90
	Data center services and equipment	27	27	100	100	100
	Software	30	29	98	96	92
	Telecommunication	40	20	51	47	47
	Security systems	13	9	68	70	60
	Total		202	131	65	66
Procurement of administrative services	Specialist services	23	8	34	25	4
	HR and health care services	70	58	84	32	3
	Accommodation and meeting services	24	24	100	100	100
	Travel services	53	16	31	90	91
	Economy and finance services	36	34	94	95	94
	Total		206	141	68	67
Procurement of materials and technical services	Vehicle and transport services	56	55	100	100	97
	Energy	114	114	100	100	100
	Consumer products and equipment	23	21	90	74	76
	Office services	33	26	78	78	78
	Facility services	62	62	100	100	100
	Total		289	279	97	95
Total		697	550	79	78	75

Developing a calculation model for lifecycle costs

Hansel has participated in the steering group for innovative public cleantech procurement. The objective of this project, which is administered by the Finnish Environment Institute, is to promote innovative cleantech procurement in Finland. The project has also examined issues relating to Life Cycle Costing (LCC).

Life Cycle Costing is a tool for calculating the costs of a product or service for all or part of its lifecycle. Although LCC calculators for public procurements have been around for some time, they haven't been used extensively.

Hansel has developed an LCC model that can be used to calculate the lifecycle costs of products and services procured through framework agreements. Costs have been roughly divided into preliminary costs, maintenance costs, and decommissioning costs and resale value.

LCC can be used not only in the comparison of tenders but also to monitor project expenses. Actual costs can be compared to estimates, and Life Cycle Costing during use also enables to record a variety of costs whilst keeping an eye on future expenses.

LCC is a sensible approach to energy-intensive products with long life spans. The benefits obtained by using LCC for such products are also the greatest.

When products and services are procured via Hansel's framework agreements, LCC can also be adapted to the acquisition of IT equipment, vehicles, transportation, and travel services. In vehicle procurement, it has been possible to use LCC or similar models for a longer time, as EU regulations have encouraged actors to do so.

Hansel is now applying LCC for the first time, with the aim of using the model whenever appropriate.

Responsibility perspectives steer food and non-food procurements

The framework agreement for Food and non-food products will gradually replace two other framework agreements: Consumables for institutional kitchens 2011 and Food products 2012–2016. The new framework agreement will be valid from 2015–2020.

This framework agreement will offer a single channel for product procurement, a logistically efficient and reliable operating model and, in terms of overall costs, affordable logistics and support services.

The framework agreement's products are of high quality and affordable, reliable and user friendly. Food products must be safe and must have a sufficient shelf-life from the customers' perspective. For example, the WHO's goal to halve the salt content of food products over the coming ten years will be reflected in product ranges during the contractual period.

Responsibility in various product and service groups

Customers can define requirements for sustainable

environmental and energy solutions, or for local and organic production, on the basis of government resolutions. Government resolutions provide guidelines on, for example, reducing food waste and improving energy efficiency.

The framework agreement's products are also subject to mandatory environmental criteria. A variety of environmental labels, such as the EU Ecolabel (Flower logo) and Nordic Ecolabel (Swan), provide a practical way of comparing products. Environmental aspects must also be considered in any services that are related to the products, for example, CO₂ emissions from transportation should be minimised and routes optimised.

In addition to government resolutions and mandatory environmental requirements, responsibility also includes social perspectives, such as fair trade and ethical fishing regulations. Suppliers must ensure that they adhere to responsible principles throughout their production chains.

Temporary staffing highlights social responsibility

With the aid of the Temporary staffing 2015–2019 framework agreement, Hansel's customers can acquire personnel for positions that don't require public officials, such as office, administrative, ICT, and catering services.

Tendering for temporary labour requires an understanding of the sector's special characteristics, so that the result of a tendering would not be unsatisfactory from a social responsibility perspective.

In Hansel's experience, the productivity of temporary labour in public administration increases through flexibility and adaptability, not through excluding the benefits of agency-hired personnel. In the tendering process for hired labour even greater attention has been paid to social responsibility and

the status of hired personnel.

In the framework agreement, the compensation paid to agency-hired personnel is at least that paid under collective agreements. Multiplier pricing offers customers transparency in gross wages for agency-hired personnel. This pricing model also reduces incentives to lower the wages paid to agency-hired personnel.

When it comes to benefits, all agency-hired personnel that are employed for four months or more are covered by both statutory occupational health care and GP health care. Customers may also offer the same benefits to agency-hired personnel as they do to their own personnel, such as sports or luncheon vouchers, with pass-through invoicing and without a contract suppliers' margin.

Responsible and sustainable travel

Framework agreements for travel, accommodation and conference services provide a wide range of services for those working in travel management procurement. Hansel offers ten different framework agreements through which customers can source all kinds of travel services from flights to conference packages and travel agency services.

The procurement of travel services is governed by agency-specific travel guidelines and government travel regulations and strategy.

The State's travel management function is there to support agencies' core activities and enable safe, cost-effective and environmentally friendly travel.

When procuring services for official trips, reservations can typically be made at the contract price through a variety of channels. Customers will achieve the best results by using the contract travel

agency and the payment solution. Using framework agreements also ensures compliance with the Procurement Act.

Environmental perspectives at the fore

Hansel has been tendering travel, accommodation and conference services in a centralised manner, and service providers must also fulfil certain environmental criteria, such as vehicle emissions, material recycling, and other operating methods that support sustainable development.

In accordance with the travel strategy, environmental loading must be reduced through, for example, a critical evaluation of the actual need to travel, paying attention to modes of transport, and increasing the use of technical solutions that reduce the need to travel.

Digitisation of society impacting on procurement

The digitisation of society and changes taking place in Hansel's operating environment have been considered in the company's strategy, which includes several actions aimed at developing electronic procurement services.

For our customers and contract suppliers, the digitisation of Hansel's services translates into a wider range of electronic services. We want to offer the fastest and most flexible service to our customers and suppliers, and to this end have made an increasing number of services available online.

The new online service introduced in late 2014 will improve the efficiency of our customers' procurement by offering them more information and by simplifying the framework agreement registration notice procedure. An extensive new online service was finally completed in February 2015, when our extranet, which is targeted at contract suppliers, was integrated into our new hansel.fi e-service.

Development work to provide better online services for customers will continue with the objective of improving both the service level and customer and supplier satisfaction. Customers will continue to receive personal service through our customer service and customer relationship managers.

Towards more efficient procurement

Procurement is often a laborious and time-consuming process. Electronic procurement solutions can reduce the administrative burden, simplify the tendering process and framework agreements, and increase the transparency of the procurement process.

The introduction of an e-tendering solution designed to enhance government procurement is an important strategy-driven project for Hansel. Electronic auction has been used as a tool in the

tendering process, and experiences have been positive.

Studies show that SMEs in particular benefit from electronic procurement. Generally speaking, more SMEs have participated in public procurement tendering since the introduction of electronic processes².

Tendering services can also be used to boost the efficiency of procurement, by harnessing experts' wide-ranging expertise and making use of existing model templates and established processes.

Towards e-tendering

The new Procurement Act will require all public procurements to be open to electronic tenders. This stems from the European Union's Public Procurement Directive and strategy on electronic procurement, which seeks to adopt electronic procedures during 2016. In practice, this means electronic tender notices, calls, and submissions.

The framework agreement on e-tendering solution will be in force 2015–2023, and will enable customers to access the tendering system administered by Hansel. When using the automatic system, all stages of the procurement procedure, from announcements to payments, will be carried out electronically. The e-service is available at hanki-palvelu.fi.

The Finnish Communications Regulatory Authority has audited the system's information security. After the Authority gave its approval in January 2016, the system's further deployment started.

Benefits for customers and suppliers

The electronic procurement procedure will boost efficiency in the public sector. It will also create

²Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: End-to-end e-procurement to modernise public administration, 26 June 2013.

more opportunities for European companies, and in particular SMEs, to benefit from the advantages offered by digital internal markets.

Real benefits will be gained when both calls and tenders can be made in electronic format, enabling any data that has been entered to be reused. This will significantly accelerate the entire procurement

process, from tender opening and evaluation to making the final decision.

Hansel and its contract supplier provide comprehensive training for those starting to use the system. A variety of briefings, user events, and development teams support the use and development of the e-tendering solution.

Data-secure solutions

According to police estimates, the number of cybercrimes in Finland is growing, and cyber attacks on companies are expected to continue. In fact, government administration and internationally operating companies may face a growing variety of data security breaches.

In line with the government resolution on enhancing information security in central government, information security issues form an integral part of management, expertise, risk management, and administrative development. In principle, every organisation is responsible for information security within its own operations.

At government administration level, responsibility for information security steering and development lies with the Ministry of Finance. Hansel's framework agreements observe the government's data security guidelines and requirements.

Hansel also participates in the government's information security development projects and creates models that incorporate information security into the tendering process for framework agreements. Framework agreements offer customers an opportunity to specify their own, unique information security requirements.

We pay attention to information security in all of our operations and procurement solutions. Security is a key consideration for systems, tools, practices and procedures. It is a reflection of sound business practices and an important part of Hansel's risk management.

Bases for information security policy

Hansel's information security policy defines the information security principles and requirements that are, from management's perspective, critical for the company's business. Our information security obligations apply to all Hansel personnel. Hansel's data security manager is responsible for providing security-related training and instructions, and for in-house communications.

At Hansel, information security means ensuring the confidentiality, integrity and accessibility of data. Information security is a reflection of sound business practices and part of Hansel's risk management.

Maintaining a level of information security that is appropriate and sufficient for Hansel's business allows the use of modern and efficient business processes and methods.

Hansel is committed to upholding the basic information security level specified for public administration. An external audit showed that Hansel meets all of the basic requirements for information security in public administration.

Tendering processes are required to meet the basic, increased or high level specified in the instructions issued by the Government Information Security Management Board (VAHTI). Customers may also have their say in the security level of the services provided.

Processing times for complaints

There has been a lot of debate surrounding the processing times for procurement-related complaints to the Market Court and Supreme Administrative Court. Since 2010, it has not been possible to sign a procurement agreement exceeding EU threshold values if a complaint has been made to the Market Court. As it can take months, and sometimes even years, to resolve a case, this causes difficulties for both suppliers and procurement units, and increases the need for temporary agreements.

In 2015, it took on average of half a year to resolve procurement-related cases in the Market Court. Processing times have been longer in the Supreme Administrative Court – for example, cases took about a year and a half to resolve in 2014. Over half of the cases put before the Supreme Administrative Court took over a year and a half to resolve.

In Finland, average processing times at the court of first instance are still some of the longest among EU Member States. The Market Court has become more efficient in recent years, and has managed to shorten its processing times. However, they remain long in relation to the rest of Europe.

For example, processing times in Finland are long compared to Sweden, even though far fewer complaints are made in Finland. In 2014, six times as many complaints concerning public procurement were registered in Sweden than in Finland. When expressed in terms of a percentage of all procurement notices, complaints were made

in over 19 per cent in Sweden and only 4.1 per cent in Finland.

What can be done?

Although processing times will not shorten overnight, and greater efficiency may well require increased court resources, it is possible to make improvements in line with the Swedish model. The parties involved could be heard through electronically delivered requests; deadlines for providing clarifications and statements could be shortened; and tenders exceeding EU threshold values could be prioritised in order to minimise the negative impact of suspensions.

In 2015, the European Commission organised public online hearings to increase legal protection and implement Directive 2007/66/EC on improving the effectiveness of review procedures concerning the award of public contracts. A Commission communiqué stated that the Commission will continue to pay attention to the effectiveness of juridical protection and length of case processing times. Revisions to the Judicial Protection Directive are expected in the near future, and Member States will be able to demand stricter action on processing times in the future.

More information about key indicators for Swedish procurement in 2014 is available in the latest report published by Konkurrensverket.

Close co-operation between government entities

Government organisations work systematically to improve their mutual co-operation. Regular meetings of the service centre co-operation network are attended by management representatives from the State Treasury, HAUS Finnish Institute of Public Management, Finnish Government Shared Services Centre for Finance and HR (Palkeet), Hansel, Senate Properties, and the Government ICT Centre Valtori.

The primary objective of this co-operation is to improve the government's performance. Closer co-operation helps to eliminate unnecessary overlaps in government organisations and to identify new forms of co-operation. Most important is the government's interest. By working together, government organisations strive for simplicity and clarity in service to customers, hoping to offer a one-stop-shop experience.

In addition to the co-operation network consisting of senior management from service centres, a network of communications experts was set up in December 2014. Hansel hosted the first meeting of this network, which attracted around twenty communications officers from various government organisations. The network seeks to enhance communications-related co-operation between various government entities, and to offer a forum for joint discussions. The network continued its activities in 2015.

Customers and suppliers in the same boat

In May 2015, customers saw evidence of this closer co-operation between government entities when the State Treasury, Hansel, Senate Properties, HAUS Finnish Institute of Public Management, Finnish Government Shared Services Centre for Finance and HR (Palkeet), and Valtori shared an exhibition department at Valtio Expo in the Katajanokka district of Helsinki.

The theme of the day was digitisation, and diverse presentations gave a wide range of perspectives

on the topic to halls full of avid listeners. Timo Laitinen, Director General of the State Treasury, was delighted with the record-breaking audience figures.

"There's always a bit of guesswork involved when planning a programme, but this looks great."

Efficiency and predictability in public administration

The government has a wide range of service providers, and overlaps cannot always be avoided. The idea of a common, 'one-stop' portal is appealing: it would make things easier for customers and strengthen co-operation between government entities. Monitoring the various stages of the procurement process would increase predictability, and reduce the number of unnecessary phone calls and emails.

"All of the required technology already exists. Customers would be able to access all of the required services through a single portal and check how procurement processes are progressing – in the same way that you can now monitor webshop and other parcel deliveries online," says Laitinen.

Towards an e-tendering solution

The European Union requires the introduction of an electronic tendering process by 2016. Hansel introduced its e-tendering solution in 2015, and the service is now being expanded to all public administration organisations.

"This will be of great benefit to both customers and Hansel. Tenders will progress more quickly, fewer mistakes will be made, and we will be better able to share best practices among all parties," says Hansel's CEO Anssi Pihkala.

New working environments, new working methods

Jari Sarjo, CEO of Senate Properties, underlines the

importance of personnel competence as the world becomes increasingly digital.

“Using new working environments requires people to internalise new working methods, and one key element of this is being able to use the systems. We have a lot of improvement to make in this area,” Sarjo admits, and mentions the ICT Driving Licence as a concrete example of how to guarantee the required skills.

Sarjo considers co-operation with, for example, Valtori to be vital.

“We can develop our working methods to create mobile government employees who can work anywhere, at any time,” he says.

Co-operation with government suppliers seeks to improve performance. New forms of co-operation are continually being sought and developed, so that customers will have access to the clearest and best-functioning services through a ‘one-stop shop’. Making joint presentations is one way of getting this message across.

Events for customers and suppliers

Hansel's service commitment to all its stakeholders is "Working together for successful procurement". Hansel seeks to engage in effective co-operation with its customers, suppliers and other stakeholders to ensure an optimal outcome.

Customer and supplier perspectives are considered during the tendering process, and we also ensure smooth co-operation during the contractual period. To this end, Hansel organises events and functions for its customers, contract suppliers and other stakeholders.

Hansel and Valtori co-organise ICT Day

Our traditional ICT Day attracted a large number of participants – almost 300 customers joined us at Wanhassaatama.

Framework agreement IT products and services were extensively displayed, with over 40 contract suppliers in attendance.

Seminar presentations examined Hansel and Valtori's co-operation models, and the lively debate continued at the organisations' shared exhibition department. Customers also got the chance to ask contract suppliers about procurement practices and the roles played by Hansel and Valtori.

Customers were able to see the latest products and services at our contract suppliers' departments. The event also offered excellent opportunities for networking. The ICT Day seminar presentations were beneficial for both customers and suppliers.

The joys of travel and meeting people

Helsinki's Wanhassaatama was buzzing on 5 February 2015, when almost 250 customers and 50 contract suppliers attended the Hansel Travel ABC Event on framework agreements in the travel sector.

This updated event offered visitors a hefty information pack on travel-related framework agreements and the latest trends in the sector. In the auditorium, visitors could also hear talks about how digitisation will affect not only travel itself but also procurement.

At Travel ABC, people met old acquaintances and forged new contacts. Customers were given plenty of time to share best practices in travel management and meet the exhibitors.

Both customers and contract suppliers praised the choice of venue and the time allocated for touring the exhibition. Face-to-face meetings are highly valued. The event was also attended by representatives from car rental and mini-leasing services, and framework agreements for payment solutions.

Market functionality and SMEs

Ensuring a healthy market and promoting competition are important features of financial responsibility. Hansel makes every effort to take the operational prerequisites of small and medium-sized companies into consideration in tendering processes. In this field, Hansel collaborates with the Federation of Finnish Enterprises.

Hansel has 383 contract suppliers in total, 27 of which are from outside Finland. In addition, there are four groupings that each contain at least one foreign company. The number of foreign suppliers has grown compared to 2014 due to changes in monitoring principles. The 2015 figure also includes Finnish branches of foreign companies, foreign associations, and other foreign legal persons.

We keep track of the percentage of all contract suppliers that are SMEs, and of the distribution of framework agreement sales between SMEs and major corporations. We use the European Commission's definition of SMEs³.

In 2015, 44 per cent of Hansel's suppliers were SMEs. This figure includes all suppliers that have a direct contractual relationship with Hansel; subcontractors are not included. In practice, this means that procurement from SMEs under Hansel's agreements exceeded €96 million during the year.

SMEs as contract suppliers*

	2015	2014	2013	2012	2011
Number of SME contract suppliers	170	164	173	161	263
Percentage of SMEs of all contract suppliers	44	43	46	46	64
Central procurement from SMEs, M€	96,0	91,5	70,8	115,0	176,2
Share of central procurement from SMEs, %	13,8	12,8	10,2	16,7	26,1

*In 2012, the classification criteria for associations and for municipality and city-owned companies were revised; these are now included in "Other". Classification has similarly been revised for some companies that are part of international groups, if these companies were previously classified as SMEs due to the small scale of operations in Finland.

As Hansel's customers often have large procurement volumes, it can sometimes be difficult for small companies to meet the order volume. Use of subcontractors to accommodate part of procurement is permitted in Hansel's tendering processes. This gives SMEs a better chance to take part in central procurement.

Hansel also permits participation from consortia. Consortia find it easier to meet large order volumes,

which improves SMEs' chances of becoming government contract suppliers.

Procurement from SMEs through framework agreements has decreased in recent years. One of the contributing factors to this decrease is the Electricity framework agreement, which became the company's largest framework agreement (in monetary terms) in 2011, when the government decided to centralise its electricity procurement

³Number of personnel under 250, with maximum net sales of €50 million or a maximum balance sheet total of €43 million. Companies must also fulfil the 'independence criterion', which means that no large companies own more than 25 per cent of the SME in question.

through Hansel. The electricity contract supplier is not an SME.

It should be noted that there are some sectors, such as scheduled flights and leasing services, in which there are no SMEs. Furthermore, there are some agreements that require nationwide coverage, such as the framework agreements for data and voice communications.

Split procurement

Framework agreements are based on the Act on Public Contracts. Suppliers for framework agreements are selected in a competitive tendering process, which may be arranged regionally. Generally, tendering processes are organised in accordance with an EU-wide open procedure.

Within certain framework agreements, customers will often use a simplified tendering process. These simplified processes are only open to suppliers selected for the framework agreement. A simplified tendering process for occupational health services or printing services, for instance, is therefore only open to selected suppliers from the geographic area in question, or for a specific product group.

The method employed in the tendering process is always considered on a case-by-base basis, in order to meet market functionality requirements and

customer needs. When possible, procurement is split into smaller units to facilitate SME participation. SMEs are allowed to form a consortia to improve their chances in the tendering process.

However, tendering processes may not exclusively target SMEs; instead, the winner is always the tenderer or tenderers offering the most economically advantageous tender, regardless of the size of the company they represent. A regional tendering process is arranged for approximately 10 per cent of Hansel's framework agreements.

Regional aspects were also incorporated in the Domestic accommodation and conference services framework agreement, which was divided into approximately 70 regions in order to meet customers' accommodation needs in the best possible manner. Approximately 90 contract suppliers were selected to provide accommodation and conference services. The Occupational health care services framework agreement also takes regional perspectives into consideration.

The framework agreement for computers assigns nationwide responsibility for computer servicing and maintenance to contract suppliers. In practice, services are provided through an extensive subcontractor network, offering customers access to nearly 140 service points.

Amendments to the Procurement Act

The new Public Procurement Directives prepared by the European Union were approved in February 2014. Hansel's experts were actively involved in the preparatory work for a national legislative reform that was carried out after the Procurement Directives were approved.

They took part in the work carried out by project steering and preparation groups, and in that performed by the secretariat. A government proposal on the Procurement Act will be submitted to Parliament in spring 2016, and the new Procurement Act will probably come into force in autumn 2016.

This reform involves an overall revision of

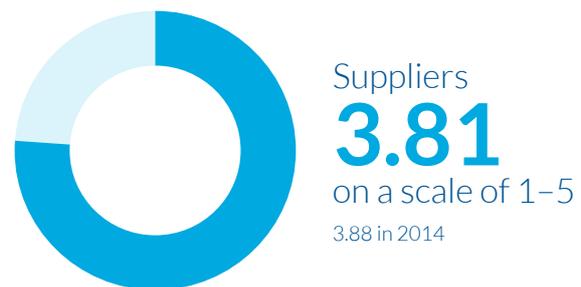
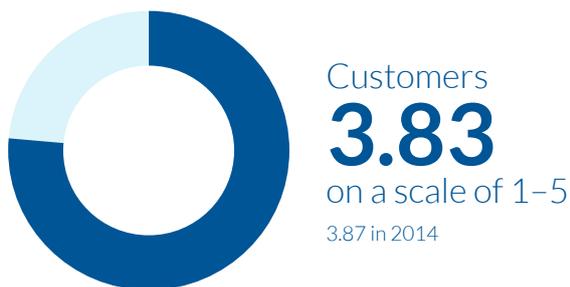
procurement legislation. For Hansel, the most significant reforms include changes in procurement procedures, the practical tendering process and electronic procurement procedures; changes in the status of central procurement units; and more detailed information regarding framework agreements.

Following this legislative reform, more attention will be paid to environmental and social considerations, innovation, and the position of SMEs. One objective was to provide authorities and municipalities with better opportunities to consider the quality of procurements, and also to support improvements in employment, working conditions, health, and environmental protection.

Customer and supplier satisfaction

Hansel regularly monitors trends in customer and supplier satisfaction. Feedback is collected from customers and suppliers through extensive surveys conducted approximately once a year.

The latest supplier satisfaction survey was carried out in January 2016 and the latest customer satisfaction survey in January 2016. The results are examined by the Executive Committee and then used in the planning of improvements together with personnel.



Customers satisfied with Hansel's services

According to the customer satisfaction survey, Hansel has succeeded in developing its operations in a favourable direction. The overall satisfaction rate of Hansel's customers was 3.83 on a scale of 1–5 (3.87 in 2015). An overall score of 3.50 or above was given by 77 per cent of respondents (77% in 2015). Customers' overall satisfaction with Hansel's operations has remained at a good level.

In the survey, our customers gave the highest scores to our expertise of procurement legislation and tendering procedures, service-minded attitude and contact persons' communications.

Some areas that Hansel is able to influence were identified as in need of development: our understanding of customer requirements, knowledge of the product or service being procured, and the benefits of central government procurement.

A total of 356 customers replied to the customer survey (326 in 2014), and responses were received from all branches of public administration. The largest numbers of responses were received from

the administrative branches of the Ministry of Defence, Ministry of Employment and the Economy, and the Ministry of the Interior.

Contract suppliers appreciate equal opportunities

A contract supplier survey was carried out in January 2016 and was answered by 180 contact persons from supplier organisations. The overall supplier satisfaction rate was 3.81 on a scale of 1–5 (3.88 in 2014).

The highest scores were given for expertise in procurement legislation and tendering procedures, and the actions of our contact persons. High scores were also given for equal opportunities and providing information about framework agreements and tendering processes.

However, our suppliers gave us the lowest scores for knowledge of the product or service being procured and the smoothness of the tendering process.

We received feedback from both major corporations and SMEs. There were no statistically significant differences in the overall satisfaction between these groups.

Automatic feedback collection

In addition to conducting extensive surveys, we collect feedback from customers and suppliers after each tendering and consultation project. Requests for feedback are, as a rule, sent to everyone involved in tendering projects. Our goal is to use this feedback

to develop our co-operation with stakeholders.

We also collect feedback on customer satisfaction with the framework agreement before the end of the contractual period, so we can take any development needs into account in the next framework agreement.

Stakeholder analysis

Hansel's key stakeholders include customers, suppliers, the owner, and employees. The company also has various other stakeholders, such as the legislative bodies responsible for procurement legislation, non-profit organisations, industry organisations, and the media.

The stakeholders analysis made at Hansel identifies and classifies all relevant stakeholders and assesses their interactive relationships with Hansel, as well as their expectations for the company.

Analysis of the major stakeholders with whom Hansel regularly works

Stakeholder	Expectations and requirements	Impact on stakeholders	Management and co-operation practices
Customer relationships			
Procurement units	Procurement procedures that, in addition to taking the customers' needs into account, offer good terms, reasonable pricing, high-quality service, ease of use, and proven compliance with legislation. Support for the tendering processes of in-house procurement.	Reducing the procurement expenses of state administration procurement organisations and the effort related to procurement; centralised accountability for sustainable choices in state administration procurement.	Operations are based on a customer relationship plan, drawn up annually, wherein areas of focus and major customer relationship development activities are identified. Responsibility: Director, Customer Relations and Customer Managers
Group service providers	Hansel is expected to support the operations of service centres through its framework agreement services and expertise in procurement legislation and tendering.	Reducing the procurement expenses of state administration procurement organisations and the effort related to procurement. Centralised accountability for sustainable choices in state administration procurement.	Group service providers are perceived to be steering the procurement of state administration in the service and product categories for which they are responsible. Hansel Ltd aims to develop its solution offering to be able to support centres' operations more efficiently. Responsibility: Director, Customer Relations and Procurement Sector Heads

Supplier relationships

Framework suppliers	Profitable commercial activities with state administration organisations; professional tendering processes coupled with non-discriminatory and fair treatment.	Significant sales volumes for the suppliers with successful tenders; non-discriminatory and fair treatment of suppliers; requirements that promote sustainable choices.	Supplier co-operation is conducted in line with an action plan prepared annually. Responsibility: Chief Category Officer, Category Managers
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Internal relationships

Owner	A well-run, responsible company that generates savings for state procurement.	Generation of savings in the state's operational costs via improved procurement profitability and savings on procurement expenses; state procurement operations that are fully compliant with legislation.	Hansel Ltd aims to be active in expressing the views of the central procurement unit on state procurement development and savings opportunities. Responsibility: CEO
Hansel personnel	Secure and rewarding employment; opportunities to develop both individual skills and the company.	An employer with long-term, responsible operations, offering, alongside financial compensation, an attractive work environment and the opportunity to influence projects that are significant at national level.	This involves HR programmes. Responsibility: Head of Finance, HR Manager

Relationships with other stakeholders

Legislative bodies	Presenting the viewpoint of the procurement unit in support of legislative development.	A skilled and professional unit that can share practical experiences of public procurement and the related legislation.	Hansel actively makes development proposals, participates in working groups, and organises information sessions. Responsibility: Head of Legal Affairs
Other state administration	Presenting the perspective of the procurement unit and central procurement units.	Varies, depending on the stakeholder.	Active participation in dialogue is encouraged, and regular meetings are held with partner management and key personnel.
Industry organisations	Dialogue supporting the development of contract terms.	Greater efficiency and impact of operations: a centralised and efficient channel through which the interests of the parties Hansel represents can be voiced in state procurement.	Co-operation is maintained through regular meetings and representatives' inclusion in tendering processes. Responsibility: Category Managers
Not-for-profit organisations	Promotion of responsibility and sustainable development.	Greater efficiency and impact of operations: a centralised and efficient channel for promoting sustainable choices in state administration procurement.	Establishing co-operation and sharing information. Utilising the expertise of the organisations in framework agreement tendering processes. Responsibility: Corporate Responsibility team
Media	Information and news items on state administration procurement and procurement operations.	Greater efficiency of operations: a professional entity providing reliable, centralised information on state administration procurement and procurement operations.	Media needs are responded to through active services. Responsibility: Communications Manager

External working groups

Hansel's experts regularly take part in working groups whose objectives include developing national procurement activities, promoting responsibility, and improving information security in procurement.

Key working groups in which Hansel was involved in 2015

Working group	Established by	Objective
Central government procurement development project (Hanko)	Ministry of Finance	Developing central government procurement
Commission Government Experts Group on Public Procurement (EXPP)	European Commission	Assists the Commission in preparing public procurement legislation or political policies
The Multi-Stakeholder Expert Group on eProcurement (EXEP)	European Commission	Developing electronic procurement
Steering and co-operation teams of Senate Properties and Hansel	Ministry of Finance	To develop co-operation between Hansel and Senate Properties
Working group for secure ICT procurement	Working group established by Hansel	To support the planning and implementation of shared service and solution procurement within the framework of corporate government steering. Focus areas include ICT procurement and the special needs of the defence and security cluster. Convenes 2–3 times a year.
Procurement forum	LOGY	To influence the development of Finnish procurement expertise and promote the competitiveness of forum members.
Monitoring group for government electricity procurement	Ministry of Finance	To monitor government electricity procurement.
State Procurement Advisory Board	Ministry of Finance	To promote interaction between government procurement units and oversee the fulfilment of the Government Procurement Strategy.
Steering group of the Finnish National Public Procurement Policy for Wood-based Products	Ministry of Employment and the Economy	To steer policy work through a team of experts
Working group for electronic procurement	Ministry of Finance	To coordinate Finnish projects for electronic procurement.

Smart Procurement	Finnish Funding Agency for Technology and Innovation (Tekes)	To improve market access for products and services developed by SMEs in particular, and to improve the productivity and effectiveness of public services.
Steering group for sustainable procurement advice	Motiva	To promote sustainable procurement.
Steering group for innovative public cleantech procurement	Finnish Environment Institute	The project seeks to promote innovative cleantech procurement in Finland. The steering group convenes a few times a year.
Steering group for the Act on Public Contracts reform	Ministry of Employment and the Economy	To prepare a comprehensive reform of public procurement legislation
Working group for the Act on Public Contracts reform	Ministry of Employment and the Economy	To prepare a comprehensive reform of public procurement legislation
Steering group for Valtori and Hansel	Working group established by Hansel and Valtori	To promote co-operation between Valtori and Hansel. Convenes approximately five times a year.
Steering group for the Finnish Government Shared Services Centre for Finance and HR (Palkeet)	Working group established by Hansel and Palkeet	Development and follow-up of co-operation between Palkeet and Hansel. Convenes a few times a year.
VAHTI: Technology unit	Ministry of Finance	To come up with key policies on information security, particularly with regard to public procurement

In addition to its involvement in the working groups, Hansel issues expert statements on government procurement and its development.

Memberships in organisations and disclosures

Hansel was a member of the following organisations in 2015:

- Helsinki Chamber of Commerce
- HENRY
- The Finnish IT Law Association
- Management Institute of Finland
- Meeting Professionals International
- Nooan Arkki Oy (Green Office)
- Service Sector Employers PALTA
- The Finnish Association of Communications Professionals (ProCom)
- The Institute of Internal Auditors Finland
- The Finnish Business Travel Association
- Finnish Association of Purchasing and Logistics (LOGY)
- The Information Society Development Centre (TIEKE)
- Corporate Responsibility Network FIBS

Anssi Pihkala, Hansel's CEO, is a member of the advisory board of the Finnish Government Shared Services Centre for Finance and HR (Palkeet).

The CEO does not hold significant numbers of shares in companies.

Transparency and stakeholder communications

Hansel's principles for communications are transparency, consistency and timeliness. The CSR principles listed in the company's strategy are always considered in our communications.

Through consistent communications, Hansel seeks to maintain a corporate image that emphasises diverse expertise. Hansel also strives to maintain and develop an interesting and attractive employer image.

In addition to traditional communication channels, we are increasing the use of social media. Through Twitter, LinkedIn and YouTube, we can effectively share information about our operations and receive real-time feedback from customers, suppliers, and other partners.

In August 2015, Hansel opened a blog on its website to provide more details and background information about central procurement. New posts appear at approximately weekly intervals, covering topics such as tendering, innovation, digitisation, and CSR communications. Eighteen blog posts were published during the autumn, and they had been read about 4,000 times by the end of the year.

The bloggers are Hansel experts, such as tendering consultants, lawyers, sales and marketing professionals, and other experts. The blog also provides an opportunity for discussion and comments.

Our social media presence offers interactive channels to our stakeholders, which we hope will improve our customer service and communications. Social media is an effective channel: we can serve hundreds of customers and stakeholders at once by answering a question or posting information in social media. These channels can also be used for crisis communication when required.

Our intranet was completely overhauled during the year, and the new site went online in December 2015. At the same time, we also adopted a decentralised upkeep model that seeks to boost the effectiveness of our internal communications.

Communication, disclosure and non-disclosure

Hansel takes a transparent approach and we communicate openly about our operations. However, to ensure non-discrimination and the commercial success of our tendering processes, confidentiality is required while the process is underway. Information is provided to tenderers only, in accordance with established procedures.

In any document handovers, we follow instructions that ensure the protection of Hansel's, its customers', and its suppliers' confidential information.

A good employer

Hansel seeks to be a respected and responsible employer that offers an encouraging working community, interesting work, and opportunities for continuous professional growth.

It is the duty of our supervisors and managers to make sure that all employees are treated fairly and that duties are assigned equally. Inappropriate conduct is not tolerated in the workplace, and problems are addressed immediately.

We ensure that everyone adheres to our working community's ground rules, and that no conflicts of interests arise over duties.

Collective agreement and co-operation with employee associations

Hansel's collective labour agreement was negotiated with Service Sector Employers PALTA and the Federation of Professional and Managerial Staff (YTN). It is valid until further notice.

The labour agreement applies to all Hansel personnel, except for the CEO. As specified in the labour agreement, personnel are represented by a workplace steward and his or her deputy, selected from amongst the staff.

The interests of personnel are also promoted by the personnel association (Hanselin ylemmät toimihenkilöt ry), which is a member of YTN. Roughly one half of Hansel's personnel are trade union members. The collective agreement and guidelines for personnel are available on Hansel's intranet.

Job satisfaction and leadership development

A functional and well-led working community contributes to employee job satisfaction, commitment and inspiration. Fostering a great atmosphere at work is important.

In order to assess the well-being of our working community, we conduct an extensive job satisfaction

survey approximately every 18 months. The most recent survey was conducted in August 2014.

According to the latest measurements, job satisfaction at Hansel has remained at a fairly good level in recent years. The average score for occupational well-being was 3.8 on a scale of 1–5 (3.7 in 2012).

Efforts to improve supervisory work include regular management training, and the quality of supervisory work is also assessed, for example, as part of the well-being survey. Company-level management training is organised to address general leadership issues.

An analysis of occupational health care in the workplace

In 2015 the statutory occupational health care workplace assessment was conducted at Hansel. This assessment is always conducted by professionals of occupational health care.

The assessment covered health risks, health problems and workload factors caused by tasks, the working environment and the working community. It focused on the impact that these factors had on health and working capacity. The results of the workplace assessment were mainly favourable.

Spending time together

One way to build team spirit is to organise shared activities and events for personnel. Hansel encourages everyone to participate in the events organised by the company's employee club.

In 2015, the employee club organised various sports and cultural events, a summer party, and the traditional Christmas party. Hansel also has its own floorball and football teams that take part in amateur leagues.

Events organised by the employee club have been very popular, and its programme is planned and

developed in tune with employee wishes. The costs of these events are partially borne by Hansel. Total spending on recreational activities in 2015 was €22,914 (€34,439 in 2014).

Hansel Academy

Hansel's strategy places a strong emphasis on competence development. Hansel Academy, a competence development programme that has been running for many years, seeks to increase our personnel's understanding on both the present situation and future challenges of procurement. Large part of the staff takes part in the competence development program.

Our partner for this training programme is the Lappeenranta University of Technology, which enables us to issue credits for completed studies. All the modules in the programme involve an orientation element plus exercises on how to adapt theory to practical areas of development at Hansel. We seek to re-enforce the communal nature of this learning and the formation of shared concepts by conducting these tasks in teams that cross unit borders.

Hansel Academy focuses on procurement management and development. The training

programme is a major investment that enables us to maintain and increase our knowledge capital. During 2015, the training programme has expanded into new areas, such as network management and supplier management, combining simultaneous co-operation and competition between parties, and studying trends in procurement.

Educated personnel

In addition to Hansel Academy, other internal training is offered in areas such as responsibility and procurement law. External training providers are used to arrange training for specific roles.

Hansel is an expert organisation, with 80.3 per cent of our employees having completed a master's or bachelor's degree, or a degree from a university of applied sciences. University degrees are most commonly held in economics and law.

Education*

	2015	2014	2013	2012	2011
Master's level degree, %	63,0	57,6	54,6	53,4	47,2
Bachelor's level degree, %	5,0	2,6	1,3	2,8	5,7
Degree from a university of applied sciences, %	12,0	10,3	10,7	12,3	14,3
Secondary education degree + other degrees, %	15,0	19,2	22,7	21,9	21,4
No vocational qualification, %	5,0	10,3	10,7	9,6	11,4
Training days, per person per year	5	5	4	5	5
Training services purchased from third parties, € per person per year	1 149	1 298	789	1 064	952

*From 2015 presented based on existing employment relationships in the end of the financial period, in previous years based on active employment relationships.

In 2015, those in managerial positions had 8.8 training days (8.3 days in 2014) while others had 4.3 training days (4.6 days in 2014).

Women had 5.1 training days and men 4.7 (in 2014, women attended 4.7 and men 5.6 training days).

On a case-by-case basis, Hansel supports participation in long-term education programmes outside the company, with financial support and flexitime solutions that facilitate the combination of work and study.

Personnel surveys show that personnel satisfaction with the opportunities we provide for competence development through training and learning at work has remained high.

New employees take an orientation course lasting

around two weeks, during which they learn about all of the company's main functions. This course also goes through the Code of Ethics and other CSR-related elements. Feedback from new employees is collected via a feedback discussion, which is held a few months after the beginning of employment.

Remuneration

Employment benefits, available to all permanent Hansel employees, include a company mobile phone, recreational vouchers, employer-subsidised commuter vouchers, luncheon vouchers, and leisure accident insurance. A new fringe benefit offered from 2013 onwards is a temporary carer to look after a sick child.

Hansel's personnel also benefit from a wide range of occupational health services, including health care at general practitioner level, on-call health care, and specialist consultations. Occupational health care operations focus on preventive health care.

Hansel adheres to the guidelines on management and key employee rewards and incentives issued by the Cabinet Committee on Economic Policy. Hansel's Board of Directors sets annual incentive targets.

Performance-related pay and other benefits

From the beginning of 2013, the incentive system

has complied with the statement of the Cabinet Committee on Economic Policy issued on 13 August 2012, which sets the maximum performance-related bonus at 15 per cent of the annual salary.

Members of the Executive Committee may receive a maximum bonus equal to 30 per cent of the salary as compensation for exceptional performance.

In accordance with the Board of Directors' decision, performance-related pay in 2015 was based on customer satisfaction and personal performance.

The financial statements for 2015 include a provision for incentives of €487,310, excluding social insurance payments. Incentives will be paid in April 2016. Temporary personnel are not covered by the incentive scheme, although in other respects their benefits are identical to those of permanent employees.

Paid incentives (excluding social insurance payments)

	2015	2014	2013	2012	2011
Thousands of euros	505	492	319	307	266

Employees with permanent employment contracts who need a car for carrying out their duties are entitled to a company car. Company-car tax is deducted from the total salary of the recipients of this benefit. Seven Hansel employees had a company car at the end of 2015.

In 2007, a supplementary pension from an insurance company was taken out for the CEO. The annual fees for this pension insurance come to €9,714 (including life insurance). The CEO's retirement age is 63 years.

Green Office



Hansel has been a WWF Green Office since 2009, and is a member of Finland's Green Office network that consists of approximately 449 offices from 170 organisations. Green Office is an environmental programme developed by WWF Finland. Its objectives include reducing the environmental burden caused by offices.

To ensure sustainable development in Hansel's internal operations, we regularly monitor key indicators for the consumption of electricity and paper, for travel and equipment, and for furniture

procurement. WWF's Climate Calculator, which is a Green Office tool, has been utilised in the calculations. Emission figures have not been adjusted in proportion to growth in business or personnel.

Environmental impacts are primarily generated by travel, energy consumption in facilities, and office equipment. Office equipment and some office furniture were modernised in 2014. Due to the nature of our business, the emissions from our operations are small, and our emissions in 2014 have therefore increased as a result of equipment and furniture replacement.

The environmental impact of Hansel's own operations

	2015	2014	2013	2012	2011
Direct impact, Hansel's own operations	CO ₂ thousands of kilograms				
Paper consumption	0,69	0,74	0,75	0,78	0,97
Road traffic according to fuel consumption*	40,67	46,75	42,43	46,93	35,04
Emissions corresponding to the mileage allowances paid out by the company	1,57	0,23	0,32	0,52	0,36
Other traffic (taxi)	0,78	1,15	0,98	1,21	1,08
Air traffic	34,31	38,84	24,12	42,41	33,12
Marine traffic	1,73	1,27	3,41	-	1,03
Rail traffic	0,12	0,08	0,10	0,11	0,23
Electricity consumption**	13,73	15,04	12,97	11,19	9,88
Direct impact, total	93,60	104,10	85,08	103,15	81,71

Emissions caused by office equipment and furniture procurement					
Mobile phones	2,93	1,87	0,70	0,56	0,72
Tablet computers	0,32	-	-	-	-
Laptop computers	-	13,07	0,17	0,86	1,54
LCD displays	0,66	28,83	0,23	1,14	1,59
Multifunction equipment	-	-	-	-	1,89
Printers	0,16	-	-	-	-
Furniture	1,12	13,37	0,42	0,89	4,78
Emissions caused by office equipment and furniture procurement, total	5,19	57,14	1,52	3,45	10,52
Total	98,79	161,24	86,60	106,60	92,23

*Calculation is based on company-car fuel purchases.

**In 2015 40% of the procured electricity has been produced using renewable energy sources according to the Government's decision-in-principle and States monitoring group for electricity procurement. From year 2014 the value is based on actual electricity consumption, previous values contain a measurement error.

Practical information and actions

Hansel's employees have received environmental training, and environmental tips on various topics are regularly published in the intranet. Video conferences are held to reduce the need for travel.

Hansel issues its employees with HSL commuter vouchers, to encourage them to use public transport. The CO₂ emissions limit for company cars is 140 g/km.

Whenever possible and applicable, Hansel also uses the framework agreements concluded after

tendering processes in its own procurement. Hansel's own marketing materials are mainly in electronic format.

Following participation in the Green Office project, solutions generating a smaller environmental load were introduced in minor office purchases. For example, waste sorting at Hansel's offices has been established in accordance with the Green Office guidelines.

In 2015, Hansel exceeded the objectives for renewable energy sources specified in the government resolution on energy consumption.

Personnel statistics

Hansel signed eight new employment contracts in 2015. Five contracts were signed with men and three with women. 75 per cent of our new employees were 30 or under, and 25 per cent were aged 31–39.

Five were hired on fixed-term contracts and three in permanent positions. The main reason for fixed-term contracts is family leave by permanent employees. In addition, Hansel employs hourly paid students during the summer and peak seasons.

As of 2015, Hansel will be presenting breakdowns of gender, age and years of service for all employment contracts in force at the end of the financial year. In previous years, these figures were based on permanent employment contracts in force at the end of the financial year. This change in calculation method does not substantially effect our key indicators for personnel.

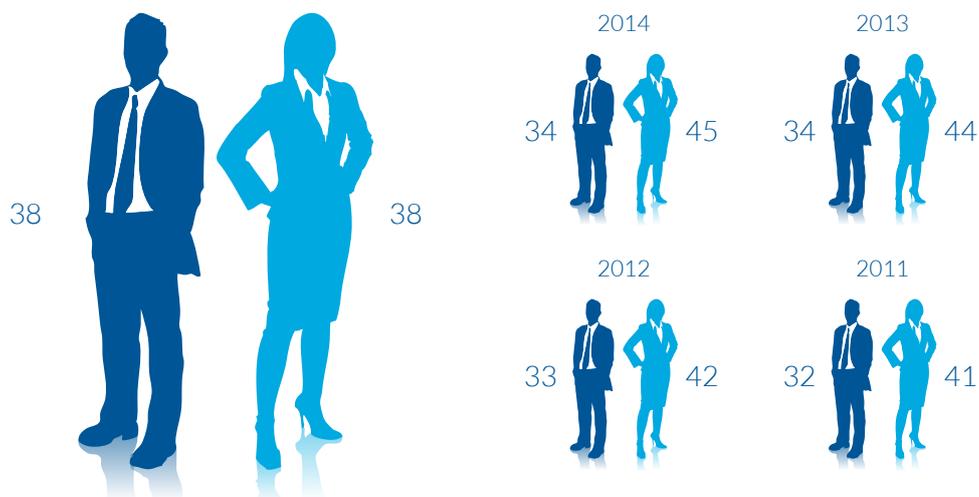
Number of personnel

	2015	2014	2013	2012	2011
Number of personnel at the end of the financial period (FTE)	74	77	73	71	66
Average number of personnel during the financial period (FTE)	73	75	71	69	63
Valid employment contracts on 31 December	76	80	79	78	77
Valid permanent contracts on 31 December	74	77	77	73	69
Valid fixed-term contracts on 31 December	2	3	2	5	8
Full-time fixed-term contracts on 31 December	-	2	1	2	4
Part-time fixed-term contracts on 31 December	2	1	1	3	4
Full-time employment contracts (fixed-term and permanent) on 31 December	74	79	78	75	73
Parental leave, on average	1	2	4	5	7
Permanent employment contracts on 31 December, %	97,4	96,2	97,5	93,6	89,6
Fixed-term employment contracts on 31 December, %	2,6	3,8	2,5	6,4	10,4

As required by law, Hansel has an equality plan, presenting measures for ensuring equality and preventing discrimination. The company monitors

trends and differences in salaries and the representation of men and women in the various types of jobs.

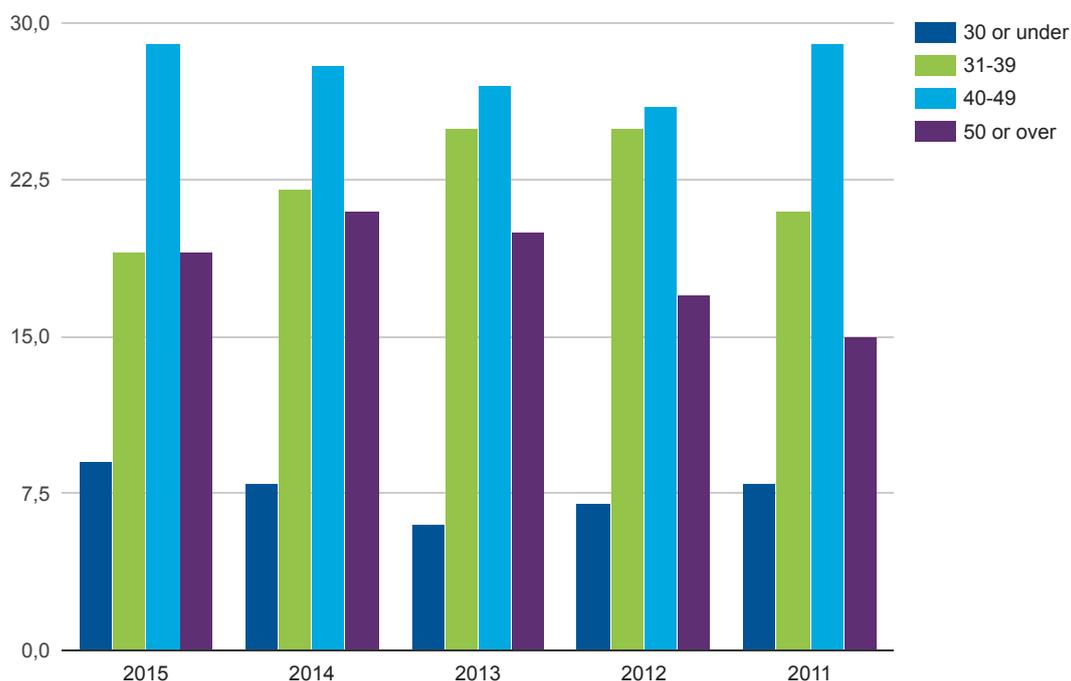
Employees by gender



Average duration of employment relationships

Years of service	2015	2014	2013	2012	2011
40 or more	2	5	5	3	3
30-39	3	3	4	6	6
20-29	-	-	-	-	-
10-19	15	9	6	1	1
4-9	32	33	33	33	34
1-3	19	23	24	23	18
Less than a year	5	6	6	9	11
Total	76	79	78	75	73

Employees by age



Employee turnover

	2015	2014	2013	2012	2011
New employment relationships	8	11	12	12	14
of which fixed-term contracts	5	6	7	3	5
Terminated contracts	11	10	11	10	6
Retirements	3	1	-	-	-
Termination of fixed-term contracts	4	5	8	3	2
Resignations	3	4	3	7	4
Dismissed	1	-	-	-	-
Average turnover rate, %	12,5	13,1	14,6	14,1	13,0
Exit rate, %	14,5	12,5	13,9	12,8	7,8
Exit rate, resigned personnel, %	3,9	5,0	3,8	9,0	5,2

An exit interview is conducted with all departing employees, with the objective of gaining feedback on our working community and ideas for further

improvement. Feedback is handled by the Executive Committee.

Sick leave and accidents

	2015	2014	2013	2012	2011
Number of accidents leading to sick leave annually	4	2	5	7	1
Number of accidents during working hours annually	1	1	2	1	-
Deaths	-	-	-	-	-
Sick leave, including care for sick child (days/FTE)	9,7	9,0	6,6	9,3	8,1
Sick leave, excluding care for sick child (days/FTE)	8,6	7,6	5,4	8,3	7,4
Short sick leave periods (1-3 days), excluding care for sick child (days/FTE)	3,0	2,5	2,3	2,6	2,6
Total sick leave, excluding care for sick child (FTE)	2,7	2,4	1,6	2,4	2,0
Sick leave rate, including care for sick child (%)	4,1	3,8	2,8	3,9	3,4
Sick leave rate, excluding care for sick child (%)	3,6	3,4	2,3	3,5	3,1
Healthcare expenses (€ per person per year)	657	721	596	669	486
Personnel recreation expenses (€ per person per year)	314	456	514	579	674

The amount of sick leave has increased in recent years, and is explained by few longer sick leaves. No

substantial changes have been detected in the funds used on occupational health care per person.

GRI index

Hansel reports in accordance with the internationally approved Global Reporting Initiative GRI 4 guidelines (Core). These guidelines were updated in 2013. As required by the GRI guidelines, the table below presents the main content of the

report, as well as links to the material in question. If information is not available, this is mentioned in the table alongside an explanation for the omission. Some elements of the information are included in the financial statements.

General standard disclosures		Additional information
Strategy and analysis		
G4-1	CEO's review	
Organisational profile		
G4-3	Name of the organisation	Hansel Ltd
G4-4	Primary brands, products and services	
G4-5	Location of the organisation's headquarters	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	
G4-7	Nature of ownership and legal form	
G4-8	Market areas	
G4-9	Scale of the organisation	
G4-10	Total number of employees by employment contract, employment type, region and gender	
G4-11	Percentage of total employees covered by collective bargaining agreements	
G4-12	Organisation's supply chain	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	No changes
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	
G4-16	Memberships of associations and national or international advocacy organisations	
Identified material aspects and boundaries		
G4-17	Entities included in the organisation's consolidated financial statements	Hansel is not a group
G4-18	Process for defining the report content	
G4-19	Material aspects	
G4-20	List of entities or groups of entities within the organisation for which the aspects are material	Concerns Hansel
G4-21	List of entities or groups of entities outside of the organisation for which the aspects are material	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	No changes
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	No changes

Stakeholder engagement

G4-24	List of stakeholder groups engaged by the organisation
G4-25	Basis for identification and selection of stakeholders with whom to engage
G4-26	Organisation's approach to stakeholder engagement
G4-27	Key topics and concerns that have been raised through stakeholder engagement

Report profile

G4-28	Reporting period
G4-29	Date of most recent previous report
G4-30	Reporting cycle
G4-31	Contact point for questions regarding the report or its contents
G4-32	GRI content index
G4-33	Policy and current practice with regard to seeking external assurance

Governance

G4-34	Governance structure, including committees
G4-36	Positions with responsibility

Business ethics

G4-56	Ethics and integrity
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● external impacts ● internal impact ● management ● indicator

Material aspects	DMA and indicators	Omissions and additional information	Aspect boundary limitations outside Hansel G4-21
Economic responsibility			
Indirect economic impacts ●	<ul style="list-style-type: none"> ● Hansel's aim is to create savings for the state ● CSR management ● Estimate of savings ● Hansel's operating model, G4-EC8 		Central government
Procurement practices ●	<ul style="list-style-type: none"> ● Trends affecting procurement practices ● Considering CSR aspects in the procurement process ● Considering CSR in framework agreements ● Equal treatment of suppliers ● Electronic tendering solution ● Framework agreements in which regionality has been considered, G4-EC9 ● Share of SMEs in framework agreements 	Indicator has been reported regarding framework agreements. Of indicator G4-EC9 the percentage of procurement budget has not been reported, instead the percentage of framework agreement in which regional aspects have been considered, since Hansel does not monitor its customers' procurement budgets.	Aspect has been reported concerning framework agreements and its impacts on central government and contract suppliers.

Environmental responsibility			
<p>Products and services ●</p>	<ul style="list-style-type: none"> ● Considering CSR in framework agreements ● Trends affecting operations ● Environmental responsibility in services and products ● A suitable indicator for Hansel's operations is the volume of procurements made through framework agreements where environment is considered 	<p>G4-EN27 indicator has been replaced with another, since Hansel does not produce products and services procured through framework agreements.</p>	<p>Contract suppliers</p>
<p>Supplier environmental assessment ●</p>	<ul style="list-style-type: none"> ● Considering CSR aspects in the procurement process ● Considering CSR in framework agreements ● Assessing the environmental impact of new suppliers, G4-EN32 ● Framework agreements awarded with Hansel's ecolabel 		
Social responsibility			
<p>Employment ●</p>	<ul style="list-style-type: none"> ● Hansel's equality plan ● A well-led working community that offers interesting tasks and opportunities for continual personal development ● Employee turnover, G4-LA1 		
<p>Education ●</p>	<ul style="list-style-type: none"> ● A strategy-based approach to competence development ● Training hours, G4-LA9 ● Programs for skills management, G4-LA10 	<p>Indicator G4-LA10b has not been reported, since such career endings that the indicator refers to are very rare and not material in Hansel.</p>	

● external impacts ● internal impact ● management ● indicator

<p>Anti-corruption</p> <p>● ●</p>	<ul style="list-style-type: none"> ● Code of ethics approved by the Board of Directors ● Training on code of ethics, G4-SO4 ● Confirmed cases of bribery and measures to address them, G4-SO5 	<p>No reported corruption cases in 2015.</p>	<p>Contract suppliers Central government</p>
<p>Product and service labeling</p> <p>● ●</p>	<ul style="list-style-type: none"> ● Hansel's strategic objective is to assume a strong role in developing government procurement ● Customer and supplier satisfaction surveys ● Results of customer and supplier satisfaction surveys, G4-PR5 		<p>Central government</p>
<p>Supplier assessment for impacts on society</p> <p>●</p>	<ul style="list-style-type: none"> ● Risk analysis on the social responsibility ● Considering CSR aspects in the procurement process ● Assessing the social impact of new suppliers, G4-SO9 	<p>Detailed percentage can not be presented, since clarification has been voluntary.</p>	<p>The screening of the supply-chain covers contract suppliers, not sub-contractors.</p>
<p>Customer privacy</p> <p>● ●</p>	<ul style="list-style-type: none"> ● Information security policy ● Monitoring deviations in information security, G4-PR8 	<p>No reported cases of deviations in information security in 2015.</p>	

Key figure formulae

Equity ratio, % =	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{Advances received}} \times 100$
Average turnover, % =	$\frac{(\text{Number of employees who entered employment 1 Jan-31 Dec} + \text{Number of employees who ended their employment 1 Jan-31 Dec}) / 2}{\text{Number of personnel on 31 Dec}} \times 100$
Exit rate, % =	$\frac{\text{Number of employees who ended their employment 1 Jan-31 Dec}}{\text{Number of personnel on 31 Dec}} \times 100$
Exit rate, resigned personnel, % =	$\frac{\text{Number of employees who resigned 1 Jan-31 Dec}}{\text{Number of personnel on 31 Dec}} \times 100$
Sick leave percentage =	$\frac{\text{Number of sickness absence days 1 Jan-31 Dec}}{\text{Theoretical working days 1 Jan-31 Dec}} \times 100$

Independent assurance report

This document is an English translation of the original Finnish assurance report

To the Management of Hansel Oy

We have been engaged by the Management of Hansel (hereafter “Hansel”) to provide limited assurance on the sustainability information from the reporting period 1.1.–31.12.2015, which has been presented in the “Sustainability” section of Hansel’s Annual Report 2015 published in the web (hereafter Sustainability Information).

The evaluation criteria used for our assurance are the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4 (hereafter “Criteria”).

The Management of Hansel is responsible for the preparation and presentation of the Sustainability Information in accordance with the Criteria.

Our responsibility is to carry out an engagement to express an independent conclusion on the information subject to the assurance based on the work performed. We have conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000. We are independent from Hansel according to the ethical requirements in Finland and we have complied with other ethical requirements, which apply to the engagement conducted. We apply the International Standard on Quality Control 1 (ISQC 1) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We do not accept or assume responsibility to anyone other than Hansel for our work, for this assurance report, or for the conclusions we have reached.

Limitations of the engagement

Data and information related to sustainability are subject to inherent limitations applying to data accuracy and completeness, which are to be taken

into account when reading our assurance report. The presented Sustainability Information is to be considered in connection with the explanatory information on data collection, consolidation and assessments provided by Hansel. Our assurance report is not intended for use on its own in evaluating Hansel’s performance in executing the sustainability principles Hansel has defined. To assess the financial state and performance of Hansel, the audited Financial Statement of Hansel for the year ended 31 December 2015 is to be consulted.

The work performed in the engagement

Our assurance procedures are designed to obtain limited assurance on whether the Sustainability Information is presented in accordance with the Criteria in all material respects. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. The evidence gathering procedures mentioned above are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

In our engagement we have performed the following procedures:

- Interviews with members of Hansel’s personnel to reassert our understanding of the connection between Hansel’s sustainability procedures and Hansel’s business operations;
- An assessment of the Sustainability Information’s conformity with the principles of the Criteria for defining content and reporting quality;
- An assessment of coverage of the material aspects selected for the Sustainability Information and the definition of reporting boundaries in the context of Hansel’s business operations and sector;
- An assessment of data management processes,

information systems and working methods used to gather and consolidate the presented Sustainability Information, and a review of Hansel's related internal documents;

- A comparison of the presented Sustainability Information to underlying rules of procedure, management and reporting systems as well as documentation;
- A review of the performance data and assertions presented in the Sustainability Information, and an assessment of information quality and reporting boundary definitions;
- Testing of data accuracy and completeness through samples from Hansel's information systems.

Based on the assurance procedures performed, nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement is not properly prepared, in all material respects, in accordance with the Criteria.

Helsinki, 1 April 2016

KPMG Oy Ab
Harri Leppiniemi
CIA

Nathalie Clément
Senior Manager, Advisory