

CORPORATE
RESPONSIBILITY
REPORT 2018

Cinia







**DATA COMMUNICATIONS AND INFORMATION
TECHNOLOGY CONGLOMERATE**

General information about the company

Cinia is a Finnish data communications and information technology conglomerate providing network, software and cloud services. Cinia acts as a telecommunications operator and produces IT expert and connectivity services, as well as development services for IT-intensive systems and software. Cinia operates its own telecommunications networks and networks owned by its customers.

The group consists of the parent company Cinia Oy and three subsidiaries owned by the parent company: C-Lion1 Oy, Cinia Cloud GmbH and Netplaza Oy.

The parent company, Cinia Group Oy, changed its name to Cinia Oy on 1 January 2018.

Owners and holdings of Cinia Oy: The Finnish State (through the Ministry of Transport and Communications, 77.528%), Ilmarinen Mutual Pension Insurance Company (11.236%), OP Insurance Ltd (5.618%), and OP Pension Fund (5.618%).

This report applies to the fourth financial period of the Group.

Business model and operating environment

Cinia operates in the Finnish and international connectivity and telecommunications operator markets, as well as in the software and software solution services markets. Cinia's business operations are divided into two business lines: Network Services, which provides data network services, and Solution Development, which provides software services and solution

services. Cinia serves both private and public-sector customers.

Cinia owns and operates a 15 000 km backhaul network in northern Europe. International connectivity to central Europe runs through C-Lion1 subsea cable which became operational in 2016.

Customer segments

Cinia's customer base consists mainly of international companies that have a demand for high-capacity and national organisations that require reliable data transfer software and cloud services.

Cinia has special expertise for example, in the fields of transport, security, healthcare, finances, energy and industry, and it also serves data centre and telecom operator customers.

In the field of transport, Cinia provides redundant data connections designed to secure data transfers in transport solutions and technical operation and maintenance in road and railway traffic, at airports and in harbours, as well as for industry and special sites.

In the field of healthcare and wellbeing, Cinia delivers customized solutions for quality monitoring, reporting, enterprise resource planning and self-care.

For data center business operations, reliable and redundant data connections are essential for creating

uninterrupted service environments. Cinia's strong fibre-optic trunk network combined with its C-Lion1 subsea cable connection to Germany guarantees the fastest and most direct route to the rest of Europe from anywhere in Finland. Cinia's network traffic access points located on the Russian border enable fast connections to Asia.

In the fields of finance and financial administration, Cinia provides software and e-services product development by means of consulting and project deliveries by developing responsive web interfaces, API development and integration, cloud services, and by resolving challenges related to system modernisation in software development and quality assurance.

Cinia is an industrial R&D in demanding software development and quality assurance tasks, helping industrial companies to take advantage of the opportunities of digitalisation and the industrial internet of things (IIoT).

Stakeholders and stakeholder interaction

Cinia's stakeholders include its customers, employees and partners, as well as public authorities that regulate the group's owners and industries.

Cinia's key tasks are to diversify Finland's international and national data connections, improve cybersecurity, and to develop digitalisation solutions, especially to help organisations that provide nationally critical services. Cinia's shareholders expect the company to carry out these tasks by increasing the shareholder value, following good governance and remuneration practices, and to demonstrate a high level of responsibility as a taxable organisation and corporate citizen. For contact people of shareholders Cinia holds

a briefing events twice a year, in which the company presents its operations, particularly from the viewpoint of the shareholder's expectations.

Cinia works in close cooperation with various public authorities, for example in necessary permit processes required for Cinia's operations, and by providing advance information about its projects, including projects in progress.

For Cinia's national network, Finnish towns and cities, municipalities and ELY Centres (centres for economic development, transport and the environment) are also key stakeholders.



Citizens, businesses and society are increasingly dependent on digital services and connections. Cinia's redundant and high level of availability network infrastructure enables innovation, growth and development.

In Finland, Cinia's network closely follows the railway and main electrical transmission networks.

Cinia does not operate any commercial mobile networks. Cinia's backhaul network supports the device-independent provision of services.

The subsea cable connecting Finland and Germany has been one of the leading projects of the Finnish

government and the European Union. The cable helps to strengthen digital single markets in Europe by improving and securing data connections in northern regions of Europe. It provides an alternative, direct route for the former route, through Sweden. Because C-Lion1 is shorter and more direct, it offers benefits from a lower latency, for example transfer delays.

At the same time, the connection strengthens Finland's position as a hub between the eastern and western markets. C-Lion1 is part of Cinia's international backhaul network. The capacity of the subsea cable provides growth opportunities for both current and new services in Finland.

Key events during the financial period

On 4 June 2018, Cinia acquired ownership of Netplaza Oy, an Oulu-based company providing data network services. Netplaza has been providing business and municipal data network services for over 20 years, especially in Northern Ostrobothnia. In recent years, the company has also been a successful provider of regional fibre-optic network design and operation services and is one of the leaders in this market in Finland.

Cinia continued to focus on expanding its business operations in international connectivity services. An important part of Cinia's international connectivity service operations was its investment in the 2015–2018 period in the C-Lion1 subsea cable system. Cinia extended the C-Lion1 subsea cable system by building a branching unit in the Hanko area, in southwest Finland. The second landing of a subsea cable to Finland at this branching unit will help to secure the connection and shorten the connectivity route from continental Europe to western Finland and to other Nordic countries.

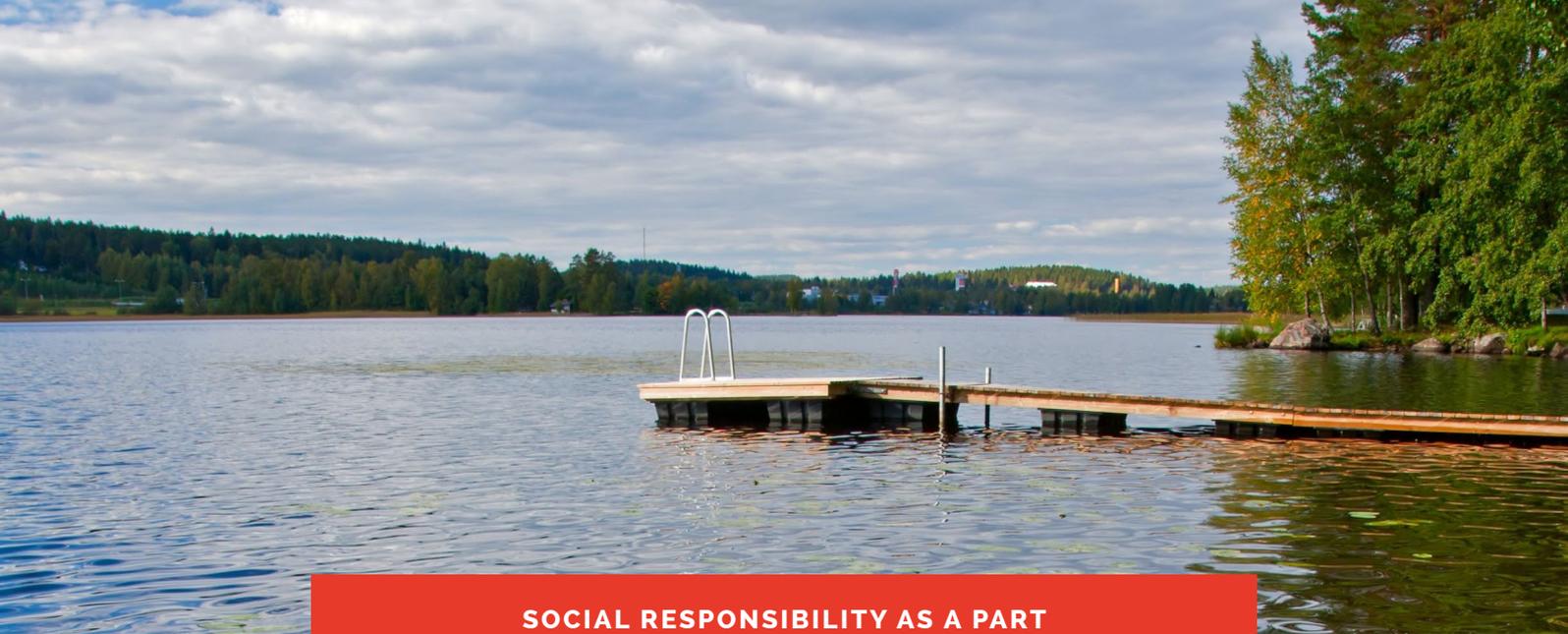
During the financial year, Cinia expanded its international network and opened new routes to Stockholm, Amsterdam and some other locations. As Europe and Russia grow, and as the connectivity needs between

them continue to increase, the new connections will strengthen Cinia's position as a company operating between east and west and between the Nordic countries and Central Europe.

At the end of December, Cinia sold its cloud service Lioncloud to Leijonaverkot Oy, a subsidiary of State Security Networks Group Finland. The cloud service is based on the Lioncloud service platform, developed by Cinia, and provides a high-security private cloud service. The arrangement will speed up the development of the Lioncloud service and platform. In line with its strategy, Cinia will from now on provide Lioncloud service in partnership with State Security Networks Group Finland.

In software services, Cinia made good openings in service platform solutions, including with the Viljapassi ("Grain Pass") solution, which is implemented with the ValueNet concept. Viljapassi is a business ecosystem that enables individual farmers and agricultural organisations to make the most of the grain industry's rich data flows for the first time without system-specific constraints.

The Finnish Cyber Security Certificate issued to Cinia in 2017 was renewed in October 2018.



SOCIAL RESPONSIBILITY AS A PART OF DAY-TO-DAY BUSINESS OPERATIONS

Sustainable business at Cinia

Cinia's goal is to integrate social responsibility as a part of its day-to-day business operations, in its management, development and customer solutions. Cinia find it important to operate in an environmentally sustainable way, and continuously pay attention to its own energy consumption and the material efficiency.

Cinia's positive societal impact comes from its data network services and software services that improve the energy and material efficiency.

Customers have already achieved significant results in reducing their environmental footprint with Cinia's products and services.

Cinia's sustainable development programme has chosen themes in which the company can most effectively make progress through its own expertise, services and products. Within the scope of these themes, Cinia has set op-

erational targets to increase the positive impact of its entire business operations in cooperation with its customers.

The focus areas of Cinia's approach to corporate responsibility are cybersecurity, safeguarding the reliable functioning of society, responsibility as an employer, financial responsibility and responsible communications. Another important focus area for developing operations in the coming years is the psychological and physical wellbeing of personnel. This entails demonstrating trust and appreciation.

The selected focus areas are:
.....

- ▶ Good health and wellbeing
- ▶ Affordable and clean energy
- ▶ Industry, innovation and infrastructure



Financial responsibility

Assessment of the financial position and key indicators

Consolidated financial statements include the following companies: Cinia Oy (the parent company), C-Lion1 Oy, Cinia Cloud GmbH and Netplaza Oy, and Cinia Oy's non-operating subsidiaries acquired in December 2018.

Net sales of the Cinia conglomerate was in 2018 of EUR 45.68 million. Operating profit was positive, at EUR 2.21 million.

Key figures representing the group's financial position and results:

Cinia group (EUR million)	2018	2017
Net sales	45,68	40,64
Operating profit/loss	+2,21	+1,76
Operating profit % of net sales	4,8 %	4,3 %
Return on equity % (ROE)	2,2 %	0,7 %
Return on investment % (ROI)	2,8 %	2,1 %
Equity ratio (%)	45,2 %	45,4 %

Investments in the financial year

Gross investments for the financial year were EUR 10.9 million (2017: EUR 7.0 million).

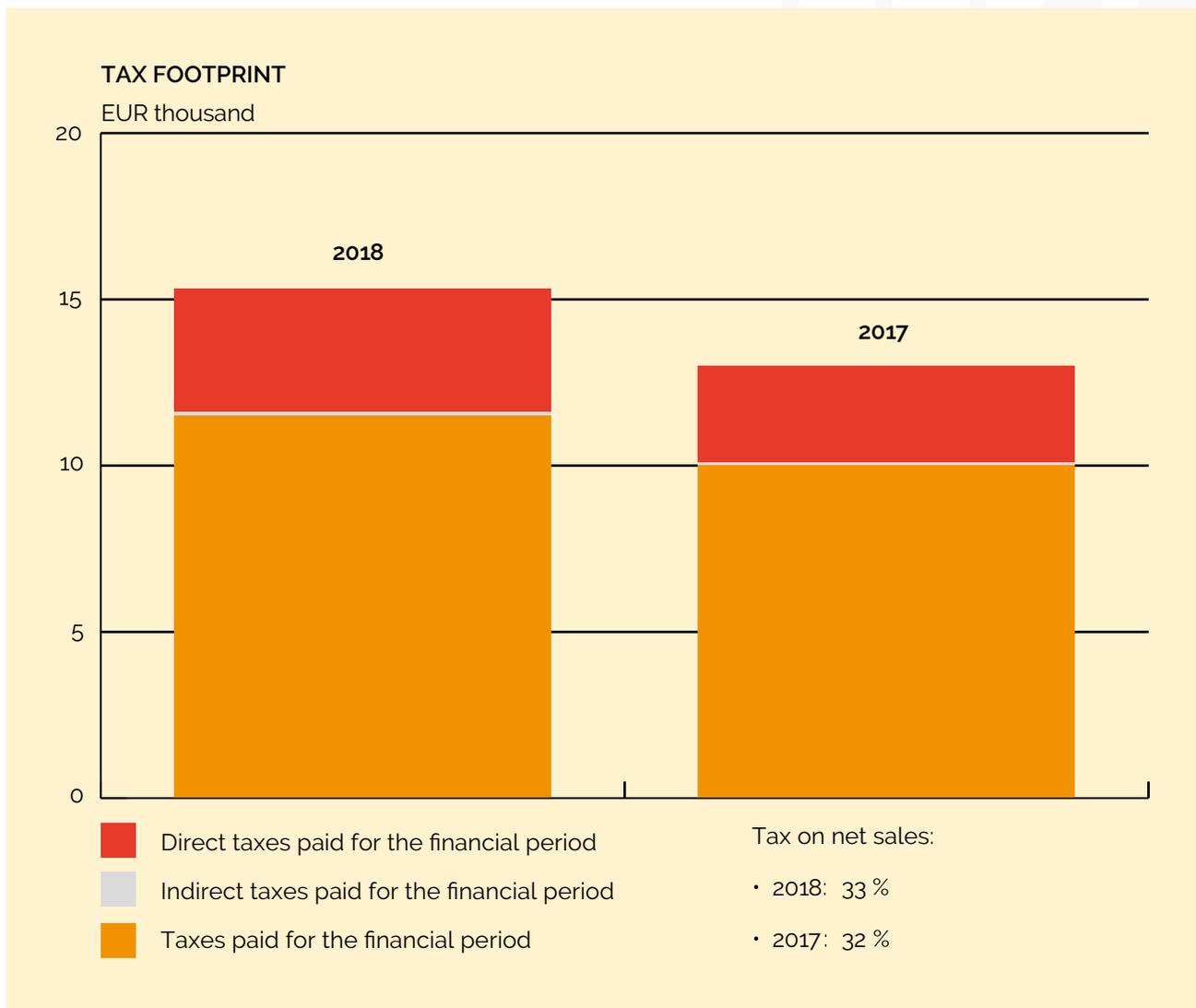
Work of the group's own personnel is included in investments to the amount of EUR 0.4 million.

Tax footprint

Key factors in Cinia's tax management are identifying and avoiding tax risks. The tax effects of business decisions are identified, but decisions are made on grounds of expediency. In matters of interpretation and in matters requiring special expertise in taxation, the company uses external experts to ensure correct operation methods. Taxes are paid to the applicable country based on the business operations in question.

In the financial year 2018, Cinia paid all its income taxes in Finland. The company has no unpaid taxes.

Taxes are presented on an accrual basis. Numeric data includes all the relevant tax types. The direct and accountable taxes payable for the financial year are based on accounting data. The amount of indirect taxes paid for the financial year has been calculated based on costs or consumption. Indirect excise duty is calculated using the estimated amount of electricity tax included in production-related electricity costs.



SUMMARY (EUR thousand)	2018	2017
Direct taxes paid for the financial period	3 715	2 868
Indirect taxes paid for the financial period	116	101
Taxes paid for the financial period	11 450	10 009
Grants received	0	43
TOTAL TAX FOOTPRINT	15 281	13 021
NET SALES	45 675	40 637
PROFIT BEFORE TAXES	1 193	347
TAXES ON NET SALES	33%	32 %

DIRECT TAXES PAID FOR THE FINANCIAL PERIOD (EUR thousand)	2018	2017
Income tax	249	60
Employer charges	3 337	2 775
Transfer taxes	86	0
Other taxes	43	33
TOTAL DIRECT TAXES PAID FOR THE FINANCIAL PERIOD	3 715	2 868

INDIRECT TAXES PAID FOR THE FINANCIAL PERIOD (EUR thousand)	2018	2017
Excise tax	42	42
Non-deductible value added tax	60	48
Other taxes	14	11
TOTAL INDIRECT TAXES PAID FOR THE FINANCIAL PERIOD	116	101

TAXES PAID FOR THE FINANCIAL PERIOD (EUR thousand)	2018	2017
Tax on wages and salaries	5 631	4 947
Value added tax	5 819	5 062
TOTAL TAXES PAID FOR THE FINANCIAL PERIOD	11 450	10 009

GRANTS AND SUBSIDIES RECEIVED DURING THE FINANCIAL PERIOD (EUR thousand)	2018	2017
Subsidies and compensation	0	43
TOTAL GRANTS AND SUBSIDIES RECEIVED DURING THE FINANCIAL PERIOD	0	43

Reporting and control

The Board of Directors is responsible for the organisation of internal control, internal auditing and risk management. The internal auditing of Cinia companies is carried out under the supervision of Cinia Oy's Board of Directors and CEO. In 2018, the internal audit focused on the sales processes.

Cinia's corporate governance defines the responsibilities of the Board of Directors and the executive team,

approval procedures, procurement procedures and protection of intellectual property rights. The corporate governance code is updated annually by the Board of Directors. The company updated its related party guidelines and introduced its code of conduct and anti-corruption principles (ethical operating guidelines). In the beginning of the 2019, an online training course on the code of conduct was provided for the entire staff.

Risks and risk management

Risk management is part of Cinia's strategy process and mode of governance. It is implemented according to the yearly calendar as described in the company's security policy. Based on the risk reports, action plans are prepared for managing the major risks, and their implementation is monitored by the executive team and the Board of Directors. The security and risk management team acts as a preparatory body for the group's executive team.

The main goal of risk management is to support the achievement of Cinia's strategic goals and other key goals by protecting them from unexpected risks. Comprehensive risk management supports the identification and exploitation of business opportunities, and strengthen Cinia's corporate image.

Cinia's security policy was revised in 2018 and is available on the company's website www.cinia.fi.



Cinia customer satisfaction

Cinia is an expert organisation conducting service and project business operations for the delivery and maintenance of a variety of services, such as network and software services. The increased significance of

service operations and customer service has boosted operational development at Cinia with the aim of creating the best possible customer experience.

The market research company Taloustutkimus carried out a customer survey on behalf of Cinia Oy at the end of 2018. The survey was conducted through telephone interviews, and it was responded a total of 101 Cinia customers.

This is the sixth year that such studies have been carried out at the same time of year, and their results have been compared with each other to the extent appropriate. The survey was carried out using the Corporate 360 ° CUSTOMER research concept, which is a research product developed by Taloustutkimus for measuring customer satisfaction and customer loyalty. It is based on an international concept.



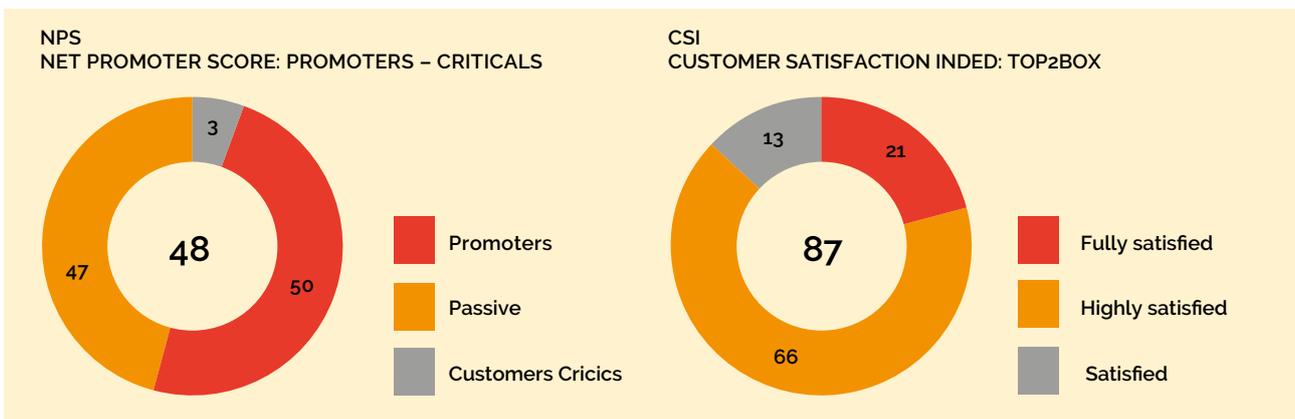
Overall customer satisfaction with Cinia is very high, and even higher than in previous years

Overall customer satisfaction with Cinia is very high, being higher than in previous years. The total customer satisfaction – that is, the combined number of “satisfied” and “very satisfied” responses – on the customer satisfaction index was 87. This clearly exceeds the target of 65 of the Corporate 360 ° CUSTOMER research concept, and exceeds the average rating of the Taloustutkimus data bank, which is 67. Customer satisfaction assessments for sales, service manager performance, deliveries, and solutions and services all clearly exceed the target level, and in each case more clearly than before.

Cinia's net promoter score (NPS) – a measure of the likelihood that a customer will recommend a company's products or services to others – is excellent, and has developed positively. The NPS for 2018 was 48, up from 38 in 2017.

CINIA'S IMAGE DEVELOPING POSITIVELY

According to the survey, Cinia's overall corporate image amongst its customers is very good, and has developed positively since 2017. As a business partner, customers find Cinia a safe, credible, reputable, trustworthy, flexible and customer-oriented company that can be relied on to deliver as required.



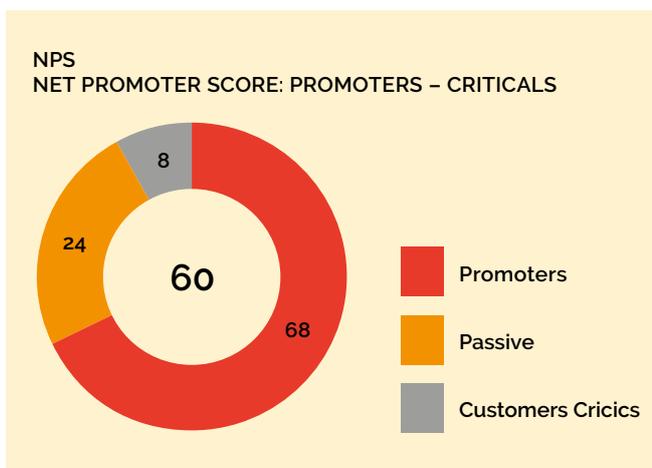
Netplaza customer satisfaction

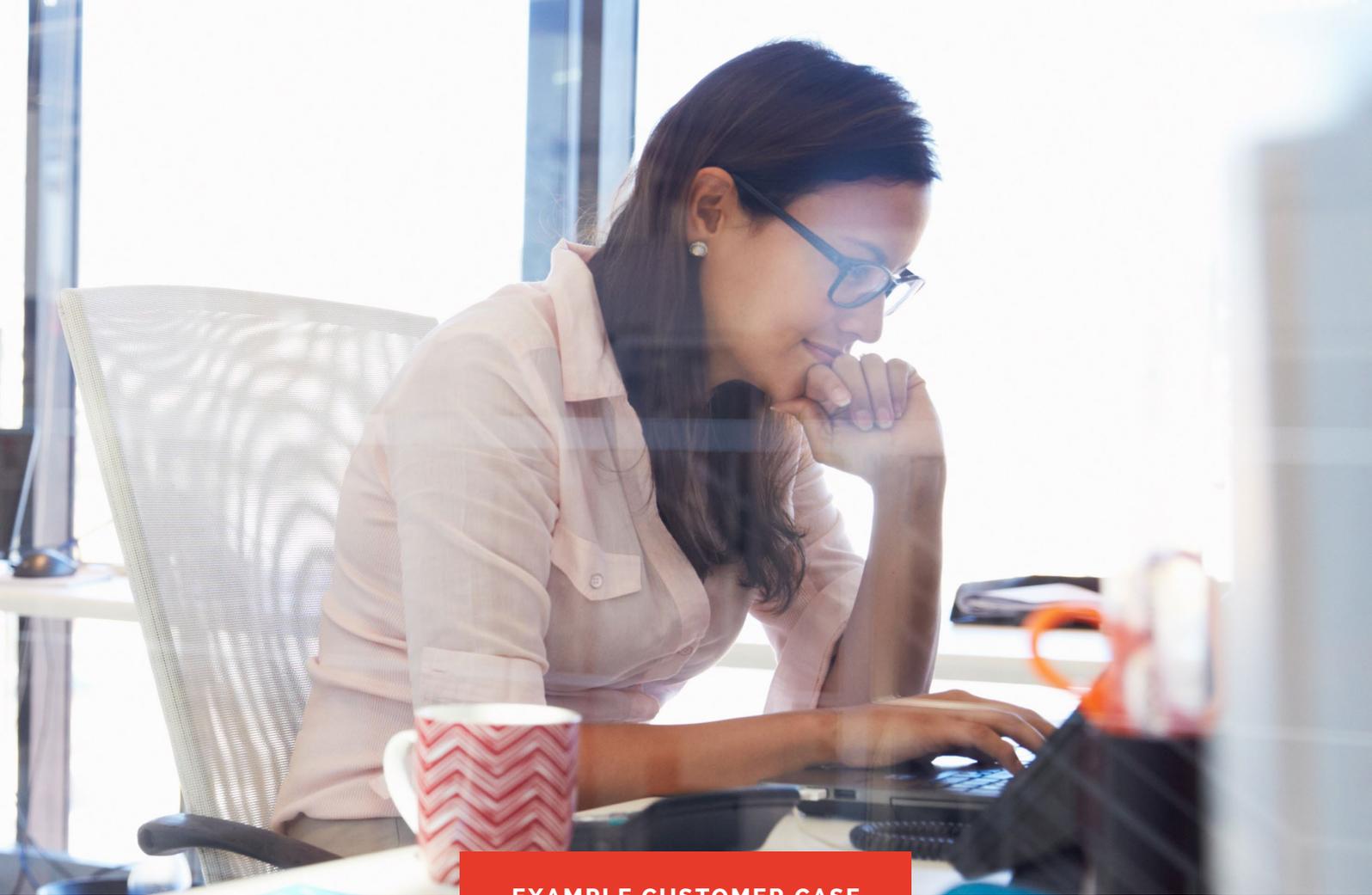
Netplaza has primarily profiled itself as an operator. Its main products have been corporate subscriptions, delivery of server solutions and web hosting services, telecommunication solutions for housing companies, and regional operator services for network companies around Finland with fibre-optic operations. In 2018, a broader range of specialist activities was also launched in Netplaza to provide comprehensive solutions to operators in the fibre-optic business or companies entering it.

Netplaza has been at the forefront of its industry in customer satisfaction surveys for years. In 2018, the survey was conducted by Onway Oy and 75 Netplaza customers responded. The survey was conducted as an online survey in November–December 2018.

The average score given by customers for Netplaza's performance is excellent: 5.13 out of 6, the maximum possible score. Customers were most satisfied with Netplaza's delivery process and customer service. This result puts Netplaza in third place out of the 150 companies in the field that were involved in the survey. Netplaza's scores improved slightly from last year.

The net promoter score (NPS) – a measure of the likelihood that a customer will recommend a company's products or services to others – was calculated for Netplaza for the first time. Out of the 100 Netplaza customers that responded to the survey, 68 were willing to recommend it, 24 were neutral, and 8 were critical. This gives an NPS of 60, which is an excellent result.





EXAMPLE CUSTOMER CASE

Intent-based network ensures VR Group's network connections

In May 2018, VR Group's head office moved from Helsinki Central Station to the Iso Paja building of the Finnish Broadcasting Company in the Pasila district of Helsinki. The new facilities accommodate around 800 employees and about 1500 network connected endpoints on six floors. Mobile work requires a reliable wireless network services. VR Group chose Cisco's intent-based network as a service to be provided by Cinia.

"Uninterrupted data communications are crucial for rail transport. The move offered an excellent opportunity to replace outdated equipments and improve network connections. Cisco's new intent-based network technology and its open programmable capabilities, which are provided in the form of a

service, seemed good and cost-effective, so we decided to update our network in cooperation with Cinia," says Erkki Honkanen, IT Technical Lead at VR Group.

This is the first large-scale implementation of an intent-based network service in Finland and one of the first in Europe. The new, faster and secure network has worked well.

"We have new LAN and WLAN equipment from Cisco's selection. This solution is provided by Cinia as a service. We are now using a next-generation Software Defined Access (SDA) network solution that offers high performance and information security, as well as supporting the mobility of around 800 employees," says Honkanen.

VR GROUP'S COMPANY NETWORK PREVENTS AND ENSURES

The intent-based network solution brought many changes to VR Group's company network. With a consistent LAN and WLAN network platform and IP-independent network segmentation, users and devices can move seamlessly from one workstation to another. As part of Cisco's intent-based network solution, role-based access control has been implemented on an Identity Service Engine platform to ensure secure access to services for the users and all compatible devices.

"We no longer have designated workstations. Instead, our work is based on mobility and the use of a wireless network. Even if the user moves from one location to another during a Skype call, for example, the network space remains the same, as it is based on the device identifier. In our day-to-day work, this means better network stability and higher efficiency, as the capacity of the data communication network has multiplied," says Honkanen.

Cisco's intent-based network solution includes various modules. VR Groups's network access control is managed on the Cisco Identity Service Engine platform in cloud service. The platform is used to determine user paths: which devices a user is able to connect to the network and where they have access.

The intent-based network also improves network maintenance, which is provided by Cinia as a service. The intent-based network forms a software-driven infrastructure where new services are quicker and simpler to implement, with fewer errors. The intent-based network collects real-time data about the network and is able to predict possible fault situations, which enables Cinia to implement the necessary corrective measures before any faults occur. The intent-based network also

enables Cinia to provide VR Group's IT unit with full visibility of the system that is being maintained.

"The current data communication solution is managed through a single system in DNA Center, and the same software also provides information about the status and health of the network. Network problems typically take several days to resolve. In the new system, however, such problems can be resolved even in an hour. Sometimes problems are resolved before users report or even notice them. This is a property of the intent-based network that truly improves the quality of work," Honkanen explains.

THE INTENT-BASED NETWORK IS BEING EXPANDED INTO REGIONAL NETWORKS

In addition to its head office, VR Group has ten regional networks and over 7500 employees.

"Each regional network operates in a similar manner to the head office. In the future, we will have intent-based networks everywhere and will be able to accelerate the implementation and maintenance of regional networks across the country. The regional networks will be updated one network at a time as their equipment becomes outdated and is no longer supported," says Honkanen.

The renewal project with Cinia has progressed well. The customer has been kept up to date, and matters related to the project have been discussed together.

"I absolutely recommend Cinia's expert services. Their knowledge of networks is top-notch. They know what they are talking about," says Erkki Honkanen, IT Technical Lead at VR Group. Honkanen is responsible for VR Group's company network.



**ENVIRONMENTAL RESPONSIBILITY HAS
A SIGNIFICANT ROLE**

Environmental responsibility

Cinia operates in a business field where environmental responsibility has a significant role. Cinia's owners, customers, partners and suppliers place a high value on sustainable development. Cinia's investments (such as data communication infrastructure) and the services it provides (software, cloud and connectivity services) can improve and develop the environmental performance of companies and society, for example through lower emissions, solutions that improve mobility and logistics, and technology choices that take the environmental burden into account.

Cinia's own business operations promote low-emission and environmentally friendly solutions. For example, the data centers that depend on the connectivity services provided through data networks actively seek to optimise energy consumption and recover the lost heat generated, and provide it for local use.

In Finland, data centers have access to relatively low-cost electricity, which is generat-

ed in hydroelectric power plants and therefore involves low emissions of greenhouse gases. Using a high-quality and reliable data network infrastructure, Cinia's goal is to influence the choice of locations for data centers in Finland and other Nordic countries to distribute the energy balance more widely from an overall European perspective.

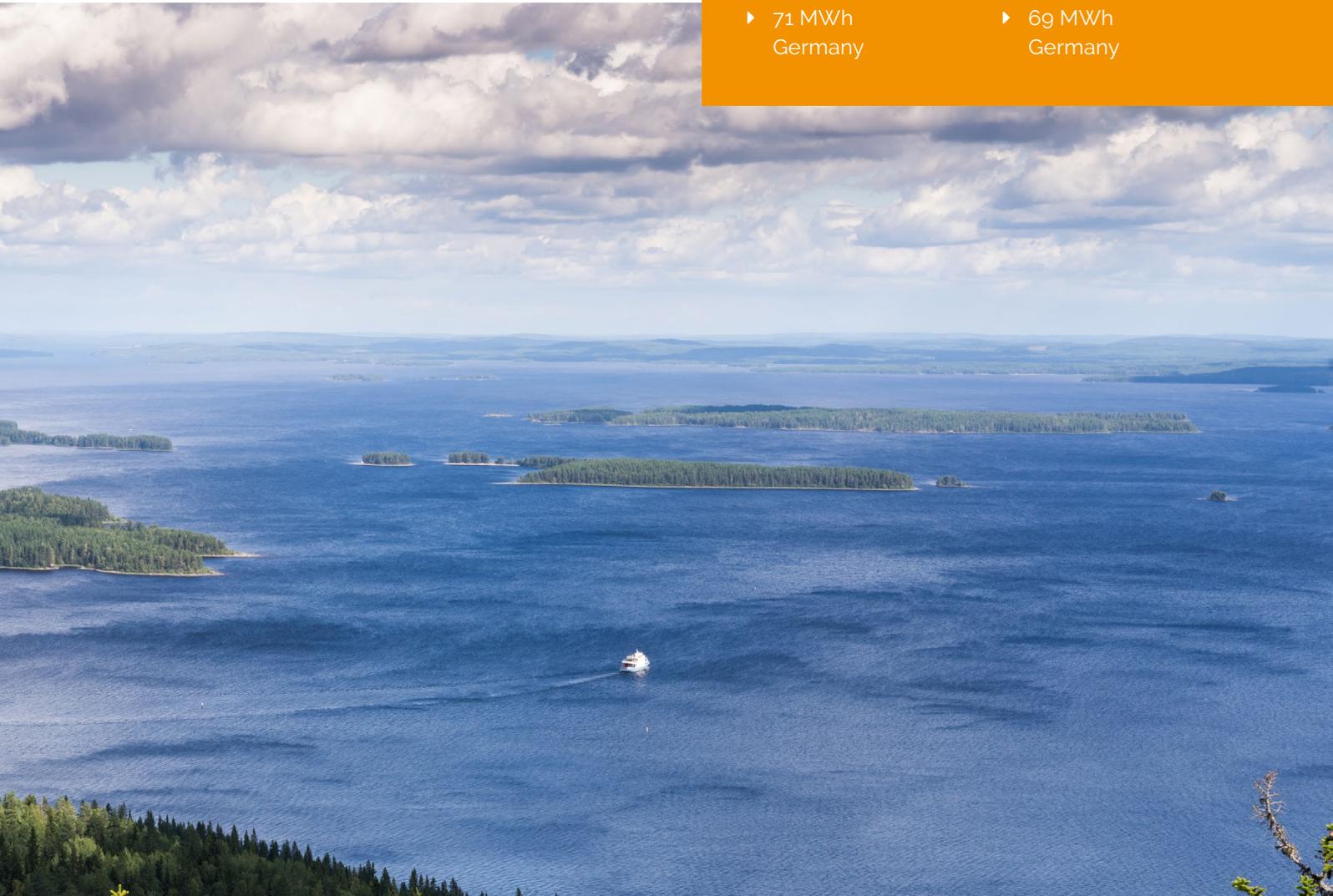
The requirement of Cinia's customers increasingly involve environmental aspects regard to supplier selections and service provision. In its procurement of services and technical solutions, Cinia is committed to ensuring that its partners and subcontractors and their technology suppliers operate in an environmentally responsible manner. For example, when replacing old equipment and telecom masts, it is important that hazardous waste is properly identified and processed. At group level, the amount and composition of waste generated at Cinia has been systematically monitored annually since 2015.

The use and consumption of electricity are key factors in assessing Cinia's environmental impact, and various digitalisation solutions that improve operating efficiency may also have a significant impact on the efficiency of use of materials in the industry. Energy efficiency also plays an important economic role in the company's business. Efficiency of energy use is one of the selection criteria for equipment suppliers for all Cinia companies. Cinia has a service agreement with a partner for the proper collection and processing of waste electrical and electronic equipment. This service agreement also includes the secure destruction of data storage devices (hard drives, memory units, USB devices, floppy discs, etc.) and the management of the related documentation.

As an organisation operating in multiple localities, Cinia strives to implement responsible common practices throughout the whole group, such as implementing a travel policy and encouraging personnel to use public transport, combine meetings and hold online meetings where possible. Within the limits of their respective work duties, Cinia also offers its staff the flexibility of working remotely. By reducing the amount of commuting, this policy also contributes to reducing the burden on the living and operating environment.

ENERGY CONSUMPTION IN SERVICE ROOMS:

2018	2017
▶ 1799 MWh Finland	▶ 1791 MWh Finland
▶ 71 MWh Germany	▶ 69 MWh Germany

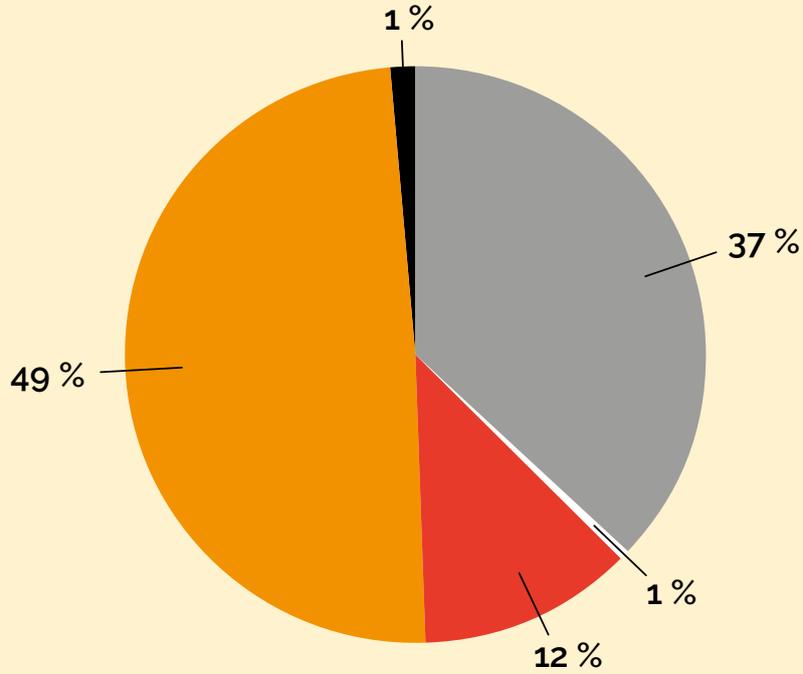




Waste material



TOTAL 5054 kg



Paper and cardboard	37 %
Construction waste	1 %
Ferrous metals from recycling and waste management	12 %
Waste electrical and electronic equipment	49 %
Lead-acid batteries	1 %

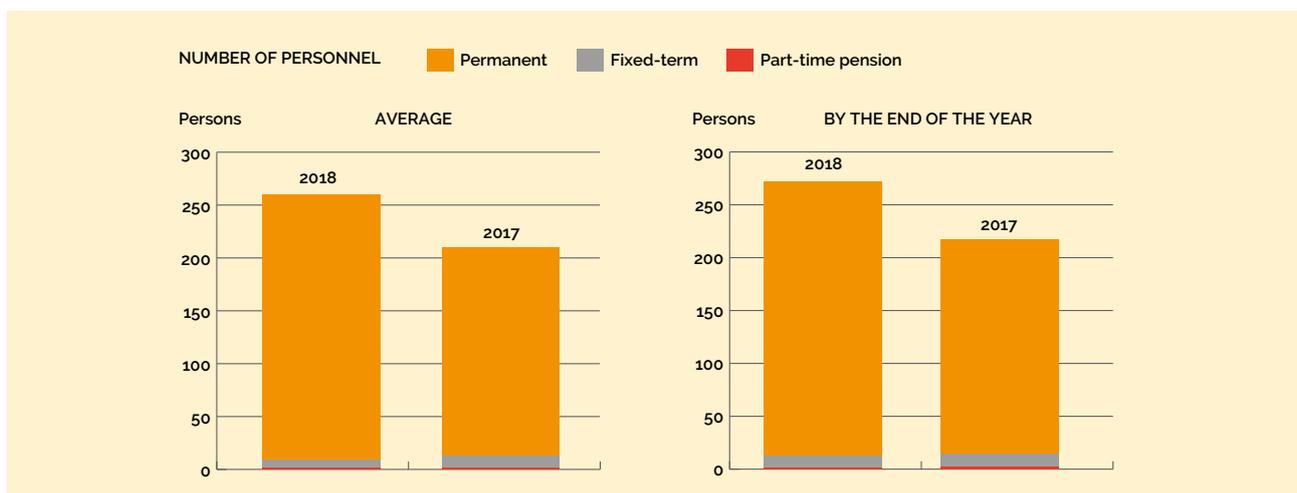
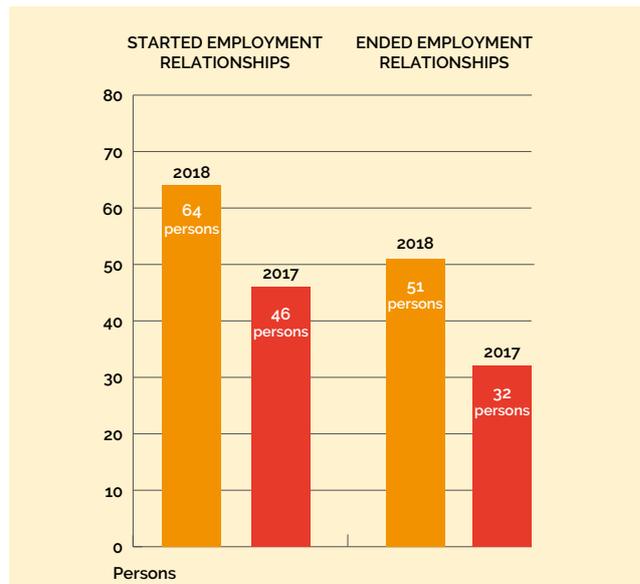
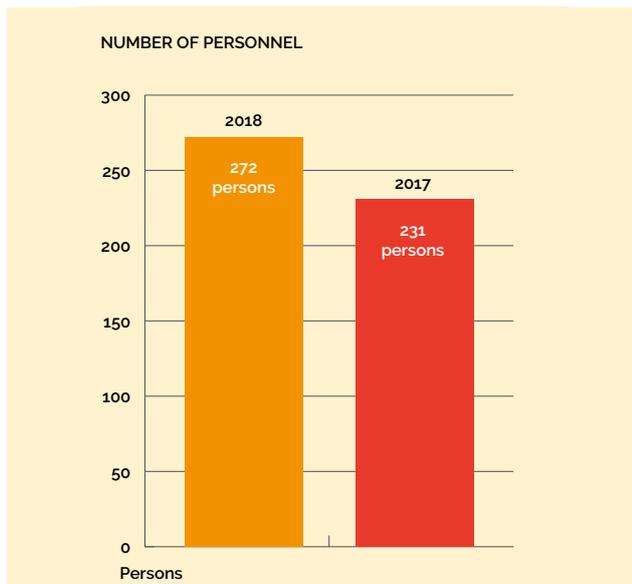
Social responsibility

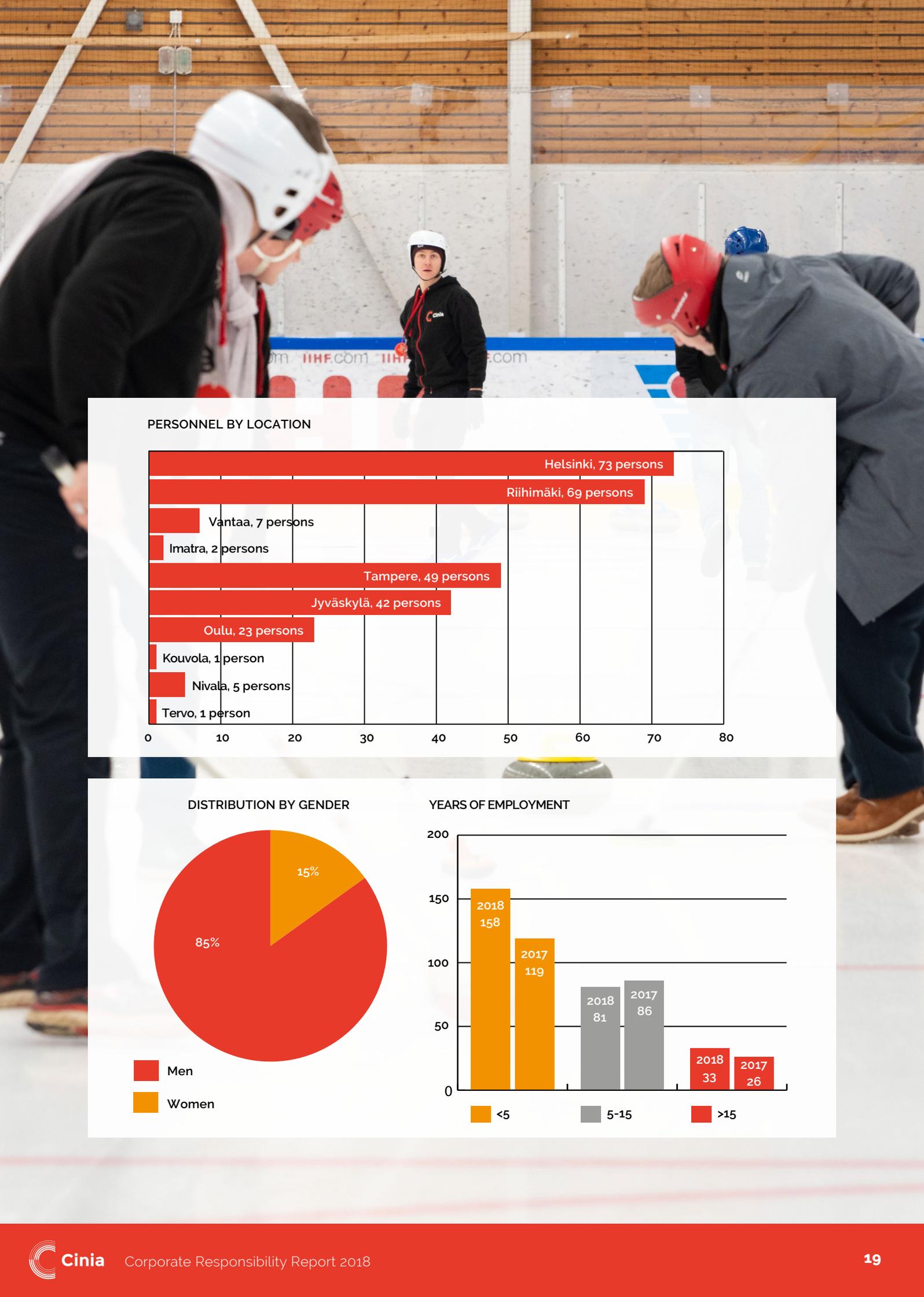
Personnel

One of the fundamental factors for Cinia's success is a content and enthusiastic personnel. By investing in the wellbeing of its personnel and the development of their professional expertise, Cinia can guarantee high-quality and customer-oriented operations. Ensuring the health, safety and work ability of employees is a key part of Cinia's leadership responsibilities and day-to-day operations.

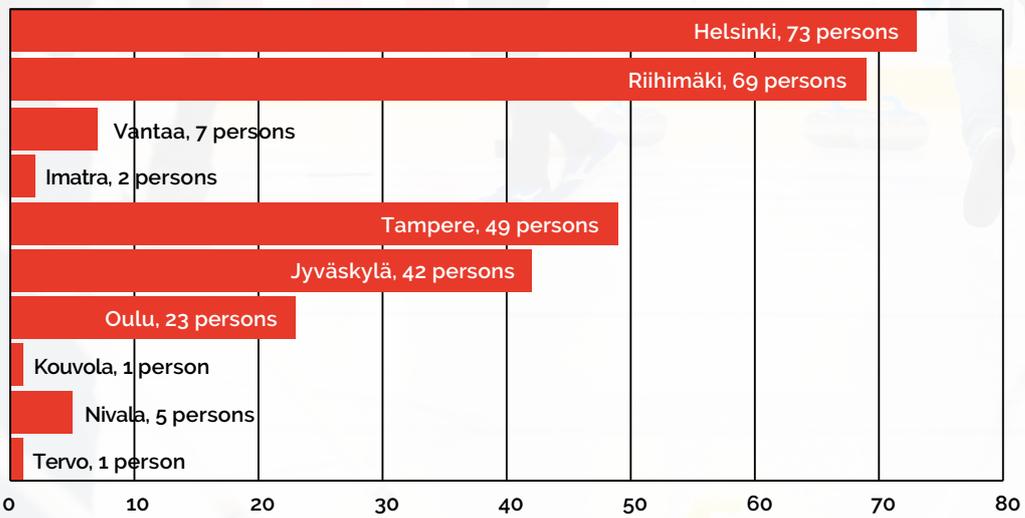
The goal of Cinia's human resources strategy is to make continued progress towards achieving the company's business goals. For a company that provides services and specialist consultation, employees are our most important asset. The main goals of the HR strategy are to ensure the availability of personnel and their commitment to the company, motivation and continuous development.

The average duration of employment in Cinia in 2018 was 6.9 years. Over half (59%) of the employees have been working with Cinia for less than five years. Approximately one-third of the employees have been employed by Cinia for between 5 and 15 years, and 13% have been with the company for over 15 years. A total of 51 people left Cinia in 2018, of whom 20 left for some reason other than resignation, for example, due to the expiry of their fixed-term employment contract or in connection with a business acquisition. In Finland, there is an imbalance between labour supply and demand for software developers, which for Cinia also causes a high rate of staff turnover as is typical of the industry.

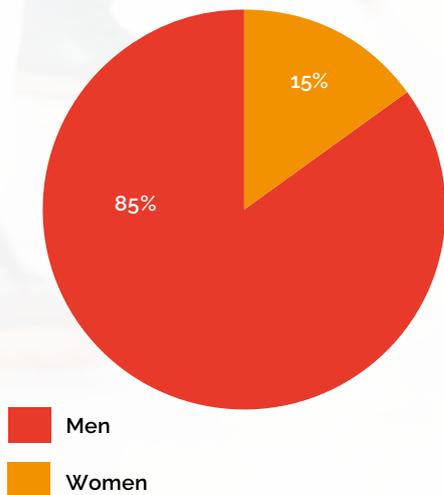




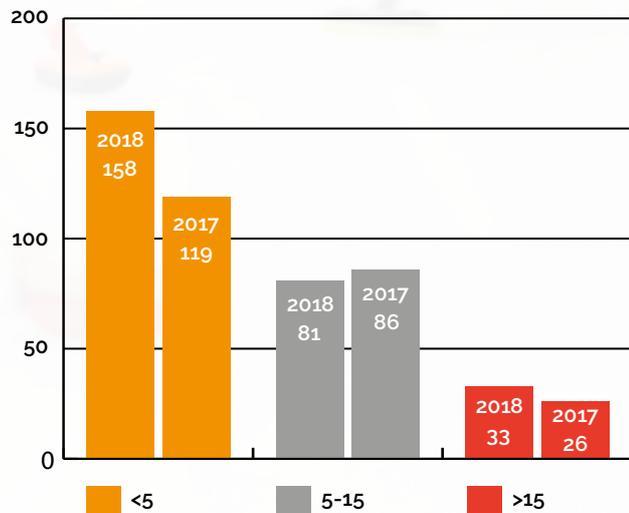
PERSONNEL BY LOCATION



DISTRIBUTION BY GENDER



YEARS OF EMPLOYMENT



Development of a shared operating culture

Developing common operating model and business culture is an integral part of the Cinia's HR strategy. The goal is to create a framework for working that streamlines day-to-day working life and enables every employee to succeed regardless of their role or

area of responsibility. Cinia strives to develop and maintain a working culture that lives up to its principles and aspirations by creating a physical, virtual and social working environment and management model that supports our business goals.

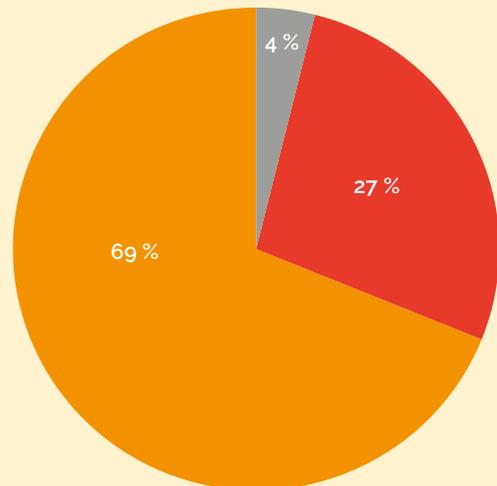
Internal information flow

Conducting business at many different locations and in many localities is challenging to the internal information flow and communication. Cinia organises monthly information events and interactive clnfo events for the different business areas to communicate and discuss topical issues and themes from the point of view of both the company and personnel.

An annual Kick Off Day is also held for personnel to further develop their understanding of Cinia and to discuss topical matters and develop common practices.

Cinia's intranet, clntra, is the company's internal communication channel. A completely new, more interactive intranet and virtual meeting point clntra were implemented in the spring of 2018.

DISTRIBUTION BY PERSONNEL GROUP IN 2018



Wellbeing

Cinia works to support its personnel in maintaining a balance between working and other areas of life as an important factor in ensuring wellbeing at work.

Another facet of Cinia's operating culture is its efforts to take changes in the life situations of its personnel into consideration. Cinia strives to ensure that every employee can fit work, family life and leisure together. This is supported by offering flexible opportunities for remote work, a care service for a sick child and flexible working hours.

The wellbeing of personnel is important and it is supported in several ways, such as by allowing employees to use part of their working time for exercise or engaging in other activities that promote their wellbeing, supporting sporting, exercise and cultural activities, providing highly comprehensive health insurance, and enabling personnel to develop their skills and expertise and providing them with modern tools, equipment and facilities for their work. Constructive cooperation between management and personnel has proved a fruitful way of developing Cinia's operations: Cinia's internal cooperation committee met five times during 2018.

Equal and non-discriminating treatment

Cinia is a company and community where everyone is treated in a respectful, equal and non-discriminating manner. The obligation to promote equality and non-discrimination applies to Cinia as an employer and to all members of the working community.

The foundation of non-discrimination is ensuring that workplace practices are non-discriminatory and effective and appropriate with regard to Cinia's operating environment.

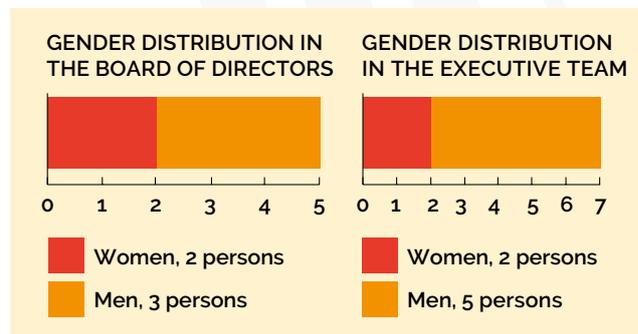
Cinia is committed to promoting equality and non-discrimination in all its operations, and to making equal treatment an integral part of its normal operations, strategies and plans.

Cinia takes a zero-tolerance approach to all harassment, sexual harassment and other inappropriate be-

haviour. Cinia is also determined to ensure that every employee is aware of what constitutes workplace harassment and sexual harassment, fully understands what is expected of him or her, and knows how to confidentially report any problems or suspected misconduct.

Recruitment and induction are important areas of our work related to human resources. A fast and efficient recruitment process with high standards is essential to competing for a skilled workforce. A positive application experience for all applicants is also key to every recruitment process. The average satisfaction of job applicants with the recruitment and induction process in 2018 was 4.1, on a scale of 1 to 5. Cinia ensures that new personnel are well prepared for starting work by providing comprehensive and well-planned inductions. In 2018, an electronic induction course was introduced to the Cinia digital learning environment to support induction throughout the group. Supervisors are responsible for ensuring that new employees are familiarised with the required work and working methods. In addition to permanent new employees, Cinia also provide inductions for temporary employees, trainees, employees changing jobs internally, employees returning to work after long absences, and agency contract workers.

haviour. Cinia is also determined to ensure that every employee is aware of what constitutes workplace harassment and sexual harassment, fully understands what is expected of him or her, and knows how to confidentially report any problems or suspected misconduct.



Absence due to sickness

The percentage of absences from work due to sickness for the whole group in 2018 was 2.9% (2017: 3.1%), which is slightly below the industry average. The number of absences due to sickness was affected by a number of long absences due to serious ill-

nesses or surgery. Of the total number of days of sick leave for the whole year, 15% were accounted for by absences of longer than 60 days. The largest proportion of periods of sick leave, 39%, was for periods of 1-3 days.

Work-related accidents and accident rate

Everyone is entitled to a safe working environment, and Cinia works to prevent accidents at work by adhering to occupational safety guidelines and implementing the appropriate measures in its premises. Two work-related accidents occurred in Cinia in 2018 (2017: 2). One occurred when commuting between

home and work, and the other occurred at a customer event. The accident rate in 2018, i.e. the number of accidents per total number of hours worked in the year, was 4 (2017: 5). Accident frequency refers to the ratio of accidents to hours worked multiplied by million hours worked.

Remuneration

The aim of Cinia's remuneration scheme is to support its strategy and encourage activities that create added value over the long term. The bonus system may consist of performance bonuses for the entire personnel and/or bonuses for specific employees based on the company's result. The bonus system is decided by the Board of Directors, and the guidelines for bonuses and performance-related bonuses are based on guidelines approved by the Finnish Government's Ministerial Committee on Economic Policy.

Remuneration for the members of Cinia's Board of Directors

The remuneration for the members of Cinia's Board of Directors is approved at the Annual General Meeting. The company does not grant loans or guarantees to the members of the Board of Directors. Any travel expenses of the board members related to their work are subject to the instructions given by the Finnish Tax Administration and Cinia's travel policy.

The principles for bonuses were further specified in 2018, and Cinia's bonus strategy is now based on the following four principles:

1. Realising strategic goals: Cinia operates in accordance with its strategic goals by communicating the strategy and its business targets transparently to all employees. The bonus system encourages personnel to act according to the Cinia's strategy and business goals.

2. Fairness of remuneration; Cinia's bonus system processes are managed and carried out in ethically and consistently. All Cinia employees are treated equally and impartially, and the incentive policy and principles are communicated openly.

3. Employee motivation and commitment; Cinia's bonus system is at the level that boosts motivation and has a clear connection to performance. Awarding bonuses to the entire staff also contributes to ensuring commitment in the medium term.

4. Cinia's attractiveness as an employer; Cinia's overall bonus system is at a level that can attract and retain people with the expertise and experience needed for achieving Cinia's strategic goals. In addition, the bonuses are competitive in the labour market in which Cinia operates.

In 2018, a bonus fund for personnel was established in accordance with the Act on Personnel Funds as a voluntary and alternative way for employees to receive performance-related bonuses and incentives. The purpose of the personnel fund is to receive and invest the financial incentives that Cinia personnel have received and to provide them with an economically productive means of receiving financial incentives.

It is possible to pay into the fund any bonuses awarded as part of the Cinia incentive scheme that is in use at a given time. All Cinia personnel can join the personnel fund, and membership is voluntary.

PROFIT-BASED BONUSSES PAID 2018	2018	2017
CEO	55 662	41 429
Other members of executive team	101 202	92 555
Other personnel	509 354	518 294
Total	666 218	652 278



Management of cybersecurity, data security and data protection at Cinia

Cinia's service offering focuses in particular on customers requiring a high level of security and specialised solutions. Success in these customer segments requires a high standard of cybersecurity and data security in internal activities and in the services provided by the company. A data-secure work environment and operations improve work performance while strengthening our customers' confidence in Cinia's services.

A data-secure operating model and services are a key part of Cinia's corporate image, corporate social responsibilities and business goals. Cinia meets the needs of its public authority customers in accordance with the applicable statutory obligations. Cinia's data security goals and operating model are set out in the data security policy published in March 2018.

To support Cinia's internal operations, the company maintains guidelines for the secure use of data, terminals and various communication methods, as well as security arrangements for premises. Cinia has also stipulated the security requirements concerning its partners and subcontractors. Cinia personnel and subcontractors are regularly trained in matters related to data security.

Cinia has two security assessments related to the company's operations, which were carried out by third parties. In May 2017, the Finnish Defence Forces granted Cinia a Facility Security Clearance, demonstrating the ability to handle confidential information in the manner required by the national security audit criteria (Katakri). In October 2018, Cinia was again awarded the Finnish Cyber Security Certificate (FINCSC) in recognition of its high standard of cyber and data security.

The goal of Cinia's data security policy is to achieve the level of data security management required for ISO 27001 certification in a separately designated range of functions. A development project with the certification body started in late 2018. The goal is to complete the certification process and obtain certification in the spring of 2019.

In building security and emergency arrangements, Cinia works closely with the National Cyber Security Centre. Cinia is a telecommunications provider with a statutory responsibility for contingency planning of electronic services, and is also legally responsible for keeping the Finnish Transport and Communications Agency (Traficom) informed of incidents related to data security.

Cinia recognises individuals' right to privacy and handles all personal data in its possession in accordance with the laws and regulations on data protection. In

autumn 2017, Cinia Oy's executive team launched a project related to the European Union's General Data Protection Regulation (GDPR) to ensure that Cinia meets its requirements when the GDPR came into force in May 2018. The data protection project was completed in the spring of 2018, and a data protection policy and comprehensive guidelines for the processing of personal data were also drafted. Cinia will continuously maintain guidelines on data protection and actively monitor data protection legislation and requirements. Online training related to data protection was arranged for Cinia employees in spring 2018. Training is part of the induction of all new Cinia personnel, and they are regularly trained in data protection-related matters.

Cinia's information security policy and privacy policy are available at www.cinia.fi.

Activities of the cybersecurity committee

In the spring of 2015, Cinia established a cybersecurity committee consisting of distinguished experts in the field in Finland. The committee's work has proved extremely effective.

As everything is becoming digital, the associated risks also spread to new areas of life and society. With the help of the committee, Cinia has endeavoured to ensure that its understanding of developments in the cyber environment remains accurate and up to date, and that Cinia can therefore protect itself and the services it provides. At the same time, Cinia wants to contribute to domestic and international efforts to further develop cyber security.

The cybersecurity committee has, for example discussed the development of legislation in the field and its impact on Cinia, national leadership and national actors in cybersecurity and operators in the field of

cybersecurity, the relationship between cybersecurity corporate brand, and the need to develop security monitoring of Cinia's networks. The committee has addressed to identified cybersecurity risks, such as the unauthorised acquisition of data, emerging risks associated with devices connected to the Internet of Things (IoT) and their management, and physical risks related to information and communication technology infrastructure. In 2018, an academic project was also launched to investigate cyber-related risks to subsea cables.

During its first four years of operation, the cybersecurity committee met three to four times a year. Members of Cinia Oy's Board of Directors and executive team also participate in the activities of the committee.



www.cinia.fi



www.linkedin.com/company/ciniafinland



www.facebook.com/ciniafinland



www.twitter.com/ciniafinland



www.instagram.com/ciniafinland

Cinia

