



Tesi's Impact Review

Autumn 2023

Tesi

Tesi

- We work for the success of Finnish startups and growth companies
- We develop and serve the Finnish venture capital and private equity market
- We invest in venture capital and private equity funds, and also directly in growth companies
- We operate on market terms, as a minority owner
- We advance sustainability both in venture capital and private equity industry and in companies
- Our goal is to maximise our positive social impact through our operations
- We offer information and experience to companies, investors and policymakers
- We are an investment company 100% owned by the Finnish state

Tesi's Impact Review

Tesi's (officially Finnish Industry Investment Ltd) Impact Review complements the report of our responsibility, a part of our Annual Report. The Impact Review illustrates in more detail the positive indirect impacts of our operations on Finnish society.

The Impact Review is published in early autumn because, due to the nature of our operations, some of the data needed for the report is only available after publication of the Annual Report.

The figures used in this review are taken from the audited financial statements for fiscal year 2022, the results of the impact survey we conducted in spring 2023 as well as from our in-house data model.



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CEO's Review

Working together for sustainable growth

The COVID-19 pandemic, the war in Ukraine and widespread economic recession have shaken the world in recent years and changed its economic framework. Costs are rising, supply chains are stalling, consumers are tightening their purse strings, and financing is becoming increasingly hard to find. Despite these challenges, I believe that sustainable growth will be built with bold innovations, backed by active growth funding.

The fluctuations in the global economy over the last few years are not the first of their kind. Such turbulence has been experienced before, and Tesi acted then as a counterforce to the worst cyclical effects: we helped stabilise the market during the financial crisis and again during the COVID-19 pandemic. We strive to keep Finland on a growth path also when times are difficult.

Tesi is one of Europe's longest operating state-owned investment companies. It was established almost three decades ago to develop Finland's venture capital and private equity market. The market has undergone rapid development: new funds have been founded, and they have financed Finnish companies, some of which became international growth rockets. Investors in funds, such as Finnish pension insurance

companies, have received returns on their investments: over the last decade, returns from Finnish venture capital and private equity funds exceeded returns from both their European peers and the listed market.

Development of the venture capital and private equity market, and in particular of the fundraising ecosystem, is ongoing. Amongst our other functions, we act as a link between national and international bodies.

” Tesi is one of Europe's longest operating state-owned investment companies.



We channel EU financing into Finnish companies, and NATO membership gives Finnish companies opportunities for receiving investments from the NATO's Defence Innovation Accelerator for the North Atlantic (DIANA) and the defence alliance's Innovation Fund.

In addition to fund investments, we also invest directly in startups and growth companies. Direct investments enable us to make an impact quickly by strengthening clusters of expertise, such as health tech and deep tech.

We put our trust not only on solid experience but also on researched data. We compile and distribute market insights and try to predict the future based on them.

From the very start, Tesi has always operated on market terms. We co-invest in promising venture capital and private equity funds and in companies on the same terms as private investors. This has paid off: over our years of operation, we have doubled the initial capitalisation we received. To date, we have returned capital exceeding EUR 130 million to our owner, the Finnish state.

Corporate responsibility and sustainability are becoming more firmly embedded into Tesi's operations, and we are ambitious in promoting this development. We have an impact on a wide range of companies. We help both our portfolio funds and our portfolio companies to improve the sustainability of their operations, by offering them training and practical tools to do so.

Now, there is a new milestone ahead of us. Printed in the Government Programme, the fusion between state-owned players in the venture capital and private equity industry has now started. I see this giving us many opportunities: together we can be more diversified in how we help Finnish companies grow.

Economic growth based on a sustainable foundation is not only necessary, but it will also give us a decisive competitive edge. I believe that the greatest challenges of our times, such as climate change and energy production, will be solved with the help of bold and innovative growth companies.

Pia Santavirta

We build sustainable growth

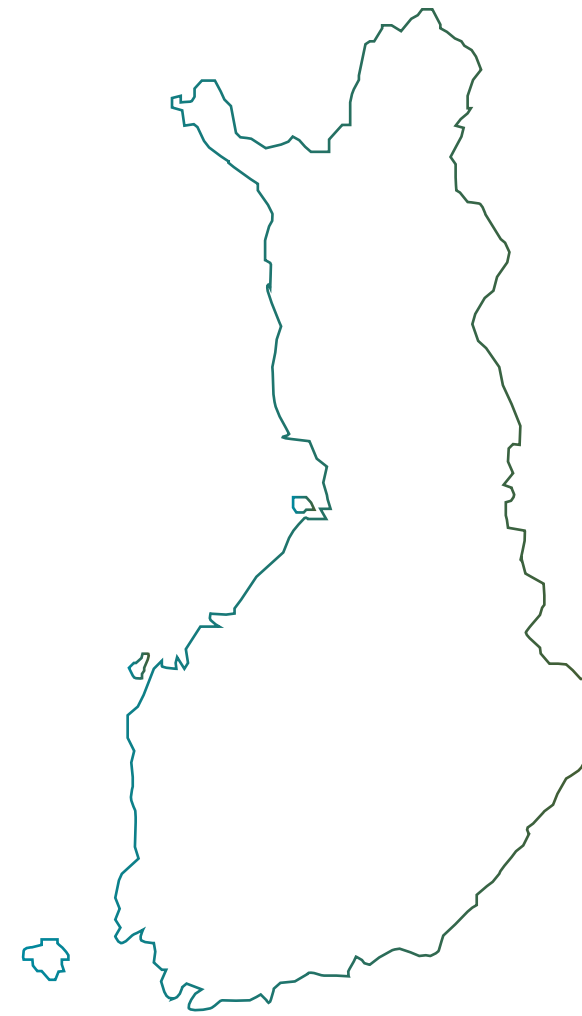
Tesi actively works for the success of Finnish startup and growth companies, helping them to grow and internationalise. We provide long-running support,

” We provide long-running support, market insights, patient capital, and skilled ownership. Tesi is directly or indirectly a minority owner in almost 450 Finnish companies.

market insights, patient capital, and skilled ownership. We also help Finnish startups, growth companies and venture capital and private equity (VC & PE) funds develop their sustainability.

At the end of 2022 we were, directly or indirectly through our fund investments, a minority owner in almost 450 Finnish companies. These companies together generate combined net sales of some EUR 12 billion and directly employ almost 64,000 people. In 2022, these companies aggregated some EUR 1.1 billion in tax receipts* in Finland.

Tesi is directly or indirectly a minority owner in almost 450 Finnish companies



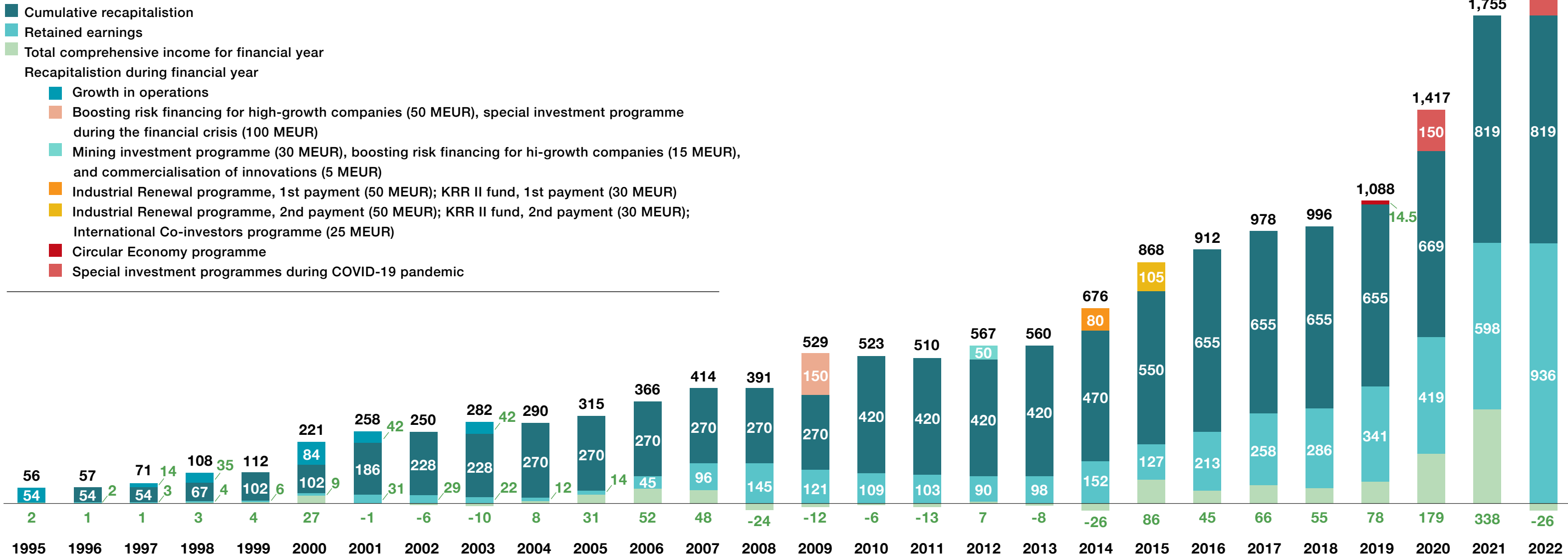
Almost **64,000** jobs

Some **EUR 12 billion** in net sales

EUR 1.1 billion in tax receipts*

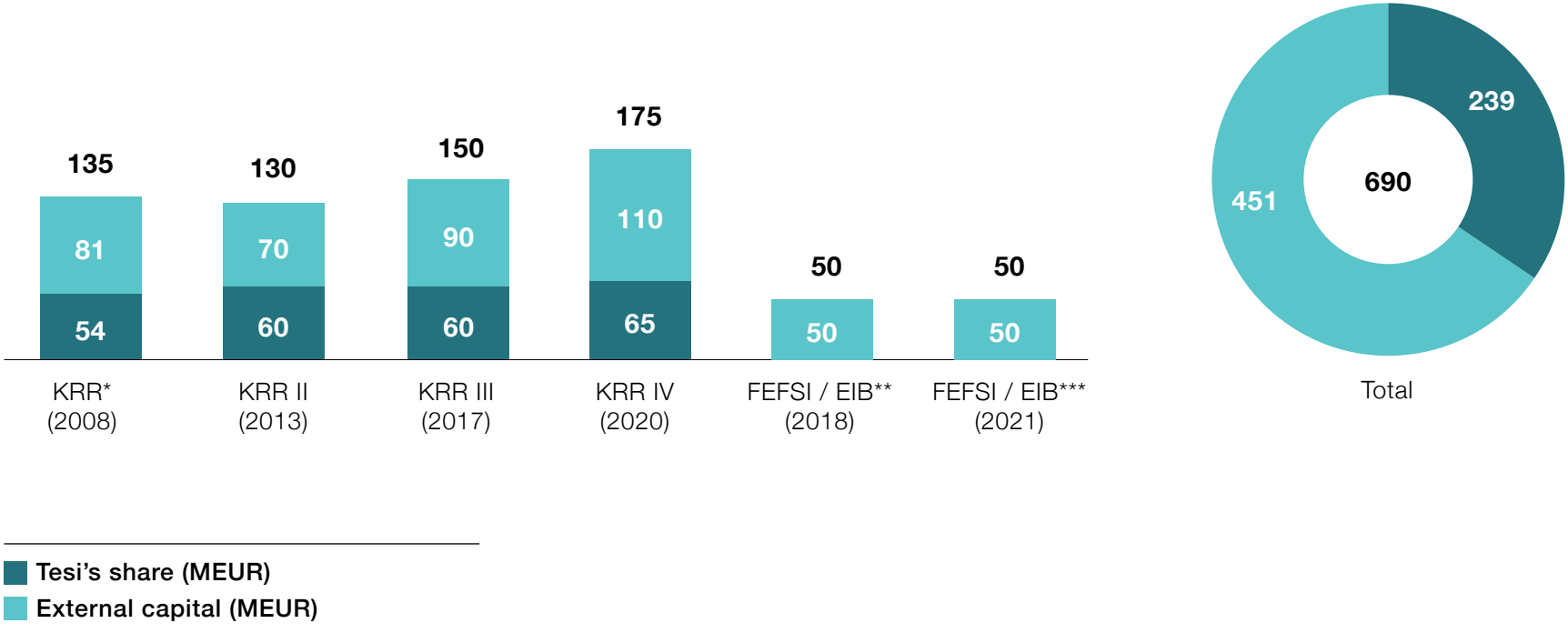
* Including value-added tax, direct taxes and corporation taxes

Tesi's shareholders' equity has grown to almost two billion euros – roughly one-half generated by earnings and one-half by recapitalisations for special purposes



Tesi is entrusted by special mandates as the manager of external capital

In addition to our own investment operations, we manage external capital under special mandates entrusted to us by our partners. We are an investor under these mandates, as well.



* KRR fund-of-funds. Read more on [page 25](#).
 ** FEFSI co-investment programme between Tesi and European Investment Bank (EIB). Read more on [page 26](#).
 *** FEGF co-financing facility between Tesi and European Investment Bank (EIB). Read more on [page 26](#).

Tesi's sustainability framework and material aspects

The sustainability framework we have drafted sets guidelines for our operations. It supports the management, measurement, and communication of our sustainability activities.

The framework includes both the responsibility* of our own activities (footprint) and the indirect impact of our activities (handprint). This Review focuses on the

” We focus our sustainability work on three high-priority areas: the mitigation of climate change, employment practices, and good corporate governance.

latter. Within the framework**, we have divided sustainability into four main themes: planet (E), people (S), principles of governance (G), and prosperity.

These main themes encompass our material aspects: economic prosperity and sustainability; innovation activities; mitigation of climate change; management of wastes and materials; diversity and equal opportunity; skills and education; practices in working life; principles of governance, and risk management.

We focus our sustainability work on three high-priority areas: the mitigation of climate change, employment practices, and good corporate governance.

We combat climate change by encouraging our

investees to develop solutions that help to mitigate it. We also provide concrete tools to assist in this; for example, to measure and reduce a company's carbon footprint.

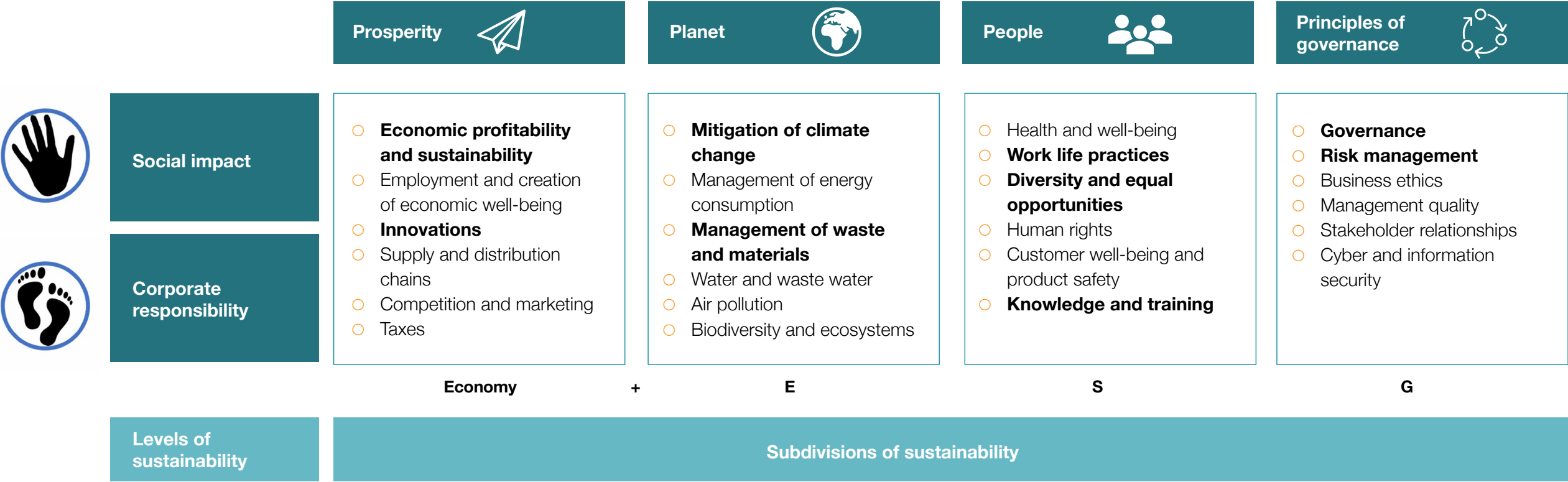
Alongside environment tools, we have developed other tools that strengthen companies' social responsibility and good governance. These tools support our investees in issues relating to the opportunities of diversity & equal opportunity and risk management.

Enhancing prosperity is also an element of Tesi's sustainability framework. Sustainable economic growth boosts employment and innovation while also strengthening and creating clusters of expertise.

* Read more about Tesi's own responsibility in [our 2022 Annual Report](#).

** Several standards and recommendations are used as source material for the framework, including GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), WEF (SCM) (World Economic Forum (Supply Chain Management)), and the EU's Sustainable Finance Action Plan.

Sustainability framework





**We work for the success
of Finnish startups and
growth companies**

Sustainable development through impact investing

We support and encourage companies in solving today's challenges as well as the challenges of the future in our selected sustainability themes: *Sustainable Production and Efficient Use of Resources, Sustainable Consumption and Cities, Renewable Energy and Energy Efficiency, Good Health & Wellbeing, and Learning & Equal Opportunity.*

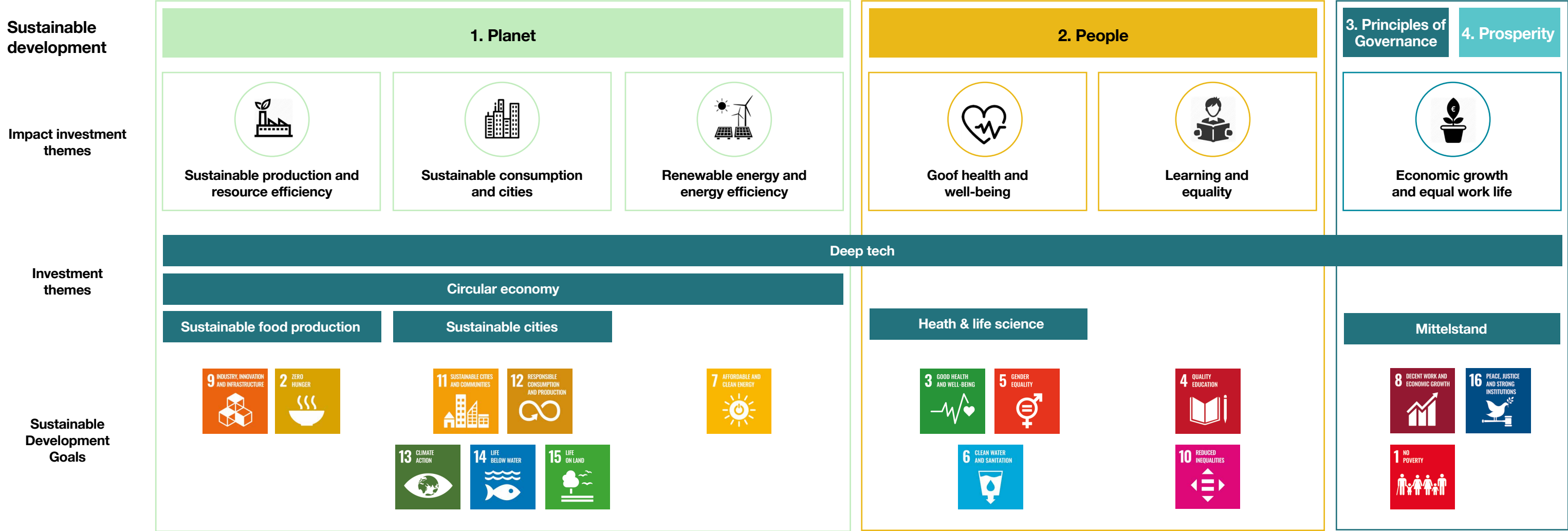
Linked to these impact investing themes are our investment themes, namely: circular economy, deep tech, sustainable cities, sustainable food production, and health & life sciences. Read more on pages [15–19](#) about our investment themes through selected* company cases.

” We support and encourage companies in solving today's challenges as well as the challenges of the future.

* Our other investees are listed on our website [tesi.fi](https://www.tesi.fi).



Tesi's investment themes for sustainable development



Circular economy

Tesi's fund investment:

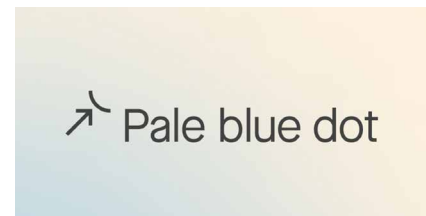
Pale blue dot – promoting sustainability through seed-stage investments

Pale blue dot, a Swedish fund manager with some Finnish team members, specialises in investments that promote sustainable development. It focuses on Northern European and Finnish early-stage and seed-stage climate tech startups.

“There is a lack in Northern Europe, but especially in Finland, of early-stage investors that focus both on climate tech and on investments targeting even the founding moments of a company. Since in Pale blue

dot both these strategies meet, we have decided to continue supporting them into their second fund. The fund will be screening Finland for world-class climate tech prospects and entrepreneurs,” comments **Matias Kaila**, Director of Tesi's Fund Investments team.

Tesi gave investment commitments to both funds by the manager: to the [first](#) in 2021 from its Circular Economy investment programme, and to the [second](#) in spring 2023.



Portfolio fund's investment:

Spinnova – textile fibres from waste flows

Spinnova is a Finnish company and a spinoff from VTT (Technical Research Centre of Finland). The company has developed innovative technology for manufacturing textile fibre from wood and waste flows without solvents and harmful chemicals. Materials suitable for the process include textile waste or agricultural side products, such as wheat or barley straw. Fibre can also be produced from waste leather with the method. The final fibre product is fully recyclable.

Spinnova's technology is the result of long-term R&D, and its actual business operations started in 2014. The company has many prestigious customers, including fashion icon Marimekko, the H&M clothing group, shoe manufacturer Ecco, and sportswear producer The North Face. Adidas also invested in Spinnova in conjunction with the company's listing in 2021.

Tesi owns Spinnova through its fund investment in Maki.vc. [Read more about the company.](#)

SPINNOVA®

Deep tech

Tesi's direct investment:

IQM – problem-solving through quantum computing

IQM, a VTT (Technical Research Centre of Finland) spinoff, is Europe's leading manufacturer of superconducting quantum computers. IQM's quantum solutions are able to solve problems in many different fields – from medicine to cloud services – and even in mitigating the climate crisis.

Finland's first quantum computer was built in 2021 through cooperation between IQM and VTT. Finland is one of the European leaders in the development of quantum technology.

“It's impressive to be a part of the IQM journey and see the progress of their technology. IQM will have a lasting impact on the future of computing, and consequently will help solve some of the global challenges related to healthcare, climate change and the development of sustainable materials,” comments **Juha Lehtola**, Director of Tesi's Venture Capital team

Tesi first invested in the company in 2019. [Read more about the company's growth financing.](#)

The logo for IQM, consisting of the letters 'I', 'Q', and 'M' in a bold, sans-serif font. The 'Q' is stylized with a small circle at the bottom right.

Portfolio fund's investment:

Bluefors – growth at absolute zero

Bluefors manufactures dilution refrigeration systems that reach almost absolute zero. These coolers are used by Bluefors' customers – companies, research centres and universities – in basic research and in the development of quantum computers.

Founded in 2008, Bluefors now generates over one hundred million euros in net sales and employs over 300 people. The motors for such growth are quantum computers, with their massive computing power, now

being built around the world. Bluefors has also supplied equipment for Finland's first quantum computer, built jointly by IQM and VTT. The company also promotes the enormous potential of quantum technology in solving global challenges, including those pertaining to sustainability.

Tesi owns Bluefors through its fund investment in DevCo Partners. [Read more about the company.](#)

The logo for Bluefors, featuring a small blue circle with a white dot inside, followed by the word 'BLUEFORS' in a bold, sans-serif font.

Sustainable cities

Tesi's direct investment:

Flow Technologies – revolutionary solutions for construction sector practices

Tech company **Flow Technologies** develops solutions that enhance construction efficiency at the work-site and that can even halve construction time. The software systems developed by the company enable job scheduling with an accuracy of one hour. The industrial methods developed by the company have attracted much attention, also internationally.

Construction and technology corporation Fira restructured in spring 2022 into two groups: Fira and Flow Technologies. The companies in the Flow Technologies Group (Sitedrive, Flow Modules) develop solutions for improving construction flows and reducing environmental footprint. [Read more about the company.](#)

FLOW
TECHNOLOGIES

Portfolio fund's investment:

EVA Global – speeding up the green transition

EVA Global offers technical support for users of electric vehicle (EV) charging points as well as technical support and maintenance solutions for EV charging point providers. A motorist with a problem can contact EVA Global's customer service by phone, through a chat channel, social media or via a map service. A charging point provider, on the other hand, can monitor the electrical network and operation of charging points, and use automated procedures to rectify iden-

tified faults.

Founded in 2017, the company's customers include Siemens, Allego and Ionity, and in Finland also Tesi's portfolio company Virta and Kempower. With its sights set on international growth from the outset, EVA Global currently operates in 32 countries and manages over 32,000 electrical charging points.

Tesi owns Eva Global through its fund investment in Verdane. [Read more about the company.](#)


EVA Global

Sustainable food production

Tesi's direct investment:

MeEat – delicious tastes to challenge meat products

MeEat (MeEat Food Tech Ltd) is a Finnish food tech startup, and the market leader in Finland for plant-based protein products that rival meat.

MeEat's mission is to make eating meat unnecessary by making plant-based eating both easy and delicious, eliminating any need to eat meat. The company's goal is to make such good products that they replace meat completely.

"Global food production is a significant global source of greenhouse gas emissions. We at Tesi have rec-

ognised alternative protein sources as one way to reduce those emissions, so MeEat fits perfectly into Tesi's portfolio with the concrete impact it possesses. The MeEat team has done excellent work, and we want to contribute to accelerating the company's international growth together with other investors," comments **Jan-Patrick Haikkola**, Investment Manager at Tesi.

Tesi first invested in the company in 2022. [Read more about the company's growth financing.](#)



Portfolio fund's investment:

Solar Foods – nutritious protein out of thin air

Solar Foods is a Finnish food tech startup that develops an edible, carbon-neutral microbial protein, Solein, from air and renewable electricity.

Founded in 2017, the company originates from a VTT (Technical Research Centre of Finland) project. The Solein developed by the company has won a NASA award, and Solar Foods is currently collaborating with the European Space Agency (ESA). The EU Commission has granted Solar Foods IPCEI-status

(Important Projects of Common European Interest).

The company started selling its consumer products in Singapore in 2023. It has also initiated food regulatory approval processes in the EU, UK and USA. The company is opening its first commercial plant and bioreactor in the Vehkala district of Vantaa, Finland.

Tesi owns Solar Foods through its fund investment in Lifeline Ventures. [Read more about the company.](#)



Health & life sciences

Tesi's direct investment:

Coronaria – growth based on comprehensive healthcare services

Coronaria is one of the largest healthcare service providers in Finland. The company provides nationwide eyesight health care, specialised care, oral health care and a diverse range of rehabilitation services. Coronaria is a member of the Finnish health and wellbeing Cor Group family.

“We have been a long-term investor in Coronaria since 2013. During that time, the company has seen its net sales grow from EUR 39 million to EUR 369 million. On top of these, Coronaria has had a significant role in developing, for instance, vision care and

rehabilitation services in Finland. We are happy to have invested in the company and pleased with their development over the years. We wish Coronaria all the best in the future,” comments **Juuso Puolanne**, Investment Director at Tesi, regarding the exit.

Tesi made its first investment in the company in 2013 and has been a patient owner since then right up to Tesi's exit in late spring 2023. [Read more about the company and about Tesi's exit from its investment in the company.](#)



Portfolio fund's investment:

Evondos – more independence in pharmacotherapy

Evondos is the leading European provider of automated medication dispensing services. The company's medication dispensing robot offers homecare organisations considerable benefits in terms of cost and quality. The dispensing solution ensures that homecare customers automatically receive the correct doses of the correct medication at the right time, thus improving the quality of homecare and supporting a

more independent life at home.

Founded in 2007, the company currently has subsidiaries in Finland, Norway, Sweden and Denmark, and over 200 Nordic healthcare organisations as customers. The R&D and manufacture of the medication dispensing robot is still based in Salo, Finland.

Tesi owns Evondos through its fund investments in Armada and Verdane. [Read more about the company.](#)





**We develop and serve
Finland's venture capital
and private equity market**

Growth capital for Finnish startups and growth companies

We develop Finland's venture capital and private equity market so that Finnish growth companies have sufficient funding and expertise to support their next growth spurt. We increase the availability of private capital with direct investments and fund investments by offering funding that supplements the market.

We also produce market insights. We use these insights to target investments at market bottlenecks as and when we identify them. We also share the insights with the market for other operators to use.

VC & PE financing for Finnish startups and growth companies from Tesi and its investor partners in 2022

Capital from Tesi's Finnish portfolio funds



Capital from Tesi's direct investments



Capital from Tesi's international portfolio funds



Capital from Tesi's international co-investors



We invest in market bottlenecks as a minority investor

We have some EUR 2.5 billion of investments under management, of which 65% is in funds. **Our fund investments** are focused on venture capital as well as growth & buyout funds. Tesi acts as a long-term anchor investor in its portfolio funds.

Alongside speeding up growth, we have strived through our fund investments to improve the availability of financing for companies in the health tech, environmental tech and deep tech sectors; to develop the early-stage market, and to support closer collaboration between VC & PE investors and angel investors. We develop Finland's VC & PE market also by sparing founders of first-time funds so that new players can enter it.

Direct investments we make as a minority owner, hand-in-hand and on equal terms with private investors.. At the end of 2022, we were an investor in 128

startups and growth companies. The number of our direct investments has grown considerably in the last few years, boosted by the special investment programmes during the corona pandemic as well as the transfer of Finnvera's venture capital operations to Tesi.

The portfolio companies of our direct investments are Finnish startups, SMEs pursuing growth, M&As and buyouts, and industrial projects. Our direct investments allow us to rapidly and precisely target our impact on the market. We also make direct investments in cases where a themed fund does not exist but where making an investment enables new expertise clusters to emerge. By making direct investments we also maintain our own capability to meet the possible needs of Finland's industrial policy. The COVID-19 pandemic was testimony to a concrete need for the use of direct investments as a tool in industrial policy.

Tesi's investment operations since 1995 in a nutshell



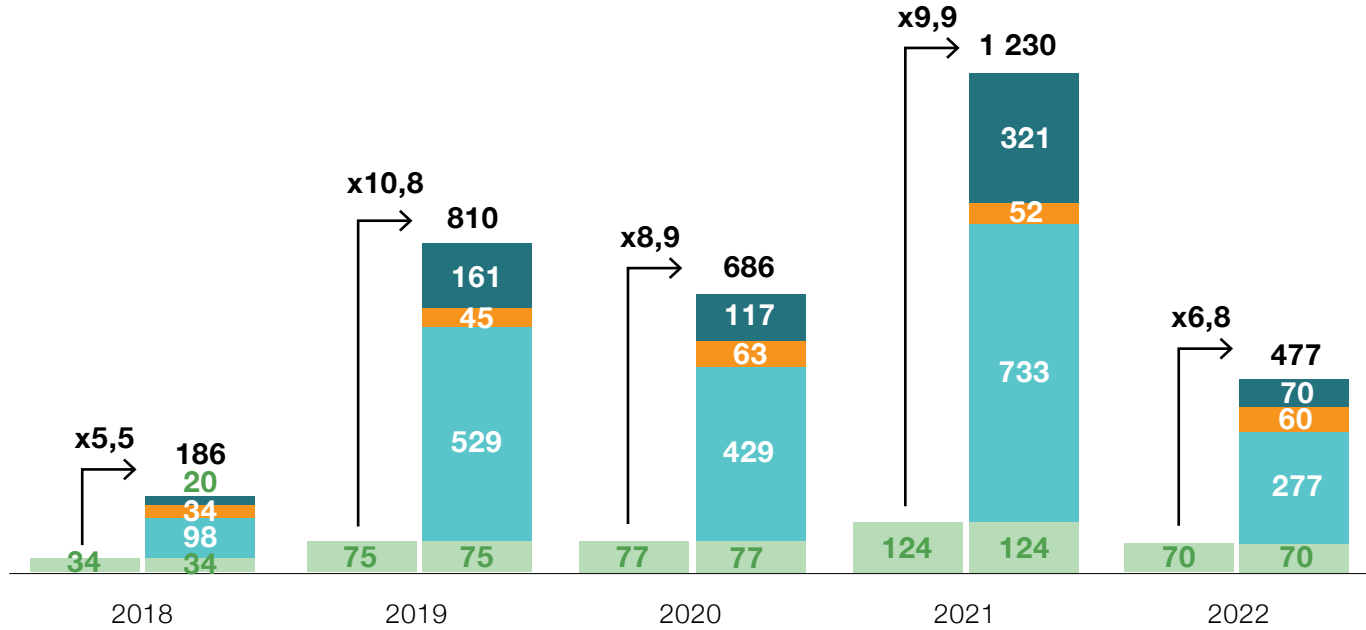
have received capital financing from Tesi since its establishment



have received capital financing as direct investments from Tesi since its establishment

Tesi channels capital into Finnish funds, startups and growth companies

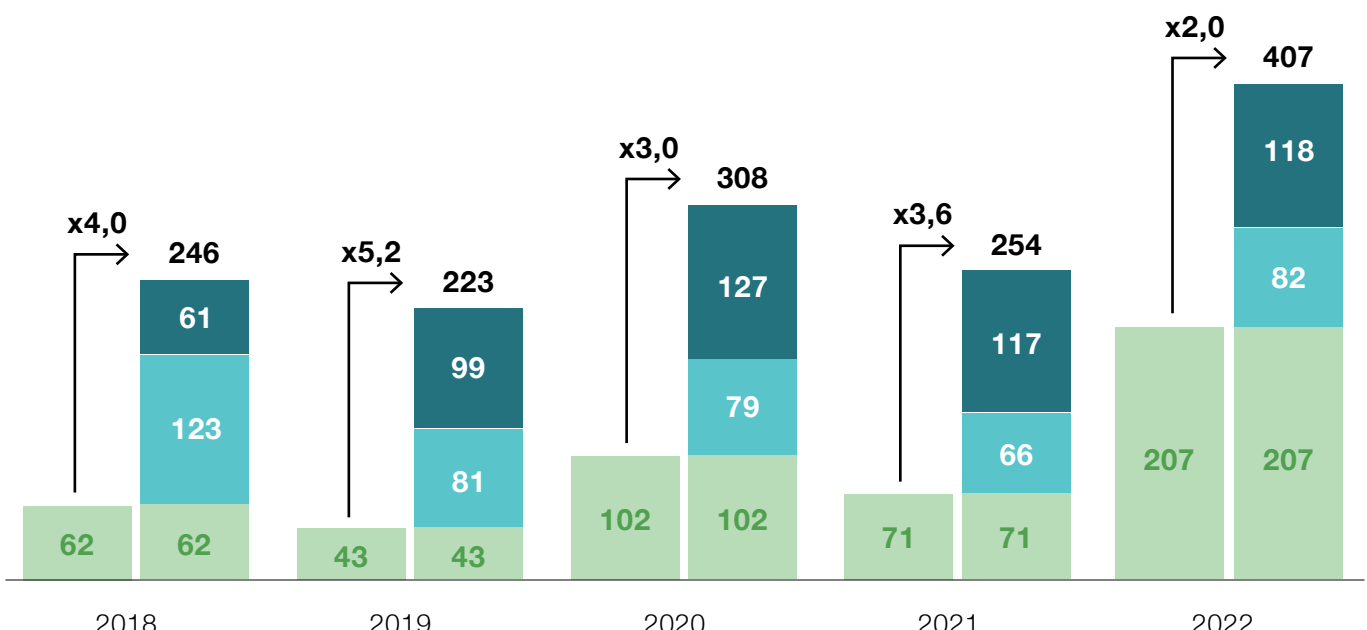
Breakdown of capital in Finnish funds (MEUR)



- International capital
- Capital through KRR
- Other Finnish capital
- Tesi

The graph illustrates how Tesi's fund commitments have channeled capital into local VC & PE funds and also the distribution of Finnish and international capital over the last five years. In 2022, for example, capital equivalent to almost seven times the amount of Tesi's investment was channelled into funds.

Breakdown of capital in Finnish direct investments (MEUR)



- International capital
- Other Finnish capital
- Tesi

The graph illustrates how Tesi's direct investments in startups and growth companies have channeled venture capital and private equity into local companies and also the distribution of Finnish and international capital over the last five years. In 2022, for example, capital equivalent to roughly twice the amount of Tesi's investment was channelled into companies.

CASE

The KRR funds-of-funds impactful examples of the cooperation between Tesi and Finnish pension institutions

The KRR funds-of-funds (KRR I-IV) we manage are a result of the cooperation between Tesi and Finnish pension institutions. The KRR are VC & PE instruments with which we can channel institutional capital into startups and growth companies via funds.

The KRR act as anchor investors in VC & PE funds. By the end of 2022, the KRR had given investment commitments amounting to EUR 528 million to altogether 44 VC & PE funds. KRR portfolio funds have in turn invested in almost 350 Finnish startups and growth companies.

The KRR concept will grow with the establishment of a fifth fund-of-fund. Investments from it will be made after the scheduled termination of KRR IV's investment period at the beginning of 2024.

KRR I-IV in figures



investments in
VC & PE funds



return rate (IRR) of
KRR funds-of-funds

of which investments in



companies

which
generate net
sales of some



that
employ
more than



CASE

Stabilisation and Venture Bridge – special investment programmes during COVID-19 pandemic

Alongside its normal investment activities, Tesi had by the end of 2022 made investments from the Stabilisation and Venture Bridge special investment programmes totalling EUR 269 million. The programmes were created in 2020 to mitigate the effects of the COVID-19 pandemic and were closed to initial investments at the end of March 2022. At the end of the same year, investments had been made in 63 companies, and returns of EUR 21.1 million received from them. Follow-on investments are still possible.

The Stabilisation Programme offered fast-track assistance to mid-sized companies facing an acute cash crisis. By the end of 2022, investments totalling EUR 231.2 million had been made from the programme in 17 companies.

Investments were made from Venture Bridge in innovative growth companies pursuing international expansion and seeking their next upcoming financing round. By the end of 2022, investments totalling EUR 38.2 million had been made from the programme in 46 companies.

Two fund investments were also made through the special investment programmes mitigating the pandemic's impacts. The capitalisation we received specifically for the programmes will be returned to Finnish state as we receive returns from the investments. The number of our direct investments has grown in the last few years due to these corona-specific investment programmes.

CASE

Tesi channels EU financing into Finnish startups and growth companies

The European Fund for Strategic Investments (EFSI) co-investment programme that we created together with the European Investment Bank (EIB) channels EFSI funding to Finnish companies, enabling them to participate in larger investment rounds. A maximum one-half of the financing comes from the EFSI programme and one-half from Tesi, and the remainder from private investors. By the end of 2022, altogether EUR 36 million had been invested from the programme in six companies. [Read more on our website about investments under the programme.](#)

Another result of the collaboration between Tesi and the EIB is the EUR 100 million co-financing facility for Finnish SMEs. The EIB's share of the financing (50%) will come from the European Guarantee Fund (EGF), with Tesi managing the co-investment facility that

started at the beginning of 2022. The programme focuses on capital-intensive technology sectors such as ICT, healthcare and industry/deep tech. Each of these are key strategic areas for the development of the EU's economy, making the case for supporting their growth and innovation. [Read more on our website about the programme](#) and [investments under it.](#)

Tesi has also actively participated in the work of the European Investment Fund's (EIF) Consultative Forum. Our goal in this work is to develop cooperation between the EIF and international players. We are also a member of the European Venture Fund Investors Network (EVFIN), where we participate in the dialogue about EU financing and its impact in the European Community.

ESG status in our portfolio companies

Every year we review the development of our Finnish portfolio companies' responsibility from the perspectives of the planet (E), people (S), principles of governance (G), and prosperity. In this context, Tesi's portfolio companies include both those we own directly as well as those we own indirectly through fund investments.

Our 2022 survey reviewed the presence, in policy or in practice, of 21 categories of E-, S- and G-related activities. The survey also included numerical questions about greenhouse gas emissions (GHG) and gender diversity. Altogether there were 302 respondents, representing 70% of the Finnish portfolio companies* we directly or indirectly own.

Although the respondent population has to some extent changed over time, the results indicate that responsibility-related policies and practices have become more widely adopted by companies. The pos-

itive development is important as [the results of the sustainability survey we sent to Finnish fund managers in autumn 2022](#) showed that sustainability is an important theme for most VC & PE investors. Every investor charted the responsibility status of their potential investees, too.

Tesi tries to help companies in creating different policies and in monitoring best practices. In autumn 2022 and also spring 2023 we arranged a sustainability training and discussion event for our portfolio, and during 2023 we will publish material supporting sustainability. More information and materials are available on [our website](#).

We have surveyed sustainability aspects since 2012. The survey became more standardised in 2019. However, as only goals instead of outcomes was still asked in the 2020 survey, the metrics presented in the graphs only have reference data from 2021.

* 302 respondents were further divided into small (n=151, less than 50 employees, net sales less than 10 MEUR); middle-sized (n=99, 50–249 employees, net sales of 10–50 MEUR) and large (n=46, more than 250 employees, net sales over 50 MEUR)



Planet (E) – Number of companies monitoring environmental metrics has doubled in a year

In the Planet section we review the monitoring of greenhouse gas emissions, energy consumption, and waste.

Although Tesi’s portfolio companies still have room to improve all aspects of their environmental activities, there are positive developments. For example, one-third of the responding companies currently monitor their energy consumption and waste volumes. The corresponding figure at the end of 2021 was 16 per cent.

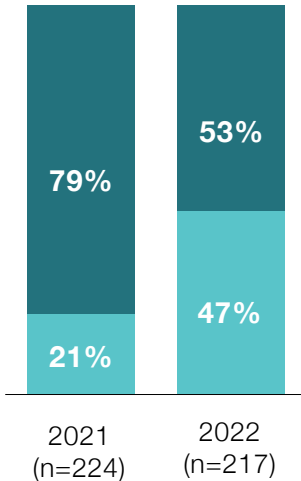
Monitoring of greenhouse gas (GHG) emissions has also become more common: the number of companies monitoring GHG emissions has more than doubled since the end of 2021. In particular, an increasing number of companies have opted to operate in compliance with the most commonly used standard, the GHG Protocol. At the end of 2021, calculation

according to the standard was applied by ten per cent of the respondents, while at the end of 2022 the corresponding figure was already 29 per cent.

There is still quite a way to go from calculating GHG emissions to more environmentally-friendly operation: only 20 per cent of respondents stated that their company has emission reduction targets.

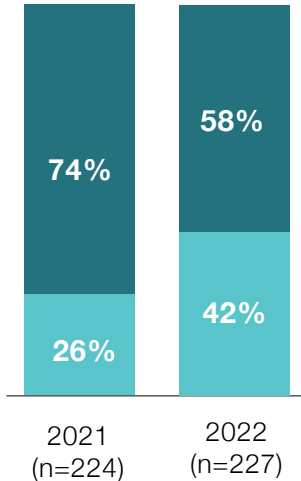
” Company size carries weight in implementing monitoring: larger companies are more likely to deploy monitoring.

Energy monitoring



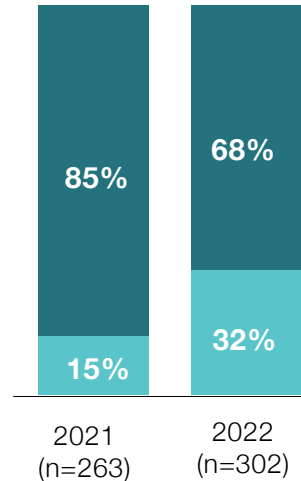
No
Yes

Waste monitoring



No
Yes

GHG monitoring



No
Yes

The diagrams include only those companies that did answer.

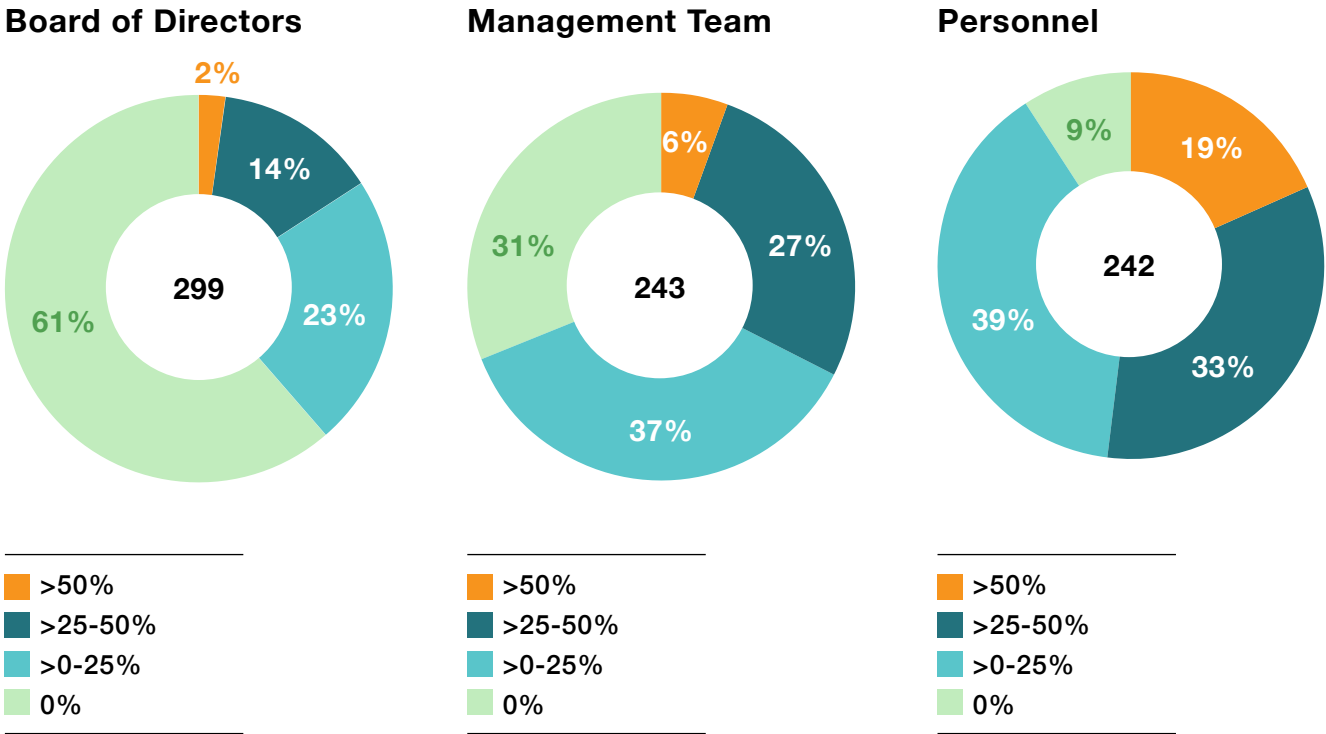
People (S) – Room for improvement in percentage of women on companies’ management levels

The percentage of women in portfolio companies in 2022 was reviewed, as in previous years. There is a lot of room for development in the relative percentage of women in the composition of boards and management teams. For instance, there were no women in 61 per cent of the respondents' Boards of Directors in the end of 2022. In the Composition of the Boards of Finnish companies 2021/2022 survey* published by Tesi, the percentage of women on companies’ boards was on average considerably higher (31 per cent). This might partly be because Tesi’s direct investments, as well as those of Tesi’s portfolio funds, are typically targeted at small companies employing less than 50 people (representing 51 per cent of the respondents to this survey). Board composition in such companies is just one development target amongst many.

There are still considerably fewer women than men in the management teams of Tesi’s portfolio companies. Taking into account only those companies responding to the questionnaire, the proportion of women was 22 per cent. Almost one-third of the respondents have no women in their management teams. There has also been little change in the proportion of women in portfolio companies’ personnel. In 2022, women accounted for roughly one-third of all employees in Tesi’s portfolio companies.

” There is a lot of room for development in the relative percentage of women in the composition of boards and management teams.

Percentage of women in Boards, Management and Personnel at the end of 2022



The diagrams include only those companies that did answer.

* The survey included all companies that employed the minimum of five people, encompassing some 42,000 companies and 102,000 board members (excl. Finnish subsidiaries and companies operating in Finland but owned by a foreign operator). The survey can be found [here](#).

Governance (G) – Good governance policies more and more widely adopted

Tesi's portfolio companies have more widely adopted policies for good corporate governance in various fields. For example, almost one-half of respondents had a corporate responsibility policy in place at the end of 2022, whereas one year earlier only one-fifth did.

An increasing number of companies have introduced a Code of Conduct. Development has been very positive here: based on the 2021 survey, one-quarter of respondents were developing a Code of Conduct, and 61 per cent of respondents had completed and deployed it by the end of 2022.

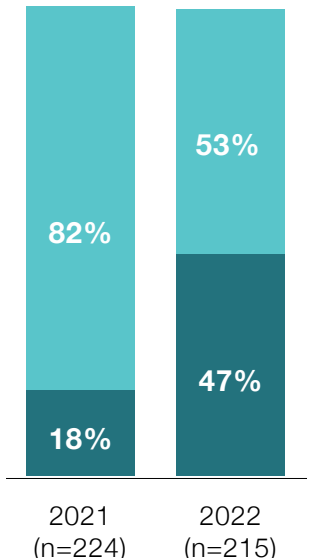
There were improvements also in risk management. Cyber risks and data security are better understood, and increased documentation testifies to efforts to improve risk management. At the end of 2022, alto-

gether 72 per cent of respondents had drafted a corporate governance policy, compared to roughly one-half at the end of 2021.

The impacts of EU regulation are also reflected in the responses. At the beginning of 2023, a whistleblower channel became obligatory in companies employing at least 50 people. The transition period ends on 31 December 2023.

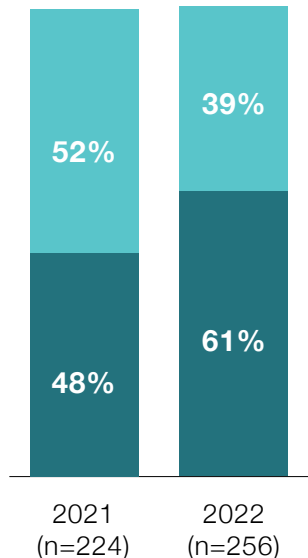
” Almost one-half of respondents had a corporate responsibility policy in place at the end of 2022, whereas one year earlier only one-fifth did.

Corporate responsibility policy



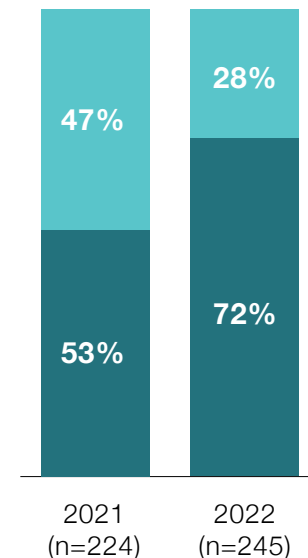
Yes
No

Code of Conduct



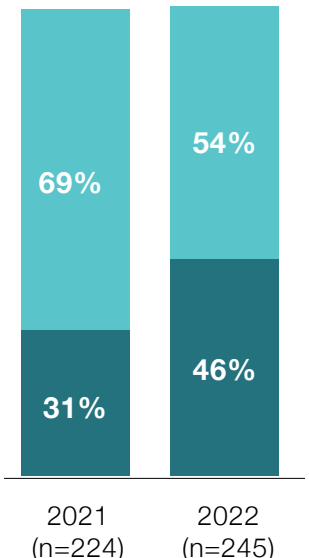
Yes
No

Data security management policy



Yes
No

Whistleblowing channel



Yes
No

* All personnel included, not only the personnel in Finland, because data coverage is weaker and EU regulation applies in all member countries.

The diagrams include only those companies that did answer.

Prosperity – Faster growth in net sales and number of jobs in which Tesi is an owner

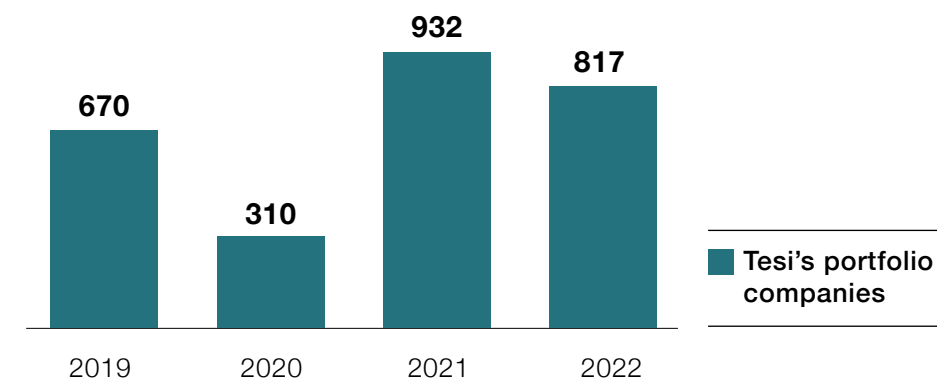
Each year we review trends in those companies that we directly or indirectly own with regard to net sales, the number of jobs located in Finland and export volumes.

The figures show that growth in the net sales and number of jobs in companies that Tesi has ownership has been clearly faster than the national average. Exports of these companies continued to grow also in 2020, the worst year of the COVID-19 pandemic. Consequently, their relative growth in the latest review period is not as strong as Finland's overall export growth (which was negative in 2020). The overall export growth has started to settle down from its 2021 peak.

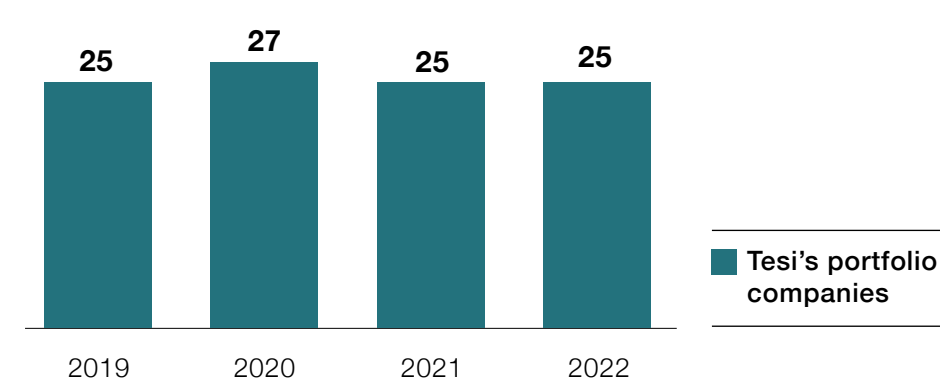
” Growth in the net sales and number of jobs in companies that Tesi has ownership has been clearly faster than the national average.

Prosperity – Businesses backed by venture capital and private equity grow and employ more than average

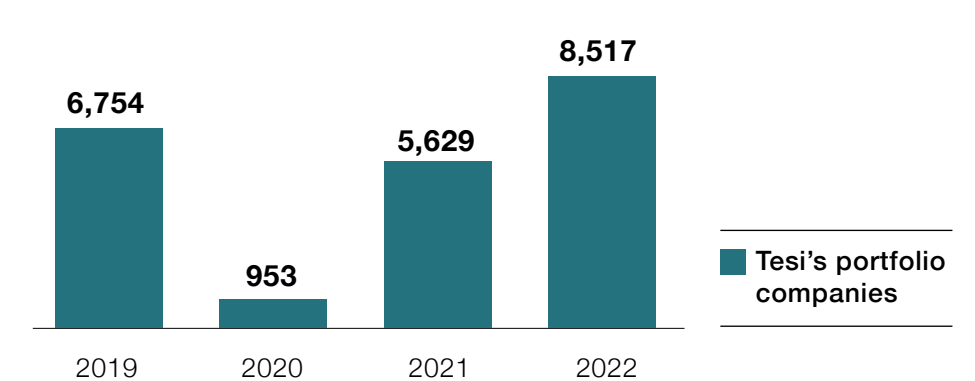
Growth in net sales, MEUR



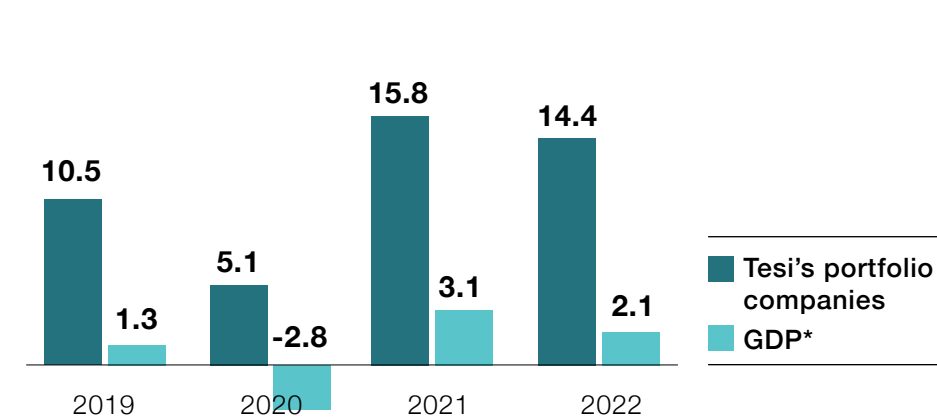
Proportion of net sales, %



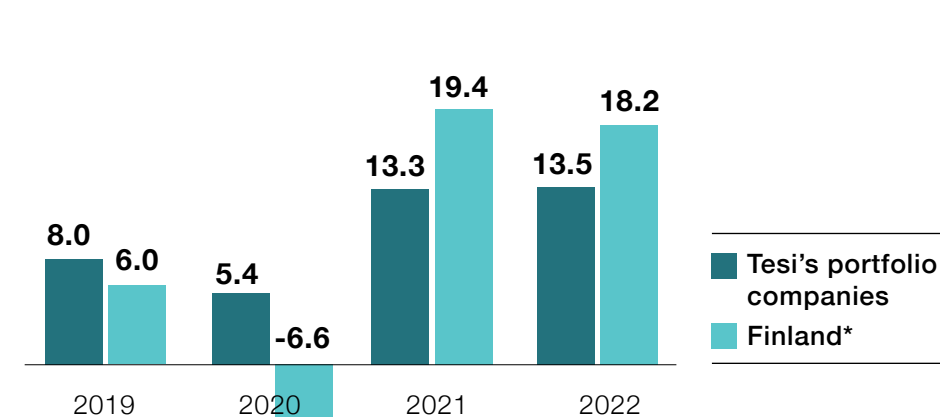
Growth in jobs, number



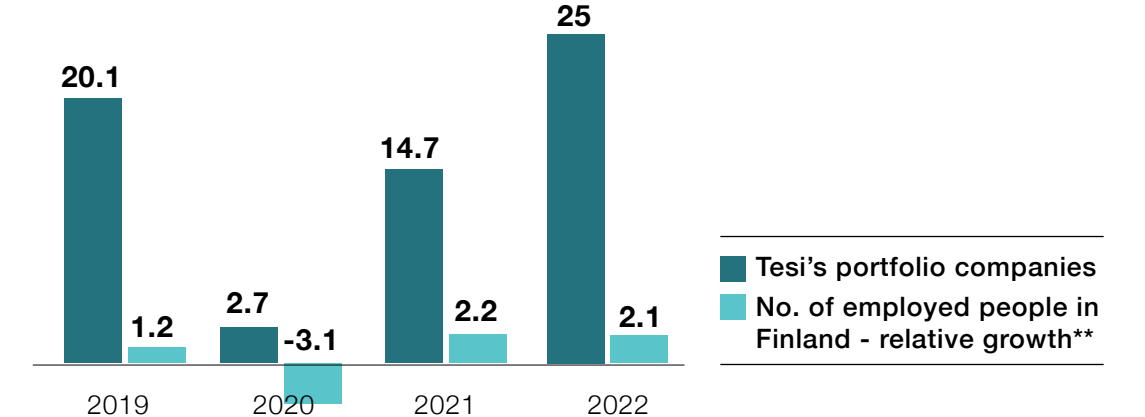
Relative growth in net sales, %



Relative growth in exports, %



Relative growth in number of jobs, %



* <https://tulli.fi/en/-/value-of-exports-of-goods-increased-by-18.2-per-cent-in-2022-volume-of-exports-decreased-by-5.2-per-cent>

** Change in number of employed people is calculated with the rate of employment. For example: the employment rate in 2021 was 72.3 and in 2022 it was 73.8. The percentage change is thus 1.5 and relative change 2.1 (1.5/72.3)



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