

## Environmental and social risk management policy for Finnvera's financing operations

### General

Finnvera's task is to promote and develop business operations, internationalisation and exports, especially among SMEs, by offering financing services. Finnvera adheres to the principles governing its business operations, called the Code of Conduct, that consist of the key regulations applicable to Finnvera's operations and other corporate responsibility principles that are in line with Finnvera's guidelines and exceed the minimum statutory requirements. The Code of Conduct is further specified by policies confirmed by Finnvera's Board of Directors. The environmental and social risk management policy for Finnvera's financing operations specifies Finnvera's Code of Conduct.

### Principles and foundation

Finnvera

- complies with international treaties that bind Finland as well as with Finnish legislation
- implements the industrial and ownership policy goals set by the State
- respects internationally recognised human rights
- takes into account the principle of sustainable development and observes the internationally accepted environmental and social impact assessment principles and procedures.

Finnvera's environmental and social risk management is based on the following documents:

- the UN Guiding Principles on Business and Human Rights; they form the foundation for Finnvera's obligation to respect human rights. Finnvera supports the capability of its employees and partners to adhere to these guiding principles.
- the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence ("Common Approaches"). Finnvera is committed to compliance with them in its export credit guarantee and export credit operations.

### Risk-based approach

When implementing the environmental and social risk management policy, Finnvera applies a risk-based approach. In impact assessment and risk management, the leading principle is to identify adverse impacts and risks that business operations cause to the environment, people and communities. Enhanced due diligence is applied when impacts and risks may affect vulnerable groups or environmentally sensitive areas.

Applying the risk-based approach, Finnvera has determined that the most severe environmental and social impacts and risks relate to Finnvera's financing operations and especially to transactions in such countries where the government does not ensure the realization of principles set out in this policy. Due to its business relations, Finnvera is most likely directly linked to adverse impacts and risks in the situations described above.

### **Procedure in financing operations**

Finnvera assesses adverse environmental and social impacts and risks as part of financing-related decision-making and risk management. The adverse impacts and risks of financing transactions are assessed and managed according to the environmental and social risk management guidelines.

In Finnvera's financing operations, the severity of impacts and the scale of risks are assessed and the measures for avoiding and mitigating adverse impacts and for managing risks are evaluated. Finnvera monitors the effectiveness of its actions to ensure that adverse impacts and risks have been addressed.

### **Stakeholder cooperation and transparency**

The effectiveness of the management of environmental and social impacts and risks is strengthened through cooperation with clients, finance parties and other stakeholders. Through stakeholder cooperation, Finnvera strives to understand the significance of impacts and risks as well as the expectations of stakeholders, and aims at increasing Finnvera's leverage in order to address adverse impacts and risks more effectively. Finnvera also applies the experience gained from stakeholder cooperation to improve its environmental and social risk management.

Finnvera openly communicates about its environmental and social risk management, the adverse impacts and risks that it has identified in its financing operations and the measures it takes to avoid, reduce and mitigate adverse impacts and risks. Parties involved in transactions are required to have capability for appropriate interaction with their stakeholders. The parties that have, independently or together with other parties, caused or contributed to the emergence of an adverse impact must have appropriate means to remedy the harm caused and to cease the activities causing the harm.

In line with the ownership policy, Finnvera reports on the achievement of the goals of this policy annually in its Annual General Meeting and Annual Report.

### **Policy compliance and development**

Finnvera's Board of Directors approved this policy on 13 December 2019. Finnvera is committed to implementing and developing this policy and the related specifying guidelines on the basis of changing legal sources and recommendations as well as experiences gained and feedback received. The Board of Directors re-assesses the appropriateness of this policy at regular intervals.