



ANNUAL REPORT 2017



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From the Managing Director



A year of growth and development

For Hansel, last year was a year of growth. We achieved a record volume in both central procurement and the customer-specific tendering service. Our contracts were used in central procurement totalling €826 million in worth. In addition, we were involved as consultants in 132 tendering processes carried out by our customers, worth €500 million in total.

We also founded a new unit, tasked with helping customers develop their own procurement activities. It has been a pleasure to note how well this new procurement development service has been received. Collaboration between our customers and experts has been extremely smooth, and it is already clear how various tools for analysis and new operating methods are helping to improve the efficiency of public procurement activities. I am sure that business intelligence is here to stay, and the aim of #Tietokiri, the state governance's joint project, is to promote BI.

The growth of business operations and increase in services has affected the number of personnel at Hansel, too – we now employ about 90 professionals. I am

extremely proud of this team of competent people and the work that they do.

Important development activities have taken place in the digitalisation of procurement, too. With support from the European Union, we have automated the checking of information provided by authorities in public procurement, and several training events were held in conjunction with this development. In September, we launched the Tutkihankintoja.fi service, through which information about the purchases of procurement units is available to everyone. The service has aroused interest on an international level, and the project was an inspiring experience to everyone involved, as well as proof of the power of the culture of experimentation. By taking bold action, we achieved something extraordinary.

Our traditional services, central procurement activities, are also being reformed. In November, we started the pilot project for the dynamic purchasing system (DPS). Next year, several DPSs will be used alongside the traditional framework agreements, making it possible for suppliers to be included in a framework agreement

In practice, growth in Hansel's business operations translates to bigger savings in public funds.

even in the middle of a contract period. It will be interesting to see how this operating model will coincide with our customers' needs.

In practice, growth in Hansel's business operations translates to bigger savings in public funds. To measure the amount of savings and other effects of our activities, we have been developing a new tool that will give us a better idea of the achievements. In addition to savings, we generate plenty of other value, too. Through our know-how, we ensure high quality of the products and services to be acquired, the functionality of the contracts, and the innovative nature of the acquisitions. At the same time, we help procurement units learn new things.

Corporate responsibility is the starting point for all our operations, and we have been working on it for a long time now. Nearly all of Hansel's central procurement contracts, for example, have been awarded our ecolabel.

This year we took the promotion of social responsibility another step further, as a code of conduct was prepared in collaboration with Finnwatch, to ensure that human rights are enforced in IT procurement activities. As we accumulate experience of the tool, it is very likely that it will be employed more widely. We are also involved in the preparation for the establishment of a competence centre for innovative public procurement. Boosting circular economy is one of the goals that the Finnish government has set for the centre.

We have a great team serving our customers, our service selection is improved constantly, and digitalisation promotes the development of procurement activities in many ways. Our work is of importance to society. This is a good place to start a new year, which will bring with it the regional reform. That is another project in which our expertise plays an important role.

Anssi Pihkala

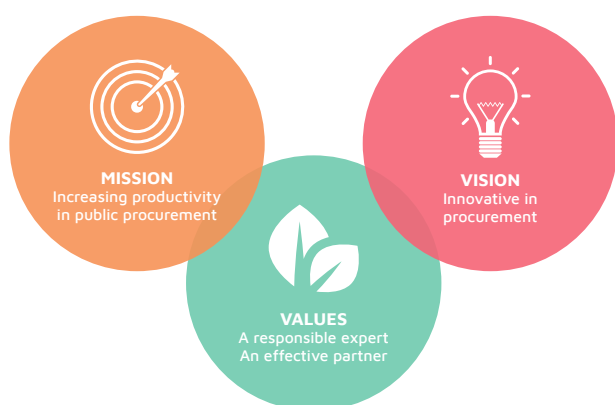
Strategy and vision

Hansel's vision is to spearhead procurement reform. The company's strategic goals are related to systematic and well-managed government acquisitions that are performed in a responsible and customer-centric manner, making use of electronic tools. The strategy approved by Hansel's Board of Directors in 2016 is valid until 2020. It was prepared through a process led by the Executive Committee, and both the personnel and the Board of Directors were actively involved in the determination of goals.

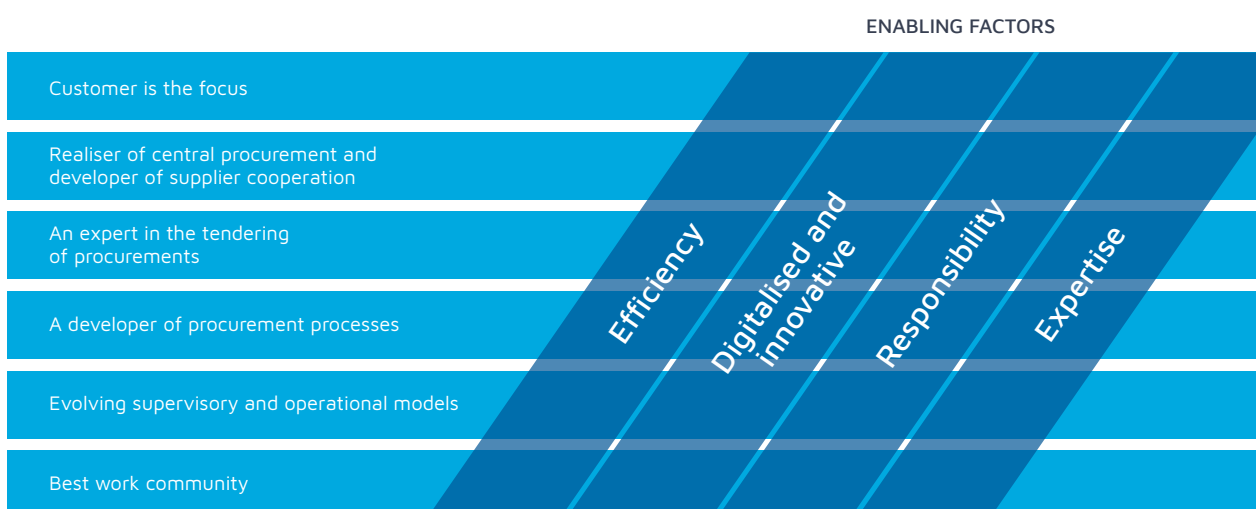
Hansel is actively involved in several joint development projects of state governance. The purpose of the Handi programme is to digitalise government procurement in general, while the #Tietokiri project promotes the use of business intelligence in public administration. In late 2017, we were also involved in the establishment of KEINO, a competence centre for sustainable and innovative public procurement, which will begin operations in March 2018.

In 2017, customer-specific expert services could be offered to an increasing extent, in compliance with Hansel's strategy, as the procurement development unit began operations. The tools for analysis and reporting related to the management of procurement activities were also developed further, and the related services were offered to customers to an increasing extent. The Hansel Academy offered employees training days, the focus of which was on the identification of customer needs and adaptation of services to these needs. In regard to strategic foci, tendering competitions for acquisitions have come the longest way – in the satisfaction survey, they received an average score of nearly 4.5 (out of 5) from customers.

Corporate responsibility aspects are an inseparable part of management at Hansel. Requirements related to corporate responsibility are specified in tendering competitions for framework agreements, and a corporate responsibility model has been prepared for customers by the development services. A new initiative in 2017 was the code of conduct prepared for the management of social responsibility in IT acquisitions. In the future, this code will be adapted for other framework agreements, too. At Hansel, corporate responsibility primarily involves reducing environmental impacts, engaging in proper financial administration, making efficient use of resources, improving occupational well-being of the personnel, and improving customer and supplier satisfaction.



Strategic priorities



Hansel in brief

Hansel Ltd is a state-owned, non-profit limited liability company, the purpose of which is to generate savings to the state through efficient procurement operations. Hansel puts out to tender and maintains framework agreements related to service and product procurements. In addition to central procurement, Hansel offers its customers procurement expert services: tendering expertise and development of legal aspects and procurement. The first pilot project for the dynamic purchasing system also began in 2017, with the purpose of developing a new central procurement process.

Through responsibly run operations, the central procurement unit promotes high-quality procurement and equal, non-discriminatory treatment of suppliers in the tendering process. Hansel's objective is to organise tendering processes in a manner that fosters efficient market operations and promotes competition.

Hansel's role and duty as a central procurement unit are specified in the Act on Public Contracts, the Act on a Limited Liability Company Called Hansel Oy, and in the State Procurement Strategy. Hansel's customers consist of ministries, their subordinate departments, and certain other government agencies.

The company's operations are funded by service fees for framework agreements and sales of expert services. The maximum service fee that may be charged is based on purchases made, and it is 1.5% of contract value. The

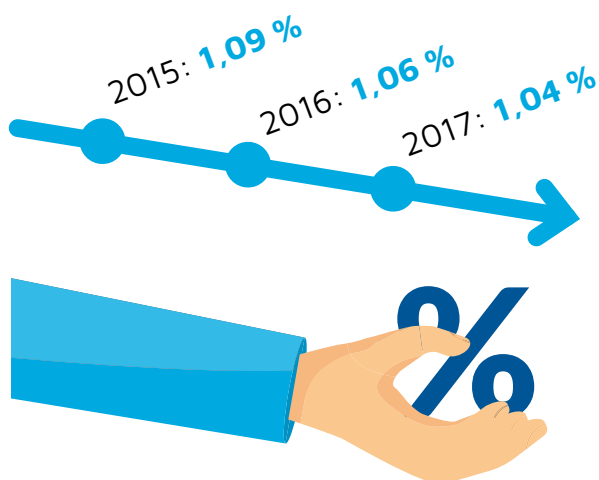
average service fee in 2017 was 1.04% (1.06% in 2016). Hansel operates under the ownership steering of the Ministry of Finance.

In 2017, Hansel's own acquisitions totalled €3.1 million in worth. We make use of framework agreements in our procurement activities whenever possible. If a suitable framework agreement is not available, we perform procurement in accordance with processes determined by the company.

Hansel's memberships in organisations:

- EGN Finland Ltd
- FiBS ry
- International Technology Law Association
- Julkisten hankintojen yhdistys ry
- Helsinki Region Chamber of Commerce
- HENRY – Finnish Association for Human Resource Management
- Meeting Professionals International
- Oy Nooan Arkki AB (Green Office)
- Service Sector Employers PALTA
- The Institute of Internal Auditors Finland ry
- The Finnish Association of Communications Professionals (ProCom)
- The Finnish Business Travel Association
- Finnish Association of Purchasing and Logistics ry (LOGY)
- Suomen Tilaaajavastuu Oy
- The Information Society Development Centre (TIEKE)

Changes in the service fee



Key figures in 2017

Involved in procurements of a total value of over
EUR 1 300 000 000



Central procurement

**MEUR
800**



Customer-specific competitive tendering

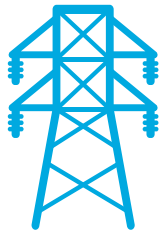
**MEUR
500**

Framework agreements, TOP 3



Occupational
healthcare services

61 M€



Electricity

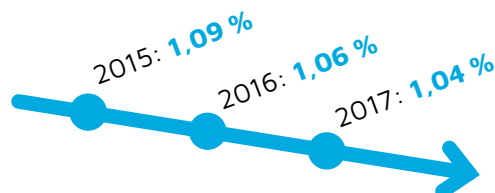
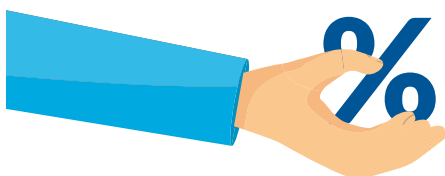
60 M€



Computers

54 M€

Average service fee for joint procurements





177

customer-specific
tendering projects



300

days spent developing
customers' procurement



Organisation and business operations



Hansel's organisation consists of personnel of 94 experts and a Board of Directors, elected by the Annual General Meeting. The Board is chaired by Timo Laitinen, Director General of the State Treasury. The Board of Directors consists of five members, including one personnel representative. Members of the Board of Directors cannot simultaneously be members of the company's operative management.

Hansel's Executive Committee is nominated by the Board of Directors on the basis of a proposal by the Managing Director. In 2017, the Executive Committee consisted of five people. These were Managing Director Anssi Pihkala (b. 1963), Chief Category Officer Susanna Närvänen (b. 1963), Head of Legal Affairs Eija Kontuniemi (b. 1966), Director of Finance Kirsi Koivusaari (b. 1966), and Account Manager Petri Kalavainen (b. 1962).

The members of the Board and the Executive Committee are appointed in accordance with the government's ownership steering principles, which are used to ensure equality in operations, among other things.

Decisions are made in compliance with the Finnish Limited Liability Companies Act and Hansel's articles of association. The company's premises are in the main post office building in Helsinki. Hansel has no international operations.

Business operations

Hansel's business operations are divided into three segments: central procurement, tendering services, and pro-

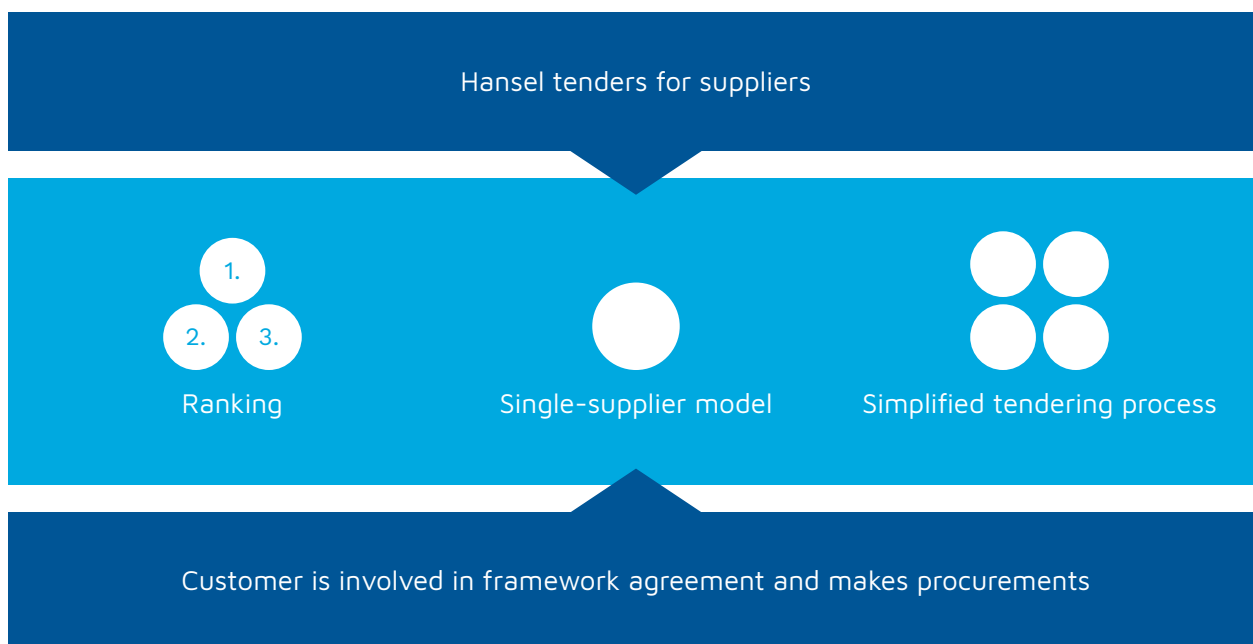
curement development services. Development services became a separate unit on 1 January 2017. This is one of the company's strategic foci.

Risks related to the company's operations are charted with an external expert once a year, using a matrix analysis. In 2017, the management identified two risk factors, one of which is related to the availability of personnel and the other to changes in legislation and legal practices.

Central procurement

Central procurement refers to framework agreements and dynamic purchasing systems through which Hansel's customers can purchase products and services. The purpose of central procurement is to establish the general terms governing procurement contracts, such as the subject matter of procurement, prices, and the responsibilities and obligations of the contracting parties. By using Hansel's contracts, customers can ensure that their procurement processes are compliant with applicable laws, as well as facilitate the management of contracts and suppliers. During central procurement, Hansel checks the eligibility of suppliers, and it also monitors that suppliers meet their contractual obligations and eligibility conditions during the validity of the contract.

Savings are generated when sufficiently large volumes of products and services are put out to tender, and the needs of the maximum number of customers are met. Central procurement generates considerable savings for the government, through both procurement process costs and pricing.



Hansel supports its customers in internal central tendering processes, so-called simplified tendering processes. In the Minikisa Plus service, Hansel performs a tailored simplified tendering process on a turnkey basis.

Tendering and legal services

Tendering services are needed when a framework agreement or a dynamic purchasing system does not exist for the object of acquisition. Hansel's tendering consultants

and lawyers have specific experience and knowledge of public procurement, competitive tendering, and contract law. By using our expert services, customers can ensure that acquisitions are put out to tender in accordance with valid rules, with the best contractual terms possible, taking price, quality, and responsibility factors into account. This frees the customer's time for other duties, reduces the procurement unit's risks, and promotes the distribution of best practices.



Development of procurement

The procurement development services support the efficiency and cost-effectiveness of procurement, as well as the organisation's capability for reform. Experts provide analysis services, proposals, and solutions for the efficient management and responsible implementation

of procurement. They use a great variety of tools and information to analyse the current status of procurement services and to improve its impact. Development processes are generated in close cooperation with the customer.

DEVELOPMENT PROCESS

STARTING POINT

We analyse the current status of the procurement process.

OBJECTIVES

We make a development recommendation and set goals together.

PLANNING

We draw up an action plan.

REALISATION

We implement the agreed measures together.

Organisation

Category management

is responsible for tendering processes within, and the development of, central procurement, and for the related contractual and supplier management. The unit employs people with expertise in various industries and tendering.

Customer relationship management and support in procurement

The unit is responsible for the company's sales operations, sales promotion, marketing and customer service, as well as supporting central procurement customers. The Procurement support team serves and helps customers with internal, simplified tendering processes for framework agreements and dynamic purchasing systems.

Legal matters and competitive tendering

The unit provides services related to the practical implementation of Hansel's and the central government's procurement processes, and legal consultation services. It also participates in central procurement tendering processes and contractual management, as well as procurement development projects.

Development of procurement

The unit carries out customer-specific procurement development projects and is strongly involved in Hanki, the Project for the digitalisation of government procurement. Procurement management professionals work within the unit.

Finance, HR and communications

As its name suggests, the unit consists of financial management, communications and human resources support functions. The unit is responsible for the company's external and management accounting. Communications manages the company's internal and external communications, and corporate responsibility reporting. HR takes care of resourcing and competence development.

Digital services

is responsible for the maintenance and development of various systems. The unit also has a team specialising in electronic tendering processes. It plays an active role in development projects relating to the digitalisation of government administration.

Internal audit



The role of an internal audit is to support the Board of Directors and the Managing Director in supervisory duties prescribed by law and the Board's rules of procedure, and to perform other internal audit and risk-management-related duties assigned by the Managing Director and the Board of Directors. Internal audit reports to the Board of Directors.

Internal audit operations have been outsourced to Price-waterhouseCoopers Oy (PwC). In 2017, audits were performed on the framework agreement processes related to electricity and the electronic tendering system. In addition, follow-up audits were performed for the actions taken after the internal audits 2014–2016.

The first audit to be performed was that for the electricity framework agreement, and the observations were discussed by the monitoring group for government electricity procurement and by Hansel's Board of Directors. Reports for the other audits will be submitted to Hansel's Board of Directors in February 2018, and the objects of audits to be performed in 2018 will also be specified at that time.

Hansel's services in great demand



Growth was a key characteristic of Hansel's year 2017. With the addition of procurement development, there were now three services instead of the usual two, and the volume for all services increased during the year. As a result of business development, the size of the organisation also increased, and the number of new employees rose to 28.

Central procurement

The total value of central acquisitions in 2017 was €830 million (€770 million in 2016). The number of tendering projects carried out was 24, and the number of procurement decisions made during those projects amounted to 60. Framework agreements were adapted to meet needs to an increased extent, and by customers' request, preliminary analyses were carried out even for entirely new product groups, such as cultural and recreational vouchers and laboratory equipment. The decisions on how to proceed with these projects will be made in 2018. There were several development projects underway. From the perspective of category management, the most important of these was the preparation of simplified tendering processes through the Hanki service, the implementation of which will take place in 2018. Another important project was the preparation and piloting of the dynamic purchasing system. The dynamic purchasing system (DPS) is a fully electronic procurement process that is open to all eligible tenderers throughout its duration. Investments were also made in service centre collaboration. At the end of the year, there were 17 categories, since vehicle and transport services were divided into two new categories: vehicle services, and transportation and logistics services. The number of framework agreements for these was 80 in total.

Procurement expert services

Sales of expert services rose to €1.5 million (€1.3 mil-

lion in 2016). Expert services were offered for a total of 196 customer-specific tendering processes and procurement-related development projects (162 projects in 2016). The turnover for the tendering services was €1.26 million. The total value of customer-specific tendering processes was approximately €500 million (€339 million in 2016).

The largest tendering service customers in 2017 were Customs, the State Treasury, the steering group for the Finnish Government Shared Services Centre for Finance and HR (Palkeet), and the Finnish Transport Agency. While the majority of the acquisitions were information systems and other IT-related purchases, they also included other societally significant purchases, such as rehabilitation services for veterans with disabilities. Customer feedback on our unit has been positive, with a score of 4.6 on a scale of 1–5 (4.6 in 2016). Systematic collection of information on savings achieved through tendering processes and on other benefits related to purchases was also started in 2017.

Procurement development services

Sales of procurement development services during this first year amounted to €240,000. The number of assignments performed for customers was 19, while the number of different customers was 15. The largest development service customers in 2017 were the Senate Properties, the Ministry of Finance, and the Radiation and Nuclear Safety Authority. The largest assignments were of the kind in which a development manager from Hansel works in the customer organisation about three days a week for several months. Other assignments are various kinds of development projects, which in 2017 most typically included analyses of current procurement practices, spend analyses, development of the guidance or organisation related to procurement, or trainings.

Expertise that you can rely on



Tendering processes for information systems are not always without complications, but the procurement projects carried out at the Haaga-Helia University of Applied Sciences, with support from Hansel, were rewarding to both the people involved in the projects and the future users of the systems.

*Hansel was tasked
with completing the project
successfully.*

Nothing extra to worry about

In summer 2017, the Haaga-Helia University of Applied Sciences purchased two important information systems. The extensive HR and project management systems were put out to tender with support from Hansel, allowing the experts at Haaga-Helia to focus on their core competences.

Requirements regarding the new project management system were numerous: a single system had to be able to handle the management of both individual projects and the entire project portfolio. Resourcing, scheduling, archiving, and time management functions were also to be included in the system.

Innovation Director **Jatta Jussila-Suokas**, who previously worked in the private sector, reveals that until last spring, public procurement remained uncharted territory for her.

“Before the beginning of the tendering process, we spent six months determining system requirements. When this stage proved challenging, our lawyer suggested that we contact Hansel. I wasn’t familiar with the company as a partner, so I didn’t know what to expect.”

Hansel was tasked with completing the project successfully. A team consisting of a tendering consultant and a procurement lawyer made sure that the tendering process was performed in compliance with the law. The tender documentation, contract terms and conditions, and other contractual matters were handled through Hansel.

“The tendering consultant was able to view the procurement process as an outsider and formulate the wording more precisely, for example. Hansel was of great help in the preparation of the scoring model used in the tendering process, in particular, and we would not have been able to do this on our own.”

A simple role for a change

Haaga-Helia’s role in the procurement process was to decide what they wanted from the project management system. According to Jatta Jussila-Suokas, the workload became significantly lighter when someone else took care of the actual tendering process.

“I have managed large research projects for years, and against that background, I can say that the project was managed with great skill. I was able to remain in the role of an expert,

and as early as during the tendering process, I could be sure that there would be nothing to criticise about the project afterwards.”

As a result of the tendering process, Haaga-Helia obtained multifunctional software and a supplier that understands user needs.

“Public procurement is a demanding process, but our tendering competition couldn’t have gone better. In hindsight, the only thing I would do differently now would be to involve Hansel sooner, instead of pondering specifications on our own for such a long time. If I’m tasked with a purchase of similar proportions again, I will be sure to call the same people”.

Procurement in a surprisingly fun manner

HR expert **Sanna Nurminen** worked as project manager in the acquisition and implementation of Haaga-Helia’s new HR system. The system had to meet the various needs of the HR unit, responsible for more than 630 employees, and it was expected to make HR processes smoother through digital solutions.

“We wanted a customer-driven system that supports us in achieving our strategic goals and helps us make better use of our employees’ know-how”, Nurminen says.

Hansel became involved in the early stages of the project. The acquisition was to be made quickly.

“When we told Hansel about the tight schedule, no-one protested; instead, they started working on the project promptly and with a positive attitude. Hansel’s communications were very proactive, so being a customer was easy. At best, we had meetings every Friday; yet the last meetings of the week were productive, and the atmosphere was enjoyable”, Nurminen continues.

The call for tenders included 100 pages. While system requirements were simplified during the technological dialogue, the total number of absolute system requirements was still over 200. According to Nurminen, the material was extremely useful during the implementation of the system.

What could we put out to tender next?

Haaga-Helia’s new HR system offers support throughout a person’s employment, from recruitment to competence development to the provision of a testimonial of service.

“I learned a lot about public procurement during the collaboration with Hansel, and I warmly recommended Hansel’s support in procurement activities. In the last procurement meeting, I was thinking that this is fun – what could we put out to tender next?”

Focus on the customer's success



The basis for Hansel's customer-centric operations is built on listening to the customer and deepening our understanding. In 2017, the company responded to evolving customer needs with new services and an account strategy that generates overall benefits to the government.

Hansel's account and stakeholder communications unit is responsible for sales promotion, marketing, customer service, and stakeholder cooperation. The unit's business strategy focused on engaging with all Hansel customers and strengthening our expertise.

"The annual customer survey revealed that customers would like us to be better acquainted with their core business. Therefore, we intensified our work with customers and hired a sixth account manager. These investments and the high quality of our work with customers are evident in, for example, the sales of framework agreements, with which we achieved a record result", says Account Manager **Petri Kalavainen**.

The unit's foci for 2017 included the strengthening of procurement competence, in particular.

"The message from the field has been that there is need for the organisation of procurement activities, and that is why Hansel has made significant investments in procurement development services. While these development services have been part of our offering for only a short time, our customers already know what they are about, and demand for the service is on the rise."

The societal effects of the efforts arise from more efficient procurement.

In addition to the customer organisations, the development of procurement activities also benefits government operations in general. The societal effects of the efforts arise from more efficient procurement and from the fact that Hansel is able to support customer organisations in their core tasks.

More customers expected

No significant changes took place in Hansel's operating environment in 2017. However, changes might be on the horizon, because the reform of health and social services, if it takes place, will have a big impact on Hansel's customers.

"We have been preparing a new customer management model, with the regional government reform in mind. As the services offered by Hansel are expanded, their segmentation and the related indicators need to be reviewed. We want our customer-centric approach and our strategic goals to show in the objectives and indicators of every employee."

The basis for segmentation was established through training on customer-driven efforts, among other activities, and the work will be continued in 2018.

Making key projects more concrete



The government's structural reforms have had a significant effect on Hansel's daily customer operations and their focus. According to **Petri Kalavainen**, the goals determined by the Ministry of Finance were promoted with, for example, an extensive agency tour, during which Hansel's account managers met procurement professionals from more than 70 customer organisations.

"The aim of the agency visits was to boost customers' know-how regarding things such as the use of electronic tools and procurement data, as well as the objectives set forth in the Handi programme. The latter include implementation of the electronic tendering system widely; at this, we are pioneers in Europe. At the same time, we were able to improve our knowledge of customers' needs and lay foundations for future collaboration".

Personnel

At the end of 2017, Hansel Ltd employed 94 people. During the year, 28 new employees were hired and eight resigned. Hansel's position as a leading player in procurement acted as a springboard for several professionals to move on to new challenging positions. An exit interview was conducted with people who resigned to determine how they had enjoyed working for Hansel, how the work community could be developed, and what possibilities there are for professional growth.

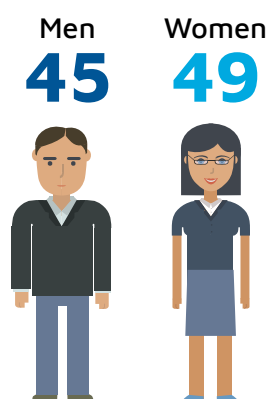
Collective agreement and cooperation with employee associations

Hansel's collective labour agreement was negotiated with Service Sector Employers PALTA and the Federation of Professional and Managerial Staff (YTN). The Agree-

ment is valid until further notice. The labour agreement applies to all Hansel personnel, except for the Managing Director. As specified in the labour agreement, personnel are represented by a workplace steward and his or her deputy, selected from amongst the staff.

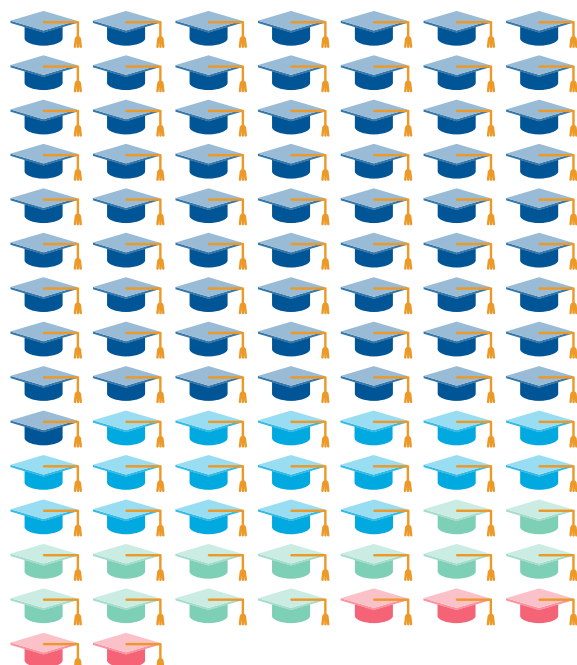
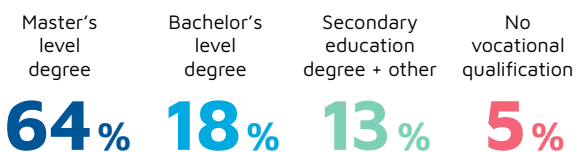
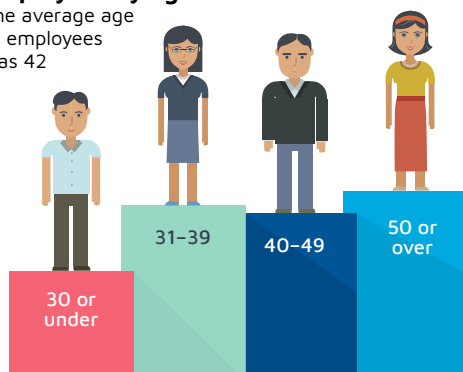
The interests of the personnel are also promoted by the personnel association (Hanselin ylemmät toimihenkilöt ry), which is a member of YTN. Roughly half of Hansel's personnel are trade union members. The collective agreement and employment guidelines are available on the company's intranet.

Personnel key indicators in 2017



Employees by age

The average age of employees was 42



Average age of Hansel employees lower



Number of personnel

	2017	2016	2015	2014	2013
Number of personnel at the end of financial period (person-years)	90	72	74	77	73
during the financial period (person-years)	83	73	73	75	71
Valid employment contracts on 31 December	94	75	76	80	79
Valid permanent contracts on 31 December	90	75	74	77	77
Valid fixed-term contracts on 31 December	4	0	2	3	2
Full-time fixed-term contracts on 31 December	3	0	0	2	1
Part-time fixed-term contracts on 31 December	1	0	2	1	1
Full-time employment contracts (fixed-term and permanent) on 31 December	91	73	74	79	78
Parental leave, on average	2	1	1	2	4
Permanent employment contracts on 31 December, %	96.0	100.0	97.4	96.2	97.5
Fixed-term employment contracts on 31 December, %	4.0	0.0	2.6	3.8	2.5

Employees by gender

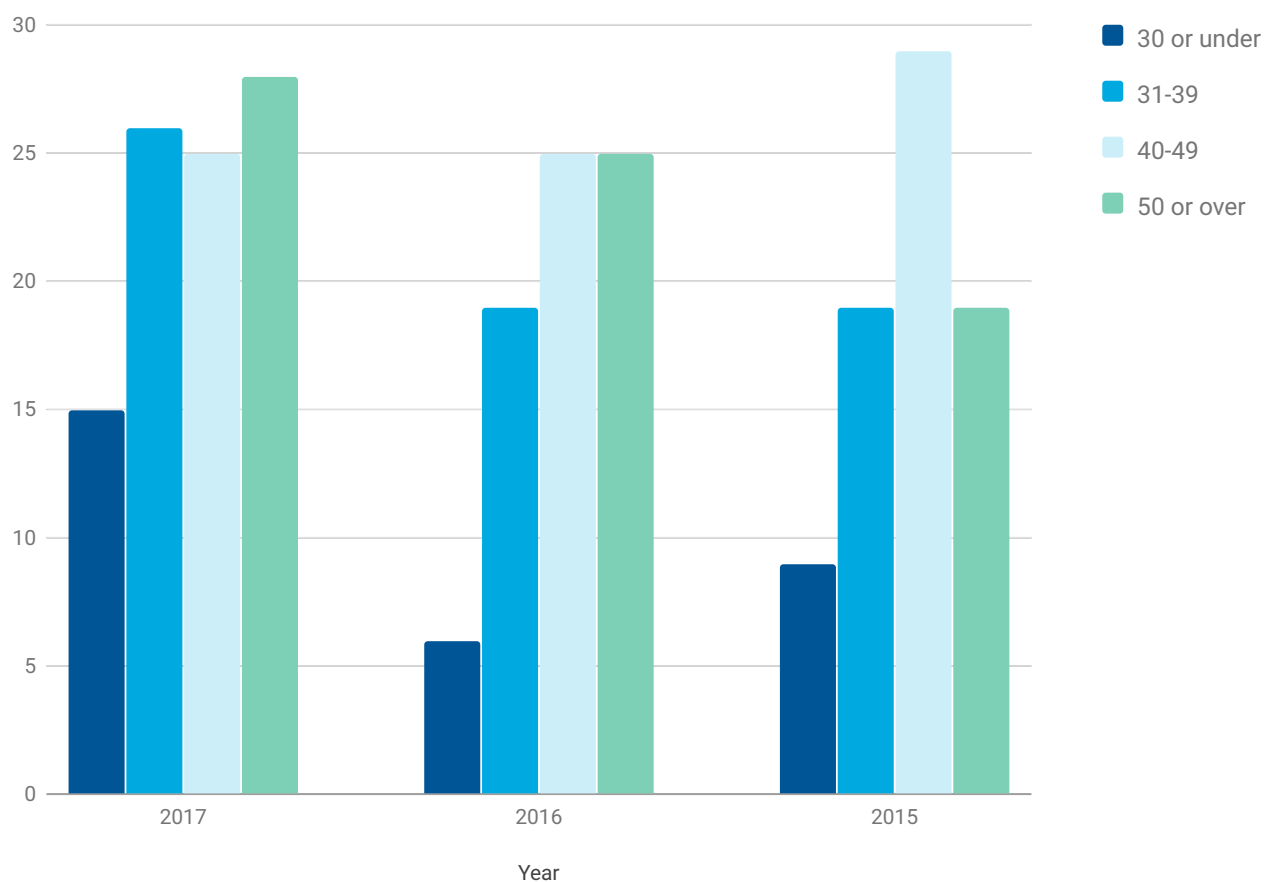
As required by law, Hansel has an equality plan that presents measures for ensuring equality and preventing discrimination. The company monitors trends and differences in salaries and the representation of men and women in various types of jobs.

	2017	2016	2015	2014	2013
Men	45	36	38	34	34
Women	49	39	38	45	44

Average duration of employment

Years of service	2017	2016	2015	2014	2013
40 or over	2	2	2	5	5
30–39	3	3	3	3	4
20–29	0	0	0	0	0
10–19	21	16	15	9	6
4–9	26	31	32	33	33
1–3	15	14	19	23	24
Less than a year	27	9	5	6	6
Total	94	75	76	79	78

Employees by age



Employee turnover

	2017	2016	2015	2014	2013
New employment contracts	28	10	8	11	12
of which fixed-term contracts	5	1	5	6	7
Terminated contracts	10	11	11	10	11
of which retirements	1	0	3	1	0
Termination of fixed-term contract	1	2	4	5	8
Resignations	8	9	3	4	3
Dismissals	0	0	1	0	0
Average turnover, %	20.0	14.0	12.5	13.1	14.6
Exit rate, %	11.0	14.7	14.5	12.5	13.9
Exit rate, resigned personnel, %	9.0	12.0	3.9	5.0	3.8

New employees

Men	Women	30 years or under	31–39 years	40–49 years	Over 50 years
48%	52%	50%	25%	14%	11%

Sick leave and accidents

	2017	2016	2015	2014	2013
Number of accidents leading to sick leave annually	2	5	4	2	5
Number of accidents during working hours annually	2	1	1	1	2
Deaths	0	0	0	0	0
Sick leave, including care for sick child (days per person-year)	3.5	6.1	9.7	9.0	6.6
Sick leave, excluding care for sick child (days per person-year)	3.1	5.0	8.6	7.6	5.4
Short sick leave periods (1–3 days), excluding care for sick child (days per person-year)	2.1	2.6	3.0	2.5	2.3
Total sick leave, excluding care for sick child (person-years)	1.1	1.6	2.7	2.4	1.6
Sick leave rate, including care for sick child (%)	1.5	2.6	4.1	3.8	2.8
Sick leave rate, excluding care for sick child (%)	1.3	2.1	3.6	3.4	2.3
Healthcare expenses (€ per person per year)	351	465	657	721	596
Personnel recreation expenses (€ per person per year)	260	397	314	456	514

Education

	2017	2016	2015	2014	2013
Master's level degree, %	64	61	63	58	55
Bachelor's level degree, %	18	19	17	13	12
Secondary education degree + other degrees, %	13	13	15	19	23
No vocational qualification, %	5	7	5	10	11
Training days, per person per year	5	5	5	5	4
Training days, per person per year, supervisors	8	6	9	8	6
Training days, per person per year, other	4	4	4	5	3
Training days, per person per year, women	5	4	5	5	4
Training days, per person per year, men	4	5	5	6	3
Training services purchased from third parties, € per person per year	1,622	1,341	1,149	1,298	789

Operations of the central procurement unit

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

Hansel's customers can make acquisitions without separate tendering processes by using services offered by Hansel. Central procurement generates considerable savings for the government, through both procurement process costs and pricing.

Through responsibly run operations, the central procurement unit promotes high-quality procurement and

The central procurement unit's activities promote the quality of acquisitions.

equal, non-discriminatory treatment of suppliers in the tendering process. Hansel's objective is to also promote open competition and organise tendering processes in a manner that fosters efficient market operations.

Hansel is a non-profit limited company fully owned by the State of Finland, and it operates under the steering of the Ministry of Finance. The company's operations are funded by service fees for central procurement and sales of expert services. The maximum service fee that may be charged is based on purchases made, and it is 1.5% of contract value. The average service fee in 2017 was 1.04% (1.06% in 2016).

Financial position and key figures

Central procurement under Hansel's framework agreements in 2017 totalled €826 million (€771 million in 2016). Compared to the previous year, this represented growth of €56 million, i.e. 7.3%. Measured in euros, growth was strongest in the categories for IT equipment, data centre services and devices, and financial services.

The categories that declined compared to the previous year were energy and security technology. Net sales in

2017 totalled €10.4 million (€9.6 million in 2016). Net sales consisted of the service fees for central procurement totalling €8.6 million (€8.2 million in 2016), sales of expert services totalling €1.5 million (€1.3 million in 2016), and other service fees and revenue totalling €297,000 (€76,000 in 2016). Profit for the 2017 accounting period came to €184,000 (€406,000 in 2016). The financial position of the company is strong.

Key financial figures

	2017	2016	2015	2014	2013
Central purchasing, EUR thousand	826,482	770,533	696,575	714,584	694,990
Net sales, EUR thousand	10,435	9,598	9,072	9,268	8,679
Operating profit, EUR thousand	203	451	388	239	173
and its share of net sales, %	1.9	4.7	4.3	2.6	2.0
Profit for the financial period, EUR thousand	184	406	367	235	195
Balance sheet total, EUR thousand	19,252	19,150	19,981	17,402	17,073
Equity capital, EUR thousand	16,241	16,057	15,651	15,284	15,048
Equity ratio, %	84.4	83.8	78.3	87.8	88.1
Personnel at the end of the financial period (person-year)	90	72	74	77	73

Services

Central procurement

At the year-end, Hansel had a total of 80 framework agreements (78 on 31 December 2016) and a total of 161 competitive tenders, including subcategories (192 in 2016). At the end of 2017, Hansel also had 380 contract suppliers (369 at the end of 2016). In addition to traditional framework agreements, Hansel prepared the first dynamic purchasing system (DPS) in late 2017, for long-term accommodation services in Finland. The aim is to prepare more dynamic purchasing systems in 2018.

Hansel's largest framework agreement was for occupational health care services, which reached a procurement value of €61 million (€62 million in 2016). The second largest framework agreement was for electricity, which was worth €60 million (€74 million in 2016). The third largest was the framework agreement for computers, reaching a volume of €54 million (€45 million in 2016).

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

Government electricity procurement is handled centrally through Hansel's framework agreement and involves derivatives that hedge against changes in electricity prices, in accordance with the government's electricity hedging strategy. Hansel is responsible for the management of this portfolio and is the counterparty to the derivative agreements on behalf of its customers. For Hansel, electricity derivatives trading is a pass-through item, and all the related expenses and income are charged for in full from the Hansel portfolio customers (see Note 5.2).

Tendering services

In addition to traditional tendering services, in late 2016, Hansel also started offering its customers procurement development services. In 2017, these services became independent business operations, in compliance with the strategy.

In addition to face-to-face services, customers are offered diverse electronic services.

The total value of tendering services sales in 2017 was €1.3 million (€1.3 million in 2016). The price for tendering services was lowered as of 1 June 2017, from €1,000 per day to €900 per day, and the price for the so-called MinikisaPlus service was reduced from €1,000 to €700 as of 1 April 2017. The MinikisaPlus service is a simplified tendering process within a framework agreement outsourced to Hansel by customers. The share of these services of the turnover was €157,000 (€104,000 in 2016).

There were 132 chargeable tendering projects in 2017 (162 in 2016) with a total value of about €500 million (€339 million in 2016). The largest customers in 2017 were Finnish Customs, the State Treasury, the steering group for the Finnish Government Shared Services Centre for Finance and HR (Palkeet), and the Finnish Transport Agency. While the majority of the tendering services were related to the purchase of information systems and other IT functions, they also included other societally significant purchases, such as rehabilitation services for veterans, including those with disabilities, by the State Treasury. Customer feedback on the unit has been favourable, with a score of 4.6 on a scale of 1–5 (4.6 in 2016, as well). In 2017, the unit started analysing the impact of the services. In addition to achieved savings, the purpose is to assess the societal importance of the projects.

Procurement development services

The procurement services got off to a good start in 2017, resulting in a turnover of €240,000 (€69,000 in 2016). As the name indicates, the purpose of the development services is to help customers develop their procurement activities. They can include, for example, various analysis services, services related to the planning and organisation of acquisitions or to corporate responsibility, or outsourced procurement management services. The unit is involved in the development of KEINO, a competence centre for sustainable and innovative public procurement.

Review of events in 2017

Hansel's task is to increase the productivity of and reform government procurement activities. Our strategic focal points are introducing a customer-centric operating model into all operations, developing our offering in central procurement, and being an agent for change towards innovative and responsible public procurements, utilising modern digital solutions. We want to offer our employees flexible and efficient ways of working that enable continual competence development.

Hansel is highly involved in Handi, a programme to digitalise government procurements that is being led by the Ministry of Finance. In conjunction with this project, Hansel continued the development of procurement data services, publishing the government's purchase invoice materials as open data and in the Tutkihankintoja.fi service in September. The Ministry of Defence's administrative branch and certain other safety-related units are not included in the service. In addition, Hansel produced an online service for agencies, related to the planning of acquisitions, in which suppliers can view the government's tendering process calendar. eNest, a tool for automatic checking of information provided by authorities, was made available to agencies in 2017.

The new Act on Public Contracts came into force at the beginning of 2017. The purpose of the reformation of the procurement legislation was to simplify procurement practices, use public funds more efficiently, improve SMEs' chances of participating in bidding competitions, and promote the consideration of corporate responsibility and innovation in procurement.

The new Act on Public Contracts has improved the flexibility of procurement practices, to an extent, by making it possible to define tenders in more detail, by facilitating the use of the dynamic procurement system, and by simplifying negotiation practices, for example. On the other hand, the use of the ESPD form and the checking of extracts from criminal records have increased the administrative burden of both procurement units and tenderers. In addition, the new Act on Public Contracts includes certain complicated transition period arrangements, such as the conflict of law rules that apply to internal tendering processes for framework agreements. By the end of 2017, the new Act on Public Contracts had been applied in the Market Court in only about 30 cases, so the application practices have not been established yet.

The government proposal regarding changes to the Hansel Act (HE 63/2017 vp) was submitted to Parliament in June 2017. The proposal suggests that regions and their procurement units be included in Hansel's customer base. The change in legislation is connected to the ongoing health, social services, and regional government reform. The government proposal also suggests that the processing of procurement information be included in Hansel's task and that Hansel be provided review rights to the procurement information of government procurement units. In addition, the government proposes that Hansel be provided with the opportunity to participate in international central procurement as provided in the Act on Public Contracts.

The proposal has been discussed in Parliament's Commerce Committee, but the process is now pending the coming into force of the freedom of choice decree and the processing of the regional legislation in the Parliament.

At the end of 2017, Hansel was involved in one case in the Supreme Administrative Court and one in the Market Court. The Supreme Administrative Court gave Hansel one ruling in 2017, dismissing the complaint. The company also received three rulings from the Market Court, all dismissing the complaint. In addition, the company received rulings from the Market Court on two framework agreement tendering processes, which remained as was.

Hansel follows the debate on public procurement in the European Union and is a member of the cooperation group for key central procurement units in European states. In addition to Hansel, its members include the following central procurement units: SKI (Denmark), Kammarkollegiet (Sweden), BBG (Austria), Consip (Italy), and ANCP (Portugal). Hansel also began cooperation with SKL Kommentus from Sweden, revolving around corporate responsibility.

Key events after the close of the financial year

In February 2018, Chief Digital Officer Mikko Saavalainen was appointed as a new member of the company's Executive Committee.

In early 2018, the company received a ruling from the Market Court, dismissing the complaint. This case has been taken to the Supreme Administrative Court.

Our business operations remained essentially unchanged after the close of the financial year.

Risks and risk management

Hansel's risks are particularly linked to tendering related to framework agreements and to contractual management. Hansel reduces risks related to tendering by ensuring good knowledge of procurement legislation and by following the company's tendering process. The company employs internal guidelines and a quality assurance system for competitive tendering. A special risk connected with the state's electricity framework agreement applies to the state's electrical derivatives, which are in Hansel's name (see Notes 5.2), even though the results of derivatives trading are charged to customers as such.

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

The company employs internal guidelines and a quality assurance system for competitive tendering.

Personnel and organisation

On 31 December 2017, Hansel employed 94 people (75 on 31 Dec 2016 and 76 on 31 Dec 2015). The average number of personnel employed by Hansel in 2017 was 83 (73 in 2016 and 73 in 2015). The increase in the number of employees is due to the strategic choice of the company to offer, as a new service, the development of procurement activities, including the analysis of procurement data. At the end of 2017, women accounted for 52% of all personnel and 60% of Executive Committee members. The average age of employees was 42. At the end of the accounting period, 96% of all employees had permanent employment contracts (100% in 2016 and 97% in 2015).

Education-wise, 64% of employees hold a Master's degree and 18% a Bachelor's degree. 13% of employees had completed secondary education, and 5% had no vocational qualifications. The company's incentive system covers all permanent employees. Hansel adheres to the guidelines on management and key employee rewards and incentives issued by the Cabinet Committee on Economic Policy.

In 2017, 28 new employees were hired, five of them on fixed-term contracts. During the year, ten employees left the company. Eight of these resigned, one retired, and one fixed-term contract came to an end. An exit interview is carried out with employees that leave, to receive feedback.

*In 2017,
the strategic focus
was on the development
of a customer and
sales culture.*

Hansel Academy, a competence development strategy project for Hansel's personnel, was continued as planned. The training programme was assembled on the basis of a competence survey, and its purpose is to enhance and diversify the company's competence-related resources. In 2017, the strategic focus was on the development of a customer and sales culture, and many of the company's employees participated in coaching in order to promote a customer-driven operating culture. The employees participated in five training days on average during the year. Employee well-being and ability to work are analysed through a job satisfaction survey every two years. Training and discussion sessions are arranged for supervisors regularly in connection with their supervisory tasks.

Sustainable development, environmental factors and the grey economy

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

Forecast and targets for 2018

The extent of central procurement is expected to grow in comparison to the previous year. The growth of central procurement and increased efficiency have enabled a reduction in the service fee percentage and the cost of expert services. At the beginning of 2018, the government decided to further lower the service fee percentage for five framework agreements. The average service fee percentage will continue to decrease, which will benefit customers in the form of lower prices. Demand for tendering services and procurement development services is also expected to grow. Hansel's financial position is expected to remain strong.

Parliament is currently discussing the government proposal regarding the amendment of the Hansel Act to allow the future regions to use Hansel's services. The new customers could generate growth in the company's business and increase societal savings. However, changes are expected to occur slowly, with the effects materialising in later years.

As part of the digitalisation of government procurement, Hansel is continuing the development of procurement data services, and the company has begun an implementation project for a procurement categorisation tool. Hansel is also involved in the Analysis and Reporting Service (#Tietokiri) project led by the State Treasury. In February 2018, Hansel was commissioned by the Ministry of Finance to revise Hilma, the advertisement channel for public procurement.

The average service fee percentage will continue to decrease.

Board of Directors' proposal for the disposal of profit

Profit for the financial period totalled €184,290.53. The Board of Directors proposes that no dividend be paid, and that the profit for the financial period be recognised as equity capital, and entered into the accounts as profit for previous financial periods.

Board of Directors and auditors

At the Annual General Meeting of Hansel Ltd on 5 April 2017, the following members of the Board of Directors were elected:

- Timo Laitinen, Director General, State Treasury, Chair (b. 1958)
- Anna-Maija Karjalainen, Director General, Ministry of Finance, Deputy Chair (b. 1962)
- Rami Metsäpelto, Director General, Finnish Transport Agency, member (b. 1968)
- Katariina Kemppainen, professor, Aalto University, member (b. 1975)
- Jukka Hämäläinen, Senior Legal Counsel, Hansel Ltd, member, employee representative (b. 1974)

The Board convened eight times during 2017. Authorised Public Accounting Firm KPMG Oy Ab is the company auditor, with Jorma Nurkkala, Authorised Public Accountant, Chartered Public Finance Auditor, as the Chief Auditor. Anssi Pihkala, LL.M., is Hansel's CEO.

Profit and loss statement

	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Net sales	10,435,481.52	9,597,770.42
Other income from business operations	179,100.00	35,100.00
Personnel expenses		
Salaries and fees	5,868,564.48	5,296,380.09
Indirect personnel expenses		
Pension expenses	1,071,733.06	963,027.72
Other indirect personnel expenses	232,761.71	282,866.37
Personnel expenses, total	7,173,059.25	6,542,274.18
Depreciation and value adjustment		
Depreciation according to plan	52,361.23	38,756.18
Other operating expenses	3,185,673.90	2,601,255.20
Operating profit (loss)	203,487.14	450,584.86
Financial income and expenses		
Other interest and financial income		
From others	18,013.30	75,416.70
Interest expenses and other financial expenses		
To others	-470.96	-16,478.74
Financial income and expenses, total	17,542.34	58,937.96
Profit (loss) before extraordinary items	221,029.48	509,522.82
Profit (loss) before appropriations and taxes	221,029.48	509,522.82
Income taxes		
Taxes for the financial period	-36,738.95	-103,084.72
Profit (loss) for the financial period	184,290.53	406,438.10

Balance sheet

ASSETS	31 Dec 2017	31 Dec 2016
Non-current assets		
Intangible assets		
Intangible rights	69,964.76	53,604.35
	69,964.76	53,604.35
Tangible assets		
Machinery and equipment	104,355.18	59,503.90
	104,355.18	59,503.90
Non-current assets, total	174,319.94	113,108.25
Current assets		
Receivables		
Short-term receivables		
Accounts receivable	3,147,578.34	3,124,764.17
Other receivables	16,902.08	5,546.57
Prepayments and accrued income	136,646.12	149,181.46
	3,301,126.54	3,279,492.20
Investments		
Other shares and similar rights of ownership	2,124,346.76	2,074,760.46
	2,124,346.76	2,074,760.46
Cash and cash equivalents	13,652,698.57	13,682,508.40
Current assets, total	19,078,171.87	19,036,761.06
ASSETS, TOTAL	19,252,491.81	19,149,869.31
EQUITY AND LIABILITIES	31 Dec 2017	31 Dec 2016
Shareholders' equity		
Share capital	12,500,000.00	12,500,000.00
Retained earnings	3,557,033.83	3,150,595.73
Profit (loss) for the financial period	184,290.53	406,438.10
Equity, total	16,241,324.36	16,057,033.83
Liabilities		
Current liabilities		
Accounts payable	825,857.07	1,119,816.85
Other liabilities	504,046.41	433,189.78
Accruals and deferred income	1,681,263.97	1,539,828.85
	3,011,167.45	3,092,835.48
Liabilities, total	3,011,167.45	3,092,835.48
EQUITY AND LIABILITIES, TOTAL	19,252,491.81	19,149,869.31

Cash flow statement

	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Cash flow from business operations:		
Profit (loss) before extraordinary items (+/-)	221,029.48	509,522.82
Adjustments to operating profit (+/-):		
Depreciation according to plan	52,361.23	38,756.18
Financial income and expenses	-17,542.34	-58,937.96
Operating cash flow before change in working capital	255,848.37	489,341.04
Change in working capital:		
Increase/decrease in interest-free short-term receivables	-21,634.34	2,392,493.39
Increase/decrease in interest-free short-term liabilities	-81,668.03	-1,265,555.67
Cash flow from operating activities before financial items and taxes	152,546.00	1,616,278.76
Interest and other financial expenses paid for operating activities	-1,291.13	-16,478.74
Interest received from operating activities	18,833.47	75,416.70
Direct taxes paid (-)	-36,738.95	-74,671.69
Cash flow before extraordinary items	133,349.39	1,600,545.03
Cash flow from business operations (A)	133,349.39	1,600,545.03
Cash flow from investment:		
Investments in tangible and intangible assets (-)	-113,572.92	-73,582.66
Cash flow in investing activities (B)	-113,572.92	-73,582.66
Cash flow from financing activities:		
Return of guarantees	0.00	819,231.71
Cash flow from financing activities (C)	0.00	819,231.71
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	19,776.47	2,346,194.08
Cash and cash equivalents at the beginning of period	15,757,268.86	13,411,074.78
Cash and cash equivalents at the end of period	15,777,045.33	15,757,268.86
	19,776.47	2,346,194.08

Notes to the financial statements

1. Basis of preparation for the financial statements

1.1 Valuation principles

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

Foreign currency items

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

1.2 Comparability of accounts

The accounting principles that were applied in 2016 have also been applied in 2017.

2. Notes to the profit and loss statement

2.1 Personnel expenses and average number of personnel

	2017	2016
Salaries	-5,558,198.78	-5,002,121.09
Fees and remuneration of the Managing Director and the Board of Directors	-310,365.70	-294,259.00
Pension expenses	-1,071,733.06	-963,027.72
Other indirect personnel expenses	-232,761.71	-282,866.37
Personnel expenses, total	-7,173,059.25	-6,542,274.18

Total monetary value of fringe benefits	-84,561.16	-84,892.03
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Number of employees

At the end of the financial period	94	75
Average during the financial period	83	73

2.2 Depreciation

Planned depreciation during the financial period

Intangible assets

Software licenses	-17,576.35	-18,921.70
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Tangible assets

Machinery and equipment	-34,784.88	-19,834.48
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Depreciation during the financial period, total	-52,361.23	-38,756.18
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2.3 Other operating expenses		
Administrative expenses	-1,651,327.06	-1,104,813.88
Facility expenses	-619,955.57	-608,131.24
Telephone, IT, and office expenses	-640,291.55	-504,985.74
Marketing expenses	-50,942.65	-54,140.81
Travel expenses	-79,181.91	-85,843.31
Representation expenses	-3,011.86	-85,819.50
Other operating expenses	-140,963.30	-157,520.72
Other operating expenses, total	-3,185,673.90	-2,601,255.20
2.4 Financial income and expenses		
Financial income		
Interest income	129.48	1,315.57
Exchange rate gains	820.17	0.10
Other income from securities	17,063.65	74,101.06
Financial income, total	18,013.30	75,416.73
Financial expenses		
Interest expenses	-470.87	-713.64
Exchange rate losses	-0.09	-1,590.99
Other expenses from investments	0.00	-14,174.11
Financial expenses, total	-470.96	-16,478.74
2.5 Auditors' fees		
Audit fees	-8,657.32	-7,911.31
Other fees	-36,150.79	-32,738.06
Auditors' fees, total	-44,808.11	-40,649.37
3. Notes to assets of the balance sheet		
	2017	2016
3.1 Changes in non-current assets		
Intangible assets		
Acquisition cost 1 Jan	449,193.46	387,410.21
Procured during financial period	33,936.76	61,783.25
Acquisition cost 31 Dec	483,130.22	449,193.46
Accumulated depreciation 1 Jan	-395,589.11	-376,667.41
Depreciation during the financial period	-17,576.35	-18,921.70
Accumulated depreciation 31 Dec	-413,165.46	-395,589.11
Balance sheet value 31 Dec	69,964.76	53,604.35

Tangible assets		
Acquisition cost 1 Jan	809,899.92	798,100.51
Procured during financial period	79,636.16	11,799.41
Acquisition cost 31 Dec	889,536.08	809,899.92
Accumulated depreciation 1 Jan	-750,396.02	-730,561.54
Depreciation during the financial period	-34,784.88	-19,834.48
Accumulated depreciation 31 Dec	-785,180.90	-750,396.02
Balance sheet value 31 Dec	104,355.18	59,503.90
The company does not have a depreciation difference.		
3.3 Receivables		
Travel advances	16,902.08	5,546.57
Other receivables, total	16,902.08	5,546.57
3.4 Prepayments and accrued income		
Deferred expense	136,646.12	125,641.46
Pension insurance payment receivables	0.00	23,540.00
Prepayments and accrued income, total	136,646.12	149,181.46
3.5 Investments		
	Book value	Book value
Other shares and similar rights of ownership		
Fund units	2,124,346.76	2,074,760.46
Investments, total	2,124,346.76	2,074,760.46
	Market value	Market value
Fund units	2,310,964.70	2,307,547.43
4. Notes to equity and liabilities of the balance sheet		
	2017	2016
4.1 Equity		
Restricted equity		
Share capital 1 Jan	12,500,000.00	12,500,000.00
Share capital 31 Dec	12,500,000.00	12,500,000.00
Restricted equity, total	12,500,000.00	12,500,000.00
Non-restricted equity		
Retained earnings 1 Jan	3,557,033.83	3,150,595.73
Retained earnings 31 Dec	3,557,033.83	3,150,595.73
Profit/loss for the financial period	184,290.53	406,438.10
Non-restricted equity, total	3,741,324.36	3,557,033.83
Equity, total 31 Dec	16,241,324.36	16,057,033.83

4.2 Current liabilities

Accruals and deferred income

Annual leave salaries and related social security payments	889,841.77	817,580.00
Salary liabilities and related social security payments	751,803.00	670,000.00
Pension insurance payment liabilities	9,294.00	0.00
Mandatory employer insurance payments	2,464.73	993.00
Other accrued expense	27,860.40	51,255.85
Accruals and deferred income, total	1,681,263.90	1,539,828.85

5. Notes on collateral and contingent liabilities

5.1 Transactions by related parties

Of the company's turnover, €1,509,167.18 (14.5%) comes from the sales of expert services to the government or organisations outside the government but tied to it.

5.2 Commitments

Other own commitments

Rental liabilities, less than one year	723,852.48	702,769.32
Rental liabilities, more than one year	0.00	732,852.40
Leasing liabilities, less than one year	130,033.74	111,823.06
Leasing liabilities, more than one year	201,556.08	41,354.14
Commitments, total	1,055,442.30	1,588,798.92

Electricity derivatives		
Market value	-3,025,636.20	-13,639,161.74
Value of hedged volume (underlying security)	59,200,588.86	76,255,673.32

Government electricity procurement is handled centrally through Hansel's framework agreement and involves derivatives that hedge against changes in electricity prices, in accordance with the government's electricity hedging strategy. Hansel is responsible for the management of the portfolio and is the counterparty to the derivative agreements on behalf of its customers. The counterparties used by Hansel are large operators in the field, and to reduce risks, Hansel distributes the portfolio between various counterparties. At present, Hansel has six potential counterparties. For Hansel, electricity derivatives trading is a pass-through item, and the related expenses and income are charged for in full from the Hansel portfolio customers. The market values of derivatives are not recorded in the balance sheet.

The monitoring group for electricity procurement, set up by the Ministry of Finance, supervises government electricity procurement and, if necessary, suggests improvements to the Ministry of Finance. The Chair of the monitoring group is a representative of the Ministry of Finance, and the group reports to the management of the Ministry of Finance, as necessary. The term of office of the current group ends on 31 December 2018.

The Ministry of Finance decides on the government's hedging strategy for electricity procurement. According to this strategy, a portfolio manager chosen by Hansel through competitive tendering will decide on individual hedges and their scheduling. Hedges have been made accordingly until 2021.

5.3 Pending legal proceedings

At the end of 2017, Hansel was involved in one case in the Supreme Administrative Court and one in the Market Court. The Supreme Administrative Court gave Hansel one ruling in 2017, dismissing the complaint. The company also received three rulings from the Market Court, all dismissing the complaint. In addition, the company received rulings from the Market Court on two framework agreement tendering processes, which remained as was. In early 2018, the company received a ruling from the Market Court, dismissing the complaint. This case has been taken to the Supreme Administrative Court. By the company's estimate, the likelihood of financial ramifications from the court proceedings is low. However, any financial ramifications that come true will amount to significant sums.

Auditor's Report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding

To the Annual General Meeting of Hansel Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hansel Oy (business identity code 0988084-1) for the year ended 31 December, 2017. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

—Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

—Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

—Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

—Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

—Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other statement

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability of the financial period audited by us.

Helsinki 15 March 2018
KPMG OY AB

Jorma Nurkkala
Authorized Public Accountant

Corporate responsibility management



Hansel and SKL Kommentus will be collaborating more closely in the future. The people in the photo are Olof Molander, Åsa Edman, Kirsi Koivusaari, Anni Airaksinen, Karolina Lehto and Peter Nohrstedt.

Corporate responsibility is integrated in Hansel's strategy, and it is considered an enabling factor applying to all operations, in the same way as digitalisation, competence, innovation and efficiency are. In the Executive Committee, corporate responsibility is included in the Director of Finance's job description, and he/she functions as the chair of the Corporate Responsibility Team. In the Board of Directors, there is no designated member who is in charge of responsibility. In its meetings, the Board of Directors has regularly discussed matters related to corporate responsibility, and it has also encouraged the management to stress the importance of the Code of Ethics to the personnel.

The Corporate Responsibility Team, which convenes regularly, consists of experts from various functions within the organisation, such as financial administration, the legal team, category management, procurement development, tendering process and communications. The basis for the corporate responsibility work is the company's strategy, which is implemented in the form of various projects and activities. The Corporate Responsibility Team is also in charge of responsibility-related working instructions and processes.

Distribution of information regarding responsibility matters and providing internal support in tendering projects are important parts of corporate responsibility efforts. Team members participate in corporate responsibility related events and training sessions organised by various stakeholders. In addition, Hansel employees themselves provide training in various events focusing on responsible procurement.

Distribution of information regarding responsibility matters and providing internal support in tendering projects are important parts of corporate responsibility efforts.

Some corporate responsibility efforts are carried out with central procurement units in other countries. Cooperation between the Nordic countries, in particular, has been strengthened by sharing information and exchanging experiences. To support corporate responsibility efforts, the expertise of various organisations was also made more extensive use of than before: in 2017, Hansel collaborated with Finnwatch, WWF, Open Knowledge Finland and the Finnish Association of People with Physical Disabilities.

There are still challenges in the measuring of how environmental and social responsibility targets are met, and practices are under development. There has been talk about a practice similar to Hansel's ecolabel for other elements of corporate responsibility, too. Terms and conditions regarding social responsibility have been included in agreements, but auditing practices are still being determined.

Materiality assessment

Hansel's corporate responsibility efforts and the related communications are based on a materiality matrix, which provides guidance in the application of the GRI Standards to the company's reports. A materiality assessment determines the topics that are to be covered in the corporate responsibility report.

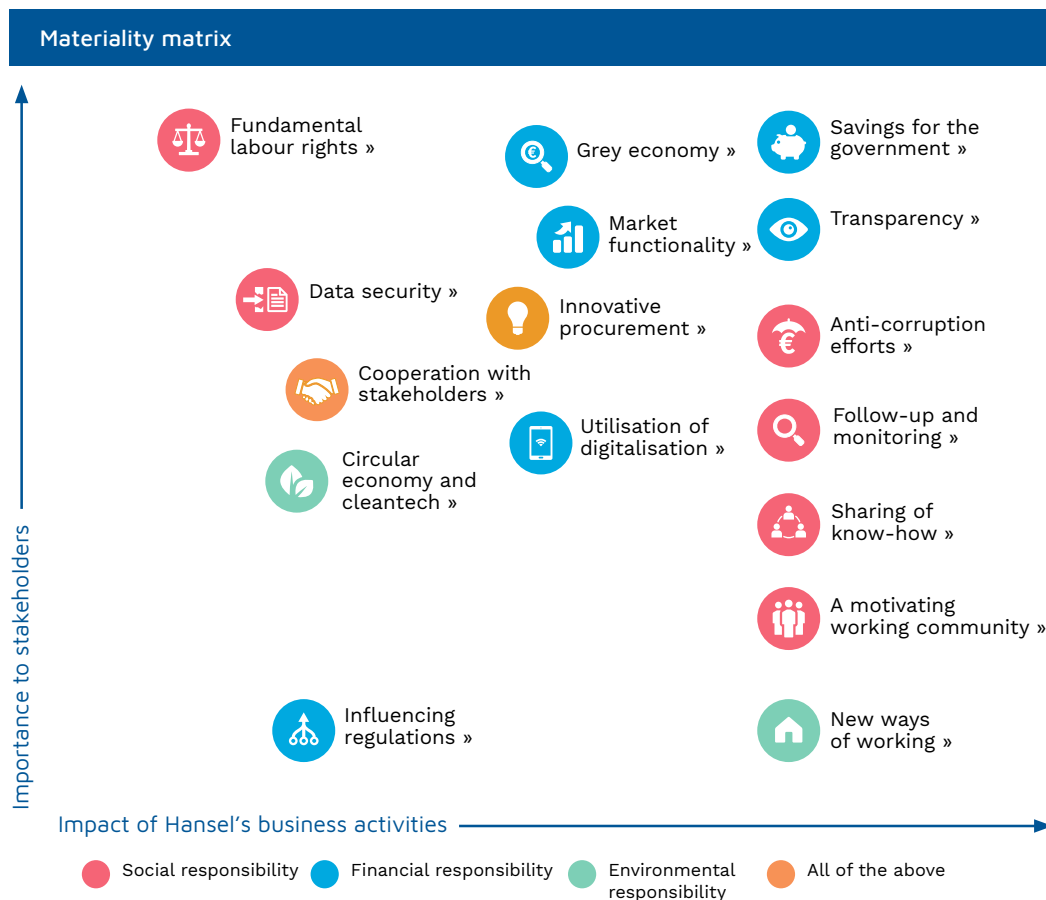
The responsibility themes presented in the corporate responsibility report have been assessed in the materiality matrix with regard to their impact on the activities of the company and its stakeholders. This allows Hansel to focus on reporting the key themes within corporate responsibility. Although generating savings for the government has not been specifically highlighted among our stakeholders, it is considered the most important area of our core business.

There are several elements affecting the content of the matrix. The United Nations' Sustainable Development Goals (SDG), trends in our operating environment, Hansel's strategy and values and the measures arising from them have been taken into account. Government guidelines and resolutions on Hansel have also affect-

ed the content of the matrix. The results of customer, supplier, and employee satisfaction surveys, the reports prepared by the Corporate Responsibility Team and feedback from customers and suppliers have also been taken into consideration.

The materiality matrix was significantly revised in autumn 2016 on the basis of a stakeholder survey. The revised matrix highlights Hansel's important role in promoting responsibility in the procurement process. In addition, national key projects such as the Handi programme influenced the definition of materiality. The materiality matrix was discussed by the Corporate Responsibility Team and approved by the Executive Committee. The materiality matrix will be updated again in 2018, because the operating environment has changed already.

The topics presented in the materiality matrix have been linked to responsibility themes using colour codes. By clicking on the different areas of the materiality matrix, you will be able read how that responsibility theme is visible in everyday operations at Hansel.



Society's Commitment to Sustainable Development 2050

Hansel has signed Society's Commitment to Sustainable Development, which is an instrument produced by the Prime Minister's Office for implementing the UN Agenda for Sustainable Development as part of organisational practices. Society's Commitment to Sustainable Development is a shared long-term vision of the Finland we want to have in the future. The Finnish National Commission on Sustainable Development is behind the Commitment.

Instead of declarations, commitments are concrete actions, both big and small, that implement the UN 2030 Agenda for Sustainable Development in practice.

Hansel's actions as part of Society's Commitment to Sustainable Development have been derived from the action plan for sustainable development and the annual Green Office plan. Actions under the Commitment are handled by the Corporate Responsibility Team and the Green Office working group.

The idea behind Society's Commitment to Sustainable Development is simple: concrete actions, measurable results. More than 700 commitments have been published on the commitment2050.fi site.

Society's Commitment to Sustainable Development 2050



Objective

-  #A resource-wise economy
-  #Sustainable working life
-  #A carbon neutral society
-  #A society of participating citizens
-  #Sustainable lifestyles
-  #Decision-making that respects nature
-  #Sustainable communities
-  #Equality



Our tangible commitment

- We will save costs for the state through responsible procurement
- We will learn new ways of working.
- Our paper consumption is low.
- We encourage our employees to develop and share their professional skills.
- We support achieving a balance between work and leisure time.
- We train our staff to make use of electronic tools.
- We increase our employees' awareness of the importance of diet in sustainable personal development.
- We treat supplier candidates equally and only decide on the basis of the issues requested during the application process.



Benchmark for 2017

- Savings of over EUR 250 million from joint purchases and our tendering process.
- More extensive telecommuting (more work done elsewhere - calendar entries)
- Reduction in CO2 emissions in terms of paper printouts/person
- Blogs every two weeks
- 20% less travel between work and home
- Less sick leave
- 1 training day/employee on use of electronic tools
- Implementation of the vegetarian meal theme week
- Zero corruption

Stakeholders

With its operation and cooperation with stakeholders, Hansel wants to promote the quality and the improvement of responsibility of public procurement in Finland. As the requirements regarding innovation, digitalisation, and sustainable development increase, so do network-like operations. The growing complexity of legislation has led to an increased need to consolidate competence in units such as Hansel, which share their expertise with their stakeholders via training and guidelines, for example.

Cooperation with various stakeholders is continuous. Stakeholder surveys have long traditions at Hansel. The table was originally prepared in a workshop for the Executive Committee, to be used as support in customer work. Later, its use has been extended to the development of all business operations. The stakeholder analysis is discussed by the Executive Committee once a year, and the network is updated as needed.

Analysis of the major stakeholders with whom Hansel regularly works

Stakeholder	Expectations and requirements towards Hansel	Hansel's business	Cooperation and business strategy	Responsible party
Customer relationships				
Procurement units	Affordable and high-quality acquisitions in terms of contractual terms and prices. Support for competitive tendering of both framework agreements and own acquisitions. Risks related to purchasing and procurement are minimised. Making procurement easier for the organisation, the need for support with the development of procurement has increased.	Very high	Operations are based on a customer relationship plan, drawn up annually, wherein areas of focus and major customer relationship development activities are identified.	Customer relationship team
Government service providers				
Cooperation forum for government service providers	Synergies in other operations	Mutual coaching in various sectors	Management's forum, communication, and marketing cooperation: e.g., ValtioExpo	Managing Director, Chief Category Officer
Senate Properties	Support through successful acquisitions and the development of procurement	Cooperation has become deeper and more systematic	Close and regular cooperation, development services	Cooperation development manager
Government ICT Centre Valtori	Support through successful acquisitions and the development of procurement	High impact, important to maintain interest, key partner in the ICT sector	Expert services and cooperation in accordance with the government's procurement strategy: tendering expertise from Hansel, concepts for ICT services from Valtori	Customer relationship team, category management, ICT team
HAUS Kehittämiskeskus Oy	Cooperation on training provided to Hansel's customers. Hansel employees as instructors on procurement services.	Development of the expertise of Hansel employees	Planning of training	Supervisors

Government Shared Services Centre for Finance and HR Palkeet	Support with business through successful acquisitions and the development of procurement	Increased	Cooperation projects, the Handi programme and the government's AI network	Director of Finance, Chief Category Officer
State Treasury	Support through successful acquisitions and the development of procurement	Increased impact. A significant operator in the development of the government's financial and HR administration.	Cooperation projects, such as #Tietokiri	Director of Finance, Chief Category Officer
Regional service centres				
Maakuntien Tilakeskus Oy	Partner in regional procurement	Important	Operations about to begin; active dialogue	Account Manager, Chief Category Officer
Vimana Oy	Partner in regional procurement	Important	Operations about to begin; active dialogue	Account Manager, Chief Category Officer
Sotedigi Oy	Partner in regional procurement	Important	Operations about to begin; active dialogue	Account Manager, Chief Category Officer
Relationships with suppliers				
Suppliers	Profitable commercial activities with government organisations Professional tendering processes coupled with non-discriminatory and fair treatment Possibilities for additional sales.	Extremely significant impact as a provider of high-quality, responsible products.	Preparation of an action plan, coordination of cooperation with suppliers	Category management
Other suppliers	Desire for additional sales. Fair and non-discriminatory treatment, and verification of this.	Small impact	Communication on selection criteria, marketing of tendering processes	Category management, customer relationship team
Relationships with employees, and the Board of Directors				
Employees	A good employer, balance between work and leisure time	Very high	Continuous measures for enhancing well-being at work	Managing Director
Hansel Oy's Board of Directors	Well-managed, successful company	High	Cooperation with the Board of Directors according to the Limited Liability Companies Act	Managing Director, employee representative
Hansel's senior salaried employees (Hyry)	Efficient cooperation between employees and the employer	Very high	Regular meetings	Managing Director

Federation of Professional and Managerial Staff (YTN)	An active interpreter and developer of the collective agreement on the employee side	Low impact and interest	Shop steward's participation in training events, and active contacts with the shop steward	Shop steward, HR manager
Service Sector Employers PALTA	An active interpreter and developer of the collective agreement on the employer side	Low impact and interest	Monitor the situation and maintain contact as necessary	Managing Director
Ownership steering and legislation				
Owner	A well-run, responsible and innovative company that generates savings for state procurement	High	Cooperation projects, such as Handi, active expression of views on the possibilities for development and savings in procurement services	Managing Director
Department for Local Government (Ministry of Finance)	Regional government reform	Very high impact	Active collaboration	Chief Category Officer
The Ministry of Finance's Public Governance Department, Corporate Services Policy Unit	Management responsibility and participation in cooperation projects, views of a procurement expert	Very high impact	Cooperation projects, such as Handi	Managing Director
Ministry of Employment and the Economy	Presenting the viewpoint of the procurement perspective in support of legislative development	Very high	Participation in working groups, discussion and information events	Head of Legal Affairs
Business, organisations, and corporate responsibility				
Industry organisations	Dialogue supporting the development of contract terms Wants to ensure reasonable contract terms and conditions in the sector.	Moderate	Maintenance of cooperation (through regular meetings and representatives' inclusion in tendering processes)	Category management
Non-profit organisations	Experiences and practical examples related to the industry	Increasing significance as corporate responsibility is stressed to an increasing extent	Cooperation projects	Corporate Responsibility Team
Confederation of Finnish Industries EK	Impact on contractual terms, increasing members' awareness of public procurement	Moderate	Maintenance of cooperation, meetings when necessary	Managing Director

Federation of Finnish Enterprises	They want to especially enhance the position of the SME sector in Hansel's tendering processes	Moderate	Closer cooperation	Managing Director
Association of Public Procurement	Contacts and exchange of experiences with a network of industry experts	The role is developing	Seek an active role and close cooperation	Head of Legal Affairs
Ministry of the Environment	Pioneer of sustainable procurement	High impact, varying interest (legislation, EU)	Continue the cooperation	Corporate Responsibility Team
Finnish Environment Institute SYKE	Partner and expert in procurement; customer	Moderate	Continue the cooperation	Corporate Responsibility Team
Motiva	Exchange of information for promoting sustainable procurement	Moderate	Continue the cooperation	Corporate Responsibility Team
Finnwatch	Partner and expert in responsibility matters, exchange of information in order to promote sustainable procurement	Moderate	Cooperation project	Category management, Corporate Responsibility Team
WWF	Partner and expert in responsibility matters, exchange of information in order to promote sustainable procurement	Moderate importance	Continue the cooperation	Corporate Responsibility Team
LOGY	Network for operators in the field of procurement, promotion of public purchases	Moderate importance	Executive Committee for the Procurement Forum, Public Procurement Team, Corporate Responsibility Team	Chief Category Officer
Open Knowledge Finland	Partner and expert in the promotion of open information	Moderate importance	Cooperation as needed, such as the Tutkihankintoja.fi service and the availability of procurement information as open data	Director of Finance, Director of Digital Business
Operators in the municipal sector				
KL-Kuntahankinnat Oy	Participant in joint projects. Potential cooperation in the regional government reform	Important	Joint projects, such as eNest	Managing Director
Association of Finnish Local and Regional Authorities	Joint lobbying interests Potential cooperation in the regional government reform	Important	Continue the cooperation	Managing Director
Operators in the health and social care region and service centres	Cooperation in the regional government reform	Increasing significance	Continue the cooperation	Chief Category Officer
Other stakeholders				
Procurement units in other EU countries	Closer cooperation and best practices, ideas for development	Important	Continue the cooperation	Managing Director

European Commission	Development of public procurement	Increasing significance	Work groups, such as eCertis and EXEP	Managing Director
The media	Obtaining information related to public contracts	Moderate	Active service: offering stories and materials	Communications Manager
Aalto University School of Business	Partner and expert in public procurement	Moderate	Research projects and membership in networks	Director of Finance
Network-like competence centre for sustainable and innovative public procurement KEINO	An important operator within the network	Important	Operations about to begin, active participation in KEINO's work	Managing Director
HITKO, coordination group for data administration in the Ministry of Finance's administrative branch	Exchange of information, cooperation	Moderate	Regular meetings	Director of Digital Business
Working group for secure ICT procurement	Exchange of information regarding ICT matters related to data security	Moderate	Regular meetings	Account Manager

International cooperation helps improve public procurement



Zambia Public Procurement Authority, an organisation developing and managing public procurement in Zambia, visited Hansel in August 2018 to learn about the company's operations. Topics discussed during the visit included electronic procurement, framework agreements, and various responsibility themes.

A Hansel representative is involved in the European Network of Central Purchasing Bodies. Meeting twice a year, the group cooperates with the European Commission in the preparation of legislation to guide procurement. The network will meet in Finland in June 2018, and preparations for the meeting began in 2017.

Hansel has also been actively involved in the Multi-Stakeholders Expert Group on eProcurement. In 2017, EXEP published the following reports: Contract Registers, Electronic Catalogues, and Certification of e-Tendering Platforms.

Experiences were shared in 2017 with SKI from Denmark, BBG from Austria, Consip from Italy, and SKL Kommentus from Sweden. With SKL Kommentus, cooperation became closer, focusing especially on management and measurement related to social responsibility.

Hansel's operations and its electronic procurement practices were introduced to a number of international visitors in the course of the year.

Responsibility developed on many fronts

Since the volume of central acquisitions is quite significant, cooperation with suppliers and customers forms an important element in the impact and responsibility of Hansel's operations. Responsibility and its monitoring are being developed with systematic operations as a goal, and examples from other operators are being looked at.

The core of the corporate responsibility aspect of a framework agreement is formed during the tendering competition, at which time the extent of responsibility required from the acquisition is determined. The responsibility of framework agreements is also maintained during the contract period: Hansel monitors that the requirements specified during the tendering process are met as agreed.

The financial status of the suppliers is monitored automatically for the entire contract period. The corporate responsibility aspect of framework agreements during the contract period is also monitored in supplier meetings, during which the fundamental responsibility matters for each framework agreement are discussed. If the financial responsibility risk indicators change, for example, Hansel and the supplier discuss how the situation could be rectified.

"The monitoring of suppliers' financial situation has worked well, and we have always been informed of

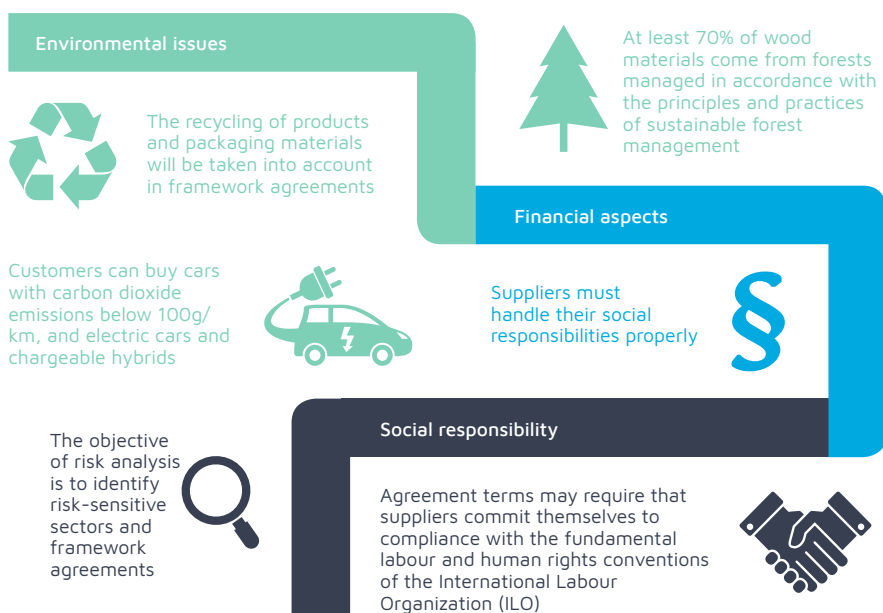
potential risks well in advance. We wish to support our suppliers if they are facing difficulties and to give them a chance to fix any financial problems. If necessary, we also inform our customers about the situation", says **Susanna Närvänen**, Chief Category Officer at Hansel.

In addition to financial responsibility, Hansel also wants to monitor other responsibility areas more systematically, and the development of monitoring practices is one of Hansel's strategic goals.

To promote social responsibility, Hansel and the Swedish central procurement unit SKL Kommentus have started examining the possibilities for cooperation. The purpose of such cooperation would be to focus on the auditing of the social responsibility in procurement, in particular.

"The central procurement unit for Swedish municipalities and provinces, SKL Kommentus is a useful partner for Hansel. It has years' worth of experience of the development of social responsibility, and several of its experts work mainly with corporate responsibility. There are several possible cooperation models. One option would be to utilise SKL Kommentus' framework agreement offering responsibility audits, in one way or another. During 2018, we are going to find out whether our customers might have need for similar responsibility audits", explains **Kirsi Koivusaari**, Director of Finance.

Examples of corporate responsibility in framework agreements



More responsible procurement as part of customers' everyday operations

The procurement development unit's achievements for 2017 included the preparation of an operating model that helps improve customer organisations' corporate responsibility. Completed in late 2017, the model will be used in the development of customers' responsibility-related activities.

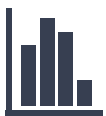
"The purpose of the operating model for responsible procurement is to increase the management's awareness of responsible procurement and improve management engagement in its development. The goal of the model is to have responsibility taken into consideration in every stage of procurement and to incorporate responsibility matters in organisations' procurement strategies", says Development Manager **Liisa Lehtomäki**.

Corporate responsibility is taken into account in Hansel's tendering competition services, too, i.e. in consultation offered to customers when they carry out their own tendering processes.

"We always tell customers about the various possibilities they have in taking corporate responsibility into consideration. The final decision on which absolute requirements are included in the tendering requirements is always made by the customer. Tendering processes can revolve around anything from information systems to research equipment, and the practices for observing corporate responsibility vary widely from one object of acquisition to the next", says Unit Manager **Ilkka Sihvola**.

Operating model for corporate responsibility

TASKS



Preparation of the responsible procurement model and analysis of corporate responsibility data



Defining the objectives of the responsible procurement model



Implementation plan of the responsible procurement model



Implementation of the responsible procurement model



Monitoring the implementation plan of the responsible procurement model



Communication on corporate responsibility activities



Corporate responsibility reports

Corporate responsibility reports at Hansel

The results of our corporate responsibility efforts are presented in a Corporate Responsibility Report published annually in Finnish, Swedish, and English. Hansel's Corporate Responsibility Report has been integrated into the Annual Report. The Managing Director approves the report, which is then submitted to the Board of Directors for information. With regard to corporate responsibility, the Annual Report presents key information for 2017 and provides information about interesting events and achievements related to corporate responsibility. The corporate responsibility report relating to events in 2016 was published on 4 April 2017. Reporting is based on the materiality assessment from 2016, and no fundamental changes have been made to the contents. Reports are prepared in accordance with the principles set forth in the GRI Standards. Content-related principles include materiality, extent, sustainable development context, and consideration of stakeholders, while reporting quality principles include accuracy, balance, clarity, comparability, reliability, and continuity.

Hansel's overall corporate responsibility picture is painted on the basis of the company strategy, by means of the corporate responsibility materiality matrix and society's commitment to sustainability. Financial, social, and environmental responsibilities are reported separately for each topic.

Reporting compliant with the GRI Standards

For the first time, the report structure is compliant with the Core option of the GRI Standards. Previously, Hansel's reports were prepared in accordance with the Global Reporting Initiative GRI G4 guidelines.

The report includes a table presenting the content of the report sorted by materiality themes, the GRI Standards used, as well as guidance on where the information can be found in the report. If information is not available, this is mentioned in the table alongside an explanation for the omission. Some elements of the information are included in the financial statements.

The report has been put together by Hansel's communications department together with the advertising agency SST. For additional information, please contact Hansel's communication experts:



Johanna Kaalikoski

Communications Manager
johanna.kaalikoski@hansel.fi
Tel. +358 29 4444 289



Laura Helle

Specialist in Marketing
Communications
laura.helle@hansel.fi
Tel. +358 29 4444 242

Hansel's corporate responsibility report is available at vuosikertomus2017.hansel.fi. The report was verified by KPMG Oy Ab and is now, for the fifth time, published only in online format.

Calculation of key figures

Equity ratio, % =	Shareholders' equity	x 100
	----- Total assets – advances received	
Average turnover, % =	(Number of employees who entered employment 1 Jan. – 31 Dec. + (Number of employees who ended their employment 1 Jan. – 31 Dec.)/2	x 100
	----- Number of personnel on 31 Dec.	
Exit rate, % =	(Number of employees who ended their employment 1 Jan. – 31 Dec.	x 100
	----- Number of personnel on 31 Dec.	
Percentage of employees who resigned, % =	(Number of employees who resigned 1 Jan. – 31 Dec.	x 100
	----- Number of personnel on 31 Dec.	
Sickness absence percentage =	Number of sickness absence days during the financial period 1 Jan. – 31 Dec.	x 100
	----- Theoretical working days during the financial period of 1 Jan. – 31 Dec.	

Management of financial responsibility

Key aspects of financial responsibility include the monitoring of contract suppliers' financial operating abilities, fighting the grey economy, and ensuring that Hansel itself operates responsibly financially.

At Hansel, the existence of grounds for excluding a tenderer, as well as the meeting of the suitability requirements, is always checked during the tendering process, before a contract is signed. Some of the points to be checked, such as whether the supplier candidate has committed certain crimes, can lead to automatic exclusion, while some are discretionary suitability requirements related to the object of acquisition.

In the Hanki service for electronic tendering processes, the ESPD form, European Single Procurement Document, has been integrated into the process, and, apart from criminal records, information from authorities are received in the system automatically.

The monitoring of contract suppliers' financial responsibility during the contract period is bought by Hansel as a monitoring service. Hansel has specified certain indicators, any changes in which the company is alerted to. These indicators include the following:

- change in the company name
- change in the company status
- change in the company form
- notice of the rectification regarding the removal of a non-payment entry because of payment
- notice of a new non-payment entry or the removal of an old one
- addition to a non-payment entry
- changes to the prepayment register
- loss of share capital
- change in risk category
- reorganisation activities, such as a merger

Hansel's financial unit is informed of changes to any of these indicators. If an expert in the financial unit deems the matter important, the financial unit then conveys the information to the category. The category decides on any further actions and consults a company lawyer or the Chief Category Officer, if necessary.

The monitoring service has functioned well, and Hansel has been able to anticipate suppliers' financial problems and other issues. Currently, the monitoring service includes 413 companies, all of Hansel's Finnish contract suppliers among these.

Hansel monitors the implementation of the Act on the Contractor's Obligations and Liability when Work is Contracted Out as applicable. The purpose of the Act on the Contractor's Obligations and Liability when Work is Contracted Out is to promote equal competition between companies, ensure that conditions of employment are met and help communities governed by public law to make sure that the companies they sign contracts with regarding temporary agency workers or subcontracting fulfil their legal obligations as employers and parties to a contract. According to the Act on the Contractor's Obligations and Liability when Work is Contracted Out, the customer is obliged to determine the financial responsibility of the other contracting party during the procurement process.

Hansel has determined the framework agreements governed by the law, for which Hansel performs the required checks. The actual checking process is partly bought as a service from Suomen Tilajavastuu Oy, while Hansel performs some of the checks itself by asking the suppliers directly. Hansel's online service includes a mention that for certain framework agreements, Hansel performs the checks on behalf of its customers. This additional service is appreciated by customers, and the number of contracts to be monitored has been increased gradually. In 2017, monitoring was performed on 16 framework agreements and 219 companies, of which 52 were contract suppliers and the rest subcontractors for these suppliers.

Hansel's own responsible operations include management of finances in accordance with established financial processes.

Tax footprint



Hansel is now reporting its tax footprint in its corporate responsibility report for the fourth time. Tax footprint reports are based on guidelines issued by the Prime Minister's Office, the Ownership Steering Department, on 1 October 2014, providing instructions for the government's majority-owned companies on how to report country-specific taxes.

Because Hansel has no operations abroad, all taxes are paid in Finland in accordance with current legislation.

Operating under the Managing Director, the financial unit is responsible for tax affairs at Hansel. Hansel has no specific tax strategy and it doesn't perform tax planning.

In 2017, Hansel paid €1,918,000 in value added tax and €36,000 in corporate income tax. Tax withholding in 2017 amounted to €1,736,000.

No public grants were paid to Hansel in 2017.

Code of Ethics

The Code of Ethics provides the foundation for Hansel's practices and policies. The Code of Ethics has been approved by Hansel's Board of Directors, and its implementation is the responsibility of the Managing Director, who also monitors that the code is followed. This is done through the company's management system. The Code of Ethics applies to all employees. It will be explained to new employees as part of their induction. Ethics is also discussed in relation to each employees' job description.

It is the managers' and supervisors' responsibility to ensure that

- everyone is treated equally and that work duties have been divided equally
- the work community is productive and efficient
- there is no discrimination, bullying or any other inappropriate behaviour in the work community
- occupational health and safety is taken seriously
- any problems are dealt with.

It is the employees' responsibility to ensure that

- work duties are taken care of without delay and appropriately
- the work community's work instructions are followed
- no conflicts of interest regarding work duties arise. Any conflicts of interest must be reported to supervisors without delay
- the work community's rules are respected and everyone treats others with respect

Rules about cooperation with stakeholders:

1. Any training or social or cultural events or similar events organised by stakeholders may only be participated in by written permission from the employee's supervisor. However, those working with customers as part of their work do not need their supervisor's permission to take part in training organised by customers. When asking for permission, employees must specify whether the time is to be included under working hours. Any travel and accommodation expenses are always paid by Hansel.
2. Events organised by the same supplier or other stakeholder will not be participated in on a regular basis.
3. If personal gifts are offered, only regular business gifts or those in the same price range can be accepted. Any type of corruption or bribery is strictly prohibited.
4. During a tendering process, events organised by the companies participating in the tendering are generally not attended, invitations to such events are not

accepted, and only Christmas greetings are accepted as gifts.

5. Hansel has an event and gift list in which employees must enter details of events attended and gifts received when worth 15 euros or more. Such entries must be made as soon as permission for participation has been received or the gift has been received.
6. Our employees cannot use any information received in the course of their duties for the purpose of personal gain, nor can they give such information to a third party. We protect our suppliers' and customers' business secrets.

Disqualification provisions and breaches:

The disqualification provisions specified in the Administrative Procedure Act (434/2003) are not directly applicable to Hansel, but the provisions in the Act and their interpretations do have a general bearing on procurement. Since the majority of Hansel's customers comply with the Administrative Procedure Act, we are also expected to abide by its principles. Hansel also applies the appropriate parts of the recommendations of the Public Service Code of Ethics Committee Report (3/2014).

From Hansel's point of view, situations involving disqualification may arise, for example, when an employee changes jobs from a supplier to Hansel. We follow a principle that employees should not be tasked with any assignments related to their previous employer, its partner or competitor, immediately after assuming their new position. For any outside employment, permission must be obtained from the Chief Executive Officer.

The most typical and commonest situation involving disqualification arises if a Hansel expert's next of kin of anyone in their immediate circle has a personal interest in the procurement. If this is the case, the employee will not be involved in the competitive tendering process.

Hansel's specialists give regular lectures at functions organised by the company's stakeholders. The company takes a positive stand to utilising Hansel employees' procurement expertise widely among stakeholders.

Hansel employees may witness situations that constitute a breach of competition laws. These include price fixing, market sharing or abuse of a dominant market position. If Hansel specialists suspect that competition laws have been breached, they will inform Hansel's Head of Legal Affairs.

Working guidelines as a daily aid



Hansel's core processes – the tendering processes, central procurement, and account management – are supported through working instructions. The experts can rely on these when determining the best practices that are in accordance with the Code of Ethics, in various contract management situations, in the fight

against grey economy, and when dealing with complaints concerning tendering processes. The practices to be followed in the tendering processes for central procurement are described in detail in separate project instructions.

Operating model for corporate responsibility

TASKS



Preparation of the responsible procurement model and analysis of corporate responsibility data



Defining the objectives of the responsible procurement model



Implementation plan of the responsible procurement model



Implementation of the responsible procurement model



Monitoring the implementation plan of the responsible procurement model



Communication on corporate responsibility activities



Corporate responsibility reports

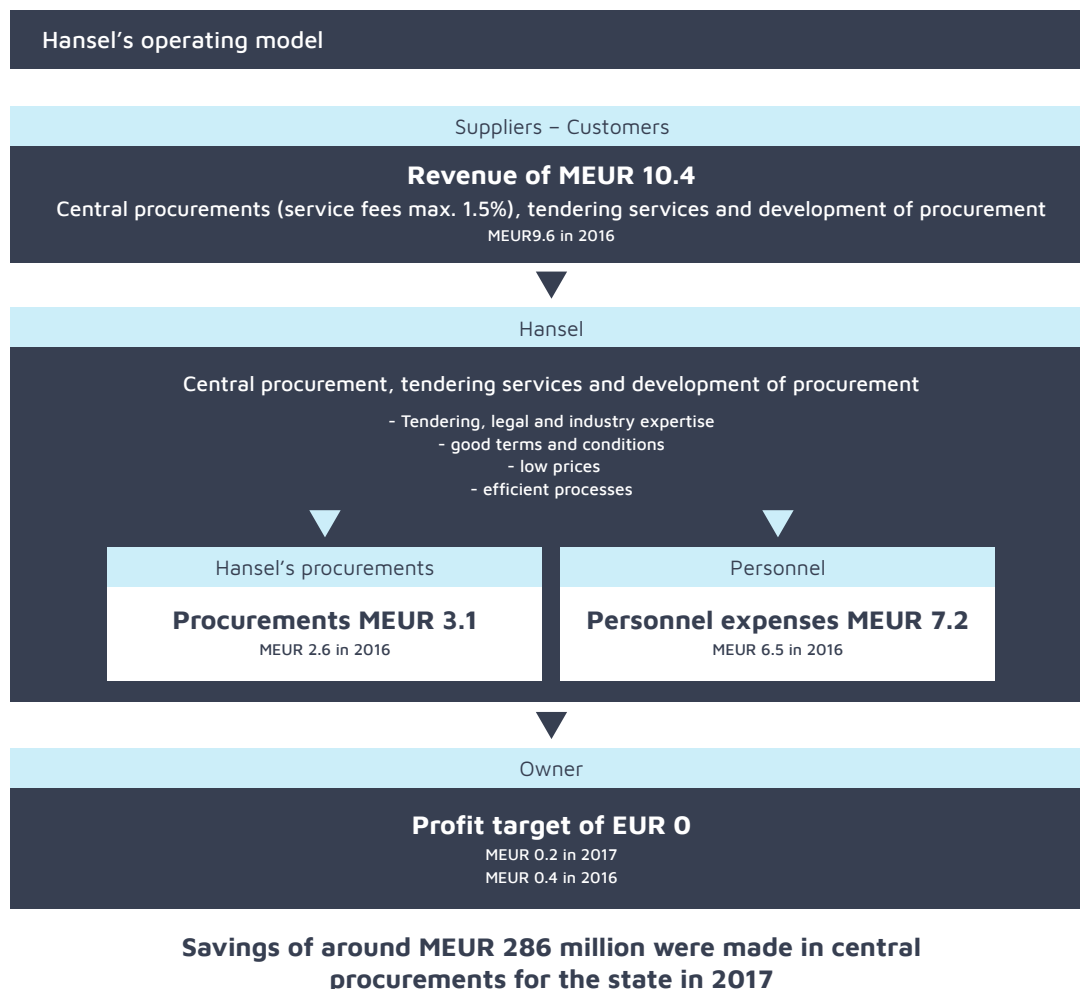
Central procurement saves public funds

Hansel's task is to produce savings in the government's procurement activities. While it is a challenge to calculate the exact amounts of these savings, it has been proven that central procurement activities produce savings in comparison to decentralised procurement.

Hansel has for a long time been making rough savings calculations, which are based on a study on the savings produced by central procurement, carried out at the Helsinki School of Business (Karjalainen et al. 2008). The study showed that the centralised operating model produced savings of about 20–25%. Using this model, we have been able to calculate that in 2017, Hansel's central procurement activities produced theoretical savings of about €286 million compared to decentral-

ised acquisition. The calculation model also utilises calculations of the potential of Hansel's framework agreements, but it does not account for factors such as the use of working time, the costs of dividing resources, or the competence deficits that may be caused by distributed operations.

As Hansel does not pursue profits, the efficiency of the company's operations can also be measured through reductions in the service fees charged from contract suppliers. Currently, the maximum service fee for a framework agreement is 1.5% of the contract value. The average service fee in 2017 was 1.04%. Hansel has been able to reduce its service fees continuously; in 2018, too, service fees will be reduced for several framework agreements.



Measurement of impact is being improved



In late 2017, a project was started at Hansel with the purpose of improving the measurement of the impact of the company's operations. The first thing to be assessed is the productivity of customer-specific tendering processes. The aim is to obtain a clearer idea of the savings produced by Hansel's services, the total benefits to a customer during a contract period, the functionality and quality of the contracts, the learning that takes place in the procurement units, and the pro-

motion of innovations and cleantech through procurement.

The project will lead to the generation of more efficient tools for monitoring impact from various perspectives. Background information is gathered by interviewing customers that have taken part in autonomous tendering processes. The survey is carried out by KPMG Oy, and its results will be available in spring 2018.

Digitalisation improves procurement efficiency

Hansel wants to reform procurement, and one of its strategic objectives is to speed up digitalisation. This was promoted through the Ministry of Finance's Handi programme. The procurement process is simplified and unified through new operating models. In 2017, Hansel's activities included the development of the Handi programme for the digitalisation of procurement, automation of checks of information provided by authorities, creation of the procurement as a service model, and publication of information on government purchases in the Tutkihankintoja.fi service, which is discussed in further detail in the section on openness.

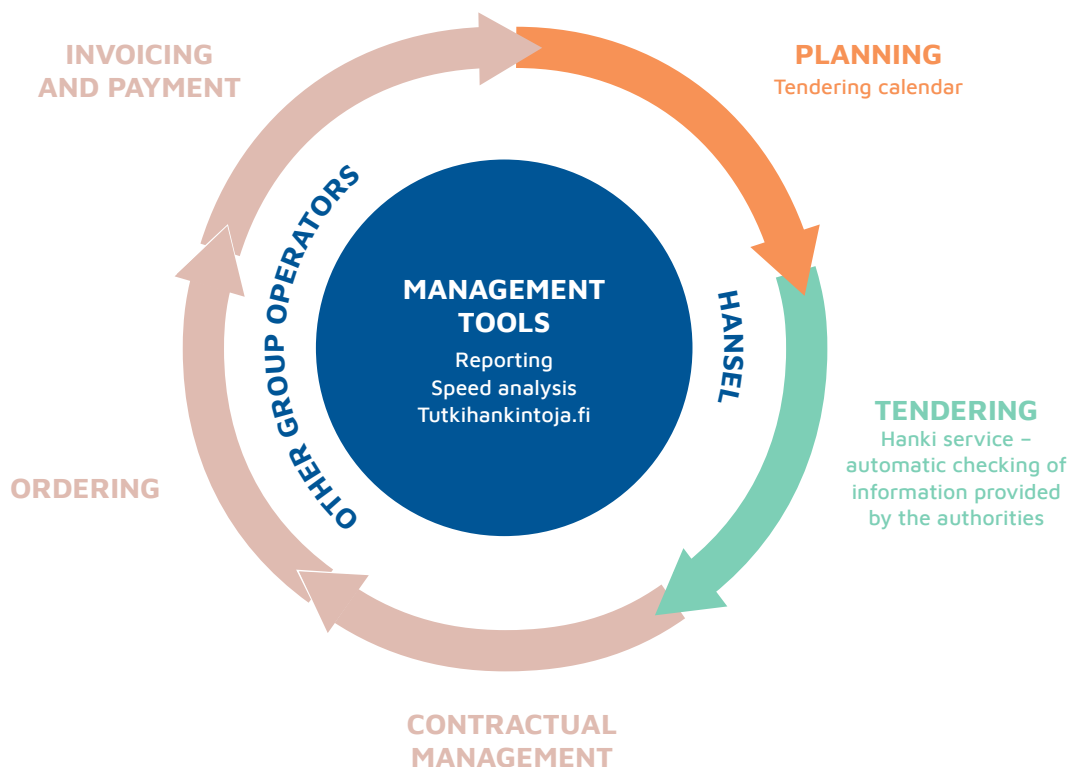
Guidance in electronic tendering processes

The Hanki service, enabling electronic procurement, was in use for the second year now. In January, it had 69 users; by the end of the year, the number of organisations using the service was 95. The number of calls for tenders submitted through the service was 300 and

over 2,000, respectively. Implementation and development work continues actively. At the turn of the year, it was time to transfer the mini-tender material into the system and to build a dynamic procurement system in the Hanki service.

Workshops on electronic tendering processes were organised for the procurement units, and these were attended by more than 150 people interested in the use of the Hanki service. The workshops revolved around matters highlighted by customers that have need for tendering competitions, and the approach was deemed a good one. Hanki workshops and other information were also shared in video format. In addition, a Yammer group was established to provide support in the implementation of electronic procurement. Through the group, over 300 users have received information about and discussed the Hanki service.

HANSEL IS DIGITALISING EVERYTHING FROM THE NEED TO THE TENDERING STAGE



Information from authorities automatically received in the tendering system

The checking of information provided by authorities during tendering processes was automated in 2017. The reformation significantly reduces the amount of work involved in public procurement worth about €30 billion. Finland was the first EU country to automate the checking of information provided by authorities.

Since information readily available in authorities' records no longer needs to be attached to offers separately, automation has simplified tendering processes and made them run smoother from both customers' and tenderers' point of view. The checks include the payment of taxes and social security contributions, and at the end of the tendering process, the electronic system ensures the accuracy of the information provided by the supplier.

After the revision of the Act on Public Contracts in 2017, procurement units have been required to use the European Single Procurement Document in electronic ten-

dering systems. In Finland, the same tendering system is used by municipalities and the government. Therefore, the automatic checking of information provided by authorities is now used nationally in all tendering processes related to public procurement that exceeds EU threshold values. Training related to the system, organised jointly by Hansel and KL-Kuntahankinnat Oy, was offered to over 200 people.

The project regarding the electronic checking of information from authorities received funding from the EU's Connecting Europe Facility, and it is part of the government's key project of digitalising public services.

Automation has simplified tendering processes and made them run smoother.

Handi programme is streamlining processes

The programme renewing government procurement through digitalisation is well underway. It is the responsibility of the Ministry of Finance, and it will run until the end of 2019. By then, the entire procurement process will be standardised, from the planning to the payment of acquisitions. The digitalisation of procurement translates into changes in operating methods, in the form of a collaborative project and supported by information system solutions. Internal government processes become fewer, and are automated to a significant extent.

Learn about the objectives of and projects included in the Handi programme.

www.handi.fi



Open administration benefits everyone



A new online service made government procurement information accessible to everyone in September 2017. Through the Tutkihankintoja.fi service, all Finnish citizens can review and analyse real-time information regarding government procurement. The aim of the service is to increase the transparency of government activities and improve the government's procurement activities. At the same time, companies are provided access to valuable market information.

The service is available free of charge, and since the beginning of 2016, it has been used to publish information about government purchases totalling over €6 million in worth. The information is updated in almost real time, and details of new organisations are added as possible. Hansel was commissioned to realise the service by the Ministry of Finance.

"Every Finn benefits from the transparency of public funds and from open administration culture. Through the service, companies, too, obtain market information in a new way", Hansel Ltd's Managing Director **Anssi Pihkala** said in the launch event for Tutkihankintoja.fi.

For safety reasons, authorities working with national defence and safety – such as the Ministry of Defence's administrative branch, the National Police Board, and the Finnish Border Guard – are not included in the service. In addition, certain information may be kept confidential to ensure the protection of individuals or to promote general safety.

The information published through the service has been available to all before, as required by the Act on the Openness of Government Activities, but previously, access was only granted by request. This made the acquisition of the information difficult and required

resources from both the party requesting the information and the organisation receiving the request. Now all the information is easily available through a single service.

*This way,
new services
and applications
can be developed
and used freely.*

Global pioneer in openness

In addition to the Tutkihankintoja.fi service, procurement information is available to all through the avoin-data.fi website. This way, new services and applications can be developed and used freely for various purposes. All the benefits of the Tutkihankintoja.fi service and its data cannot be gauged yet, because similar services are not available anywhere in the world.

"The Tutkihankintoja.fi is a pioneering service on a global level. As far as we know, a similar service has not been established by a government before. It is difficult to provide immediate calculations on the savings produced by the service, but we believe that there will be savings. We have discussed potential studies regarding the benefits of the project with representatives of Aalto University", Pihkala says.

The Tutkihankintoja.fi service is part of the government's key project of digitalising public services, including procurement. The service is developed on a continuous basis by Hansel and the Ministry of Finance.

Award-winning openness



Kirsi Koivusaari holds the Avoimuuden sydän (Heart of Openness) award.

Open Knowledge Finland recognised the Tutkihankintoja.fi service through the Avoimuuden sydän (Heart of Openness) award in December 2017. During the award ceremonies, the service was described as a fine cooperation project, based on an inspiring vision and a will to include the openness of procurement information in legislation. In the long run, open procurement information will promote responsible and ethical procurement.

Responsible procurement

Framework agreements are an efficient way of implementing government decisions with regard to procurement, because the volume of central acquisitions is significant – in 2017, the state procured products and services through framework agreements totalling €830 million in worth.

Thanks to this large volume, Hansel is able to influence the generation of new services and the development of more environmentally friendly products. Hansel can have an impact on what is available on the market by incorporating corporate responsibility aspects in framework agreements and setting criteria related to, for example, the environment.

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

Corporate responsibility aspects are taken into account in all stages of a procurement process:

1. Needs assessment
2. The tenderer's eligibility
3. Technical specifications: product or service features
4. Comparison criteria: items for which a score is given
5. Contractual terms and conditions and supervision of compliance

Accounting for CSR in framework agreements

Hansel offers its customers services and framework agreements which are easy to use and in which corporate responsibility aspects have been taken into account as widely as possible. Contract solutions are made in accordance with government guidelines and policies. The decision-in-principle to promote sustainable environmental and energy solutions in public procurement determines, for example, the emission levels of vehicles in government use, and the principles of energy procurement.

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

1. PLANNING AND PREPARATION PHASE

Preliminary report

- Cost benefit analysis
- Description of scope of procurement
- Corporate responsibility analysis
 - economic, social and environmental aspects
- Act on the Contractor's Obligations and Liability
- social risk analysis
- Hansel's ecolabel
- Risk category

2. COMPETITIVE TENDERING

- Market dialogue (including social responsibility)
- Requirements for the scope of the procurement (including corporate responsibility)
- Scoring model (including corporate responsibility)
- Draft agreement (including liability terms and conditions)
- Check that tender complies with invitation to tender (including corporate responsibility)

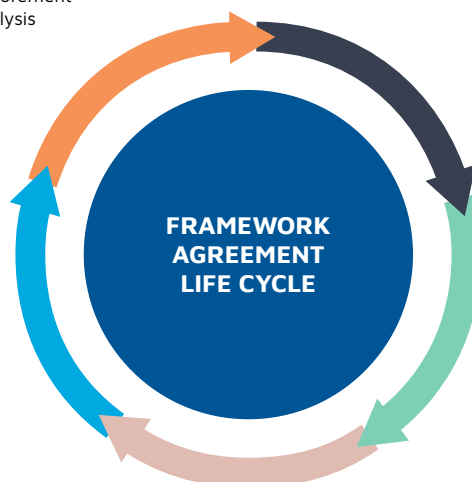
3. IMPLEMENTATION

- Checking the service/product features (including corporate responsibility)
- Publication of customer and supplier material (including corporate responsibility)

4. MAINTENANCE

- Checks: contractor's liability, risk category, agreement terms and conditions
- Take action if necessary

5. CONCLUSION



New solutions to old challenges



Public procurement, governed by the Act on Public Contracts, as well as the principles of central procurement involve factors that customers and suppliers alike may find inflexible or unclear. In addition to participating in the promotion of procurement know-how, Hansel responds to the challenges by introducing new electronic tools to organisations making purchases, as well as to suppliers.

Hansel's customers often prefer flexible and customisable framework agreements to ready-made service packages.

“Framework agreements can be customised through, for example, customers' simplified tendering processes. However, the simplified tendering processes can seem difficult. We have responded to customer needs by offering them support in simplified tendering processes; Hansel can even perform the entire simplified tendering process on behalf of a customer”, says Chief Category Officer **Susanna Närvänen**.

The administrative work involved in simplified tendering processes will become easier in 2018, as the processes can soon be performed electronically through the Hanki service. In the future, central procurement through dynamic procurement systems will make it easier to customise central procurement to each customer's needs, since the DPS provides more freedom in the determination of the object of acquisition than the framework agreements.

The DPS also brings a change to the static nature of the framework agreements, especially from the point of view of suppliers, since the dynamic procurement system maintained in the Hanki service makes it possible to become a framework agreement supplier even during the validity of a framework agreement.

Everything can't be changed, but almost everything can be made to work smoother

The most common criticism from Hansel suppliers revolves around how price seems to be counted too much in tendering competitions, while quality weighs too little. They also wish that innovations were taken into consideration better in the tendering competitions.

“Customer needs are prioritised in all tendering competitions related to framework agreements, and innovations are taken into consideration to as great an extent as possible. The consideration of innovation, and to some extent quality, is made challenging by the fact that the tenders have to be commensurable with each other.”

Public procurement is also affected by factors independent of Hansel, such as the fact that the Single European Procurement Document (ESPD) became compulsory in public procurement. eNEST, an EU project led by Hansel, focused on the development of the electronic tendering process and the digitalisation of the ESPD, thus making its use smoother.

Electronic tendering processes, as such, have been received well by customers and suppliers alike.

“As tendering processes have been digitalised, the administrative workload related to public procurement – which has traditionally been considered heavy – has become lighter. Digitalisation saves time, effort, and paper for all parties involved in the tendering competition”, says Susanna Närvänen.

The use of the Hanki service is free to the tenderers, while customers pay €100 per month. When using Hansel's tendering service, no separate fee is charged for the use of the electronic tendering system.

Innovative public procurement



Hansel's new unit, focusing on procurement development services, supports customer organisations' ability to reform and helps them improve the management, efficiency, and impact of procurement activities. Analysis of the current state is followed by the planning and implementation of chosen measures, all in close collaboration with the customer. Corporate responsibility is also taken into consideration in the development unit's projects.

Understanding the strategic nature of procurement and the importance of its systematic management is a requirement of innovative procurement. Hansel's development services help improve customers' understanding. Commitment, sufficient resources, and the will to have things under control are prerequisites for the development of procurement. Hansel's development managers help customers adopt and implement best procurement practices.

An experimentation incubator for ideas

An experimentation incubator was organised for ministries and central government agencies in conjunction with the Työ 2.0, Experimental Finland, Suomidigi and D9 projects, with the purpose of promoting experimental development, lowering the threshold for starting experiments, and, naturally, starting experiments.

Hansel participated in the incubator as the Finnish Financial Stability Authority's partner. The Financial Stability Authority is a new agency founded after the financial crisis, which is in charge of bank resolution and the deposit guarantee scheme. The experiment was used to determine how various agencies could

make better use of consolidated corporations and outsource functions such as financial and HR administration, procurement, and communications. The Government Shared Services Centre for Finance and HR Palkeet and Government ICT Centre Valtori were also involved in the experiment.

Commitment, sufficient resources, and the will to have things under control are prerequisites for the development of procurement.

Experiences received from the experimentation incubator were positive. The Financial Stability Authority, in the role of a customer, identified new services, some of which it could employ immediately. Consolidated operators, in turn, received unbiased suggestions for new services that they could offer to agencies. Solutions were also sought for how smaller agencies could receive information about services offered by consolidated operators more easily.

In meetings between various operators, many different perspectives were found on the development of services and common tools. The experiment showed that the reliability and profitability of public administration can be improved considerably by outsourcing services. While the actual experimentation incubator project has come to an end, cooperation between Hansel and the Financial Stability Authority will continue in spring 2018.

New competence centre brings people together



The beginning of the application period for grants from KEINO, the competence centre for sustainable and innovative public procurement, was announced by the Ministry of Economics in late 2017, ahead of the establishment of the centre. The competence centre's aim is to promote sustainable and innovative public procurement jointly with other procurement units. The goal is to have all key operators in public procurement, at the very least, involved in pursuing the competence centre's targets. The competence centre will begin operations in March 2018.

One of the competence centre's purposes is to promote the achievement of the goal of a share of 5% of innovative purchases, specified in the Government Programme. The competence centre will be active until early 2021. Alongside Hansel, the other members of the consortium behind the competence centre are Business Finland, KL-Kuntahankinnat, the Association of Finnish Local and Regional Authorities, Motiva, Sitra, the Finnish Environment Institute, and VTT Technical Research Centre of Finland. Numerous experts in both procurement and sustainable development are also involved. We believe that by working together we will achieve more and obtain better results than as individual operators.

Aiming at a functional market

Hansel's activity and its framework agreements, worth €826 million, have a direct impact on the operation of the various markets. Hansel's tasks include the promotion of market operations and competition, as well as meeting customer needs to as great an extent as possible.

Hansel has 380 suppliers, 29 of which are foreign. Foreign operators are involved in, for example, framework agreements for accommodation services in Brussels and for flight services. Suppliers for framework agreements related to information technology equipment are often large international companies, while the actual service providers are mostly subsidiaries in Finland.

"We treat all tenderers equally and do not discriminate them; a supplier's place of domicile or size does not matter to us. Instead, our task is to ensure that Finnish and international service providers of various sizes have equal chances to participate in the tender competitions", says Chief Category Officer **Susanna Närvänen**.

Forty-two percent of all Hansel's suppliers are SMEs

Because Hansel's customers often have large procurement volumes, it can be difficult for small companies to meet the order volume.

Hansel improves the chances for SMEs to participate in tender competitions by paying attention to turnover requirements and dividing purchases into smaller segments. The tendering competitions for the framework agreements for light motor vehicles, for example, have been arranged in product-group-specific parts, and the framework agreement suppliers chosen include several suppliers instead of one large supplier.

Hansel has also enhanced SME participation by encouraging the use of subcontractors and the establishment of consortia. The 400 or so contract suppliers used by Hansel have over 3,000 subcontractors.

"One way we take companies of various sizes into account is the use of operating-mode type tendering competitions. The framework agreement for office and IT supplies, for example, has been rewarded through a two-part tendering competition: one part covered direct deliveries and the other filling services. The suppliers selected are two different companies", Susanna Närvänen explains.

SMEs as contract suppliers*

	2017	2016	2015	2014	2013
Number of SME contract suppliers	158	159	170	164	173
Percentage of SMEs of all contract suppliers	42	43	44	43	46
Central procurement from SMEs, M€	109	102	96	92	71
Share of central procurement from SMEs, %	13	13	14	13	10

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

Serviced for the entire country

A regional tendering process is arranged for approximately 15% of Hansel's framework agreements. In 2017, the number of suppliers that had participated in regional bidding for Hansel's framework agreements was 197. This translated to 52% of all contract suppliers.

In regional bidding, the tenderer only competes in its own region instead of a nationwide tendering competition. The decision on regional bidding is made separately for each framework agreement, on the basis of supplier market analysis and customer needs. Regional tendering processes can be used, for instance, when the framework agreement customers are located in different parts of Finland. Examples include chartered bus services, conference and accommodation services, and the most widely used framework agreement, occupational healthcare.

In some cases, product-specific distribution may be more appropriate than a geographic one. In translation services, for example, the language pair and field of translation offered by a supplier matter more than the company's location. Tendering for scheduled flights is also arranged by city pairs.

What matters most in ensuring the functionality of the markets is the prevention of unhealthy price competition. Hansel monitors the prices offered and steps in if it suspects that the prices offered are lower than the actual costs of producing the service. In addition to distorted competition, another risk is that the supplier won't be able to provide the service at the offered price. If the price in an offer is suspected to be lower than costs, the offer can be excluded from the tendering process.

*What matters most in
ensuring the functionality of
the markets is the prevention of
unhealthy price competition.*

Satisfied customers and suppliers



Hansel regularly monitors trends in customer and supplier satisfaction. Feedback is continuously collected on every framework agreement and customer project. We also commission an extensive satisfaction survey for our customers once a year.

Customers satisfied with Hansel's services

The latest customer satisfaction survey was carried out in January 2018. The results were examined by the Executive Committee and then used in the planning of improvements together with personnel. The incentives of Hansel employees are tied to customer satisfaction.

The customer satisfaction survey shows that Hansel has succeeded in developing its operations. Overall satisfaction among customers, which was already high, increased significantly from the previous year.

The highest scores were given for knowledge of the Act on Public Contracts and for tendering expertise, service attitudes, and actions by contact persons. Meanwhile, knowledge of customer needs and the benefits of joint procurement were identified as areas in need of development. The marks for both objects of development had improved from the previous year.

The customer survey was answered by a total of 494 customers who had dealt with Hansel over the past year.

- The average score was 4.00 (3.84 in 2016)
- An overall score of 3.50 or higher was given by 83% of the respondents (77%)
- An overall score of 2.99 or lower was given by 6.5% of the respondents (12%)

The highest scores were given for knowledge of the Act on Public Contracts and for tendering expertise, service attitudes, and actions by contact persons.

Automated collection of feedback

In addition to extensive surveys, Hansel collects feedback from its customers and contract suppliers when a tendering process or framework agreement comes to an end.

After the tendering processes for framework agreements and customer-specific tendering consultations, questionnaires are sent to the parties automatically. We also monitor the efficiency of the framework agreements with a survey addressed to customers before the end of the contract period.

The goal is to use the feedback to develop cooperation with stakeholders. With this feedback, any wishes and ideas for development can be taken into account in the planning of future services.

Customer satisfaction is measured on a scale of 1–5, where 5 is the highest and 1 the lowest score. In 2017, the average values for satisfaction were as follows:

- Customer satisfaction with framework tendering processes 4.1 (4.3 in 2016)
- Supplier satisfaction with framework tendering processes 3.4 (4.2)
- Customer satisfaction with tendering consultation 4.6 (4.4)
- Customer satisfaction with framework agreements coming to an end 3.9 (3.8)

Suppliers happy with cooperation

Suppliers' overall satisfaction improved from the previous survey, carried out in 2016, and the satisfaction level is very good. The number of people that responded to the survey carried out in January 2018 was 203, and the response rate was 32%.

In suppliers' opinion, Hansel's strengths include knowledge of the Act on Public Contracts and tendering practices, actions by contact persons, provision of information on framework agreements and tendering processes, and equality of operations. Knowledge of the object of acquisition and smoothness of the tendering process are considered areas for development.

- The average score was 4.00 (3.80 in 2016)
- An overall score of 3.50 or higher was given by 83% of the respondents (77%)
- An overall score of 2.99 or lower was given by 8% of the respondents (15%)

For Hansel employees that cooperate with the suppliers, the results from the supplier survey affect the incentives paid.

Regulated public procurement

The new Act on Public Contracts came into force at the beginning of 2017. The purpose of the reformation of the procurement legislation was to simplify procurement practices, use public funds more efficiently, improve SMEs chances of participating in bidding competitions, and promote the consideration of corporate responsibility and innovation in procurement.

The new Act on Public Contracts has improved the flexibility of procurement practices to an extent, by making it possible to define tenders, facilitating the use of the dynamic procurement system and simplifying negotiation practices, for example. On the other hand, the use of the ESPD form and the checking of the extracts from criminal records have increased the administrative burden of both procurement units and tenderers.

In addition, the new Act on Public Contracts includes certain complicated transition period arrangements, such as the conflict of law rules that apply to internal tendering processes for framework agreements. By the end of 2017, the new Act on Public Contracts was applied in the Market Court in only about 30 cases, so the application practices have not been established yet.

Changes to the Hansel Act

The government proposal regarding changes to the Hansel Act (HE 63/2017 vp) was submitted to Parliament in June 2017. The proposal suggests that regions and their procurement units be added to Hansel's customer base. The change in legislation is connected to the ongoing health, social services, and regional government reform.

The government proposal also suggests that the processing of procurement information be included in Hansel's task and that Hansel be provided review rights to the procurement information of government procurement units. In addition, the government proposes that Hansel be provided with the opportunity to participate in international central procurement as provided in the Act on Public Contracts.

The proposal has been discussed in Parliament's Commerce Committee, but the process is now pending the coming into force of the freedom of choice decree and the processing of the regional legislation in Parliament.

Complaints and court proceedings related to tendering processes



At the end of 2017, Hansel was involved in a single Market Court case regarding framework agreement tendering processes, and it had one complaint pending in the Supreme Administrative Court.

In 2017, Hansel received the Supreme Administrative Court's decision on a complaint regarding temporary agency workers in the social services and health care sector. The Supreme Administrative Court dismissed the complaint. In addition, Hansel received two decisions from the Market Court regarding the procurement of printing equipment, dismissing the complaint, and a third decision, which left the situation as was. Hansel also received several decisions regarding the framework agreement tendering competition for interpretation services. For some of the complaints, the Market Court left the situation as it was; one complaint was dismissed. For the dismissed complaints, no compensation had to be paid by Hansel. For the complaints that remained as were, Hansel remunerated legal costs to the appellants.

In early 2018, the Market Court dismissed a complaint regarding the tendering process for the supply of liquid fuel containers, and the case has been taken to the Supreme Administrative Court. Hansel is also involved in another case in the Supreme Administrative Court, regarding printing equipment services.

By the company's estimate, the likelihood of financial ramifications from the court proceedings is low. However, any financial ramifications that come true will amount to significant sums.

For Hansel and other procurement units, a key challenge related to court proceedings is the long processing time of the cases. The Market Court and Supreme Administrative Court proceedings for the above-mentioned case regarding temporary agency workers in the social services and health care sector took approximately three years in total. The long proceedings and automatic suspension impede the realisation of acquisitions to an unreasonable extent and incur extra expenses to the procurement units.

Social aspects included in contract terms

The basic principles of public procurement are applied to the consideration of social responsibility aspects. All comparison criteria must be fair and non-discriminatory, mindful of the principle of proportionality and openly communicated. In practice, social elements may be incorporated in the terms and conditions of a contract by requiring that the supplier commit to the key labour and human right conventions of the International Labour Organization (ILO), for example.

Hansel has conducted a risk analysis on the social responsibility of its framework agreements. The analysis showed that the highest social risk lies in the framework agreements made with specific international goods suppliers and Finnish service providers. With regard to international suppliers of goods, high risk was linked to labour-intensive production practices, a large number of subcontractors, and long supply chains. Of Hansel's 380 contract suppliers, 83 are associated with the total of nine framework agreements involving a high social responsibility risk.

Social risks tend to grow when goods are manufactured in countries where little attention is paid to workers' rights, and when raw materials are mostly sourced from outside Europe.

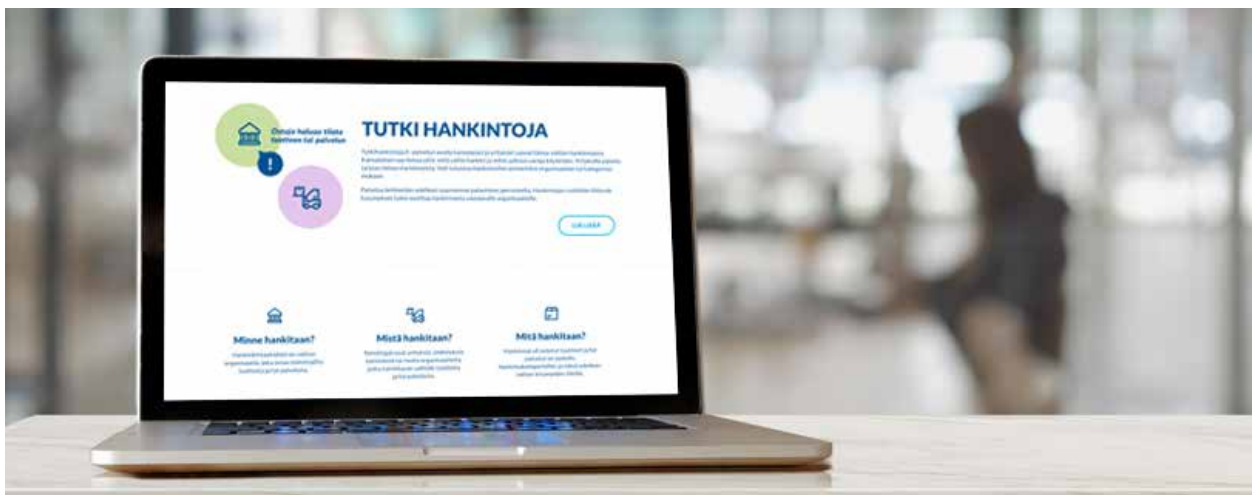
With regard to Finnish service providers, the risk factors were related to labour-intensive services, a large number of subcontractors, and low-income sectors.

Hansel has around ten framework agreements whose placement in the matrix indicated high or very high social risk.

The development of social responsibility management practices is currently a key focus in the company's corporate responsibility efforts, and Hansel's partners in these efforts include Finnwatch, SKL Kommentus, and the Finnish Association of People with Physical Disabilities.

All comparison criteria must be fair and non-discriminatory, mindful of the principle of proportionality and openly communicated.

Accessibility included in the agenda



In late 2017, Hansel was invited to participate in the Finnish Association of People with Physical Disabilities' work group that focuses on the promotion of accessibility. The aim is to improve the consideration of accessibility in the tendering competitions for the government's framework agreements, and to make use of the extensive accessibility know-how of the Finnish Association of People with Physical Disabilities. In early 2018, an expert from Hansel and another one from the Finnish Association of People with Physical Disabilities met to discuss the tendering competition for conference and accommodation services.

In 2018, the aim is to clarify Hansel's processes in respect to the consideration of accessibility. Accessibility should be viewed as a more complex matter than the removal of obstacles; it also includes the usability of various services, for example. A new decree on the accessibility of buildings, the Non-discrimination Act, and the European Accessibility Act came into force in the beginning of 2018; the implementation of the latter on a national level is still in progress.

Electronics for the government in a more responsible manner



Hansel and Finnwatch, a non-governmental organisation focusing on global corporate responsibility, carried out a joint project in 2017 with the aim of promoting the social responsibility of public acquisitions.

The cooperation project is a step towards more responsible public procurement. Finnwatch provided Hansel with expert assistance in the preparation and monitoring of responsibility related criteria for the various stages of a procurement process. The cooperation project was used to pilot the implementation of human rights criteria in public procurement. During the pilot project, the objects of acquisition were computers for the government.

In conjunction with the acquisition, a Code of Conduct, focusing on social responsibility, was prepared. Contract suppliers must follow the code and ensure that the members of its subcontractor chain follow it, too.

“We focus, in particular, on employees’ rights in the subcontractor chains for the computers in risk countries. From the human rights perspective, electronic devices are high-risk products, because they are often manufactured in countries where human rights are not enforced sufficiently”, says **Sonja Vartiala**, Executive Director for Finnwatch.

“Hansel has been working with responsible procurement for a long time now. Judging by the stakeholder survey, our customers would like us to focus more on social responsibility, which is often found hard to verify. The aim with this project is to generate concrete criteria and reliable verification mechanisms for the assessment of social responsibility in conjunction

The human rights impact of public procurement reaches far beyond Finnish borders.

with products to be acquired”, says Unit Manager **Kalle Hietaranta**.

The socially responsible procurement process for computers was documented by Finnwatch, and a public report was prepared. The purpose of the project is to distribute best practices to other public purveyors in the government and the municipal sector. The project was funded by the Trade Union Solidarity Centre of Finland (SASK), and Kepa.

The value of the public acquisitions made in Finland is over €30 billion per year, and the human rights impact of public procurement reaches far beyond Finnish borders.

“Hansel’s agreements are used in computer purchases totalling over €40 million a year in value. As a significant public purveyor, we can specify challenging requirements for our tendering competitions”, says **Tero Lehtisaari**, the category manager in charge of IT purchases at Hansel.

Hansel also promotes the consideration of social responsibility in other framework agreements. Another pilot project, the preparation of the tendering competition for the framework agreement for office furnishings, was begun in early 2018.

Safe and modern solutions



Consideration of data security matters is an important part of the development of management, competence, risk management, and administration. Data security is a reflection of sound business practices and part of Hansel's risk management.

At government level, responsibility for data security steering and development lies with the Ministry of Finance. Hansel's framework agreements take into consideration the government's data security regulations and guidelines.

Hansel helps promote government data security and creates models that facilitate the consideration of data security in public procurement activities. Hansel also helps improve data security at government level by offering expert support.

Key business-critical data security principles and requirements are set out in Hansel's data security policy. Hansel is committed to upholding the basic data security level specified by the government. Data security obligations apply

to all Hansel employees. Hansel's data security manager is responsible for providing data security related training and instructions, and for in-house communications.

In tendering processes, a data security level warranted for each acquisition is specified as an absolute requirement. The requirements are mainly based on the Ministry of Finance's VAHTI instructions or the national KATAKRI safety auditing criteria and supplemented with acquisition-specific special requirements. Hansel customers may naturally contribute to the data security level of the services provided.

No data leakages or data security deficiencies were reported in 2017.

*Data security is
a reflection of sound
business practices.*

Personal data protection



EU's new General Data Protection Regulation, applied from spring 2018, has been cause for measures at Hansel, as in many other organisations.

A data protection assessment was carried out in regard to the processing of personal data, on the basis of which understanding of the current state of data protection improved, and the effects of the GDPR on the processing of personal data at Hansel have been identified.

Data protection matters have been taken into consideration in the current framework agreements, in accordance with valid laws. The new obligations brought about by the GDPR shall be assessed by Hansel individually for each framework agreement, and framework agreements requiring action shall be reacted to appropriately to ensure that Hansel's customers can feel safe in the knowledge that their personal data is always processed professionally.

For all framework agreements that are in the middle of a tendering process, the processing of personal data shall be evaluated directly from the perspective of the new data protection legislation.

Hansel and its key stakeholders have prepared instructions for the consideration of the effects of the GDPR on public procurement processes and have produced model terms and conditions for the use of the entire government. These terms and conditions are already being used widely in public administration, and the feedback received has been positive. Currently, Hansel is involved in the preparation of agreement terms and conditions applying to IT acquisitions (JIT 2015). The goal is to incorporate the terms and conditions for the processing of personal data in the JIT 2015 terms and conditions.

The new obligations brought about by the GDPR shall be assessed by Hansel individually for each framework agreement.

Improved competences, better acquisitions



The skills needed in procurement change and the number of skills increase along with developments in legislation and digitalisation. Hansel's role as a provider of expert services has broadened year by year, and its role as a developer of expertise has also strengthened.

In 2017, Hansel's experts provided training and gave lectures at over 20 events or organisations, including the Finnish Patent and Registration Office, Alma Talent, the Association of Finnish Lawyers, Aalto University, Edita, and the Federation of Finnish Enterprises. In addition, Hansel experts are regular trainers in programmes provided by the HAUS Finnish Institute of Public Management Ltd.

Topics covered include the new Act on Public Contracts, ICT contracts, and other topics related to procurement and its development.

Impact and responsibility included in the revised purchasing guide

A new version of the government purchasing guide (Valtion hankintakäsikirja) was published in June 2017, and its primary author was Liisa Lehtomäki, Development Manager at Hansel. The guide is based on the new Act on Public Contracts, which necessitated changes to the guide published in 2010.

The purpose of the purchasing guide is to harmonise purchasing practices in the government, as well as support the development of procurement and the preparation of purchasing guidelines. It illustrates the key stages in the tendering processes for various types of public acquisitions.

The guide provides support in the organisation of procurement and planning of acquisitions, as well as the agreement stage and post-acquisition activities. As a new addition, the revised purchasing guide also includes a section on corporate responsibility, innovation, and the impact of public acquisitions.

Development and new perspectives highlighted at Hansel events

Hansel events gather together people interested in and working with procurement, providing them opportunities to share and receive information, exchange experiences, and engage in networking. These events are planned heeding customers' wishes, and they vary from workshops for a few dozen people to online seminars to events for hundreds of people.

Experts often expect events to offer versatile and topical content in a concise form. The purpose of the ICT theme day held in October 2017 was to promote cooperation between customers and suppliers. Held in Wanha Satama, the fair-like, fact-packed ICT day also offered customers an opportunity to acquaint themselves with suppliers' products and services in person and to forge relationships that might lead to cooperation. Organised jointly by Hansel and the government ICT centre Valtori, the event attracted nearly 250 customers. The framework agreements for the IT sector were well represented by more than 30 exhibitors.

Besides organising conventional events, it has also been requested that Hansel function as a party that brings together various procurement operators. The Hansel Networks, utilising inclusive methods, and the Yammer channel, focusing on electronic tendering processes, for example, have received a lot of positive feedback.

Procurement hackathon focusing on expert services



In December 2017, the Hansel Network met for a hackathon. Like previous Hansel Network events, the hackathon brought together a number of procurement specialists to network and develop public procurement.

The objective of each group's efforts was to create a 3-minute pitch.

The participants in what might have been the first procurement-themed hackathon in the world were able to decide in advance which challenge related to the procurement of expert services they wished to solve. On the basis of their wishes, the 30 or so participants were divided into groups of 4–5 persons, and the groups were given free hand in choosing their approach to the challenge. The procurement of expert services was developed from the points of view of occupational health care, measurement of effectiveness, and quality comparison, for example.

Traditional hackathons last several days, but the procurement hackathon required a more efficient approach – the challenges were to be solved in a single afternoon. The objective of each group's efforts was to create a 3-minute pitch, during which the solution was presented to the jury and the other groups. Participants were also encouraged to continue the development of their ideas after the event, at work. The event was received with enthusiasm, and it was praised especially for its fresh approach and the way it encouraged creativity.

Towards a customer-driven culture



The development of customer relations and sales culture is a part of Hansel's strategy, and during 2017, the majority of Hansel employees participated in training promoting a customer-driven operating culture. The purpose of the training was to highlight the importance of our customer relations and to improve the understanding of each employee's role in creating a customer experience.

"The purpose of the training was to deepen our relationship with our customers and to make the participants think about their work in terms of the benefits we offer to our customers. Customer satisfaction is an important KPI for us, and the score can be high only if we are able to identify customers' needs increasingly better and optimise what we offer to each customer", says Account Manager **Petri Kalavainen**.

The training was held for those Hansel employees who are in regular contact with suppliers and customers, such as account managers, consultants, category managers, and customer service representatives. In organising the programme, Hansel partnered with Aalto University Executive Education.

"Promoting a sales-driven approach creates results, as we have seen through the immense increase in the turnover

for expert services over the last five years. Although our aim is not to generate financial profit, it is nonetheless important that our business operations grow and that we are able to offer our know-how to customers to as great an extent as possible. This makes public procurement activities more effective and improves their quality", Kalavainen continues.

During the training, all participants met customers and asked them about things such as the functionality of their current procurement model and possible changes to the organisation of procurement activities. They also found out about procurement-related concerns and customers' wishes regarding Hansel and their cooperation. The results of the training will be utilised in Hansel's segmentation work, refinement of current customer relations, and finding of opportunities with potential customers.

It is important that we are able to offer our know-how to customers to as great an extent as possible.

New chat service received a warm welcome

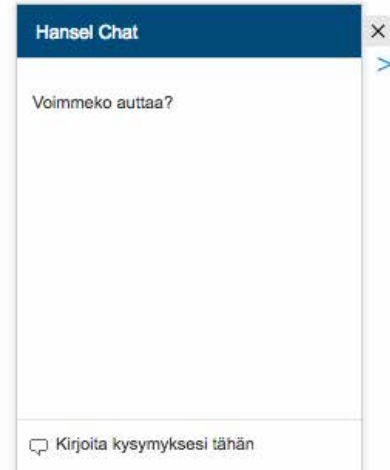


Uutiset

Laaja yhteenliittymä strategisten julkisten hankintojen tueksi
13.03.2018

Hanki-palvelu kattaa uuden tietosuojasetuksen vaatimukset
07.03.2018

Tietokoneiden uusi puitejärjestely on entistä vastuullisempi
06.03.2018



Since 2017, Hansel's customers and suppliers have been able to receive advice and additional information via a new chat function. The chat is available to all users who sign in to the hansel.fi website, and it has received a warm welcome.

Customer advisor **Mia Rosenqvist** says that the questions received through the chat vary widely.

"Questions from customers often pertain to things such as the simplified tendering processes and joining framework agreements. Questions from suppliers are often related to reporting or subcontractor changes, for example."

The chat was introduced in April, and by the end of the year, over 1,300 conversations had taken place via the service.

"We have received plenty of positive feedback. Thanks to the new feature, customers receive the support they need quickly and easily", Mia Rosenqvist says.

Hansel is a good place to work



Flexible and efficient forms of working and continuous competence development are key points in Hansel's strategy. Since one out of four employees started in 2017, the importance of good HR management has become especially clear. New operating models and good practices are examined and introduced with an open mind.

In late 2017, Hansel started cooperation with software development house Vincit, and in 2018, the partners will begin a pilot on management as a service. Category management will be testing a model through which experts can, within a certain service menu, choose the supervisor services they require.

Monitoring employee satisfaction

Employee satisfaction at Hansel is surveyed every 18–24 months. The latest survey was carried out in autumn 2016, and a follow-up survey is to take place in autumn 2018.

At the end of 2017, a HappyOrNot terminal was commissioned for continuous monitoring of employee satisfaction. So-called pulse surveys were begun in January 2018.

Employee benefits

Hansel's employee benefits include luncheon, travel, and recreational vouchers. In addition, the company offers free home care for a sick child, provided by one of its partners. The health care services paid by the company are more extensive than required by the law, and

in addition to statutory insurances, all salaried employees have a leisure time accident insurance.

Hansel Club, an active club run by the employees, is in charge of joint activities for the staff. The company gives an annual allowance for the employee club's recreational events, of which there are sometimes several per month.

The benefits apply to both permanent and temporary employees.

Remuneration

Hansel adheres to the guidelines on management and key employee rewards and incentives issued by the Cabinet Committee on Economic Policy. All permanent employees are included in the incentives system after a trial period. The goals for the incentives are set by the Board of Directors, and Hansel employees receive at most 15 per cent of their annual pay as an incentive.

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

In accordance with the Board of Directors' decision, performance-related pay in 2017 was based on customer satisfaction and personal performance. The financial statements for 2017 include a provision for incentives of €619,000, excluding social insurance payments. Incentives will be paid out in April 2018. Temporary personnel are not covered by the incentive scheme, although in other respects, their benefits are identical to those of permanent employees.

Paid incentives (excluding social insurance payments)

	2017	2016	2015	2014	2013
EUR thousand	511	551	505	492	319

New forms of working



Hansel's remote work practices became more flexible in 2017: work carried out in a place other than a physical workstation at the office no longer needs to be reported through the HR system. In addition, the teams can now agree on mutual rules, such as on which meetings should be attended in person. Remote work and Skype meetings have become a natural way

of working at Hansel. The new working culture also includes an extension of flexitime and the adoption of new, more efficient ways of working. Electronic tools have been introduced with an open mind, and the equipment in meeting facilities has been improved with remote workers in mind.

Ecolabel is a sign of a responsible framework agreement

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

At Hansel, the determination of environmental aspects begins during the planning of a tendering competition. If including such aspects is not possible or only one environmental element is identified, this is documented in accordance with Hansel's internal guidelines.

Goals that the consideration of environmental aspects aims at:

- Reduction in energy consumption and improvement of energy efficiency
- Reduction of the chemicalisation of the environment, i.e. reduction of the use of harmful substances
- Reduction of greenhouse emissions (such as CO₂)
- Reduction of waste
- Reduction in the use of non-renewable natural resources and sensible use of renewable natural resources
- Preservation of environmental diversity
- Promotion of environmentally beneficial innovations
- Promotion of sustainable ways of life

If a framework agreement has included environmental aspects in relation to two or more criteria set by Hansel, it is awarded Hansel's own ecolabel. At the end of 2017, 55 of the 80 framework agreements that were in force (69%) had an ecolabel.

On some occasions, due to the nature of the procurement, environmental aspects cannot be taken into consideration. In some sectors, such as organisational and HR development services and other similar framework agreements involving specialist services, environmental considerations are difficult to observe.

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

- 1 in the definition of the procurement need, or
- 2 in the procurement requirement specifications, or
- 3 in the applicability requirements, or
- 4 as a criterion for comparison, or
- 5 in the agreement terms.

Consulting services

ICT training services 2014–2018	1	2	3	5
IT consulting 2015–2019			3	5

IT equipment

Computers for office and mobile use (PC/Windows) 2014–2016		2	3	5
Computers for office and mobile use (iOS/OS X) 2014–2016		2	3	5
Rugged computers for demanding environmental conditions 2014–2016		2	3	5
Mobile terminals and services 2015–2017	1	2	3	5
Print management services 2015–2019		2	3	5
Printing devices with related services 2017–2019 (2021)		2		5
Presentation technology equipment and services 2016–2018		2	3	5

Data centre services and devices

Data centre and capacity services 2013–2019	1		3	4	5
Data centre network equipment 2015–2017		2	3		5

Servers and integrated solutions with related services 2017–2021	2		4	5	
Storage and backup equipment and services 2015–2017	2	3		5	
Software					
Electronic tendering solution 2015–2023	1	3			
Data communications					
Data communications services 2014–2018	1	2		4	
LAN equipment (LAN/WLAN) 2015–2017		2	3	5	
WAN equipment 2015–2017		2	3	5	
Data security equipment 2015–2017		2	3	5	
Video conferencing services 2017–2021	1	2			
Personnel and health services					
Occupational health care services 2013–2018			3	4	5
Accommodation and conference services					
Domestic accommodation services 2015–2016		2	3	4	
Domestic conference services 2015–2017		2	3	4	
Accommodation services in Brussels 2015–2016		2	3	5	
Passenger shipping services 2015–2018			3	5	
Travel services					
Train travel services 2011	1			5	
Scheduled flights 2017 (2018)	1		3	5	
Travel agency services 2016–2020			3	5	
Financial services					
Payment solution 2013–2018	1		3		
Leasing services 2013–2017		2	3		
Vehicle leasing services 2013–2017		2	3		
Vehicle services					
Work tools 2014–2018		2	3	5	
Cars and related services 2017–2019 (2021)		2		4	
Vehicles and economic driving training 2013–2017	1	2	3	4	5
Car rental, mini-leasing, and car-sharing services 2017–2019 (2021)		2	3		
Heavy vehicles 2017–2019 (2021)		2	3	5	
Energy					
Gases 2017–2019 (2021)			3	5	
Fuels 2017–2019 (2021)		2	3	5	
Electricity 2013–2017		2	3		
Fuel purchases from service stations for commercial transport 2014–2018		2		5	

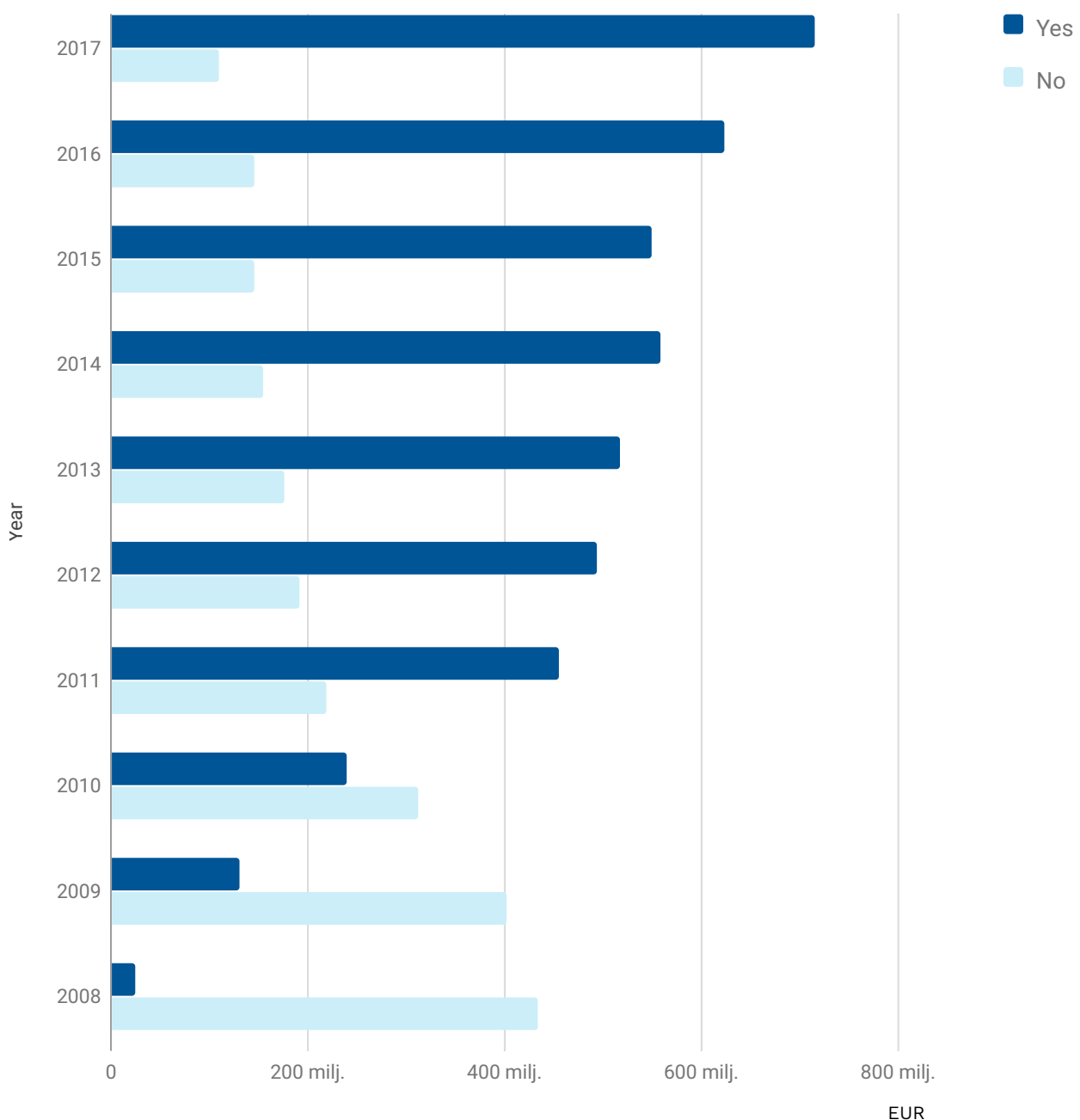
Fuel purchases from service stations for passenger transport 2014–2018	2				5
Consumable products and equipment					
Tools and equipment 2015–2019	2	3			5
Electricity and HVAC supplies 2015–2019	2	3			5
Food and non-food products 2015–2020	1	2	3	4	5
Office services					
Printing services 2014–2018	1	2	3		
Distribution services for Finnish literature 2014–2018	2	3	4		5
Distribution services for foreign literature 2014–2018	2	3	4		5
Distribution services for serial publications 2015–2019	2	3			5
Office and ICT supplies 2016–2020	2	3			5
Office furniture 2013–2018	2	3			5
Facility services					
Cleaning services 2017–2021, facility user services	2	3			5
Security services 2017–2021, facility user services	2	3			5
Restaurant services 2017–2021, facility user services	2	3			5
Comprehensive services 2017–2021, facility user services	2	3			5
Transportation and logistics services					
Chartered bus services 2014–2018	2	3			5
Security technology					
Security equipment 2017–2019 (2021)	2	3			5

Central procurement procedures that take account of enviro

Category	Central procurement in 2017, M€	Environment considered in 2017, M€	Environment considered in 2017, %	Environment considered in 2016, %	Environment considered in 2015, %
Vehicle services	58.4	56.8	97	100	100
Expert services	16.8	0.0	0	0	0
Energy	99.5	99.5	100	100	100
Personnel and health services	72.9	60.8	83	83	84
IT equipment	84.3	82.4	98	99	99
Data centre services and devices	50.7	50.7	100	100	100
Consulting services	69.7	63.8	91	46	17
Transportation and logistics services	8.4	8.4	100	100	100
Consumable products and equipment	24.8	24.8	100	100	90

Accommodation and conference services	30.3	30.3	100	100	100
Travel services	51.4	45.0	88	28	31
Software	37.7	0.4	1	54	98
Financial services	55.5	53.1	96	95	94
Data communications	40.0	19.5	49	42	44
Office services	67.0	67.0	100	100	88
Facility services	47.9	47.9	100	100	100
Security technology	11.2	5.5	49	79	68
Total	826.5	716.0	87	81	79

Growth in environmental acquisitions since 2008



Environmental aspects in stronger focus in the framework agreement for vehicles



Hansel's framework agreement for vehicles, which came into force in autumn 2017, is stricter than the earlier framework agreement in regard to both regulated and unregulated emissions for all vehicle classes. As a new, absolute requirement, the customer shall determine a maximum CO2 emission limit for the vehicle to be acquired. The Act on Consideration for the Energy and Environmental Impact of Vehicles in Public Procurement was also taken into consideration in the planning of the framework agreement.

In addition to petrol and diesel vehicles, the framework agreement range includes self-charging and chargeable hybrid vehicles, fully electric cars, and gas-powered

cars. The category of environmentally friendly cars, CO2 0 g/km, includes six fully electric cars of different makes, while the CO2 1–60 g/km car category includes six chargeable hybrid vehicles of different makes.

Each customer can also specify emission requirements that are stricter than those specified in the framework agreement. In addition, a feature was introduced in the government's electronic procurement channel for vehicles that parties preparing vehicle acquisitions can use to check the emission information for their current car, using the licence number of the car. This function makes it easier to compare the emissions of an old car to available new models.

Green Office network meeting at Hansel: Responsible actions through procurement



People involved in the organisation of Hansel and WWF's sustainable procurement event for the Green Office network included Karolina Lehto, Kirsi Koivusaari, Helka Julkunen, Liisa Lehtomäki, Mikko Kuiri, and Annukka Valkeapää.

In October, Hansel and WWF organised a network meeting to promote the exemplary procurement operations of Green Offices. Because responsibility is a key element in Hansel's strategy, it was natural for the company to host the meeting.

Participants discovered that, for the first time, the government purchasing guide includes a section on responsibility. It provides instructions for determining goals and performing the actual work. A speaker from Hansel stressed that the Act on Public Contracts doesn't by any means prevent the consideration of responsibility in public procurement. Quite the opposite; the act encourages sustainable acquisitions. Responsibility can also be taken into consideration in many stages of a procurement process, and it is especially important to ensure that continuous improvements during the contract period are possible.

"It is possible to take responsibility into consideration in tendering competitions, but this is not something that happens automatically – the customer has to demand it. Various elements need to be considered in the requirements set forth in a call for tenders, for example, but in such a way that none of the tenderers are favoured or discriminated against", said **Karolina Lehto**, Legal Counsel at Hansel.

Choices that make a difference

"FSC certification ensures that the diversity of a forest is preserved – that trees of different ages and precious habitats are conserved", said **Annukka Valkeapää**, who talked about responsible paper procurement.

*The Act on Public Contracts
doesn't by any means prevent
the consideration of responsibility
in public procurement.*

In Hansel's framework agreements, environmental aspects such as this are taken into consideration on behalf of the customer. Mikko Kuiri, who talked about WWF's procurement of printed materials, pointed out that in environmental matters, you don't have to run the whole course at one go – more responsible purchases can be made one at a time. Helka Julkunen, Green Office Programme Manager, reminded us that purchasers generate demand, and with increase in demand, the prices for environmentally healthy options will begin to decrease.

Isa-Maria Bergman promised that Motiva's procurement service provides advice regarding sustainable purchases. The ecological procurement network gathers pioneers together to think about how additional value can be produced to the environment, society, and the economy, in addition to the organisation itself. It is important for the public sector to set an example in sustainable consumption. With so many purchases, it is of the essence to assess the importance of and prioritise various purchases.

"Strategic choices make it easier to achieve sustainable development goals. Energy-efficiency is one thing that has a huge impact. I recommend having a look at the www.ekosuunnittelu.fi website and international examples", Bergman said.

Ecological ICT purchases are not all about matter

At the end of the Green Office meeting, **Jyrki Kasvi** gave an inspiring talk about the various perspectives to ecological ICT purchases. The improvement of efficiency through ICT technology, for example, is beneficial for the environment, too. The same goes for increase in capacity, which results in decrease in

emissions. Heating expenses can be reduced with an IoT thermostat. It is not only the equipment that matters; good programming practices can also lower energy consumption and prolong the useful life of equipment.

"With the development of robotics, many things that once were not cost-efficient are now exactly that. Another matter to be considered is social responsibility – what if we can improve safety at work or reduce the need for humans to handle harmful substances?" Kasvi pointed out.

Key considerations regarding ICT purchases include the origin of raw materials, conditions of employment, industrial safety, and environmental effects. Total energy consumption during the life of a device, the recyclability of technology, and the ecologicality of software are also important matters.

"Efficiency is always ecological, and devices should not be left idling", said Jyrki Kasvi as he summed up his presentation.

Hansel reducing its ecological footprint



Hansel is a member of the Green Office network in Finland, which includes 150 different organisations. Green Office is an environmental programme developed by WWF Finland. Its objectives include reducing the environmental burden caused by offices.

Sustainable development is taken into account in Hansel's internal operations. Hansel keeps track of environmental key figures for the consumption of electricity and paper, travel, and equipment and furniture procurement. WWF's Climate Calculator, which is a Green Office tool, has been utilised in the calculations. Emission figures have not been adjusted in proportion to growth in business or personnel.

The environmental impact of Hansel's own operations

	2017	2016	2015	2014	2013
	CO ₂ , thousands of kilograms	CO ₂ , thousands of kilograms	CO ₂ , thousands of kilograms	CO ₂ , thousands of kilograms	CO ₂ , thousands of kilograms
Direct impact, Hansel's own operations					
Paper consumption	0.83	0.64	0.69	0.74	0.75
Road traffic divided by fuel consumption *	40.99	57.31	40.67	46.75	42.43
Emissions corresponding to the mileage allowances paid out by the company	1.31	0.93	1.57	0.23	0.32
Other traffic (taxis)	0.63	0.88	0.78	1.15	0.98
Air traffic, kilometres per person	37.37	38.77	34.31	38.84	24.12
Marine traffic, kilometres per person	1.12	0.13	1.73	1.27	3.41
Rail traffic	0.02	0.00	0.12	0.08	0.10
Consumption of electricity**	10.44	11.08	13.73	15.04	12.97
Direct impact, total	92.71	109.74	93.60	104.10	85.08
Emissions caused by office equipment procurement					
Mobile phones	2.87	2.40	2.93	1.87	0.70
Tablet computers	0.81	0.00	0.32	0.00	0.00
Laptop computers	15.56	0.00	0.00	13.07	0.17
LCD displays	63.88	2.62	0.66	28.83	0.23
LED televisions or displays	0.83	0.21	0.00	0.00	0.00
Multifunction equipment	0.82	0.41	0.00	0.00	0.00
Printers	0.23	0.00	0.16	0.00	0.00
Furniture	9.90	1.43	1.12	13.37	0.42
Emissions caused by office equipment and furniture procurement, total:	94.83	7.07	5.19	57.14	1.52
Direct impact, total	187.54	116.81	98.79	161.24	86.60
Direct impact per man-year	2.26	1.60	1.35	2.14	1.22

* Calculation is based on company-car fuel purchases.

** In 2016, 56% of all electricity acquired was produced with renewable energy sources, in line with the government resolution, and as agreed upon in the monitoring group for government electricity procurement.

GRI index

Hansel's Corporate Responsibility Report has been prepared in accordance with the Core option of the GRI

Standards. The standards complied with are from 2016.

Background
description
of the
organisation

GRI indicator	GRI definition	Links	Deficiencies in reporting / further information
102-1	Name of the organisation	Hansel in brief (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/)	
102-2	Primary activities, brands, products, and services	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/)	
102-3	Location of the company's headquarters	Hansel in brief (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/)	
102-4	Location of functions	Hansel in brief; (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/) Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/)	
102-5	Ownership and legal form	Hansel in brief (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/)	
102-6	Markets served	Hansel in brief (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/); Management of financial responsibility (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/management-of-financial-responsibility/)	
102-7	Scale of the organisation	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/)	
102-8	Information on employees and other workers	Personnel (http://annualreport2017.hansel.fi/hansel-ltd/personnel/); Average age of Hansel employees lower (http://annualreport2017.hansel.fi/hansel-ltd/personnel/average-age-of-hansel-employees-lower/)	
102-9	Supply chain	Hansel in brief (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/); Responsible procurement (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/responsible-procurement/)	
102-10	Significant changes to the organisation and its supply chain	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/); A year of growth and development (http://annualreport2017.hansel.fi/from-the-managing-director/)	

102-11	Precautionary principle or approach	Risks and risk management (http://annualreport2017.hansel.fi/economic/annual-report/risks-and-risk-management/); Ecolabel is a sign of a responsible framework agreement (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/ecolabel-is-a-sign-of-a-responsible-framework-agreement/)
102-12	External initiatives	Green Office network meeting at Hansel: responsible actions through procurement (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/green-office-network-meeting-at-hansel-responsible-actions-through-procurement/); Accessibility included in the agenda (http://annualreport2017.hansel.fi/responsibility/social-responsibility/social-aspects-included-in-contract-terms/accessibility-included-in-the-agenda/)
102-13	Memberships of associations and advocacy organisations	Hansel in brief (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/hansel-in-brief/)
Strategy		
102-14	From the CEO	A year of growth and development (http://annualreport2017.hansel.fi/from-the-managing-director/)
102-15	Key impacts, risks, and opportunities	Risks and risk management (http://annualreport2017.hansel.fi/economic/annual-report/risks-and-risk-management/); Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/); Social aspects included in contract terms (http://annualreport2017.hansel.fi/responsibility/social-responsibility/social-aspects-included-in-contract-terms/); Ecolabel is a sign of a responsible framework agreement (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/ecolabel-is-a-sign-of-a-responsible-framework-agreement/)
Business ethics		
102-16	Values and business principles	Strategy and vision (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/)
102-17	Mechanisms for advice and concerns about ethics	Code of Ethics (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/code-of-ethics/)
Administration		
102-18	Governance structure and management of corporate responsibility	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/); Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/)
102-19	Delegating authority	Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/)

102-20	Corporate contact persons and reporting relations	Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/)
102-21	Consulting stakeholders and persons in charge	Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/); Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/)
102-22	Composition of the highest governance body and its committees, and competences in corporate responsibility	Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/); Board of Directors' proposal for the disposal of profit (http://annualreport2017.hansel.fi/economic/annual-report/styrelsens-framstallan-om-behandlingen-av-rakenskapsperiodens-resultat/)
102-23	Other managerial responsibilities of the Chair of the Board of Directors	Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/)
102-24	Nominating and selecting the Board of Directors and the Executive Committee	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/)
102-25	Avoiding conflicts of interest	Code of Ethics (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/code-of-ethics/)
102-26	Role of the Board of Directors and the Executive Committee in setting purpose, values, and strategy and in the determination and monitoring of corporate responsibility goals	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/); Strategy and vision (http://annualreport2017.hansel.fi/hansel-ltd/strategy-and-vision/); Corporate responsibility management (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/)

102-31	Frequency for reviews of corporate responsibility impacts, risks, and opportunities	Risks and risk management (http://annualreport2017.hansel.fi/economic/annual-report/risks-and-risk-management/); Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/)
102-32	Approval of the corporate responsibility report	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)
102-33	Communicating critical concerns to top executives	Code of Ethics (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/code-of-ethics/)
102-37	Stakeholders' involvement in remuneration	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/); Satisfied customers and suppliers (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/aiming-at-a-functional-market/satisfied-customers-and-suppliers/)
Cooperation with stakeholders		
103-40	List of stakeholders	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/)
103-41	Collective bargaining agreements	Personnel (http://annualreport2017.hansel.fi/hansel-ltd/personnel/)
103-42	Identifying and selecting stakeholders	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/)
103-43	Stakeholder activities	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/)
103-44	Key topics and concerns raised through stakeholder engagement	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/); Satisfied customers and suppliers (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/aiming-at-a-functional-market/satisfied-customers-and-suppliers/)

Reporting practice

102-45	Entities included in the consolidated financial statements		Hansel is not a group. The financial statements provided cover all of the company's operations.
102-46	Defining report content and topic boundaries	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/); Materiality assessment (http://annualreport2017.hansel.fi/responsibility/responsibility-program/materiality-assessment/)	
102-47	List of material topics	Materiality assessment (http://annualreport2017.hansel.fi/responsibility/responsibility-program/materiality-assessment/)	
102-48	Restatements of information	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)	
102-49	Changes in reporting	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)	
102-50	Reporting period	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)	
102-51	Date of most recent report	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)	
102-52	Reporting cycle	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)	
102-53	Contact point for request for further information	Corporate responsibility reports at Hansel (http://annualreport2017.hansel.fi/responsibility/corporate-responsibility-management/corporate-responsibility-reports-at-hansel/)	

102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards (http://annualreport2017.hansel.fi/responsibility/gri/gri-standards/)
102-55	GRI content index	GRI Standards (http://annualreport2017.hansel.fi/responsibility/gri/gri-standards/)
102-56	External assurance	Independent assurance report (http://annualreport2017.hansel.fi/responsibility/gri/independent-assurance-report/)

Topic-specific contents:
Economic, social, and environmental responsibility

GRI indicator	GRI definition	Links	Additional information/Hansel's materiality topic
103 Management approach			
03-1	Management approach	Management of financial responsibility (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/management-of-financial-responsibility/); Code of Ethics	Financial responsibility
03-2		(http://annualreport2017.hansel.fi/responsibility/financial-responsibility/code-of-ethics/); Working guidelines as a daily aid (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/code-of-ethics/working-guidelines-as-a-daily-aid/); Digitalisation improves procurement efficiency	
03-3		(http://annualreport2017.hansel.fi/responsibility/financial-responsibility/digitalisation-improves-procurement-efficiency/); Responsibility developed on many fronts (http://annualreport2017.hansel.fi/responsibility/responsibility-program/responsibility-developed-on-many-fronts/); Responsible procurement (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/responsible-procurement/); Satisfied customers and suppliers (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/aiming-at-a-functional-market/satisfied-customers-and-suppliers/); Tax footprint (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/management-of-financial-responsibility/tax-footprint/)	

03-1	Management approach	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/); Social aspects included in contract terms (http://annualreport2017.hansel.fi/responsibility/social-responsibility/social-aspects-included-in-contract-terms/); Hansel is a good place to work (http://annualreport2017.hansel.fi/responsibility/social-responsibility/hansel-is-a-good-place-to-work/); Safe and modern solutions (http://annualreport2017.hansel.fi/responsibility/social-responsibility/safe-and-modern-solutions/); Accessibility included in the agenda (http://annualreport2017.hansel.fi/responsibility/social-responsibility/social-aspects-included-in-contract-terms/accessibility-included-in-the-agenda/)	Social responsibility
03-2			
03-3			
103-1	Management approach	Ecotag is a sign of a responsible framework agreement (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/ecotag-is-a-sign-of-a-responsible-framework-agreement/); Hansel reducing its ecological footprint (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/green-office-network-meeting-at-hansel-responsible-actions-through-procurement/hansel-reducing-its-ecological-footprint/); Responsible procurement (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/responsible-procurement/); Society's commitment to sustainable development 2050 (http://annualreport2017.hansel.fi/responsibility/responsibility-program/societys-commitment-to-sustainable-development-2050/)	Environmental responsibility
103-2			
103-3			

201 Economic performance

201-1	Direct economic value generated and distributed	Central procurement saves public funds (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/central-procurement-saves-public-funds/); Measurement of impact is being improved (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/central-procurement-saves-public-funds/measurement-of-impact-is-being-improved/); Hansel's services in great demand (http://annualreport2017.hansel.fi/hansel-ltd/hansels-services-in-great-demand/); Tax footprint (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/management-of-financial-responsibility/tax-footprint/)	Savings for the government
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203 Indirect economic impacts

203-2	Significant indirect economic impacts	Management of financial responsibility (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/management-of-financial-responsibility/); Digitalisation improves procurement efficiency (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/digitalisation-improves-procurement-efficiency/)	Grey economy
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203-2	Significant indirect economic impacts	Innovative public procurement (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/innovative-public-procurement/); New competence centre brings people together (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/innovative-public-procurement/new-competence-centre-brings-people-together/); Procurement - hackathon focusing on expert services (http://annualreport2017.hansel.fi/responsibility/social-responsibility/improved-competences-better-acquisitions/procurement-%c2%adhackathon-focusing-on-expert-services/)	Innovative public procurements
203-2	Significant indirect economic impacts	Digitalisation improves procurement efficiency (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/digitalisation-improves-procurement-efficiency/); New chat service received a warm welcome (http://annualreport2017.hansel.fi/responsibility/social-responsibility/towards-a-customer-driven-culture/new-chat-service-received-a-warm-welcome/)	Utilisation of digitalisation
203-2	Significant indirect economic impacts	Regulated public procurement (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/regulated-public-procurement/); Complaints and court proceedings related to tendering processes (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/regulated-public-procurement/complaints-and-court-proceedings-related-to-tendering-processes/); New solutions to old challenges (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/responsible-procurement/new-solutions-to-old-challenges/)	Influencing regulations
203-2	Significant indirect economic impacts	New forms of working (http://annualreport2017.hansel.fi/responsibility/social-responsibility/hansel-is-a-good-place-to-work/new-forms-of-working/)	New ways of working
203-2	Significant indirect economic impacts	Stakeholders (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/); International cooperation helps improve public procurement (http://annualreport2017.hansel.fi/responsibility/responsibility-program/stakeholders/international-cooperation-helps-improve-public-procurement/); Towards a customer-driven culture (http://annualreport2017.hansel.fi/responsibility/social-responsibility/towards-a-customer-driven-culture/)	Cooperation with stakeholders

204 Procurement practices

204-1	Proportion of spending on local suppliers	Aiming at a functional market (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/aiming-at-a-functional-market/)	Hansel does not calculate the share of suppliers but of framework agreements reached through regional bidding and the number of suppliers involved in them.
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205 Anti-corruption efforts

205-1	Operations assessed for risks related to bribery corruption	Management of financial responsibility (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/management-of-financial-responsibility/)	Anti-corruption efforts
205-2	Communication and training about anti-corruption policies and procedures	Open administration benefits everyone (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/open-administration-benefits-everyone/); Award-winning openness (http://annualreport2017.hansel.fi/responsibility/financial-responsibility/open-administration-benefits-everyone/award-winning-openness/)	Transparency

308 Supplier environmental assessment

Hansel 1	Consideration of environmental aspects in central procurement	Ecolabel is a sign of a responsible framework agreement (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/ecolabel-is-a-sign-of-a-responsible-framework-agreement/); Environmental aspects in stronger focus in the framework agreement for cars (http://annualreport2017.hansel.fi/responsibility/environmental-responsibility/ecolabel-is-a-sign-of-a-responsible-framework-agreement/environmental-aspects-in-stronger-focus-in-the-framework-agreement-for-vehicles/)	Hansel's assessment criterion: Hansel measures the share of framework agreements that have received an ecolabel of the total number of agreements
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401 Employment

401-1	Total number and share of new employees and employee turnover	Hansel is a good place to work (http://annualreport2017.hansel.fi/responsibility/social-responsibility/hansel-is-a-good-place-to-work/); Average age of Hansel employees lower (http://annualreport2017.hansel.fi/hansel-ltd/personnel/average-age-of-hansel-employees-lower/)	A motivating working community
401-2	Employee benefits	Hansel is a good place to work (http://annualreport2017.hansel.fi/responsibility/social-responsibility/hansel-is-a-good-place-to-work/); Average age of Hansel employees lower (http://annualreport2017.hansel.fi/hansel-ltd/personnel/average-age-of-hansel-employees-lower/)	

404**Personnel training and competence development**

404-1	Training days	Average age of Hansel employees lower (http://annualreport2017.hansel.fi/hansel-ltd/personnel/average-age-of-hansel-employees-lower/); Improved competences, better acquisitions (http://annualreport2017.hansel.fi/responsibility/social-responsibility/improved-competences-better-acquisitions/); Procurement hackathon focusing on expert services (http://annualreport2017.hansel.fi/responsibility/social-responsibility/improved-competences-better-acquisitions/procurement-%c2%adhackathon-focusing-on-expert-services/); More responsible procurement as part of customers' everyday operations (http://annualreport2017.hansel.fi/responsibility/responsibility-program/responsibility-developed-on-many-fronts/more-responsible-procurement-as-part-of-customers-everyday-operations/)	Sharing of know-how
405-1	Diversity of administrative bodies and personnel groups	Organisation and business operations (http://annualreport2017.hansel.fi/hansel-ltd/organisation-and-business-operations/); Board of Directors' proposal for the disposal of profit (http://annualreport2017.hansel.fi/economic/annual-report/styrelsens-framstallan-om-behandlingen-av-rakenskapsperiodens-resultat/); Average age of Hansel employees lower (http://annualreport2017.hansel.fi/hansel-ltd/personnel/average-age-of-hansel-employees-lower/)	

Human rights

412-3	Number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Electronics for the government in a more responsible manner (http://annualreport2017.hansel.fi/responsibility/social-responsibility/electronics-for-the-government-in-a-more-responsible-manner/); Social aspects included in contract terms (http://annualreport2017.hansel.fi/responsibility/social-responsibility/social-aspects-included-in-contract-terms/)	A pilot project for the consideration of social responsibility is underway. Percentages cannot yet be calculated. Hansel is preparing a code of conduct to ensure the implementation of human rights in the framework agreements.
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418 Privacy protection

418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Safe and modern solutions (http://annualreport2017.hansel.fi/responsibility/social-responsibility/safe-and-modern-solutions/); Personal data protection (http://annualreport2017.hansel.fi/responsibility/social-responsibility/safe-and-modern-solutions/personal-data-protection/)	Data security
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Independent assurance report

This document is a translation of the Finnish assurance report

To the Management of Hansel Oy

We have been engaged by the Management of Hansel Oy (hereafter “Hansel”) to provide limited assurance on the corporate responsibility information from the reporting period 1. January – 31. December 2017, which has been presented in all sub-sections of the “Responsibility” section and the information presented under the “Personnel” sub-section in the section “Hansel Ltd” in Hansel’s Annual Report 2017 published on the web (hereafter “Corporate Responsibility Information”).

Global Reporting Initiative (GRI) Sustainability Reporting Standards was used as the assurance criteria (hereafter “GRI Standards”).

Inherent limitations on the engagement

The inherent limitations on accuracy and completeness in data related to Corporate Responsibility Information are to be taken into account when reading our assurance report. The presented Corporate Responsibility Information is to be considered in connection with the explanatory information on data collection, consolidation and assessments provided by Hansel.

The Management of Hansel is responsible for the measuring, preparation and presentation of the Corporate Responsibility Information in accordance with the GRI Standards.

Our responsibility is to express an independent conclusion on Corporate Responsibility Information. We have conducted the engagement in accordance with ISAE 3000 (Revised). To the fullest extent permitted by law, we accept no responsibility to any party other than Hansel for our work, for this assurance report, or for the conclusions we have reached.

We are independent from the company according to the ethical requirements in Finland and we have complied with other ethical requirements, which apply to the engagement conducted. We apply the International Standard on Quality Control 1 (ISQC 1) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of the work performed

A limited assurance engagement consists primarily of making inquiries of persons responsible for the preparation of Corporate Responsibility Information presented, and applying analytical and other evidence gathering procedures, as appropriate. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower.

In our engagement we have performed the following procedures:

- Interviews with members of Hansel personnel;
- An assessment of conformity with the reporting principles of GRI Standards in the presentation of the Corporate Responsibility Information;
- An assessment of coverage of the material aspects selected for the Corporate Responsibility Information and the definition of reporting boundaries in the context of Hansel’s business operations and sector;
- An assessment of data management processes, information systems and working methods used to gather and consolidate the Corporate Responsibility Information;
- A review of the Corporate Responsibility Information with an assessment of information quality and reporting boundary definitions and;
- Assessment of data accuracy and completeness through a review of the original documents and systems on a sample basis.

Conclusions

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

Helsinki, 16. March 2018
KPMG Oy Ab

Harri Leppiniemi
CIA

Niina Turri
Senior Manager