



**Listing of
EUR 600,000,000 Notes due 2027
The Notes are represented by units in denominations of EUR 100,000.**

On 16 June 2020, the Employment Fund (in Finnish, *Työllisyysrahasto*) (the “**Issuer**”) issued senior unsecured notes with an aggregate nominal amount of EUR 600,000,000 (the “**Notes**”). The Notes are represented by units in denominations of EUR 100,000. The rate of interest of the Notes is 0.010 per cent per annum. The Notes will be redeemed at their nominal principal amount on 16 June 2027, unless previously redeemed or purchased and cancelled as described in the terms and conditions of the Notes (“**Terms and Conditions**”). The Notes were issued in the book-entry securities system of Euroclear Finland Oy in dematerialised form under the Finnish Act on Book-Entry System and Clearing Activities (in Finnish, *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) (348/2017, as amended).

The Notes are expected to be assigned a credit rating of ‘AA+’ by S&P Global Ratings (“**S&P**”). The Issuer has a credit rating of ‘AA+’ long-term and ‘A-1’ short-term with stable outlook from S&P. The latest rating report on the Issuer was issued by S&P on 25 September 2019.

This listing prospectus (the “**Listing Prospectus**”) has been prepared solely for the purpose of listing the Notes on the official list of Nasdaq Helsinki Ltd (the “**Helsinki Stock Exchange**”) (the “**Listing**”) and does not constitute any offering of the Notes. The Issuer has applied for listing of the Notes on the Helsinki Stock Exchange, and trading in the Notes is expected to commence on or about 18 June 2020 under the trading code “TYOJ001027”. The validity of this Listing Prospectus expires when the Notes have been admitted to trading on the Helsinki Stock Exchange. See “*Important Information*” for information on the Issuer’s obligation to supplement this Listing Prospectus prior to the Listing.

Besides filing this Listing Prospectus with the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) and the application to the Helsinki Stock Exchange, neither the Issuer nor the Joint Lead Managers (as defined below) have taken any action, nor will they take any action to render the public offer of the Notes or their possession, or the distribution of this Listing Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of public offer.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any State of the United States. The Notes may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (the “**Regulation S**”), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investment in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “*Risk Factors*” below.

Joint Lead Managers



IMPORTANT INFORMATION

PRIIPs Regulation / EEA or UK investor – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”) or the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

This Listing Prospectus has been prepared in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the “**Prospectus Regulation**”), the Commission Delegated Regulation (EU) 2019/979, the Commission Delegated Regulation (EU) 2019/980, in application of the Annexes 7 and 15 thereof, the Finnish Securities Markets Act (746/2012, as amended) (the “**Finnish Securities Markets Act**”) and the regulations and guidelines issued by the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland has approved the Listing Prospectus but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Listing Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Notes nor the Issuer. Investors should make their own assessment as to the suitability of investing in the Notes. The record number of the FIN-FSA’s approval is FIVA 37/02.05.04/2020. This Listing Prospectus has been prepared in English only. This Listing Prospectus is valid until the Listing.

This Listing Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Listing Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Listing Prospectus. See “*Information Incorporated by Reference.*”

Danske Bank A/S (“**Danske Bank**”), Nordea Bank Abp (“**Nordea**”) and Swedbank AB (publ) (“**Swedbank**” and together with Danske Bank and Nordea, the “**Joint Lead Managers**”) are acting exclusively for the Issuer in connection with the listing of the Notes and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor giving investment or other advice in relation to the Notes.

Prospective investors should rely solely on the information contained in this Listing Prospectus including information incorporated by reference into this Listing Prospectus. Neither the Issuer nor the Joint Lead Managers have authorised anyone to provide any information or give any statements other than those provided in this Listing Prospectus. The Joint Lead Managers assume no responsibility for the accuracy or completeness of the information in this Listing Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Listing Prospectus or any such statement. Delivery of this Listing Prospectus shall not, under any circumstances, indicate that the information presented in this Listing Prospectus is correct on any day other than the date of this Listing Prospectus, or that there would not be any changes in the business of the Issuer after the date of this Listing Prospectus. Any investor investing in the Notes becomes bound by the final Terms and Conditions. Information given in this Listing Prospectus is not a guarantee or grant for future events by the Issuer and shall not be considered as such. If a significant new factor, material mistake or material inaccuracy relating to the information included in this Listing Prospectus which may affect the assessment of the Notes arises or is noted prior to the Listing, this Listing Prospectus will be supplemented in accordance with the Prospectus Regulation. The obligation to supplement this Listing Prospectus under the Prospectus Regulation will end when the Listing Prospectus expires.

In making an investment decision, each investor must rely on their examination, analysis and enquiry of the Issuer and the Terms and Conditions, including the risks and merits involved. Neither the Issuer, nor the Joint Lead Managers nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes. The contents of this Listing Prospectus are not to be construed as legal, business, tax, financial or other advice.

It is prohibited to copy or distribute this Listing Prospectus or to reveal or use the information contained herein for any purpose other than considering an investment in the Notes. The distribution of this Listing Prospectus and the offer and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Listing Prospectus may not be distributed in the United States, Australia, Canada, Hong Kong, South Africa, Japan, New Zealand or Singapore or such other countries or otherwise in such circumstances in which the offering of the Notes would be unlawful or require measures other than those required under the laws of Finland. This Listing Prospectus does not constitute an offer of, or an invitation to purchase, the Notes in any jurisdiction. No offer will be made to persons whose participation in the offering of the Notes requires any additional Listing Prospectus or registration. None of the Issuer, the Joint Lead Managers or any of their respective affiliates or representatives accepts any legal responsibility for any such violations by any person or entity, whether or not a prospective purchaser of Notes, and whether or not the person or entity is aware of such restrictions.

The Notes are governed by and construed in accordance with Finnish law. Any dispute arising in relation to the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law. The auditor of the Issuer has audited the Finnish language versions of the financial statements that shall prevail. English language versions of the financial statements are unofficial translations thereof.

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RISK FACTORS

Investors considering investment in the Notes should carefully review the information contained in this Listing Prospectus and, in particular, the risk factors described below. Factors possibly affecting the investment decision are also discussed elsewhere in this Listing Prospectus. Should one or more of the risks described herein materialise, it could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or that are material in order to assess the market risk associated with the Notes. This description is based on the information known and assessed at the time of preparing this Listing Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult with their own professional advisers if they consider it necessary.

The risk factors presented herein have been divided into five (5) categories based on their nature. These categories are:

- A. Risks relating to the Issuer's operating environment;*
- B. Risks relating to the Issuer's operations;*
- C. Risks relating to regulations and laws;*
- D. Risks relating to the Issuer's financing; and*
- E. Risks relating to the status and form of the Notes.*

While the categories are not presented in any order of materiality, within each risk category the most material risks, in the assessment of the Issuer, taking into account the negative impact on the Issuer and the probability of their occurrence, are presented first. However, the order in which the risk factors are presented after the first risk factors in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of the categories does not represent any evaluation of the materiality of the risk factors within that category, when compared to risk factors in another category.

Capitalised words and expressions in this section shall have the respective meaning defined in the Terms and Conditions.

A. Risks relating to the Issuer's operating environment

Unfavourable macroeconomic developments in Finland, especially increases in unemployment, may adversely affect the Issuer's operations, liquidity and financial condition

The Issuer, as the manager of Finland's unemployment insurance scheme, is particularly sensitive to national macroeconomic trends. The Issuer conducts its operations exclusively in Finland and its operations rely on the prospects of the Finnish economy. Therefore, the macroeconomic factors relating to Finland, and more specifically its unemployment rate and factors affecting the unemployment rate such as GDP (gross domestic product) development, inflation rate, interest rates, currency exchange rates and tax rates, together with various other factors, may have a material adverse impact on the Issuer's operations, liquidity and financial condition.

The outbreak of the COVID-19 pandemic ("**Coronavirus**") causes substantial uncertainty in the financial markets and the general economy. The Coronavirus outbreak has restricted the level of economic activity both in Finland and globally. The Coronavirus outbreak and measures undertaken by governments to prevent the virus from spreading have led to severe consequences to Finland's economy as well as adversely affected companies and households. On 16 April 2020, the Ministry of Finance of Finland estimated that the Finnish economy will contract by 5.5 per cent (2021: increase by 1.3 per cent), the employment rate will decline by two per cent to just over 71 per cent and unemployment rate will increase to 8.0 per cent (2021: 8.1 per cent) in 2020. The assumption in the forecast is that the measures restricting the level of economic activity will remain in place for three months. Should the restricting measures last longer, the effects on the economy will likely be even more severe. According to the Ministry of Finance, if restrictions last for six months, the Finnish economy is estimated to contract by 12.0 per cent (2021: 0.2 per cent) and unemployment rate is estimated to increase to 11.3 per cent (2021: 12.6 per cent) in 2020.¹ According to the Ministry of Economic Affairs and Employment of Finland, as at 12 May 2020, some 488 thousand employees in Finland had already been subject to co-operation negotiations, and some 168 thousand employees had been temporarily laid off.² On 9 April 2020, the Issuer announced that the sudden increase in lay-offs and unemployment caused by the Coronavirus are expected to lead to a significant increase in unemployment benefit costs and the Issuer expects its funding needs for 2020 to be some EUR 1.9 billion higher than originally budgeted.

¹ The Ministry of Finance of Finland, Economic Survey, Spring 2020, Publications of the Ministry of Finance – 2020:32, http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162180/VM_2020_32.pdf?sequence=1&isAllowed=y.

² The Ministry of Economic Affairs and Employment of Finland, 12 May 2020, <https://tem.fi/koronaviruksen-vaikutukset-tyollisyystilanteeseen>. The figures set forth the notifications of employers who employ at least 20 people. Pursuant to the Finnish Act on Co-operation within Undertakings (334/2007), employers with less than 20 employees are not required to notify the employment office of lay-offs under consideration.

The rapid spread of the Coronavirus and the restrictive measures undertaken by governments are likely to have a material adverse effect on global economic and financial market conditions. The uncertainty relating to the financial markets may create economic and financial disruptions and even a financial crisis. The Issuer continues to monitor the situation and assesses further possible implications to its business and customers, but cannot as at the date of this Listing Prospectus predict the full impact of the Coronavirus.

In addition to the Coronavirus, the global economic and financial market conditions have repeatedly undergone significant turmoil due to, among other factors, the ongoing sovereign debt issues in certain European countries, particularly in certain eurozone Member States, the decision of the United Kingdom to withdraw from the European Union and the continuous trade tensions between the United States and China with regards to trade tariffs. Any adverse development of global economic and financial markets is expected to also adversely affect Finland and the Finnish labour markets, thereby also adversely affecting the Issuer, as an increase in the Finnish unemployment rate increases the Issuer's expenses and decreases its income.

The Issuer's finances are mainly managed through the regulation of unemployment contribution amounts determined on an annual basis in advance (for further information, see "*A. Risks relating to the Issuer's operating environment – The Issuer is dependent on the actions of the Finnish Parliament and partly on the state of Finland's finances*" below). Failure in maintaining the unemployment insurance contributions at an appropriate level or in anticipating changes in its operating environment may result in a funding gap, which could have a material adverse effect on the Issuer's liquidity and financial condition and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer is dependent on the actions of the Finnish Parliament and partly on the state of Finland's finances

The Issuer is considered to be part of indirect public administration (in Finnish, *välillinen julkishallinto*) of Finland, and it was established by law through the Finnish Act on Financing of Unemployment Benefits (in Finnish, *laki työttömyysetuuksien rahoituksesta*) (555/1998, as amended). However, the Issuer is dependent on the actions of the Finnish Parliament and partly on the state of Finland's finances, as described below.

The Issuer's income consists mainly of unemployment insurance contributions, which is affected, inter alia, by the level of payment percentages in respect of the unemployment insurance contributions and the unemployment rate. In 2019, the Issuer's total income was EUR 3,353 million, and the unemployment insurance contributions collected by the Issuer were EUR 3,345 million. In 2019, the Issuer's income from employers' unemployment insurance contributions amounted to EUR 1,238 million, employees' unemployment insurance contributions amounted to EUR 1,379 million, government contribution to EUR 688 million and employers' liability components amounted to EUR 39 million.

The Issuer's largest expenses consist of the financing of earnings-related unemployment allowances, a contribution paid to the Finnish Centre for Pensions (in Finnish, *Eläketurvakeskus*) to cover the pension liabilities and certain other expenses as well as an annual prepayment to the Finnish Social Insurance Institution (in Finnish, *Kansaneläkelaitos*) ("**Kela**") from the employees' unemployment insurance contribution income, corresponding to the percentage of employees who are not members of an unemployment fund (in Finnish, *työttömyyskassa*). The amount of the Issuer's expenses depends to a significant extent on the unemployment rate in Finland. In 2019, the Issuer's total expenses were EUR 2,659 million, and subsidies paid by the Issuer to sectoral unemployment funds were EUR 1,639 million (including government contribution of EUR 685 million).

The Issuer's finances are mainly managed through the regulation of unemployment insurance contribution amounts determined on an annual basis. The Issuer makes a proposal on the level of payment percentages in respect of the unemployment insurance contributions to the Ministry of Social Affairs and Health each year in August and the percentages for the next calendar year are set by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits. Maintaining unemployment insurance contributions at an appropriate, steady level is one of the Issuer's core strategic goals. Although the Issuer would assess the level of payment percentages in respect of the unemployment insurance contributions correctly in its future proposals, there can be no guarantees that the Finnish Parliament will set the level of payments in accordance with the Issuer's proposal.

Pursuant to the Act on temporary change of the Finnish Act on Financing of Unemployment Benefits (in Finnish, *laki työttömyysetuuksien rahoituksesta annetun lain väliaikaisesta muuttamisesta*) (215/2020), which entered into force on 9 April 2020 as is in force until 6 July 2020, the Finnish state temporarily undertook to pay the full earnings-related unemployment allowance for the liability component period (in Finnish, *omavastuu aika*). There can however be no assurance that the Finnish state would continue to assume this obligation post 6 July 2020.

In 2019, the state of Finland's GDP was approximately EUR 240 billion and general government gross debt-to-GDP ratio 59.4 per cent. The Ministry of Finance of Finland estimated that if the restrictive measures due to the Coronavirus last

for three months, the general government debt-to-GDP ratio is estimated to rise by nearly ten percentage points during 2020, to nearly 70 per cent (2021: 71.5 per cent) and the general government deficit is estimated to increase to 7.2 per cent of GDP in 2020 and to be 4.0 per cent of GDP in 2021. The sudden rise in the debt-to-GDP ratio is caused by the contraction of GDP and especially by a large increase in central government and local government deficits. In 2024, the debt ratio may already be close to 80 per cent. If restrictions last for 6 months, the general government debt-to-GDP ratio is expected to rise to 76.2 per cent (2021: 82.8 per cent) and the general government deficit to increase to 10.5 per cent (2021: 8.1 per cent) of GDP in 2020. The risks affecting general government finances are closely connected with the overall economic developments. There is considerable uncertainty related to the duration of the Coronavirus and the speed of which the economy recovers once the epidemic subsides.³ On 20 March 2020, the Finnish Government proposed extensive economic measures to minimise the impact of the Coronavirus. According to the Government's estimate, the overall scale of the measures will be approximately EUR 15 billion, most of which will be funded by additional debt. The weakening of the state economy may have an adverse effect on the credit rating of the Issuer and the Notes. For further information on credit ratings, see “-E. Risks relating to the Notes – Credit ratings assigned to the Notes and the Issuer may not be accurate”.

On 9 April 2020, the Issuer announced that it has signed back-up revolving credit facility agreements with five commercial banks for a total amount of EUR 800 million to secure its liquidity needs. On 11 June 2020, the Government of Finland granted a state guarantee for the aforementioned facilities. If the state guarantee for credit facility agreements is revoked, certain provisions on the mandatory prepayment and cancellation of the relevant facilities apply. In accordance with its announcement dated 25 March 2020, the Issuer will continue to prepare further measures to secure its liquidity and the payment of daily unemployment allowances (in Finnish, *työttömyyspäiväraha*). Such measures will require, inter alia, government action to secure the Issuer's financing. The financial challenges of the state of Finland may be reflected in the state's difficulty in guaranteeing the Issuer's debt and otherwise securing the Issuer's financing, which may have a material adverse effect on the Issuer's availability of financing, liquidity and financial condition and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

B. Risks relating to the Issuer's operations

The Issuer may not succeed in proposing an appropriate level of unemployment insurance contributions and the Issuer's buffer fund may be negative during periods of recession, as a result of which the Issuer may not be able to fund its operations

The Issuer proposes the rate of unemployment insurance contributions to be collected annually to the Ministry of Social Affairs and Health, and consequently the Issuer is not entitled to determine the rates independently although the Finnish Parliament has never deviated from the unemployment insurance contributions levels proposed by the Issuer. The level of unemployment insurance contributions is determined only once a year based on forecasts, and hence the actual funding needs of the Issuer may not correspond to the level of contributions paid as predicting the future unemployment level is difficult and subject to various uncertainties. When unemployment increases, the Issuer's expenses increase and its income decreases. Maintaining unemployment insurance contributions at an appropriate, steady level is one of the Issuer's core strategic goals. In case the unemployment insurance contributions are set on a level lower than optimal, a funding gap between the Issuer's actual income and expenses arises, requiring the Issuer to fund such shortage through its buffer fund or debt financing in case the buffer fund has been utilised, exposing the Issuer to liquidity risk in case such debt financing is not available. On the other hand, in case the unemployment insurance contributions are set on a level higher than optimal, the unnecessary high unemployment insurance contributions may adversely affect the Finnish economy as unemployment insurance contributions paid reduce companies' funds available for other purposes. Whilst both the contributions and the unemployment benefits are based on legislation, the Issuer seeks to manage the risks related to setting the unemployment insurance contributions at an appropriate, steady level through competent anticipation of predictable changes in the operating environment.

The Issuer has a business cycle buffer fund to secure its liquidity and to balance the changes in the unemployment insurance contributions due to economic cycles. Unemployment insurance contributions are recognised as income on an accruals basis in accordance with the International Financial Reporting Standards (the “IFRS”), as adopted in the EU. The unemployment insurance contributions are, however, invoiced at a later stage, as a result of which the Issuer's liquidity is approximately EUR 500–600 million less than the net asset value of the business cycle buffer. The buffer is also important given the fact that the timing of the Issuer's income and expenses deviate significantly during the year. The unemployment insurance contributions are paid four times a year, whereas the Issuer's expenses are divided more evenly throughout the year as the unemployment benefits are paid out monthly. Thus, the Issuer's assets may vary quite

³ The Ministry of Finance of Finland, Economic Survey, Spring 2020, Publications of the Ministry of Finance – 2020:32, http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162180/VM_2020_32.pdf?sequence=1&isAllowed=y; The Ministry of Finance of Finland, Finland's Stability Programme, April 2020, Publications of the Ministry of Finance – 2020:38, https://ec.europa.eu/info/sites/info/files/2020-european-semester-stability-programme-finland_en.pdf.

significantly during a short period of time. The business cycle buffer is an important part of securing the Issuer's liquidity as its expenses increase unexpectedly.

The Issuer seeks to ensure the sufficiency of the buffer fund by utilising diverse forecasting methods as a basis for the unemployment insurance contribution rates it proposes (see “– A. Risks relating to the Issuer's operating environment – Unfavourable macroeconomic developments in Finland, especially increases in unemployment, may adversely affect the Issuer's operations, liquidity and financial condition” above). The maximum value of the buffer is an amount corresponding to the expenses within a year that would be incurred by the Issuer for an unemployment rate of six percentage points. During periods of recession, the buffer may be negative, in which case the Issuer's liquidity must be ensured, at least in part, by debt financing. As at 31 December 2019, the accumulated surplus in the buffer amounted to EUR 1,668 million (as at 31 December 2018, the accumulated surplus amounted to EUR 969 million). Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer is entitled to incur debt in order to fulfil its obligations. Subject to the approval of the FIN-FSA, the Issuer may also incur debt in order to secure its liquidity. However, if the Issuer's business cycle buffer fund turns negative, the Issuer may incur debt without a specific approval from the FIN-FSA.

Prior to the outbreak of the Coronavirus, according to the Issuer's estimates, it had a good cash position and a stable buffer fund. The sudden increase in lay-offs and unemployment in 2020 is expected to lead to a significant increase in unemployment benefit costs and, should the buffer fund become negative, there can be no certainty that the Issuer succeeds in obtaining debt financing to the required extent or on favourable terms. For further information, see “– C. Risks relating to the Issuer's financing – The Issuer may not receive financing at competitive terms or at all” and “– C. Risks relating to the Issuer's financing – The Issuer's incurrence of debt may adversely affect its operations”. Such risks, if realised, may have a material adverse effect on the Issuer's operations and liquidity and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

The Issuer may not succeed in its investment operations as expected

Pursuant to the Finnish Act on Financing Unemployment Benefits, the Issuer must manage its funds productively and prudently in a manner that the Issuer's liquidity is secured as well as draw up an investment plan for the investment of the Issuer's funds. The investment operations and risk limits of the Issuer are provided for in more detail in the investment principles approved by the Issuer's Supervisory Board and the investment plan approved by the Issuer's Board of Directors. For more information, see “Information about the Issuer – Funding of the Issuer's Obligations – Investment operations”.

In 2019, the Issuer invested actively in moneymarket instruments, bonds and, to a lesser degree, also equities, as well as alternative investments. The Issuer achieved a return of 0.8 per cent on invested assets in 2019 (2018: -0.1 per cent). The return surpassed the expectation entered in the investment plan, but it underperformed in comparison with the reference return on investment activities. As a rule, the market risk of the Issuer's investments is measured by the stress test method, in which a risk indicator expressed as annual volatility is assigned to each investment class on the basis of historical fluctuations in value. In 2019, the risk indicator for the Issuer's investments was 25 per cent (2018: 25 per cent) for equity investments, 4–7 per cent (2018: 4–7 per cent) for bond investments, 10 per cent (2018: 10 per cent) for alternative investments and 1 per cent (2018: 1 per cent) for money-market investments and 0.5 per cent (2018: 1 per cent) for bank deposits. There can be no certainty that the Issuer succeeds in its investment operations as expected. Materialisation of the risks included in the Issuer's investment decisions may add pressure to increase unemployment insurance contributions and have a material adverse effect on the Issuer's liquidity and financial condition and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Any significant problems with information systems may have a material adverse effect on the Issuer's operations

The Issuer's operations rely on various applications and other information technologies, and in recent years, the significance of information management and information systems has increased in the Issuer's operations. When the Issuer began using the Incomes Register (in Finnish, *tulorekisteri*) maintained by the Finnish Tax Administration (in Finnish, *Verohallinto*) in 2019, it updated the information systems used to assess and collect unemployment insurance contributions, as well as its customer-facing service. As changes are made, it is important to safeguard the Issuer's operational continuity. The potential for cyber crime and information security threats has also become one of the most serious risks affecting public administration and enterprises.

Many of the information system applications and underlying infrastructure are vulnerable for failures and could result in operative interruptions. Any significant problems with information systems may have an adverse effect on the Issuer's operations and on its ability to perform its day-to-day operations, including collection of contributions and payment of benefits, reliability of the forecasts used by the Issuer as well as management of the Issuer's finances.

Failure to attract qualified personnel or a loss of key personnel could disrupt the Issuer's operations

The operations of the Issuer depend to a large extent upon the continued contributions of its personnel. Therefore, the Issuer depends on its ability to recruit, train, motivate and retain highly skilled employees, and the loss of key personnel who has specific knowledge of the Issuer's operations may have a material adverse effect on the Issuer's operations. For example, the Issuer's operations could be adversely affected by the Issuer's personnel exceptionally widespread and serious exposure to the Coronavirus, which is managed through large-scale remote working and deputy arrangements. The risk related to human capital is also managed, for example, through up-to-date recovery and readiness plans. However, the Issuer may require additional resources in certain functions in the future, and it could become increasingly difficult for the Issuer to hire and retain personnel with the level of experience and qualifications the Issuer depends upon. Such risks, if realised, may have a material adverse effect on the Issuer's ability to perform its statutory obligations.

C. Risks relating to regulations and laws

The Issuer collects and processes personal data as part of its daily business and the leakage of such data or failure to process the data in accordance with applicable regulation could have a material adverse effect on Issuer's business and reputation as well as result in claims for damages and orders imposed by the authorities

The Issuer collects, stores and processes significant amounts of personal data as part of its business operations to, inter alia, perform its statutory duties. Processing of personal data is subject to legislation that sets the requirements for the processing activities and data security as well as defines the obligations of the data controller and data processor. The EU's General Data Protection Regulation (regulation (EU) 2016/679, the "GDPR") is a general regulation on the processing of personal data. The GDPR is specified and supplemented by the Finnish Data Protection Act (in Finnish, *tietosuojalaki*) (1050/2018, as amended) as well as a number of specific laws.

If the Issuer fails to comply with applicable regulations regarding personal data, the Issuer is exposed to the risk of damages and other possible costs. The Issuer may also need to take corrective actions, change its processes and operations, or revise or change its information systems and related processes to ensure compliance with the GDPR. Additionally, due to non-compliance with the GDPR, the Issuer may be ordered to delete personal data, and be prohibited from processing personal data or the processing of personal data may be temporarily or permanently restricted. The Data Protection Ombudsman of Finland (in Finnish, *tietosuojavaltuutettu*) may impose a conditional fine for the purpose of enforcing an order under certain circumstances. Specific legislation also imposes its own sanctions for non-compliance. In addition, the awareness of data subjects about their rights, such as the right to have their personal data deleted in certain situations or to object to the processing of such data, may affect the Issuer's operations in the event of a large number of requests. It also cannot be fully excluded that the Issuer could have contractual liability in the event a processor acting on behalf of the Issuer would be subject to the GDPR related sanctions.

The Issuer may also be subject to personal data breaches. Possible causes of personal data breaches include hacking, malware, encryption errors in information systems, human error in the processing of personal data in physical or electronic form, errors in the transfer of large amounts of data from one system to another, or the unlawful viewing, disclosure or use of personal data by employees or third parties. For more information on cyber security risks to information systems, see "*B. Risks relating to the Issuer's operations – Any significant problems with information systems may have a material adverse effect on the Issuer's operations*".

Due to the paucity of legal praxis related to GDPR, there is still a bit of uncertainty in the interpretation of the legislation. The GDPR may be interpreted and applied inconsistently between Member States, and data protection regulation may conflict with other legislation. The above increases the risk of unintended regulatory breaches.

Laws and practices relating to the Issuer may change

The Issuer is established through specific parliamentary acts and exists as a public institution, the operations and functions of which are specified in the laws of Finland, and due to its legal status, the Issuer cannot be declared bankrupt pursuant to the Finnish Bankruptcy Act (in Finnish, *konkurssilaki*) (120/2004, as amended) or enter into corporate reorganisation pursuant to the Finnish Restructuring of Enterprises Act (in Finnish, *laki yrityksen saneerauksesta*) (47/1993, as amended). However, claims against the Issuer may be enforced through recovery procedures pursuant to the Finnish Enforcement Code (in Finnish, *ulosottoaari*) (705/2007, as amended). Should the Issuer's legal status be amended during the term of the Notes, it might affect the investors' rights against the Issuer in respect of the Notes although the Noteholders are entitled to demand premature repayment of the Notes pursuant to Clause 8 (*Change in Status of the Issuer*).

Pursuant to an interpretation of the FIN-FSA stated in its Regulations and Guidelines 5/2019, exposures to the Issuer shall be treated as exposures to public sector entities referred to in Article 116 of the EU Regulation (575/2013) on prudential requirements for credit institutions and investment firms. There is, however, no assurance that the relevant EU regulations would not be changed in the future or that the FIN-FSA would maintain this interpretation so that the treatment of the

exposure to the Issuer would not change in the future. Such change may have an adverse effect on certain investors, credit institutions in particular, resulting in decreased investor appetite for the Notes, implied increased risk and as a consequence, reduce demand for, market price and value of the Notes.

Changes in the regulatory framework or government policies relating to the unemployment insurance system may require the Issuer to adapt its activities, assets, liabilities or strategy, possibly leading to a negative impact on the Issuer's operations, an increase in its expenses or a slowing or even halting of the development of certain activities.

D. Risks relating to the Issuer's financing

The Issuer is exposed to liquidity risk

The Issuer requires, and expects to continue to require, a significant amount of liquidity and capital resources to finance the performance of its statutory obligations. The Issuer's liquidity is mainly generated by collecting unemployment insurance contributions. If the Issuer fails to propose an appropriate level of unemployment insurance contributions, the Issuer must finance its operations through debt financing or by utilising the buffer fund. See also risk "*The Issuer may not succeed in proposing an appropriate level of unemployment insurance contributions and the Issuer's buffer fund may be negative during periods of recession, as a result of which the Issuer may not be able to fund its operations*". In addition to unemployment insurance contributions, the Issuer has a business cycle buffer and may be able to obtain further liquidity by issuances of commercial paper under its commercial paper programme totalling EUR 300 million and should be able to obtain further liquidity by drawdowns under its revolving credit facilities totalling EUR 800 million. As at the date of this Listing Prospectus, the Issuer has no debt outstanding under the revolving credit facility agreements.

If an event of default by the Issuer occurs under the terms and conditions of the revolving credit facility agreements signed in April 2020, the lenders may cancel their commitments under the facilities or declare all or part of the loans then outstanding immediately due and payable. If it becomes unlawful for any lender in any applicable jurisdiction to perform any of its obligations as contemplated by the revolving credit facility agreements or to fund or maintain its participation in any loan or if the state guarantee is revoked or otherwise ceases to be valid and enforceable, certain provisions on the mandatory prepayment and cancellation of the relevant facilities apply. There can be no assurance that the Issuer at such time would have the necessary funds to repay the revolving credit facilities or that any alternative liquidity source is available.

Any failure in the liquidity management could have a material adverse effect on the Issuer's ability to fulfil its statutory obligations.

The Issuer may not receive financing at competitive terms or at all

Uncertainty in the financial market may mean that the price of the financing needed to carry out the Issuer's tasks will increase and/or that it will be less readily available. The Issuer has aimed to reduce the risk relating to the availability of financing by agreeing on revolving credit facilities in the aggregate amount of EUR 800 million in April 2020 (see "*Financial and Trend Information, Prospects – Recent Events*"). The level of the Issuer's leverage may affect its ability to refinance its existing credits and secure its future financing needs. The level of the Issuer's leverage could also limit its ability to react to changes in market conditions and economic downturns if the Issuer's chances of reducing financing costs and obtaining additional financing decreases.

The Issuer's incurrence of debt may adversely affect its operations

Extensive indebtedness may have a material adverse effect on the operations of the Issuer, such as (i) limiting the Issuer's ability to raise additional finance on corresponding or more favourable financial and other terms than currently in force; (ii) increased amount of funds being used for payments of the principle and interests of the debts, which would reduce the assets and cash flows available for the Issuer's other obligations unless the Issuer's income correspondingly increases; and (iii) exposing the Issuer to increases in interest rate levels.

Should any of the above factors materialise, it may have a material adverse effect on the Issuer's liquidity and financial condition and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

E. Risks relating to the status and form of the Notes

The following risk factors are, among other things, material in order to assess the risks associated with the Notes. Words and expressions in this section shall have the meaning defined in Annex A "*Terms and Conditions of the Notes*".

The Notes are not guaranteed or covered by any security and therefore will effectively be subordinated to any secured debt

Unlike certain other debt obligations of the Issuer, which are secured by a guarantee issued by the Finnish Government, the Notes will not be guaranteed and will not be obligations of anyone other than the Issuer, and no one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

The Notes are unsecured debt instruments. The Terms and Conditions permit the Issuer to incur additional secured indebtedness in the future subject to certain limitations (see Clause 9 (*Negative Pledge*) of the Terms and Conditions that may fall due before the Notes. As at the date of this Listing Prospectus, the Issuer has not incurred any secured debt. The Noteholders are unsecured creditors if they are required to enforce their claims and claims under the Notes rank junior to claims under the Issuer's secured indebtedness. Accordingly, in addition to that any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Notes, and may result in a material decline in their market price (if a market for the Notes develops and is maintained), such adverse change may endanger the probability that the Noteholders will receive the prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Noteholders pursuant to the Notes from time to time and as it cannot be assured that there will be sufficient funds to pay amounts due on the Notes. The Noteholders may lose the invested amount partly or entirely. See also Clause 2 (*Status and Security*) of the Terms and Conditions.

Credit ratings assigned to the Notes and the Issuer may not be accurate

The Notes are expected to be assigned a credit rating of 'AA+' by S&P. The Issuer has a credit rating of 'AA+' long-term and 'A-1' short-term with stable outlook from S&P. The latest rating report on the Issuer was issued by S&P on 25 September 2019. Such ratings do not necessarily reflect the potential impact of the risk factors described in this section, and other risk factors may affect the value of the Notes. Further, the credit ratings assigned by S&P to the Notes and the Issuer may not reflect the credit ratings that other credit rating agencies may assign to the Notes and/or the Issuer. A credit rating does not constitute a recommendation to buy, sell or hold Notes and may be revised, suspended, modified or withdrawn by S&P at any time.

Active trading market for the Notes may not develop

The Notes constitute a new issue of securities by the Issuer. Prior to the Listing, there is no public market for the Notes. Although an application will be made to list the Notes on the Helsinki Stock Exchange, no assurance can be given that such application will be approved. In addition, listing of the Notes will not guarantee that a liquid public market for the Notes will develop and even if such a market were to develop neither the Issuer nor the Lead Managers are under any obligation to maintain such market. The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such factors may significantly affect the liquidity and the market prices of the Notes, which may trade at a discount to the price at which the Noteholders purchased the Notes.

If an active trading market for the Notes does not develop or is not maintained, it may result in a material decline in the market price of the Notes, and the liquidity of the Notes may be adversely affected. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Further, if additional and competing products are introduced in the markets, this may also result in a material decline in the market price and value of the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Since the Notes bear a fixed interest rate, their price may fall as a result of changes in the interest rates

The Notes bear interest on their outstanding principal at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security could fall as a result of changes in the market interest rate. Market interest rates follow the changes in general economic conditions, and are affected by, among many other things, demand and supply for money, liquidity, inflation rate, economic growth, central banks' benchmark rates, implied future rates, and changes and expectations related thereto.

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls, until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes. Further, the past performance of the Notes is not an indication of their future performance.

The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd.'s operations and systems

The Notes are issued in the book-entry securities system of Euroclear Finland Ltd (“Euroclear Finland”). Pursuant to the Finnish Act on the Book-Entry System and Clearing Activities, the Notes will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator. The Notes are dematerialised securities and title to the Notes is recorded and transfers of the Notes are effected only through the relevant entries in the book-entry system and registers maintained by Euroclear Finland and its account operators. Therefore, timely and successful completion of transactions relating to the Notes, including but not limited to transfers of, and payments made under, the Notes, depend on the book-entry securities system being operational and that the relevant parties, including but not limited to the payment transfer bank and the account operators of the Noteholders, are functioning when transactions are executed. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Notes not taking place as expected or being delayed, which may cause financial losses or damage to the Noteholders whose rights depended on the timely and successful completion of the transaction.

The Issuer and third parties will not assume any responsibility for the timely and full functionality of the book-entry securities system. Payments under the Notes will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Finland and the Terms and Conditions. For purposes of payments under the Notes, it is the responsibility of each Noteholder to maintain with its respective book-entry account operator up-to-date information on applicable bank accounts.

If the Issuer redeems or purchases Notes prior to maturity, whether based on an obligation or a right, it may have a material adverse effect on the Issuer and on any Notes outstanding

As specified in the Terms and Conditions, the Issuer will redeem all the Notes, if it becomes unlawful for the Issuer to perform its obligations under the Notes (see Clause 6.2 (*Early Redemption Due to Illegality*)). In addition, the Issuer may, at its option, redeem all, but not only some, of the Notes at any time following the occurrence of a Tax Event, at their nominal amount together with any accrued interest as defined and described in Clause 6.3 (*Early Redemption Due to a Tax Event*). Furthermore, as specified in the Terms and Conditions, the Noteholders are entitled to demand premature repayment of the Notes in case of an Event of Default (see Clause 11 (*Events of Default*)) or based on a change in the status of the Issuer, i.e. when the Issuer ceases to be a Finnish indirect public administration institution established by law or a Finnish government agency or public body or otherwise a public institution with a status of at least equivalent to the current (see Clause 8 (*Change in Status of the Issuer*)). Any such premature repayment may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes of such Noteholders who elect not to exercise their right to get their Notes prematurely repaid as well as the market price and value of such Notes.

As specified in the Terms and Conditions, the Issuer may at any time purchase Notes in any manner and at any price prior to maturity. Only if such purchases are made by a tender offer, such tender offer must be available to all Noteholders on equal terms. The Issuer is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Furthermore, a Noteholder may not have the possibility to participate in such purchases. The purchases – whether by tender offer or otherwise – may have a material adverse effect on the Issuer's operations, financial condition and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes to such Noteholders who do not participate in the purchases as well as the market price and value of such Notes.

In case at least 75 per cent of the aggregate volume of the Notes has been repaid pursuant to a demand by the Noteholders based on a change of status of the Issuer in accordance with Clause 8 (*Change in Status of the Issuer*) of the Terms and Conditions, the Issuer is entitled to prepay also the remaining outstanding Notes by notifying the Noteholders of such prepayment. Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

Amendments to the Terms and Conditions bind all Noteholders

The Terms and Conditions may be amended in certain circumstances with the required consent of a defined majority of the Noteholders. The Terms and Conditions contain provisions for Noteholders to call and attend meetings to consider and vote upon matters affecting their interests generally. Resolutions passed at such meetings can bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Noteholders, including such Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the required majority.

The right to payment under the Notes may become void due to prescription

In case any payment under the Notes has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three years.

There is no limitation on issuing additional debt

Except for the limitations set forth in the legislation applicable to the Issuer, there is no restriction on the amount of debt which the Issuer may raise or issue after the issuing of the Notes. Such further debt may reduce the amount recoverable by the Noteholders or may worsen the position and priority of the Noteholders when claiming recovery from the Issuer.

GENERAL INFORMATION

Responsibility Statement

This Listing Prospectus has been prepared by the Issuer and the Issuer accepts responsibility regarding the information contained in this Listing Prospectus. To the best knowledge of the Issuer, the information contained in this Listing Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Information Derived from Third Party Sources

This Listing Prospectus contains information about the Issuer's operating environment. Where certain information concerning the Issuer's operating environment contained in this Listing Prospectus have been derived from third party sources, such as government publications, the name of the source is given therein. Such publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. Information compiled and published by the Finnish Ministry of Social Affairs and Health, the Finnish Ministry of Economic Affairs and Employment, the Finnish Ministry of Finance, Kela, Statistics Finland and Finnish Institute for Health and Welfare has been referred to in this Listing Prospectus under "*Risk Factors*", "*Information about the Issuer*", "*The Finnish Unemployment Benefit System*" and "*Financial and Trend Information, Prospects*", among others. The Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, neither the Issuer nor the Joint Lead Managers have independently verified, nor do they give any assurances as to the appropriateness of, such information.

Forward-Looking Statements

Certain statements in this Listing Prospectus, including but not limited to certain statements set forth under "*Risk Factors*", "*Information about the Issuer*" and "*Financial and Trend Information, Prospects*", are based on the beliefs of the Issuer's management as well as assumptions made by and information currently available to it, and such statements may constitute forward-looking statements. The words "believe", "expect", "anticipate", "intend" or "plan" and similar expressions identify such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual financial condition or achievements of the Issuer or the state of the Finnish economy to differ materially from any future financial condition of achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among other things, the risks described under "*Risk Factors*". The forward-looking statements are not guarantees of the future operational performance or financial condition of the Issuer. In addition to factors that may be described elsewhere in this Listing Prospectus, the factors discussed under "*Risk Factors*" could cause the Issuer's actual financial condition to differ materially from that expressed in any forward-looking statement. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Issuer's actual financial condition or its ability to fulfil its obligations under the Notes could differ materially from that described herein as anticipated, believed, estimated or expected.

The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements contained herein unless required by applicable legislation.

No Incorporation of Website Information

This Listing Prospectus with the documents incorporated by reference herein are available on the Issuer's website at <https://www.tyollisyysrahasto.fi/en/investors/>. However, any other information presented on the Issuer's website or any other website does not form a part of this Listing Prospectus (except for information which has been incorporated by reference into the Listing Prospectus, see "*Information Incorporated by Reference*"). Prospective investors should not rely on such information in making their decision to invest in the Notes.

Other Information

Financial information set forth in a number of tables in this Listing Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Listing Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Listing Prospectus, references to “euro” or “EUR” are to the currency of the member states of the EU participating in the European Economic and Monetary Union.

In this Listing Prospectus, references to the Ministry of Finance, the Ministry of Economic Affairs and Employment and the Ministry of Social Affairs and Health are to the Ministries of the Government of Finland.

Notice to Investors

Each Joint Lead Manager has represented, warranted and undertaken, and each further Joint Lead Manager appointed will be required to represent, warrant and undertake, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Listing Prospectus or any related offering material, in all cases at its own expense. Other persons into whose hands this Listing Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Listing Prospectus or any related offering material, in all cases at their own expense.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this Listing Prospectus may be distributed only to, and may be directed at, (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (b) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within Article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). This Listing Prospectus is directed only at relevant persons and any person who is not a relevant person must not act or rely on this document or any of its contents.

Notice to Prospective Investors in the United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S under the Securities Act. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

INFORMATION ABOUT THE ISSUER

General

The official name of the Issuer is Työllisyysrahasto (unofficial English translation: the Employment Fund). The Issuer is a Finnish public institution established by law through the Finnish Act on Financing of Unemployment Benefits on 1 December 1998. The Issuer is domiciled in Helsinki, Finland and registered under the identity code 1098099-7. The Issuer's legal entity identifier code (LEI) is 7437002N0BQXM1JQUP81. The Issuer's registered address is Kansakoulukuja 1, FI-00100 Helsinki, Finland and telephone number +358 9 6803 7380.

The Issuer is an independent institution funded by employers, employees, entrepreneurs and the state, administered by social partners⁴ (in Finnish, *työmarkkinaosapuolet*) and supervised by the FIN-FSA. The main task of the Issuer is to finance unemployment allowances, assess and collect unemployment insurance contributions and grant adult education benefits. All the Issuer's tasks are set forth in legislation, and the Issuer is not allowed to take on further tasks without express amendments to statutory provisions. Furthermore, the contributions collected cannot be used for any other purpose than statutory payments and the Issuer's administrative costs. For further information, see "*Finnish unemployment benefit system*" and "*Adult education benefits*".

Legal Status of the Issuer

The Issuer was established by law through the Finnish Act on Financing of Unemployment Benefits in 1998 under the name Unemployment Insurance Fund (in Finnish, *Työttömyysvakuutusrahasto*). In addition, the operations of the Issuer are mainly governed by the Finnish Act on Adult Education Benefits (in Finnish, *laki aikuiskoulutusetuuksista*) (1276/2000, as amended), the Finnish Decree on Financing of Unemployment Benefits (in Finnish, *asetus työttömyysetuuksien rahoituksesta*) (1277/2014, as amended) and the Finnish Decree on the Regulations of the Employment Fund (in Finnish, *asetus Työllisyysrahaston ohjesäännöstä*) (862/1998, as amended).

The Issuer is considered to be part of "indirect public administration" (in Finnish, *välillinen julkishallinto*). Indirect public administration institutions are generally established by law and/or their functions are determined by law, and their administrative bodies are appointed, and their operations are supervised, by a governmental body. However, the Issuer is not considered a public authority (in Finnish, *viranomainen*) that could exercise significant public authority for the purposes of the Constitution of Finland (in Finnish, *Suomen perustuslaki*) (731/1999, as amended). Therefore, for example, certain decisions regarding the Issuer are approved by the Finnish Parliament. For example, the Issuer makes a proposal on the level of payment percentages in respect of the unemployment insurance contributions to the Ministry of Social Affairs and Health each year in August. The Ministry of Social Affairs and Health verifies the items of outflows to beneficiaries for the next calendar year by October and prepares the government proposal about the contribution rates for the Finnish Parliament in October. The percentages for the next calendar year are set by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits.

The Issuer is a legal person that has its own rights and obligations. It has the legal capacity to enter into contracts within the parameters set forth in the laws and regulations governing its operations. The Finnish Act on Financing of Unemployment Benefits explicitly gives the Issuer the right to incur debt in order to fulfil its obligations. Subject to the approval of the FIN-FSA, the Issuer may also incur debt in order to secure its liquidity. Due to its legal status as an indirect public institution established by law, the Issuer cannot be declared bankrupt pursuant to the Finnish Bankruptcy Act or enter into corporate reorganisation pursuant to the Finnish Restructuring of Enterprises Act. However, claims against the Issuer may be enforced through recovery procedures pursuant to the Finnish Enforcement Code.

Pursuant to an interpretation of the FIN-FSA stated in its Regulations and Guidelines 5/2019, exposures to the Issuer shall be treated as exposures to public sector entities referred to in Article 116 of the EU Regulation (575/2013) on prudential requirements for credit institutions and investment firms.

Supervision

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer is supervised by the FIN-FSA, and the FIN-FSA may issue more detailed instructions on the Issuer's investment plan, internal control and the organisation of risk management. The FIN-FSA generally supervises the Issuer in accordance with the laws governing the FIN-FSA's operations (including the Finnish Act on the Finnish Financial Supervisory Authority (in Finnish, *laki Finanssivalvonnasta*) (878/2008, as amended)), its supervisory strategy and any information collected from the service providers it supervises. The FIN-FSA is entitled to receive any information necessary from the Issuer for conducting its

⁴ Social partners involve employers (Confederation of Finnish Industries (EK) and Local Government Employers) and trade unions (Central Organisation of Finnish Trade Unions (SAK), Finnish Confederation of Professionals (STTK), Confederation of Unions for Professional and Managerial Staff (Akava)). See also "*Directors and management – Supervisory board*".

supervisory role. The FIN-FSA may prohibit any decision or resolution made by a service provider it supervises if such decision or resolution is not consistent with the regulations concerning such provider.

The Ministry of Social Affairs and Health is also entitled to receive information regarding the Issuer. The Issuer is required to annually deliver a report about its operations to the Ministry of Social Affairs and Health as well as a review regarding any issues arising in relation to imposing and collecting unemployment insurance contributions together with any actions taken in respect thereof.

History of the Issuer

The predecessor of the Issuer, the Central Fund of Unemployment Funds (the “**Central Fund**”) (in Finnish, *Työttömyyskassojen keskuskaassa*), was founded at the joint initiative of the social partners in 1960. The employers started to pay contributions to the Central Fund and had sole control over it. The main task of the Central Fund was to finance the unemployment funds under the guidance of the Ministry of Social Affairs and Health. In the 1970s, the Central Fund also started to finance severance pay, pay security and pension accrued from the unemployment period.

In the beginning of the 1990s, unemployment rate increased to 18 per cent, which resulted in a significant rise in employer contributions. The performance of the Central Fund’s obligations was secured through loan financing and by starting to collect employee’s unemployment contributions in 1993.

The Issuer was established through the Finnish Act on Financing of Unemployment Benefits in 1998, and it launched its operations in 1999. In the same year, representatives of employees were also included in the governing bodies of the Issuer and the Issuer started to accumulate the business cycle buffer.

In 2009, the Finnish GDP decreased by 8 per cent, and the cost of the unemployment benefit system increased sharply. As a result, the government took an active role and committed to guarantee loans needed for financing the Issuer’s operations and committed to provide directed financing to the Issuer. In addition, the government participated in the financing of temporary lay-off benefits normally funded by the Issuer, totalling EUR 337 million in 2010–2013.

Until 2010, estimates regarding assets and liabilities of the Issuer used when setting the buffer corresponded to expenses that would be incurred by the Issuer if the level of unemployment increased by a maximum of 3.6 percentage points. In 2010, the Finnish Act on Financing of Unemployment Benefits was amended so that this statutory level was increased to correspond to a level of unemployment of five per cent in order to strengthen the sustainability of the Issuer’s finances, enhance the functionality of the buffer and to secure stability and reasonable level of unemployment insurance contributions. In 2019, the Finnish Parliament decided that the maximum value of the buffer is an amount corresponding to the expenses within a year that would be incurred by the Issuer for an unemployment rate of six percentage points.

In 2015, the Issuer issued two fixed rate senior unsecured bonds with a nominal amount of EUR 600 million and EUR 300 million, which were admitted to trading on the Helsinki Stock Exchange. S&P assigned the bonds a credit rating of ‘AA+’. As at the date of this Listing Prospectus, the Issuer has no outstanding bonds.

On 1 January 2019, the Education Fund merged with the Unemployment Insurance Fund, and the name of the Unemployment Insurance Fund was changed to the Employment Fund. Likewise, the Education Fund’s liabilities and obligations transferred to the Employment Fund. The Unemployment Insurance Fund financed the benefits paid by the Education Fund before the merger, thus the financial liabilities of the Issuer did not increase as a result of the merger. The Education Fund granted adult education benefits consisting of the adult education allowance and the scholarship for qualified employees. The Education Fund paid benefits in a total amount of EUR 186 million in 2018.

Since the start of the Issuer’s operations, various tasks formerly carried out by the Ministry of Social Affairs and Health, the Ministry of Economic Affairs and Employment or the FIN-FSA have been transferred to the Issuer through amendments to legislation. Such tasks include supervision of the implementation of the collection procedure of unemployment insurance contributions, determining and collecting the employer’s liability component (in Finnish, *omavastuumaksu*) within the unemployment insurance contribution.

Main Tasks of the Issuer

Funding unemployment benefits

By virtue of the Finnish Act on Financing of Unemployment Benefits and with regard to the funding of earnings-related unemployment benefits, the Issuer is responsible for the costs incurred from basic and earnings-related unemployment allowances, employment promotion measures and job alternation compensations (in Finnish, *vuorottelukorvaus*), insofar as the state or specific unemployment funds are not responsible for these. The above-mentioned benefits are paid from

the sectoral unemployment funds. Furthermore, the Issuer is responsible for the unemployment insurance contributions for unemployed persons and recipients of the adult education allowance that are paid to employment pension institutions through the Finnish Centre for Pensions as well as for the contribution to the State Pension Fund (in Finnish, *Valtion Eläkerahasto*). For further information, see “–*Financing of pension accrual of unemployed persons and recipients of job alternation compensation and adult education allowance*”.

According to the Finnish Decree on the Implementation of the Act on Unemployment Funds (in Finnish, *asetus työttömyyskassalain täytäntöönpanosta*) (272/2001, as amended), the processing of prepayment applications and the decision on ordering payment, together with monitoring the sufficiency of prepayments, fall within the duties of the Issuer. The Issuer makes prepayments to sectoral unemployment funds twice a month and forwards the prepayments of government contributions to such funds on the first banking day of each month. The government contribution is recognised as the Issuer’s income and expenses.

In 2019, there were 26 (2018: 26) sectoral unemployment funds operating in Finland, of which two served entrepreneurs. The earnings-related unemployment allowance paid by these funds was on average EUR 61.95 (2018: EUR 61.93) per day.

In 2019, the Issuer paid a total of EUR 954 million (2018: EUR 1,068 million) to the sectoral unemployment funds for financing the unemployment benefits. In addition, the Issuer forwarded EUR 685 million (2018: EUR 774 million) to the sectoral unemployment funds as the contribution of the Ministry of Social Affairs and Health.

Pursuant to the Finnish Act on Unemployment Funds (in Finnish, *työttömyyskassalaki*) (603/1984, as amended), the Issuer may pay, upon its discretion, a membership fee equalisation payment to those employee’s funds that have paid significantly more unemployment benefit days in the previous year than the average per member for all sectoral unemployment funds, in order to even out the unemployment burden prevailing in different industries, within the limits of an appropriation decided by the Issuer’s Supervisory Board each year. The balance of the unemployment fund’s equalisation fund may also be taken into account in determining the membership fee equalisation payment. The Board of Directors of the Issuer has also paid attention to the level of membership fees in relation to other sectoral unemployment funds and to the changes in the membership fees in the two preceding years. In June 2019, the central labour market organisations proposed to the state that when the Act on Unemployment Funds is reformed, the legislation should be amended so that unemployment insurance contributions are not used for membership fee equalisation payments. The Finnish Government’s proposal (HE 14/2020) to repeal the membership fee equalisation payment is pending as at the date of this Listing Prospectus. In 2019, the Issuer’s Board of Directors decided that no equalisation payments would be made for employee fund membership fees (2018: EUR 5 million).

Pursuant to the Unemployment Allowance Act (1290/2002, as amended), the basic daily allowance (in Finnish, *peruspäiväraha*) and the related child increase (in Finnish, *lapsikorotus*) and additional component (in Finnish, *korotusosa*) are financed by the state and the income from the employee’s unemployment insurance contribution. The Issuer remits a payment amounting to the basic daily allowance paid by the state to contribute to the daily unemployment allowances paid by sectoral unemployment funds.

Financing of pension accrual of unemployed persons and recipients of job alternation compensation and adult education allowance

The second largest expense of the Issuer has been the contribution paid to the Finnish Centre for Pensions in accordance with the Finnish Employees’ Pension Act (in Finnish, *työntekijän eläkelaki*) (395/2006, as amended) to cover the liabilities and expenses arising from taking into account the time of unemployment, education and job alternation leave. The amount of this contribution is determined by estimating the average amount of pension contributions that would be paid for the unpaid periods that constitute the basis of the accrued pension security.

Based on the estimate of the Finnish Centre for Pensions, the recognised expense in 2019 was EUR 577 million (2018: EUR 620 million). The contribution was paid as a prepayment during 2019.

As stated above, the Issuer is responsible for the contribution provided for in the Finnish Act on State Pension Fund (in Finnish, *laki valtion eläkerahastosta*) (1297/2006, as amended) to the State Pension Fund. In 2019, contributions paid by the Issuer amounted to EUR 8 million (2018: EUR 12 million).

Settlement to Kela of income from the unemployment insurance contributions of employees who are not members of an unemployment fund

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer pays to Kela an annual prepayment from employee’s unemployment insurance contribution income, corresponding to the percentage of employees who are not

members of an unemployment fund. The amount of the settlement is confirmed by the Ministry of Social Affairs and Health and amounted in 2019 to EUR 206 million (2018: EUR 228 million).

Adult education benefits

Pursuant to the Finnish Act on Adult Education Benefits, the Issuer finances and grants adult education benefits which consist of the adult education allowance and the scholarship for qualified employees. Employees' adult education benefits are financed from the unemployment insurance contribution income. The Issuer is responsible for financing the adult education allowances for employees and scholarships for qualified employees working for employers other than the state. The state is responsible for financing adult education allowances for entrepreneurs and scholarships for qualified employees working for the state.

Employees' adult education allowances consist of a basic component and an earnings-related component. In 2019, adult education allowances were paid to 25,701 people in a total amount of EUR 176 million. The scholarship for qualified employees is a tax-exempt, lump-sum payment of EUR 400. In 2019, a total of EUR 11 million was paid in scholarships. In 2019, adult education benefits paid by the Issuer amounted to EUR 187 million (2018: EUR 187 million).

Financing of pay security

Pursuant to the Finnish Pay Security Act (in Finnish, *palkkaturv laki*) (866/1998, as amended), the Issuer is responsible for the state's pay security expenses payable in case employees have unpaid salaries or wages due to the employer becoming insolvent. Pay security expenses are paid once a year, normally in spring of the following year, to the Ministry of Economic Affairs and Employment. In 2019, pay security expenses amounted to EUR 24 million (2018: EUR 20 million).

Determination and collection of the unemployment insurance contribution

The Issuer determines and collects the unemployment insurance contributions pursuant to the Finnish Act on Financing of Unemployment Benefits. The unemployment insurance contributions are assessed on the basis of the income information reported to the Incomes Register. Employers report the wages they have paid to employees on the Incomes Register since 1 January 2019 in accordance with the Finnish Act on the Incomes Information System (in Finnish, *laki tulotietojärjestelmästä*) (53/2018, as amended). Simultaneously, contributions are assessed by using more up-to-date information about the actual payroll sums. Unemployment insurance contributions are assessed four times per year based on the payroll information for the three preceding calendar months. Unemployment insurance contribution income is recognised in the financial statements of the Issuer on an accrual basis, and the unemployment insurance income for the final quarter of the year is recognised in the balance sheet under pre-payments and accrued income. The Issuer uses a model based on actual payments, although a small share of the Issuer's customers use the prepayment model, previously used for all customers, where unemployment insurance contribution prepayments are determined in the year preceding the insurance year, and recognised as income in the insurance year.

During 2019, income from employers' unemployment insurance contributions amounted to EUR 1,238 million (2018: EUR 1,458 million), and income from employees' unemployment insurance contributions totalled EUR 1,379 million (2018: EUR 1,519 million).

Supervision of collection of unemployment insurance contributions

The Issuer supervises the fulfilment of the responsibilities related to the statutory unemployment insurance contributions pursuant to the Finnish Act on Financing of Unemployment Benefits. By this supervision, it is ensured that the reported amounts of salary that determines the amount of an employer's unemployment insurance contributions are accurate and the collected amounts are correct. In addition, this supervision addresses any failures to pay unemployment insurance contributions.

In 2019, there were 2,017 (2018: 2,221) cases taken under the supervision. In 2019, the supervision cases resulted in EUR 2 million of additional payments (2018: EUR 2 million) and EUR 0.4 million of refunds (2018: EUR 0.4 million).

Determination and collection of the employers' liability component in unemployment allowances

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer determines and collects the liability component of unemployment allowances from employers. An employer may be obliged to pay the employer's liability component if it has dismissed or laid off an elderly employee and the employee's unemployment or lay-off is long-term. In 2019, the sectoral unemployment funds and Kela reported approximately 8,000 (9,000) new liability component cases

to the Issuer. The Issuer imposed a liability component payment on the employer in around 1,900 (2018: around 2,300) cases. EUR 39 million (2018: EUR 49 million) was recognised in liability payments in 2019.

Responsibilities of the Issuer based on the Finnish Employment Contracts Act

Pursuant to the Finnish Employment Contracts Act (in Finnish, *työsopimuslaki*) (55/2001, as amended), courts must hear the Issuer in disputes relating to the termination of employment if the claimant has received earnings-related daily unemployment allowance after the termination of employment. In 2019, the Issuer issued approximately 750 (2018: 1,000) statements.

Employers' training compensation

Pursuant to the Finnish Act on Training Compensation (in Finnish, *laki koulutuksen korvaamisesta*) (1140/2013, as amended), the Issuer manages the employers' training compensations, with the exception of government agencies. The training compensation is a monetary support to develop competence for those employers who are not eligible for a training deduction granted by the Finnish Business Income Tax Act (in Finnish, *laki elinkeinotulon verottamisesta*) (360/1968, as amended) or Finnish Agricultural Income Tax Act (in Finnish, *maatilatalouden tuloverolaki*) (543/1967, as amended). Such employers include municipalities, churches and non-profit organisations. The purpose of training compensation is to improve the employer's opportunities to organise training for its employees, to develop their vocational competence. In 2019, the Issuer refunded EUR 12 million (2018: EUR 11 million) to 646 (2018: 599) employers for the compensation paid for training that had taken place in 2018.

Financial management

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer must manage its funds productively and prudently in a manner that the Issuer's liquidity is secured as well as draw up an investment plan for the investment of the Issuer's funds. In addition, in order to ensure liquidity and balance out changes in unemployment insurance contributions due to foreseeable economic fluctuations in the national economy, the Issuer maintains a business cycle buffer that accrues on the basis of the difference between the Issuer's assets and liabilities. The maximum value of the buffer is an amount corresponding to the expenses within a year that would be incurred by the Issuer for an unemployment rate of six percentage points. However, unemployment insurance contributions can be determined twice every three years so that the maximum amount of buffer assets is forecast to be exceeded. Nevertheless, the unemployment insurance contributions cannot be set at a level exceeding the contributions collected in the previous year. In addition, the maximum amount of debt of the buffer may be EUR 300 million higher than the expenditure corresponding to the unemployment rate of six percentage points. For further information, see "*Funding of the Issuer's Obligations – Investment operations*".

The Issuer's role in EU coordination

The Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems (basic regulation) provides for situations in which a person becomes unemployed after working in a Member State other than his or her country of residence.

In Finland, the Issuer has been designated as the competent body when implementing this basic regulation with regard to earnings-related unemployment insurance. The Issuer's responsibilities include the payment and collection of the compensations provided for in the Regulation, incurred from basic unemployment allowance paid to the members of sectoral unemployment funds.

In 2019, the Issuer paid EUR 44,343 (2018: EUR 114,426) in such compensations and received a total of EUR 59,570 (2018: EUR 40,819).

Organisation

The Issuer's organisation is as follows:



As at 31 December 2019, the Issuer employed 162 persons. The members and tasks of the Issuer's Management Group have been presented under "Directors and Management – Management Group" of this Listing Prospectus.

Agreements Outside the Ordinary Course of Operations

On 9 April 2020, the Issuer signed back-up revolving credit facility agreements with five commercial banks in the aggregate amount of EUR 800 million to secure its liquidity needs. The revolving credit facilities are valid for two years and include a one-year extension option, subject to the consent of the banks. The revolving credit facilities replaced the Issuer's former revolving credit facility agreements. On 11 June 2020, the Government of Finland granted a state guarantee for the aforementioned facilities. For further information on such agreements and the incurrence of debt in the Issuer's operations, see below "– Funding of the Issuer's Obligations – Incurrence of Debt" and "Financial and Trend Information, Prospects – Recent Events".

Except for the revolving credit facility agreements described above, the Issuer has not entered into any material contracts (other than in its ordinary course of business), which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders.

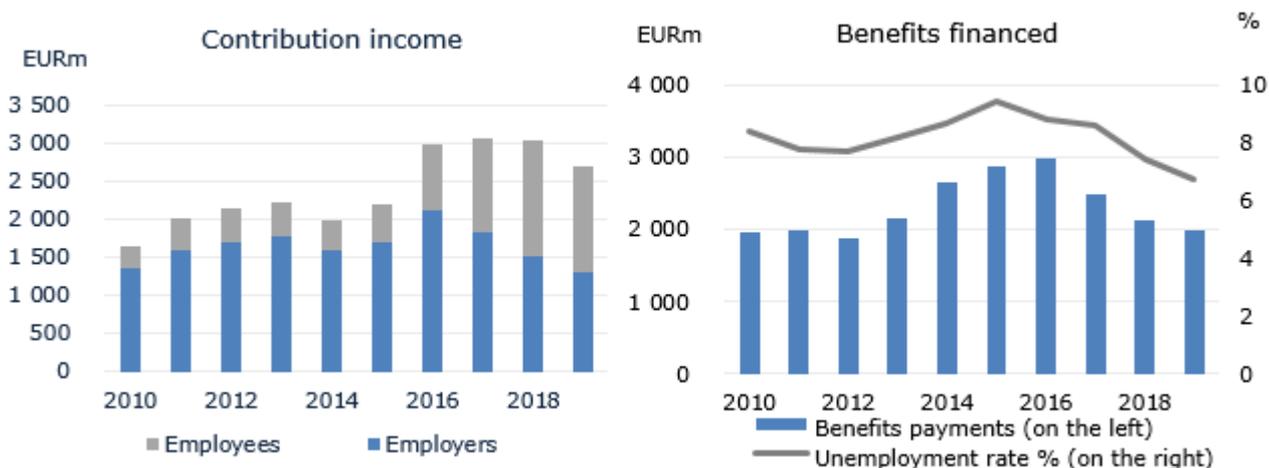
Funding of the Issuer's Obligations

The main expenses of the Issuer consist of payments of unemployment benefits. The Issuer is not funded through the State's budget. Instead, the Issuer is responsible for imposing and collecting (i) mandatory unemployment insurance contributions from employers and employees and (ii) employers' liability component (if an employer has dismissed or laid off an employee who has subsequently become long-term unemployed, subject to certain criteria) in order to finance its obligations set forth in law. In addition to these main sources of funding, the Issuer may derive profits from its investments. Subject to the approval of the FIN-FSA, the Issuer may also incur debt in order to secure its liquidity. However, if the Issuer's business cycle buffer turns negative, the Issuer may incur debt without a specific approval from the FIN-FSA.

In the Finnish unemployment benefit system, the basic unemployment benefits are paid by the state, while the earnings-related unemployment benefits are financed by employers and employees.

Employers' contribution percentages decreased for 2019, and were 0.50 per cent (2018: 0.65 per cent) of the wages up to EUR 2,086,500 (2018: EUR 2,083,500) and 2.05 per cent (2018: 2.60 per cent) of the wages for the part exceeding this. The average contribution percentage was 1.5 per cent (2018: 1.91 per cent). Employees' unemployment insurance contribution was 1.50 per cent (2018: 1.90 per cent) of the wages, based on the Issuer's proposal. The employees' unemployment insurance contribution for part-owners was 0.78 per cent (2018: 0.92 per cent) of the wages.

In 2019, employers' unemployment insurance contributions amounted to EUR 1,238 million (2018: EUR 1,458 million), and employers' liability components amounted to EUR 39 million (2018: EUR 49 million). Employees' unemployment insurance contributions amounted to EUR 1,379 million (2018: EUR 1,519 million). The contribution income received and benefits financed by the Issuer are described in the following tables:



Employers' contribution percentages for 2020 are 0.45 per cent of the wages up to EUR 2,125,500 and 1.70 per cent of the wages for the part exceeding this. The employees' unemployment insurance contribution for 2020 is 1.25 per cent of the wages. The Issuer submitted a proposal on the level of unemployment insurance contributions for 2020 to the Ministry of Social Affairs and Health on 29 August 2019. The Finnish Parliament has imposed in accordance with the Issuer's proposal that the total contribution be reduced by 0.49 percentage points for 2020. The employer's average contribution to be reduced by 0.24 percentage points and the employees' contribution by 0.25 percentage points. The employees' unemployment insurance contribution for 2020 is 1.25 per cent of the wages, and employer's average contribution percentage is expected to be 1.26 per cent.

Employers have reported the wages they have paid to employees on the Incomes Register since 1 January 2019 in accordance with the Finnish Act on the Incomes Information System. The unemployment insurance contributions are assessed on the basis of the income information reported to the Incomes Register. At the same time, the Issuer began using the Incomes Register for its unemployment insurance contributions. The deployment of the Incomes Register means that the Issuer has assessed the unemployment insurance contributions based on the payroll data submitted to the Incomes Register. In principle, the payroll information shall be provided within five days of the salary payment date. The Incomes Register and the new actual earnings model have enabled the Issuer to specify invoices using more up-to-date figures based on actual wage amounts. Unemployment insurance contributions are calculated four times per year based on the payroll information for the three preceding calendar months.

Even if the level of unemployment insurance contributions is calculated four times per year based on the payroll information for the three preceding calendar months, actual funding needs of the Issuer may not correspond to the level of contributions paid. Changes in the level of unemployment may affect both the Issuer's income and expenses. As unemployment rate increases, the Issuer's expenses increase and its income decreases. Conversely, as the employment rate increases, the Issuer's income increases and expenses decrease. For this purpose, pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer has a business cycle buffer to secure its liquidity and to balance the changes in the unemployment insurance contributions due to economic cycles. The buffer illustrates the Issuer's net asset value. The buffer shows accumulated deficit, when the Issuer's liabilities exceed its assets, and it shows accumulated surplus when the Issuer's assets exceed its liabilities.

The estimates regarding assets and liabilities of the Issuer used when setting the buffer may not exceed an amount corresponding to the expenses within a year that would be incurred by the Issuer for an unemployment rate of six percentage points. However, unemployment insurance contributions can be determined twice every three years so that the maximum amount of buffer assets is forecast to be exceeded. Nevertheless, the unemployment insurance contributions cannot be set at a level exceeding the contributions collected in the previous year. In addition, the maximum amount of debt of the buffer may be EUR 300 million higher than the expenditure corresponding to the unemployment rate of six percentage points. The maximum value of the buffer is calculated by dividing the Issuer's annual expenditures, EUR 1,974 million in 2019, by the average unemployment rate for the year (in 2019: 6.7 per cent⁵) and multiplying the result by seven until 31 December 2019 and by six thereafter. In 2019, the maximum permitted value of the buffer, provided for in legislation, was thus EUR 2,062 million.

The maximum amount of the buffer is calculated annually pursuant to the audited financial statements and such amount is applied until it may be re-calculated pursuant to the audited financial statements for the following financial period. According to the investment principles accepted by the Issuer's Supervisory Board on 19 April 2018, in order to secure

⁵ Statistics Finland; https://www.stat.fi/til/tyti/2019/09/tyti_2019_09_2019-10-22_tie_001_en.html.

the Issuer's liquidity, an amount corresponding to one month's expenditure must be invested in less than one-year fixed-income investments. This amount is approximately EUR 300 million. The liquidity buffer described above was clearly larger than the minimum amount in 2019. In 2019, the maximum permitted value of the buffer was EUR 2,062 million. The Issuer's net position was EUR 1,668 million at the end of 2019.

The buffer is also important given the fact that the timing of the Issuer's income and expenses deviate significantly during the year. The unemployment insurance contributions are paid four times a year, whereas the Issuer's expenses are divided more evenly throughout the year as the unemployment benefits are paid out monthly. Thus, the Issuer's assets may vary quite significantly during a short period of time. The target of the buffer is that, during any upswing in the economy, the Issuer's assets would be nearly at their maximum. The purpose of the buffer is to reduce the likelihood of needing to change the amount of the unemployment insurance contributions once the Issuer's expenses start to increase. However, the contributions should be set at such a level that the maximum amount of the buffer is not exceeded. In order to secure the steady development of the payments made by the Issuer, the unemployment insurance contributions may, twice every three years, be set so that the maximum amount of the buffer is exceeded. In such case, the amount of the unemployment insurance contributions would not need to be reduced in cases where, for example, a recession is expected to occur in the foreseeable future. Nevertheless, the unemployment insurance contributions cannot be set at a level exceeding the contributions collected in the previous year.

Forecasts employed by the Issuer

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the level of unemployment insurance contributions must be set so that the Issuer is able to fulfil all of its obligations under the said Act. Pursuant to the said Act, the Issuer makes a proposal on the level of payment percentages in respect of the unemployment insurance contributions to the Ministry of Social Affairs and Health each year in August, and the percentages for the next calendar year are set by the Finnish Parliament by amending the Finnish Act on Financing of Unemployment Benefits. The Issuer bases its proposal on forecasts prepared by the Issuer, the Ministry of Finance, research organisations and banks.

When imposing the unemployment insurance contributions of the following year, the size of the buffer even for the current year can only be assessed based on a forecast. Likewise, the maximum size of the buffer can only be determined based on expenses shown by the financial statement and the unemployment rate, which is known after the end of the year. A forecast on the following year's unemployment rate is available, while income and expenses can only be estimated. Expenses of the Issuer change exceptionally much, since unemployment allowance expenses increase and unemployment insurance contributions decrease when unemployment increases, while improvement of the employment decreases the unemployment allowance expenses and increases the unemployment contributions.

Therefore, the contributions cannot be set in advance so that at the end of the following year, the buffer would correspond exactly to the statutory maximum amount. Therefore, the maximum amount is based on a forecast, and the maximum amount may factually exceed its statutory maximum amount, if circumstances change after preparing the forecast. The forecast and the budget regarding the buffer size must be justified. The assumptions used are estimates prepared by the Ministry of Finance. When imposing the unemployment insurance contributions, the business cycle buffer in accordance with the estimate must not exceed its statutory maximum amount. Forecasts prepared by the Ministry of Finance are decisive when assessing whether the buffer exceeds its maximum amount. When carrying out its other forecasting operations, the Issuer may also use, and in practice also uses forecasts from other sources.

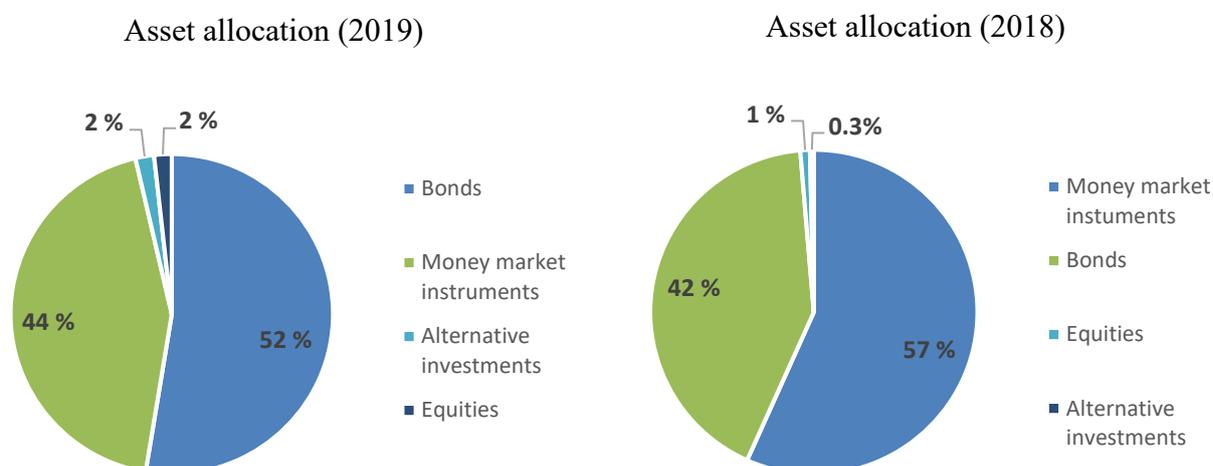
The Issuer's base case scenario is described below and is based on the Issuer's budget for 2020 approved by the Issuer's Supervisory Board on 29 August 2019. The Issuer estimates that the substantial increase in lay-offs and increasing unemployment caused by the Coronavirus are expected to lead to a significant increase in unemployment benefits payable. The Issuer estimates that the total amount of unemployed persons in Finland will increase by 60–130 per cent in 2020 compared to an increase of a few per cent in the budget for 2020. The estimate includes both unemployed and temporarily laid-off people. Correspondingly, the Issuer's expenditure in 2020 is estimated to increase by EUR 1,200–2,900 million. The above is likely to lead to a large deficit in 2020. Therefore, the Issuer estimates that its budget for 2020 will need to be increased by approximately EUR 1.9 billion.

Investment operations

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer must manage its funds productively and prudently in a manner that the Issuer's liquidity is secured as well as draw up an investment plan for the investment of the Issuer's funds. The Issuer's investment principles approved by the Issuer's Supervisory Board on 19 April 2018 and, accordingly, the business cycle buffer of the Issuer and other assets of the Issuer must be invested in a productive and prudent manner, taking into account the Issuer's liquidity, primarily in money-market investments and bonds. Interest-bearing euro-denominated deposits must be invested in deposit banks and branches supervised by the FIN-FSA. In order to secure the Issuer's liquidity, an amount corresponding to one month's expenditure must be invested in less than one-year fixed income investments. If the buffer falls below this threshold, short-term loans can be used to fill such

temporary payment deficits. The Issuer's Board of Directors sets limits on investments in individual risk concentrations in the annual investment plans.

In 2019, the Issuer invested actively in money market instruments, bonds and, to a lesser degree, equities. At the end of the year, EUR 446 million (2018: EUR 893 million) of the Issuer's assets were invested in money market instruments, EUR 536 million (2018: EUR 661 million) in bonds, EUR 18 million (2018: EUR 15 million) in equities and EUR 19 million (2018: EUR 6 million) in other asset classes.



In 2019, the Issuer achieved a return of 0.8 per cent (2018: -0,1 per cent) on invested capital. The return surpassed the expectation entered in the investment plan, but it underperformed in comparison with the reference return on investment activities. Counterparty risk is managed so that the Issuer uses several asset managers and dealers with good credit ratings. The Issuer's Board of Directors approves every year the dealers and counterparties the Issuer uses in its investing activities in accordance with the Issuer's investment principles.

Incurrence of Debt

Pursuant to the Finnish Act on Financing of Unemployment Benefits, the Issuer is entitled to incur debt in order to fulfil its obligations. Subject to the approval of the FIN-FSA, the Issuer may also incur debt in order to secure its liquidity. In April 2020, the FIN-FSA approved the Issuer's application to incur debt. In addition, if the Issuer's business cycle buffer turns negative, the Issuer may incur debt without a specific approval from the FIN-FSA. If the Issuer's liabilities exceed its assets, the Finnish Government may provide governmental guarantees to secure debt incurred by the Issuer and the terms and conditions thereof as for its own debt (in Finnish, *omavelkainen takaus*) without requiring any counter-guarantees. The Finnish Government may impose conditions in respect of its guarantees. The Issuer is required to report to the Ministry of Finance concerning the usage of such guarantees and operational cash flows.

At the time of preparing the Issuer's budget for 2020, the Issuer's net position at the end of 2020 was expected to be around EUR 1,800 million positive. However, the substantial increase in lay-offs and increasing unemployment caused by the Coronavirus are expected to lead to a significant increase in unemployment benefits payable. The Issuer estimates that the total amount of unemployed persons in Finland will increase by 60–130 per cent in 2020 compared to an increase of a few per cent in the budget for 2020. The estimate includes both unemployed and temporarily laid-off people. Correspondingly, the Issuer's expenditure in 2020 is estimated to increase by EUR 1,200–2,900 million. The above is likely to lead to a large deficit in 2020. Therefore, the Issuer estimates that its budget for 2020 will need to be increased by approximately EUR 1.9 billion. Based on various scenarios, the Issuer estimates that the deficit will be between EUR 860–2,100 million compared to the budgeted surplus of EUR 100 million. Although the liquidity of the Issuer as at the date of this Listing Prospectus is on a healthy level and the business cycle buffer is close to the maximum value allowed, the Issuer estimates that it has to incur significant amounts of debt to ensure liquidity and the payment of unemployment allowances. Due to the application of accruals principle in accordance with the IFRS, unemployment insurance contributions for three months are included in the Issuer's income and invoiced at a later stage, as a result of which the Issuer's liquidity is approximately EUR 500–600 million less than the net asset value of the business cycle buffer.

On 9 April 2020, the Issuer signed back-up revolving credit facility agreements with five commercial banks for a total amount of EUR 800 million to secure its liquidity needs. The revolving credit facilities are valid for two years and include a one-year extension option, subject to the consent of the banks. The revolving credit facilities replaced the Issuer's former revolving credit facility agreements. On 11 June 2020, the Government of Finland granted a state guarantee for the aforementioned facilities. As at the date of this Listing Prospectus, the Issuer has no debt outstanding under the revolving credit facility agreements and it has not incurred any other secured debt. For further information on such agreement and the incurrence of debt in the Issuer's operations, see "*Financial and Trend Information, Prospects – Recent Events*". In addition, the Issuer has a commercial paper programme totalling EUR 300 million.

Credit Ratings

The Notes are expected to be assigned a credit rating of 'AA+' by S&P. The Issuer has a credit rating of 'AA+' long-term and 'A-1' short-term with stable outlook from S&P. The latest rating report on the Issuer was issued by S&P on 25 September 2019.

The rating of 'AA+' by S&P means that the rated entity has very strong capacity to meet financial commitments, and the rating of 'A-1+' by S&P means that the obligor's capacity to meet its financial commitment on the obligation is strong. S&P may modify the ratings 'AA' to 'CCC' by the addition of a plus (+) or minus (-) to show the relative standing within the major rating categories.

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2018 incorporated into this Listing Prospectus by reference have been audited by KPMG Oy Ab under the supervision of principal auditor with Marcus Tötterman, Authorised Public Accountant. Marcus Tötterman is a member of the Finnish Association of Auditors. For the financial year commenced 1 January 2020, KPMG Oy Ab under the supervision of principal auditor Marcus Tötterman, Authorised Public Accountant, were appointed as the auditors. The registered address of KPMG Oy Ab is Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland.

FINNISH UNEMPLOYMENT BENEFIT SYSTEM

General

The Finnish social security system is a comprehensive system designed, *inter alia*, to guarantee everyone the right to basic subsistence in the event of unemployment, illness, and disability and during old age as well as at the birth of a child or the loss of a provider. In 2018, social expenditure in Finland totalled EUR 70.2 billion (30.0 per cent of GDP while the EU average was 27.9 per cent in 2017).⁶ In 2017, the share of the unemployment insurance system of the total social expenditure in Finland was 7.1 per cent. In 2019, approximately 245,000 people received earnings-related allowance⁷ (in Finnish, *ansiopäiväraha*) (approximately 9.0 per cent of the Finnish workforce).⁸

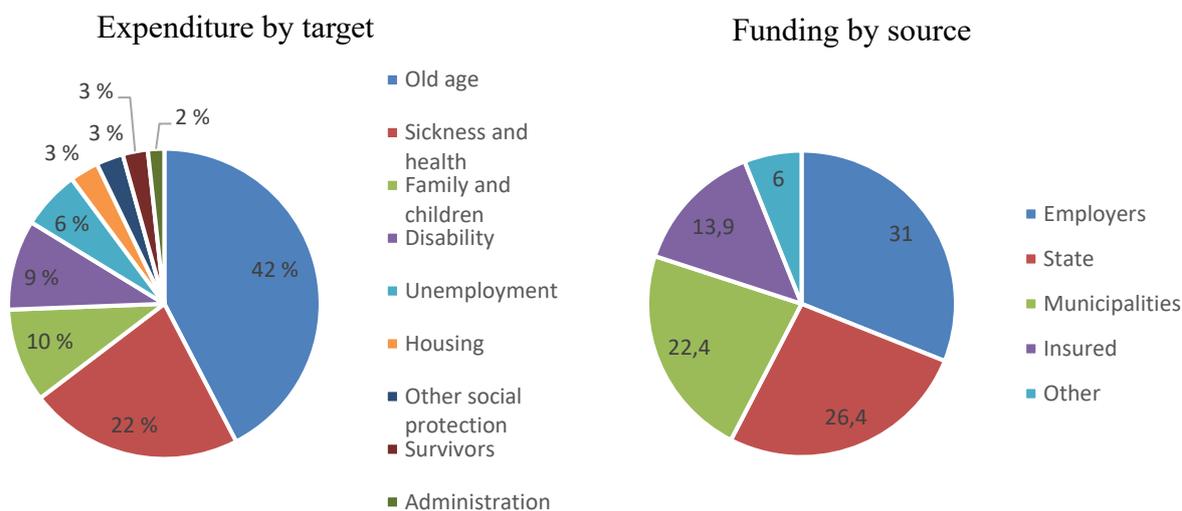
The Issuer finances unemployment allowances by collecting unemployment insurance contributions and forwarding the funds necessary for earnings-related daily unemployment allowances to sectoral unemployment funds, which pay the earnings-related benefits to their members during periods of unemployment and temporary lay-offs. In 2018, approximately 90 per cent of the Finnish workforce were members of sectoral unemployment funds.⁹

The Issuer also pays the government contribution to sectoral unemployment funds. The proportion of the unemployment insurance contribution corresponding to the share of people who do not belong to sectoral unemployment funds is remitted to Kela annually. In addition to unemployment allowances, the unemployment insurance contribution income is used to finance earnings-related pensions accrued while people receive earnings-related daily unemployment allowances. These amounts are remitted to the Finnish Centre for Pensions and the State Pension Fund. Employees may receive pay security from the Ministry of Economic Affairs and Employment if they have unpaid salaries or wages due to the employer becoming insolvent. This benefit is also financed by the unemployment insurance contribution income.

Entitlement to Unemployment Benefits

All people resident in Finland are entitled to the services and benefits of the Finnish social security system. The system, which is funded primarily from taxation and employment-related contributions, provides comprehensive health care and social welfare for everyone at all stages of life. It aims to promote people's involvement in and contribution to the development of a socially sustainable society. These characteristics locate the Finnish system within the Nordic welfare system.

The breakdown of expenditure by target and funding by source of the Finnish social security system in 2018 is provided in the following graph¹⁰:



The party responsible for the administration of the overall benefits system is Kela. The Ministry of Social Affairs and Health is responsible for developing legislation in the areas of social welfare and health. It also acts to oversee, maintain

⁶ Finnish Institute for Health and Welfare; http://www.julkari.fi/bitstream/handle/10024/139744/Tr10_20.pdf?sequence=6&isAllowed=y.

⁷ Kela; http://raportit.kela.fi/ibi_apps/WFServlet?IBIF_ex=NIT245AL.

⁸ Compared to the active population at the end of 2019; Statistics Finland;

http://pxnet2.stat.fi/PXWeb/pxweb/en/StatFin/StatFin_tym_tyti_kk/statfin_tyti_pxt_11af.px/.

⁹ Statistics Finland; http://pxnet2.stat.fi/PXWeb/pxweb/en/StatFin/StatFin_tym_tobarom/statfin_tobarom_pxt_001.px/.

¹⁰ Finnish Institute for Health and Welfare; http://www.julkari.fi/bitstream/handle/10024/139744/Tr10_20.pdf?sequence=6&isAllowed=y.

and assert the standards within the social security system. The Finnish social security system is financed partly by the state and partly by the insurance contributions made by employers and employees. Insurance contributions by employers and employees and membership contributions to sectoral unemployment funds provide for earnings-related unemployment benefits.

In the Finnish unemployment benefit system, job seekers have basic income security to cover periods of unemployment and to assist with seeking work in the form of unemployment allowance, which is paid as a flat rate daily allowance (in Finnish, *peruspäiväraha*) or as an earnings-related allowance. To be eligible for unemployment benefits, claimants must live permanently in Finland, register with an unemployment office as an unemployed job seeker, be in search of full-time work, be fit to work and meet the condition concerning previous employment.

Finnish unemployed job seekers registered with the employment office as unemployed job seekers are eligible for unemployment allowance (basic or earnings-related allowance) or labour market subsidy (in Finnish, *työmarkkinatuki*). The flat rate daily allowance is paid by Kela, and the earnings-related unemployment allowance is paid by the sectoral unemployment funds. To qualify for the basic unemployment allowance, the job seeker must meet a specific work requirement (i.e. the person has been in paid employment for at least 26 weeks¹¹ during the 28 months preceding the unemployment or the person has been self-employed for at least 15 months during the 48 months preceding the unemployment and his/her business activities have been substantial in terms of their extent).

Earnings-related unemployment allowance is available to people who belong to an unemployment fund and can be paid for up to 300–500 days. The earnings-related unemployment allowance comprises the basic component, the earnings-related component and the child increases. The amount of the basic component equals the basic unemployment allowance, which is set each year on the basis of the national pension index. In 2020, the basic component of the earnings allowance is EUR 33.66 per day and EUR 724 per month. In principle, the earnings-related component is 45 per cent of the difference between the employee’s daily pay and the basic component. If the employee’s monthly pay is higher than the income limit (EUR 3,198.00 in 2020), the earnings-related component is 20 per cent of the exceeding amount. Child increase may be claimed for children under 18 years of age and in the employee’s care. In 2020, the child increases are EUR 5.28 per day for one child, EUR 7.76 per day for two children, and EUR 10.00 per day for three or more children. The full earnings-related allowance with child increases can be no more than 90 per cent of the daily pay on which the allowance is based. In any case, earnings-related allowance cannot be lower than the basic unemployment benefit including the child increases. Earnings-related allowance is taxable income and paid for five days per week. The key features of the basic allowance and the earnings-related allowance are described in the following graph:

	Basic allowance	Earnings-related allowance
Eligibility	Min. 26-week ¹⁾ employment during 28 months before unemployment	Min. 26-week ¹⁾ employment during 28 months before unemployment; equally long membership of the unemployment fund
Funding	Finnish state	Finnish state (basic component) and employers and employees (earnings-related component). In addition, approximately 5.5 per cent is financed by the members of the sectoral unemployment funds.
Benefit distributor	Kela	Sectoral unemployment funds
Amount	EUR 724 / month	Typically EUR 1,250–2,000 / month (including the basic- and the earnings-related component)
Benefit duration	Max. 300–500 days	Max. 300–500 days

1) Temporarily 13 weeks due to Coronavirus.

Labour market subsidy is payable to unemployed job seekers who enter the labour market for the first time or otherwise have no recent work experience and unable to find work. It can also be paid to long-term unemployed persons who have exhausted their 300 to 500 day eligibility for the basic or earnings-related unemployment allowance. During participation in labour market training, unemployed persons can receive the same benefits as during unemployment. The labour market subsidy is paid by Kela.

¹¹ Temporarily 13 weeks due to Coronavirus.

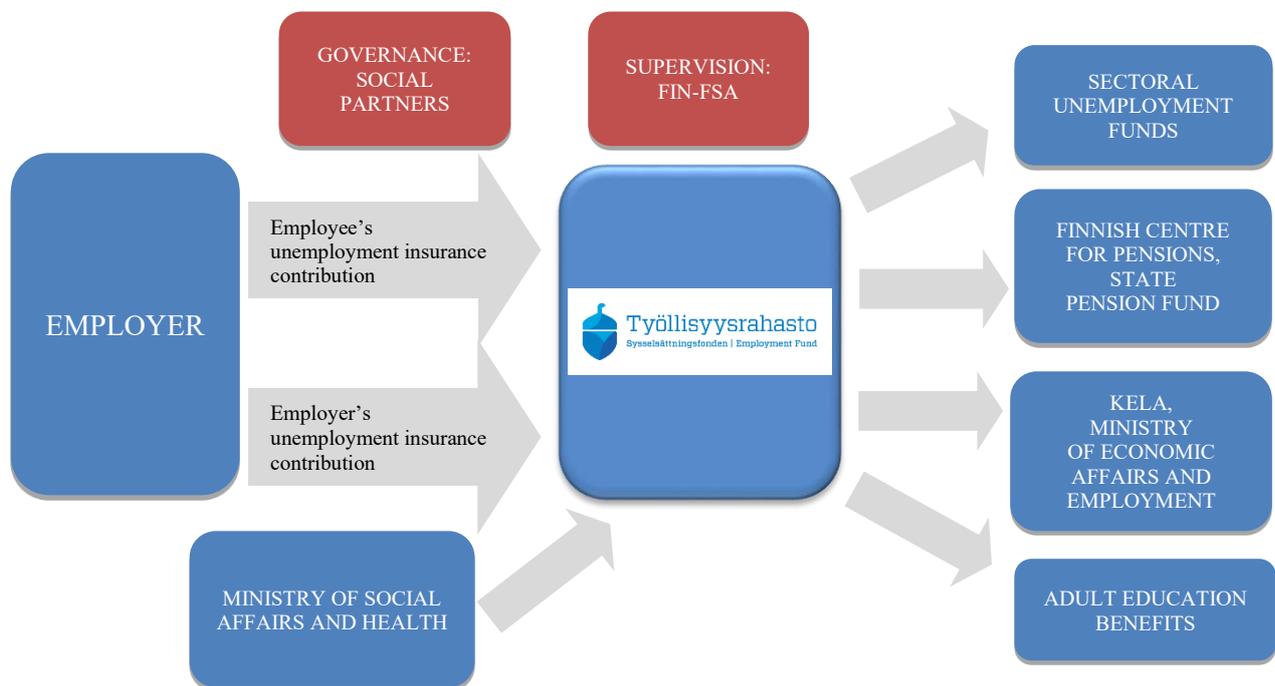
Role of the Issuer in the Finnish Unemployment Benefit System

The Issuer occupies a critical role in the Finnish unemployment benefit system and in meeting Finland's key economic, social and political objectives. The Issuer is a part of indirect public administration (in Finnish, *välillinen julkishallinto*) and it operates on behalf of the Finnish Government in providing a key public service. Its main tasks include financing the unemployment benefits, steering, developing and monitoring the implementation of the collection procedure of unemployment insurance contributions, and determining and collecting the employer's liability component.

In the Finnish system, unemployment insurance contributions are used for the financing of unemployment benefits, earnings-related unemployment benefits in particular. Based on the Finnish Act on Financing of Unemployment Benefits and with regard to the financing of earnings-related unemployment allowances, the Issuer is responsible for the expenses from the basic and earnings-related unemployment allowances, employment promotion measures and from job alternation compensations insofar as the state or individual unemployment funds are not liable for these. Pursuant to the Act on temporary change of the Finnish Act on Financing of Unemployment Benefits (in Finnish, *laki työttömyysetuuksien rahoituksesta annetun lain väliaikaisesta muuttamisesta*) (215/2020), which entered into force on 9 April 2020 as is in force until 6 July 2020, the Finnish state temporarily undertook to pay the full earnings-related unemployment allowance for the liability component period (in Finnish, *omavastuu aika*).

The resources accrued from unemployment insurance contributions are distributed to sectoral unemployment funds and other parties responsible for the provision of unemployment benefits. Paying unemployment insurance contributions is a statutory obligation. The Issuer provides funding for unemployment benefits, i.e. it distributes the money to sectoral unemployment funds and to Kela.

In Finland, employers are under a statutory obligation to pay unemployment insurance. An employer deducts the employee's share of the contribution with each payment of wages. The employer is responsible for forwarding both employee and employer unemployment insurance contributions to the Issuer. The liability to pay is based on the Finnish Act on Financing of Unemployment Benefits. Unemployment insurance contribution percentages are determined annually by law. Contributions are primarily used for financing earnings-related unemployment benefits. The financing system is described in the following graph:



The employer deducts the employee's unemployment insurance contribution in connection with each payment of wages.

The employer forwards the employee's and employer's contributions to the Issuer.

The unemployment insurance contributions are used for the financing of earnings-related unemployment benefits as well as adult education benefits.

The Issuer determines and collects the unemployment insurance contributions pursuant to the Finnish Act on Financing of Unemployment Benefits. The unemployment insurance contributions are assessed on the basis of the income information reported to the Incomes Register. Employers report the wages they have paid to employees on the Incomes

Register. At the same time, the contributions are assessed by using more up-to-date information about the actual payroll sums. Unemployment insurance contributions are assessed four times per year based on the payroll information for the three preceding calendar months. Unemployment insurance contribution income is recognised in the financial statements on an accrual basis, and the unemployment insurance income for the final quarter of the year is recognised in the balance sheet under pre-payments and accrued income. The Issuer uses an actual payments based model, although a small share of the Issuer's customers use the prepayment model, previously used for all customers, where unemployment insurance contribution prepayments are determined in the year preceding the insurance year, and recognised as income in the insurance year.

ADULT EDUCATION BENEFITS

General

Adult education benefits consist of the adult education allowance and the scholarship for qualified employees.

Adult education allowance can be granted to employees and entrepreneurs. Employees' adult education allowance is an earnings-related benefit consisting of a basic component and an earnings-related component. Entrepreneurs' adult education allowance consists of the basic component of the adult education allowance. In 2019, adult education allowances were paid to 25,701 people in a total amount of EUR 176.5 million. The number of beneficiaries increased by 3.4 per cent compared to 2018, and the allowance expenditure increased by almost 2 per cent.

The scholarship for qualified employees is a tax-exempt, lump-sum payment of EUR 400. In 2019, 26,187 scholarships for qualified employees were granted in a total amount of EUR 10.5 million. The number of scholarships decreased by 14 per cent compared to 2018.

Entitlement to Adult Education Benefits

Employees and entrepreneurs who have been working for at least eight years may apply for an adult education allowance to maintain their professional expertise and enhance their competences. The allowance may be granted for additional or supplementary vocational education, or for an entirely new degree or part thereof.

For employees, a further prerequisite is that the employee has had a full-time employment or public-service relationship with the employer for at least one year, either uninterrupted or in several periods, before the start date of the allowance period. The employee also needs to be on a study leave agreed with the employer. Employees' adult education allowance can also be paid as adjusted adult education allowance to those employees who are working while studying.

In order for an entrepreneur to receive an adult education allowance, entrepreneurial activity must have been the applicant's primary occupation for at least one year, and the entrepreneurial activity must be reduced in scope or suspended for the duration of the education. In order for the allowance to be granted, the income from business activities must decrease by at least one third. The decrease in income is verified retrospectively on the basis of taxation (for the year when the allowance is paid).

Employees' adult education allowances consist of a basic component and an earnings-related component. In 2020, the basic component is EUR 597.92 per month, which is EUR 27.81 per day. The earnings-related component is 45 per cent of the difference between the daily salary and the basic component. If the monthly pay is more than 105 times the basic component, the earnings-related component is 20 per cent of the daily salary above this threshold. The adult education allowance is a maximum of 90 per cent of the daily salary used as the basis for the allowance and the minimum amount is the basic component. Entrepreneurs may only receive the basic component of the adult education allowance.

On 27 February 2020, the Finnish Government proposed a bill to Parliament to amend the application process for employees' adult education allowance, the amount of allowance, the accumulation of allowance months, and study performance requirements. The new bill will not affect entrepreneurs' adult education allowance. In the proposed legislation, adult education allowance would continue to consist of a basic component and a personal earnings-related component. Earned income during months of allowance would decrease the amount of adult education allowance less than currently.

The scholarships for qualified employees can be granted to a person who has completed a vocational upper secondary qualification, further vocational qualification, or specialist vocational qualification and who has been in paid employment for at least five years. The scholarship cannot be granted for a higher education degree. A further prerequisite for receiving a scholarship for qualified employee is that the person is permanently resident in Finland and covered by Finnish social security on the date of completing the qualification and applying for the scholarship. The person must also be under the age of 68 on the date of completing the qualification.

Role of the Issuer in the Finnish Adult Education Benefits

On 1 January 2019, the Education Fund merged with the Unemployment Insurance Fund, and the name of the Unemployment Insurance Fund was changed to the Employment Fund. Likewise, the Education Fund's liabilities and obligations transferred to the Employment Fund. The Education Fund granted adult education benefits consisting of the adult education allowance and the scholarship for qualified employees.

The Issuer collects unemployment insurance contributions, which are used to promote competence development through adult education benefits in addition to finance unemployment allowances. The Issuer also grants adult education allowances and scholarships for qualified employees, which are intended to encourage vocational training and competence development. Employees' adult education allowances are financed entirely from the unemployment insurance contribution income. The state pays adult education allowances for entrepreneurs and scholarship for qualified state employees. The Issuer is also responsible for financing earnings-related pensions accrued during periods when adult education allowances are paid.

FINANCIAL AND TREND INFORMATION, PROSPECTS

Historical Financial Information

The audited financial statements of the Issuer as of and for the years ended 31 December 2019 and 31 December 2018 have been prepared in accordance with the IFRS as adopted by the EU, and they have been incorporated into this Listing Prospectus by reference. Except for the financial statements as at and for the financial years ended 31 December 2019 and 31 December 2018, the information included in this Listing Prospectus has not been audited. See “*Information Incorporated by Reference*”.

Legal and Arbitration Proceedings

There are no governmental, legal, arbitration or administrative proceedings against or affecting the Issuer (and the Issuer is not aware of any such proceedings being pending or threatened), during a period covering at least the previous 12 months, which have or may have had in the recent past, individually or in the aggregate, significant effects on the operations or the financial position of the Issuer.

Material Adverse Changes in the Prospects of the Issuer and Significant Change in the Issuer’s Financial Position

Except for the rapid increase of unemployment allowance expenses since February 2020 due to the substantial increase in lay-offs and increasing unemployment caused by the Coronavirus materially adversely affecting the prospects of the Issuer and the Issuer signing back-up revolving credit facility agreements with five commercial banks for a total amount of EUR 800 million to secure its liquidity needs on 9 April 2020 being a significant change in the Issuer’s financial position, both described under “– *Recent Events*” below, there has been no material adverse change in the prospects of the Issuer nor any significant change in the Issuer’s financial position since 31 December 2019, which is the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

Trend Information

Conditions of the Operating Environment

At the time of preparing the Issuer’s budget for 2020, the Issuer’s net position at the end of 2020 was expected to be around EUR 1,800 million positive. However, the substantial increase in lay-offs and increasing unemployment caused by the Coronavirus are expected to lead to a significant increase in unemployment benefits payable. The Issuer estimates that the total amount of unemployed persons in Finland will increase by 60–130 per cent in 2020 compared to an increase of a few per cent in the budget for 2020. The estimate includes both unemployed and temporarily laid-off people. Correspondingly, the Issuer’s expenditure in 2020 is estimated to increase by EUR 1,200–2,900 million. The above is likely to lead to a large deficit in 2020. Therefore, the Issuer estimates that its budget for 2020 will need to be increased by approximately EUR 1.9 billion. Based on various scenarios, the Issuer estimates that the deficit will be between EUR 860–2,100 million compared to the budgeted surplus of EUR 100 million. Although the liquidity of the Issuer as at the date of this Listing Prospectus is on a healthy level and the business cycle buffer is close to the maximum value allowed, the Issuer estimates that it has to incur significant amounts of debt to ensure liquidity and the payment of unemployment allowances. Due to the application of accruals principle in accordance with the IFRS, unemployment insurance contributions for three months are included in the Issuer’s income and invoiced at a later stage, as a result of which the Issuer’s liquidity is approximately EUR 500–600 million less than the net asset value of the business cycle buffer.

Since 2011, the amount of unemployment contributions have been ratified through a procedure, by which the Issuer makes a proposal for the amounts of the following year’s contributions to the Ministry of Social Affairs and Health in August. This procedure increases the uncertainty of the following year’s economic and unemployment forecast. The unemployment insurance contribution rates are ratified by the Finnish Parliament on the basis of the government proposal. The proposal for contributions can be amended during parliamentary proceedings.

The Finnish Parliament has imposed in accordance with the Issuer’s proposal that the total contribution be reduced by 0.49 percentage points for 2020. The employer’s average contribution to be reduced by 0.24 percentage points and the employees’ contribution by 0.25 percentage points. The employees’ unemployment insurance contribution for 2020 is 1.25 per cent of the wages, and employer’s average contribution percentage is expected to be 1.26 per cent.

The Issuer submitted a preliminary proposal on the level of unemployment insurance contributions for 2021 to the Ministry of Social Affairs and Health on 5 May 2020. The Issuer proposed that the employees’ and employers’ unemployment insurance contributions should be increased by 0.35–0.75 percentage points, 0.7–1.5 percentage points in total, for 2021 if the state contributes to the financing of lay-off costs in 2020 and 2021. The Issuer is responsible for financing approximately 94.5 per cent of the unemployment costs related to lay-offs, and approximately 5.5 per cent is

financed by the members of the sectoral unemployment funds. If the state does not provide financial support, the need for an increase in employees' and employers' unemployment insurance contributions would be 0.50–1.00 percentage points, 1.00–2.00 percentage points in total, for 2021. In late August 2020, the Issuer's Supervisory Board will make a final proposal on the unemployment insurance contributions for 2021, which will be submitted to the Ministry of Social Affairs and Health. Pursuant to the Act on temporary change of the Finnish Act on Financing of Unemployment Benefits (in Finnish, *laki työttömyysetuuksien rahoituksesta annetun lain väliaikaisesta muuttamisesta*) (215/2020), which entered into force on 9 April 2020 as is in force until 6 July 2020, the Finnish state temporarily undertook to pay the full earnings-related unemployment allowance for the liability component period (in Finnish, *omavastuu-aika*).

Recent Events

The amount of unemployed people as per 31 March 2020 had increased by approximately 71,000 (29.7 per cent) compared to the year before.¹² The Issuer's expenditures have increased rapidly since February 2020. The Issuer estimates that the substantial increase in lay-offs and increasing unemployment caused by the Coronavirus are expected to lead to a significant increase in unemployment benefits payable. The Issuer estimates that the total amount of unemployed persons in Finland will increase by 60–130 per cent in 2020 compared to an increase of a few per cent in the budget for 2020. The estimate includes both unemployed and temporarily laid-off people. Correspondingly, the Issuer's expenditure in 2020 is estimated to increase by EUR 1,200–2,900 million. The above is likely to lead to a large deficit in 2020. Therefore, the Issuer estimates that its budget for 2020 will need to be increased by approximately EUR 1.9 billion. Based on various scenarios, the Issuer estimates that the deficit will be between EUR 860–2,100 million compared to the budgeted surplus of EUR 100 million. Although the liquidity of the Issuer as at the date of this Listing Prospectus is on a healthy level and the business cycle buffer is close to the maximum value allowed, the Issuer estimates that it has have to incur significant amounts of debt to ensure liquidity and the payment of unemployment allowances. Due to the application of accruals principle in accordance with the IFRS, unemployment insurance contributions for three months are included in the Issuer's income and invoiced at a later stage, as a result of which the Issuer's liquidity is approximately EUR 500–600 million less than the net asset value of the business cycle buffer. For further information, see "*Risk Factors – A. Risks relating to the Issuer's operating environment*".

On 9 April 2020, the Issuer signed back-up revolving credit facility agreements with five commercial banks for a total amount of EUR 800 million to secure its liquidity needs. The revolving credit facilities are valid for two years and include a one-year extension option, subject to the consent of the banks. The revolving credit facilities replaced the Issuer's former revolving credit facility agreements. On 11 June 2020, the Government of Finland granted a state guarantee for the aforementioned facilities. As at the date of this Listing Prospectus, the Issuer has no debt outstanding under the revolving credit facility agreements and it has not incurred any other secured debt. In addition, the Issuer has a commercial paper programme totalling EUR 300 million.

¹² Statistics Finland; http://pxnet2.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin__tym__tyonv__kk/statfin_tyonv_pxt_1001.px/.

DIRECTORS AND MANAGEMENT

The Issuer's management is divided between the Supervisory Board, which is the highest decision-making body of the Issuer, the Board of Directors and the Management Group. The Supervisory Board and the Board of Directors are both appointed based on proposals by the social partners. The duties of the Supervisory Board and the Board of Directors are set forth in the Finnish Decree on the Regulations of the Employment Fund. Even though the Issuer is a non-listed company, it has decided to conduct its operations, where applicable, in compliance with the Finnish Corporate Governance Code 2020 for listed companies.

Supervisory Board

The functions of the Supervisory Board include, among other things, confirming the Issuer's budget and closing of accounts, appointing the Board of Directors and making a proposition to the Ministry of Social Affairs and Health concerning the amount of unemployment insurance contributions. The Supervisory Board also sets the principles according to which investments are to be made with the Issuer's assets.

The Supervisory Board is appointed by the Finnish Government based on proposals from the social partners. Of the members, nine are employers' representatives and nine are employees' representatives.

In 2017, based on the proposal of the social partners, the members of the Supervisory Board for the period from 1 January 2018 to 31 December 2020 were appointed by the Finnish Government. As at the date of this Listing Prospectus, the Supervisory Board comprises the following persons:

Name	Social Partner/Institution Represented	Position in the Social Partner/Institution Represented
Antti Zitting Chairman for the 2020 financial period	Sacotec Oy/The Confederation of Finnish Industries (EK)	Chairman of the Board
Annika Rönni-Sallinen Deputy Chairman for the 2020 financial period	Service Union United PAM/The Central Organisation of Finnish Trade Unions (SAK)	Chairman of the Board
Riku Aalto	Industrial Union/The Central Organisation of Finnish Trade Unions (SAK)	President
Teija Asara-Laaksonen	Trade Union for the Public and Welfare Sectors (JHL)/ The Central Organisation of Finnish Trade Unions (SAK)	Vice President
Jorma Haapanen	Social and Health Services in Kymenlaakso /Local Government Employers	Director
Jari Jokinen	Academic Engineers and Architects in Finland (TEK)/The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	Unit Director
Teemu Kokko	Haaga-Helia University of Applied Sciences/The Confederation of Finnish Industries (EK)	Rector
Antti Korpiemi	Berner Ltd/The Confederation of Finnish Industries (EK)	CEO
Kirsi-Marja Lievonon	City of Vantaa/Local Government Employers	HR Director
Petri Lindroos	Trade Union of Education (OAJ)/The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	Director of Negotiations

Salla Luomanmäki	Akava Special Branches/The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	Executive Director
Jorma Malinen	Trade Union Pro/The Finnish Confederation of Professionals (STTK)	President
Matti Mettälä	Kesko Corporation/The Confederation of Finnish Industries (EK)	Executive Vice President, Human Resources
Taina Niiranen	Parkano municipality/Local Government Employers	Director of Health and Wellbeing Services
Olli Nikula	Saint-Gobain Finland Ltd/The Confederation of Finnish Industries (EK)	CEO
Harri Ojanperä	SOK Travel and Hospitality Industry Chain Management/The Confederation of Finnish Industries (EK)	Senior Vice President
Silja Paavola	Finnish Union of Practical Nurses (SuPer)/The Finnish Confederation of Professionals (STTK)	President
Millariikka Rytönen	Union of Health and Social Care Professionals Tehy/ The Finnish Confederation of Professionals (STTK)	Chairman of the Board

Board of Directors

The Issuer's Supervisory Board appoints the Board of Directors of the Issuer based on proposals from the social partners. The Board of Directors consists of 14 members, seven of whom represent employers and seven of whom represent employees.

The Board of Directors is responsible for any matter falling under the scope of the Issuer's operations for which the Supervisory Board is not responsible. The Board of Directors represents the Issuer and decides on any incurring of any debt and requesting any governmental guarantees in respect of any debt. The Board of Directors also prepares the Issuer's budget and financial statements, which are then approved by the Supervisory Board. The Board of Directors appoints the Managing Director of the Issuer.

As at the date of this Listing Prospectus, the Board of Directors comprises the following persons:

Name	Social Partner	Position
Antti Palola	Finnish Confederation of Professionals STTK	Chairman of the Board
Vesa Rantahalvari	Confederation of Finnish Industries (EK)	Vice Chairman of the Board
Tuomas Aarto	Service Sector Employers Palta (EK)	Member
Minna Etu-Seppälä	The Chemical Industry Federation of Finland (EK)	Member
Sture Fjäder	Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	Member
Riikka Heikinheimo	Confederation of Finnish Industries (EK)	Member
Minna Helle	Technology Industries of Finland (EK)	Member
Markku Jalonen	Local Government Employers	Member
Ilkka Kaukoranta	Central Organisation of Finnish Trade Unions (SAK)	Member

Ida Mieltyinen	Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	Member
Katarina Murto	Finnish Confederation of Professionals STTK	Member
Jorma Palola	Local Government Employers	Member
Saana Siekkinen	Central Organisation of Finnish Trade Unions (SAK)	Member
Pirjo Väänänen	Central Organisation of Finnish Trade Unions (SAK)	Member

Management Group

The Issuer has a Management Group consisting of six persons. The Management Group supports the Managing Director and the Board of Directors in their duties. As at the date of this Listing Prospectus, the Management Group comprises the following persons:

Janne Metsämäki (born 1960) has been the Managing Director of the Issuer since 2015. Previously, Metsämäki has served as the Director, Collective Bargaining, Legal and Social Affairs of the Central Organisation of Finnish Trade Unions (SAK) from 2014 to 2015 and as the State Secretary at the Ministry of Employment and the Economy from 2011 to 2013. Metsämäki has also served in various other positions in the Central Organisation of Finnish Trade Unions (SAK) and the Ministry of Social Affairs and Health. Metsämäki holds a Master of Laws degree.

Tapio Oksanen (born 1958) has been the Chief Financial Officer (Deputy Managing Director) of the Issuer since 2019. Oksanen has worked as the Issuer's Vice Managing Director from 2012 to 2018 and CFO since 2001. Previously, Oksanen has served as a Director or Manager in various financial institutions. Oksanen holds a Master's Degree in Economics and Finance.

Virpi Halme (born 1976) has been the Director of Internal Services and Legal Affairs of the Issuer since 2018. Previously, Halme has served as the Manager of Legal Affairs from 2016 to 2018 and as a Lawyer from 2015 to 2016 as well as held several other roles since 2005 at Unemployment Insurance Fund. Halme holds a Master of Laws degree.

Katja Knaapila (born 1966) has been the Director of HR and Communication of the Issuer since 2019. In addition, Knaapila is entrepreneur at Abolensis Oy. Previously, Knaapila has served as the Vice President of Human Resources at Adven Group Oy from 2015 to 2018, HR Director of Travel Services at Finnair Oyj from 2010 to 2015, Senior HR Manager at Fujitsu Services Oy from 2008 to 2010, Senior Consultant at HR4 Solutions Oy from 2007 to 2008, Manager of Mergers and Acquisitions at Accenture Oy from 2006 to 2007, Professional Development Manager of Nordic and other roles at IBM (Oy International Business Machines Ab) from 1995 to 2006 and Noraty Public at Sparbanken i Åboland (Merita) from 1988 to 1995. Knaapila holds a Master of Business Administration (MBA)

Juho Oksanen (born 1978) has been the Director of Development and Renewal of the Issuer since 2019. Previously, Oksanen has served as Director of Contribution Collection from 2012 to 2018 and held several other roles since 2006 at Unemployment Insurance Fund as well as worked as Senior Statistician at Statistics Finland. Oksanen holds a Master's degree in Business Administration and a Master's Degree in Social Sciences.

Merli Vanala (born 1964) has been the Director of Customer Relationships of the Issuer since 2019. Previously, Vanala has served as the Benefit Services Director for 2017 to 2018 and held several other roles since 1991 at the Education Fund. Vanala holds a Master of Arts.

Business Address

The address of the members of the Supervisory Board, the Board of Directors, the Managing Director and the Management Group is Kansakoulukuja 1, FI-00100 Helsinki, Finland.

Absence of Conflicts of Interest

To the knowledge of the Issuer, the members of the Supervisory Board, the Board of Directors, the Management Group and the Managing Director do not have any conflicts of interest between their duties relating to the Issuer and their private interests and/or their other duties.

ADDITIONAL INFORMATION ON THE ISSUE OF THE NOTES

This overview is an overview of certain key features of the Notes. Any decision by an investor to invest in any Notes should be based on a consideration of this Listing Prospectus as a whole, including the documents incorporated by reference therein.

Unless otherwise stated herein or the context otherwise requires, capitalised terms used below shall have the meaning ascribed to them in the Terms and Conditions.

Decisions and authorisations:	Decision and authorisation of the Board of Directors of the Issuer on 28 April and 26 May 2020.
Type of the Issue:	Private placement of Notes, subsequent listing on the Helsinki Stock Exchange.
Ranking of the Notes:	The Notes constitute direct, unconditional, unsubordinated, unguaranteed and unsecured obligations of the Issuer ranking <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Use of proceeds:	Proceeds from the issue of the Notes will be used to pay the Issuer's statutory obligations.
Interests of the Joint Lead Managers:	Business interest customary in the financial markets. The Joint Lead Manager and other entities within the same group and/or their affiliates have provided, and may in the future provide, the Issuer with investment, insurance, banking and/or other services in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions. In addition to the above, the Joint Lead Managers are creditors under the revolving credit facilities.
Paying and issuing agent:	Nordea Bank Abp.
Form of Notes, depository and settlement system:	Dematerialised securities issued in book-entry form in the Infinity system maintained by Euroclear Finland Ltd, address Urho Kekkosen katu 5C, FI-00100, Helsinki, Finland.
Estimated time of listing:	On or about 18 June 2020.
Interest:	0.010 per cent per annum. Interest shall be payable annually in arrears commencing on 16 June 2021 and there after on each Interest Payment Date, being each 16 June, until the Maturity Date, being 16 June 2027.
Effective yield:	0.010 per cent per annum.
Issue price:	99.735 per cent.
Estimated expenses:	The Issuer's estimated expenses relating to the issue of the Notes are approximately EUR 1.4 million.
Estimated net amount of the proceeds, including the issue price and estimated cost of issue and listing:	Approximately EUR 597.0 million.

CERTAIN INFORMATION ON TAXATION

Disclaimer

The following is a general description addressing only the Finnish withholding tax treatment of income arising from the Notes. This description is (i) based on the laws, regulations and published case law in full force and effect in Finland and the interpretation thereof as at the date of this Listing Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the fact that the Issuer is resident in Finland for tax purposes as at date of this Listing Prospectus. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The following description is based on an interpretation of general provisions of tax law. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, exercise, redemption, sale or other disposition of the Notes.

Non-Resident Holders of Notes

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a Finnish branch, permanent establishment or other fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein. Under current Finnish tax legislation, the Issuer (or a Finnish paying agent, as defined below) is required to ascertain that the recipient is not resident in Finland for tax purposes and the recipient is obliged to disclose its non-resident investor status to the payer. If it is required to do so under Finnish tax law, where a recipient fails to provide such information, the Issuer (or a Finnish paying agent) will be entitled, pursuant to Finnish tax legislation, to withhold or deduct amounts from a payment in respect of the Notes.

Resident Holders of Notes

Corporates

Payments made by or on behalf of the Issuer to corporates resident in Finland for tax purposes may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Individuals and Estates

Interest and any similar payments (e.g. interest compensation, in Finnish, *jälkimarkkinahyvitys*) made to individuals or estates residing in Finland are generally subject to advance withholding of income tax according to the Prepayment Act (in Finnish, *ennakkoperintälaki*) (1118/1996, as amended). Payments classified as capital gain for Finnish income tax purposes are not subject to advance withholding of income tax.

The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment to the holder of Notes, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary (Finnish paying agent).

INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference into this Listing Prospectus. They have been published on the Issuer's website at <https://www.tyollisyysrahasto.fi/en/investors/>.

Document	Information by reference
Annual report 2019, pages 9–90	Audited financial statements and report of the Board of Directors for the year 2019
Annual report 2019, pages 91–93	Auditor's Report for the financial year ended 31 December 2019
Annual report 2018, pages 5–46	Audited financial statements and report of the Board of Directors for the year 2018
Annual report 2018, pages 47–49	Auditor's Report for the financial year ended 31 December 2018

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

The documents incorporated by reference into this Listing Prospectus as well as the Finnish Decree on the Regulations of the Employment Fund (in Finnish, *asetus Työllisyysrahaston ohjesäännöstä*) (862/1998, as amended) may be inspected at the Issuer's office, Kansakoulukuja 1, FI-00100 Helsinki, Finland on weekdays from 9:00 am to 4:00 pm Finnish time. In order to ensure the best possible service, persons wishing to examine the documents referred to in this section are kindly requested to notify the Issuer of their visit in advance by telephone +358 9 6803 7380.

The Issuer publishes its annual reports, including its audited financial statements, half-yearly reports, and other information. All annual reports, including audited financial statements, and half-yearly reports releases are published in Finnish and in English. Such information is available on the Issuer's website at <https://www.tyollisyysrahasto.fi/en/investors/>.

TERMS AND CONDITIONS OF THE NOTES

TYÖLLISYYSRAHASTO EUR 600,000,000 0.010% notes due 2027

ISIN CODE FI4000440276

The Board of Directors of Työllisyysrahasto (the “**Issuer**”) has in its meetings on 28 April and 26 May 2020 authorised the Issuer’s management to decide on the issue of senior unsecured notes referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (Fi: *velkakirjalaki*, 622/1947, as amended). Based on the authorisation, the Issuer has decided to issue senior unsecured notes (the “**Notes**”) on the terms and conditions specified below in the maximum aggregate amount of EUR 600,000,000.

The arrangers of the issue of the Notes are Danske Bank A/S, Nordea Bank Abp and Swedbank AB (publ) (the “**Arrangers**”).

1. PRINCIPAL AMOUNT AND ISSUANCE OF THE NOTES

The aggregate principal amount of the Notes is six hundred million euros (EUR 600,000,000). If the Issuer later decides to issue further notes with the same ISIN code, the total amount of the Notes may be higher than six hundred million euros (EUR 600,000,000).

The Notes will be issued in dematerialised form in the Infinity book-entry securities system of Euroclear Finland Ltd (“**Euroclear Finland**”) (or any system replacing or substituting the Infinity book-entry securities system in accordance with the rules and decisions of Euroclear Finland) in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of Euroclear Finland. The Notes cannot be physically delivered.

The issuer agent (Fi: *liikkeeseenlaskijan asiamies*) of the Notes referred to in the rules of Euroclear Finland (the “**Issuer Agent**”) and the paying agent of the Notes (the “**Paying Agent**”) is Nordea Bank Abp.

The issue date of the Notes is 16 June 2020 (the “**Issue Date**”).

The Notes are offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit (Fi: *arvo-osuuden yksikkökoko*) in relation to the Notes is one hundred thousand euros (EUR 100,000). The number of the Notes is six thousand (6,000), or a higher number if the Issuer decides to issue further notes with the same ISIN code. Each Note will be freely transferable after it has been registered into the respective book-entry account.

For the purposes of these Terms and Conditions, a “**Noteholder**” means a person or legal entity that is registered in the register maintained by Euroclear Finland pursuant to the Finnish Act on Book-Entry System and Clearing Operations (Fi: *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*, 348/2017, as amended) as direct registered owner (Fi: *omistaja*) or nominee (Fi: *hallintarekisteröinnin hoitaja*) with respect to a Note.

2. STATUS AND SECURITY

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking *pari passu* among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

3. SUBSCRIPTION OF THE NOTES

Notes are offered for subscription to eligible counterparties and professional clients in a book-building procedure. The subscription period shall commence and end on 9 June 2020 (the “**Subscription Date**”).

Bids for subscription shall be submitted to (i) Danske Bank A/S, c/o Danske Bank A/S, Finland Branch, Kasarmikatu 21 B, 00130 Helsinki, 00075 DANSKE BANK, Finland, tel. +358 (0)10 513 8791 (ii) Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, tel. +358 9 369 50880 or (iii) Swedbank AB (publ), c/o Swedbank AB (publ), Finnish Branch, Debt Capital Markets, Mannerheimintie 14 b, 00101 Helsinki, Finland, tel: +358 50 918 6357 during the Subscription Date and within regular business hours.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer each investor that has

submitted a subscription shall be notified by the Arrangers whether and, where applicable, to what extent such subscription is accepted.

Subscriptions notified as having been accepted shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be entered by the Issuer Agent in the book-entry accounts of the subscribers on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as rules and decisions of Euroclear Finland.

4. ISSUE PRICE

The issue price of the Notes is 99.735 per cent of the principal amount of the Notes.

5. INTEREST

The Notes bear interest at the fixed rate of 0.010 per cent per annum.

Interest on the Notes will be payable annually in arrears commencing on 16 June 2021 and thereafter on each 16 June (each, an “**Interest Payment Date**”) until the Maturity Date (as defined below). Interest shall accrue for each interest period from (and including) the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the date when the Notes have been repaid in full.

Interest in respect of the Notes shall be calculated on the “actual/actual ICMA” basis as specified by the International Capital Market Association.

6. REDEMPTION

6.1 Redemption at Maturity

The Notes shall be repaid in full at their nominal principal amount on 16 June 2027 (the “**Maturity Date**”) together with accrued unpaid interest, unless the Issuer has prepaid the Notes in accordance with this Condition 6 or Condition 11 (*Events of Default*) below.

6.2 Early Redemption Due to Illegality

If, by reason of coming into effect of a new law or regulation in Finland, a change in Finnish law or any mandatory Finnish provision, or any change in the official judicial or administrative application or interpretation of such law by any competent authority, becoming effective after the Issue Date, it would become unlawful for the Issuer to perform or comply with its obligations under the Notes, the Issuer will redeem all, but not some only, of the Notes at their nominal principal amount together with any interest accrued to the date set for redemption in a notice to Noteholders, which shall be published in accordance with Condition 14 (*Notices and Right to Information*) not more than forty-five (45) nor less than thirty (30) calendar days’ prior to such redemption date (which notice shall be irrevocable), such redemption date being prior to it becoming unlawful for the Issuer to perform or comply with its obligations under the Notes.

6.3 Early Redemption Due to a Tax Event

Upon the occurrence of a Tax Event (as defined below), the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days’ notice to the Paying Agent and the Noteholders (which notice shall be published in accordance with Condition 14 (*Notices and Right to Information*) and which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole, but not in part, at any time after the occurrence of a Tax Event, at an amount equal to their nominal amount, together with any accrued interest to but excluding the date of redemption.

“**Tax Event**” means that the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

7. PAYMENTS

Interest on and principal of the Notes shall be paid in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of Euroclear Finland.

Should the payment date of interest or principal fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next following Business Day. The postponement of the payment date shall not have an impact on the amount payable.

In these Terms and Conditions, “**Business Day**” shall mean a day on which banks in Helsinki are open for general business and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

8. CHANGE IN STATUS OF THE ISSUER

If, after the Issue Date, the Issuer ceases to be a Finnish indirect public administration institution established by law through the Act on Financing of Unemployment Benefits (Fi: *laki työttömyysetuuksien rahoituksesta*, 555/1998, as amended) or a Finnish government agency or public body or otherwise a public institution with a status of at least equivalent to the current, the Issuer shall promptly notify the Noteholders of such event in accordance with Condition 14 (*Notices and Right to Information*).

The Issuer shall on the Prepayment Date (as defined below in this Condition 8) prepay the nominal principal amount of and accrued interest on the Notes, but without any premium or penalty, held by the Noteholders who have required prepayment of the Notes held by them by a written notice to be given to the Issuer no later than fifteen (15) Business Days before the Prepayment Date.

If Notes representing more than seventy-five (75) per cent of the aggregate nominal principal amount of the Notes have been prepaid pursuant to this Condition 8 on the Prepayment Date, the Issuer is entitled to prepay also the remaining outstanding Notes at their nominal principal amount with accrued interest but without any premium or penalty by notifying the Noteholders in accordance with Condition 14 (*Notices and Right to Information*) no later than fifteen (15) Business Days after the Prepayment Date. Such prepayment may occur at the earliest on the tenth (10th) Business Day following the date of publication of such notice.

“**Prepayment Date**” means the date falling forty-five (45) Business Days after the publication of the notice referred to in the first paragraph of this Condition 8.

9. NEGATIVE PLEDGE

So long as any Note remains outstanding, the Issuer shall not create or permit to subsist any mortgage, charge, lien, pledge or other security interest to secure any indebtedness:

- (a) except for indebtedness the aggregate principal amount of which does not exceed EUR 10,000,000 (or its equivalent in another currency or currencies);
- (b) except for any such security interest that is required under Finnish law; and
- (c) unless prior to or simultaneously therewith the Issuer’s obligations under the Notes either (a) are secured equally and rateably therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Condition 13 (*Noteholders’ Meeting and Procedure in Writing*)).

10. INFORMATION FROM THE ISSUER

The Issuer shall make available to the Noteholders by way of publication on the official website of the Issuer:

- (a) as soon as the same become available, but in any event within 150 days after the end of each of its financial years, its audited financial statements for that financial year; and
- (b) as of 1 July 2020, as soon as the same become available, but in any event 90 days after the end of each half of each of its financial years, its financial statements for that financial period.

11. EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the nominal principal amount of such Note together with the interest then accrued on such Note to be prematurely due and payable at the earliest on the tenth (10th) Business Day from the date such notice was received by the Issuer *provided* that an Event of Default is continuing on the date of receipt of the notice and on the specified early repayment date. An Event of Default is continuing if it has not been remedied or waived. Interest accrues until the early repayment date (excluding the early repayment date).

Each of the following events shall constitute an “**Event of Default**”:

- (a) **Non-Payment:** Any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date unless the failure to pay is caused by a reason referred to in Condition 15 (*Force Majeure*).
- (b) **Non-Compliance with Obligations:** The Issuer does not comply with its obligations under Condition 9 (*Negative Pledge*) and/or Condition 10 (*Information from the Issuer*).
- (c) **Cross-Default:** Any indebtedness of the Issuer (including guarantees given by the Issuer) in an aggregate minimum amount of ten million euros (EUR 10,000,000) or its equivalent in any other currency is accelerated prematurely because of an event of default, howsoever described, or if any such indebtedness is not repaid on the due date thereof as extended by applicable grace period, if any, or if any security given by the Issuer for any such indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this sub-Condition (c) if the Issuer has *bona fide* disputed the existence of the occurrence of an Event of Default under this sub-Condition (c) in the relevant court or arbitration as long as such dispute has not been finally and adversely adjudicated against the Issuer.
- (d) **Cessation of Current Activities:** The Issuer ceases to carry on a substantial part of its current activities.
- (e) **Inability to Pay Its Debts:** The Issuer becomes insolvent or is unable to pay its debts as they fall due or the Issuer makes a general assignment or an arrangement or composition with or for the benefit of its creditors (excluding any Noteholder in its capacity as such). For the sake of clarity, due to its legal status, the Issuer cannot be declared bankrupt pursuant to the Finnish Bankruptcy Act (Fi: *konkurssilaki*, 110/2004, as amended) or enter into corporate reorganisation pursuant to the Finnish Corporate Reorganisation Act (Fi: *laki yrityksen saneerauksesta*, 47/1993, as amended). However, claims against the Issuer may be enforced through recovery procedures pursuant to the Finnish Enforcement Code (Fi: *ulosottoaari*, 705/2007, as amended).

12. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of Finland or any political subdivision of, or any authority in, or of, Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction (such amounts being “**Additional Amounts**”), except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is liable to Taxes in respect of the Notes by reason of it having some connection with Finland other than the mere holding of the Note; or
- (b) to, or to a third party on behalf of, a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

13. NOTEHOLDERS’ MEETING AND PROCEDURE IN WRITING

- (a) The Issuer may convene a meeting of the Noteholders (a “**Noteholders’ Meeting**”) or request a procedure in writing among the Noteholders (a “**Procedure in Writing**”) to decide on amendments of these terms and conditions or other matters as specified below. Euroclear Finland and the Issuer Agent must be notified of a Noteholders’ Meeting or a Procedure in Writing in accordance with the rules of Euroclear Finland.

- (b) Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be published in English in accordance with Condition 14 (*Notices and Right to Information*) no later than ten (10) calendar days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing. Furthermore, the notice or the initiation shall specify the time, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as any action required on the part of a Noteholder to attend the Noteholders' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of Noteholders' Meeting or initiation of the Procedure in Writing may be resolved upon at the Noteholders' Meeting or the Procedure in Writing.
- (c) Only those who, according to the register kept by Euroclear Finland in respect of the Notes, were registered as Noteholders on the fifth (5th) Business Day prior to the Noteholders' Meeting or on the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by Euroclear Finland in accordance with Clause 14 (*Notices and Right to Information*), or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or in the Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.
- (d) A Noteholders' Meeting shall be held in Helsinki, Finland, and its chairman shall be appointed by the Issuer.
- (e) A Noteholders' Meeting or a Procedure in Writing shall constitute a quorum only if a Noteholder (or Noteholders) in aggregate holding fifty (50) per cent or more of the principal amount of the Notes attends/attend the Noteholders' Meeting or provides/provide replies in the Procedure in Writing. Any holdings of the Notes by the Issuer are not included in the assessment whether or not a Noteholders' Meeting or a Procedure in Writing shall constitute a quorum.
- (f) If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the Noteholders' Meeting may, at the request of the Issuer and as determined by the Issuer, be adjourned for consideration at a Noteholders' Meeting to be convened by the Issuer on a date determined by the Issuer falling no earlier than fourteen (14) calendar days and no later than twenty-eight (28) calendar days after the original Noteholders' Meeting at a place to be determined by the Issuer. Correspondingly, if by the last day to reply in the Procedure in Writing no quorum is reached, the time for replies may be extended as determined by the Issuer. The adjourned Noteholders' Meeting or the extended Procedure in Writing shall constitute a quorum if a Noteholder (or Noteholders) holding in aggregate ten (10) per cent or more of the principal amount of the Notes outstanding is/are present in the adjourned Noteholders' Meeting or provides/provide replies in the extended Procedure in Writing.
- (g) Notice of an adjourned Noteholders' Meeting or the extension of the time for replies in the Procedure in Writing shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the conditions for the constitution of a quorum.
- (h) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held on the date referred to in Condition 13(c) above. The Issuer shall not hold voting rights at the Noteholders' Meeting or in the Procedure in Writing.
- (i) Subject to sub-Condition 13(k) below, resolutions shall be carried by a majority of more than fifty (50) per cent. of the votes cast. In the event of a tied vote, the chairman of the Noteholders' Meeting shall have the casting vote.
- (j) Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.
- (k) A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all the Noteholders:
 - (i) to change the terms and conditions of the Notes;
 - (ii) to grant a temporary waiver on the terms and conditions of the Notes;

However, consent of the Noteholders holding in aggregate at least seventy-five (75) per cent of the aggregate principal amount of the outstanding Notes (excluding Notes held by the Issuer) is required to:

- (iii) decrease the principal amount of or interest on the Notes;

- (iv) extend the maturity of the Notes;
- (v) amend the conditions for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing;
or
- (vi) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing, or by other verifiable means.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or of the Procedure in Writing.

- (l) When consent from the Noteholders representing the requisite majority, pursuant to Clause 13(i) or Clause 13(k), as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired, provided that the Noteholders representing such requisite majority are registered as Noteholders on the list of Noteholders provided by Euroclear Finland in accordance with Clause 14 (*Notices and Right to Information*) on the date when such requisite majority is reached.
- (m) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall after the resolution has been validly passed be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting or participated in the Procedure in Writing, and irrespective of how and if they have voted.
- (n) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be deemed to have been notified to the Noteholders once they have been published or delivered in accordance with Condition 14 (*Notices and Right to Information*) and entered into the issue account of the Notes maintained by Euroclear Finland. In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting or the Procedure in Writing.

The Issuer shall have the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, a Noteholders' Meeting or a Procedure in Writing. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

14. NOTICES AND RIGHT TO INFORMATION

Noteholders shall be advised of matters relating to the Notes (a) by way of a stock exchange release by the Issuer and (b) by publication on the website of the Issuer. Alternatively, the Issuer may deliver notices on the Notes in writing directly to the Noteholders at the address appearing on the list of Noteholders provided by Euroclear Finland in accordance with the below paragraph. Any such notice shall be given in the English language and shall be deemed to have been received by the Noteholders when published or on the third (3rd) Business Day following the delivery specified in this Condition 14

Notwithstanding any secrecy obligation, the Issuer and the Issuer Agent shall, subject to the rules of Euroclear Finland and applicable laws, be entitled to obtain information on the Noteholders from Euroclear Finland and Euroclear Finland shall be entitled to provide such information to the Issuer and the Issuer Agent. Furthermore, the Issuer and the Issuer Agent shall, subject to the rules of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the Noteholders, provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall at the request of the Issuer Agent pass on such information to the Issuer Agent.

Address for notices to the Issuer is as follows:

The Employment Fund (Työllisyysrahasto)
Kansakoulukuja 1
FI-00100 Helsinki
Finland

15. FORCE MAJEURE

The Issuer, the Arrangers, the Issuer Agent or the Paying Agent shall not be responsible for any losses of the Noteholders resulting from:

- (a) war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent as a result of fire or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unduly difficult to carry on the activities of the Issuer, the Arrangers, the Issuer Agent or the Paying Agent.

16. PRESCRIPTION

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within three (3) years from the original due date thereof, the right to such payment shall become void.

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (except for the issue date, the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) and thereby increase the aggregate principal amount of the Notes or otherwise. Such additional notes shall upon their issuance be Notes for the purposes of these Terms and Conditions. For the avoidance of doubt, this Condition 17 shall not limit the Issuer's right to issue any other notes.

18. INFORMATION

Copies of the documents relating to the Notes shall be available for inspection on the website of the Issuer and during office hours at the office of the Issuer at Työllisyysrahasto, Kansakoulukuja 1, FI-00100 Helsinki, Finland.

19. LISTING

The Notes will be listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd. as soon as practicable after the Issue Date.

20. PURCHASES

The Issuer may at any time purchase Notes in any manner and at any price. If purchases are made by a tender offer, the possibility to tender must be available to all Noteholders alike.

The Issuer shall be entitled to cancel, dispose of or hold the Notes purchased in accordance with the first paragraph of this Condition 20.

21. WAIVER OF IMMUNITY

The Issuer hereby waives, to the fullest extent permitted by Finnish law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction and attachment (both before and after judgment) and execution against its assets to which it might otherwise be entitled in any action or proceeding in the courts of Finland, relating in any way to these Terms and Conditions or any Notes, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

22. APPLICABLE LAW AND JURISDICTION

The Notes shall be governed by and construed in accordance with Finnish law.

Any disputes relating to the Notes shall be settled by the courts of Finland. The District Court of Helsinki (Fi: *Helsingin käräjäoikeus*) shall be the court of first instance.

THE ISSUER

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