

# Annual Report 2024

1 Jan–31 Dec 2024



Työllisyysrahasto  
Sysselsättningsfonden | Employment Fund

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## The year of Employment Fund in brief

Despite the lowering of unemployment insurance contributions, the liquidity of Employment Fund is secured.



We sharpened our identity and updated our strategy. From now on, our vision is to be a valued and effective executor of social security.



We provided EUR  
**3,129** million  
for the financing of  
unemployment security,  
pension security and  
adult education benefits.



The customer satisfaction score (CSAT) stood at 88% (85%) for the year as a whole.

## Financial development

As expected, the amount of unemployment insurance contributions collected by Employment Fund during 2024 remained well below the totals collected during the comparison period. This was because the unemployment insurance contributions for 2024 were substantially lowered as proposed by Employment Fund.

At the same time, there was a substantial increase in the financial benefits paid by the Fund, compared to the previous year. The economic and employment situation was weaker than in the comparison period, which led to an increase in unemployment security expenses during 2024.

As expected, lower insurance contributions pushed the result for the year (change in net position) into deficit though the deficit was further deepened by higher unemployment expenses.

Financial development	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Unemployment insurance contributions and other income	2,347	3,627
Financial benefits paid and administrative expenses	-3,163	-2,934
Net financial income	67	69
<b>Change in net position</b>	<b>-749</b>	<b>763</b>
Investment assets, cash and cash equivalents	1,513	1,869
Receivables, accruals and fixed assets	447	859
Short-term and long-term loans	599	599
Unemployment insurance contribution and other liabilities	89	109
<b>Net position</b>	<b>1,272</b>	<b>2,021</b>
Unemployment insurance contribution rate (average)	1.61%	3.04%
Change in total payroll*	2.2%	4.6%
Unemployment rate (average)	8.4%	7.2%
Return on investments	4.2%	4.1%

\* Change in cumulative payroll during the reporting period compared to corresponding payroll in the same period in 2023. Calculated on the basis of the wages and salaries on which the unemployment insurance contribution is paid.

## Managing Director's review

In 2024, there were significant changes in the operations of Employment Fund and at the same time, we set our sights to the future. Parliament approved the abolition of the adult education benefits and as a result, we started the gradual phasing out of the benefits. Parliament also approved a number of changes reducing unemployment security expenditure. Amid the changes, we focused on carrying out of our statutory duties and set our sights to the future by updating the Fund's strategy.

From now on, our vision is to be a respected and effective executor of social security. Our strategic goals are we produce customer-oriented digital age services reliably and with high quality, and we increase productivity and efficiency. Our mission will remain unchanged as the Fund will continue to provide security for changes in working life.

The aim of our strategic development projects is to enhance our digital services,

boost efficiency and productivity and to make our systems more capable and reliable. During the first half of 2024, we carried out a public IT purchase as a competitive dialogue, and started project implementation in the autumn of the year. The aim of the project, in which the focus is on developing IT platform services, is to ensure that we can continue to provide our customers, stakeholders and personnel with up-to-date, user-friendly, reliable and secure digital solutions and services.

### **DECISION TO ABOLISH THE ADULT EDUCATION BENEFITS PUSHED THE NUMBER OF APPLICATIONS TO RECORD LEVELS**

As Parliament was discussing the Government's proposal to abolish the adult education allowance, individuals eligible for the benefit made extensive use of their right to apply for it. During the first half of 2024, the number of applicants was about 1.5 times higher than in the same period in 2023. However, the decision that no



adult education allowance would be granted to studies starting on or after 1 August 2024 led to a dramatic drop in the number of applicants in the autumn. Increase in the number of applicants and huge interest in the allowance as well as the uncertainty accompanying the abolition were not reflected in customer satisfaction with the adult education allowance services. It remained at extremely high level.

Abolition of the adult education benefits also means dismissals. Change negotiations took place at Employment Fund and the personnel reductions will be carried out in tandem with the abolition process. At most, Employment Fund will terminate 73 tasks. This means that the abolition of the benefits will lead to major changes in staff numbers in the Fund even though the allowance scheme only accounts for about 10% of our total expenditure.

The abolition of the adult education benefits was extensively discussed in the public and in Parliament throughout the

legislative amendment process. We produced a large amount of information on the use and content of the benefits to support the debate and decision-making. A model replacing the scheme was one of the topics discussed. Two schemes are being implemented: a model based on student loans and a subsidy scheme managed by the Service Centre for Continuous Learning and Employment. However, the latter scheme would be available to employers instead of persons participating in education.

### **EMPLOYMENT FUND'S RESULT WAS IN DEFICIT BUT THE REDUCTIONS IN UNEMPLOYMENT INSURANCE CONTRIBUTIONS WILL CONTINUE**

As expected, lower unemployment insurance contributions pushed the Fund's result for 2024 into deficit though the deficit was further deepened by higher unemployment expenditure. The spending cuts based on the Government Programme had only slight impact on unemployment security expenditure.

There were few changes in the collection of the unemployment insurance contributions and the funding of unemployment security and other social security managed by the Fund during 2024.

The Finnish Government decided to channel the savings in unemployment security and other social security in the state budget. The channelling will be carried out through health insurance and health care insurance.





## Working together is our key resource.

From Employment Fund's perspective, the solution adopted by the Government is workable because the level of unemployment insurance contributions will be allowed to vary in a normal manner. The Government also decided that the channeling based on changes in unemployment security will be abolished as from 1 January 2025. The scheme has been in effect since 2014.

We proposed a further reduction for the unemployment insurance contributions for 2025. In the proposal, we took into account the economic and employment forecasts for 2025, an estimate of the impact of the cuts in unemployment security on the expenditure of Employment Fund and the high level of the business cycle buffer. With the second consecutive year of lower contributions, unemployment insurance contributions will be less than half of the 2023

levels in 2025. Despite the reductions, the liquidity of Employment Fund is secured.

### SETTING OUR SIGHTS TO THE FUTURE AS A SUSTAINABLE ACTOR

In our sustainability work, we highlight themes of social responsibility as our key goals, which is in line with our core tasks. We promote the sustainable development goals set out in the UN 2030 Agenda, in particular by ensuring sustainable financing of unemployment security, by effective implementation of adult education benefits, and by observing and developing the principles of good governance in the Fund. In 2024, we focused on defining the indicators for sustainable reporting and planning measures so that we can build a solid foundation for systematic sustainability work and reporting.

The activities of Employment Fund are based on the work input of skilled and competent personnel capable of change. Working together is our key resource. Despite the change, we were able to provide our customers with an excellent customer experience, perform all our statutory tasks impeccably and set our sights to the future.

**JANNE METSÄMÄKI**

Managing Director

# Strategy, mission, vision and values

Employment Fund's strategy comprises our mission, vision, strategic goals, values and drivers of change. At the end of 2024, we reviewed our strategy at the initiative of the Board of Directors and decided to sharpen our vision and strategic goals and to identify the drivers of change impacting the Fund. The Board of Directors assesses the needs to update the strategy each year.

Providing security for changes in working life remains our mission. Our new vision is to be a respected and effective executor of social security. Our values are: our customers come first; we renew, we evolve, we act; we are a united team.



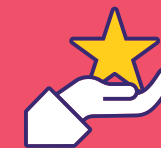
## MISSION

Providing security for changes in working life



## VISION

Respected and effective executor of social security



## VALUES

Our customers come first  
We renew, we evolve, we act  
We are a united team



Our updated strategic goals are as follows:

- We produce customer-oriented services for the digital age in a reliable and high-quality manner.
- We boost productivity and efficiency.

Our strategic goals also include excellent customer and personnel experience.

Identified key drivers of change impacting Employment Fund:

- Security environment
- Finland's public finances
- Changes in social security
- Division of tasks in public administration
- Legislative changes concerning the administrative tasks of Employment Fund
- Employment development
- Demographic trends and dependency ratio
- Financing of unemployment security
- Reforms in labour legislation
- The role of social partners
- Digitalisation and artificial intelligence

To support the strategy, we sharpened the identity of Employment Fund in cooperation with our personnel during 2024. The identity matrix comprising nine areas outlined in the work serves as a tool for decision-making and steering of activities. In the opinion of the Fund's employees, the core of our identity can be described as follows:

Employment Fund has unique capabilities. We are the foundation of the financing of unemployment security, providing security for changes in working life through stability and adaptability. We work for the best of society and our customers by fostering cooperation and dialogue. Our adaptability as an organisation and individuals enables us to seize emerging opportunities. We are characterised by an inventive and exceptionally customer-oriented thinking.'

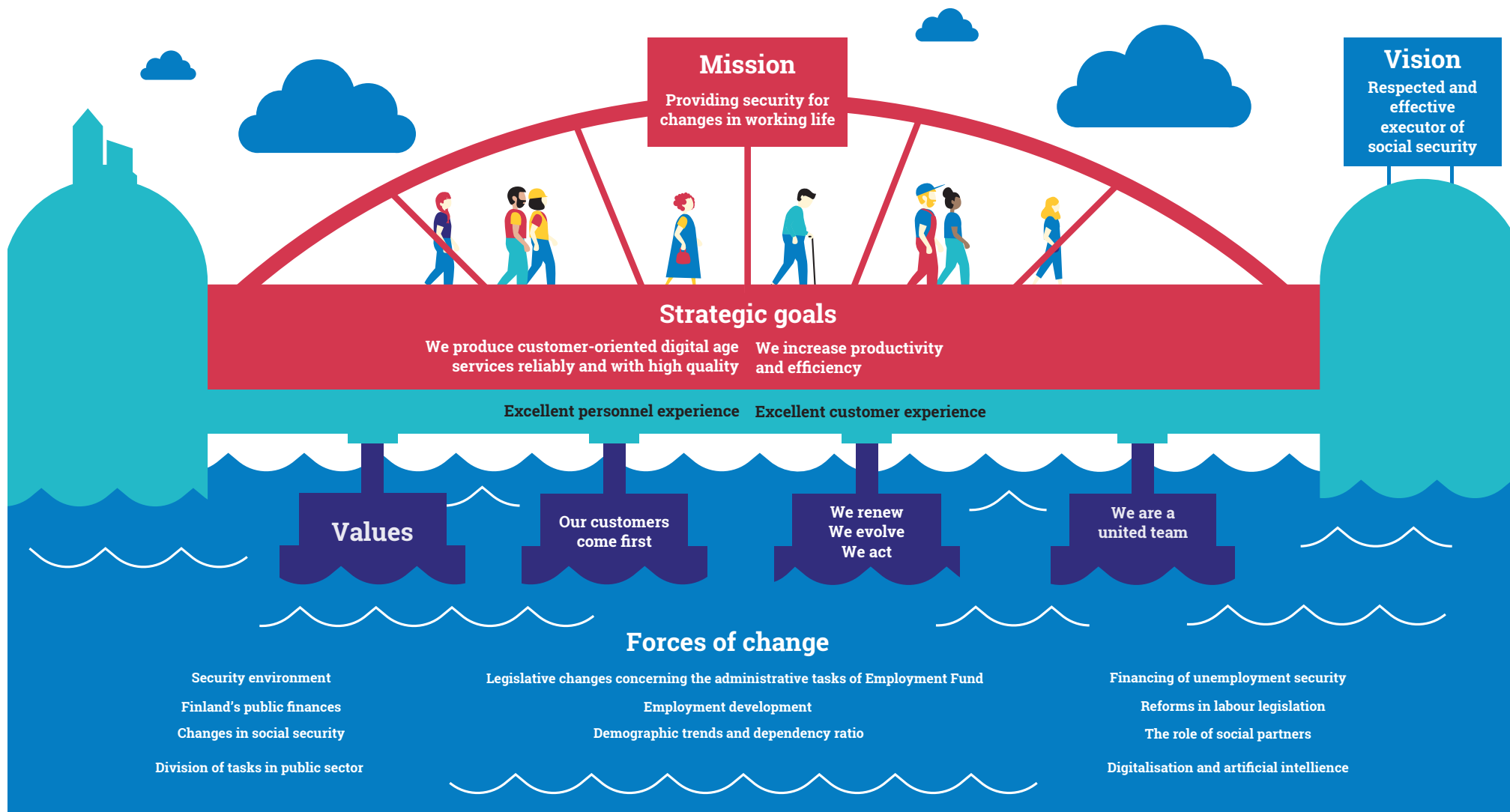
From now on, the strategy and the action plan provide us with a roadmap while our identity serves as the framework for making progress. Our vision serves as the goal.

Before the strategy update at the end of 2024, our strategic goals were as follows:

- We produce services for the digital age in a reliable and high-quality manner.
- We boost productivity and efficiency and deliver an excellent customer and personnel experience.

We monitored the achievement of these goals, giving priority to efficiency, customer experience, and employee satisfaction indicators.

### Employment Fund's strategy



# Key figures 2024

The figures are in EUR million.

Income	2020	2021	2022	2023	2024	Change EUR	Change %
Unemployment insurance contribution income collected from employers	993	1,159	1,326	1,412	766	-647	-46%
Unemployment insurance contribution income collected from employees	1,073	1,241	1,424	1,490	806	-684	-46%
Government contributions	1,248	911	717	704	752	47	7%
Other employer contributions*	27	23	23	21	24	3	17%
<b>Total income</b>	<b>3,340</b>	<b>3,335</b>	<b>3,490</b>	<b>3,627</b>	<b>2,347</b>	<b>-1,280</b>	<b>-35%</b>
Expenses	2020	2021	2022	2023	2024	Change EUR	Change %
Unemployment funds, Employment Fund's contributions	-1,372	-1,463	-1,039	-1,098	-1,238	140	13%
Unemployment funds, government contributions	-1,245	-909	-714	-700	-747	47	7%
Finnish Centre for Pensions	-870	-902	-596	-600	-722	123	20%
Social Insurance Institution of Finland	-207	-239	-243	-263	-168	-95	-36%
Adult education benefits	-197	-186	-189	-201	-212	11	6%
Ministry of Economic Affairs and Employment	-25	-14	-20	-30	-32	2	5%
State Pension Fund	-9	-11	-8	-8	-10	2	28%
Administrative expenses	-21	-26	-23	-34	-34	1	2%
<b>Total expenses</b>	<b>-3,947</b>	<b>-3,750</b>	<b>-2,832</b>	<b>-2,934</b>	<b>-3,163</b>	<b>229</b>	<b>8%</b>
Net financial income	-16	3	-34	69	67	-2	-4%
<b>Change in net position</b>	<b>-623</b>	<b>-412</b>	<b>625</b>	<b>763</b>	<b>-749</b>	<b>-1,512</b>	
Net position	2020	2021	2022	2023	2024	Change EUR	Change %
Investment assets and cash and cash equivalents	1,831	1,339	1,885	1,869	1,513	-356	-19%
Receivables, accruals and fixed assets	593	679	818	859	447	-413	-48%
Short-term and long-term loans	1,287	1,299	1,299	599	599	0	0%
Unemployment insurance contribution and other liabilities	92	86	146	109	89	-20	-18%
<b>Net position</b>	<b>1,045</b>	<b>633</b>	<b>1,258</b>	<b>2,021</b>	<b>1,272</b>	<b>-749</b>	<b>-37%</b>

\*Other employer contributions contain the employer's liability component and transition security contributions and the deductions under the Employment Contracts Act.



# Report of the Board of Directors

## Duties of Employment Fund

Employment Fund's main duties are to finance unemployment security, determine and collect unemployment insurance contributions, and grant adult education benefits.

We collect the unemployment insurance contributions paid by employers and employees. We determine the unemployment insurance contributions on the basis of the information reported by the employers to the Incomes Register. Parliament approves the contribution rates by passing a bill on the contributions each year.

The Fund maintains a business cycle buffer arising from the difference between assets and liabilities. And its purpose is to keep changes in contributions at moderate levels. With the buffer, the Fund can ease upward pressure on contributions when unemployment security expenditure increases.

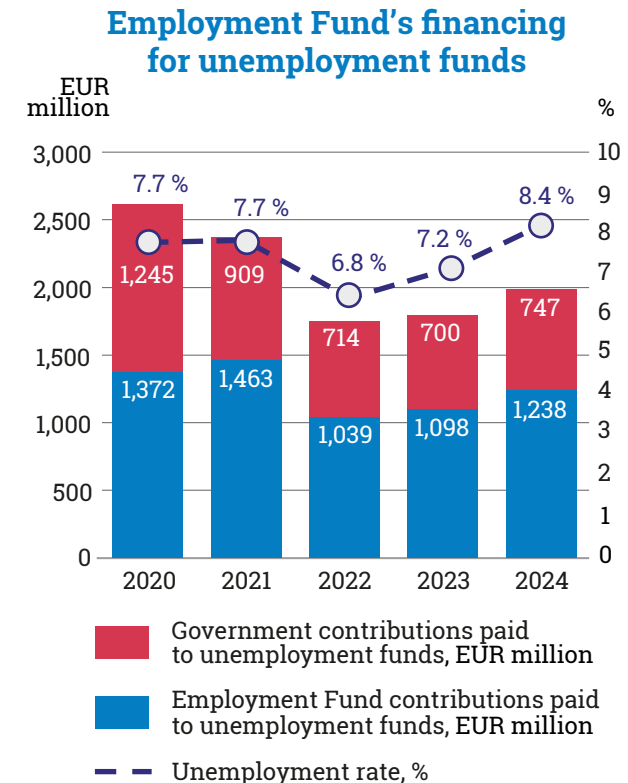
The benefits financed by Employment Fund include the unemployment allowances paid by unemployment funds and the Social Insurance Institution of Finland as well as the adult education allowance and the scholarships for qualified employees paid directly by the Fund. Employment Fund is also responsible for financing the transition security scheme.

Finnish Parliament has approved the legislative proposal for abolishing the adult education allowance scheme from 1 August 2024. The scholarship scheme for qualified employees was abolished in the same connection. Benefits will still be paid during a transition period, and the last adult education allowances will be paid in early 2026.

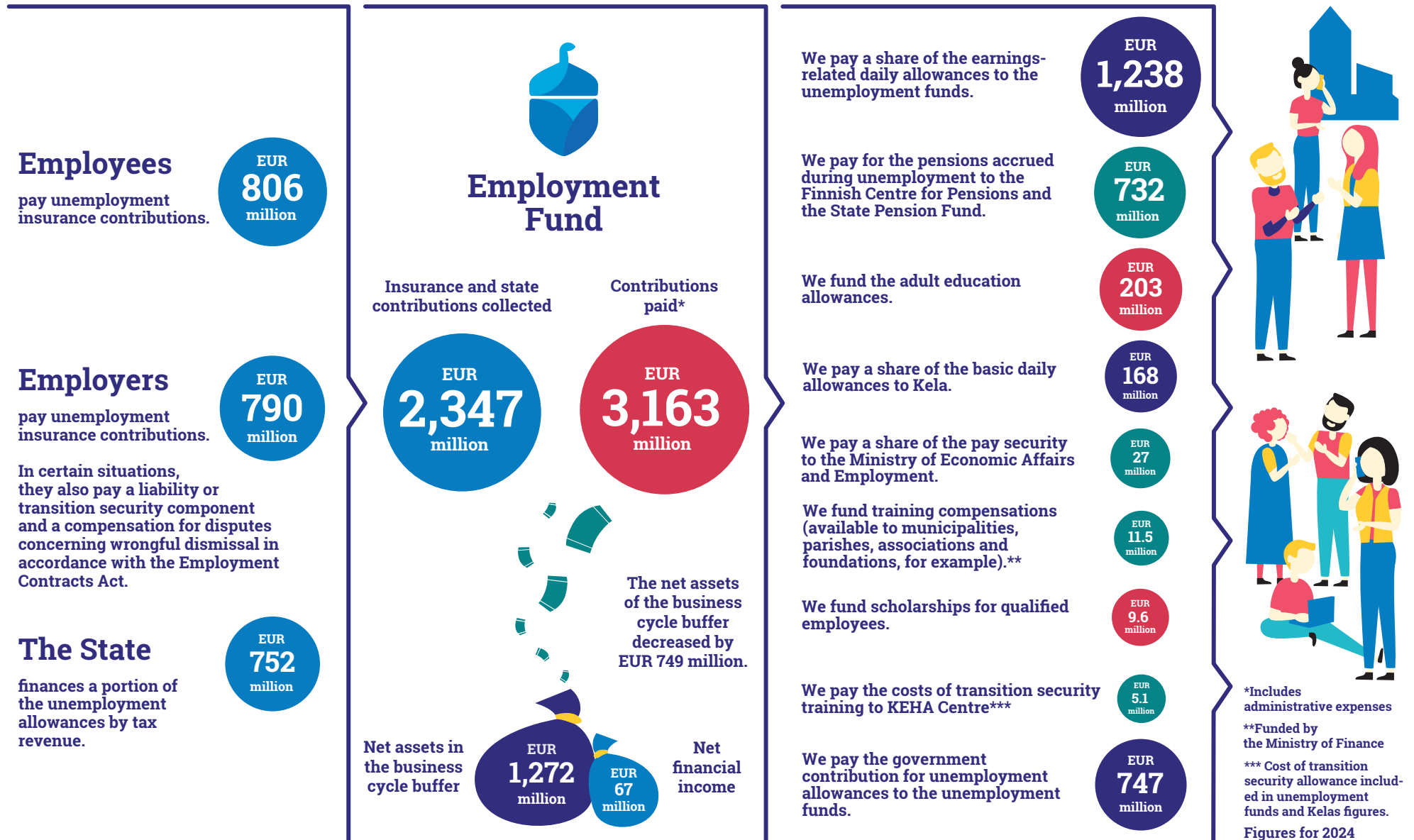
We are also responsible for financing the earnings-related pensions accrued during the periods when daily unemployment allowances, job alternation compensation and adult education allowances are paid. We remit a payment amounting to the basic daily allowance paid by the state to contribute to the daily unemployment allowances

paid by unemployment funds. Together, these account for about 94.5% of the financing of unemployment funds. The remainder of the financing comes from the membership contributions.

Employment Fund's operations are supervised by the Financial Supervisory Authority.



## We finance Finnish working life extensively



## Cooperation with stakeholders

Employment Fund cooperates extensively with a broad range of different parties. In the management of our statutory tasks, we work closely with ministries, especially the Ministry of Social Affairs and Health, Ministry of Economic Affairs and Employment, Ministry of Education and Culture and the Ministry of Finance.

We are part of Finland's statutory social insurance scheme. In these matters, we cooperate with unemployment funds, Social Insurance Institution of Finland, Finnish Centre for Pensions, Finnish Workers' Compensation Center and pension insurance companies. Our role as a guarantor of liquidity requires smooth and effective cooperation with banks and financial institutions. In our role as the payer of adult education allowance, we cooperate closely with educational institutions. Labour market central organisations are represented in the administration of Employment Fund and we also cooperate with these organisations.

Employment Fund updated its approach to stakeholder work during 2024. The Management Group set strategic goals for the stakeholder work. Acting together with employees participating in our stakeholder cooperation, we clarified our common operating methods and the manner in which we approach the themes relevant to the Fund.

We submitted our first disclosure to the Finnish Transparency Register in summer 2024. Lobbying activities targeting Parliament and ministries are reported to the Finnish Transparency Register. In the disclosure, we provided information about our newsletter, which we send to policy makers four times each year, and about our meetings with ministry officials as they were preparing the proposal for abolishing the adult education benefits and the report on the channelling of the savings generated by the cuts in unemployment security and other social security. The aim of the Finnish Transparency Register is to make decision-making more transparent, combat inappropriate influencing work and strengthen citizens' trust in central government and democracy. All disclosures submitted to the register are freely viewable.

During the year, we organised webinars for our stakeholders, such as educational institutions, unemployment funds and labour law lawyers. The topics included the effects of the abolition of the adult education benefits, transition security, disputes arising from the termination of employment relationships and reconciliation under the Employment Contracts Act. We also published videos on adult education benefits and our financing task on Employment Fund's YouTube channel. We also had frequent meetings with social insurance actors to promote common issues and efficient implementation.

Together with the Social Insurance Institution of Finland, Finnish Centre for Pensions, Finnish Workers' Compensation Center and the Ministry of Social Affairs and Health, we are part of the Nordic system of social security. In this context, we discussed the development of adult education benefit services to improve the customer experience and automation of

processes at a social security seminar in Copenhagen in May.

Our aim is also to be an interesting source of information for the media in matters concerning employees' social security, unemployment insurance contributions and updating of competence. We published media releases and provided information on our implementation process on our website during the year. According to a reputation survey, journalists actively use our website to find information. We also received thanks from journalists for the openness of our communications and for clear and well-structured media releases.

We also surveyed our reputation among policy makers, representatives of educational institutions and the general public during 2024. The reputation of Employment Fund in the stakeholder group of policy makers had improved substantially in a few years and is now at an excellent level. In the open answers, decision-makers

were satisfied with the Fund's operations and hoped for more information on our implementation process. Representatives of educational institutions were also of the view that the reputation of the Fund has improved (It remains at good level). Most of the respondents participating in the educational institution survey use our website in their work and find them very or quite useful. More than half of them also use our newsletter and finds it useful. Among the general public, reputation of the Fund was at moderate level. However, the general public finds that Fund employees are competent and that the Fund operates in an open, transparent and ethical manner and that its activities benefit society at large.



## Customer service

Customer satisfaction improved despite the abolition of the adult education benefits.

### WE SUPPORTED OUR BENEFIT CUSTOMERS IN THE CHANGE SITUATION AND DESIGNED SERVICE PROCESSES OF THE EMPLOYER CUSTOMERS

In our unemployment insurance contribution services, we focused, in addition to basic customer services, on updating the online service for employer customers. In the summer, we came up with new ideas for the online service, and in the autumn, we carried out service design for a variety of different processes and included our employer customers in the planning process. Implementation of the new online service will begin in 2025. The reform is needed because customer satisfaction with the online service was lower than in any other channel (36%).

Unemployment insurance contribution customers valued personal service, and 93% of the customers were satisfied with the service they received by telephone in 2024.

The abolition of the adult education benefits shifted the focus from developing the benefits online service to high-quality customer service and support. Ensuring customer satisfaction was our key goal in the challenging change situation, and the objective was fully met in 2024. Customer satisfaction with the telephone service and online service stood at 95%, which is an all-time record. This was the result of extensive automation of application processing carried out over the past few years and the systematic work to make the online service easier to use. We also invested in the continuous training of our service experts to make them familiar with all aspects of the change. In fact, we received a great deal of positive feedback on the quality of our service amid the change situation. The customer satisfaction score (CSAT) describing



the share of satisfied and highly satisfied customers of all customers reached 88% (85%) for the year as a whole.

#### **ABOLITION OF THE ADULT EDUCATION BENEFITS WAS REFLECTED IN THE NUMBER OF CUSTOMER CONTACTS**

The abolition of the adult education benefits was reflected in an increased need for advice in the first half of 2024 as customers wanted to check their right to adult education allowance during the abolition process. Persons whose studies and right to the allowance started no later than 31 July 2024 were eligible for adult education allowance. The number of advisory contacts went into sharp decline as the transition period began at the start of August. We received

9,542 (12,033) calls and 3,674 (4,289) customer messages between 1 August and 31 December 2024.

The volume of customer advice in unemployment insurance contribution services has been relatively moderate in recent years. Collection of the unemployment insurance contributions is a fully automated process, and there is only occasional need for customer advice. In 2024, we responded to 9,542 (12,033) customer calls, 3,674 (4,289) customer messages and 17,185 (21,632) requests for advice received by email in unemployment insurance contribution services.

## Unemployment insurance contributions

Employment Fund determines and collects the unemployment insurance contributions and supervises that the employers manage their obligations concerning the unemployment insurance contributions.

The obligation to pay unemployment insurance contributions is based on the Act on Financing of Unemployment Benefits (555/1998). Unemployment insurance contributions are paid by employees aged between 18 and 64 as well as their employers.

The employer was liable to pay the unemployment insurance contributions if the wages paid by it exceeded EUR 1,500 during 2024. No unemployment insurance contributions are paid from an entrepreneur's earnings. Part-owners as defined in the Unemployment Security Act (1290/2002) are obligated to pay unemployment insurance contributions but they pay the lower rate paid by employees.

All wages, bonuses or similar compensation that have been paid or have been agreed to be paid during employment or an employment relationship as compensation for work are considered income that can be used as a basis for unemployment insurance contributions.

The employer deducts the employee's unemployment insurance contribution from the employee's wages when paying the wages and reports the earnings payment data to the Incomes Register. Employment Fund receives the wage details directly from the Incomes Register and, using the earnings payment data as a basis, determines the unemployment insurance contributions payable by the employers. We collect the contributions four times each year (in January, April, July and October) on the basis of the wages paid in the previous three months.

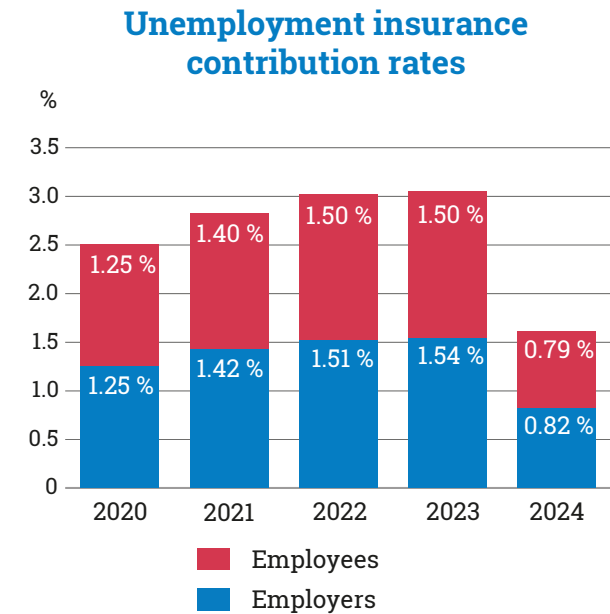
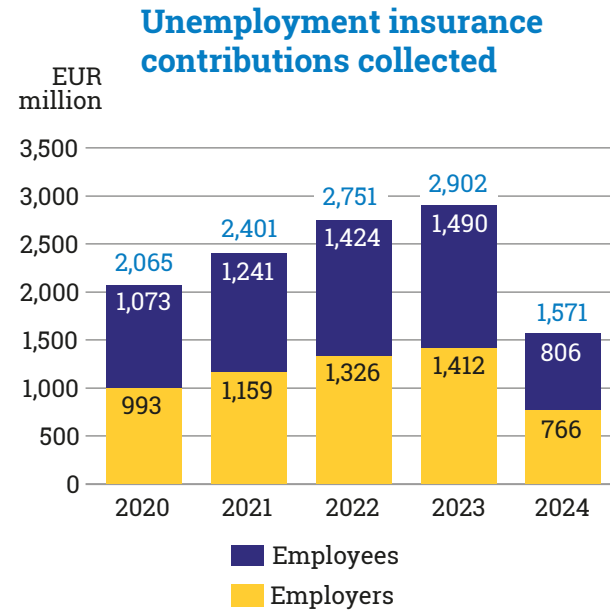
We make extensive use of automated decision-making when determining the unemployment insurance contributions. In 2024, automated decisions accounted for about 99% of all decisions on unemployment insurance contributions. We developed the practices of our automation process, tested functionalities and reviewed and updated the documentation in accordance with the requirements set out in the new public administration legislation in 2024.



### THE AMOUNT OF UNEMPLOYMENT INSURANCE CONTRIBUTIONS IN 2024

The unemployment insurance contribution rates were lowered in 2024 in accordance with the proposal made by the Fund. Lowering of the contributions from 2023 levels was made possible by the outlook for the economy and employment, the assets accumulated in the Fund’s business cycle buffer and the fact that the measures set out in the Government Programme are estimated to decrease expenditure.

The unemployment insurance contributions paid by employers totalled EUR 766 (1,412) million in 2024. The liability components and transition security contributions paid by employers, and the deductions specified in the Employment Contracts Act totalled EUR 24 (21) million. The unemployment insurance contributions paid by employees totalled EUR 806 (1,490) million.



### UNEMPLOYMENT INSURANCE CONTRIBUTION RATES WILL BE LOWERED IN 2025

In August 2024, we proposed that the unemployment insurance contributions for the year 2025 should be lowered by 0.4 percentage points. The proposal for lowering the contributions was made possible by the estimated impact of the measures set out in the Government Programme, decisions made by the Government in its spending limits discussions, improving outlook for the economy and employment, and the high level and decreasing maximum amount of the business cycle buffer in 2025. President of the Republic approved the act on the contributions for 2025 in December 2024.

Unemployment insurance contribution rates (%)	2023	2024	2025
Employee's unemployment insurance contribution	1.50	0.79	0.59
Employer's unemployment insurance contribution, lower (1)	0.52	0.27	0.20
Employer's unemployment insurance contribution, higher (2)	2.06	1.09	0.80
Employer's average unemployment insurance contribution	1.54	0.82	0.61
Employee's unemployment insurance contribution for part-owners	0.75	0.43	0.30
Employer's unemployment insurance contribution for part-owners	0.52	0.27	0.20
Unemployment insurance contribution for unincorporated state enterprises, lower (1)	0.52	0.27	0.20
Unemployment insurance contribution for unincorporated state enterprises, higher (2)	1.22	0.65	0.43
Unemployment insurance contribution for universities, lower (1)	0.52	0.27	0.20
Unemployment insurance contribution for universities, higher (2)	1.52	0.71	0.49

(1) Up to a payroll of EUR 2,251,500 (2023); EUR 2,337,000 (2024); and EUR 2,455,500 (2025).

(2) Exceeding the payroll of EUR 2,251,500 (2023); EUR 2,337,000 (2024); and EUR 2,455,500 (2025).

## SUPERVISION OF UNEMPLOYMENT INSURANCE CONTRIBUTIONS

Employment Fund supervises that the employers meet their obligations to pay the unemployment insurance contributions. The purpose of the supervision is to ensure that the earnings payment data reported by the employers as a basis for the unemployment insurance contributions correspond to the actual wage payments and that the correct amounts of unemployment insurance contributions are collected.

In the supervision, we check the accuracy of the earnings payment data reported to the Incomes Register. If we notice that an employer has reported earnings payment data to the Incomes Register incorrectly we contact the employer in question and

examine the correctness of the earnings payment data in more detail.

The incorrect earnings payment data uncovered in the supervision is usually the result of errors in the payroll system, misunderstandings concerning the payment obligation, or other errors. We provide employers with advice on matters concerning the payment obligation and the reporting of wages to ensure that employers report the earnings payment data correctly.

In addition to the Incomes Register data, we also receive each year from the Finnish Tax Administration details of wages and salaries uncovered in tax audits, which we compare with the data reported to the Incomes Register. We will contact the

employer if the earnings payment data has not been reported to the Incomes Register. In its supervisory activities, Employment Fund also uses information on employers received from other authorities and social insurance providers. If necessary, we can estimate the unemployment insurance contribution based on the information received.

In 2024, we investigated 1,099 (894) cases for supervision. Based on the supervision, we ordered additional payments totalling EUR 338,357 (EUR 289,646) and paid refunds amounting to EUR 19,188 (EUR 16,087).



In 2024, we investigated 1,099 (894) cases for supervision.

## TRAINING COMPENSATION

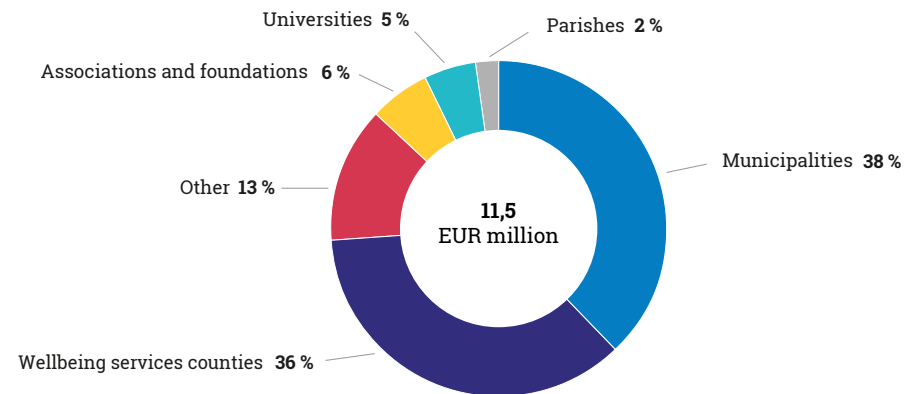
The purpose of the training compensation is to improve the employer's opportunities to organise training for its employees, to develop their vocational competence. Employers in the public and third sectors, such as municipalities, wellbeing services counties, parishes, universities, universities of applied sciences, associations and foundations, are eligible for training compensation. These employers have not been eligible for training deduction in their taxation. Abolition of the training deduction from 1 January 2025 does not impact the

granting of the training compensation. The employers that were eligible for the training compensation before the abolition of the training deduction are also eligible for the compensation from 1 January 2025.

An employer may apply for training compensation from Employment Fund each year by the end of January of the following calendar year. Employment Fund grants and pays the training compensation based on the application submitted by the employer.

In 2024, we paid about EUR 11.5 (10.2) million in training compensation to 602 (616) employers for training days in 2023. The employers eligible for the compensation applied for compensation on the basis of 512,268 (451,522) training days. Of the employers receiving training compensation, 264 (304) were cities and other municipalities, 21 wellbeing services counties, 177 (172) associations and foundations, 94 (96) parishes, 10 (10) universities and 36 (35) other employers.

Training compensations paid



### EMPLOYER'S LIABILITY COMPONENT

If an employee close to the retirement age has been dismissed or laid off and is facing long-term unemployment or a long-term lay-off, Employment Fund can order the employer in question to pay a liability component and collect it from this employer. We use liability component payments to finance unemployment benefit expenses resulting from dismissals and lay-offs. Provisions on determining the liability component and the collection procedure are laid down in chapter 8a of the Act on the Financing of Unemployment Benefits (555/1998).

Under the legislative change approved by Finnish Parliament in 2022, the right to the additional days of unemployment security will be abolished. This also means that the collection of liability components will end. The new statutory transition security contribution for employers dismissing employees will replace the liability components during a transition period. Employees born in 1964 are the last age group eligible for the additional days and for

whom the employer is obliged to pay the liability component. The transition period for the liability component will end by the year 2035.

We received about 3,900 (6,700) new liability component cases in 2024. We imposed a liability component on the employer in about 370 (1,000) cases. The number of cases processed has been decreasing during the transition period leading to the abolition of the liability component.

We recorded about EUR 7 (14) million in liability components in 2024. The average processing time in cases that led to a payment decision was 59 (46) days.

### TRANSITION SECURITY CONTRIBUTION FOR EMPLOYERS DISMISSING EMPLOYEES

We started to collect the transition security contribution from employers dismissing employees in January 2023. Provisions on determining the transition security contribution and the collection procedure are laid down in chapter 4a of the Act on the Financing of Unemployment Benefits (555/1998).





The employer may be obliged to pay the transition security contribution if the employer has dismissed an employee aged 55 or over on production-related or financial grounds and the employee had been employed by the employer in question for at least five years. We collect the transition security contributions to finance the employee's transition security package. The transition security package consists of transition security training and transition security allowance. The employment authority provides the dismissed employee with transition security training corresponding to two months' pay. The Social Insurance Institution of Finland or the unemployment fund will also pay the employee a transition security allowance corresponding to one month's pay.

About 3,200 (1,000) transition security cases were submitted to Employment Fund in 2024. We imposed a transition security contribution on the employer in about 2,400 (500) cases.

We recorded about EUR 16 (6) million in transition security contributions in 2024. Transition security amounts increased during the second year of the scheme compared to 2023. The average processing time in cases that led to a payment decision was 57 (75) days.

#### **RECONCILIATION UNDER THE EMPLOYMENT CONTRACTS ACT**

Employment Fund works as an expert in the reconciliation of the compensation paid in disputes concerning termination of employment and the unemployment allowance received by the employee. An employer that has laid off an employee or ended an employee's employment contract in violation of the provisions of the Employment Contracts Act is liable to pay compensation to the employee. A total of 75% of the compensation is deducted from the earnings-related daily unemployment benefits paid to the employee after the employment relationship has ended when compensation is paid for salary losses due to unemployment. The employer pays the deduction to Employment Fund.

The reconciliation specified in the Employment Contracts Act is made when a court orders payment of compensation or when the parties to the dispute agree on a compensation. The court must consult Employment Fund if after the end of the employment relationship or for the duration of the lay-off, the plaintiff has received earnings-related unemployment allowance. We issued about 680 (720) statements and contract comments in 2024. We also arranged training events for our stakeholders to inform them about the reconciliation under the Employment Contracts Act.

# Our aim is to have efficient digital services and satisfied customers

## UNEMPLOYMENT INSURANCE CONTRIBUTIONS WERE PAID BY



**137,502**

employers and other parties liable to pay them

## NUMBER OF UNEMPLOYMENT INSURANCE DECISIONS



**500,547** pcs

of which **99%** were automated decisions



## AMOUNT OF UNEMPLOYMENT INSURANCE CONTRIBUTIONS COLLECTED

EUR **1,571** million

50.5%

49.5%

EUR **806** million

were paid by employees

EUR **766** million

were paid by employers

Uncollected contributions accounted for

**0.25%** of the total

## NUMBER OF CASES FOR SUPERVISION



**1,099** pcs

Decisions based on supervision

**1,392** pcs

## TRAINING COMPENSATIONS WERE REFUNDED TO



**602** employers

## CUSTOMER CONTACTS FOR UNEMPLOYMENT INSURANCE CONTRIBUTIONS (PCS)



Logins to online service\*

**38,000**



Messages in online service

**3,674**



Emails

**17,185**



Phone calls

**9,542**



Calculators were used

**1,445** times



Website visits

**89,375**



## Adult education benefits

The act abolishing the adult education allowance scheme and the scholarship scheme for qualified employees entered into force in June. The abolition prompted a record number of applications during the early months of the year.

The year of the adult education benefits was characterised by the implementation of the abolition set out in the Government Programme. According to the Government Programme of Petteri Orpo's Government presented in June 2023, the adult education allowance scheme and the scholarship scheme for qualified employees would be abolished as of August 2024. The legislative proposal was submitted to Parliament in February 2024 and in addition to the Social Affairs and Health Committee, it was also discussed at the Education and Culture Committee, Constitutional Law Committee, and the Employment and Equality Committee. Parliament passed the legislation abolishing adult education benefits on 22 May and it was approved by the President of the Republic on 30 May. The act entered into force two days later.

The transition period for abolishing adult education benefits started on 1 August 2024 and it will continue until 31 December 2025.

We granted adult education allowances on old terms until the end of May. From that date, in accordance with the act abolishing the allowance scheme, adult education allowance could only be granted to wage and salary earners or full-time entrepreneurs whose studies and eligibility for the allowance had started on 31 July 2024 at the latest. Allowances could no longer be granted for studies starting in the autumn.

In accordance with the act abolishing the benefit scheme, we have granted scholarships for qualified employees to students studying for initial vocational qualification, further vocational qualification, and specialist vocational qualification who completed their studies no later than 31 July 2024.





## More and more allowance recipients work alongside studies.

The abolition of the adult education benefits has had significant impacts on the Fund’s staff members working in benefits services and services supporting the execution of adult education benefits. Despite the demanding change situation, implementation of the adult education benefits and customer advice have been excellently managed, thanks to a fully digitalised application process, a high degree of automation and change-capable personnel.

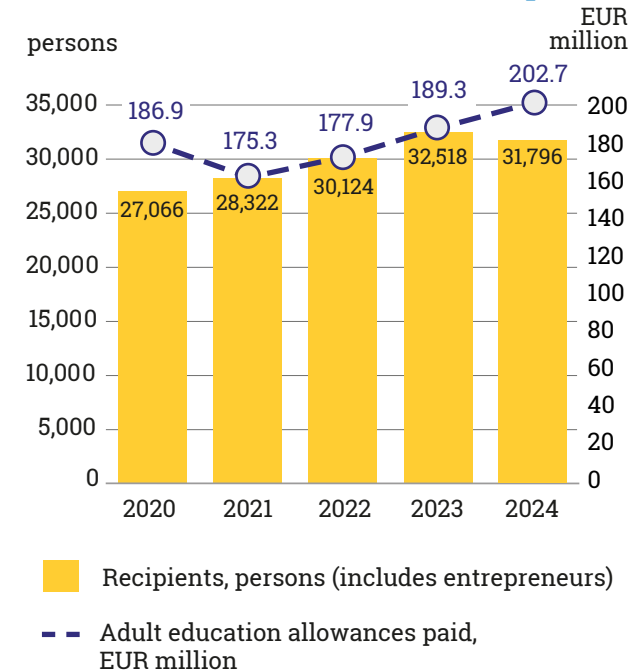
### DEVELOPING COMPETENCE WITH ADULT EDUCATION ALLOWANCE FOR MORE THAN 20 YEARS

Adult education allowances have been granted since 2001. Employees and entrepreneurs who have been working for at least eight years have been able to apply for adult education allowance. The allowance is intended for maintaining vocational

skills and developing competence and it has been granted for studies conducted under public oversight in Finland. These studies may have led to a full qualification, a partial qualification or be further or continuing vocational training.

Employees’ adult education allowance is financed entirely from the unemployment insurance contribution income. The state funds the entrepreneur’s adult education allowance and the scholarships for qualified employees granted to central government employees.

**Number of recipients and adult education allowances paid**



**THE AMOUNT OF ADULT EDUCATION BENEFITS PAID INCREASED IN 2024**

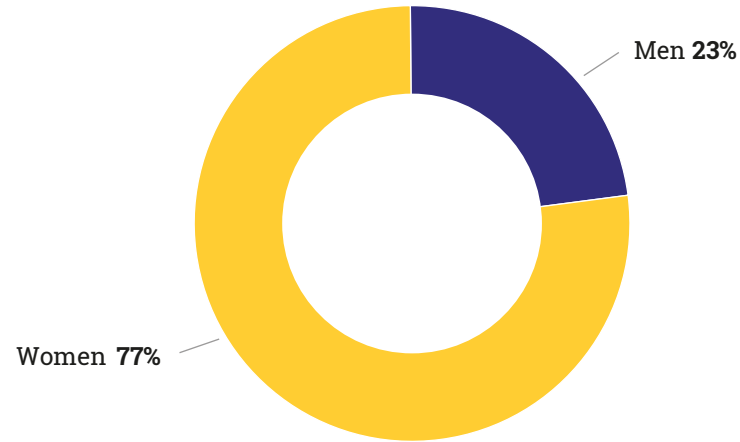
A total of EUR 212.2 (201.1) million in adult education allowance and scholarships for qualified employees was granted in 2024. The amount of the adult education benefits granted increased by 5.5% compared to 2023.

We paid a total of EUR 202.7 (189.3) million in adult education allowances to 31,796 (32,518) persons. The amount paid was about 7% higher than in 2023 even though there was a slight reduction in the number of recipients. Of the recipients, 1,104 (1,079) received entrepreneurs' adult education allowance and 30,694 (31,439) received employees' adult education allowance.

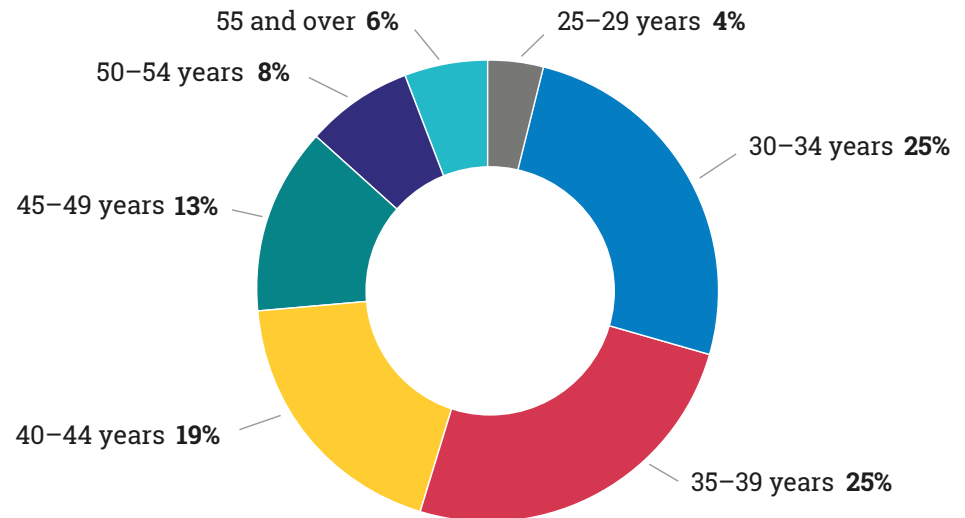
Most of the recipients of adult education allowance have been women aged under 40. The gender distribution remained unchanged in 2024: 77% were women and 23% were men. The age distribution of the recipients also remained the same as in 2023. The breakdown of the age groups (from the largest to the smallest) was as follows:

- 30–34, 25%
- 35–39, 25%
- 40–44, 19%
- 45–49, 13%
- 50–54, 8%
- over 55, 6%
- 25–29, 4%.

**Recipients of adult education allowance by gender in 2024**



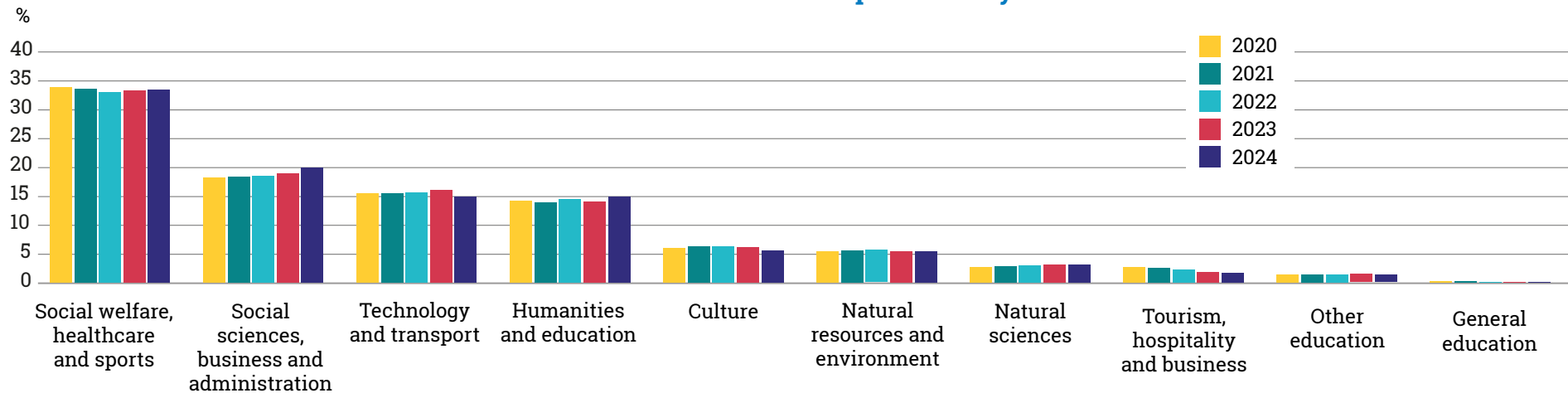
**Recipients of adult education allowance by age in 2024**



In 2024, 48% (47%) of the recipients studied at universities of applied sciences, 29% (27%) at universities, 20% (23%) in vocational institutions and 2% (3%) in other educational institutions. The majority of the recipients (81%) were studying for a degree or qualification. A total of 18% of the recipients used the allowance for studies leading to a partial degree/qualification or further or continuing vocational training, and 1% used it for other training.

The most popular fields studied by the recipients were the social, health and sports sector 33% (33%), and social sciences, business and administration 20% (19%). They were followed by technology and transport 15% (16%), and humanities and education 15% (14%).

Fields where recipients study



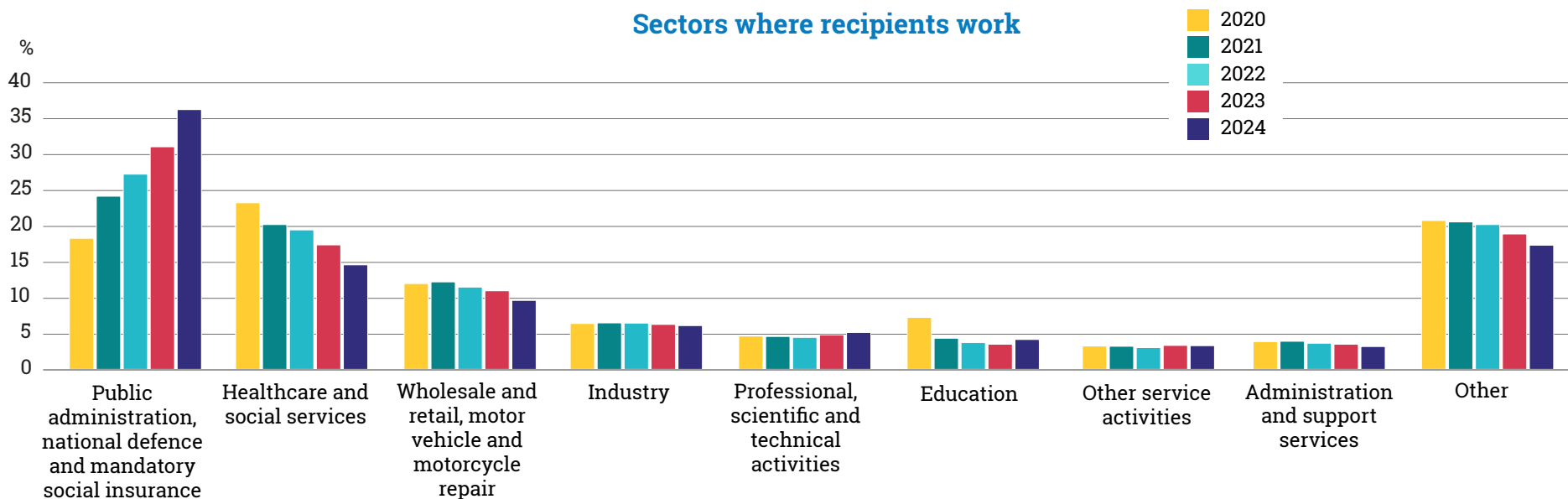
**MORE THAN A THIRD OF ALL APPLICANTS FOR ADULT EDUCATION ALLOWANCE WORK IN PUBLIC ADMINISTRATION**

In terms of employment, persons working in public administration and national defence were the largest single group using the adult education allowance. They accounted for 36% (31%) of all recipients. The proportion of applicants working in these sectors has increased by 18 percentage

points over the past five years. Persons working in health and social services and wholesale and retail trade were the next largest group of recipients in terms of employment. The number of recipients working in healthcare and social services has decreased by 9 percentage points over the past five years. The decrease is partly explained by statistical change because in the statistics, wellbeing services counties

are entered under public administration and national defence. For the first time in several years, the percentage of people working in the field of education and training increased, totalling 4% of all applicants in 2024.

**Sectors where recipients work**



### **PROMPTED BY THE ABOLITION OF THE BENEFITS, PEOPLE STARTED SUBMITTING APPLICATIONS IN EARLY SPRING TO ENSURE THEIR ELIGIBILITY FOR THE ALLOWANCE**

The application procedure for employee's adult education allowance is a two-step process. Based on the allowance right application, the recipient receives eligibility for adult education allowance for the period specified in the application. After this, the applicant can apply for an allowance payment retrospectively for each month on a separate payment application. If the applicant wants to work between their study leave periods and thus spread the studies over a longer period, a new allowance right

application for new allowance periods must be submitted to Employment Fund.

We received 34,125 (41,096) allowance right applications and 164,323 (144,608) payment applications. In the past, the busiest period for allowance right applications has been in August at the start of new studies. It was already known at the end of 2023 that the Government would soon propose abolition of the allowance scheme so that the allowance could no longer be granted for studies starting in autumn 2024. This had prompted applicants to submit applications early. In fact, unlike in previous years, the largest number of applications for eligibility for allowance were received in January (4,484). The busiest period of payment applications

also fell on the spring months. In April, we received a total of 18,354 payment applications, which was 8% more than in the busiest month of 2023 (16,389). The number of applications received in the period March–May were the highest ever in the history of Employment Fund. In 2024, the average processing time for allowance right applications was 8–9 (13–14) days and for payment applications 0.9 (0.5) days.





**THE AUTOMATION LEVEL KEPT INCREASING**

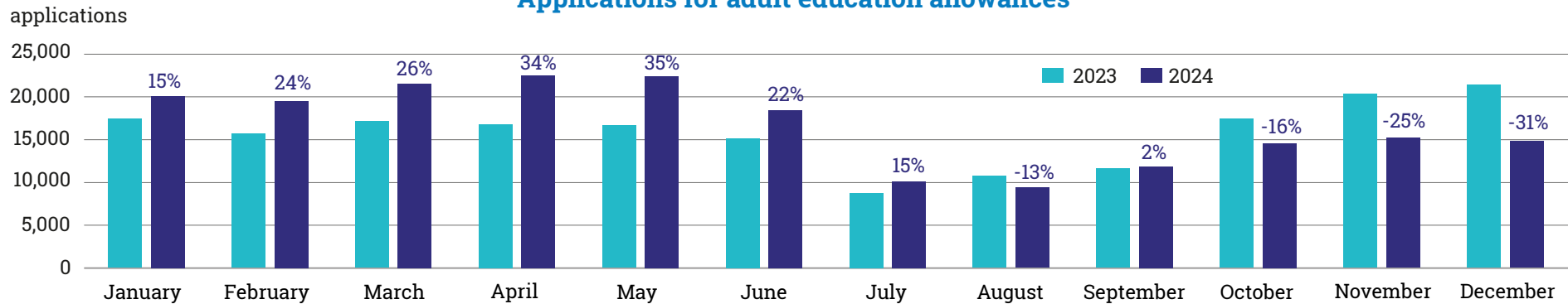
Typically, most (about 80%) of the payment applications are submitted in the first week of the month, putting pressure on our resources. In recent years, to ensure our service capacity, we have developed process automation for payment decisions and extension applications for allowance right.

In 2024, automated payment decisions accounted for 89% (84%) of all payment decisions. In 2024, a total of 53% (20%) of the extension applications were processed automatically.

The transition period for legislation on automated decision-making in public administration ended on 31 October 2024. In 2024,

we developed automation-related documentation in accordance with the requirements of the new legislation and ensured that the processes used before the entry into force of the legislation are in compliance with the new regulations.

**Applications for adult education allowances**



### SCHOLARSHIPS FOR QUALIFIED EMPLOYEES ON THE BASIS OF A VOCATIONAL QUALIFICATION

The scholarship scheme for qualified employees was introduced in 1996. A person residing in Finland is eligible for the scholarship if they have completed initial vocational qualification, further vocational qualification or specialist vocational qualification, are under 68 years of age, and have been working for at least five years by the date they complete the new qualification. The scholarship for qualified employees is a tax-exempt lump sum of EUR 414.

### THE NUMBER OF SCHOLARSHIPS FOR QUALIFIED EMPLOYEES STARTED TO DECREASE AFTER JUNE DUE TO THE ABOLITION OF THE SCHEME

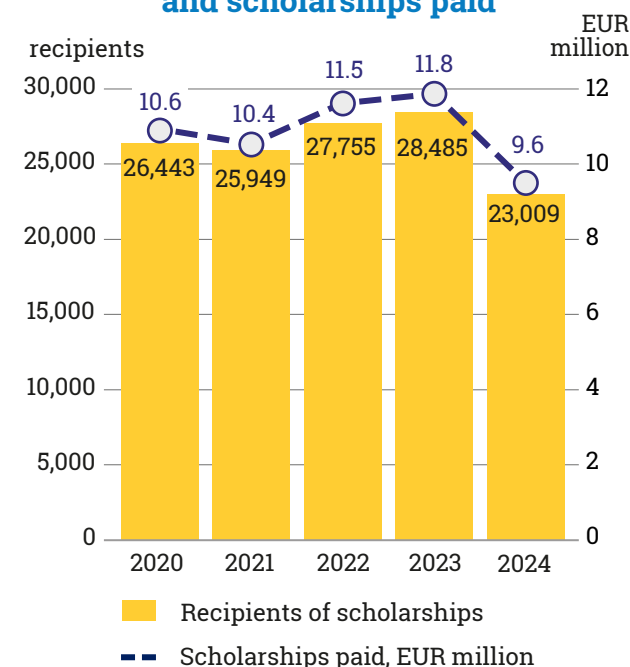
We granted scholarships for qualified employees to 23,009 (28,485) persons in 2024. We paid a total of EUR 9.6 (11.8) million in scholarships, which was the lowest amount in the last five years.

The application for the scholarship can be submitted after graduation and therefore often at the end of the semester. In 2024, the highest number of applications was received in June, totalling 6,842 (5,715). After June, the number of applications went into sharp decline. This is because due to the abolition of the scholarship scheme, the scholarship could only be granted on the basis of a qualification completed no later than 31 July 2024. Between July and December, we received only 3,146 applications. The average processing time for scholarship applications was 7–8 (6–7) days. A total of 42% of the decisions made in 2024 were processed automatically.

A total of 44% of the scholarships were granted on the basis of a further vocational qualification, 29% on the basis of an initial vocational qualification and 27% on the basis of a specialist vocational qualification. As in previous years, in 2024, the most common qualifications completed by scholarship recipients were the further vocational qualification in supervisory work 11% (10.1%), initial vocational qualification in

social welfare and healthcare 8% (9.6%), and specialist qualification in business management and leadership 8% (7.4%). A substantial majority (65%) of the scholarship recipients were women.

### Recipients of scholarships for qualified employees and scholarships paid



### **APPEALS AND RECOVERY OF BENEFITS PAID WITHOUT JUSTIFICATION**

Applicants who are not satisfied with the outcome of their application for a scholarship for qualified employees or adult education allowance have the right to appeal against the decision. The first appellate body is the Social Security Appeal Board (SAMU). The second and final appellate body is the Insurance Court. In 2024, the Appeal Board received 217 (248) complaints. The Insurance Court received 17 (30) complaints. The complaints mainly concerned the recovery of benefits or the revision of benefits, taking into account

additional income based on their time of payment.

If a benefit has been paid without justification or the amount paid out was too high, the excess must be recovered from the recipient. A total of 1,431 (1,318) recovery decisions were made.

### **OUR FOCUS WAS ON WINDING DOWN THE SCHEME**

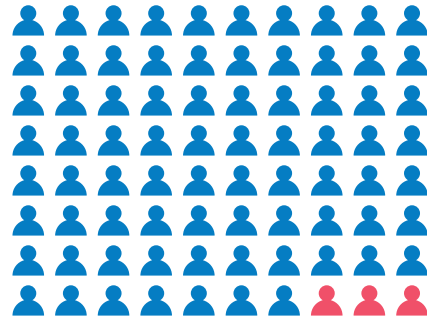
In the development of the benefit systems and processes, our focus has been on implementing the changes set out in the legislation repealing the scheme. We were able to incorporate all system updates into

production without problems even though the act was approved only two days before its entry into force.

We no longer carry out actual development work as our focus is on winding down the scheme and storing and archiving data.

## Aiming for efficient digital services and customer satisfaction

### ADULT EDUCATION ALLOWANCES WERE GRANTED TO



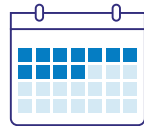
**31,796**

persons of whom  
**96.5% were employees**  
 and **3.5% entrepreneurs**

### NUMBER OF ADULT EDUCATION ALLOWANCE DECISIONS FOR EMPLOYEES

#### Allowance right decisions

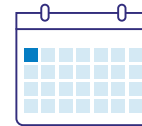
**35,208** pcs



Average processing time  
**9 days**

#### Payment decisions

**164,321** pcs



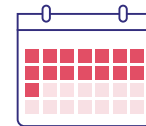
Average processing time  
**1 days**

**39%** of all decisions were automatic decisions

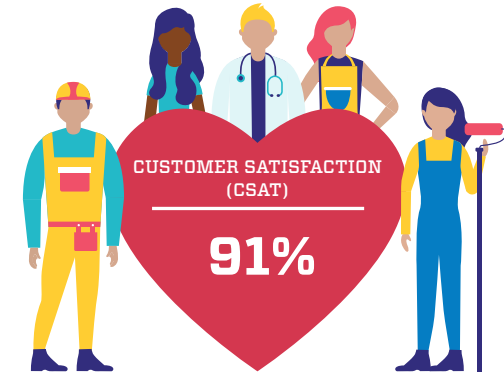
**89%** of all decisions were automatic decisions

### NUMBER OF ADULT EDUCATION ALLOWANCE DECISIONS FOR ENTREPRENEURS

**1,094** pcs



Average processing time  
**12 days**



### CUSTOMER CONTACTS FOR ADULT EDUCATION ALLOWANCE (PCS)



Logins to online service

**589,627**



Messages in online service

**51,251**



Emails

**2,796**



Phone calls

**27,527**



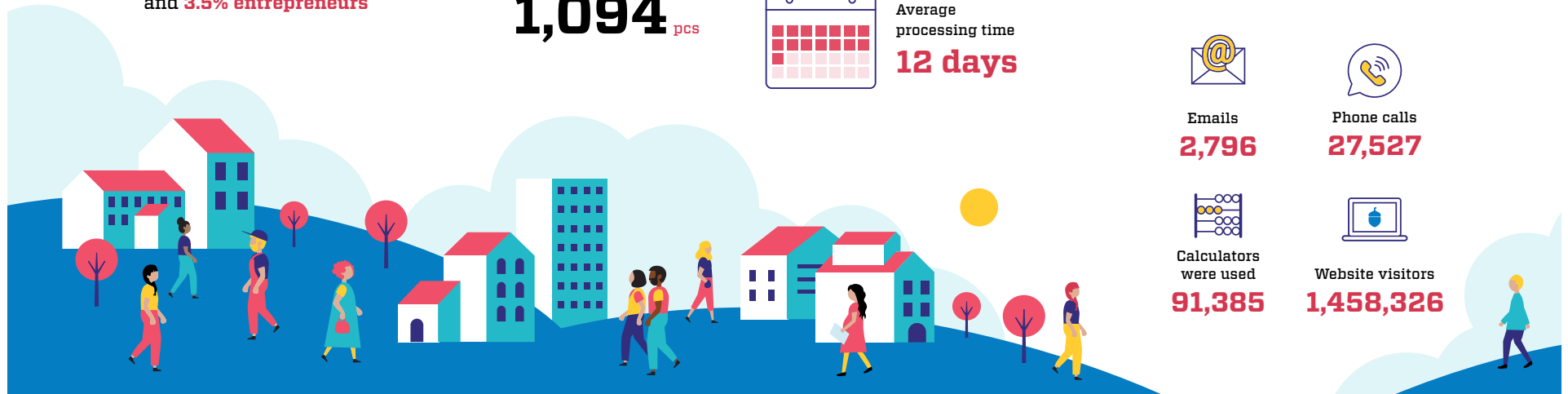
Calculators were used

**91,385**



Website visitors

**1,458,326**



All figures are from the period 1 January - 31 December 2024.

# Finance

## BUSINESS CYCLE BUFFER AND CHANGE IN NET POSITION

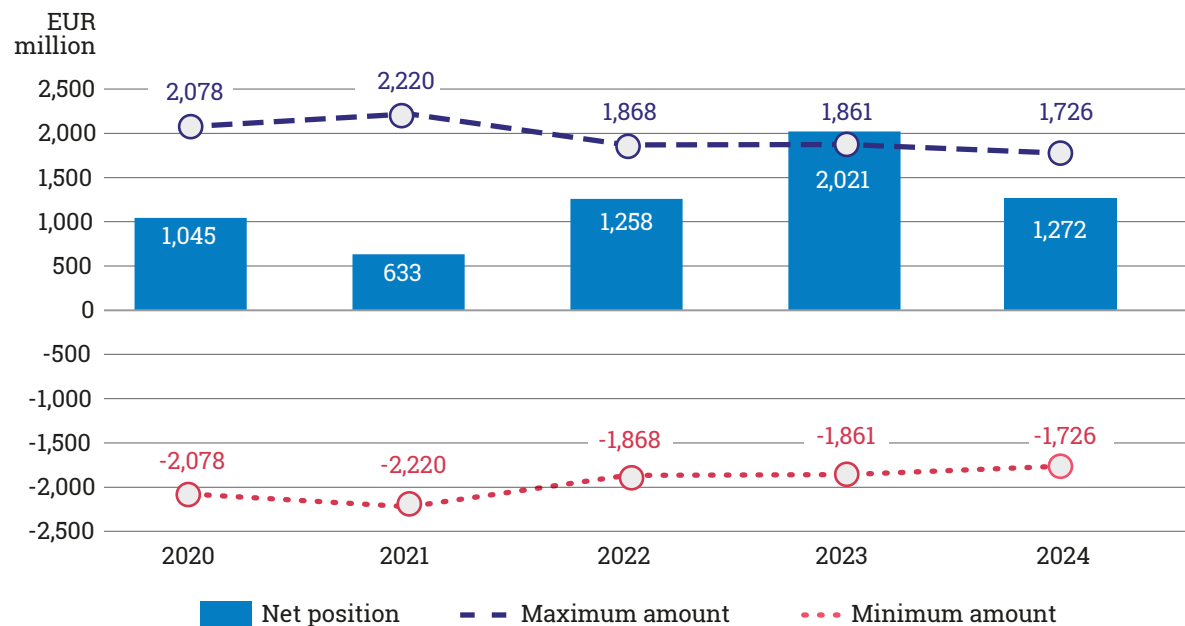
Employment Fund maintains a business cycle buffer specified in the law to ensure liquidity and balance out changes in unemployment insurance contributions. The business cycle buffer accrues on the basis of the difference between Employment Fund’s assets and liabilities. When the unemployment insurance contributions are set, the forecast for the maximum amount of assets or liabilities in the buffer may not exceed expenses corresponding to an unemployment rate of six percentage points. When the decision on the level of unemployment insurance contributions is made, the forecast for the business cycle buffer may by law exceed the maximum amount of assets over two years during a three-year review period to ensure a steady payment trend. In that case, however, unemployment insurance contributions may not be set higher than in the previous year. The maximum amount of the business cycle buffer is

calculated on the basis of the figures in the annual financial statements.

The maximum value of the buffer is calculated by dividing the annual expenses for which Employment Fund is liable (EUR

2,416 million in 2024) by the average unemployment rate for the year (8.4%), and multiplying the result by six. The statutory maximum amount of the business cycle buffer was EUR 1,726 (1,861) million in 2024.

Development of the business cycle buffer

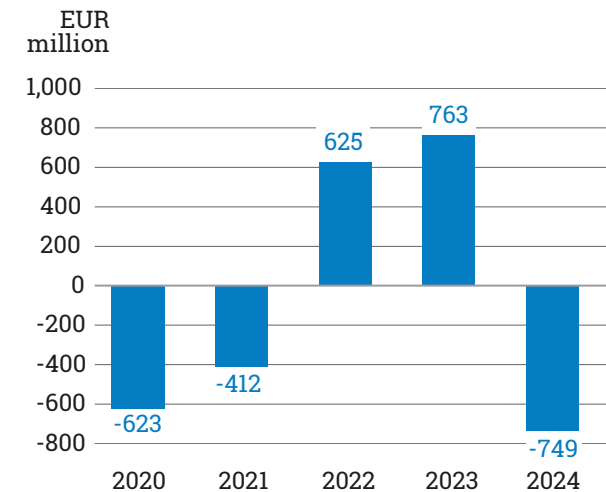


According to our budget for 2025, which we submitted to the Ministry of Social Affairs and Health in August 2024, the change in Employment Fund's net position would be about EUR 700 million negative in 2024 and about EUR 350 million negative in 2025. In the same connection we estimated that the net position would be about EUR 1,320 million positive on 31 December 2024 and about EUR 960 million positive on 31 December 2025.

Change in the Fund's net position was EUR 749 million negative (EUR 763 million positive) in 2024. The Fund's net position totalled EUR 1,272 million on 31 December 2024 (EUR 2,021 million on 31 December 2023).

When preparing our financial statements for 2024, we estimated that the change in Employment Fund's net position would be about EUR 600 million negative in 2025, which would mean a positive net position of about EUR 670 million at the end of 2025.

### Change in net position



### LIQUIDITY AND DEBT FINANCING

Under the investment and debt financing principles approved by Employment Fund's Supervisory Board, in fixed-income investments with less than one year's maturity, the Fund must keep an amount that covers at least one month's expenses (about EUR 264 million in 2024). On average, the liquidity buffer described above was 3.1 times the minimum amount in 2024.

For liquidity purposes, the Fund also has a EUR 300 million commercial paper programme (31 Dec 2023: EUR 300 million). The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2023 and at the end of 2024.

At the end of 2024, Employment Fund had a bond of EUR 600 million, which is due on 16 June 2027.

The credit rating agency S&P Global Ratings has given Employment Fund a credit rating of AA+ (stable outlook)/A-1+. S&P Global Ratings has given the same rating to the State of Finland.



We estimate that the change in Employment Fund's net position would be about EUR 600 million negative in 2025, which would mean a positive net position of about EUR 670 million at the end of 2025.

## Investment activities

Employment Fund carries out investment activities to the extent necessary to manage the timing differences in the cash flows generated by its income and expenses, and for liquidity management purposes.

Employment Fund's investment assets and cash and cash equivalents totalled EUR 1,513 (1,869) million at the end of 2024.

One of the main goals of Employment Fund's investment activities is to support the performance of the Fund's statutory duties and to ensure sufficient liquidity to finance the expenses for which Employment Fund is responsible. The Fund's Board of Directors determines the goal for our investments in the annually approved investment plan, and decides on the allocation of investment funds across different asset classes. The Supervisory Board approved the updated investment and debt financing principles in April 2024.

### FINANCIAL OPERATING ENVIRONMENT

In 2024, global economic growth was again slowed down by the war in Ukraine, geopolitical tensions and sanctions. Finland's economic growth will be slightly negative in 2024. The employment situation

weakened and the unemployment rate rose to 8.4% (7.2%) in 2024.

The period of rapid inflation, which started in 2022, and the ensuing cycle of interest rate hikes by central banks came to an end in 2024. Between June and December 2024, the European Central Bank lowered its key interest rate four times by 0.25%, from 4% to 3%. Similarly, the US central bank FED and several other central banks lowered their key interest rates in 2024 as inflation slowed down substantially during the year.

### THE INVESTMENT MARKET

For the most part, stock markets grew rapidly during 2024: when measured in domestic currencies, the stock indices in the main markets in North America rose by about 25% and in Europe by about 8%. The performance of the domestic stock exchange was modest and the index yield was -0.1%.





The fixed-income investments in the Fund's main investment categories in European bonds generated high returns. The positive trend in fixed-income investments was the result of stable pricing of credit risks and, in particular, the lowering of bond interest rates in the second half of the year. This was mainly due to interest rate decisions by central banks and reports on a substantial slowdown of inflation in the United States and Europe.

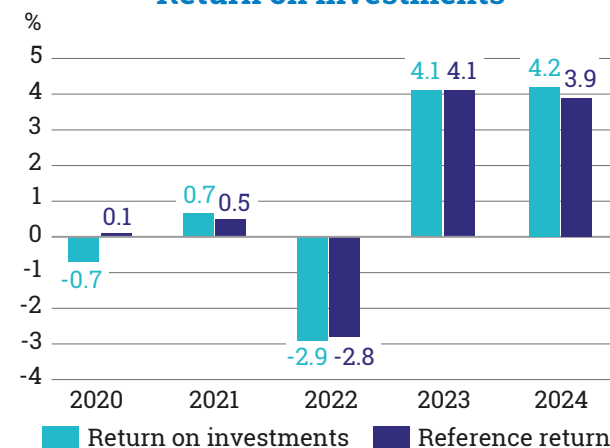
Market trends of alternative investments during the year depended to a great extent on the investment category concerned. Investments in the domestic real estate sector in residential, commercial and publicly owned properties generated low returns in 2024, with the exception of investments in forest properties, which yielded strong returns. Investments in non-listed shares and non-listed corporate loans yielded good returns. Investments in renewable energy generated low returns.

### ALLOCATION OF INVESTMENTS

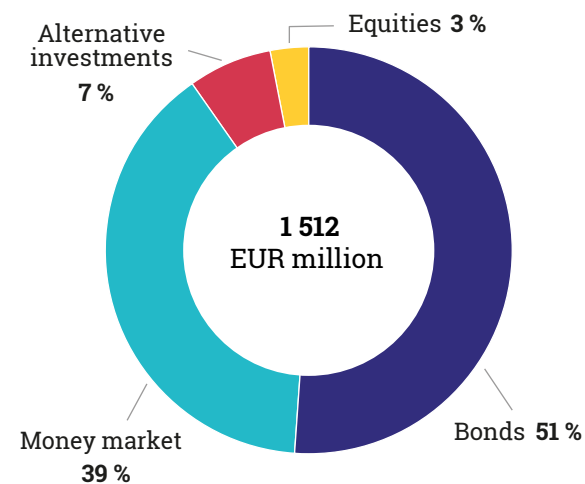
We actively invested our assets in money market instruments, bonds, equities and alternative investments. Depending on the asset class, the Fund made direct investments or invested its assets through funds. In our investment plan for 2024, we slightly increased the weight of alternative investments and bonds and reduced the weight of money market investments. At the end of the financial period, EUR 590 (820) million of the Fund's assets were invested in money market instruments, EUR 775 (958) million in bonds, EUR 44 (39) million in equities, and EUR 103 (83) million in alternative investments. In 2024, the return on our investments was 4.2% (4.1%). The return exceeded the expectation of 3.6% (2.8%) entered in our investment plan and the reference return on our investment activities, which was at 3.9% (4.1%).

We take sustainability into consideration when we make investment decisions. Sustainability in the Fund's investment activities is described in more detail under Sustainable investment in the section on sustainability (page 56).

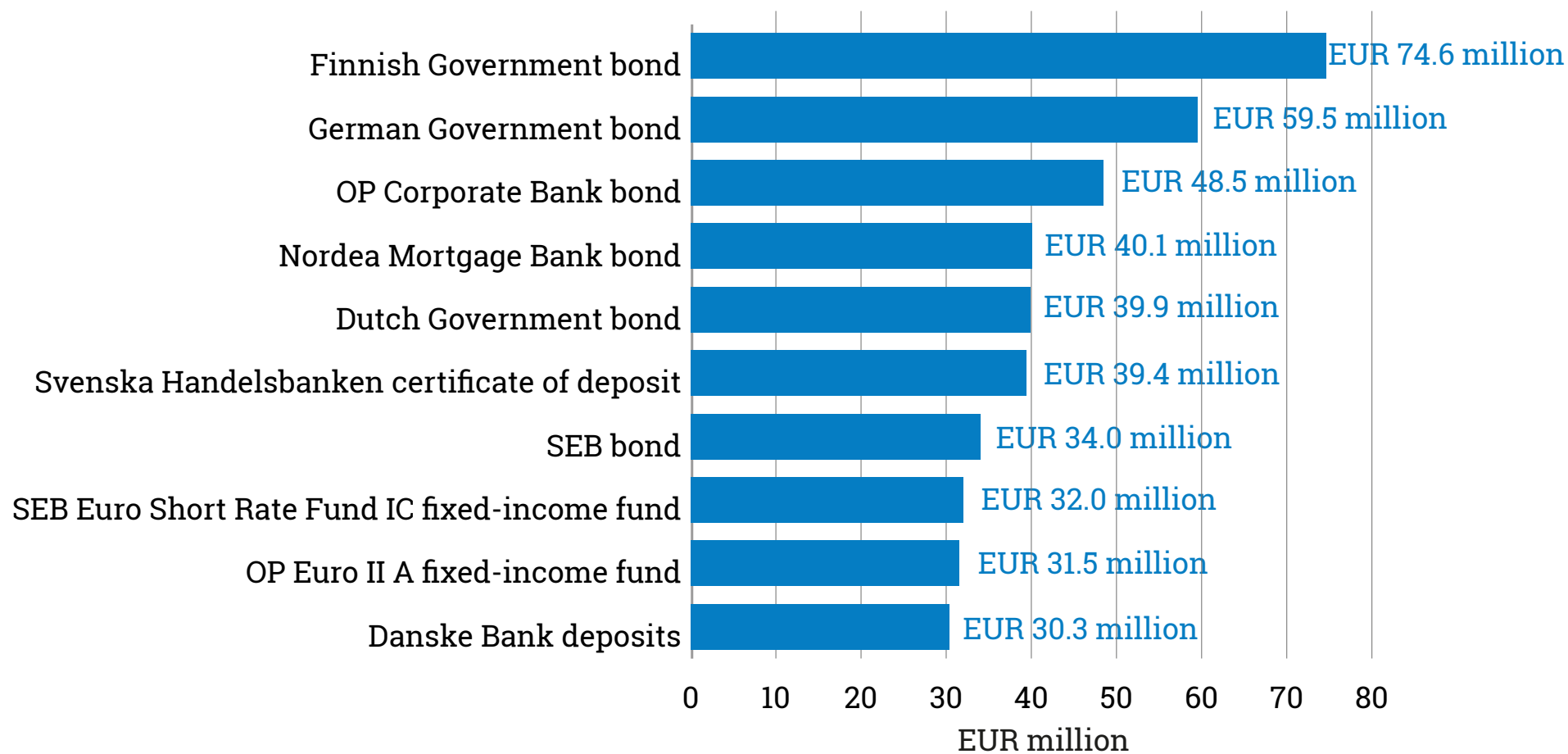
### Return on investments



### Investment spread



## Largest investments



## Sustainability

We promote sustainable development and sustainability in the areas where we can maximise our influence through our core activities.

In our role as a provider of funding for social security, we put great emphasis on social responsibility themes. The sustainable development goals set out in the UN 2030 Agenda serve as the framework for the Fund's sustainability work, and we have identified three key goals in the Agenda. In addition to these goals, sustainability is also reflected in our investment activities and the acquisition of debt financing.

During 2024, we utilised a variety of different networks to develop our sustainability competence. We are a member of the corporate responsibility network FIBS, which organises events on topical sustainability themes and provides news and information services on related topics. We took active part in the events organised by the responsibility network maintained by the State Treasury, in which public administration organisations share information on such matters as best practices of sustainability and sustainability reporting.



## OUR BASIC TASKS AND IDENTIFIED 2030 AGENDA GOALS

Based on a materiality analysis, we have identified the following sustainable development goals of the UN on which we can exert maximum positive influence with our own core activities. We have identified the following key goals of the 2030 Agenda as such objectives:

- Decent work and economic growth
- Quality education
- Peace, justice and strong institutions

These key goals are directly linked to the Fund's core tasks, such as the financing of unemployment security and adult education benefits. We continued to work on concrete sustainability measures and indicators during 2024. Our aim is to build a solid foundation for systematic sustainability work so that we can report on our sustainability activities more extensively in the coming years. With the abolition of the adult education benefits, we must review our 2023 Agenda goals in the next few years as the opportunities to promote the quality education goal as part of our basic

tasks will be significantly reduced after 2025.

### SUSTAINABLE FUNDING OF UNEMPLOYMENT SECURITY PROVIDES SECURITY FOR CHANGES IN WORKING LIFE

We collect the unemployment insurance contributions to finance unemployment security, transition security, pay security, pension security and adult education benefits. Part of the return on unemployment insurance contributions is transferred to Employment Fund's business cycle buffer, the purpose of which is to ensure the steady development of unemployment insurance contributions. The business cycle buffer grows when the Finnish economy is doing well and employment rates are high. The funds accumulated in the buffer are used during economic downturns, which curbs the pressure to increase the unemployment insurance contributions of employers and employees. By carrying out our basic task effectively, we support the UN sustainable development goal of decent work and economic growth.



Our task is to ensure sustainable financing of unemployment security by keeping unemployment insurance contributions at appropriate level and at the same time, minimise fluctuations, collect unemployment insurance contributions efficiently, maintain good liquidity, invest funds productively and securely, and anticipate economic and employment fluctuations in Finland. Sustainable financing of unemployment security strengthens social peace. With unemployment security, individuals are in a better position to seek jobs meeting their needs. Social stability also supports Finland's economic growth.

## Indicators for the goal of appropriate level of unemployment insurance contributions:

Indicator	Target level	Level in 2024	Level in 2023
Unemployment insurance contributions and other income		EUR 2,347 million	EUR 3,627 million
Financing contributions paid		EUR 3,129 million	EUR 2,900 million
Change in net position		EUR -749 million	EUR 763 million
Business cycle buffer/maximum	Positive but below maximum	EUR 1,272/1,726 million	EUR 2,021/1,861 million

## Indicator for the goal of steady development of unemployment insurance contribution rate:

Indicator	Target level	Level in 2024	Level in 2023
Unemployment insurance contribution rate (average)	Small annual variation	employers 0.82%, employees 0.79%.	employers 1.54%, employees 1.50%

## Indicators for the goal of efficient collection of unemployment insurance contributions:

Indicator	Target level	Level in 2024	Level in 2023
Actual credit losses on unemployment insurance contributions	Minimal	EUR 2.7 million	EUR 4.6 million

## Indicators for the goal of good liquidity:

Indicator	Target level	Level in 2024	Level in 2023
Fixed-income investments with less than one year's maturity in relation to one month's expenses.	1x or more	EUR 581 million/3.1x	EUR 889 million/2.6x
Unused committed credit facilities, EUR million		EUR 600 million	EUR 600 million

## Indicators for the goal of productive and secure investment:

Indicator	Target level	Level in 2024	Level in 2023
Return on investment %; Benchmark index return %	Return on investment % at least benchmark index return %	4.2%/3.9%	4.1%/4.1%
Average portfolio credit risk	At least BBB-	BBB+	BBB+
Total portfolio risk	Moderate	4.07% (moderate)	3.54% (moderate)

**Appropriate level of unemployment insurance contributions**

In 2024, we collected a total of EUR 2,347 (3,627) million in unemployment insurance contributions and other income. Employers' unemployment insurance contribution income accounted for EUR 766 (1,412) million and employees' unemployment insurance contribution income for EUR 806 (1,490) million of this total.

In 2024, we paid EUR 3,129 (2,900) million in financing contributions to finance unemployment security, transition security, pay security, pension security and adult education benefits.

Our annual result (change in net position) was EUR -749 (763) million.

Employment Fund's business cycle buffer was EUR 1,272 (2,021) million positive at the end of 2024. The statutory maximum amount of the business cycle buffer was EUR 1,726 (1,861) million in 2024. Our liquidity remained good throughout the year.

**Steady development of unemployment insurance contribution rate**

Unemployment insurance contributions were substantially lowered for the year 2024. The lowering was prompted by an improved outlook for the economy and employment, near-maximum level of the

business cycle buffer and the fact that the measures set out in the Government Programme were estimated to decrease expenditure. Last year, the average employer's contribution was 0.82% of the wages or 0.72 percentage points less than in 2023. The average employee's contribution was 0.79% of the wages or 0.71 percentage points less than in 2023.



**Efficient collection of unemployment insurance contributions**

The actual credit losses arising from unemployment insurance contribution receivables totalled EUR 2.7 (4.6) million in 2024. Credit losses accounted for about 0.17% (0.16%) of the unemployment insurance contributions collected in 2024.

**Good liquidity**

To secure its liquidity, in fixed-income investments with less than one year's maturity, Employment Fund keeps an amount that covers at least one month's expenses. In 2024, these fixed-income investments totalled EUR 581 (889) million. In 2024, the average amount of these fixed-income investments was 3.1 (2.6) times higher than one month's expenses. For liquidity purposes, the Fund also has a EUR 300 million commercial paper programme (31 Dec 2023: EUR 300 million). The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec

2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2024 (unused on 31 Dec 2023).

**Productive and secure investment**

In 2024, the return on our investments was 4.2% (4.1%). The return exceeded the expectation of 3.6% (2.8%) entered in our investment plan and exceeded the reference return on our investment activities, which had been set at 3.9% (4.1%).

The average credit rating of our investment portfolio is evaluated on Standard & Poor's rating scale, which is based on historical probabilities of credit losses. We estimate that the investment portfolio credit rating is about BBB+ on 31 December 2024 (31 Dec 2023: BBB+).

At the end of the financial period, EUR 590 (820) million of the Fund's assets were invested in money market instruments, and

EUR 775 (958) million in bonds. These investments account for 90% (93%) of our total investment portfolio. In our investment plan for 2024, the minimum proportion of money market and bond investments has been set at 87% (87%).

The total risk of our investment portfolio was 4.07% (31 Dec 2023: 3.54%). The risk posed by the investment portfolio is moderate due to its conservative structure and moderately low risk level of the securities in the portfolio.

### Equality and diversity work

Sustainability is also reflected in our equality and diversity work. The Fund has a diversity working group, the aim of which is to identify and discuss issues concerning the diversity of the work community and define the practical development measures that may be needed in our work community. The tasks of the working group is also to promote the experience of all our employees of an open and equal work community. By ensuring a safe working environment for all our employees, we can also contribute to the achievement of the objective 'Decent work and economic growth', one of the key goals of the UN 2030 Agenda.

We updated the Fund's non-discrimination, equality and diversity plan in 2024. We also surveyed our personnel's experiences of how diversity, equality and inclusion are reflected in our work community. Based on the experiences of our staff members, we

will be able to develop principles and practices in the field of equality and diversity in the future.

### ADULT EDUCATION BENEFITS HAVE PROMOTED CONTINUOUS LEARNING AND UPDATING OF COMPETENCE

Adult education benefits have been used to support the professional development and competence renewal of adults in working life. This support will continue in the transition period during the abolition process. Our goal has been to implement the adult education benefits in an effective manner and increase awareness of the benefits. These goals promote the achievement of the quality education goal set out in the 2030 Agenda.





## Indicators of the awareness goal:

Indicator	Target level	Level in 2024	Level in 2023
Number of recipients (adult education allowance)		31,796 persons	32,518 persons
Number of recipients (scholarship for qualified employees)		23,009 persons	28,485 persons

## Indicators of the goal of effective implementation:

Indicator	Target level	Level in 2024	Level in 2023
Application processing time (allowance right application, adult education allowance, average)	Less than 15 days	13.8 days	17.1 days
Application processing time (payment application, adult education allowance, average)	Less than one day	0.5 days	0.8 days
Application processing time (scholarship for qualified employees, average)	Less than 10 days	6.8 days	9.9 days

**Increasing awareness**

The year of the adult education benefits was characterised by the implementation of the abolition set out in the Government Programme. The act on abolishing the benefits entered into force on 1 June 2024. The transition period for abolishing the adult education benefits started on 1 August 2024 and it will continue until 31 December 2025. The last payments of the adult education allowance scheme will be made in 2026 and the last payments of the scholarship scheme for qualified employees in 2025. In 2024, adult education benefits were paid to 31,796 (32,518) persons. In 2024, scholarships for qualified employees were granted to 23,009 (28,485) persons.

In addition to the number of recipients, we have also used a variety of different communication indicators to assess awareness of adult education allowance. Due to the abolition of the adult education benefits, we are no longer seeking to enhance awareness of the scheme but to provide educational institutions and recipients with guidance. We have clarified the impacts of

the abolition of adult education benefits on our stakeholders with active communication and by organising regular webinars on adult education benefits for our customers.

In 2024, we organised 7 (5) webinars for adult education benefit customers and sent targeted newsletters in which we provided guidance on applying for the benefits and explained the impacts of the abolition of the adult education benefits on our customers. We also actively informed Finnish educational institutions about the abolition of the adult education benefits and the transition period, for example, by posting regular newsletters. In 2024, we organised a stakeholder event to which we invited representatives for example from labour market organisations, ministries and the Social Insurance Institution of Finland.

**Effective implementation**

News of the abolition of the adult education allowance scheme led to an increase in the number of benefit applications in spring 2024. Despite the larger number of applications, we were able to shorten

the processing times. In 2024, the average processing time for initial applications for adult education allowance was 13.8 (17.1) days and for payment applications 0.5 (0.8) days. The average processing time for applications for scholarships for qualified employees was 6.8 (9.9) days.

**Training compensation**

The employers' training compensation scheme is also managed by Employment Fund. The purpose of training compensation is to improve the employer's opportunities to organise training for its employees so that they can enhance their vocational competence. Bodies such as wellbeing services counties, municipalities, parishes, associations and foundations are eligible for the compensation. In 2024, a total of EUR 11.5 (10.2) million in training compensation was paid to 602 (616) employers.

### WE ARE CONTINUOUSLY ENHANCING THE TRANSPARENCY AND EFFICIENCY OF OUR ACTIVITIES

Compliance with and development of the principles of good governance help us to be a more efficient, transparent and responsible actor. We also combat the grey economy in Finland in cooperation with other public organisations and the authorities. Through these measures, we promote the achievement of the objective of peace, justice and strong institutions set out in the UN 2030 Agenda.



We are continuously developing our principles and practices of good governance. The Fund has a channel for reporting suspected misconduct, and the reports received through the channel are processed confidentially and, if necessary, anonymously. You can use the channel to report suspected misconduct falling within the scope of the Whistleblower Act or Employment Fund's ethical guidelines. We comply with the EU's General Data Protection Regulation, other legislation applicable to our operations and official instructions on the processing of personal data. We provided our personnel with training on the Fund's ethical guidelines in 2024 so that we can all act in accordance with the requirements and identify potential unethical practices. The Fund's ethical guidelines are publicly viewable on our website.

The satisfaction of our personnel and customers is important to us. We measure personnel satisfaction in an annual survey and develop our operations based on the feedback received from our employees. We use the CSAT index to measure customer satisfaction with the customer service of adult education benefits and unemployment insurance contributions and use the results to continuously develop our services. We are also working to make our operations more efficient by increasing automation in our processes, and to process adult education benefits and unemployment insurance contributions accurately and efficiently so that the need to appeal against our decisions can be minimised.

## Indicators for the goal of more efficient, transparent and responsible actor:

Indicator	Target level	Level in 2024	Level in 2023
Share of automated decisions of decisions on adult education benefits (payment applications and scholarships for qualified employees)		89% (payment applications), 42% (scholarships for qualified employees)	83.5% (payment applications), 40.6% (scholarships for qualified employees)
Share of automated decisions of decisions on unemployment insurance contributions		99%	99%
Personnel satisfaction (eNPS)	At least +10	-18	-26
Customer satisfaction (CSAT, benefit services)	More than 80%	91%	85%
Customer satisfaction (CSAT, unemployment insurance contributions)	More than 80%	77%	79%
Number of decisions changed in SAMU* and Insurance Court as share of all decisions made (decisions on scholarships for qualified employees and adult education allowance)		8/229,747	19/215,607
Number of decisions changed in SAMU* and Insurance Court as share of all decisions made (decisions on unemployment insurance contributions)		0/500,547	0/520,880
Number of data breaches and incidents (breaches reported to the Finnish Data Protection Ombudsman)	Declining trend	16 data breaches and 22 data protection incidents	8 data breaches and 22 data protection incidents
Number of reports received in the whistleblower channel		7 reports	4 reports
Results of the Trust & Reputation survey (overall score for the most recent survey and the survey preceding it and the years when these surveys were carried out. Scale 1–5).	Increasing trend of the overall score by stakeholder	policy makers 3.99, educational institutions 3.77, general public 3.37, media 3.12	policy makers 3.66, educational institutions 3.52 (2020), general public 3.34, media 3.65 (2021)

\*Social Security Appeal Board

**More efficient, transparent and responsible actor**

To ensure our service capacity, we use process automation in the processing of adult education benefits. In 2024, automated payment decisions accounted for 89% (83.5%) of all payment decisions. Automated decisions accounted for 42% (40.6%) of all decisions on scholarships for qualified employees made in 2024. We also make extensive use of automated decision-making when determining unemployment insurance contributions. In 2024, automated decisions accounted for about 99% (99%) of all decisions on unemployment insurance contributions.

We use annual surveys to monitor personnel experience and develop our operations based on the feedback received from our employees. The eNPS is one of the tools we use to monitor job satisfaction. It describes how likely it is that employees would recommend the workplace to others. The scale of eNPS is between -100 and +100. The higher the score, the higher the probability that the respondents would recommend

the workplace to others. In 2024, the Fund's eNPS was -18 (-26). In recent years, our eNPS has been strongly impacted by the abolition of the adult education benefits and the resulting change negotiations.

Customer satisfaction with our benefit services remained at excellent level throughout the year even though the announcement that the adult education benefits would be abolished increased our workload. The customer satisfaction score (CSAT) indicating the percentage of satisfied and highly satisfied customers of all adult education benefit customers) reached 91% (85%) for the year as a whole. The share of customers satisfied and highly satisfied with unemployment insurance contribution services reached 77% (79%).

Customers not satisfied with the decisions on scholarships for qualified employees, adult education allowance or unemployment insurance contributions have the right to appeal against the decision. The first appellate body is the Social Security Appeal Board (SAMU). The second

and final appellate body is the Insurance Court. We measure the quality and effectiveness of our decisions by how many of our decisions will change in SAMU or the Insurance Court. The lower the number of changes made to our decisions, the higher their quality and there is no need to use additional resources for decisions that have already been made once. In 2024, a total of 217 (248) appeals concerning adult education benefits were submitted to SAMU and 17 (30) to the Insurance Court. No cases of unemployment insurance contributions were submitted to SAMU or the Insurance Court in 2023 or 2024. In 2024, in 5 (17) of the appeals concerning adult education benefits submitted to SAMU and in 3(2) of the similar appeals submitted to the Insurance Court, the appeal was at least partially accepted or the matter was returned to Employment Fund.

Employment Fund submitted 16 data breach reports to the Office of the Data Protection Ombudsman in 2024. A data breach is reported to the data protection authority if it is estimated that it may pose a risk to the rights and freedoms of natural persons. A total of 22 other data protection incidents were recorded during the year.

Employment Fund's compliance function is responsible for the whistleblower channel. On the channel, you can also report suspected violations and misconduct anonymously. The whistleblower channel received 7 (4) reports in 2024. The reports were processed and investigated in accordance with our operating principles.

The reputation of Employment Fund in the following four stakeholder groups was examined in 2024: policy makers, educational

institutions, general public and the media. T-Media's Reputation & Trust tool was used as the research method. In this tool, respondents react to statements from the perspective of administration, finances, management, innovations, interaction, products and services, the workplace and sustainability. On a scale of 1 to 5, the overall score of the Fund among policy makers was 3.99 (3.66), educational institutions 3.77 (2020: 3.52), general public 3.37 (3.34), and the media 3.12 (2021: 3.65). The reputation of the Fund improved slightly among policy makers and the general public year-on-year. No survey was conducted among educational institutions and media stakeholders in 2023. Our reputation among educational institutions has improved compared to the survey conducted in 2020 while our reputation in the media has

declined somewhat compared to the results of the 2021 survey.

We developed activities to promote the principles of good governance and compliance during 2024. Among other things, the Fund adopted new ethical guidelines and published mandatory online training for staff members. Completion rate of the new online training package was 89% at the end of 2024. Completion rate has continued to increase since the end of the reporting period. The compliance function also organised training events on the new ethical guidelines for individual service areas.

Last year, we worked in close cooperation with the Finnish Tax Administration, the Ministry of Economic Affairs and Employment and other public actors to combat the grey economy. We also participated in the financing of the Palkka.fi payroll program. Palkka.fi is a free payroll program for small employers maintained by the Finnish Tax Administration, employment pension insurance companies and Employment Fund. The program facilitates the correct management of wage-related payments, thus supporting the fight against the shadow economy. In 2024, we also participated in a project on companies removed from the Trade Register. The aim of the project is to identify the legal provisions causing major problems and official procedures concerning companies that have been removed from the Trade Register and to prepare proposals to eliminate the problems. We also joined the Finnish Transparency Register, to which the lobbying activities targeting Parliament and ministries are reported. The aim of the Finnish Transparency Register is to make decision-making more transparent, combat inappropriate influencing work and strengthen citizens' trust in central government and democracy.

#### FRAMEWORK FOR SOCIAL FUNDING

The Fund has a framework for social funding. The framework was prepared in accordance with the social bond principles of the International Capital Market Association (ICMA) updated in 2021 and the social loan principles of the European Loan Market Association (LMA) updated in 2023. Within the framework, the Fund is able to use a variety of different funding instruments to promote social improvements with debt financing.

It also enables us to establish a close link between our debt financing and positive social impacts. Using the framework, we can also promote 'Quality education' and 'Decent work and economic growth', two of the UN sustainable development goals selected by the Fund for its sustainability work. The financing taken out in this manner will be used to cover the expenses that meet the eligibility criteria (provide security for changes in working life). They include the financing of unemployment benefits and the adult education allowance scheme, which supports the maintenance and development of vocational competence. At the end of 2024, Employment Fund did not have any debt financing to which the social funding framework would have been applied.

## SUSTAINABLE INVESTMENT

Sustainable investment means that when we make investment decisions, we take environmental, social and governance (ESG) factors into consideration in addition to financial indicators. With the exception of index investments, we integrate ESG factors into all our investments insofar as is possible. An external party reviews our investments twice a year and reports any deviations.

We exclude companies whose operating methods are considered irresponsible with regard to factors such as corruption, child labour, employees' rights and human rights from our list of potential investments. We invest in companies that comply with the UN Global Compact wherever possible.

Numerical methods of assessment are used to monitor and analyse the sustainability of Employment Fund's investments. The goal is to provide a picture of the Fund's sustainability profile and map its development as comprehensively and diversely as possible. Similar metrics have been used for monitoring since 2019. The sustainability analysis includes a review of operational sustainability metrics for the investment items and the companies behind them, such as commitment to equality, good governance, and the development of variables used to measure environmental impact. The assessment is based on SFDR and MiFID II regulation and EU taxonomy. According to the latest sustainability assessment, our investments meet most of the ESG criteria.

The ESG analysis of Employment Fund's investments covers 68% (54%) of the Fund's investments and cash and cash equivalents. The analysed assets do not include such items as cash and cash equivalents and investments in government bonds.



According to an analysis assessing the sustainability of our investments in December 2024 conducted by an asset management institution, of the environmental indicators of our investment portfolio, relative carbon emissions (weighted carbon intensity) have decreased compared to the analysis carried out in December 2023. The reduction has been the result of the focusing of investments on more environmentally friendly investment targets and the lower calculated environmental load generated by the investment targets themselves. The carbon footprint of our investments remains significantly lower than the benchmark index. About 82% (79%) of our fund investments are investments promoting sustainability

factors (in funds meeting the requirements of Article 8 of SFDR), and 13% (16%) are investments meeting the requirements of Article 9 of SFDR (in funds for sustainable investments). 88% (80%) of our investments have at least ambitious goals in climate work and emission reductions.

About 79% (77%) of our investments are estimated to have a positive impact on the sustainable development goals of the UN. Trends in indicators related to social factors of our investments (gender equality, independent governance and equal pay) were inconsistent compared to the situation at the end of 2023. However, at portfolio level, the measured observations show that the

portfolio is in line with the benchmark index, except for equal pay where the portfolio is clearly better than the benchmark index. There was a slight improvement in the equal pay indicator during 2024, and independent governance remained unchanged. There are no non-compliant companies (as classified by ISS) in the direct investments made by Employment Fund. About 0.2% (0.1%) of the Fund's investments have been directed at such companies as part of fund investments.

# Risk management

Risk management is part of Employment Fund's internal control. Its aim is to ensure risk awareness in decision-making and to support the Fund in the achievement of its objectives. Risk management produces high-quality information on the risks and threats facing the Fund and provides recommendations for measures to prevent them.

## **WE USE EXTENSIVE RISK MANAGEMENT TO ENSURE THE CONTINUITY OF OUR ACTIVITIES**

We monitor and manage such risks as strategic and operational risks, regulatory, economic and financial risks as well as risks arising from our operating environment. Comprehensive risk management is an important part of our activities.

Identifying strategic-level risks and managing them on a systemic basis help the Fund to achieve its goals within the framework of a specific risk appetite level. In 2024, we took further measures to improve the effectiveness of our strategic risk management. Strategic risks were integrated more closely into the principles of internal control and risk management in cooperation with the Management Group. Measures were also taken to strengthen the management of cyber risks.

The purpose of operational risk management is to safeguard the continuity of our

key functions and statutory activities and to ensure that the Fund can also operate during emergencies. Employment Fund has continued to promote digitalisation to improve its services and operational efficiency, and these measures have also helped to reduce operational risks. Continuity management was a key development priority in 2024 and this work has also had a positive impact on the overall picture of risk management.

By managing regulatory risks, we can ensure that Employment Fund acts in compliance with the law and other requirements and in an ethical and responsible manner. Active monitoring of legislative changes is a key part of this process. Employment Fund's compliance function focuses on these areas. We also actively monitor developments in information security legislation. We also developed data protection processes.

To manage financial risks arising from changes in the operating environment, we rely on such means as diverse forecasting methods and timely adjustments of unemployment insurance contributions. To safeguard our liquidity, we make low-risk investments and strive to secure good borrowing possibilities. Employment Fund also has a statutory business cycle buffer to reduce the need for changes in the level of unemployment insurance contributions due to cyclical fluctuations. Financial risk management at Employment Fund has relied on the same principles as before.

Personnel play a key role in risk management. Staff members participate actively in the process by identifying risks in their own work. Risk management training is mandatory for all employees and it is updated each year. This enhances competence and strengthens risk awareness throughout the organisation. The Head of Risk Management supports the organisation in risk identification and reports on the situational picture of risks to the Fund's Management Group, Audit Committee and the Board of Directors.

We updated our risk management principles in autumn 2024 and combined them with the principles of internal control.

### **COMPLIANCE FUNCTION SUPPORTS AND ENSURES COMPLIANCE WITH REGULATIONS**

In addition to risk management, internal control and the second line of defence of Employment Fund also includes a compliance function. The Fund's Board of Directors has approved the principles of the function, and the Compliance Officer regularly reports to the Managing Director, the audit committee and the Board of Directors.

The purpose of the function is to ensure that Employment Fund complies with existing regulation, external instructions binding on the Fund and the Fund's own internal guidelines. Compliance function identifies and assesses risks arising from non-compliance in close cooperation with risk management. The function also supports business in monitoring the regulatory environment and coordinates cooperation between compliance and service areas. It also promotes compliance with ethical and responsible practices, for example by

providing guidelines and training for persons working at Employment Fund.

New ethical guidelines for the Fund were adopted in 2024 and online training on the guidelines was published. The training is mandatory for all staff members. The compliance function also organised training events on the guidelines for individual service areas. In addition to monitoring compliance, the Compliance Officer also acts as the person responsible for insider issues of the Fund, maintains a register of related parties and provides assistance in disqualification matters.

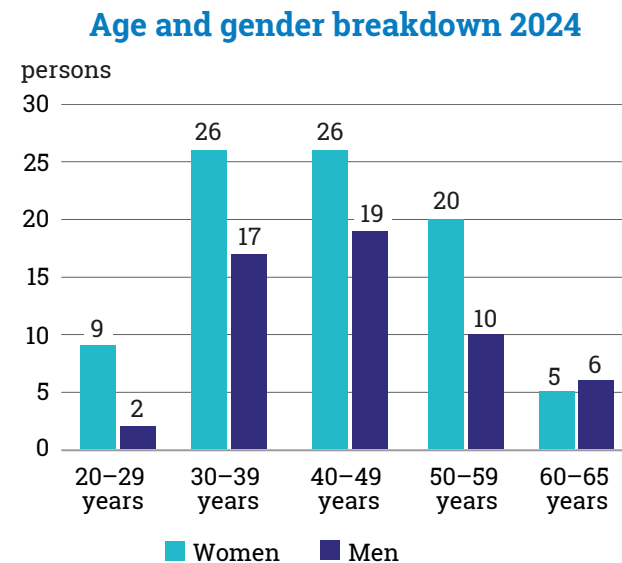
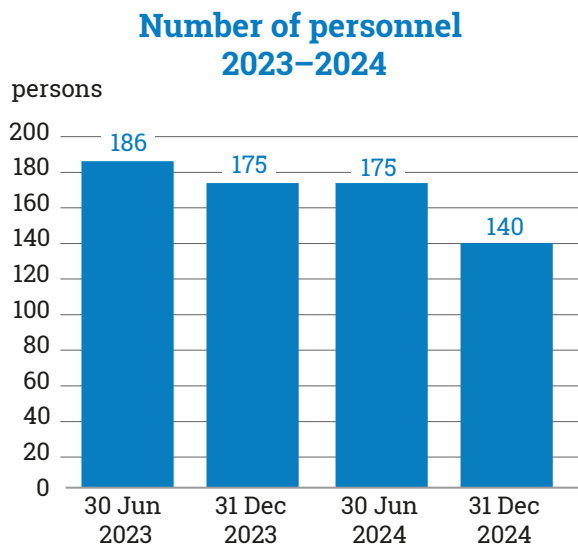
Employment Fund's compliance function is also responsible for the whistleblower channel. On the channel, you can also report suspected violations and misconduct anonymously. All whistleblower reports received were processed and examined in accordance with our operating principles.

# Personnel

At the end of 2024, the Fund had 140 (175) employees. In person-years, the number of personnel was 135 (159).

The Fund paid EUR 10,921,130 in salaries and EUR 70,949 in fringe benefits during 2024. Our pay system is based on the complexity of work, and we also use a bonus system supporting the achievement of our strategic objectives.

Men accounted for 54 (56) and women for 86 (119) of the personnel. The average employee age was 44.2 (41.5) years, and the average duration of employment at Employment Fund was (7.0) 6.3 years. Voluntary staff turnover was 10.23% (8.53%) in 2024.



### **ABOLITION OF ADULT EDUCATION BENEFITS HAS EXTENSIVE IMPACTS ON OUR PERSONNEL**

Entry into force of the act abolishing the adult education benefits on 1 June 2024 was the most significant change of the year from the perspective of personnel management. Already during the transition period, the legislative amendment has had an impact on the structure, operations and human resources of the service areas providing benefit services and support functions. As a result of the abolition of the adult education benefits, 58% of the employment relationships of the persons working in benefit services ended and 13% of the employees moved to other duties within the organisation during 2024. The actual personnel impacts will become clear once the transition period has ended.

Amid the difficult change situation, we focused on supporting our personnel. We have supported the wellbeing of our employees with open dialogue and coaching and on discussion forums. We have paid particular attention to change support measures for dismissed employees, such as career coaching and flexible working hours so that their path to new job opportunities would be as smooth as possible.

We monitored the success of change management on a regular basis. Between February and October, we conducted six experiential surveys to gauge our employees' views on the change situation. With the survey results and feedback from the personnel, we targeted the communications and measures in accordance with the needs. We also received valuable information on how to implement and focus the change management measures in different service areas.



### **WE STRENGTHENED OUR IT SERVICES**

Although one of our tasks is ending, the Fund will continue to manage its other statutory tasks. In 2024, we updated the organisational structure of our Technology and Development service area and also used recruitment to strengthen our IT services. The pace of technological development is accelerating and requires a change capability, which can only be maintained

with a strong IT organisation that is able to respond to the current and future needs arising from our operations.

By developing IT platform services, we want to ensure up-to-date, user-friendly, reliable and secure digital services and solutions for our personnel and customers.

### **WE INVESTED IN COMPETENCE DEVELOPMENT AND PREVENTIVE SUPPORT FOR WORK ABILITY**

During the year, we invested in the development of personnel competence, especially by supporting working life and digital skills. We provided our staff members with comprehensive internal training and external coaching, both in-house and on line. The average number of training hours was 16.4 (13.9) per person.

In supporting wellbeing, we focused on preventive occupational health care and maintaining of work ability. Our sick leave rate was 2.85% (3.23%).

The impacts of these measures were positively reflected in the feedback given by our employees: the employees felt that their competence and wellbeing are also a priority in a challenging change situation.



### WE MONITOR TRENDS IN PERSONNEL EXPERIENCE ON A REGULAR BASIS

Good personnel experience is crucial to us and at the core of our strategy. We conduct surveys to monitor personnel experience trends. At the end of the year, we conducted a pulse survey, that provided valuable monitoring data on the impacts of the development measures identified in 2023.

Among the indicators we use is the eNPS recommendation index, which varies between -100 and 100. In 2024, the Fund's eNPS was -18 (-26). According to our estimate, the level of the recommendation index has been strongly affected in recent years by changes arising from the abolition of the adult education benefits.

There was a significant improvement in the results at the end of 2024: 3.09 (2.45) on a scale of 1–4 in the assessment of the continuation of one's own employment relationship. At the same time, however, the experience of managing the workload of teams had fallen from 3.03 to 2.83. The experience of communicating the Fund's strategy and future outlook was also declining and was put at 2.79 (2.93).

As a solution to managing the workload generated by simultaneous projects and other changes, the Fund established a project-based multi-professional change coordination team, which served as a link between project planning, decisions and implementation during the second half of

2024. In practice, all change coordination is now carried out as line work.

In autumn 2024, we also launched an extensive identity project and will continue to incorporate its results in our daily work in 2025. The aim of identity work is to ensure that each Fund staff member has understanding of the identity and future direction of Employment Fund and that a defined identity helps the employees in everyday work.



In autumn 2024, we also launched an extensive identity project and will continue to incorporate its results in our daily work in 2025.

## Events after the financial period

No significant changes occurred in Employment Fund's financial position after the end of the review period.

Helsinki 25 February 2025

Employment Fund

Board of Directors





## Corporate governance

The corporate governance statement of Employment Fund for 2024 has been prepared in accordance with the Securities Market Act and the recommendation on reporting contained in the Finnish Corporate Governance Code for Listed Companies, which took effect on 1 January 2025.

### COMPLIANCE WITH THE FINNISH CORPORATE GOVERNANCE CODE 2025 AND DEVIATIONS FROM THE RECOMMENDATIONS

Employment Fund is an independent statutory agency supervised by the Financial Supervisory Authority.

Employment Fund has issued two bonds quoted on Nasdaq OMX Helsinki Ltd, one of which was repaid on its maturity date in June 2023, while the other will mature in 2027.

Employment Fund has a commercial paper programme of EUR 300 million (31 Dec

2023: EUR 300 million), which remained unused at the end of 2023 and 2024.

Where applicable, Employment Fund conducts its operations in compliance with the Finnish Corporate Governance Code, which is publicly available on the Securities Market Association's website ([www.cgfinland.fi](http://www.cgfinland.fi)).

The operations of Employment Fund and the responsibilities of its organs are based on the Act on the Financing of Unemployment Benefits (555/1998), Government Decree on the Financing of Unemployment Benefits (1227/2014) and the Decree on the Rules of Procedure of Employment Fund (862/1998).

Due to Employment Fund's form of activity and background, its operations differ from the Finnish Corporate Governance Code on the following recommendations:

- **Recommendations 1, 2, 3 and 4:** Employment Fund is not a limited liability company and its most senior decision-making body is not a general meeting or similar organ as this task is carried out by the Supervisory Board appointed by the Government, in accordance with the Decree on the Rules of Procedure of Employment Fund (862/1998). The Decree contains provisions on matters to be decided in the meetings of the Supervisory Board and the related procedures as well as the notice of the meeting. For this reason, the recommendations concerning the general meeting, notice of the general meeting, proposals for decisions, initiatives of the shareholders, attendance at the general meeting and documents discussed at the general meeting are not applicable in the operations of Employment Fund.

- **Recommendations 5, 6, 7, 8 and 9:** Employment Fund's Supervisory Board elects the members of the Board of Directors in accordance with the principles set out in the Decree on the Rules of Procedure of Employment Fund (862/1998). Under the Decree, the Supervisory Board approves the appointment of the members, chair and vice chair of the Board of Directors for the following calendar year. Seven of the Board of Directors' members represent employer organisations and seven are employee representatives. For this reason, the recommendations concerning the election, term of office, composition, diversity and independence of the Board members are not applicable to Employment Fund's operations.
- **Recommendations 10 and 19:** Employment Fund's Supervisory Board elects the members of the Board of Directors in accordance with the principles set out in the Decree on the Rules of Procedure of Employment Fund (862/1998). Seven of the Board of Directors' members represent employer organisations and seven are employee representatives. Employment Fund has no shareholders or similar owners, and thus there is no evaluation of whether the Board of Directors or management is independent of significant shareholders. Likewise, the recommendation concerning the shareholders' nomination committee is not applicable.
- **Recommendations 16, 17 and 18:** The regulations governing Employment Fund's operations do not impose an obligation to establish special committees. Therefore, the Fund does not have any committees other than an audit committee. As Employment Fund is not a limited liability company, there is no evaluation of whether the audit committee members are independent of significant shareholders.
- **Recommendation 21:** Under the Decree on the Rules of Procedure of Employment Fund, the Supervisory Board elects the members and chair of the Board of Directors. The chair is elected from among the Board of Directors members (in alternating years from among the representatives of the employers or employees) and thus the recommendation on the restriction concerning the Managing Director is not applicable.
- **Recommendation 22:** The Ministry of Social Affairs and Health decides on the remuneration for meetings for the Supervisory Board and the principles of compensation for travelling expenses. The Supervisory Board decides on the remuneration of the Board of Directors. The Board of Directors decides on the remuneration and the terms and conditions of the service contract of the Managing Director as well as the principles of remuneration for other management staff.

- **Recommendation 23:** Employment Fund has no shareholders or similar owners, and thus the recommendations concerning share awards and share-based remuneration for the members of the Board of Directors are not applicable.
- **Recommendation 27:** Employment Fund is not a limited liability company and thus the regulation on related-party transactions is not applicable to Employment Fund's operations within the meaning of the Finnish Corporate Governance Code. However, Employment Fund complies with IFRS standards and monitors related-party transactions as described below.

### SUPERVISORY BOARD

Under the Decree on the Rules of Procedure of Employment Fund (862/1998), Employment Fund's most senior decision-making body is the Supervisory Board, which has between 10 and 18 members. Half of the members represent employers and the other half represent employees. The term of the members of Employment Fund's Supervisory Board is three calendar years. On 2 November 2023, on the proposal of the Ministry of Social Affairs and Health, the Government appointed the members of Employment Fund's Supervisory Board for the term 1 January 2024–31 December 2026. A total of 18 members were appointed to the Supervisory Board. Six of the members were appointed on the proposal of the

Confederation of Finnish Industries (EK), three on the proposal of the Local Government and County Employers (KT), three on the proposal of the Central Organisation of Finnish Trade Unions (SAK), three on the proposal of the Finnish Confederation of Professionals (STTK) and three on the proposal of the Confederation of Unions for Professional and Managerial Staff in Finland (Akava). The composition is in accordance with section 4a, subsection 2 of the Act on Equality between Women and Men. In 2024, the Government appointed two new members to the Supervisory Board for the rest of the current term (until 31 December 2026).

The Supervisory Board elects from among its members a chair and a vice chair for one calendar year at a time, one of whom is an employer representative and the other one an employee representative. The chairmanship is held in turn by representatives of employers and employees, alternating annually. In 2024, the Supervisory Board was chaired by Antti Zitting, representing the employers.

#### **Meeting practice and access to information**

The ordinary meeting of the Supervisory Board is held twice a year, in the spring before the end of May and in the autumn no later than in October. An additional meeting of the Supervisory Board is held whenever the chair of the Supervisory Board or the Board of Directors deems it necessary, or when at least two members of the Supervisory Board request in writing that an additional meeting be held for a reason specified in the request. The notice of the meeting must be delivered in a verifiable

manner to the members of the Supervisory Board no later than eight days before the meeting.

The meeting of the Supervisory Board constitutes a quorum when the chair or the vice chair and at least half of the members are present. Those present must include both employer and employee representatives. The decisions of the Supervisory Board are based on a simple majority. In the event of a tie, the decision is based on the opinion supported by the chair of the meeting. In the event of an election in which the voting ends in a tie, the result is decided by drawing lots. If the question concerns a proposal for unemployment insurance contributions and the voting ends in a tie, the opinion supported by both the chair and the vice chair becomes the decision.

The Supervisory Board elects the chair and the vice chair of the Supervisory Board for one calendar year at a time. One must be an employer representative and the other an employee representative. The chairmanship is held in turn by representatives of employers and employees, alternating annually.

The Supervisory Board met three times in 2024. The constitutive meeting of the Supervisory Board took place in January 2024.



The members of the Supervisory Board in 2024 were:

Name	Year of birth	Education	Main occupation	Attendance at meetings of the Supervisory Board
Antti Zitting, chair	1956	Master of Science (Technology)	Board chair, Sacotec Oy	3/3
Riku Aalto, vice chair	1965	Master of Administrative Sciences	President, Industrial Union	3/3
Maria Kaisa Aula	1962	Lic.Soc.Sc., D.Soc.Sc.	Chair of the County Executive, Central Finland Wellbeing Services County	3/3
Nina Brask, from 15 August 2024	1972	Fitness nurse (kuntohoitaja)	Chair of the County Executive, Kymenlaakso Wellbeing Services County	1/1
Päivi Inberg, from 15 August 2024	1972	Nurse (perushoitaja)	Chair, Finnish Union of Practical Nurses (SuPer)	1/1
Jari Jokinen	1967	Master of Science (Technology)	Chief Executive Officer, Finnish Association of Graduate Engineers and Architects (TEK)	3/3
Teemu Kokko	1961	Doctor of Science (Business Administration)	President, CEO, Haaga-Helia University of Applied Sciences	3/3
Antti Korpinieniemi	1961	Master of Agriculture and Forestry Sciences	CEO, Berner Ltd	2/3
Tomi Lantto	1970	Master of Economic Sciences	CEO, Antell Oy	2/3
Kirsi-Marja Lievonen, until 13 April 2024	1962	Licentiate of Laws trained on the bench	Human Resources Manager, City of Vantaa	0/1
Petri Lindroos	1965	Master of Education	Director of Negotiations, Trade Union of Education in Finland (OAJ)	2/3
Salla Luomanmäki	1963	Master of Arts	Board member, Confederation of Unions for Professional and Managerial Staff in Finland (Akava), Akava representative	3/3
Jorma Malinen	1959	Automation Designer	President, Trade Union Pro	3/3
Matti Mettälä	1963	Master of Laws trained on the bench	EVP, Kesko Corporation	3/3
Outi Mäkelä	1974	Master of Science (Economics and Business Administration)	Municipal Manager, Nurmijärvi	3/3
Olli Nikula	1967	Master of Economic Sciences	CEO, Saint-Gobain Finland Ltd	3/3
Silja Paavola, until 15 August 2024	1956	Practical Nurse	Chair, Finnish Union of Practical Nurses (SuPer)	2/2
Saila Ruuth	1981	Master of Political Science	Vice President, Trade Union for the Public and Welfare Sectors (JHL)	2/3
Millariikka Rytönen	1975	Midwifery, Bachelor's Degree, Nursing, Master's Degree	Chair, Union of Health and Social Care Professionals in Finland (Tehy)	3/3
Annika Rönni-Sällinen	1976	Master of Laws	President, Service Union United (PAM)	3/3

## BOARD OF DIRECTORS

Under the Decree on the Rules of Procedure of Employment Fund (862/1998), Employment Fund must have a Board of Directors composed of 14 members. The members are appointed by the Supervisory Board and seven of the members must be representatives of employer organisations and seven employee representatives. The Board of Directors must have a chair and vice chair, one of whom must be an employer representative and the other one an employee representative. The chairmanship is held in turn by representatives of employers and employees, alternating annually.

The Board of Directors constitutes a quorum when the chair or the vice chair and at least seven other members are present, or take part in the meeting using a data connection or other technical tool.

Those present must include both employer and employee representatives. The decisions of the Board of Directors are based on a simple majority. In the event of a tie, the decision is based on the opinion supported by the chair of the meeting. If the question concerns a proposal for unemployment insurance contributions and the voting ends in a tie, the opinion supported by both the chair and the vice chair becomes the decision.

The Board of Directors is responsible for Employment Fund's administration and the proper organisation of its operations. The Board of Directors follows the development of Employment Fund with the help of monthly reports and other information delivered by the management. The key tasks and operating principles of Employment Fund's Board of Directors are set out in the Government Decree on the Rules of Procedure of Employment Fund (862/1998) and in the Board's written rules of procedure. The Board carries out a self-assessment of its activities each year.

The members of the Board of Directors in 2024 were:

Name	Year of birth	Education	Main occupation	Attendance at meetings of the Board of Directors
Pekka Piispanen, chair	1960	Master of Arts	Director, Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	11/11
Vesa Rantahalvari, vice chair	1967	Master of Administrative Sciences	Chief Policy Adviser, Confederation of Finnish Industries (EK)	11/11
Tuomas Aarto	1973	Master of Laws trained on the bench	CEO, Management, Service Sector Employers (PALTA)	11/11
Jarkko Eloranta	1966	Master of Political Science	President, Central Organisation of Finnish Trade Unions (SAK)	8/11
Minna Etu-Seppälä	1972	Master of Laws trained on the bench	Director, Chemical Industry Federation of Finland (KT)	11/11
Riikka Heikinheimo	1963	Doctor of Philosophy	Director, Confederation of Finnish Industries (EK)	10/11
Minna Helle	1972	Master of Laws	CEO, Technology Industries of Finland	10/11
Markku Jalonen	1960	Licentiate of Social Sciences	Managing Director, Local Government and County Employers (KT)	11/11
Patrizio Lainà	1985	Doctor of Political Science, Master of Economic Sciences	Chief Economist, Finnish Confederation of Professionals (STTK)	10/11
Henrika Nybondas-Kangas	1974	Master of Laws trained on the bench	Director of Negotiations, Local Government and County Employers (KT)	9/11
Antti Palola	1959	Sea Captain	President, Finnish Confederation of Professionals (STTK)	10/11
Saana Siekkinen	1972	Master of Social Sciences	Director, Central Organisation of Finnish Trade Unions (SAK)	11/11
Heikki Taulu	1973	Master of Social Sciences	Economist, Confederation of Unions for Professional and Managerial Staff in Finland (Akava)	11/11
Pirjo Väänänen	1971	Master of Social Services	Head of Social Affairs, Central Organisation of Finnish Trade Unions (SAK)	11/11

At its meeting on 29 August 2024, the Supervisory Board of Employment Fund elected the members of the Fund's Board of Directors for 2025. In 2025, the Board of Directors comprises the following members: Tuomas Aarto, Taina Ahvenjärvi, Minna Etu-Seppälä, Minna Helle, Vesa Rantahalvari, Markku Jalonen, Henrika Nybondas-Kangas, Pekka Piispanen, Heikki Taulu, Ilkka Kaukoranta, Saana Siekkinen, Pirjo Väänänen, Patrizio Lainà, and Antti Palola. Markku Jalonen, representing employers, was elected chair of the Board for 2025, and Saana Siekkinen, representing employees, was elected vice chair.

### **Meeting practice and access to information**

The chair convenes the meeting of the Board of Directors. The notice concerning the meeting of the Board of Directors must be delivered to all members in good time before the meeting in order to ensure that the members of the Board of Directors are able to attend the meeting. The Board of Directors meets 8–12 times each year and, if necessary, more often.

If all the members approve, the meeting of the Board of Directors may be held as a telephone conference or via email in case of urgent and specific matters.

### **Chair's duties**

The Supervisory Board elects the chair and the vice chair of the Board of Directors for one calendar year at a time. In 2024, the Board was chaired by Pekka Piispanen, representing the employees.

#### Chair of the Board

- convenes the meetings of the Board of Directors
- approves the agenda prepared by the Managing Director for the meetings of the Board of Directors
- is responsible for ensuring that minutes are drafted of every meeting of the Board of Directors
- maintains contacts with the Managing Director and members of the Board of Directors between meetings, as necessary, and is responsible for ensuring that these rules of procedure are complied with in the work of the Board of Directors
- approves the invoices of the Managing Director.





### Operations of the Board of Directors

In 2024, the Board of Directors met 11 times. The Board of Directors also held a strategy seminar for which no remuneration is paid. The Board of Directors assesses its own activities and operating practices as well as the activities and operating practices of the audit committee each year. In 2024, the assessment was carried out as a self-assessment and its results were discussed at the Board meeting in December.

### AUDIT COMMITTEE

On the basis of the rules applying to Employment Fund, the Board of Directors does not have any permanent committees. However, it can decide to establish working groups or committees for the purpose of assisting the Board of Directors with the preparation of certain matters falling within the competence of the Board of Directors. The Board of Directors has had an audit committee since 2019.

The members of the audit committee are appointed by the Fund's Board of Directors from among its members. Under the audit committee's rules of procedure, the committee must have at least four members, half of whom represent employees and half represent employers. The audit committee assists the Board of Directors. The audit committee has no decision-making powers but it can submit proposals and reports to the Board of Directors on the tasks assigned to it. The audit committee is primarily responsible for preparing matters related to financial reporting, internal

control, risk management and the selection of auditors.

In 2024, the audit committee met four times.

Audit committee	Attendance at meetings
Pirjo Väänänen, chair	4/4
Henrika Nybondas-Kangas, vice chair	4/4
Riikka Heikinheimo	3/4
Heikki Taulu	4/4

## MANAGING DIRECTOR

Employment Fund has a Managing Director who is responsible for the Fund's management in accordance with the guidelines and orders issued by the Board of Directors. The Managing Director is responsible for ensuring that Employment Fund's accounts are in accordance with the law and that its financial affairs have been arranged in a reliable manner. The Managing Director must provide the Board of Directors and its members with the information necessary for the Board of Directors to perform its duties.

Janne Metsämäki, LL.M. (b. 1960) serves as Employment Fund's Managing Director. Karo Nukarinen, M.Sc. (Econ.) (b. 1976) serves as the Fund's Deputy Managing Director.

## MANAGEMENT GROUP

The Management Group assists the Managing Director in the management of Employment Fund's operations and in achieving Employment Fund's strategic and operational goals. The Management Group meets on a weekly basis. In 2024, the members of the Management Group were:

Name	Year of birth	Education	Duties/responsibilities
Janne Metsämäki	1960	Master of Laws	Managing Director
Virpi Halme	1976	Master of Laws	Director, Technology and Development
Katja Knaapila	1966	Master of Business Administration	Director, HR and Communication
Karo Nukarinen	1976	Master of Economic Sciences	Chief Financial Officer
Tuulikki Saari	1979	Master of Arts	Director, Customer Relations

In addition to the Management Group, the Managing Director is also assisted in operational management by the Extended Management Group, which in addition to the Management Group, also has the following members: Paula Kuntsi-Ruuska, Risk Manager; Antti Lähde, Head of PMO; Johanna Rahunen, Service Manager; Terhi Savikko-Talasrinne, Communications Manager (in Change Lead role, autumn 2024); Lotta Hietaniemi-Sipakko, Acting Communications Manager (autumn 2024); Pekka Räsänen, CISO; and Emma Siekkinen, Development Specialist (personnel representative). The extended Management Group meets each month. The Fund's projects are also steered and monitored by the Portfolio Management Group.

## LEGALITY AND COMPLIANCE OF OPERATIONS

Employment Fund's operations comply with the law, the guidelines and regulations applying to the Fund, and the requirements of good governance.

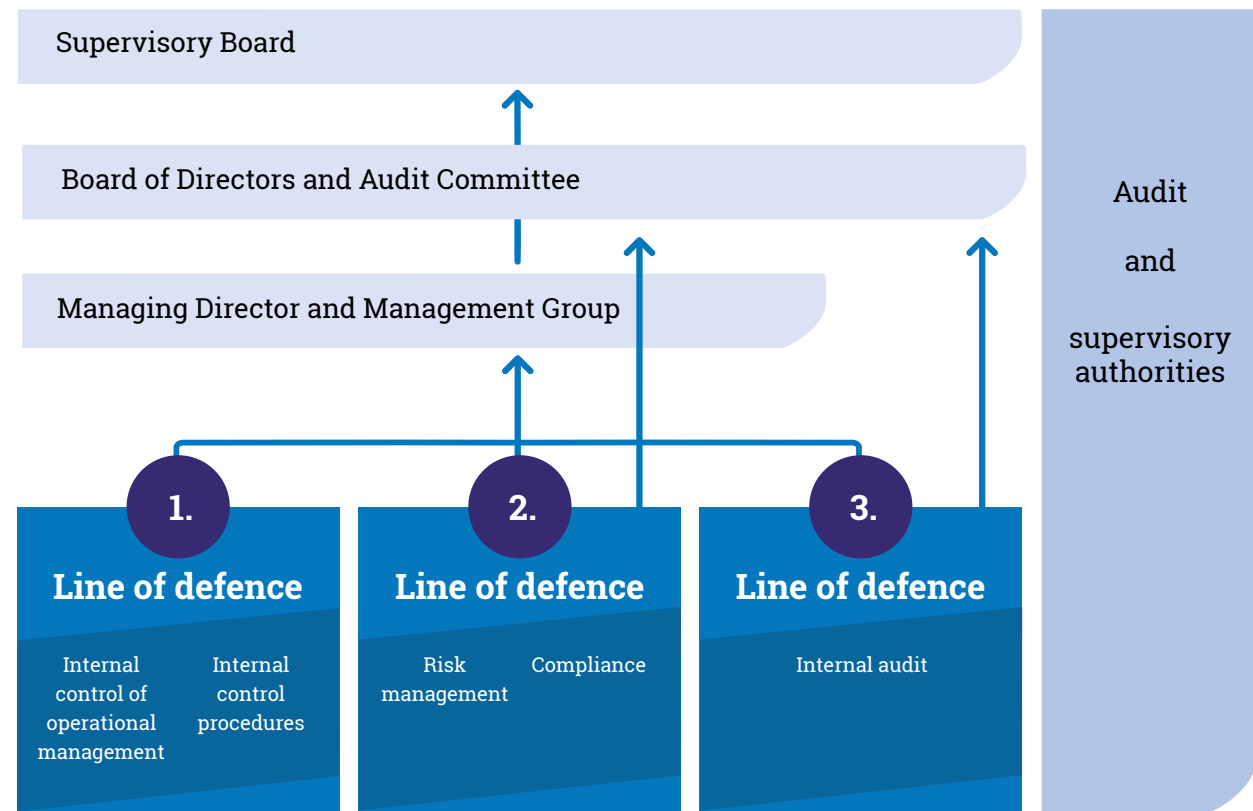
## INTERNAL CONTROL AND RISK MANAGEMENT

Employment Fund's Board of Directors decides on the criteria for the Fund's internal control and risk management, approves the Fund's risk management principles and requires that Employment Fund's operations are organised so as to enable adequate internal control and risk management across every level of the organisation and in all its activities. The principles of Employment Fund's internal control and risk management apply to all functions of the Fund and each employee is responsible for implementing them.

Risk management and compliance are part of internal control. Risk management means the systematic and proactive way of identifying, analysing and managing threats and opportunities arising from the operations.

The purpose of the compliance is to ensure that Employment Fund complies with existing regulation, external instructions binding on the Fund and the Fund's own internal guidelines. The focus is on preventive activities.

Employment Fund's internal control is based on the 'three lines of defence' model.



**Internal audit**

The Board of Directors of Employment Fund decides on the operating model and criteria for the Fund's internal audit. The Fund's internal audit operates on the basis of the plans discussed by the audit committee and approved by the Board of Directors. In 2024, the internal audit of Employment Fund was purchased from PricewaterhouseCoopers Oy. The Fund's internal audit reports on its operations to the Board of Directors and the audit committee on a regular basis.

**Principles of organising insider administration**

Employment Fund has issued publicly quoted bonds. Employment Fund complies with the Market Abuse Regulation (MAR) and other applicable legislation, insider guidelines and the rules for issuers of other instruments of Nasdaq Helsinki Ltd. Employment Fund also has insider guidelines approved by the Board of Directors, which describe the most important principles governing the insider matters of Employment Fund.

In accordance with MAR requirements, Employment Fund maintains a list of persons in management positions and their related parties. The members of the Supervisory Board, members of the Board of Directors, the Managing Director and the Chief Financial Officer have been defined by Employment Fund as persons holding management positions. A person holding a management position in Employment Fund may not, directly or indirectly, trade with an Employment Fund's financial instrument for their own account or for the account of a third party during a closed period, regardless of whether the person in question has inside information at that time.

For the duration of the closed period, Employment Fund also imposes trading restrictions on all separately defined persons participating in the preparation of Employment Fund's interim financial report and financial statement release. The closed period lasts for 30 days before the publication of the statutory interim financial report or the financial statement release, including the date of the publication. Employment

Fund has also decided to voluntarily comply with the 30-day closed period policy (i) before the publication in spring of the estimate of unemployment insurance contributions presented to the Ministry of Social Affairs and Health for the following year; (ii) before the publication in August of the proposal of Employment Fund's Board of Directors for the level of the unemployment insurance contributions for the following year; and (iii) before the publication in August of the budget and the Supervisory Board's proposal for the amounts of unemployment insurance contributions for the following year. This is because Employment Fund's future developments are assessed in these documents.

Employment Fund establishes an insider list for each individual project, in which the details of the persons with access to that particular insider information is entered (project-specific insider lists). Employment Fund does not maintain the insider list's supplementary section listing permanent insiders but only the project-specific lists are used. Employment Fund has a person

responsible for insider issues who carries out the duties of Employment Fund's insider administration. Employment Fund has a procedure by which one can report a suspected breach of financial market provisions and regulations through an independent channel. Employment Fund's anonymous whistleblower system serves as the Fund's reporting channel and it is accessible on Employment Fund's internal intranet website and on its public website.

#### **Principles concerning related parties**

The regulations on related-party transactions set out in the Limited Liability Companies Act are not applicable to Employment Fund's operations. However, the Fund

complies with the framework of the IFRS standards and guidelines regarding related-party transactions (IAS 24). The following parties are considered as related parties of Employment Fund: members and deputy members of the Board of Directors and the Supervisory Board, Managing Director, Deputy Managing Director and the members of the Management Group as well as the family members or other close relatives of the above persons or the organisations controlled by them.

Transactions involving related parties are handled in accordance with the guidelines on related-party transactions approved by the Board of Directors. The list of related

parties is maintained by Employment Fund's Compliance Officer.

#### **AUDITOR AND AUDITOR'S FEES**

The Supervisory Board of Employment Fund selected KPMG Oy as the Fund's auditor for 2024.

Marcus Tötterman, Authorised Public Accountant, KHT, acted as the main auditor. The auditor's fees for 2024 comprise EUR 94,714 in audit-related costs paid to KPMG Oy and EUR 0 paid for other services.

# Remuneration report

Employment Fund is not a limited liability company and thus the regulations on remuneration principles and reporting are not directly applicable to the Fund's operations. Therefore, Employment Fund's remuneration report for 2024 has been drawn up, where applicable for Employment Fund, in compliance with the Finnish Corporate Governance Code 2025 ([www.cgfinland.fi](http://www.cgfinland.fi)), published by the Securities Market Association.

## FEES AND OTHER BENEFITS PAID TO THE MEMBERS OF THE SUPERVISORY BOARD

On 29 November 2023, on the proposal of the labour market parties, the Government appointed the members of Employment Fund's Supervisory Board for the term 1 January 2024–31 December 2026.

The Ministry of Social Affairs and Health decides on the remuneration for meetings for the Supervisory Board and the principles of compensation for travelling expenses.

On 29 November 2023, the Ministry of Social Affairs and Health decided that the fees for the members of the Supervisory Board are as follows: for the chair, EUR 330 per month and EUR 440 per meeting, for the vice chair and other members, EUR 330 per meeting. The Supervisory Board met three times in 2024.



In 2024, the fees paid to the members of the Supervisory Board were as follows:

	Meeting fee of the Supervisory Board members	Annual fee of the Supervisory Board chair	Travelling expenses	Total on 31 December 2024	Attendance at meetings of the Supervisory Board
Antti Zitting, chair	1,320	3,960	228	5,508	3/3
Riku Aalto, vice chair	990	0		990	3/3
Maria Kaisa Aula	990	0	222	1,212	3/3
Nina Brask	330	0		330	1/1
Päivi Inberg	330	0		330	1/1
Jari Jokinen	990	0		990	3/3
Teemu Kokko	990	0		990	3/3
Antti Korpiemi	660	0		660	2/3
Tomi Lantto	660	0		660	2/3
Kirsi-Marja Lievonen	0	0		0	0/1
Petri Lindroos	660	0		660	2/3
Salla Luomanmäki	990	0		990	3/3
Jorma Malinen	990	0		990	3/3
Matti Mettälä	990	0		990	3/3
Outi Mäkelä	990	0		990	3/3
Olli Nikula	990	0		990	3/3
Silja Paavola	660	0		660	2/2
Saila Ruuth	660	0		660	2/3
Millariikka Rytönen	990	0		990	3/3
Annika Rönni-Sällinen	990	0		990	3/3
<b>Total</b>	<b>16,170</b>	<b>3,960</b>	<b>450</b>	<b>20,580</b>	

## FEES AND OTHER BENEFITS PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

The Supervisory Board decides on the remuneration of the Board of Directors. On 31 August 2023, the Supervisory Board decided that the fees for the members of the Board of Directors are as follows:

Task	Fee EUR per month	Fee EUR per meeting
Chair of the Board	1,100	440
Vice chair of the Board	870	330
Other members of the Board	550	275

No other remuneration or supplementary pension arrangements are in place for the members of the Board of Directors.

In 2024, the Board of Directors met 11 times. The Board of Directors also held one strategy meeting, for which no remuneration is paid.

In 2024, the fees paid to the members of the Board of Directors were as follows:

Name	Annual fees of the Board of Directors	Meeting fees of the Board of Directors	Total on 31 December 2024	Attendance at meetings of the Board of Directors
Pekka Piispanen, chair	13,200	4,840	18,040	11/11
Vesa Rantahalvari, vice chair	10,440	3,630	14,070	11/11
Tuomas Aarto	6,600	3,025	9,625	11/11
Jarkko Eloranta	6,600	2,200	8,800	8/11
Minna Etu-Seppälä	6,600	3,025	9,625	11/11
Riikka Heikinheimo	6,600	2,750	9,350	10/11
Minna Helle	6,600	2,750	9,350	10/11
Markku Jalonen	6,600	3,025	9,625	11/11
Patrizio Lainà	6,600	2,750	9,350	10/11
Henrika Nybondas-Kangas	6,600	2,475	9,075	9/11
Antti Palola	6,600	2,750	9,350	10/11
Saana Siekkinen	6,600	3,025	9,625	11/11
Heikki Taulu	6,600	3,025	9,625	11/11
Pirjo Väänänen	6,600	3,025	9,625	11/11
<b>Total</b>	<b>102,840</b>	<b>42,295</b>	<b>145,135</b>	



The Supervisory Board decides on the fees paid to the members of the audit committee. The fees for the audit committee were EUR 440 per meeting for the chair and EUR 275 per meeting for the members of the committee. In 2024, the audit committee met four times.

In 2024, the fees paid to the members of the audit committee were as follows:

Name	Meeting fees for the audit committee	Total on 31 December 2024	Attendance at audit committee meetings
Pirjo Väänänen, chair	1,760	1,760	4/4
Henrika Nybondas-Kangas, vice chair	1,100	1,100	4/4
Riikka Heikinheimo	825	825	3/4
Heikki Taulu	1,100	1,100	4/4
<b>Total</b>	<b>4,785</b>	<b>4,785</b>	

## REMUNERATION OF ORGANS AND PERSONNEL IN THE PERIOD 2020–2024

The remuneration of the members of the Supervisory Board and the Board of Directors of Employment Fund as well as the Managing Director and staff members have developed as follows during the past five financial periods:

	2020	2021	2022	2023	2024
<b>Supervisory Board<sup>1)</sup></b>					
Chair of the Supervisory Board	4,524	4,700	4,738	4,540	5,508
Vice chair of the Supervisory Board	600	944	620	726	990
Member of the Supervisory Board <sup>2)</sup>	484	825	410	567	715
<b>Board of Directors<sup>1)</sup></b>					
Chair of the Board	16,800	16,800	16,460	16,870	18,040
Vice chair of the Board	13,200	13,200	13,250	13,250	14,070
Member of the Board <sup>3)</sup>	9,154	8,577	9,220	9,466	9,826
<b>Managing Director<sup>4)</sup></b>	<b>167,034</b>	<b>170,426</b>	<b>178,559</b>	<b>187,901</b>	<b>189,981</b>
<b>Employment Fund's personnel<sup>5)</sup></b>	<b>52,061</b>	<b>60,257</b>	<b>57,790</b>	<b>61,480</b>	<b>80,613</b>

<sup>1)</sup> Annual fees of the Supervisory Board and the Board of Directors include monthly and meeting fees and travel expenses.

<sup>2)</sup> Average annual fee

<sup>3)</sup> Meeting fees for Board meetings and separate fees for audit committee meetings have been included in the average fees for Board members

<sup>4)</sup> Salaries, fringe benefits and variable performance-related bonus

<sup>5)</sup> Personnel expenses without social security contributions divided by the average number of personnel (person-years). Do not include the remuneration of the Managing Director.

### REMUNERATION SCHEME FOR THE MANAGING DIRECTOR

A separate remuneration scheme approved by the Board of Directors applies to the Managing Director. The Board of Directors decides on the payment of any bonuses. The bonuses of the other management members are based on a remuneration scheme approved by the Board of Directors. Based on a proposal of the Managing Director, and in accordance with approved bonus criteria, the Board of Directors decides on the payment of bonuses.

The salaries and other benefits and fees paid to the Managing Director for 2024 are shown in the following table. Social security contributions are excluded.

Position	Salary and fringe benefits	Variable performance-related bonus	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Managing Director	177,198	12,783	189,981	187,901

### TERMS OF EMPLOYMENT OF THE MANAGING DIRECTOR

The Managing Director's terms of employment have been determined by the Board of Directors and they are stated in a written employment contract. The remuneration of the Managing Director consists of a fixed salary and a variable performance-related bonus. Performance targets and any remuneration to be paid are approved by the Board of Directors. The fixed salary of the Managing Director comprises a monetary compensation and taxable benefits (meal, telephone and car benefits). The retirement age and pension accrual of the Managing Director are based on the general employment pension legislation. The Fund has not provided a supplementary pension arrangement for the Managing Director. The Managing Director's notice period is based on the Employment Contracts Act for both parties.

### REMUNERATION FOR THE MANAGEMENT GROUP

The remuneration of Employment Fund's Management Group consists of a fixed salary and a telephone benefit as well as a variable performance-related bonus. In 2024, the maximum bonus was set at 12% of the annual salary including fringe benefits. The fixed salary comprises a monetary compensation and taxable benefits.

The Management Group's performance-related bonus is based on a remuneration scheme approved by the Board of Directors each year. Based on a proposal of the Managing Director, and in accordance with approved bonus criteria, the Board of Directors decides on the payment of bonuses.

The salaries and other benefits and fees paid to the Management Group during 2024 are shown in the following table. Social security contributions are excluded.

Position	Salary and fringe benefits	Variable performance-related bonus	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Management Group	541,228	27,324	568,552	545,637

### TERMS OF EMPLOYMENT OF THE MANAGING GROUP

The terms of employment for Management Group members have been defined in a written contract. The retirement age and pension accrual of the Management Group members are based on the general employment pension legislation. The Fund has not provided a supplementary pension arrangement for the Management Group members. The Management Group members' notice period is defined in the employment contract for both parties.



# Financial statements

# Financial statements (IFRS) 2024

## STATEMENT OF CHANGES IN NET POSITION

The figures are in EUR thousand.

<b>Change in net position</b>	<b>Note</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
<b>Contributions collected</b>			
Unemployment insurance contributions and other income	5	2,347,151	3,627,462
<b>Unemployment insurance contributions and other income</b>		<b>2,347,151</b>	<b>3,627,462</b>
<b>Financing contributions paid</b>			
Financing contributions paid	6	-3,128,553	-2,900,224
Administrative expenses	7	-34,161	-33,528
<b>Financing contributions paid and administrative expenses</b>		<b>-3,162,714</b>	<b>-2,933,752</b>
Net fair value gains on investments	14	68,308	70,642
Financing costs	8	-1,445	-1,293
<b>Change in net position</b>		<b>-748,701</b>	<b>763,059</b>

**STATEMENT OF NET POSITION**

The figures are in EUR thousand.

Assets	Note	31 Dec 2024	31 Dec 2023
<b>Non-current assets</b>			
Property, plant and equipment	9	2,752	3,210
Intangible assets	10	363	872
<b>Total non-current assets</b>		<b>3,114</b>	<b>4,083</b>
<b>Current assets</b>			
Receivables from unemployment insurance contributions	11	14,032	16,158
Accruals of unemployment insurance contributions	11	401,914	730,652
Other receivables	13	27,895	108,567
Investment assets	15	1,394,904	1,652,468
Cash and cash equivalents	16	118,538	216,479
<b>Total current assets</b>		<b>1,957,284</b>	<b>2,724,324</b>
<b>Total assets</b>		<b>1,960,398</b>	<b>2,728,407</b>

Net position and liabilities	Note	31 Dec 2024	31 Dec 2023
<b>Net position</b>			
For previous periods		2,021,036	1,257,977
For the period		-748,701	763,059
<b>Total net position</b>		<b>1,272,334</b>	<b>2,021,036</b>
<b>Non-current liabilities</b>			
Bonds	17	599,106	598,638
<b>Total non-current liabilities</b>		<b>599,106</b>	<b>598,638</b>
<b>Current liabilities</b>			
Unemployment insurance contribution liabilities	11	307	1,444
Other liabilities	18	88,651	107,289
<b>Total current liabilities</b>		<b>88,958</b>	<b>108,733</b>
<b>Total liabilities</b>		<b>688,064</b>	<b>707,371</b>
<b>Total net position and liabilities</b>		<b>1,960,398</b>	<b>2,728,407</b>

**STATEMENT OF CASH FLOWS**

The figures are in EUR thousand.

<b>Cash flows</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Unemployment insurance contributions collected	2,692,067	3,518,746
Benefits paid	-3,148,470	-2,858,611
Interests paid	-370	-5,531
<b>Net cash flow from ordinary operations</b>	<b>-456,773</b>	<b>654,603</b>
<b>Cash flows from investments</b>		
Purchases of intangible assets	0	-212
Investments in financial instruments	-2,626,143	-3,794,334
Sales of investment instruments and realised income	2,984,975	3,831,681
<b>Net cash flow from investments</b>	<b>358,832</b>	<b>37,136</b>
Loans withdrawn and repaid	0	-699,971
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>-699,971</b>
Net increase/decrease in cash and cash equivalents	-97,941	-8,232
Cash and cash equivalents at the beginning of the financial period	216,479	224,711
<b>Cash and cash equivalents at the end of the financial period</b>	<b>118,538</b>	<b>216,479</b>

# Notes to the financial statements

## Accounting policies of the financial statements

### 1 GENERAL INFORMATION

Employment Fund ('the Fund') (business ID 1098099-7), established in 2019, is an independent institution managed by labour market parties and supervised by the Ministry of Social Affairs and Health and the Financial Supervisory Authority, whose main objectives are to finance unemployment benefits and grant adult education benefits. The Fund also directs, develops and supervises the implementation of the collection procedure of unemployment insurance contributions and determines and collects the employer's liability component and transition security contribution. The Fund also grants and pays employer's training compensations. The training compensation is based on the Act on Compensations for Training (1140/2013). Employment Fund is domiciled in Helsinki and its address is Itämerenkatu 11-13, 00180 Helsinki.

The principal accounting policies applied in the financial statements of the Fund are set out below. These policies have been consistently applied to financial periods presented unless otherwise stated.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND COMPARABILITY OF FINANCIAL PERIODS

#### 2.1 Basis of preparation

Employment Fund's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS and IFRS standards as well as the SIC and IFRIC interpretations applicable as per 31 December 2024. IFRS refers to the standards and interpretations applicable to corporations and set out in the Finnish Accounting Act and the provisions issued under it in accordance with

the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the financial statements also comply with Finnish accounting and corporate legislation supplementing IFRS standards.

Employment Fund is a non-profit, government-affiliated fund whose operations are based on the Act on the Financing of Unemployment Benefits, the Decree of the Financing of Unemployment Benefits and on the Decree on Rules of Procedure of Employment Fund with amendments, as stated in section 1.

Employment Fund collects and pays unemployment insurance contributions. The Fund does not carry out business operations in which it would generate revenues arising from the sale of goods or rendering of services. Due to the nature of the Fund's



operations, the Fund does not generate revenues, and common revenue recognition principles do not apply. IFRS standards do not directly regulate the structure of the IFRS financial statements of a fund like Employment Fund, or the basis for recognition and measurement of transactions. Employment Fund applied the framework of IFRS standards and general principles for recognition and measurement when it prepared its IFRS financial statements. Due to these factors, the primary statements of the Fund's IFRS financial statements are the statement of changes in net position, the statement of net position, and the cash flow statement.

The changes in net position for the financial period consist of the sum of unemployment insurance contributions collected and paid, gains on investments and financial items. The difference between the Fund's assets and liabilities reflects the accumulated net position, which is also referred to as the business cycle buffer. A more detailed description of the business cycle buffer is provided in note 4.2. Employment

Fund has no shares or equity. Therefore, these IFRS financial statements do not include the statement of changes in equity. However, the statement of changes in net position is presented as a separate primary statement.

During the presented financial periods, the Fund did not have any such transactions that should have been recognised in other comprehensive income. Therefore, these IFRS financial statements do not include a statement of other comprehensive income. Employment Fund does not operate as an insurer as it does not issue or hold insurance or reinsurance contracts. Therefore, the Fund's operations are not within the scope of IFRS 17 Insurance Contracts. The principal valuation method used in the financial statements is the acquisition cost, although financial assets and liabilities recognised at fair value through profit or loss are measured at fair value. The financial statements are presented in euros unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the financial statements. The significant accounting estimates and judgements are described in note 3.

There are no new IFRS standards or IFRIC interpretations that are not yet effective and that would be expected to have a material impact on Employment Fund.

## 2.2 Foreign currency translation

The financial statements are prepared in euros, which is Employment Fund's functional and presentation currency. The Fund's foreign currency transactions are translated into the operating currency at the exchange rates prevailing on the transaction dates. Deposits denominated in foreign currencies are measured at fair value through profit and loss, and the effects of changes in exchange rates have been presented as part of the total fair value change.

## 2.3 Unemployment insurance contributions

Employment Fund determines and collects unemployment insurance contributions based on chapter 7 of the Act on the Financing of Unemployment Benefits. Employers report the paid wages to the Incomes Register. Unemployment insurance

contributions are determined four times per year based on the earnings payment data 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.

### Employer's liability components and transition security contributions

Employment Fund determines and collects liability components from employers. The liability component applies to employers whose payroll, used as the basis for the unemployment insurance contribution, exceeds the minimum level of EUR 2,337,000 (in 2024). An employer may be obligated

to pay the liability component if it has dismissed or laid off an aged employee whose employment relationship has lasted at least three years and the employee has been unemployed or laid off for a long time. Unemployment benefit expenses are financed with the liability components.

Collected liability components that cover the cost of daily unemployment allowances are recognised as income for the period when the amount of income can be reliably measured. In order to cover the cost of additional daily allowances, the collected liability components are recognised as income within several financial periods based on the estimate of the realisation of corresponding expenses.

The statutory transition security scheme entered into force in January 2023. Employment Fund can collect the transition security contribution from an employer dismissing an employee on production-related or financial grounds if the employee in question has reached the age of 55 and has been employed by the employer in question for at least five years. The transition security contribution applies to large employers whose payroll on which the unemployment insurance contributions are based exceeds a specific minimum level in the year preceding the date of dismissal. In 2024, the minimum level was EUR 2,337,000.

The additional days of unemployment allowance will soon be abolished. The persons born in 1964 are the last age group eligible for the additional days. This also means that the employer will no longer be obliged to pay a liability component for

employees that they have dismissed or laid off. This means that the transition period for the liability component will end by the year 2035.

Transition security is intended for employees aged 55 or over dismissed on production-related or financial grounds, and it contains a transition security allowance, right to training and an extended job search leave. The transition security training is provided by the employment authority and it corresponds to the maximum of two months' wages of the dismissed employee. The transition security allowance is paid by the unemployment fund or the Social Insurance Institution of Finland and it corresponds to one month's salary of the dismissed employee.

Employment Fund will finance the transition security scheme with a transition

security contribution collected from the employer. The contribution comprises two parts of equal size: a common part and a portion collected from the employer dismissing the employee. The common part is collected from all employers by raising the unemployment insurance contribution. A common part of 0.03 percentage points is included in the unemployment insurance contributions collected by Employment Fund from employers. The contributions collected from individual employers are recognised in the results for the financial period on an accrual basis under the account category 'Liability component and transition security contribution'. The non-invoiced part of the contributions is recognised in the balance sheet under prepayments and accrued income.

**Reconciliation based on chapter 12, section 3 of the Employment Contracts Act**

Under the Employment Contracts Act, when a court of law considers a reconciliation matter, it must provide Employment Fund with the opportunity to be heard. As a rule, 75% of the earnings-related daily unemployment allowance received by the employee during the indemnity period is deducted from the indemnity imposed on the employer for wrongful termination of employment. The court must order the employer to pay the amount deducted from the compensation to Employment Fund and inform it of the final judgement or ruling on the case. The payment of the deduction to the Fund must also take place when the employer and the employee reach a settlement on the compensation payable for wrongful termination of employment.

**Receivables subject to debt-collection**

The Fund collects and monitors neglected unemployment insurance contributions, those subject to enforcement and the contributions due by companies in bankruptcy or debt restructuring proceedings. As the receivables do not include any significant financial components, the Fund has used the simplified model permitted by IFRS 9.

**2.4 Subsidies to unemployment funds**

Under the Act on the Financing of Unemployment Benefits (555/1998), with regard to the financing of earnings-related unemployment allowances, Employment Fund is liable for the costs incurred from unemployment allowances, employment promotion measures and from job alternation compensation, insofar as the state or individual unemployment funds are not liable for these. The above-mentioned benefits are paid from the unemployment funds.

Employment Fund is also liable for the insurance contributions for unemployed persons and recipients of the adult education allowance that are paid through the

Finnish Centre for Pensions to the employment pension institutions.

Under the Decree on the Implementation of the Act on Unemployment Funds (272/2001), Employment Fund is tasked with processing prepayment applications and payment decisions and monitoring the sufficiency of prepayments. The Fund makes prepayments to the unemployment funds twice a month in accordance with the budget approved at the end of the previous financial period. The Fund receives monthly statistics from the Financial Supervisory Authority on the accumulated allowances paid by the unemployment funds to their customers, and based on that, the Fund has accrued the prepayments and actual payments to each unemployment fund either as a receivable or liability in its accounts. This accrual is recognised by benefit type. Transition security allowance was added to the benefit types offered by the unemployment funds from 1 January 2023. Transition security is used to finance expenses arising from the transition

security allowance paid to dismissed employees aged 55 and over.

The Ministry of Social Affairs and Health pays to Employment Fund the government contributions that the Fund pays to the unemployment funds as financing contributions. The Fund transfers the prepayments of government contributions to the unemployment funds on the first banking day of each month. In 2024, the Ministry of Social Affairs and Health paid government contributions to the Fund as fixed monthly prepayments unless otherwise proposed by Employment Fund.

The income received from the ministries and the expenses paid to the unemployment funds have been recognised in amounts corresponding to the benefit payments made by the funds to their customers. The Ministry of Social Affairs and Health will approve the financial statements of the unemployment funds on the basis of final information in summer 2025, at which point the Fund will make equalisations in the account balances between the unemployment funds and the state.

Under section 4 of the Act on the Financing of Unemployment Benefits, Employment Fund has sole responsibility for funding the increased earnings-related component laid down in section 6 of the Unemployment Security Act. From the beginning of 2015, the means by which the higher income earnings-related unemployment allowances are calculated was changed so that the level of allowances decreased slightly. The same change was carried out regarding the supplementary earnings-related allowances. These changes implement the reduction of unemployment allowances as specified in the Finnish Government's framework decision. The change has decreased expenses related to earnings-related daily unemployment allowances. To implement government savings, Employment Fund pays the amount of savings (about EUR 50.3 million) yearly to the Social Insurance Institution of Finland to finance basic social security under section 23 of the Act on the Financing of Unemployment Benefits (555/1998).

#### **Payments to the Finnish Centre for Pensions and State Pension Fund and the interest on them**

Employment Fund's second-largest expense item has been the contribution paid to the Finnish Centre for Pensions to cover the pension liabilities and expenses arising from taking into account the time of unemployment, education and job alternation leave (sections 74 and 182 of the Employees Pensions Act [395/2006]). 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. As stated above, the Fund is liable to pay the contribution laid down in sections 62 and 133 of the State Employees' Pensions Act (1295/2006) to the State Pension Fund.

Payments made to the Finnish Centre for Pensions for the financial period in accordance with section 12c of the Employees Pensions Act (561/1998) are based on an estimate provided by the Finnish Centre for Pensions and adjusted in the financial statements. The difference between the

payments made and the adjusted estimate is recognised as prepayments and accrued income or accruals and deferred income. The final payment amount is received from the Finnish Centre for Pensions in the spring of the year following the financial period, and the difference between the final payment and payment estimate used in the financial statements is presented as an adjustment, an equalisation payment for the previous year, in the following year's financial statements. The revised payment for the year and the equalisation payment for the previous year have been specified in the notes to the financial statements.

The Finnish Centre for Pensions assigns interest on the charges imposed on Employment Fund according to the TyEL premium insurance interest rate. The revised payment included in the financial statements accrues interest until the end of the financial period (debiting interest). The Finnish Centre for Pensions refunds the interest to Employment Fund according to the actual payments and times of payment (compensatory interest).

The final payment amount determined in the following year accrues interest until the clearance date agreed between the Finnish Centre for Pensions and Employment Fund (previous year's debiting interest). Compensatory interest is correspondingly calculated for all payments made by the Fund in the previous year (compensatory interest for the previous year's payments). The debiting and compensatory interests for payments to the State Pension Fund are calculated in a manner identical to the above.

**Settlement to the Social Insurance Institution of Finland of income from the unemployment insurance contributions of employees who are not members of unemployment funds**

Under sections 8 and 23 of the Act on the Financing of Unemployment Benefits (555/1998), the Fund makes an annual prepayment to the Social Insurance Institution of Finland from the employees' unemployment insurance contribution income, corresponding to the percentage of employees who are not members of unemployment

funds. The amount of the settlement is estimated from data collected by Statistics Finland, and the estimate is approved by the Ministry of Social Affairs and Health. The final amount of the payment is based on a calculation prepared by the Ministry of Social Affairs and Health of the amount of benefits financed in this manner paid by the Social Insurance Institution of Finland during the financial period. Transition security allowance was added to the benefits financed from 1 January 2023. Transition security is used to finance expenses arising from the transition security allowance of dismissed employees aged 55 and over who are not members of unemployment funds.

**Adult education benefits**

Employment Fund grants and pays adult education allowance and scholarships for qualified employees in accordance with the Act on Adult Education Benefits (1276/2000). Employment Fund is also responsible for financing the adult education allowance scheme for employees and scholarships for qualified employees working for employers other than central

government. The state is responsible for financing the adult education allowance scheme for entrepreneurs and scholarships for qualified employees working for central government. The responsibility for financing is specified in section 30 of the Act on Adult Education Benefits. Adult education benefits will be abolished by the act that entered into force on 1 June 2024. Adult education allowance and scholarships for qualified employees will only be granted during a transition period, and the granting of the adult education allowance will end on 31 December 2025.

### **Financing of pay security**

Under section 31 of the Pay Security Act (866/1998), Employment Fund is responsible for the state's pay security expenses. Pay security expenses are paid once per year, normally in the spring of the following year, to the Ministry of Economic Affairs and Employment, based on an invoice sent by the Ministry.

### **Transition security training**

The transition security scheme that entered into force from the start of 2023 includes transition security training for employees aged 55 and over dismissed on production-related or financial grounds. Employment Fund is responsible for financing the training. Employees covered by transition security are eligible for transition security training corresponding to pay of two months purchased by employment authorities. The Development and Administration Centre for ELY Centres and employment authorities (KEHA) compiles the information on training expenses and invoices them on a quarterly basis from Employment Fund in accordance with actual costs.

### **Member State invoicing for unemployment allowances**

Article 65 of 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 their country of residence. In Finland, Employment Fund has been designated as the competent body when implementing this basic regulation with regard to earnings-related unemployment insurance. The Fund's responsibilities include the payment and collection of the compensation laid down in paragraphs 6 and 7 of Article 65, incurred from unemployment allowance paid to the members of unemployment funds.

The Fund applies for compensation from Member States depending on how the unemployment funds have paid the unemployment allowances to those who have been working in another Member State. In turn, Member States apply for compensation from Employment Fund for citizens of other Member States that have worked in Finland. The benefits will be fully repaid but not more than the amount that would have been paid in the country of employment. Income and expenses are recognised on a cash basis.

**Training compensation**

Employment Fund manages employers' training compensations. The training compensation is based on the Act on Compensations for Training (1140/2013). The training compensation is a financial support to develop competence for those employers who are not eligible for a training deduction granted by the Business Income Tax Act or Agricultural Income Tax Act. These employers include municipalities, parishes and non-profit organisations. The purpose of the training compensation is to improve the employer's opportunities to organise training for its employees so that they can enhance their vocational competence.

Training compensation can be granted for a maximum of three training days per employee annually. The financing of training compensation has been designated so

that each calendar year, the Ministry of Finance pays the amount that the Fund has refunded to employers in the form of training compensation based on an application from Employment Fund.

**Pensions and employee benefits**

Employment Fund only has defined contribution pension schemes. Statutory pensions are managed by a pension insurance provider. Pension contributions are recognised as expenses for the financial period in which the payments are incurred. The Fund has a bonus system for its employees. The Board of Directors decides on the payment of any bonuses on the Managing Director's proposal and in compliance with the bonus criteria. Realised bonuses are recognised as expenses for the financial period relevant to the bonus system.

**2.5 Property, plant and equipment**

Property, plant and equipment comprises the Fund's machinery and equipment and the leasehold improvements. Property, plant and equipment are measured in the statement of net position at the historical cost minus the accumulated depreciation and impairment charges.

Leasehold improvements are added to the premises improvement's carrying amount when it is probable that future economic benefits associated with the item will flow to the Fund. The expenses of ordinary repair and maintenance costs are reported in the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated useful lives.



As a rule, the residual value is estimated to be zero. Assets' residual values and useful lives are reviewed when financial statements are prepared. Depreciation periods are adjusted if the estimate changes significantly. Estimated useful lives by asset class are as follows:

- Leasehold improvements 5 years
- Machines and equipment 3 years

Gains and losses on disposal and decommissioning of property, plant and equipment are calculated as the difference between net proceeds and the carrying value. Gains and losses on disposals are included in the administrative expenses in the statement of changes in net position.

## 2.6 Intangible assets

Intangible assets with finite useful life comprise acquired or internally produced computer software, and other intangible assets when it is probable that future economic benefits associated with the asset will flow to the Fund and the cost can be measured reliably. Implementation costs related to the cloud computing service arrangement, which is a service contract, are primarily recorded as expenses incurred when the relevant implementation service is obtained. Implementation costs related to the cloud service arrangement are only capitalised and amortised over a longer period of time in cases where the implementation service is not distinct from the service that allows access to the software, or when the costs relate to the creation of a separate intangible asset.

The cost of an internally generated intangible asset is defined as the sum of directly attributable production costs allocated to the asset.

Costs associated with maintaining computer software are reported as expenses incurred. Research costs are recognised as an expense in the financial period in which they are incurred. Development costs that are attributable to the design and testing of new software, or to significant changes to existing software, are capitalised only when they meet the above-mentioned criteria for the activation of intangible assets specified in International Accounting Standards (IAS 38) referred to above.

Intangible assets with finite useful life are measured at historical cost less amortisation and impairment charges. Amortisation of intangible assets is calculated using the straight-line method over their useful lives. Estimated useful lives by asset class are as follows:

- Computer software 3 years
- Software development expenses 3 years

## 2.7 Impairment of non-financial assets

At the end of each financial period, it is assessed whether there have been any events or changes in circumstances that indicate that the value of an intangible asset or an item of property, plant and equipment subject to amortisation or depreciation may have changed. If there are any indicators of impairment, the recoverable amount is determined.

The recoverable amount is the asset's fair value less the costs of disposal or the value in use, whichever is higher. Value in use refers to the asset's expected future net cash flows that have been discounted to net present value by using the determined discount rate. An impairment loss is recognised in the statement of changes in net position for the amount by which the asset's carrying value exceeds its recoverable amount. The useful life of a depreciated asset is reviewed in connection with the recognition of impairment losses.

Impairments are reversed if circumstances change and an asset's recoverable amount changes after the recognition of the impairment but not to an amount higher than the carrying value would be without the impairment charge.

## 2.8 Financial assets and liabilities

### Financial assets

Employment Fund applies the IFRS 9 (Financial Instruments) standard, which was published by the International Accounting Standards Board and took effect on 1 January 2018. IFRS 9 specifies how an entity should classify and measure financial assets. It also includes a model for impairment charges based on expected losses and general requirements for hedge accounting. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at amortised cost, those measured at fair value through other comprehensive income and those measured at fair value through profit and loss. For

financial liabilities, the standard retains most of the IAS 39 requirements. For impairment, a model based on expected credit losses is used.

Employment Fund's financial assets consist of investments (note 15) as well as cash and cash equivalents (note 16). On the date of acquisition, the management of the Fund classifies the financial assets into classes that determine the basis of valuation. All financial assets are recognised on the trade date (the day when the Fund commits to buy or sell the asset).

Investments are presented in the statement of net position as current assets unless their maturity is over 12 months and the management intends to dispose of them more than 12 months after the reporting date.

Investments are initially recognised at fair value. Transaction costs are recognised directly as expenses. After initial recognition, the investments are measured at fair value on each reporting date, and realised and unrealised changes in fair value are recognised in the statement of changes in net position in the period in which they arise. Net changes in fair value are presented in the statement of changes in net position on the line 'Net income from measuring investments at fair value'. All interest and dividend income from investments are included in the net change of the fair value. The basis for defining fair value is presented in note 14.

Financial assets are de-recognised when the rights to receive cash flows have expired or have been transferred to another

party such that all the risks and rewards have been transferred.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

#### **Loans**

Loans are recognised initially at fair value, the net of the transaction costs incurred. Loans are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of changes in net position over the period of the loan using the effective interest method.

Fees paid on loan facilities are recognised as the transaction costs of the loan to the extent that it is probable that some or all of the facility will be withdrawn. In this case, the fee is deferred and recognised in the statement of net position until the loan is withdrawn. To the extent there is no evidence that it is probable that some or all

the loans of the facility will be withdrawn, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility.

#### **2.9 Rental agreements**

As a lessee, the Fund has applied the IFRS 16 Leases standard since 1 January 2019. IFRS 16 specifies the requirements concerning recognition, valuation and information to be presented in the financial statements. The standard introduces a single lessee accounting model. In principle, all leases with a term of more than one year are recognised in the balance sheet unless the underlying asset is of low value. On the first day of the lease, the lessee recognises a liability for its obligation to make lease payments and an asset item for its right to use the asset. The lessee must recognise the interest expenses on the liability and the planned depreciation on the asset item. In addition, the lessee must redefine the amount of the lease liability in conjunction with certain events (such as a change in the term of the lease or changes to the lease payments due to index adjustments).

The Fund uses the transition relief permitted by IFRS 16 with regard to short-term leases (with terms of less than 12 months) and leases of low-value assets.

### **3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires the management to make estimates and assumptions that have affected the income, expenses, assets and liabilities presented in the financial statements. Judgement is also needed in the application of accounting policies. The estimates are based on the best information available on the reporting date. The evaluation is based on both earlier experience and assumptions about the future that are most probable on the reporting date. Actual results may differ from these decisions based on estimates and assumptions. Possible changes in estimates are recognised in the period in which the estimate is adjusted and all subsequent periods. The planning and management of Employment Fund's finances are largely based on

forecasts of changes in the unemployment rate, unemployment expenses, employment rate and payroll. Under normal conditions, the Fund must set the insurance contributions at a sufficient level so that all projected expenses can be covered with the insurance contributions. The unemployment insurance contributions (contribution rates) are determined for one calendar year at a time. When the contributions are changed, the employers' and employees' contributions are changed by the same percentage. The forecast deviation in the change in net position between the budget prepared in August in the preceding year and the financial statements, which are prepared more than a year later, was significantly above long-term average in 2024.

If necessary, the Fund exercises judgement in applying the valuation methods used in the measurement of fair value insofar as the fair values are not received as direct prices from active markets. Valuation principles are described in note 15 (Investment assets).

Fair value determination of current money market investments is based on the discounted cash flows, and management has used judgement when it has concluded that the change of credit risk does not have a material impact on the change of fair values of investments due to their short duration and high credit rating. Credit risks are presented in section 4 Financial risk management. The Fund's critical assumptions concerning the future and key uncertainties in the reporting date are related to the factors mentioned above.

**Credit losses**

Employment Fund applies the IFRS 9 standard model for expected credit losses when estimating impairment charges associated with uncertain unemployment insurance contribution receivables (note 12). In this model, expected losses are recognised for the entire validity period of the financial asset, and the model is based on the amount of the outstanding receivables and the time period for which they remain outstanding. The parameters applied in the model are based on an estimate of the amount of unemployment insurance contribution receivables, liability component receivables, reconciliation receivables based on the Employment Contracts Act, benefit receivables and interest receivables to be recognised as credit losses on the reporting date. Expected credit losses throughout the entire period of validity are calculated by multiplying the gross carrying value of the unpaid receivables by the expected proportion of loss. Changes to expected credit losses are recognised through profit and loss.

**Segment reporting**

The IFRS 8 Operating Segments standard requires entities to disclose information to enable users of their financial statements to evaluate the nature and financial effects of the business operations in which the entity engages and the economic environments in which it operates. As defined in the standard, an operating segment is a component of an entity

- A. that engages in activities from which it may earn revenues and incur expenses
- B. whose operating results are regularly reviewed by the entity's most senior executive decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and
- C. on which discrete financial information is available.

Further, according to the definition of the standard, the function of the most senior executive decision-maker is to allocate

resources to and assess the performance of the operating segments of an entity.

Employment Fund is tasked with collecting unemployment insurance contributions, the level of which has been determined by the public authorities. The Fund pays the collected contributions onwards, mainly to unemployment funds.

Employment Fund uses the collected contributions for conservative investment activities in order to cover current financing contributions. The Fund also covers any deficits it incurs with loan financing.

Employment Fund is a non-profit, government-affiliated fund. The management monitors the Fund's operations as a single entity, which consists of the contributions collected and benefits paid, resulting in a change in net position. The Fund's management does not actually allocate resources to the entity's activities or review the effectiveness of operations.

For these reasons, Employment Fund's management has made the assessment that the presentation of segment information is not appropriate. Presenting segment information would not improve the ability of a reader of the financial statements to assess the Fund's operations, nature of the operating environment and financial effects. According to Employment Fund's management, the nature of the Fund's operations and operating environment and the financial impacts are fairly presented in the IFRS financial statements.

#### 4 FINANCIAL RISK MANAGEMENT

The Fund seeks to limit financial and investment risks to a level where their realisation will not result in significant losses for the Fund to the extent of creating pressure to increase contributions or endanger the liquidity of the Fund. The investment and financing activities and risk limits of Employment Fund are provided for in more detail in the investment principles approved by the Supervisory Board and the investment plan and debt management plan approved by the Board of Directors.

The market risk of investments is primarily measured by using 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. Employment Fund's financial risks mainly relate to investments, and they comprise market risk, credit and counterparty risk and liquidity risk. Investments are diversified in accordance with the investment principles approved by the Supervisory Board across various asset classes so as to reduce financial risks. Risk limits are set to such a level that their realisation would not result in the Fund incurring losses that would give rise to pressures to increase the level of contributions. The Fund may enter into derivative contracts for hedging purposes; however, derivatives were not used during the periods presented.

The Fund measures all its investments at fair value because they have been designated as financial assets at fair value through profit and loss. The investments are itemised in note 15, along with their fair values

by asset class and the basis for defining fair value.

#### 4.1 Financial risk factors

##### Market risk

The main market risk factor for Employment Fund's investments and liabilities is the interest rate risk. The Fund's investment portfolio is dominated by fixed-income investments (bonds and money market investments).

Employment Fund may make investments directly, or indirectly through investment funds. At the end of the review period, 22% (31 Dec 2023: 17%) of the investments were indirect.

On 31 December 2024 and 31 December 2023, the market risks for the investments were as follows:

Investment item, 31 Dec 2024	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	116,567	583
Money market	1.00%	473,183	4,735
State and municipal bonds	4.00%	244,324	9,773
Bank bonds	4.50%	279,942	12,597
Corporate bonds	5.00%	250,436	12,522
Equities	25.00%	43,663	10,916
Alternative investments	10.00%	103,356	10,336
<b>Total risk</b>	<b>4.07%</b>	<b>1,511,471</b>	<b>61,461</b>

Investment item, 31 Dec 2023	Risk, per cent	Capital, EUR thousand	Risk, EUR thousand
Bank deposits	0.50%	247,468	1,237
Money market	1.00%	572,186	5,722
State and municipal bonds	4.00%	419,124	16,765
Bank bonds	4.50%	289,759	13,039
Corporate bonds	5.00%	249,064	12,453
Equities	25.00%	38,997	9,749
Alternative investments	10.00%	83,333	8,333
<b>Total risk</b>	<b>3.54%</b>	<b>1,899,931</b>	<b>67,298</b>

Total risk was 4.07% (31 Dec 2023: 3.54%) of the Fund's assets and 2.6% (31 Dec 2023: 1.9%) of the Fund's income in 2024. The risk posed by the investment portfolio is moderate due to its conservative structure and moderately low risk level of the securities in the portfolio.

All money market investments carry variable interest rates (31 Dec 2023: 100%). Of the bonds, 8% were at variable rates (31 Dec 2023: 7%). Variable-rate investments expose the Fund to a cash flow interest rate risk, while investments at fixed rates expose the Fund to a fair value interest rate risk.

If, on 31 December 2024, the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points higher while all other variables remained constant, the change in net position would have been EUR 9.1 million (31 Dec 2023: EUR -9.8 million) smaller. Respectively, if on 31 December 2024 the Euribor rates and interest rate curve (swap rates) had been 0.5 percentage points lower, the total change in net position would have been EUR 9.1 million (31 Dec 2023: EUR 9.8 million) higher.

**Credit risk**

The credit risk of the investments is managed by issuer credit limits. Limits for each issuer are determined by taking account of the absolute size, economic position and future outlook of the issuer. The Fund continuously monitors the credit standing and future outlook of the issuers, and when changes occur, the limits are either increased or decreased. The Fund mainly invests in banks in the Nordic countries that have high credit ratings, states with strong credit ratings (Finland, Germany, the Netherlands, Belgium, France, Austria and

Sweden), companies mainly in Finland and some in Sweden, and municipalities. Cash and cash equivalents are only held at banks with high credit ratings.

The spread duration of the credit risk included in the investments at the end of the review period was 1.63 years (31 Dec 2023: 1.63 years).

The average credit rating of the investment portfolio is evaluated on Standard & Poor's rating scale, which is based on historical probabilities of credit losses. The

investment portfolio credit rating is estimated to be about BBB+ on 31 December 2024 (31 Dec 2023: BBB+).

The Fund's investments mainly consist of government and bank bonds. Their creditworthiness has been determined using the S&P credit rating. Most of the banks that the Fund has invested in have good credit ratings. However, not every regional bank and company has an official credit rating, so the credit quality of these entities is determined using credit ratings received from a third party.



The following table describes Employment Fund's fixed-income investments and credit-worthiness by group. The figures are expressed in thousands of euros.

Investments distributed by the issuer's rating	31 Dec 2024, EUR thousand	31 Dec 2024, per cent	31 Dec 2023, EUR thousand	31 Dec 2023, per cent
AAA	190,409	14.0%	272,696	15.3%
AA+	119,129	8.7%	250,698	14.1%
AA	35,981	2.6%	13,148	0.7%
AA-	244,046	17.9%	404,829	22.8%
A+	198,707	14.6%	174,641	9.8%
A	81,482	6.0%	77,990	4.4%
A-	81,888	6.0%	91,922	5.2%
BBB+	85,041	6.2%	106,350	6.0%
BBB	177,127	13.0%	213,420	12.0%
BBB-	70,027	5.1%	82,110	4.6%
BB+	4,765	0.3%	29,363	1.7%
BB	22,716	1.7%	9,196	0.5%
BB-	21,264	1.6%	4,959	0.3%
B+	0	0.0%	0	0.0%
B	0	0.0%	215	0.0%
B-	0	0.0%	0	0.0%
CCC+	0	0.0%	0	0.0%
CCC	0	0.0%	0	0.0%
NR	31,847	2.3%	46,061	2.6%
<b>Total</b>	<b>1,364,429</b>	<b>100.0%</b>	<b>1,777,598</b>	<b>100.0%</b>

The amount of Employment Fund's unemployment insurance contribution receivables, liability component receivables, reconciliation receivables based on the Employment Contracts Act, benefit receivables, and interest receivables, are included in the credit risk. The most important factor in the realisation of the aforementioned credit risk is related to cases in which customers liable for paying unemployment insurance contributions become insolvent (due to bankruptcy, corporate restructuring or debt restructuring).

The actual credit losses arising from unemployment insurance contribution receivables totalled EUR 2.7 (4.6) million in 2024. As a whole, Employment Fund's collection process is very efficient.

### Liquidity risk

The Fund aims to manage liquidity risk as follows:

1. Liquid realisable investments
2. Short-term loans
3. Maintaining unemployment insurance contributions at reasonable level and increasing them as necessary

To secure its liquidity, in fixed-income investments with less than one year's maturity, the Fund keeps an amount that covers at least one month's expenses. When the liquidity buffer decreases below this limit, the Fund uses short-term borrowing to cover the temporary liquidity deficit. For this purpose, the Fund has a EUR 300 million commercial paper programme (31 Dec 2023: EUR 300 million), which remains unused. The Fund also has EUR 600 million in committed revolving credit facilities (RCF) with four banks (31 Dec 2023: EUR 600 million). The commercial paper programme and the revolving credit facilities remained unused at the end of 2023 and at the end of 2024.

The figures in the tables are in EUR million.

Unused committed revolving credit facilities	31 Dec 2024	31 Dec 2023
RCF due in more than one year	600	600
<b>Total</b>	<b>600</b>	<b>600</b>

Unused uncommitted revolving credit facilities	31 Dec 2024	31 Dec 2023
Commercial paper programme	300	300
<b>Total</b>	<b>300</b>	<b>300</b>

Employment Fund has also taken measures to safeguard its debt financing capacity by means of credit ratings. The Fund has the following issuer credit ratings as confirmed by Standard & Poor's (15 July 2024):

- Long-term credit rating AA+, stable outlook
- Short-term credit rating A-1+, stable outlook

Employment Fund used debt financing in 2024. At the end of the review period, EUR 600 million in bonds (31 Dec 2023: EUR 600 million).

### Fixed interest rate periods for loans

The fixed interest rate periods for loans in the statement of net position were as presented in the table.

Loans, 31 Dec 2024	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	2.46	0.01%	16 June 2027	AA+
<b>Total</b>	<b>600</b>	<b>2.46</b>			

Loans, 31 Dec 2023	Nominal value EUR million	Fixed interest rate period in years	Interest rate	Due date	Credit rating
Bond 2027	600	3.46	0.01%	16 June 2027	AA+
<b>Total</b>	<b>600</b>	<b>3.46</b>			

### Maturity of financial liabilities

The following tables show Employment Fund's financial liabilities by group based on the maturities of outstanding contracts. The figures are in EUR thousand.

<b>Financial liabilities, 31 Dec 2024</b>	<b>Less than 6 months</b>	<b>6–12 months</b>	<b>1–3 years</b>	<b>4–7 years</b>	<b>Total cash flow based on contracts</b>	<b>Book value assets(-)/liabilities</b>
Accounts payable	2,261	0	0	0	2,261	2,261
Loans	60	0	600,120	0	600,180	599,411
Liabilities associated with right-of-use assets	368	283	1,095	523	2,268	2,930
<b>Total</b>	<b>2,689</b>	<b>283</b>	<b>601,215</b>	<b>523</b>	<b>604,709</b>	<b>604,601</b>

<b>Financial liabilities, 31 Dec 2023</b>	<b>Less than 6 months</b>	<b>6–12 months</b>	<b>1–3 years</b>	<b>4–7 years</b>	<b>Total cash flow based on contracts</b>	<b>Book value assets(-)/liabilities</b>
Accounts payable	2,319	0	0	0	2,319	2,319
Loans	60	0	120	600,060	600,240	598,638
Liabilities associated with right-of-use assets	377	375	1,482	1,446	3,680	3,419
<b>Total</b>	<b>2,756</b>	<b>375</b>	<b>1,602</b>	<b>601,506</b>	<b>606,239</b>	<b>604,376</b>

#### 4.2 Business cycle buffer

Under section 3 of the Act on the Financing of Unemployment Benefits, Employment Fund maintains a business cycle buffer to ensure liquidity and balance out changes in unemployment insurance contributions due to foreseeable economic fluctuations in the national economy. The business cycle buffer accrues on the basis of the difference between Employment Fund's assets and liabilities. When the unemployment insurance contributions are set, the forecast for the maximum amount of assets or liabilities in the buffer may not exceed expenses corresponding to an unemployment rate of six percentage points. When the decision on the level of unemployment insurance contributions is made, the forecast for the business cycle buffer may by law exceed the maximum amount of assets over two years during a three-year review period to ensure a steady payment trend. In that case, however, unemployment insurance contributions may not be set higher than in the previous year. The maximum amount of the business cycle buffer is calculated on the basis of the figures in the annual financial statements. The investment of the assets accrued in the buffer is regulated by the Fund's investment and debt financing principles and the investment plan approved each year. The use of debt financing is regulated in the same principles as well as in the debt management plan.

The maximum amount of the buffer (net position) is calculated by dividing Employment Fund's annual expenses by the average unemployment rate for the year and multiplying the result by six. The following table presents the amount of the business cycle buffer and the minimum and maximum amounts of the buffer as specified in the Act.

The figures are in EUR million.

<b>Business cycle buffer</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Amount	1,272	2,021
Maximum amount	1,726	1,861
Minimum amount	-1,726	-1,861

## 5 UNEMPLOYMENT INSURANCE CONTRIBUTIONS

The figures are in EUR thousand.

Unemployment insurance contributions by contribution type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Employer's unemployment insurance contributions</b>		
Employer's insurance contributions	763,976	1,409,566
Training compensation reimbursements	-11,513	-10,244
Training compensation settlements paid by the Ministry of Finance	11,513	10,244
Employer's insurance contributions, co-owners	1,018	2,012
<b>Total</b>	<b>764,994</b>	<b>1,411,578</b>
<b>Employee's unemployment insurance contributions</b>		
Employee's insurance contributions	803,672	1,486,405
Employee's insurance contributions, co-owners	1,630	2,876
<b>Total</b>	<b>805,302</b>	<b>1,489,281</b>
<b>Collection fee income and credit losses</b>		
Interest on overdue employer contributions	366	513
Interest on overdue employee contributions	2	502
Collection fee income	530	439
<b>Total</b>	<b>898</b>	<b>1,455</b>

Unemployment insurance contributions by contribution type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Employer's liability components and transition security contributions</b>		
Liability components	7,484	15,637
Transition security contributions	16,405	5,970
Accruals	-207	-1,188
<b>Total</b>	<b>23,682</b>	<b>20,419</b>
<b>Deductions under the Employment Contracts Act (ECA)</b>		
Deductions and lay-off income under ECA	855	915
Settlement to the Ministry of Social Affairs and Health	-297	-538
<b>Total</b>	<b>559</b>	<b>377</b>
<b>Contributions from the Ministry of Social Affairs and Health</b>		
Earnings-related unemployment allowance	727,940	690,817
Job alternation compensation	20,063	10,507
Equalisation payment for the previous year	-1,059	-1,056
Adult education benefits	4,772	4,084
<b>Total</b>	<b>751,716</b>	<b>704,352</b>
<b>Total unemployment insurance contributions</b>	<b>2,347,151</b>	<b>3,627,462</b>

## 6 FINANCING CONTRIBUTIONS PAID

The figures are in EUR thousand.

Financing contributions	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Employment Fund contributions paid to unemployment funds</b>		
Other earnings-related unemployment allowance	-696,049	-653,539
Additional days of allowance	-126,484	-147,060
Transition security allowance	-12,237	-5,037
Lay-off allowance	-368,640	-270,200
Job alternation compensation	-26,836	-13,358
Compensation for administrative expenses	-9,400	-10,873
Equalisation payment for the previous year	1,557	1,615
<b>Total</b>	<b>-1,238,089</b>	<b>-1,098,453</b>
<b>Government contributions paid to unemployment funds</b>		
Other earnings-related unemployment allowance	-714,104	-676,196
Job alternation compensation	-20,063	-10,507
Unemployment allowance/entrepreneurs	-6,470	-6,261
Compensation for administrative expenses	-7,366	-8,360
Equalisation payment for the previous year	1,057	1,056
<b>Total</b>	<b>-746,946</b>	<b>-700,268</b>
<b>Finnish Centre for Pensions</b>		
Equalisation payment for the previous year	-8,627	31,310
Payment for the current financial period	-713,566	-631,000
<b>Total</b>	<b>-722,193</b>	<b>-599,690</b>
<b>State Pension Fund</b>		
Equalisation payment for the previous year	-266	378
Payment for the current financial period	-9,427	-7,942
<b>Total</b>	<b>-9,693</b>	<b>-7,564</b>

Financing contributions	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Social Insurance Institution of Finland</b>		
Equalisation payment for the previous year	0	29
Basic allowance, additional component, employment programme additional benefit	-167,300	-262,910
Transition security	-200	-65
<b>Total</b>	<b>-167,500</b>	<b>-262,947</b>
<b>Adult education benefits</b>		
Scholarships for qualified employees	-9,555	-11,827
Adult education allowance	-202,655	-189,303
Collection expenses for benefits	-4	-5
<b>Total</b>	<b>-212,214</b>	<b>-201,135</b>
<b>Ministry of Economic Affairs and Employment</b>		
Equalisation payment for the previous year	0	0
Payment for the current financial period	-26,674	-29,779
Transition security from the Development and Administration Centre for ELY Centres and TE Offices	-5,134	-381
<b>Total</b>	<b>-31,808</b>	<b>-30,159</b>
<b>Member State invoicing for unemployment security</b>		
Invoiced by Member States	-164	-52
Invoiced by the Fund	54	43
<b>Total</b>	<b>-109</b>	<b>-9</b>
<b>Total financing contributions paid</b>	<b>-3,128,553</b>	<b>-2,900,224</b>

## 7 ADMINISTRATIVE EXPENSES

The figures are in EUR thousand.

Administrative expenses by expense type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Personnel expenses</b>		
Wages, bonuses, and benefits	-11,074	-10,073
Pension expenses – defined contribution plans	-1,921	-1,730
Social security contributions	-267	-395
<b>Total</b>	<b>-13,262</b>	<b>-12,198</b>
<b>Other administrative expenses</b>		
IT expenses	-7,522	-7,798
Other personnel expenses	-731	-763
Expenses for office premises	-100	-109
Office expenses	-1,576	-1,751
Other expenses	-9,669	-8,450
Amortisation	-1,208	-2,361
<b>Total</b>	<b>-20,806</b>	<b>-21,231</b>
<b>Auditor's fee</b>		
Statutory audit	-93	-98
<b>Total</b>	<b>-93</b>	<b>-98</b>
<b>Total administrative expenses</b>	<b>-34,161</b>	<b>-33,528</b>

Number of personnel	31 Dec 2024	31 Dec 2023
Permanent employees	137	168
Fixed-term employees	3	7
<b>Total</b>	<b>140</b>	<b>175</b>



## 8 FINANCING COSTS

The figures are in EUR thousand.

Financing costs by expense type	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
<b>Loan financing expenses</b>		
Revolving credit facility fees	-915	-899
Accrued expenses from loans	-79	-163
Interest expenses from loans	-416	11
<b>Total loan financing expenses</b>	<b>-1,410</b>	<b>-1,051</b>
Interest on the contributions paid to the Finnish Centre for Pensions	-35	-394
Interest on the contributions paid to the State Pension Fund	0	151
<b>Total financing costs</b>	<b>-1,445</b>	<b>-1,293</b>

## 9 PROPERTY, PLANT AND EQUIPMENT

The figures are in EUR thousand.

Changes in property, plant and equipment	IFRS 16 Right-of-use asset	Total
Acquisition costs, 1 Jan 2024	4,431	4,431
Additions	239	239
<b>Acquisition costs, 31 Dec 2024</b>	<b>4,670</b>	<b>4,670</b>
Accumulated depreciation, 1 Jan 2024	1,221	1,221
Depreciation during the period	698	698
<b>Accumulated depreciation, 31 Dec 2024</b>	<b>1,919</b>	<b>1,919</b>
<b>Book value, 1 Jan 2024</b>	<b>3,210</b>	<b>3,210</b>
<b>Book value, 31 Dec 2024</b>	<b>2,752</b>	<b>2,752</b>

Changes in property, plant and equipment	IFRS 16 Right-of-use asset	Total
Acquisition costs, 1 Jan 2023	3,933	3,933
Additions	498	498
<b>Acquisition costs, 31 Dec 2023</b>	<b>4,431</b>	<b>4,431</b>
Accumulated depreciation, 1 Jan 2023	568	568
Depreciation during the period	653	653
<b>Accumulated depreciation, 31 Dec 2023</b>	<b>1,221</b>	<b>1,221</b>
<b>Book value, 1 Jan 2023</b>	<b>3,365</b>	<b>3,365</b>
<b>Book value, 31 Dec 2023</b>	<b>3,210</b>	<b>3,210</b>

## 10 INTANGIBLE ASSETS

The figures are in EUR thousand.

Changes in intangible assets	Software	Software development expenses	Intangible assets in progress*	Total
Acquisition costs, 1 Jan 2024	910	14,981	0	15,891
Additions	0	0	0	0
Transfers between items	0	0	0	0
<b>Acquisition costs, 31 Dec 2024</b>	<b>910</b>	<b>14,981</b>	<b>0</b>	<b>15,891</b>
Accumulated depreciation, 1 Jan 2024	910	14,107	0	15,017
Depreciation during the period	0	510	0	510
<b>Accumulated depreciation, 31 Dec 2024</b>	<b>910</b>	<b>14,617</b>	<b>0</b>	<b>15,527</b>
<b>Book value, 1 Jan 2024</b>	<b>0</b>	<b>872</b>	<b>0</b>	<b>872</b>
<b>Book value, 31 Dec 2024</b>	<b>0</b>	<b>363</b>	<b>0</b>	<b>362</b>

Changes in intangible assets	Software	Software development expenses	Intangible assets in progress*	Total
Acquisition costs, 1 Jan 2023	910	13,892	1,088	15,891
Additions	0	0	0	0
Transfers between items	0	1,088	-1,088	0
<b>Acquisition costs, 31 Dec 2023</b>	<b>910</b>	<b>14,981</b>	<b>0</b>	<b>15,891</b>
Accumulated depreciation, 1 Jan 2023	897	12,412	0	13,309
Depreciation during the period	13	1,695	0	1,708
<b>Accumulated depreciation, 31 Dec 2023</b>	<b>910</b>	<b>14,107</b>	<b>0</b>	<b>15,017</b>
<b>Book value, 1 Jan 2023</b>	<b>13</b>	<b>1,479</b>	<b>1,088</b>	<b>2,581</b>
<b>Book value, 31 Dec 2023</b>	<b>0</b>	<b>872</b>	<b>0</b>	<b>872</b>

\* The item 'Intangible assets in progress' consists of capitalised development costs, giving rise to an internally generated intangible asset. There were no capitalised development costs in 2024.

**11 RECEIVABLES AND PAYABLES FROM UNEMPLOYMENT INSURANCE CONTRIBUTIONS**

The figures are in EUR thousand.

<b>Receivables from unemployment insurance contributions</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
Receivables from employer's unemployment insurance contribution	15,123	13,948
Receivables from employer's unemployment insurance contribution, credit loss provision	-2,815	-2,119
Receivables from employee's unemployment insurance contribution	6,986	7,774
Receivables from employee's unemployment insurance contribution, credit loss provision	-5,439	-4,412
Overdue contribution and collection fee receivables	483	1,377
Overdue contribution and collection fee receivables, credit loss provision	-305	-410
<b>Receivables from unemployment insurance contributions</b>	<b>14,032</b>	<b>16,158</b>
Deferred unemployment insurance contribution receivables	401,914	730,652
<b>Total unemployment insurance contribution receivables</b>	<b>415,947</b>	<b>746,810</b>
<b>Unemployment insurance contribution liabilities</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
Prepayments	0	290
Refunds	307	1,154
<b>Total unemployment insurance contribution payables</b>	<b>307</b>	<b>1,444</b>

**12 LIFETIME EXPECTED CREDIT LOSSES FROM THE UNEMPLOYMENT INSURANCE CONTRIBUTION RECEIVABLES AND FROM THE ADULT EDUCATION BENEFITS TO BE RECOVERED (IFRS 9)**

The figures are in EUR thousand.

Changes in expected credit losses	Receivables from employer's unemployment insurance contribution	Receivables from employee's unemployment insurance contribution	Overdue contribution and collection fee receivables for unemployment insurance contributions	Liability component and receivables specified in ECA	Adult education benefits to be recovered	Total
1 Jan 2024	-2,119	-4,412	-410	-271	-221	-7,433
Change	-696	-1,027	105	-23	35	-1,606
31 Dec 2024	-2,815	-5,439	-305	-295	-185	-9,039

Changes in expected credit losses	Receivables from employer's unemployment insurance contribution	Receivables from employee's unemployment insurance contribution	Overdue contribution and collection fee receivables for unemployment insurance contributions	Liability component and receivables specified in ECA	Adult education benefits to be recovered	Total
1 Jan 2023	-1,856	-4,209	-505	-457	-156	-7,183
Change	-263	-203	95	186	-65	-250
<b>31 Dec 2023</b>	-2,119	-4,412	-410	-271	-221	-7,433

**13 OTHER RECEIVABLES**

The figures are in EUR thousand.

<b>Current other receivables</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
Receivables from unemployment funds	10,483	28,948
Transition security receivables	2,421	3,080
Finnish Centre for Pensions, compensatory interest	0	11,853
Adult education benefit receivables	1,288	1,474
Adult education benefits, credit loss provision	-185	-221
Employer's liability component receivables and compensation based on the Employment Contracts Act	877	939
Liability component and receivables specified in ECA, credit loss provision	-295	-271
Receivables from the State Pension Fund	0	151
Receivables from the Ministry of Social Affairs and Health	12,035	1,326
Receivables from the Social Insurance Institution of Finland	728	17,514
Prepayments	533	776
Securities in settlement	0	42,979
Tax assets	9	17
<b>Total current other receivables</b>	<b>27,895</b>	<b>108,567</b>

#### 14 NET FAIR VALUE GAINS ON INVESTMENTS

The figures are in EUR thousand.

Types of income and expenses	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Dividend income	2,161	2,438
Gains on disposals	14,090	6,528
Other income	3,519	4,381
Net interest income	35,807	29,859
Net change in value	17,773	36,768
Losses on disposals	-4,614	-9,034
Other expenses	-429	-298
<b>Total net gains on investments</b>	<b>68,308</b>	<b>70,642</b>

## 15 INVESTMENT ASSETS

Investments in financial assets have been designated as financial assets at fair value through profit and loss, and are measured at fair value. Measurement of these assets is primarily based on either quoted prices or valuations based on available market data. Financial instruments carried at fair value have been divided into three hierarchy levels based on whether they are traded in active markets, and to what extent the inputs are based on observable market data, as follows:

**Level 1** The valuation is based on quoted prices in active markets for identical financial assets and liabilities.

**Level 2** The inputs used in valuations are also based, directly or indirectly, using valuation techniques on observable inputs other than those at level 1.

**Level 3** The valuation is based on information other than observable market data.



**Investments by financial instrument class divided into fair value hierarchy levels**

No reclassifications have been made between the hierarchy levels during the financial period. The figures are in EUR thousand.

<b>Financial instrument classes, 31 Dec 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Government and municipal bonds	244,324	19,687	0	264,011
Bank bonds	269,667	0	0	269,667
Corporate bonds	220,259	0	0	220,259
Investments in funds and equities	200,762	0	0	200,762
Mezzanine funds	0	0	199	199
Deposits	0	94,447	0	94,447
Certificates of deposit	0	99,589	0	99,589
Municipal papers	0	1,995	0	1,995
Commercial papers	0	140,818	0	140,818
Alternative investments	0	0	103,157	103,157
<b>Total</b>	<b>935,012</b>	<b>356,536</b>	<b>103,356</b>	<b>1,394,904</b>

<b>Financial instrument classes, 31 Dec 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Government and municipal bonds	419,124	29,828	0	448,952
Bank bonds	279,951	0	0	279,951
Corporate bonds	234,375	0	0	234,375
Investments in funds and equities	177,513	13,810	0	191,323
Mezzanine funds	0	0	829	829
Deposits	0	62,180	0	62,180
Certificates of deposit	0	154,908	0	154,908
Municipal papers	0	19,452	0	19,452
Commercial papers	0	177,994	0	177,994
Alternative investments	0	0	82,504	82,504
<b>Total</b>	<b>1,110,963</b>	<b>458,172</b>	<b>83,333</b>	<b>1,652,468</b>

Changes in level 3 financial assets measured at fair value. The figures are in EUR thousand.

Financial instrument classes	1 Jan 2024	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	31 Dec 2024
Mezzanine funds	829	1,470	-1,704	0	-396	199
Alternative investments	82,504	-994	323	21,532	-208	103,157
<b>Total</b>	<b>83,333</b>	<b>476</b>	<b>-1,381</b>	<b>21,532</b>	<b>-604</b>	<b>103,356</b>

Financial instrument classes	1 Jan 2023	Unrealised profit/loss	Realised profit/loss	Purchases	Sales	31 Dec 2023
Mezzanine funds	1,030	218	0	2	-421	829
Alternative investments	73,928	-4,061	51	12,637	-51	82,504
<b>Total</b>	<b>74,958</b>	<b>-3,843</b>	<b>51</b>	<b>12,639</b>	<b>-472</b>	<b>83,333</b>

Deposits, certificates of deposit, commercial papers and municipal papers at **level 2** have been valued using the discounted cash flow method based on the Euribor or swap curve and on the forward rate, insofar as elements of foreign currencies are involved. Based on the management's judgement, the discount factor has been adjusted for the effect of changes in the credit risk of the investment. However, the adjustment has not had any material impact.

Investments classified at **level 3** are mezzanine funds that are valued based on the valuations prepared by the issuer. Investment funds have been measured at the net asset value of the fund as reported by the fund manager as of the reporting date, and they have been classified as level 1, 2 or 3 assets by their market activity and marketability. Equity investments are quoted on the Helsinki Stock Exchange, and they have been classified at level 1. The amount of equity investments is minor.

## 16 CASH AND CASH EQUIVALENTS

The figures are in EUR thousand.

Cash and cash equivalents	31 Dec 2024	31 Dec 2023
Bank deposits	118,538	216,479
<b>Total cash and cash equivalents</b>	<b>118,538</b>	<b>216,479</b>

## 17 LOANS

The figures are in EUR thousand.

Long-term loans	31 Dec 2024	31 Dec 2023
Employment Fund bonds	599,106	598,638
<b>Total long-term loans</b>	<b>599,106</b>	<b>598,638</b>

**18 OTHER LIABILITIES**

The figures are in EUR thousand.

<b>Other liabilities</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
Accounts payable	2,261	2,319
Accruals	2,485	12,574
Accruals of adult education allowance	12,574	18,593
Accruals of liability component income	9,606	9,668
Finnish Centre for Pensions, capital accruals	66	3,000
Finnish Centre for Pensions, debiting interest	0	11,975
Ministry of Economic Affairs and Employment, pay security accruals	26,674	29,779
Ministry of Social Affairs and Health, liability	19,391	0
ECA Ministry share	418	540
Administrative expense accruals	644	1,009
Liabilities to the State Pension Fund	1,999	0
Liabilities KEHA Centre	1,731	0
Liabilities to unemployment funds	3,099	8,866
Holiday pay accruals	1,392	1,378
Lease liability	2,930	3,419
Adult education benefits, withholding tax liability	3,380	4,137
Interest accruals	0	33
<b>Total other liabilities</b>	<b>88,651</b>	<b>107,289</b>

## 19 LIABILITIES AND RECEIVABLES NOT RECOGNISED IN THE STATEMENT OF NET POSITION

The figures are in EUR thousand.

Investment commitments	31 Dec 2024	31 Dec 2023
Committed capital	2,250	5,250
Realised	-2,169	-5,058
<b>Total investment commitments</b>	<b>81</b>	<b>192</b>

Investment funds acquire call investments based on the financing needs of the investment fund. The commitments have no maturity date.

### Leases

The Fund has rented its office and warehouse premises and three cars on non-cancellable lease contracts. The remaining lease periods for the cars are 2 years and 10 months, 1 year and 8 months, and 1 year and 11 months. On the balance sheet date, there are 1 year and 3 months remaining on the lease of the office and warehouse premises, after which the contract becomes cancellable and subject to a notice period of 9 months. Some of the office's premises can be released by cancelling the respective part of the contract effective during 2025 at three months' notice.



## 20 RELATED PARTIES

Related parties of the Fund comprise the Supervisory Board, the Board of Directors and the Management Group. Employment Fund's Supervisory Board is appointed by the Government on the proposal of the labour market parties. The Supervisory Board prepares the proposal for the level of unemployment insurance contributions in its autumn meeting. The Board of Directors is appointed by the Supervisory Board. The operations of Employment Fund are supervised by the Financial Supervisory Authority. The Ministry of Social Affairs and Health also has the right to receive information about the Fund's operations.

The government contributions payable to the unemployment funds are received from the Ministry of Social Affairs and Health. The Fund regularly pays contributions to the Finnish Centre for Pensions, State Pension Fund, Social Insurance Institution of Finland and the Ministry of Economic Affairs and Employment.

The regulations on related-party transactions set out in the Limited Liability Companies Act are not applicable to Employment Fund's operations. However, Employment Fund complies with IFRS standards and guidelines regarding related-party transactions (IAS 24). The following parties are considered as related parties of Employment Fund: members and deputy members of the Board of Directors and the Supervisory Board, Managing Director, Deputy Managing Director and the members of the Management Group as well as the family members or other close relatives of the above persons or the organisations controlled by them. Transactions involving related parties are handled in accordance with the

guidelines on related-party transactions approved by the Board of Directors. There were no major related-party transactions in 2024.

The salaries, bonuses and benefits paid to the related parties are summarised in the table below. The figures are in EUR thousand and they do not include social security contributions. More detailed breakdowns by each body can be found in the section presenting Employment Fund's remuneration report.

<b>Fees and other benefits paid to the Board of Directors and the Supervisory Board</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Salaries, bonuses and benefits	170	158
Pension expenses – defined contribution plans	30	28
<b>Total</b>	<b>200</b>	<b>185</b>

<b>Remuneration of the Management Group members (excluding the Managing Director)</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Salaries, bonuses and benefits	569	546
Pension expenses – defined contribution plans	134	97
<b>Total</b>	<b>703</b>	<b>643</b>

<b>Managing Director's salaries and bonuses</b>	<b>1 Jan–31 Dec 2024</b>	<b>1 Jan–31 Dec 2023</b>
Salaries, bonuses and benefits	190	188
Pension expenses – defined contribution plans	34	33
<b>Total</b>	<b>224</b>	<b>221</b>

**SIGNATURES ON THE REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS**

## Confirmation of the Board of Directors and the CEO

We confirm that

- the financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of the fund.
- the management report includes a fair review of the development and performance of the business and the position of the fund and the undertakings, together with a description of the principal risks and uncertainties that the fund face.

Helsinki 25 February 2025

Markku Jalonen,  
chair

Saana Siekkinen,  
vice chair

Tuomas Aarto

Patrizio Lainà

Heikki Taulu

Taina Ahvenjärvi

Henrika Nybondas-Kangas

Pirjo Väänänen

Minna Etu-Seppälä

Antti Palola

Janne Metsämäki,  
Managing Director

Minna Helle

Pekka Piispanen

Ilkka Kaukoranta

Vesa Rantahalvari

# Auditor's report

## To the Supervisory Board of the Employment Fund

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of the Employment Fund (business identity code 1098099-7) for the year ended 31 December, 2024. The financial statements comprise the statement of net position, the statement of changes in net position and statement of cash flows and notes, including material accounting policy information.

In our opinion the financial statements give a true and fair view of the fund's financial performance and financial position in accordance with IFRS Accounting Standards as adopted by the EU and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the fund in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have not provided any non-audit services to the fund.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matters	How the matter was addressed in the audit
<b>Determination and collection of unemployment insurance contributions (note 5 to the financial statements)</b>	
<ul style="list-style-type: none"> <li>• The determination and collection of unemployment insurance contributions by the Employment Fund is based on legislation. The unemployment insurance contributions which have been presented in the statement of changes in net position for the year 2024, amounted to EUR 1.6 billion.</li> <li>• The unemployment insurance contributions must be determined in such a way so that the Employment Fund is able to meet the obligations being responsible for. Unemployment insurance contributions are determined once per calendar year, in the preceding year.</li> <li>• The Employment Fund determines the contribution amounts and makes prepayment decisions based on the contribution rates which have been ratified by Parliament and the Employment Fund collects these prepayments.</li> <li>• The Employment Fund monitors defaults concerning the obligation to pay unemployment insurance contributions.</li> <li>• As the amount of unemployment insurance contributions is significant in the financial statements and the determination and collection of the contributions is subject to legal requirements, it has been identified as a key audit matter.</li> </ul>	<ul style="list-style-type: none"> <li>• Our audit has included assessing the process to determine the unemployment insurance contributions and evaluating the control environment.</li> <li>• We have evaluated the process of invoicing, collecting and managing unemployment insurance contributions and have performed substantive testing on chains of transactions.</li> <li>• We have assessed and tested the controls for determining and receiving contributions and for monitoring of payments received.</li> <li>• We have verified the correctness of the relevant payment rates applied in the system environment of the Employment Fund.</li> <li>• In addition, we have familiarised ourselves with the methods for accruing unemployment insurance contributions in accordance with the accruals principle and accounting for impairment of unemployment insurance receivables.</li> <li>• The audit has also included testing of the controls in place over the flow of key data, change management and the transfer of information between systems.</li> </ul>

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

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

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial

statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the fund or cease operations, or there is no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with good auditing practice, we exercise professional

judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.

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

However, future events or conditions may cause the fund to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Reporting Requirements**

## Information on our audit engagement

Employment Fund was established in 2019 and became a public interest entity during the financial year 2020. We have been the fund's auditors since its establishment.

**Other Information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

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

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

**Helsinki, 27 February 2025**

KPMG OY AB

Marcus Tötterman

Authorised Public Accountant, KHT



Työllisyysrahasto

Sysselsättningsfonden | Employment Fund