

elisa

2015

ANNUAL REPORT



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Elisa in brief

Elisa is a Finnish telecommunications, ICT and online service company serving 2.3 million consumer, corporate and public administration organisation customers. Elisa is listed on the Nasdaq Helsinki Large Cap with over 200,000 shareholders. Cooperation with Vodafone and Telenor enables globally competitive services.

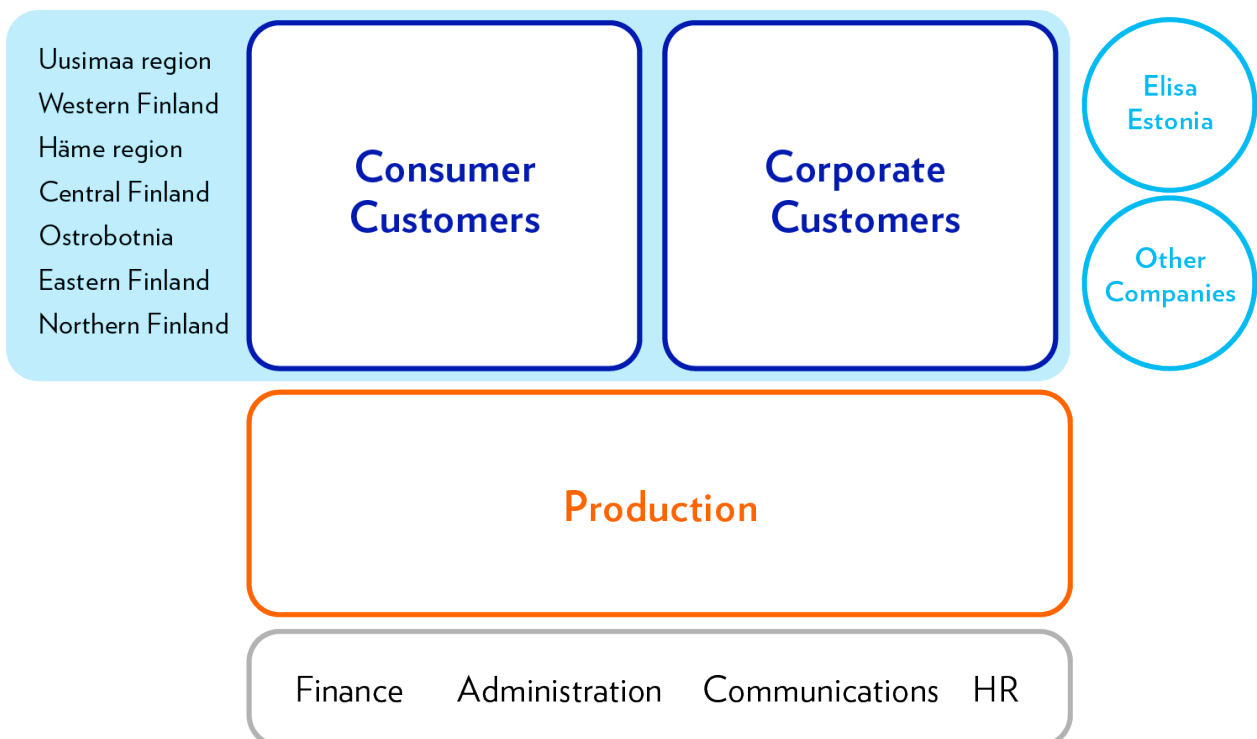
Elisa provides services for communication and entertainment, and tools for improving operating methods and the productivity of organisations. Elisa's brands include Elisa, Elisa Saunalahti, Elisa Videra and Elisa Appelsiini.

Elisa is the market leader in mobile and fixed network services in Finland, and number two in mobile services in Estonia.

Approximately 85 per cent of its revenue comes from telecommunication services for consumer and corporate customers. The fastest growing new digital services account for approximately 15 per cent of revenue. New services and digital solutions are also offered to growing international markets.

Elisa's reports its performance by Consumer Customers and Corporate Customers segments. Elisa's operational model is based on two business units, production and support functions. Included in the operational model are also Elisa Estonia and some independent companies, of which Elisa owns varied portions.

ELISA'S OPERATIONAL MODEL



Elisa's core values in all its business operations are customer orientation, responsibility, renewal, results orientation and collaboration.

Strategy and operating environment

Elisa's vision is to be a recognised international provider of digital services and a brand of excellence.

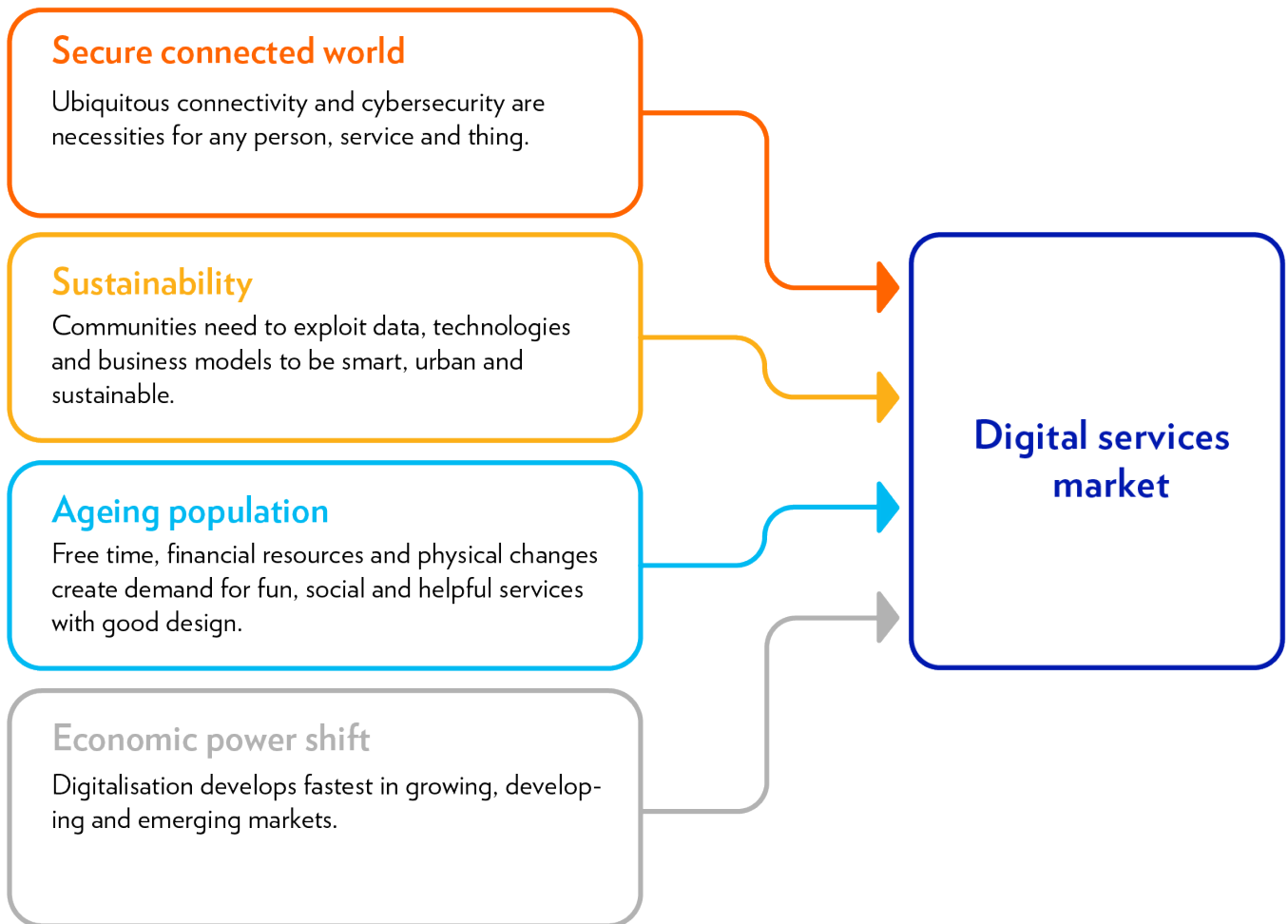
STRATEGY EXECUTION FOCUSES ON

Build value on data

Accelerate new service businesses

**Improve performance through customer
intimacy and operational excellence**

MEGATRENDS' IMPACT ON ELISA'S MARKETS IS FAVOURABLE



The continuous development of online services and digital solutions is creating demand for the telecommunications and IT services they require. Together, these digital services create superior user experiences and productivity for a number of large and small things in our daily lives. Elisa is taking this development strongly forward in accordance with its strategy:

- Innovation of digital services for consumer and corporate customers
- Services in our own network domain and international services independent of network ownership
- World-class customer orientation, quality and cost-efficiency

Outlook and guidance

The competitive environment has been fierce but stable in Finland. Elisa is the market leader in its industry and successful in competition. Growth has been driven by the growing mobile data and smartphone markets as well as strong investment in new services, among other factors. The majority of the mobile phones sold are smartphones, which further increases the use of mobile data services. The Elisa Viihde IPTV service, with its diverse selection of entertainment, generated growth in the fixed-broadband business. ICT services directed towards corporate customers and online services directed towards consumer customers are also growing.

Guidance for 2016

Revenue	At the same level as in 2015
EBITDA	At the same level as in 2015
CAPEX	≤12%

Financial targets by the end of 2017

Revenue growth	Above industry average
EBITDA margin	>36%
CAPEX-to-sales	≤12%
Capital structure	1.5–2x
Net debt/EBITDA	>35%
Equity ratio	

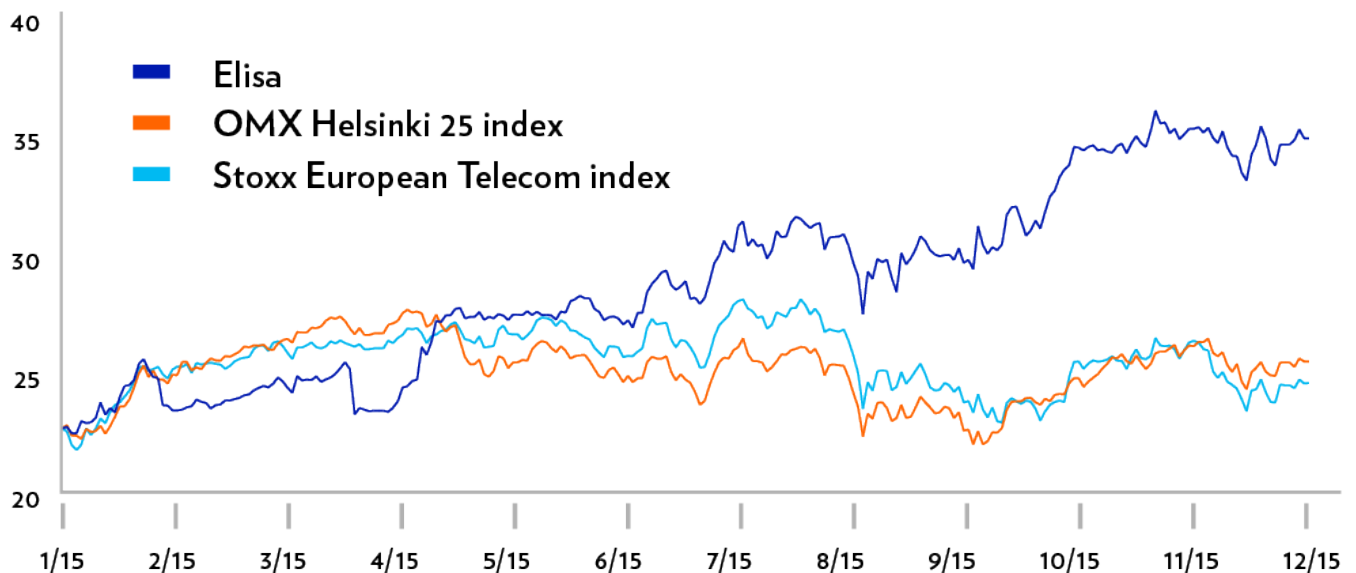
Distribution policy

Actual profit distribution is 80–100 per cent of the previous fiscal year's net profit. Payment of additional dividends to shareholders is also an option. Elisa's profit distribution includes the dividend payment, repayment of capital and purchase of treasury shares. Elisa's dividend ratio

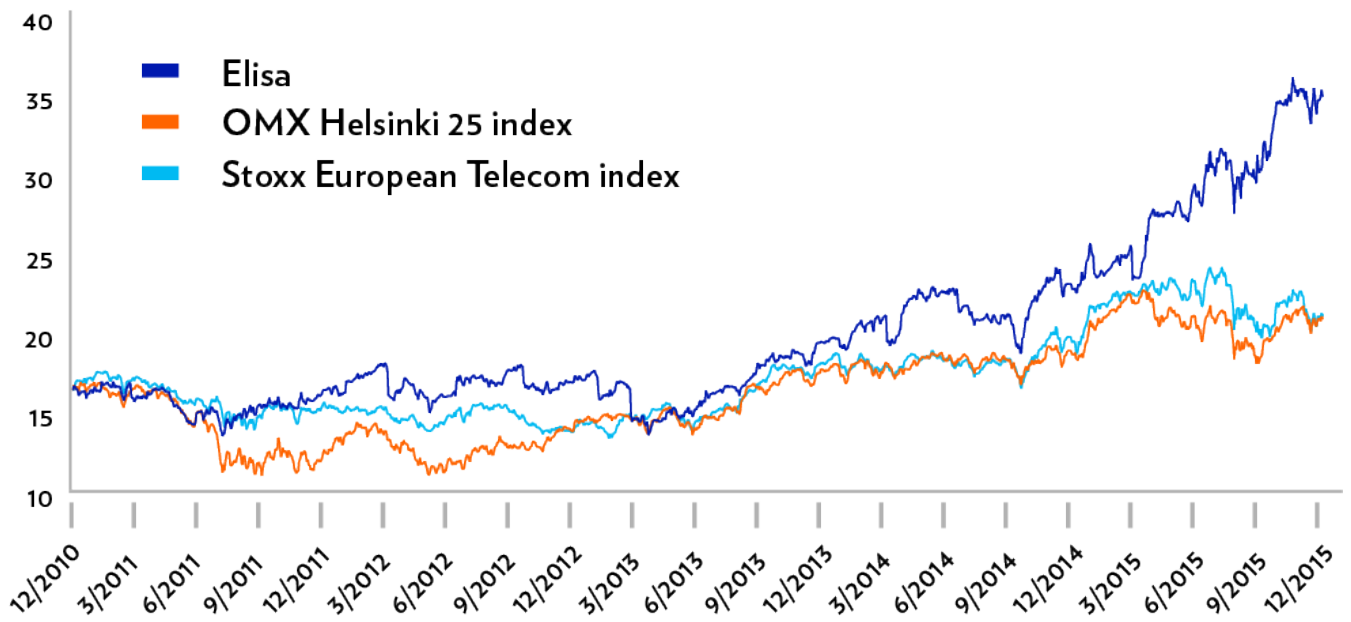
has averaged over 100 per cent for the past nine years.

In 2015, the distribution of profit included the dividend paid in April of EUR 1.32 per share, a total of EUR 211 million, which corresponded to 94 per cent of the net profit for 2014.

ELISA SHARE PRICE DEVELOPMENT IN 2015



ELISA SHARE PRICE DEVELOPMENT 31 DECEMBER 2010–31 DECEMBER 2015



Shareholder information

Annual General Meeting

Elisa's Annual General Meeting will be held at Messukeskus Helsinki, Expo and Convention Centre, Messuaukio 1, Helsinki, at 2:00 pm (EET) on Thursday 31 March 2016.

Each shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on 17 March 2016 has the right to participate in the Annual General Meeting. Shareholders whose shares are registered in their personal Finnish book-entry account are registered in the shareholders' register of the Company.

Shareholders who are registered in the shareholders' register of the Company and who want to participate in the Annual General Meeting shall register for the Meeting by giving prior notice of participation, which must be received by the Company no later than 6:00 pm on 23 March 2016. Such notice can be given:

- a) through Elisa's website at www.elisa.com/agm;
- b) by e-mail elisa.yhtiokokous@yhteyspalvelut.elisa.fi;
- c) by telephone +358 800 0 6242 from Monday to Friday at 8:00 am – 6:00 pm;
- d) by fax +358 10 262 2727; or
- e) by regular mail to Elisa Corporation, Yhtiökokousilmoittautumiset, PO Box 138, FI-33101 Tampere, Finland.

A holder of nominee-registered shares has the right to participate in the Annual General Meeting by virtue of such shares based on which he/she would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Ltd on 17 March 2016. The right to participate in the Annual General Meeting requires, in addition, that the shareholder on the basis of such shares has been temporarily registered in the shareholders' register held by Euroclear Finland Ltd at the latest by 10:00 am on 24 March 2016. As regards nominee-registered shares, this constitutes due registration for the Annual General Meeting.

Pursuant to Chapter 5, section 25 of the Finnish Limited Liability Companies Act, a shareholder who is present at the Annual General Meeting has the right to request information with respect to the matters to be considered at the Meeting.

Payment of dividends

The Board of Directors proposes to the Annual General Meeting that the profit for the financial period 2015 shall be added to accrued earnings and that a dividend of EUR 1.40 per share be paid based on the adopted balance sheet of 31 December 2015.

The dividend will be paid to the shareholders registered in the shareholders' register held by Euroclear Finland Ltd on the dividend payment record date 4 April 2016. The Board of Directors proposes that the dividend be paid on 12 April 2016.

Important dates related to the AGM and dividends

Record date of AGM participation	17 March 2016
Registration period ends	by 6:00 pm on 23 March 2016
Annual General Meeting	31 March 2016
Record date of dividend payment	4 April 2016
Date of dividend payment	12 April 2016

Further information can be found at
www.elisa.com/agm.

Trading in Elisa's shares

Elisa's shares are listed on the Nasdaq Helsinki and are registered in the Finnish book-entry register maintained by Euroclear Finland Ltd.

Financial information

Elisa publishes financial reports and information in Finnish and English. The Online Annual Report, Interim Reports, information on the AGM, stock exchange releases and other information material for investors, as well as the Disclosure Policy, are available on Elisa's website at www.elisa.com/Investors.

Publication dates in 2016

15 April 2016	Interim Report, January–March 2016
15 July 2016	Interim Report, January–June 2016
19 October 2016	Interim Report, January–September 2016

Change of address for shareholders

Shareholders of Elisa Corporation are requested to send written notification of any change of address to the bank where their book-entry account is held. If their account is held at the Euroclear Finland Ltd's (former Finnish Central Securities Depository) account operator, please send written notification to:

Euroclear Finland Oy
PO Box 1110
00101 Helsinki, Finland

The notification must include the shareholder's name, new address and old address, and book-entry account number.

Elisa investor contact

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investor.relations@elisa.fi

CEO's review

Record-breaking annual earnings again

Elisa's competitiveness developed well during the year, even though both the general economic situation and the competitive situation in the Finnish telecommunications market continued to be challenging. We improved the profitability of our operations and strengthened our leading market position. We achieved the best results in our history, and we offered our customers new services offering superior user experiences and provided significant content for them.

Elisa's revenue growth 2015 was better than the peer group average, and our earnings grew significantly. Our revenue was improved by the increase in demand for mobile data, as well as for ICT and new online services. Our revenue grew by 2 per cent, earnings per share by 9 per cent excluding non-recurring items, and cash flow by no less than 18 per cent. In Estonia, our revenue was at previous year's level.

Elisa's profitability and financial position are good. Our strong, predictable cash flow and our competitive dividends have for a number of years created the prerequisites for development and provided added value for our owners. We are committed to distributing competitive profit to our owners. Elisa's Board of Directors will propose dividends of EUR 1.40 per share to the Annual General Meeting in the spring.

Record-breaking year for mobile data demand

In Finland, people use the most mobile data per user in the world, and in 2015 we broke records in the demand for mobile data. Customers in Elisa's network upgraded to even faster mobile data speeds and annual growth of the amount of mobile data sent grew 95 per cent. Early in the year, we crossed the threshold of transmitting more data over the 4G network than over the 2G and 3G networks combined. Data speeds and amounts will multiply in the near future, as more and more equipment will connect to the Web through the Internet of Things, and video traffic will increase.

An increasing number of our customers want to update their subscription packages and are ready to pay more for a faster and higher-quality data connection. Studies show that users of fast connections are also our most satisfied customers. Some 92 per cent of our new sales were smartphones, and 81 per cent of terminal devices purchased support high-speed 4G connections.

Our 4G networks in Finland and Estonia cover more than 97 per cent of the population. Elisa's determined construction of the 4G network progressed at record speed. Elisa has fulfilled the terms and conditions set for its licence in connection with the 800 MHz auction well in advance of the time limit of 2019. Fast Internet connections have been constructed using new frequencies in sparsely populated areas, in particular. In addition, we launched a subscription

that enables speeds of up to 300 Mbps. The new top speeds are now available in over 30 localities. We invest almost EUR 200 million each year, the majority of which is allocated to network construction. Due to our stable financial situation, we have the prerequisites for increasing network speeds and capacity further as required for new services and applications.

Value for our customers in Finland and abroad

Our strategy has proven successful, and we have continued its determined implementation. Elisa is recognised internationally as a new kind of operator. We want to create added value for our customers, and we innovate digital services both in our own network domain in Finland and Estonia and internationally. At the same time, we continuously improve our customer understanding and invest in customer satisfaction, quality and cost-efficiency.

During 2015, we introduced a number of new services to our customers. We expanded the offering of the Elisa Viihde IPTV service with entertainment and sports, while also providing our own domestic films and TV series available exclusively from Elisa Viihde. We were also the first in Finland to integrate Netflix into our IPTV service. The position of the Elisa Kirja service as Finland's largest e-book service strengthened further, contactless payments increased in popularity.

For corporate customers, 2015 was the breakthrough year for digitalisation. We are at the vanguard of development, and early in the year we launched the Elisa IoT (Internet of Things) services in Finland and Estonia. Elisa IoT is an open cloud platform that allows corporate customers to innovate new kinds of IoT products, launch new business operations and gain significant competitive advantages.

In addition to opportunities, digitalisation involves great digital responsibility. We extended our service offering in the prevention of cyber-threats and established a new Elisa cyber security centre, through which we offer our customers a preventive, real-time security service to monitor and combat a variety of threats.

We invest in international growth, in particular, by providing video conferencing solutions for corporate customers.

We also strengthened our competence through corporate acquisitions. For example, we strengthened the development and range of our digital health care services by purchasing the master data management (MDM) business operations of Datawell Oy. We also purchased the Livezhat business operations, allowing us to offer both effective chat tools and a total service where we manage chats on companies' behalf. In accordance with our strategy, we also increased our holding in Anvia, which operates in Ostrobothnia.

As we wish to improve our cooperation with new companies, we strengthened our long-standing and successful start-up operating model. We also took part in a start-up event as one of the main cooperation partners of Slush, and we launched the Elisa IoT Innovation Challenge. The competition was won by Foller, a platform for reducing food waste. Our cooperation with RePack, in turn, has strengthened Elisa's ability to adopt environmentally friendly solutions by recycling service packaging.

Value for society

We are a significant part of Finnish and Estonian societies. According to a March study by ETLA, the Research Institute of the Finnish Economy, Elisa is the ninth most important company in Finland measured by value added. As a Finnish company

with its eyes on the world, it's important that we conduct ourselves responsibly, ethically and lawfully in all situations. We have signed the UN Global Compact, and we are committed to supporting and implementing its basic principles in our own operations.

Our responsibility is based on our values. During the year, we updated our values as a result of a values dialogue with our personnel. Our core values are customer orientation, responsibility, results orientation, renewal and collaboration. Elisa's Code of Conduct, applicable to the entire Group, is also based on our values.

We are also pioneers in the changing working culture and in adopting teleworking. We use diverse virtual tools to support our work and as a substitute for commuting. As a result, our personnel satisfaction has risen to a record-breaking level. As a nationally important employer, we invest particularly in career opportunities for the young. We were involved in the Responsible Summer Job campaign and participated in the Work for the Young programme. We also encourage women to enter the IT business by means of the Dialogue project and the Super-Ada event, for example.

We have for a long time supported Finnish young people through the Tukikummit Foundation by helping young people at risk of marginalisation. In 2015–2016, we want to continue supporting Finnish young people. As a result ShedHelsinki was created, where children and young people can participate in creating a new kind of theatre.

We continued the important work of opening opportunities for the digitalising society in popular digital schools for children, for example. With the growth in the use of smartphones, we want to support digital parenting, and we launched a separate service website for this purpose. Together with Nokia, we donated an interior

mobile phone network for the New Children's Hospital.

We engage in long-term work to mitigate climate change through our low-emission ICT services and to improve energy-efficiency. Our customers' emission savings continued to increase, and our own carbon footprint was reduced by a further 76 per cent. Almost all the electricity we source in Finland is produced from renewable sources. We report our carbon footprint annually in the international CDP questionnaire, in which the climate report for 2015 produced by Elisa for investors and the global market was assessed to be top quality among Nordic companies and among telecommunications operators.

Elisa's success is based on a number factors. We are proud and thankful for the trust that our customers and owners have shown in us. Particular thanks are due to our expert and committed personnel. We continue every day our determined work for the benefit of our customers and to implement our strategic objectives.

Veli-Matti Mattila

Chief Executive Officer

Consumer customers

The main objective of Elisa's consumer business is to be the leading provider of telecommunications and online services in our home market and achieve international growth. Elisa offers its customers superior user experiences and sensible Elisa Saunalahti subscriptions with world-class effectiveness. In accordance with our strong consumer strategy, we provided even better services to our customers in 2015.

Our mobile service revenue increased significantly as customers adopted even faster subscription types. The demand for fast fixed broadband connections also continued to be strong, even though the fixed broadband base continued to decline slightly. The sales of additional subscription services, such as Tietoturvapaketti Internet Security Service, Pilvilinna and Square Trade, grew.

We continued to strengthen our position as a leading developer of new online services. The demand for entertainment services, in particular, as well as for new online services directed towards consumers is growing strongly.

We continue the determined implementation of our consumer strategy and investments in customer service in various channels to offer our customers an even better experience every day.

Growing demand for increasingly fast mobile connections

In the subscription business, the competitive environment and campaigning were fierce. Our

customers are ready to pay more for faster mobile connections, and customers using them are also clearly more satisfied. The demand for additional subscription services, such as data security and cloud services, increased.

The significance of mobile data becomes increasingly important for our customers' lives as the viewing and sharing of videos increases on the Internet. We want to ensure a smooth user experience by offering faster subscription alternatives and always an unlimited amount of data at the selected speed.

The increased coverage of 4G speeds also boosted growth in mobile markets. In 2015, we made the high-speed 4G network available to almost all Finns. In a number of localities we offer mobile subscriptions with maximum speeds of up to 300 Mbps. By continuously investing in the fast mobile network and fixed broadband, we enable growing use of subscriptions, equipment and online services for our customers.

With regard to terminal devices, the demand for smartphones and tablets suitable for data consumption continued strong. Approximately 92 per cent of all mobile phones sold were smartphones. Our customers want to use their valuable equipment in a safe and diversified manner. The additional subscription services related to these needs, such as the Elisa Square Trade device replacement service and Elisa Pilvilinna cloud storage increased in popularity.

New online services are part of daily routines in Finland and abroad

Online services have quickly found a place in making daily life smoother and providing entertainment both in Finland and internationally. We added significant new, unique content to our services during the year, and features improving usability.

Elisa Viihde is the most popular entertainment service in Finland and the market leader; the service has more than 200,000 Finnish households as customers. The Elisa Viihde app has gained a strong position in the market, and it has been downloaded to more than 500,000 mobile devices. Close to one million Finns currently view programmes on mobile devices every week.

Elisa Viihde has the widest selection of exclusive content not available through other services. The role of Elisa Viihde as a producer of and distribution channel for domestic films and TV productions grew during the year. Our own content includes the extremely popular series *Downshiftaajat* ("Downshifters"), *Virittäjät*, a show for car enthusiasts featuring Mika Salo, the YouTube mash-up film *Tubecon* and stand-up comedian Ismo Leikola's own comedy series. Sports content, particularly, interests our viewers, and people are ready to pay for it. We added a basketball league and qualifiers for football's European Championships and World Cup to our comprehensive sports offering. We were also the first in Finland to introduce Netflix for viewing through the Elisa Viihde service.

The popularity of e-books continued to grow, and Elisa Kirja is Finland's largest e-book service. Almost one in ten Finns purchases e-books. The

selection of e-books has grown significantly with the popularity of tablets and smartphones. The majority of new books are currently published in electronic format. Use abroad has also increased; Finns read e-books across the world, and e-books travel with them on their trips.

In addition to the international service of Elisa's EpicTV, focusing on outdoor and adventure sports, e-commerce concentrating on high-quality climbing accessories also gained a foothold in international markets under the consumer business.

The international offering also includes the Habbo service, which has 2–3 million active users in over 150 countries. During the year, Habbo's operations were focused by concentrating on mobile versions.

The customer is first in all channels

The customer is at the centre of our consumer business. We want to know how the services we offer correspond to the needs of our customers. We request feedback from our customers in connection with customer encounters concerning the quality of our products and services, and we continuously carry out customer surveys. On the basis of these, we develop our operations and services in accordance with the principle of continuous improvement. In our customer service, we have taken care of our service level, and through systematic process development we have been able to reduce unnecessary customer contacts significantly. This development work was also clearly seen in our customer satisfaction surveys.

We want to be available to our customers in ways that suit them and in different channels. A significant number of our customers currently

want to do their shopping and deal with their customer service business using online channels.

We made it easier for our customers to handle issues on the Web by investing further in online channels and by extending our chat support. We improved the customer experience of OmaElisa, and introduced the Mobiili OmaElisa app. Our customers have adopted the increasingly popular manner of registering for our services by using a mobile phone. A mobile certificate or telephone registration by using Elisa user ID were in use by almost 270,000 customers at the end of the year. Our customers will be able to register for all Elisa's services using the mobile certificate and the Elisa user ID in the future.

The popularity of e-commerce continued growing. We improved the usability of our service on mobile equipment, which was seen in customer satisfaction and improved the sales efficiency of online trade.

Part of our work to improve customer satisfaction is predicting disturbances. We have invested in a system that ensures that the equipment on our network sends information on its functionality and any disturbances in the network, which enables us to react quickly to any disruptions.

The contribution of our professional staff to customer encounters is crucially important. Determined action to develop personnel satisfaction was particularly seen in the satisfaction of our personnel working at the customer interface, and in 2015 we achieved record-breaking results in our resource index.

Elisa Estonia's Consumer Customers business

The market position of Elisa Estonia continued to strengthen further. Despite the fierce competitive situation, we managed to increase our customer volumes and the average invoicing of our customers.

Some 60 per cent of our consumer customers use mobile data services, and 80 per cent use the 4G service. In Estonia, our 4G network already has a coverage of 95 per cent. We successfully increased the 4G speeds of Elisa Estonia's mobile broadband and launched the replacement service for mobile devices.

Asko Känsälä

Executive Vice President, Consumer Customers

Corporate customers

Elisa's Corporate Customers unit wants to be a high-quality partner for its customers and help them to make their business processes more efficient and implement digitalisation. We seek a significant market position and growth by combining IT and telecommunication services in completely new ways. Our comprehensive offering is made up of modular and easily integrated IT and telecommunication services and new digital business solutions, through which we produce added value for our customers in addition to traditional solutions.

The positive development of visual communications services, i.e. video conferencing services, and the IT outsourcing market continued in the Corporate Customers business, despite the generally weak economic situation. Mobile service revenue and device sales also grew. The traditional fixed network business declined slightly, and interconnection revenue also decreased.

In accordance with the strategy of our Corporate Customers business, we launch new services and solutions that improve productivity both in Finland and internationally. We focus on developing operational activities and continuously improving customer satisfaction.

New business digitalisation solutions

Companies and public sector organisations are increasingly digitalising their customer service operations, and we are responding by introducing new technologies and services for Web-based

customer service. We launched a new chat service for the Orange Contact system and an outsourced chat customer solution, in which we manage our customers' customer service on the Web.

The importance of social media in customer service operations has grown. We have developed a new social media monitoring service and a moderation service. We also extended the range of customer service outsourcing solutions we offer to Nordic companies to include service in Swedish and English.

We also strengthened our offering to SMEs by purchasing one of Finland's most popular chat services, Livezhat. In addition, we launched the Elisa Yritysguru service for small companies, which provides assistance in all IT and telecommunication problems by telephone and as a remote service.

We also launched Elisa Kassa for SMEs, which allows companies to handle payments, POS functionality, stock management and the customer register in an agile, mobile manner, as well as to market directly to their customer base. Kassa is integrated into payment terminals, including the contactless payment functionality offered by Elisa.

Our position as a provider of large customer service environments strengthens as the Tax Administration adopts the Elisa Contact Centre system. Use of our digital marketing service Dialog increased during the year particularly in the trade and service industry.

New legislation has created a good basis for the advancing of strong identification. The use of the

Elisa Mobiilivarmenne mobile certificate, which is important for Web-based business, grew in electronic transactions and was also launched for banking services. We are also involved in Mobiilimaksu, a shared mobile payment service from Finnish telecommunication operators that lets customers charge small payments to their phone invoice.

Demand for IT solutions continued to be strong

Elisa's subsidiary Elisa Appelsiini strengthened its expertise in health care digitalisation. Master data management (MDM) is a key trend accelerating digitalisation, in addition to mobile apps, cloud services and the Internet of Things (IoT). We purchased the MDM business operations and the CodeServer product from Datawell Oy, which extend Elisa's range of digital services for health care and the development of new services.

We are digitalising the transmission of patient records between key health care operators in Uusimaa, for example. We are also involved in an innovative trial of electronic self-care together with the City of Hämeenlinna and the Finnish Innovation Fund Sitra. The trial utilises the Elisa Etämittaust service, which enables real-time health monitoring.

We are focusing on developing services for the SME segment, in particular and launched a number of services supporting digitalisation. Elisa Boxi is the first service combining IT and telecommunication solutions for the entrepreneur segment, offering voice, messages, the Web and storage space conveniently in the same package.

The Elisa Toimisto 365 service also clearly outperformed market growth. Vantaa, for example, was the first large city to change its communication system to cloud services, and it

adopted the Elisa Toimisto 365 service for its entire civil servant staff.

Companies increasingly adopted cloud services alongside their own data centre environments. We have commercialised hybrid cloud service solutions that enable customers to use services even better and more effectively, and to intelligently combine several cloud services logically and safely.

We help companies to transition to the Internet of Things (IoT) era

In Finland and Estonia, we launched the Internet of Things (IoT) service package, which enables IoT apps and services to be created rapidly without traditional software development.

The Elisa IoT™ development and service platform has been enthusiastically received. Several dozen technology and app partners are already involved in the ecosystem partner activities launched to develop the service. The apps implemented for Elisa's customers to support proactive maintenance and product development for internationally operating industry have proved to be functional and produce added value.

An indication of the flexibility and speed of service development of the Elisa IoT service model is the Elisa IoT Challenge competition, in which 12 participant companies developed their ideas into functional services during a period of only a few weeks utilising the Elisa IoT™ platform. At the start-up event Slush, Foller won first prize and EUR 50,000. The service it has developed helps to reduce food wastage.

Upturn in ICT services

The year was a turning point in the communications service business Elisa offers. Mobile service revenue and device sales began to grow. The number of smartphones and apps needed for business management and operation has increased rapidly, which has increased the use of mobile data and the number of subscriptions. For example, the Elisa Boxi mobile subscription with integrated cloud storage was well received.

We launched a number of new services, such as Elisa Lähiverkko Plus, technology-independent Elisa Netti connections for all customer segments, and extensions of the Elisa Aisti situational awareness service to customers' own services. We also updated new features for current services, and the growth and reliability of the Elisa Ring mobile PBX service developed favourably. Growing customer satisfaction has also been significantly influenced by improvements in the delivery and maintenance processes of local area network services.

Digitalisation includes not only opportunities, but also a great responsibility, and the need for increasingly effective and safe networks is growing. We established a new cyber-security centre that offers our customers preventive, real-time security to monitor and combat a variety of threats. During the year, our customers found out about the new cyber security services and invested increasingly in the functionality and safety of services.

International visual communication solutions

Elisa Videra, which specialises in digital media display services and virtual conferencing solutions,

strengthened its position as a leading provider of high-quality visual video communications. It has provided services to over 90 countries.

In addition to the service centre located in Oulu, it has offices in a number of countries in Europe. As part of our internationalisation strategy, we established a service centre in Madrid, offering customer support around Europe in English, Spanish, Italian, Flemish, German and French.

In February, we launched a new kind of cloud-based video-conferencing solution at the Mobile World Congress in Barcelona that lets you join in a conference regardless of time, place or technology. Large networked companies, in particular, will benefit from the new video-conferencing services, when you can join a conference using any device from a physical video-conferencing room or from a mobile device.

Elisa Videra has global gold-level partnership agreements with significant international companies, such as Cisco, Polycom, Acano, Samsung and LG. However, we always select the manufacturer and technology we utilise case by case, taking the customer's needs into account.

Customer satisfaction and better service continuously in focus

We continued our measures to develop our operational activities and ensure better quality for our customers. We increased automation in our sales order and delivery processes, and over 80 per cent of our invoices are already managed electronically.

We measure customer satisfaction regularly with regard to the customer relationship, contact points and products. We are grateful for the

feedback we receive from our customers, and we use it to systematically develop our operations. A good example is the long-term and developing cooperation with Alma Media, which also transferred its basic IT and information network services to Elisa in addition to the previously delivered contact centre, voice and broadband services.

We have systematically developed and renewed our sales and invested in training our personnel. The long-term investment in sales expertise brought results, when in January 2015 our customers nominated Elisa's corporate sales for the title of Best Sales Organisation in Finland 2014 – which we won.

We continued to make our sales operating models more customer-oriented so that customers can get all their ICT services from a single location. For example, the housing investment company SATO decided to renew its ICT services and build its future business solutions together with Elisa.

The Corporate Customer business of Elisa Estonia

The sales of Elisa Estonia's Corporate Customer business grew during the year and our market share in mobile subscriptions increased clearly. Corporate customers operating in Estonia have found out about our data services, which can be seen in the growth of both use and invoicing. We launched a number of new services for our customers, for example the Video and Toimisto 365 services and the Elisa IoT service package.

Timo Katajisto

Executive Vice President, Corporate Customers

Developing personnel

The Elisa Group employs approximately 4,100 professionals in Finland and internationally. Clear goals, modern tools and flexible opportunities for working increase meaningfulness and productivity. They also save time and money and help to protect the environment. We take care of the well-being of our personnel – as a responsible, forerunner company should. Elisa's continuously renewing organisation has high-level personnel satisfaction.

We boldly look for new operating models and challenge beliefs. Change is a daily routine for us – it is renewal, and we are proud of it.

Changes in the industry and working culture

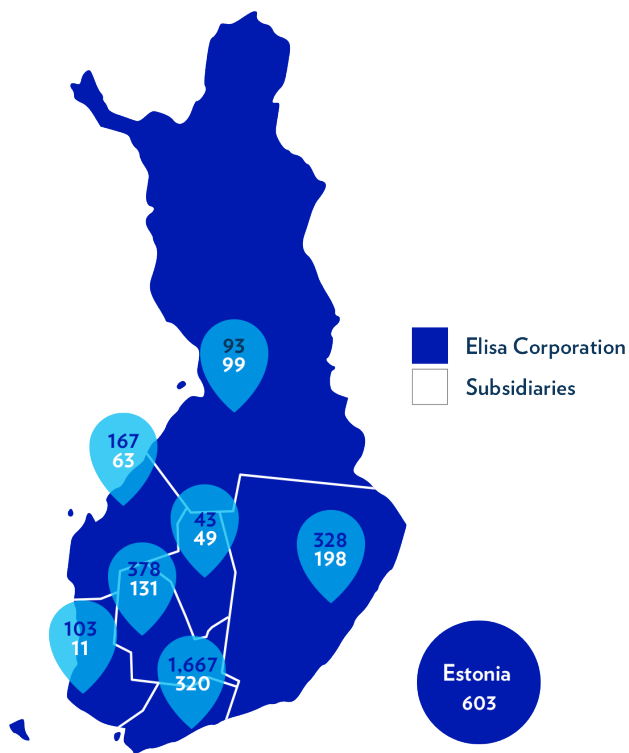
Elisa's industry undergoes continuous changes. Digitalisation is influencing what we do and how we do it, our tools and working environment, as well as management. Translated into skills for working life, this requires continuous development, taking care of one's own well-being

at work, trust and open interaction. Change requires clear targets from management. New ways of working also allow flexible coordination of work and leisure time.

We are forerunners of changing working culture and engaging in teleworking. We use versatile virtual tools to support our work. In many duties, we can work anywhere and seek new positions regardless of locality. Elisa Ideal Work means smart ways of working, and tools and facilities that support them. Renewal projects in accordance with the Elisa Ideal Work concept were implemented at the facilities in Pasila, Tali and Tampere in 2015. Elisa employees teleworked an average of 75 (70) days per person in 2015 and participated in 211,024 (197,138) virtual conferences.

Internationalisation is also introducing new requirements for expertise and, on the other hand, offering new kinds of career opportunities. In 2015, Elisa employees worked in a total of 14 different countries.

PERSONNEL IN FINLAND AND ESTONIA 31 DEC 2015



Future expertise

Elisa's employees make up Elisa – without our experts, we do not exist. We continuously seek new and different people to join us. Our goal is to find people who suit our values and whose expertise and motivation strengthen our competitiveness. We operate in a changing market. At Elisa, you can find completely new kinds of tasks as well as traditional ICT tasks.

Case

The operations of Elisa Appelsiini, Elisa's subsidiary focusing on Elisa's IT solutions, are based on extremely strong competence in carefully selected areas of technology. Elisa Appelsiini recruits the best experts in the industry, and during 2015, hired a group of ICT experts for new kinds of tasks in software development and in social services and health care. New expertise was acquired in the form of Fiorano and BizTalk competence, as well as more traditional programming languages. Read more about [recruitment](#) (in Finnish) at Elisa Appelsiini.

In 2015, we hired 1,139 new personnel directly in the service of Group companies or through our partners. Our recruitment is focused on software development, the Internet of Things (IoT) and digitalisation.

At Elisa, all tasks are tasks for both women and men. Equal pay is based on the guidelines in our equality plan. As an employer, we comply with the principles of equality in all our operations, and we also require it from our partners.

Elisa's operating model is based on location-independent work. As a result, the most suitable employee may be recruited regardless of their residence or country. Our jobs are linked to a locality only for specific reasons. In our

recruitment, we only use expert and reliable personnel evaluation services.

We want to develop and improve our expertise by engaging in cooperation with different educational institutions and research communities in the form of research, training, traineeship, diploma work, projects and corporate visits. Our cooperation institutions are, as a rule, educational institutions in the fields of technology and business, as well as universities and higher education institutions. In 2015, the parent company employed approximately 180 people in summer jobs and traineeships. We were also involved in the [Responsible Summer Job 2015](#) (in Finnish) campaign.

Case

We believe that many women who may have never thought about seeking work in the IT industry may grow to be excellent IT experts. We are encouraging women to enter the IT industry through the [Dialogue project](#) (in Finnish). We were also a cooperation partner in the [Super-Ada 2015](#) (in Finnish) event.

Strong cooperation between academic researchers and Elisa's business operations promotes our strategic choices by increasing our understanding of significant new [scientific breakthroughs](#). In 2015, we began cooperating with the students' union of Aalto University, with the aim of lowering the boundaries between the corporate and student worlds and telling students about the broad range of job opportunities in the ICT industry.

Continuous development

We develop our personnel according to the 70–20–10 model; in other words, through a combination of learning at work (70%), management based on coaching and support from supervisors and other bodies (20%), and various training and coaching programmes (10%).

Interesting challenges and our working environment enable our staff to personally develop and expand their competence. We take care of the continuous development of our own expertise. In 2015, Elisa employees used an average of 10 hours for training, and completed 15 further qualifications and 14 specialist qualifications.

In addition to training, we also actively utilise other expertise development methods supported by Elisa, such as learning at work and job rotation. Elisa's way of working in teams receives excellent feedback from our personnel every year. 163 (210) Elisa employees participated in job rotation.

A strong part of the continuous development of expertise is that the entire personnel have the capacity and opportunities to take part in developing Elisa's operations and processes. Process work is performed under the leadership of process owners in a number of development groups. In 2015, over 145 (149) people took part in process development work in development groups. In addition, teams have been coached to develop operations, and a significant part of the development of operations takes place at team level. Every team member is responsible for the development of their own work and daily improvement in a manner that increases customer value.

Good management, clear goals and shared values

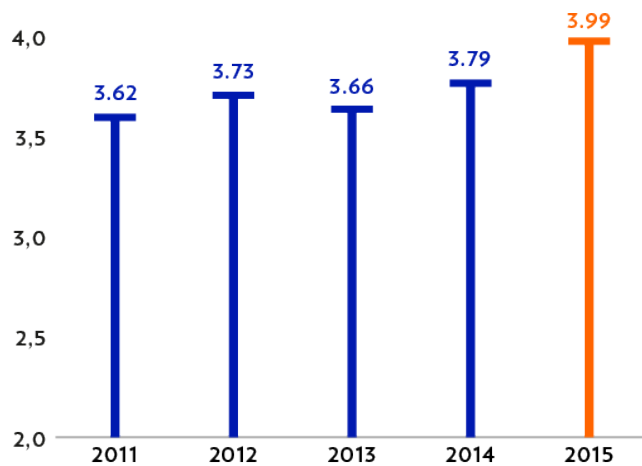
Every Elisa employee has the right to work for a good supervisor. We support success and productivity by coaching management. Studies show that our supervisors are top class: in the 2015 personnel survey, the index of supervisors was assessed to be 4.27 (4.09) on a scale of 1–5.

A key part of Elisa's management system is the appraisal and development discussion, which each employee holds with their supervisor twice a year. Between these discussions, supervisors maintain regular, private discussions with their team members. In the actual appraisal and

development discussions, we implement our strategy, agree objectives, assess our operations and performance and plan our personal development. In 2015, we held 2,440 appraisal and development discussions.

We continuously develop the operation of our working community on the basis of the results of the regular personnel survey, for example. All this can be seen in the personnel satisfaction of Elisa employees, which has risen to a record-breaking level. In 2015, our resource index in Q4 rose to 3.99 (3.89) on a scale of 1–5.

RESILIENCE INDEX

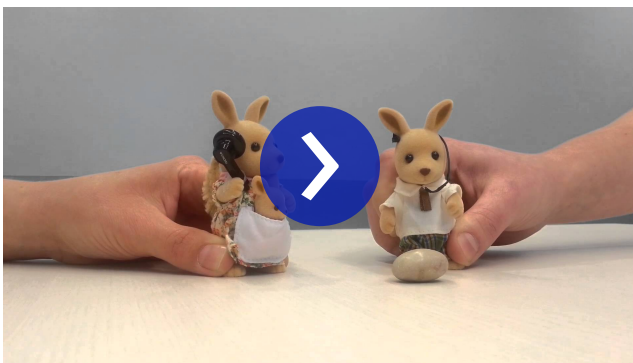


In 2015, we completed the Elisa Value Dialogue that began at the beginning of 2014. 75 cent of the personnel of the entire Group participated in the value debate in terms of online discussions and workshops. The goal was to strengthen Elisa's

corporate culture and find functioning issues and targets for development.

As a result of the joint value dialogue, we updated Elisa's values and added one new value, which describes working together, cooperation and team spirit. In the summer of 2015, Elisa's Board

of Directors confirmed the values of the company: customer orientation, responsibility, results orientation, renewal and collaboration. Our work on our values continued during the autumn, when Elisa employees created videos to show how our values are seen in our operations, now and in the future. By the end of the year, a total of 330 internal value videos were created. Approximately 2,000 Elisa employees participated in their creation.



Video: www.youtube.com/watch?v=f5wcHBK6jhc

Case

The video eKristallipallo ("eCrystal Ball") by the consumer customer service team from Pasila (Anssi Makkonen, Pyy Törnvall and M. Laakkonen) was a great success among Elisa employees. It was selected as the best video describing our customer orientation value; it describes the strategic intent of Elisa employees to become even better at their work. Video only in Finnish.

Our entire personnel are committed to the [Elisa Code of Conduct](#) based on our values, which was introduced in the autumn of 2015.

Results through personnel well-being

Everyone has the right to work in a healthy and safe working environment. We promote well-being

at work and occupational health and safety through good management as part of our daily work. Each one of us, for their part, is responsible for our working community. We have a zero-tolerance approach to all forms of workplace discrimination.

We pay attention to well-being at work and promote a good work-life balance. As support for our staff to take care of their well-being, we offer services safeguarding well-being at work, such as sports and hobbies. We provide regionally organised sports and cultural club activities, and offer high-quality health care with services considerably in excess of the statutory requirements.

At Elisa, the HR department is responsible for the development of well-being at work activities with regard to health, working capacity and the development of the working community. The facilities services and the IT department, in turn, are responsible for working conditions. The working environment committee coordinates the operations of the occupational health and safety organisation. The committee includes a representative of the employer, the occupational health and safety manager and the representatives of occupational health care, facilities services and IT services, as well as occupational health and safety delegates representing employees.

We were the first company in Finland to pilot a diversity management manual in 2014. In 2015, we updated our equality principles plan which includes development measures. The plan was prepared in a group consisting of employer and employee representatives, which was coordinated by the equality coordinator designated by the employer.

The plan for 2015 consisted of four development targets:

- The first target focused on equal pay for women and men. To promote this, we changed our salary adjustment process.
- The second target supports the internationalisation of Elisa. As the first measure to achieve this target, we produced working instructions that are central from the point of view of work in English.
- The third target is to get more women into management and supervisory positions. To boost this development, we prepared a roadmap to give Elisa employees the opportunity to familiarise themselves with roles in different units and support units and their competence requirements.
- As the fourth target, we chose the equal promotion of teleworking in all tasks where the work enables it. The issue has been managed in supervisory training, and inequality was not observed in the latest personnel survey.

During 2015, we developed ways to support the diversity of supervisory work by promoting the transfer of women to supervisory positions by means of the Dialogue project, for example. We support the shift of women into male-dominated duties and vice versa, and support employees whose working prerequisites require special measures.

We also operate responsibly in situations of change that have an impact on personnel. We consider it important that personnel have the opportunity to affect the content of the change by active participation. At Elisa, we will launch a change planning process every time the business

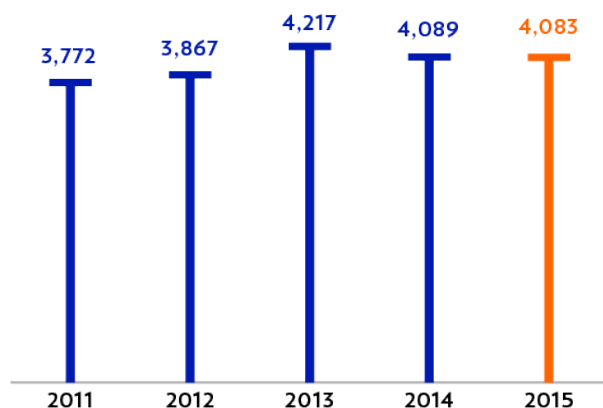
must undergo changes requiring co-operation negotiations that affect the number of employees, job descriptions or other key factors related to work. The operating model clearly exceeds the requirements of the Act on Co-operation within Undertakings. Our subsidiaries comply with the co-operation procedure in accordance with the Act. We report on any efficiency measures in connection with interim reports.

If places cannot be found for personnel in the renewed organisation, we together with our partners make our best effort to make sure our people get retraining or new employment opportunities.

Other personnel key figures

NUMBER OF EMPLOYEES

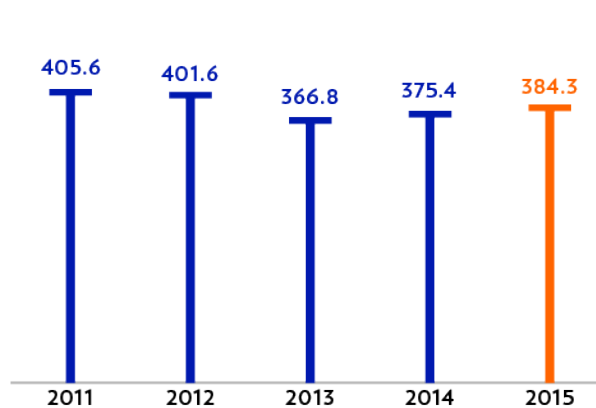
Persons



Average number of personnel at the end of the year.

REVENUE PER EMPLOYEE

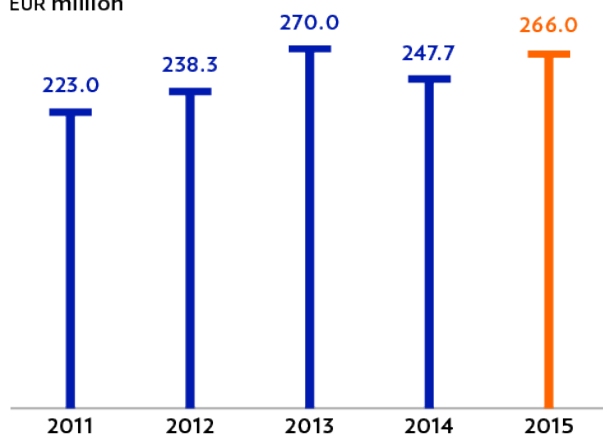
EUR 1,000



Calculated on the basis of the average number of personnel at the end of the year.

PERSONNEL COSTS

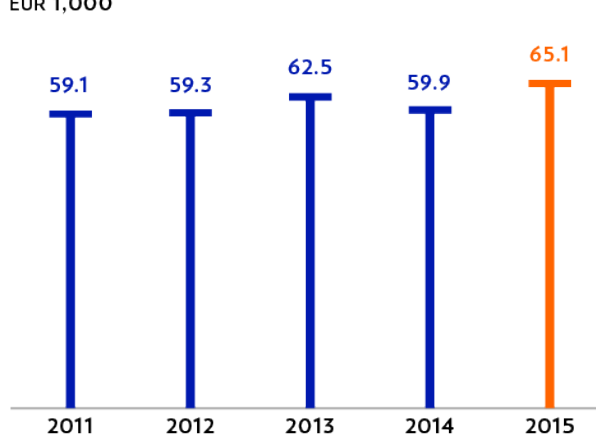
EUR million



Calculated on the basis of the average number of personnel at the end of the year.

PERSONNEL COSTS PER EMPLOYEE

EUR 1,000



Calculated on the basis of the average number of personnel.

MOBILE WORK SOLUTIONS AND CO₂ SAVINGS IN ELISA

	2011	2012	2013	2014	2015
Virtual meetings	27,409	67,744	125,850	197,138	211,024
Distance working days/person/year	37	44	52	70	75
Carbon dioxide savings	2,614	3,627	4,198	4,406	8,817

G4-10 TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, EMPLOYMENT TYPE, REGION AND GENDER¹

	2011	2012	2013	2014	2015
Personnel in total, 31.12.2015	2,803	4,459	4,756	4,546	4,545
Permanent contract	2,761	4,365	4,675	4,431	4,410
Finland	2,761	3,624	3,561	3,625	3,705
Estonia		560	547	578	538
Other Europe			56	73	111
Men	1,711	2,628	2,626	2,693	2,790
Women	1,050	1,556	1,538	1,583	1,564
Temporary contract	42	94	81	115	153
Finland	42	56	26	63	83
Estonia		33	44	47	65
Other Europe			1	1	3
Men	29	45	29	56	77
Women	13	44	42	55	74
Full-time employees	2,681	3,659	3,921	3,795	3,753
Finland	2,681	2,939	2,870	3,002	3,076
Estonia		559	547	583	538
Other Europe			54	73	106
Men	1,715	2,195	2,174	2,303	2,387
Women	966	1,303	1,297	1,355	1,333
Part-time employees	122	800	835	751	792
Finland	122	138	133	139	130
Estonia		33	44	38	38
Other Europe			2	0	8
Men	25	35	46	50	41
Women	97	136	133	127	135

¹ Figures 2011–2012 are not available for Estonia and other Europe

LA1 TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION¹

	2011	2012	2013	2014	2015
New employee hires	191	1,680	1,189	1,119	1,139
Finland	191	1,440	958	884	887
Estonia		240	192	222	194
Other Europe			39	13	58
Men	133	1,045	759	689	709
Women	58	635	430	421	430
Under 30 years	94	1,369	939	802	819
30–39 years	60	187	171	206	193
40–49 years	32	93	56	86	82
Over 49 years	5	31	23	25	45
Terminated employments	246	1,500	1,242	1,127	983
Finland	246	1,345	1,046	912	786
Estonia		155	185	194	193
Other Europe			11	21	4
Men	131	837	765	927	558
Women	115	663	477	544	425
Under 30 years	65	1,191	858	641	659
30–39 years	71	177	210	239	166
40–49 years	62	84	120	108	81
Over 49 years	48	48	54	139	77

¹ Figures 2011–2012 are not available for Estonia and other Europe

LA9 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY¹

	2011	2012	2013	2014	2015	
Employee category					Women	Men
Senior management					16	10
Middle management					16	11
Other employees					10	8

¹ Figures 2011–2014 are not available

LA11 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER AND BY EMPLOYEE CATEGORY¹

	2011	2012	2013	2014	2015
Percentage of employees receiving regular performance and career development reviews		87.3 %	93.8 %	91.9 %	88.86 %
Men		1,635	1,678	1,594	1,596
Women		894	872	864	844
Under 30 years		281	300	276	259
30–39 years		869	873	866	823
40–49 years		808	773	737	755
Over 49 years		571	604	579	603

¹ Figures 2011 are not available

LA12 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY¹

	2011	2012	2013	2014	2015
Elisa's Executive Board		7	8	9	9
Women		1	2	2	2
Under 30 years					
30–39 years					
40–49 years		4	5	5	4
Over 49 years		3	3	4	5
Board of Directors		6	7	7	6
Women		2	2	3	2
Under 30 years					
30–39 years		1	1		
40–49 years				1	1
Over 49 years		5	6	6	5
Management teams of business units				79	79
Women		31	30	33	32
Under 30 years				1	1
30–39 years		18	12	11	10
40–49 years		39	40	46	43
Over 49 years		21	24	21	25
Managerial board for corporate responsibility		10	10	10	10
Women		5	4	4	4
Under 30 years					
30–39 years		2	2	1	1
40–49 years		3	6	5	5
Over 49 years		1	2	4	4
Breakdown of personnel by gender					
Men	61.2 %	62.7 %	62.7 %	62.7 %	63.6 %
Women	38.8 %	37.3 %	37.3 %	37.3 %	36.4 %
Breakdown of personnel by age					
Under 30 years	28.9 %	28.2 %	26.6 %	26.6 %	25.3 %
30–39 years	34.1 %	33.1 %	33.9 %	33.6 %	33.0 %
40–49 years	23.4 %	24.0 %	23.4 %	24.1 %	24.8 %
Over 49 years	13.6 %	14.7 %	16.1 %	15.8 %	16.9 %

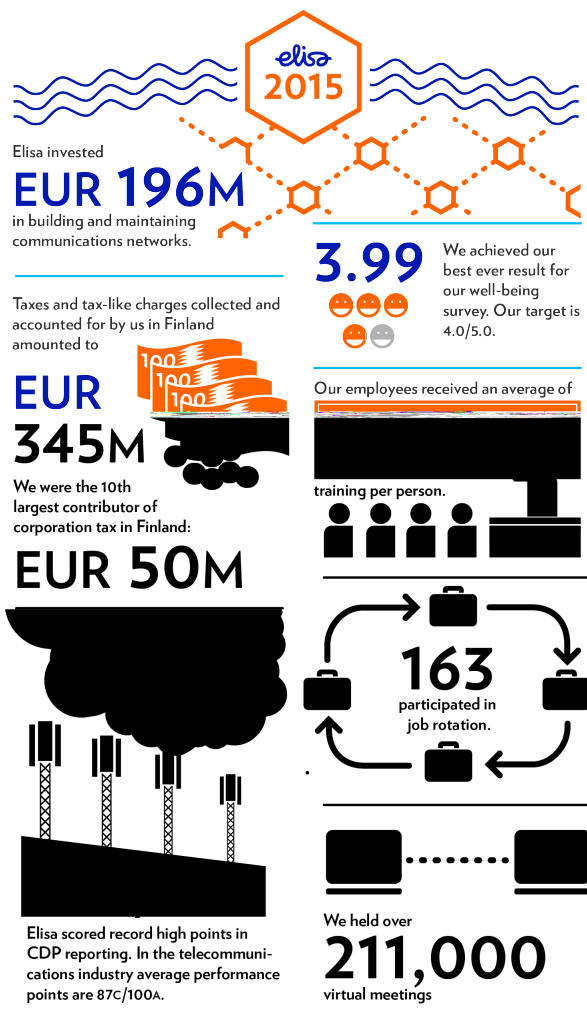
¹ Figures 2011 are not available

Responsibility at Elisa

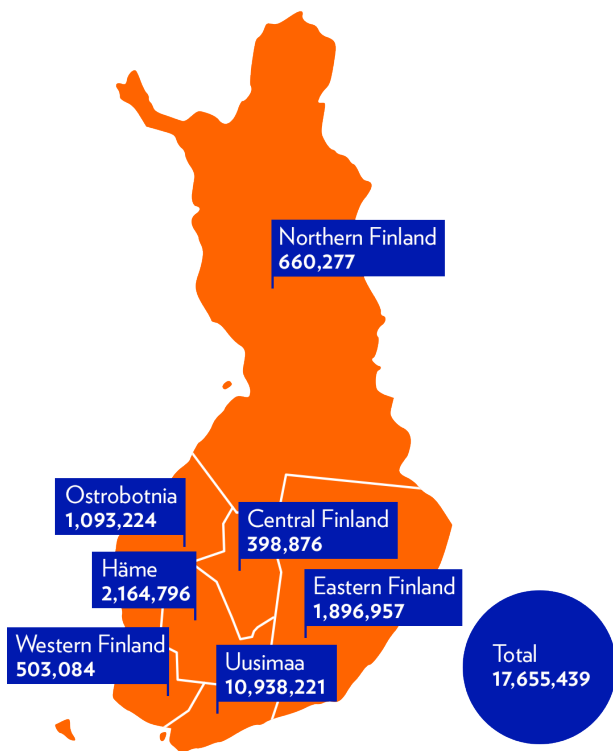
Elisa is a Finnish forerunner in data communications, ICT and online services. Our task is to promote sustainable digitalisation by continuously improving the reliability, safety, availability and climate impact of our services. Customer orientation guides our daily operations and development work.

In 2015, we determinedly continued our responsibility measures and implemented an extensive stakeholder questionnaire to develop our operations further. According to the questionnaire, Elisa's most significant corporate responsibility areas were data security and privacy protection, financial responsibility, as well as safeguarding availability and accessibility of the services.

ELISA'S CORPORATE RESPONSIBILITY IN 2015



MUNICIPALITIES SHARE OF ELISA'S CORPORATE TAX IN REGIONS IN 2014 (EUR)



An extensive network enables services for all

Utilising digital services requires a fast and reliable nationwide network. Accordingly, the majority of our investments in 2015 were also directed towards improving the functionality of the mobile phone network and extending its accessibility. Our task as part of Finnish society is to ensure comprehensive and reliable mobile and data communications connections. We also play an important role in securing operational reliability in society.

We are bound by the [universal service obligation](#) set by the Finnish Communications Regulatory Authority. Universal service means the right of consumers and companies to receive an affordable and faultlessly operating telephone subscription and a 1 Mbps broadband connection to their home or the business premises of their company in Finland. Elisa has been designated as a universal service provider in certain areas in Finland.

We measure the coverage and availability of our network through a population coverage indicator. We also monitor the independent study by ECE Ltd on the coverage of operators' networks in Finland. According to its results, our 4G network was the most comprehensive network in Finland in 2015. More information is available at <http://elisa.fi/vertaaverkkoja/> (in Finnish).

Case

The Finnish Communications Regulatory Authority has set a construction requirement, according to which 97 per cent of Finns must be within the coverage of the 4G network by 2019. Some 97.5 per cent of Finns were within the coverage of Elisa's network already in June 2015. We expanded and increased our capacity, particularly in Northern Finland. The network expansion work is ongoing. [Read more](#) (in Finnish) about the development of our network.

We prepare in advance for disturbances and proactively collect up-to-date information from our network service, analyse it and perform the necessary fault repair measures before a disturbance arises.

Our proactive operating model and continuous improvement of our operations has enabled us to reduce the number of disturbances, regardless of the growth in the volume of services. In case of extensive fault situations, we have specified a special management process. We develop the process continuously, for example, in case of extended fault situations caused by exceptional weather conditions.

We cooperate with electricity companies to coordinate reserve power needs in risk areas. Units maintaining networks practise regularly for emergencies.

Case

Summer events cause congestion in the networks. Elisa again closely monitored major events in the summer to ensure functioning connections. We prevented the congestion of networks by the use of movable base stations, for example. Read on the [Elisa website](#) (in Finnish) how we increased the capacity of the network during Provinssirock, for example.

In the management of disturbances, communications play a significant role. We invest in proactive and comprehensive communication. We initiate communication with customers as quickly as possible after an extensive disturbance has been detected, and we communicate the progress of fault repair until the disturbance is resolved.

Case

Multichannel, proactive communication increases customer satisfaction in situations where a service interruption occurs. Accordingly, we communicate planned network modification work in advance and sudden disturbances as soon as possible. Disturbances and changes may be followed in our [disturbance map service](#) (in Finnish), on the cable TV information site 380 and on channel 860 of the Elisa Viihde service.

In 2015, we managed to further reduce both the total number of faults and, in particular, the number of significant disturbances. We measure the reliability of our service with an availability indicator and by monitoring the development of the total number of faults.

We invest in the careful positioning of our base stations. The construction of masts, base stations and transmission stations requires a municipal permit and good statutory cooperation with both individual housing companies and landowners. In the siting of base stations, we extensively utilise construction sites shared with other operators in

the industry. More than half of our base stations are in shared use.

Research and development

We operate in an industry where the services of the future are built through continuous development, innovation and cooperation between stakeholders in different fields. We are closely involved in research projects and startup activities in the industry. Through this, we also promote the development of digital society. Our operations are also centrally related to providing trainee positions for students who have been successful in their studies in higher education institutions.

Elisa promotes world class research

We have established strong cooperation between academic researchers and Elisa's business operations. The research collaboration promotes our strategic choices, because it increases our understanding of new business changing innovations in science.

We continuously look for new opportunities for cooperation with the best international researchers in different scientific fields. In 2015, Elisa Research brought Elisa employees and over 150 new world class researchers together, and carried out research in 25 research projects. The level of operations was evaluated in an external study that assessed it as an example of excellence in networking with academic research.

In addition, through HPY Research Foundation, we support scientific research, teaching and development work in Finnish telecommunications technology, telecommunications and data communications. Up to 2015, the HPY Research

Foundation has granted a total of EUR 934,710 in scholarships, mainly to researchers preparing dissertations in different universities. The library of the HPY Research Foundation includes approximately 90 dissertations.

Close start-up cooperation

Being involved in and developing innovative startup activities is crucial for Elisa. During 2015, we improved the effectiveness of our operations to be an even more easily approachable partner for new companies. We aim for cooperation that benefit business for both parties, in which we could act as an early phase customer for startups or offer our effective sales channels to our partners.

Elisa is currently doing business with dozens of startup partners. This year, we were also a major cooperation partner in the startup event, Slush.

Case

One of our newest startup partners is RePack, which offers recyclable packaging, which we detected at the 2014's Slush event. Cooperation with RePack has strengthened Elisa's ability to introduce environmentally friendly solutions. During the second half of the year, we implemented a pilot project where approximately 500 new Elisa Viihde customers received their set-top box in RePack packaging. The returned packaging will be re-used. Get to know [RePack](#) and read more about [Elisa's startup activities](#).

Our corporate responsibility focuses on climate and energy

The products and services of the ICT business play a significant role in reducing the global carbon footprint. To be able to reduce the CO₂ emissions of other industries as well, the ICT business has to manage the environmental impact of its own operations. Currently, the operations of the industry make up approximately 2 per cent of the carbon footprint of the entire world. The carbon footprint of the industry is predicted to decline, even though the amount of data and equipment continues to grow every year on a global scale.

Elisa wants to participate in creating a society with low carbon emissions. For us, environmental responsibility requires, above all, long-term and transparent operations to prevent climate change. Curbing emissions has been a part of our strategy since 2009. We monitor our objectives every six months through the CO₂ emission savings scorecard. Energy efficiency of our operations is monitored through sub-meters of the scorecard. Elisa's own carbon footprint is calculated once a year. See how our customers benefited from our low-carbon solutions [in 2015](#).

Case

In the international CDP Nordic Climate Change 2015 report, Elisa's climate reporting received full points 100B out of 100A. At the same time, Elisa was included in the Climate Disclosure Leadership 2015 (CDLI) index. The average points for Nordic

companies were 84C. The climate reporting produced by Elisa for investors and the global market has been assessed to be top level among Nordic companies and among telecommunications operators. We report our carbon footprint annually in the CDP questionnaire. Read more about our climate report [in our press release](#).

Reducing our carbon footprint with renewable energy

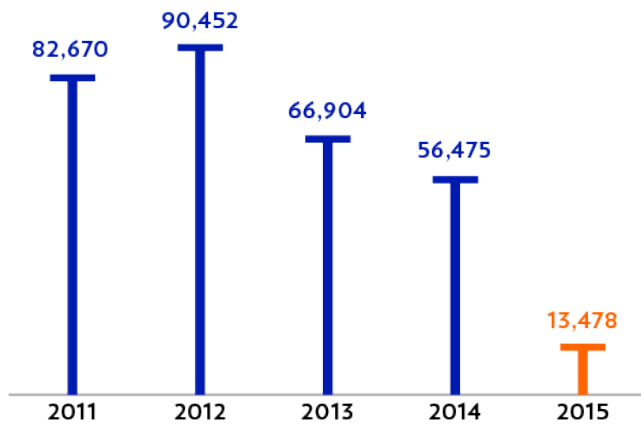
Elisa's goal is to control energy consumption and reduce its carbon footprint despite its growing business operations. The energy consumption of our data communications network in Finland and Estonia makes up approximately 80 per cent of our carbon footprint.

We need energy to maintain our services and move data around in our network. Accordingly, we allocate our measures primarily to the energy consumption of our network by sourcing renewable energy and optimising our energy use.

Elisa's carbon footprint in 2015 was 13,478 tCO₂ (56,475). Our carbon footprint decreased by 76 per cent (17). The sourcing of renewable energy in Finland and Estonia had a significant impact on the reduction of our carbon footprint.

ELISA'S CARBON FOOTPRINT

tCO₂

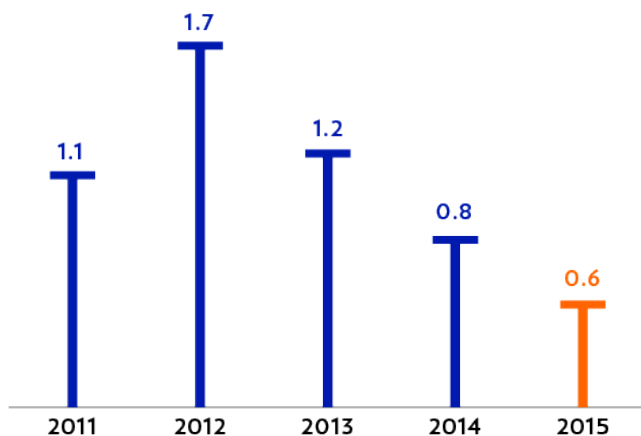


Almost all our electricity, approximately 215,000 MWh (128,000), comes from renewable sources, and its form of production and origin are verified by certificates of origin. In Estonia as well, we started to use renewable energy verified by certificates of origin, the sourced amount of which was 25,050 MWh.

We continuously take measures to reduce energy consumption in our mobile networks. As a result, we have obtained savings of almost 5,000 MWh (10,000). According to preliminary estimates, we can continue to reduce our annual electricity consumption by 74,000 MWh by 2019. This is possible through the redesign and modernisation of the network and new electricity saving features.

ENERGY EFFICIENCY OF MOBILE DATA TRANSFER

kWh/GB



In 2015, we continued to optimise the energy consumption of our data centres:

- In larger premises we modernised the cooling systems, which now permit increased free cooling.
- We improved the cooling and ventilation solutions in mobile and small sites by modernising solutions and using e.g. direct free cooling.
- We modernised the supervision and remote use systems of the centres and optimised temperatures.
- We continued the renewals of UPS and direct current systems. In UPS equipment, the efficiency (i.e. minimising power dissipation) is crucial from the point of view of energy consumption. The efficiency of new equipment may be as high as 96 per cent.
- In Estonia, we replaced old base stations with new ones with 40 per cent higher energy efficiency. Currently, we have obtained savings of approximately 2.5 GWh.

Case

In Elisa Estonia, we implemented a solar power pilot scheme in one base station in 2015. The solar power panel has 1.5 kW power, and it operates at maximum power on a sunny day. At times when solar power is not available, we use mains electricity. The results have been positive, and we intend to expand these pilots to ten base stations in Estonia next year.

Our data centre in Espoo is one of the first in Finland to use heat loss energy. The solution makes it possible to fully utilise the heat energy generated by data centre servers for district heating in the region. We achieved 610 tCO₂ in

emission savings¹ (749) through reusing heat. This corresponds to the amount of electricity used to heat 77 single-family houses.

Other effective ways of saving energy in data centres are using virtual servers and dynamic sharing of disk space. Almost 60 per cent of our own servers are already virtual, and they are being optimised to be even more energy-efficient. We achieved emission savings of 2,454 tCO₂ (1,108) through virtualising our own servers¹.

¹ Calculation basis of Elisa's CO₂ emission indicators and additional information [on our website](#).

Case

We updated our company car policy in 2015 so that it encourages people to choose low-emission alternatives. Elisa employees at the Pasila office also had an opportunity to test drive new-generation electric cars.

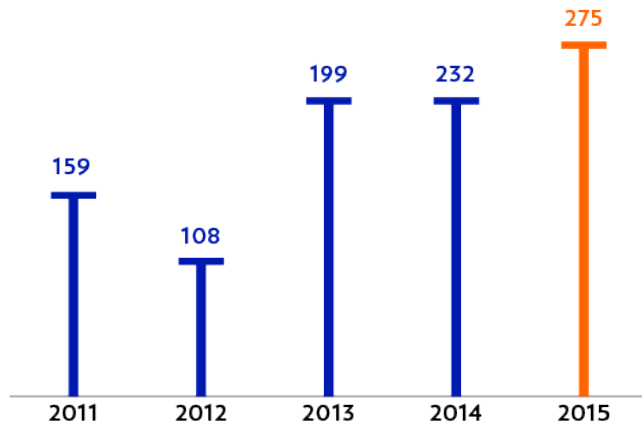
Recycling of ICT equipment

With regard to electronic products, batteries and packages we provide to the market, we are bound by the producer responsibility law. It stipulates that the producer is responsible for the waste management of a decommissioned product. With regard to packaging, the act requires that it is utilised as either material or energy.

In Finland, our shops have WEEE (waste electrical and electronic equipment) collection receptacles, through which waste is taken for re-processing to become material for new electronic devices. We pay customers to return unbroken, functioning devices to encourage them to return old electronic devices instead of throwing them away. Our shops also have collection boxes for mobile phone batteries and other portable batteries.

WEEE (WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT)

tonnes



In Estonia, Elisa's shops accept used batteries. Used electronics may be returned without charge to Kuusakoski recycling points, for example. Elisa

Estonia's own electronics waste is recycled by Kuusakoski.

EN3 ENERGY CONSUMPTION WITHIN THE ORGANISATION (GJ, GIGAJOULE)

Direct energy consumption by primary energy source

	2011	2012	2013	2014	2015
Usage of diesel and petrol	2,194	1,898	3,342	3,042	2,435
Usage of oil	n/a	2,700	3,382	3,280	3,538

Indirect energy consumption by primary sources

	2011	2012	2013	2014	2015
Elisa Corporation electricity	785,524	824,339	710,751	765,782	785,268
Elisa Corporation heating	72,137	76,392	64,937	66,776	56,957
Elisa Corporation cooling	10,576	17,524	16,446	15,828	16,797
Elisa Estonia electricity	66,805	67,723	84,404	94,432	86,125
Elisa Estonia heating	940	2,538	3,467	34671	2,404
Renewable energy (electricity) (water)	0	0	230,400	460,800	864,180

¹ Figure from year 2013

EN6 ENERGY SAVED DUE TO CONSERVATION AND EFFICIENCY IMPROVEMENTS (GJ)¹

	2011	2012	2013	2014	2015
Multi space offices (electricity and heating)	32,411	25,391	25,115	28,720	39,832 ²
Energy efficiency in server environments (electricity)	36,423	31,936	26,888	18,623	26,010
Reuse of server generated heat	17,561	18,010	16,636	15,869	16,913
Total	86,395	75,336	68,639	63,212	82,754

¹ Additional information and calculation principles for Elisa's environmental responsibility report are available at: <http://elisa.com/corporate-responsibility/environment/emission-savings>

² The boundary of the calculation has changed, please see chapter Description of the report

EN7 REDUCTION IN ENERGY REQUIREMENTS OF PRODUCT AND SERVICES (GJ)¹

	2011	2012	2013	2014	2015
Transfer to virtual servers	15,405	23,223	42,702	61,718	85,026

¹ Additional information and calculation principles for Elisa's environmental responsibility report are available at: <http://elisa.com/corporate-responsibility/environment/emission-savings>

EN16 TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT (TCO₂, TONNES OF CARBON DIOXIDE)

	2011	2012	2013	2014	2015
Scope 1, Direct greenhouse gas emissions	162	332	486	339	430
Scope 2, Indirect greenhouse gas emissions	88,264	81,041	59,351	49,141	4,346

EN17 OTHER RELEVANT INDIRECT GREENHOU S GAS EMISSIONS BY WEIGHT (TCO₂)

Sources of scope 3 emissions	2011	2012	2013	2014	2015
Building of mobile network (basestations)	1,987	2,351	1,159	1,202	3,328
Business travel	1,791	2,133	1,992	1,925	1,579
Employee commuting	3,060	3,550	2,904	30,011	3,054
Waste generated (parent)	60	61	69 ¹	52	53
Other: paper invoicing	958	899	782	617	539
Other: e-invoicing	42	67	94	115	127
Other: office paper	17	10	56	7	4
Other: waste water treatment	9	11	10	14	18

¹ Basis of calculation changed: added WEEE waste

EN27 EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES (TCO₂)

	2011	2012	2013	2014	2015
Reduced customer CO₂ emissions¹	8,334	19,156	21,965	30,971	32,313
Virtual conferencing	7,307	17,395	18,931	26,921	26,447
Cloud services	993	1,685	2,982	4,001	5,563
Reuse of mobile devices	34	76	52	49	303

¹ Additional information and calculation principles for Elisa's environmental responsibility report are available at: <http://elisa.com/corporate-responsibility/environment/emission-savings>

EN19 REDUCTION OF GREENHOUSE GAS EMISSIONS (TCO₂)¹

	2011	2012	2013	2014	2015
Emission reductions in service production	6,898	9,860	10,029	19,525	49,633
Mobile work, scope 3	2,604	3,532	4,198	4,406	8,817
Computer rooms, scope 2	3,738	4,808	3,797	5,029	6,075
Reuse of products, scope 3	333	1,179	1,356	1,300	1,496
Electronic invoicing, scope 3	223	340	678	823	914
Emission savings in mobile network, scope 2 ¹	n/a	n/a	n/a	7,967	32,331

¹ Additional information and calculation principles for Elisa's environmental responsibility report are available at: <http://elisa.com/corporate-responsibility/environment/emission-savings>

THE OVERALL WEIGHT OF RECYCLED ELECTRICAL AND ELECTRONIC EQUIPMENT WASTE (T, TONNES)

	2011	2012	2013	2014	2015
WEEE (Waste Electrical and Electronic Equipment)	159	108	199	232	275

IMPACT AND MANAGEMENT OF CLIMATE CHANGE

Impact	Description	Impact assessment	Risk management/opportunity
Taxation amendments	Changes caused either directly or indirectly by climate change in the taxation of electricity, taxation of transmission of electricity and any carbon dioxide tax.	Amendments in taxation increase Elisa's costs. For example, the taxation increase at the beginning of 2015 (0.3%) increased the costs of Elisa's electricity consumption by approximately EUR 24,000. (The tax is allocated to consumption of electricity, tax band 1).	Optimisation of the electricity consumption of the data communications network, introduction of energy-efficient solutions and sourcing of renewable electricity. Energy-efficient operations reduce operational costs and enable us to offer solutions to customers at a competitive price.
Changes in regulation	The EU Energy-Efficiency Directive obligates large companies to perform a company-level and one target-level energy audit at the latest in 2015 and every five years after that. Future climate change legislation may result in new requirements for companies.	It will potentially increase the need for even more detailed measurement and monitoring of energy consumption.	We responded to the requirements of the Energy-Efficiency Directive in time. Our customers achieve their own energy-efficiency targets by means of products and services from the ICT industry.
Extreme weather phenomena	Climate change causes extreme weather phenomena that are a threat for Elisa's mobile networks. Storms cause power failures and interruptions in Elisa's services.	In 2015, there were four serious disruptions caused by weather. The increase in the number of disruptions causes higher personnel costs and costs incurred in replacing broken equipment.	Elisa has in place a real-time, comprehensive monitoring system for network disturbances. This enables identification of disturbances and rapid repairs. The demand for real-time measurement and monitoring services will increase in the future.
Changes in average temperature	Rising average temperatures and heat waves will increase the need for cooling in Elisa's telecommunications and data centres and facilities.	Costs will increase due to the increased electricity consumption incurred from investments in cooling devices. On the other hand, in mobile sites, the technology is moving outside.	Elisa has a data centre in Espoo that uses heat loss energy generated by the data centre servers for district heating in the region.
Growing environmental awareness of our stakeholders	Climate change increases the environmental awareness of Elisa's stakeholder groups. Reporting to stakeholders is increasing, as are the requirements for climate-friendly operations.	Any failure to respond to the growing requirements of stakeholder groups will affect Elisa's reputation.	Elisa's services make it possible to build a lower-carbon society. Growth in Elisa's business, such as the visual services business and other ICT services, may also create new business operations.

Elisa's supply chain

Cooperation with suppliers and subcontractors is vitally important to the development of Elisa's business. We source a significant amount of services, materials and equipment from external suppliers.

The sourcing organisation of the Financing and controlling unit is responsible for Elisa's sourcing. It is divided into three responsibility areas: services, products and IT and system sourcing.

We mainly source network or information system equipment or phones from known international suppliers. The majority of services are sourced from our operating countries, except for special support and development services which are sourced from abroad.

We place special emphasis on assessing the energy-efficiency, life cycle and operational reliability of the equipment. In various projects, we use alternative calculations modelling the life cycle and energy efficiency of the solutions offered.

Supplier cooperation plays an important part in the guidance and development of sourcing. To develop our cooperation with significant suppliers, we have established steering groups between the supplier and Elisa, which convene regularly. The steering groups guide the supplier cooperation by monitoring the implementation of objectives and projects, and by agreeing on development projects to improve cooperation. We also attempt to share best practices in our supplier network. We want to promote the implementation of the Code of Ethical Purchasing together with our suppliers.

Responsibility of purchasing is guided by Elisa's Code of Ethical Purchasing, our Code of Conduct, compliance with Act on Contractor's Obligations and Liability and Elisa's instructions and principles related to security.

We require that our suppliers comply with laws and regulations. When signing the agreement, the supplier accepts Elisa's Code of Ethical Purchasing and commit to comply with international principles and agreements guiding the use of labour and human rights, managing the more efficient use of limited resources and reducing harmful environmental emissions.

We perform supplier audits when selecting new suppliers outside the EU, especially from high-risk countries. To be selected, the supplier must also pass an assessment following our inspection protocol.

Bribery and other inappropriate payments and benefits in business operations are illegal and forbidden at Elisa. We also require all our partners and subcontractors to engage in anti-bribery practices. Instructions for anti-bribery practices are available in [Elisa's Code of Conduct](#).

Suppliers have an opportunity to report any misconduct anonymously to Elisa.

In 2015, we clarified our supplier audit practices and continued to survey the corporate responsibility emphases in our supplier network.

Responsibility for customers

In our business operations, we invest in the trust of our customers, the functionality of our services and data security. We continuously develop new services for our customers and work hard to improve their smooth functioning and usability on the basis of customer feedback. By preparing in advance, we also improve the customer experience in any disruptions and data security problem situations. The Consumer Customers and Corporate Customers sections of the annual report provide more information on our services for these customer groups.



Video: www.youtube.com/watch?v=uqfGiGFdAQw

Case

We want to surprise our customers positively every day. See which elements create unexpectedly good customer service. Video only in Finnish.

Customer satisfaction steers our activities

Customer orientation is one of Elisa's values. To us, it means high-quality and proactive activities that take the needs of the customer into account. Accordingly, customer orientation is a material indicator guiding our operations, and one of Elisa's most important scorecard metrics. The key factor is the continuous improvement of customer understanding through active interaction.

Our dialogue with our customers is bilateral. We use the systematic Net Promoter Score® (NPS) indicator as our primary metric to measure customer satisfaction. In addition, we collect and monitor customer satisfaction by using customer questionnaires and surveys and continuously in connection with customer encounters.

The results of the analyses are reviewed in the management teams of our business operations, who separately decide on any development action. We monitor our measures in our business operations and also regularly inform our customers of their progress.

The measures taken to improve customer experiences during 2015 are presented in the [stakeholder dialogue section](#).

Case

Long-term investment in sales and sales expertise brings results. This was revealed in the Best Sales Organisation in Finland competition held for the fifth time, where Elisa's corporate sales was the winner in 2014. The aim of the competition is to promote sales culture and increase the valuation of sales work in Finland. Find out about the [success story of Elisa's corporate sales](#) (in Finnish).

We are also developing our electronic customer feedback service. In 2015, over 85 per cent of our customer encounters occurred in our electronic transaction channels, such as the OmaElisa channel.

Our marketing is based on [laws and the regulations of the industry](#). The Finnish Competition and Consumer Authority supervises and provides guidelines for marketing in the industry. Our customers have the right to opt out of direct marketing.

In December 2015, we were prohibited by the Market Court from using the expression "Ei typerää datakattoa" ("No stupid data limit") in our marketing valid from 1st of January 2016.

The Consumer Protection Act, the Personal Data Act and certain special acts, as well as guidelines and regulations from the authorities, apply to telephone marketing. Elisa's subsidiary Enia is responsible for Elisa's telephone sales service. Its quality monitoring ensures that the agreed rules are complied with. In 2015, we further enhanced our sales instructions.

We deal with feedback from telephone sales according to the customer feedback process, and attempt to improve our operations on the basis of the feedback.

Information security and privacy protection

Ensuring the confidentiality of communications and protecting the privacy of individuals are crucial issues for us. We guarantee a high level of data security, which is also important from the point of view of our customer's trust and our responsible operating methods. Our personnel and subcontractors are bound by confidentiality agreements. Protecting privacy includes guarding the content of messages, information about the parties to the communication, and their personal data, i.e. information that can be connected to an identifiable person.

Being able to reliably identify people plays a key role in the majority of digital services. We have introduced stronger identification in our services and developed strong identification solutions, such as the mobile certificate, in cooperation with other Finnish operators.

We perform regular data security scans and inspections in our systems. We seek to identify any attempt to breach information security at the earliest possible phase and to repair recognised vulnerabilities or other threats. We use a separate operating model for the management of data security disturbances and exceptional situations. Situations are rehearsed and our activities are

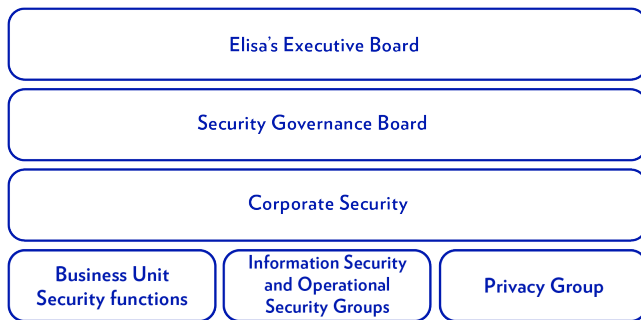
developed on the basis of experience. We communicate any measures related to the data security of our services in the most appropriate manner on our website or through customer bulletins. We also report incidents to the authorities.

As a producer of national critical infrastructure, we plan our services and implement our systems by also taking account of preparation, continuity and security aspects. We cooperate with the authorities, other companies and business organisations in terms of preparation and the development of cyber security. We also produce services for our customers that help them to prepare for exceptional situations and manage cyber-risks and situations directed at their own operations.

Case

In addition to opportunities, digitisation involves risks. In 2015, we established a new cyber-security centre, by means of which we offer our customers preventive, real-time security to monitor and combat a variety of threats. Read on our [website](#) (in Finnish) how Elisa helps companies to protect themselves against cyber-attacks.

ELISA'S INFORMATION SECURITY ORGANISATION



The key tasks set by Elisa's Executive Board for the Security Governance Board are to decide on security-related policies, supplementary principles and security-related strategic policies and to monitor the management of key security risks. The areas of security include the management of security risks, data security, privacy protection and facility security. The policies and principles cover the operations of Elisa and its subsidiaries, and, through agreements, also the services produced by Elisa's subcontractors.

The corporate security organisation and the security functions of business operations make up Elisa's security organisation. The corporate security organisation manages the separate privacy protection, data security and operational security groups, the task of which is to coordinate our security operations.

Elisa's Information Security Group is responsible for our data security policies and decides on instructions, training, communication and key data security audits, and assesses the effects of the data security requirements of our stakeholder groups. We manage the data security of our services through operating methods suitable for the severity of the threats, the technical development level and costs.

The liability for the privacy protection related to products and services and other security aspects rests primarily with the business units. The task of

the Privacy Group, in turn, is to provide instructions and supervise issues related to privacy protection and ensure, among other things, that statutory information about our customers register is up to date. Processing personal data is strongly regulated under Finnish law and the regulations and guidelines of the relevant authorities. We disclose customer information to the authorities or other telecommunications companies only within the limits of legislation and in accordance with the customer register information. Our employees and subcontractors are bound by a confidentiality obligation when processing customer data. We also continuously train our personnel in security and privacy issues.

The EU General Data Protection Regulation will enter into force in 2016 with a transition period of two years. We started to prepare for the changes already in 2013 to ensure operations in accordance with the Regulation.

In 2015 we received one clarification request from FICORA in 2015. Elisa made the necessary corrective measures, and provided the necessary reports on the matter. The debate is closed. There may be few additional substantiated complaints regarding breaches of customer privacy and losses of customer data which have not been reported to the parent company. We are working on improving reporting practices to cover all the substantiated complaints regarding the matter.

We have updated the guidelines and policies related to Elisa Group's data security and privacy protection. In Elisa Estonia, the personal data processing guidelines were updated.

Some of Elisa customers have been subjected to Phishing. Phishing is a criminal activity, aimed at

gathering confidential information such as e-mail IDs, passwords and payment card details. Elisa has instructions for the customers to prevent phishing. Instructions and more information can be found on our [website](#) (in Finnish).

ELISA'S DATA SECURITY AND SECURITY TRAINING IN 2015

Security training	Number of persons*
Data security training	1,977
Training in processing personal data	2,046
Training in processing communication traffic data	1,997

*includes personnel in corporate security.

Everyone in Elisa has the right to work in a healthy and safe working environment, where it is not accepted to act against any human rights. All security personnel working permanently in Elisa have conducted statutory training according to Finnish law and in addition they have been trained to Elisa Code of Conduct.

The security of Elisa's data centres is managed by means of, among other things, strictly limited access rights. The requirement for receiving access rights includes, besides necessity due to work, passing a security clearance and mandatory security training.

Case

Elisa's equipment facilities and data centres are not among the most familiar places for firemen. Accordingly, Elisa has a team of 20 people trained for smoke-diving, which consists of members of production and security organisations. The purpose of their operation is to assist and guide rescue authorities in our underground equipment facilities and perform damage surveys in fire situations. Their training ensures that our extinguishing expertise remains at an excellent level.

Accessibility, ease of use and security of our services

The ease of use and accessibility of our services are part of Elisa's superior customer experience. As a leading telecommunications operator, we want to ensure that all the services we offer are available for all on the terminal devices our customers choose.

Preventing discrimination and realising equality require [accessibility](#) (in Finnish). We are bound to provide universal services that guarantee people with disabilities the corresponding telephone services they need.

We invest in development work, and follow the principles of the customer relationship path. We seek feedback and information to improve our services through accessibility analyses of the customer interface. Through user testing, we collect information on the usability of Elisa's transaction processes, the ease of doing business with Elisa, and how clear and understandable our pricing is.

Our customer base is diverse, and, accordingly, we extensively include in testing all kinds of customer groups. For example, we organised a service user testing workshop for the visually impaired, and a development event for children about the Elisa Lompakko service. With internationalisation, we have also increased our ability to produce services in different languages.

Elisa services are increasingly used on mobile devices, which places special requirements on the design of services with regard to navigation, service content and functionalities. Almost all

design work on the website was carried out according to the mobile first principle.

We continued to invest in digital schools for children and opened a [service for families](#) (in Finnish) on our website to support digital parenting.



Video: www.youtube.com/watch?v=s_73FAXFji0

Case

Familiarise yourself with the secrets of programming and enter the Elisa digital school for children. How can you make a mobile game? And what is programming? Video only in Finnish.

Radiation from base stations and mobile phones and health problems that they may cause have given rise to concerns for as long as mobile phones have existed. About thousand directly relevant international studies have been published; according to these studies, it can be said that there is no health effects observed below the ICNIRP guideline values.

In Finland, the safety of mobile phone networks is monitored by the Radiation and Nuclear Safety Authority (STUK) decisions and regulations are based on numerous scientific research findings. Elisa also engages in close cooperation with operators in the industry with regard to electromagnetic fields, and acts as an expert member in the electromagnetic fields advisory board.

With regard to product safety, we act in the manner required by legislation and regulations. At Elisa, the liability for product safety rests with the business unit that put out the product or service in question.

Low-emission alternatives for customers

We assist our customers in reducing their carbon footprint by offering services that help our customers act effectively and in an environmentally friendly manner. Globally, the products and services of the ICT industry may enable emission savings of 20 per cent by 2030. Read more about Elisa's energy efficiency measures and its carbon footprint [here](#).



Video: www.youtube.com/watch?v=IDlksWRUcl

Case

What does the Internet of Things – IoT – mean? In 2015, we introduced Elisa's IoT (Internet of Things) platform. In the low-carbon world of the future, IoT will play an important role, because it makes it easy to test new ideas quickly, and by means of increasing information we can improve functions in completely new ways.

By using Elisa's solutions, our customers achieved emission savings of 32,313 tCO₂¹ (30,971). The greatest savings achieved came from the use of virtual interaction solutions, 26,447 tCO₂ (26,921). They replace travelling, which reduces not only

carbon dioxide emissions, but also other emissions from transport. In addition, it is possible to save on energy consumption in facilities when the need for office space decreases.

By means of [cloud services](#) (in Finnish), our customers saved 5,563 tCO₂¹ (4,001). Our cloud services provide our customers with a virtual server instead of a traditional server solution. The benefit is better optimisation of operating capacity and the associated energy efficiency.

We have also partly shifted to electronic invoicing as a natural part of the digital transition. We annually send approximately 28 million invoices, of which 65 per cent are electronic. With regard to order confirmations, 85 per cent are sent electronically. In 2015, we saved 914 (823) tonnes of carbon dioxide thanks to electronic transmissions.

¹Calculation basis of Elisa's CO₂ emission indicators and additional information on our [website](#).

Description of the report

Elisa's annual report consists of four parts: the financial statements, annual review, corporate governance and responsibility. The annual report is published in electronic format in Finnish at www.elisa.fi/vuosikertomus and in English at www.elisa.com/annualreport.

This is Elisa's third verified responsibility report, which is published as part of the annual report. The report has been prepared according to the Global Reporting Initiative GRI G4 Core requirements of the Global Reporting Initiative and sector specific guidelines when applicable. The reporting period is the calendar year 2015. The Global Reporting Initiative index for 2015 is part of this report.

Elisa's management has decided that Elisa's corporate responsibility report will be assured by the third party. The year 2015 corporation responsibility information has been assured by KPMG Oy Ab. Assurance covers the Corporate Responsibility section in Elisa's annual report and Personnel Review in the annual report.

The reporting of material aspects covers Elisa's business units included in Elisa's consolidated financial statements and its subsidiaries, excluding aspects emissions and products and services. Scope 3 emissions cover some part of supply chain's CO₂ emissions, and in the products and service aspect, the boundary is Elisa's customers.

The financial information is from the consolidated financial statements and it complies with IFRS accounting principles.

With regard to environmental indicators, the most significant environmental impact of the parent

company and subsidiaries has been calculated in the main operating areas in Finland and Estonia, in accordance with the GRI guidelines.

The calculation of carbon dioxide emissions is based on Greenhouse Gas Protocol methods (www.ghgprotocol.org). A description of the calculation is available in the responsibility section of our website.

There is one significant change in the calculation compared to the last reporting period. Previously Elisa's space efficiency computing covered only Elisa's largest offices and were so called multi-space offices. The current (2015) calculation covers all Elisa's offices. More information about calculation on our website <http://www.elisa.com/corporate-responsibility/>.

With regard to personnel, figures for both the parent company and subsidiaries have been included. No significant changes have been made to the reporting or indicators compared to previous years. The structural changes in the Group are presented in more detail in the annual report.

The previous responsibility reports are available at <http://www.elisa.com/investors/financial-information/annual-reports/>. Before 2013, we compiled an index describing responsibility measures based on the GRI's sustainable development reporting guidelines in 2011 and 2012.

Independent Assurance Report

This document is an English translation of the Finnish report

To the Management of Elisa Oyj

We have been engaged by the Management of Elisa Oyj (hereafter Elisa) to provide limited assurance on the corporate responsibility information from the reporting period 1.1.–31.12.2015, which has been presented in the Responsibility section and Personnel Review in connection with Elisa's Annual Report 2015 published in the web (hereafter Corporate Responsibility Information).

The Management of Elisa is responsible for the preparation and presentation of the Corporate Responsibility Information in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4*.

Our responsibility is to carry out a limited assurance engagement and to express an independent conclusion on the information subject to the assurance based on the work performed. We have conducted the engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (*Assurance Engagements other than Audits or Reviews of Historical Financial Information*). We are independent from the company according to the ethical requirements in Finland and we have complied with other ethical requirements, which apply to the engagement conducted. We apply the International Standard on Quality Control 1 (ISQC 1) and accordingly maintain a comprehensive

system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We do not accept or assume responsibility to anyone other than Elisa for our work, for this assurance report, or for the conclusions we have reached.

The evaluation criteria used for our assurance are the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4*.

Limitations of the engagement

Data and information related to corporate responsibility are subject to inherent limitations applying to data accuracy and completeness, which are to be taken into account when reading our assurance report. The presented Corporate Responsibility Information is to be considered in connection with the explanatory information on data collection, consolidation and assessments provided by Elisa. Our assurance report is not intended for use in evaluating Elisa's performance in executing the corporate responsibility principles Elisa has defined. To assess the financial state and performance of Elisa, Elisa's audited Financial Statement for the year ended 31 December 2015 is to be consulted.

The work performed in the engagement

Our assurance procedures are designed to obtain limited assurance on whether the Corporate Responsibility Information is presented in

accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4* in all material respects. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. The evidence gathering procedures mentioned above are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

In our engagement we have performed the following procedures:

- Interviews with five members of the management to reassert our understanding of the connection between Elisa's corporate responsibility procedures and Elisa's business strategy and operations as well as corporate responsibility objectives;
- An assessment of the Corporate Responsibility Information's conformity with the principles of the G4 guidelines for defining content and reporting quality;
- An assessment of coverage of the material aspects selected for the Corporate Responsibility Information and the definition of reporting boundaries in the context of Elisa's business operations and sector;
- An assessment of data management processes, information systems and working methods used to gather and consolidate the presented Corporate Responsibility Information, and a review of Elisa's related internal documents;
- Comparison of the presented Corporate Responsibility Information to underlying

rules of procedure, management and reporting systems as well as documentation;

- A review of the performance data and assertions presented in the Corporate Responsibility Information, and an assessment of information quality and reporting boundary definitions;
- Testing of data accuracy and completeness through samples from the Group's information systems and original numerical information received from the Group companies;
- Visit to one Elisa site selected on the basis of a risk analysis taking into account both qualitative and quantitative information.

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

Helsinki, 7 March 2016

KPMG OY AB

Esa Kailiala
APA

Niina Turri
Senior Manager, Advisory

GRI-index (core)

Content	Name	Information and comments	UNGC
STRATEGY AND ANALYSIS			
G4-1 CEO's statement	CEO's review	-	x
ORGANISATIONAL PROFILE			
G4-3 Name of the organisation	Accounting principles	-	x
G4-4 Primary brands, products and services	Elisa in brief	-	x
G4-5 Location of the organisation's headquarters	Accounting principles	-	x
G4-6 Number of countries where the organisation operates	Notes to the financial statements 1.	In 2015, Elisa employees worked in a total of 14 different countries.	x
G4-7 Nature of ownership and legal form	Shares and shareholders; Financial effects	-	x
G4-8 Market areas	Notes to the financial statements 1.	-	x
G4-9 Scale of the organisation	The report of the board of directors; Notes to the financial statements 1.	-	x
G4-10 Total number of employees by employment contract, employment type, region and gender	Other personnel key figures	-	x
G4-11 Percentage of total employees covered by collective bargaining agreements	Results through personnel well-being	In Finland, approximately 95 x per cent of our personnel are covered by collective agreements. In Estonia, the sector does not have comprehensive collective agreements.	
G4-12 Organisation's supply chain	Elisa's supply chain	-	x
G4-13 Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	Notes to the financial statements 2., 3. and 35.	-	x
G4-14 Whether and how the precautionary approach or principle is addressed by the organisation	Descriptions of internal control procedures and main features of risk management systems	The precautionary principle has been taken into account in accordance with statutory requirements.	
G4-15 Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	Responsibility is based on values and strategy	-	
G4-16 Memberships of associations and national or international advocacy organisations	Responsibility is based on values and strategy	-	

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	Entities included in the organisation's Consolidated Financial Statements	Description of the report	-	
G4-18	Process for defining the report content	Material themes and aspects	-	
G4-19	Material aspects	Material themes and aspects; GRI index	-	
G4-20	List of entities or groups of entities within the organisation for which the aspects are material	Material themes and aspects	-	
G4-21	List of entities or groups of entities outside of the organisation for which the aspects are material	Material themes and aspects	-	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Description of the report	-	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Description of the report	-	

STAKEHOLDER ENGAGEMENT

G4-24	List of stakeholder groups engaged by the organisation	Stakeholder dialogue	-	X
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder dialogue	-	X
G4-26	Approach to stakeholder engagement	Stakeholder dialogue	-	X
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Stakeholder dialogue	-	X

REPORT PROFILE

G4-28	Reporting period	Description of the report	-	X
G4-29	Date of most recent previous report	Description of the report	-	X
G4-30	Reporting cycle	Description of the report	-	X
G4-31	Contact point for questions regarding the report or its contents	Contact information	-	X
G4-32	GRI "in accordance" option	GRI index	-	X
G4-33	Policy and current practice with regard to seeking external assurance	Description of the report	-	X

GOVERNANCE

G4-34	Governance structure, including committees	Management of corporate responsibility; Corporate Governance Statement	-	X
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ETHICS

G4-56	Ethics and integrity	Responsibility is based on values and strategy	-	X
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Material aspects and reported indicators:	Name	Information and comments
SUSTAINABLE VALUE FOR SOCIETY		
ECONOMIC RESPONSIBILITY		
Economic performance, DMA	Financial effects; The Report of the Board of Directors	-
EC1 Direct economic value generated and distributed	Financial effects	-
EC2 Financial implications and other risks and opportunities due to climate change	Our corporate responsibility focuses on climate and energy	- X
Indirect economic impacts, DMA	Financial effects; Research and development	-
EC7 Development and impact of infrastructure investments and services supported	Financial effects; Research and development	-
EC8 Significant indirect economic impacts, including the extent of impacts	Financial effects; Research and development	-
Investments**, DMA	Financial effects	-
IO1 Capital investment in telecommunication network infrastructure broken down by country/region	Financial effects	-
IO2 Net costs for service providers under the universal service obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and Regulatory mechanisms	An extensive network enables services for all	Costs from Universal Service Obligation are marginal and they are included in overall network costs.
ENERGY EFFICIENCY, CLIMATE CHANGE MITIGATION		
Energy, DMA	Our corporate responsibility focuses on climate and energy; Responsibility is based on values and strategy; Management of corporate responsibility	- X
EN3 Energy consumption within the organisation	Our corporate responsibility focuses on climate and energy	- X

EN5	Energy intensity	Our corporate responsibility focuses on climate and energy	-	x
EN6	Reduction of energy consumption	Our corporate responsibility focuses on climate and energy	-	x
EN7	Reduction in energy requirements of product and services	Our corporate responsibility focuses on climate and energy	-	x
	Emissions, DMA	Our corporate responsibility focuses on climate and energy; Responsibility is based on values and strategy	-	x
EN15	Direct greenhouse gas emissions (scope 1)	Our corporate responsibility focuses on climate and energy	-	x
EN16	Indirect greenhouse gas emissions (scope 2)	Our corporate responsibility focuses on climate and energy	-	x
EN17	Other indirect greenhouse gas emissions (scope 3)	Our corporate responsibility focuses on climate and energy	-	x
EN19	Reduction of greenhouse gas emissions	Our corporate responsibility focuses on climate and energy	-	x
	Products and services, DMA	Low-emission alternatives for customers; Responsibility is based on values and strategy	-	x
EN27	Extent of impact mitigation of environmental impacts of products and services	Low-emission alternatives for customers	-	x
	WEEE- waste (Waste Electrical and Electronic Equipment) *, DMA	Our corporate responsibility focuses on climate and energy; Responsibility is based on values and strategy	-	
	The overall weight of recycled WEEE- waste *	Our corporate responsibility focuses on climate and energy	-	
	AVAILABILITY		-	

	Availability of the services **, DMA	An extensive network enables services for all	-
PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.	An extensive network enables services for all	-
PA3	Policies and Practices to Ensure Availability and Reliability of Telecommunications Products and Services and Quantify, where Possible, for Specified Time Periods and Locations of Down Time.	An extensive network enables services for all	In Finland, the Finnish Communications Regulatory Authority has set the Universal Service Obligation on telecom operators. Investments in the network are made to ensure availability, taking into account both business and customer needs and the Universal Service Obligation. In addition, we measure the coverage and availability of our network through a population coverage indicator.
PA4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates.	An extensive network enables services for all	-
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	An extensive network enables services for all	-
	Safeguarding functioning society*, DMA		
	Safeguarding functioning society*	An extensive network enables services for all	
RESPONSIBILITY FOR CUSTOMER RESPONSIBLE CUSTOMER COMMUNICATION			
	Product and service labelling, DMA	Customer satisfaction steers our activities	-
PR5	Results of surveys measuring customer satisfaction	Customer satisfaction steers our activities; Stakeholder dialogue	-
	Marketing communications, DMA	Customer satisfaction steers our activities	-
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Customer satisfaction steers our activities	-
INFORMATION SECURITY AND CUSTOMER PRIVACY			
	Customer privacy, DMA	Information security and privacy protection	-

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Information security and privacy protection		
	Information security*	Information security and privacy protection	-	
ACCESSIBILITY OF THE SERVICES				
	Accessibility and ease of use of services**, DMA	Accessibility, ease of use and security of our services	-	
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age.	Accessibility, ease of use and security of our services	-	
SAFETY OF THE PRODUCTS AND SERVICES				
	Customer health and safety, DMA	Accessibility, ease of use and security of our services	-	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Accessibility, ease of use and security of our services	-	No fines in 2015.
DEVELOPING PERSONNEL				
RESPONSIBLE EMPLOYER				
	Employment, DMA	Developing personnel	-	x
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Other personnel key figures	-	x
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Results through personnel well-being	-	Our occupational health, insurance, parental leave or pension benefits are not dependent on the duration or part-time nature of employment.
	Diversity and equal opportunity, DMA	Good management, clear goals and shared value	-	x
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Other personnel key figures	-	x
	Occupational health and safety, DMA	Good management, clear goals and shared value; Results through personnel well-being; Infographic	-	All personnel (100%) in Finland and Estonia is represented in occupational health and safety committees through representatives.
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Results through personnel well-being	-	
	Non-discrimination, DMA	Good management, clear goals and shared value; Responsibility is based on	-	x

		values and strategy; Elisa's Code of conduct		
HR3	Total number of incidents of discrimination and corrective actions taken		No incidents in 2015.	x
	Training and education, DMA	Future expertise	-	x
LA9	Average hours of training per year per employee by gender, and by employee category	Future expertise	-	
LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Future expertise	-	x
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Good management, clear goals and shared value	-	
	Security practices, DMA	Information security and privacy protection	-	x
HR7	Percentage of security personnel trained in the organisation's human right policies or procedures that are relevant to operations	Information and security and privacy protection	-	x

* Elisa's recognized material, no GRI aspect

** The sector specific aspect

Contact information

<http://corporate.elisa.com/investors/investor-contacts/>

Corporate Governance Statement

Elisa Corporation observes the recommendations of the Securities Market Association for the Corporate Governance Code of Finnish listed companies that entered into force on 1 October 2010. Elisa departs in no respect from the recommendations of the Code. The Corporate Governance Statement has been prepared partly in accordance with the changes to the Corporate Governance Code that entered into force on 1 January 2016. The Corporate Governance Code for Finnish listed companies is available at www.cgfinland.fi.

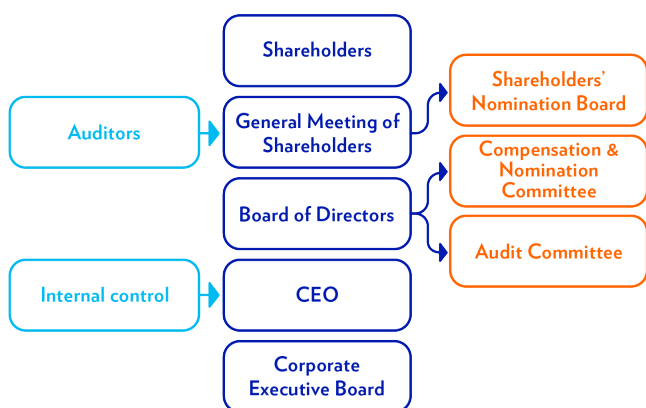
Elisa publishes its Corporate Governance Statement as a separate document and as a part of the Annual Report. The Corporate Governance Statement also includes a Remuneration Statement.

Elisa's financial statements, including a report on operations, are published on Elisa's website at www.elisa.com.

The Audit Committee of Elisa's Board has examined the Statement, and the Board of Directors has approved it. The Statement is not updated during the financial year, but topical information is updated on Elisa's website at www.elisa.com/investors

Governance structure

ELISA'S GOVERNANCE STRUCTURE



General Meeting of Shareholders and Articles of Association

The General Meeting of Shareholders is Elisa's highest decision-making body. It approves, among other things, the income statement and balance sheet. It also declares the dividend to be paid according to the proposal of the Board of Directors, appoints members to the Board of Directors, appoints the auditors and approves the discharge of the members of the Board of Directors and the CEO from liability.

Notices of General Meetings of Shareholders are posted on Elisa's website, and information about the time and place, as well as the website address, is provided by announcing it in at least one Finnish newspaper no later than 21 days prior to the meeting, as required by the Articles of Association. A stock exchange release is also issued for each notice and can be found on Elisa's website. The agenda of the meeting is specified in the notice. Proposals from the Board of Directors for the

meeting may be viewed on Elisa's website prior to the meeting.

Elisa's Articles of Association may be examined on Elisa's website at www.elisa.com. Any decisions to amend the Articles of Association are taken by a General Meeting of Shareholders.

Elisa's Annual General Meeting 2016 will be held at Messukeskus, Expo and Convention Centre, Messuaukio 1, Helsinki, at 2:00 pm (EET) on Thursday 31 March 2016.

Shareholders' nomination board

Elisa's annual general meeting decided in 2012 to establish a shareholders' nomination board, which is the body with responsibility for preparing the proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors of Elisa, and it also accepted a charter for the nomination board. The shareholders' nomination board has been established for the time being. The term of each

nomination board expires when the next shareholders' nomination board has been appointed.

The biggest shareholders were determined according to the shareholder register of Elisa on 31 August 2015, and they named the members of the nomination board. The composition of the nomination board since September 2015 has been as follows:

- Mr Kari Järvinen, Chief Executive Officer, nominated by Solidium Oy.
- Mr Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company.
- Mr Timo Ritakallio, Chief Executive Officer, nominated by Ilmarinen Mutual Pension Insurance Company.
- Mr Ted Roberts, Head of Finnish Equities, nominated by Nordea Funds.
- Mr Raimo Lind, Chairman of Elisa's Board of Directors.

The shareholders' nomination board convened twice after the Annual General Meeting of spring 2015, and the shareholders' nomination board nominated in September 2015 convened twice before making its proposals in January 2016. In addition, the member candidates were interviewed between the meetings. The nomination board discussed the size of the Board, its composition and diversity, and the areas of expertise that are seen as best for the company. The nomination board also examined the remuneration of Board members.

On 18 January 2016, the nomination board announced its proposal to Elisa's Board for the notice of the Annual General Meeting.

The nomination board proposes the following to the Annual General Meeting:

- The remuneration of the Board is to remain the same as in the previous year.
- The number of Board members is to be seven.
- The current members of the Board, Mr Raimo Lind, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Jaakko Uotila and Mr Mika Vehviläinen, are to be re-elected.
- Ms Clarisse Berggårdh is to be elected as a new member.

Composition and operations of the Board of Directors

According to Elisa's Articles of Association, the Board of Directors comprises a minimum of five and a maximum of nine members. The members of the Board are appointed at the Annual General Meeting for a one-year term of office starting at the close of the relevant General Meeting, and ending at the close of the next General Meeting. The Board of Directors elects a chairman and deputy chairman from among its members.

At its organising meeting, the Board of Directors annually decides upon committees, their chairs and members. In 2015, the acting committees were: the Compensation and Nomination Committee and the Audit Committee. The duties

and charters of the committees are adopted by the Board of Directors.

Board members

At the Annual General Meeting of 26 March 2015, six members were elected to the Board of Directors. Of the members, Mr Raimo Lind (Chairman), Mr Mika Vehviläinen (Deputy Chairman), Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen and Mr Jaakko Uotila were re-elected. Until 26 March 2015, Ms Eira Palin-Lehtinen was also a member of the Board in addition to the aforementioned composition.



*Back: Mika Vehviläinen (left), Jaakko Uotila and Petteri Koponen
Front: Leena Niemistö (left), Chairman of the Board Raimo Lind and Seija Turunen*

Mr Raimo Lind

(1953), M.Sc. (Econ.), member since 2009 and chairman since 2012.

Key employment history: Wärtsilä, Senior Executive Vice President and deputy to the CEO 2005–2013, CFO 1998–2013. Tamrock, Coal division president, Service division president, CFO 1992–1997. Scantrailer, MD, 1990–1991. Wärtsilä, Service division vice president. Wärtsilä Singapore Ltd, MD, Diesel division, VP Group Controller 1976–89.

Main Board memberships and public duties

currently undertaken: Main Board memberships and public duties currently undertaken: Member of the Board: HiQ AB, Capman Credit and Nokian Tyres Chairman of the Board: Evac Group Oy.

Mr Mika Vehviläinen

(1961), M.Sc. (Econ.), MBA, HSE 1986, member since 2012 and Deputy Chairman since 2014

Key employment history: CEO, Cargotec from 1 March 2013. CEO, Finnair, 2010–2013. COO and member of the executive team of Nokia Siemens Networks, 2007–2010. Nokia Oyj, various positions in the group, 1992–2006.

Mr Petteri Koponen

(1970), member since 2014.

Key employment history: Founding partner, Lifeline Ventures 2009–present. Business development positions, Google Inc. 2007–2009. Founder and CEO, Jaiku Ltd, 2006–2007. Founder, CEO and later CTO, First Hop 1997–2005. Other positions: Blyk.

Main Board memberships and public duties

currently undertaken: Chairman of the Board: Grand Cru Oy, Mindfield Games Oy and Everywear Games Oy. Member of the Board: Smartly.io Solutions Oy. Member: DigiNYT-seurantaryhmä.

Ms Leena Niemistö

(1963), MD, PhD, Specialist in Physical and Rehabilitation Medicine, member since 2010.

Key employment history: Dextra Oy, CEO, 2003–present. Pihlajalinna Oyj, Vice President, Private Healthcare since 2013. Doctor of Medicine since 2003. Specialist in Physical and Rehabilitation Medicine at the Orton Foundation, 2000–2004.

Main Board memberships and public duties

currently undertaken: Member of the Board of Pihlajalinna Oyj, Handelsbanken Suomi, Suomen Messut Osuuskunta, Modz Oy, Aprox AB and Digital Workforce Nordic. Chairman of the Board of HLD Healthy Life Devices Oy and the prize committee of Ars Fennica. Member of the Board of Lääkäripalveluyritykset ry, the Association for Private Healthcare Services and Maanpuolustuskurssiyhdistys. Deputy Chairman of the Helsinki region chamber of commerce.

Ms Seija Turunen

(1953), M.Sc. (Econ.), Graduated 1976 from Helsinki School of Economics and Business Administration and with M.Sc. (Econ.) in 1978, member since 2014.

Key employment history: Advisor to the Board, Finnlines Oyj, 2013–2014. Vice President and CFO, Finnlines Oyj, 2007–2013. Director of harbour functions and CEO of harbour companies (Finnsteve-yhtiöt), 2010–2013. Director of Finance, Finnlines Oyj, 1992–2007. Other duties before 1992: Kansallis-Osake-Pankki, Midland Montagu, Finca, Enso-Gutzeit.

Main Board memberships and public duties

currently undertaken: Chairman of the Board of Finnipilot Pilotage Oy.

Mr Jaakko Uotila

(1949), M.Sc. Pharmaceuticals, Helsinki University, 1977 and M.Sc. in Management, California American University, 1990, member since 2013.

Key employment history: CEO, Alko Oy, 2001–2012. CEO, Yliopiston Apteekki, 1996–2001. Deputy CEO, Orion-Farmos, 1994–1996. Orion-yhtymä Oy, various positions, 1977–1994.

Main Board memberships and public duties

currently undertaken: Board member of Medifon Oy.

Independence of Board members

All Board members are independent of the company and of the company's significant shareholders.

ELISA HOLDINGS OF THE BOARD MEMBERS

Elisa holdings of Elisa's current Board members and corporations in which they exercise control

Number of shares, 31 December 2015

Mr Raimo Lind, Chairman	13.225
Mr Mika Vehviläinen, Deputy Chairman	3.733
Mr Petteri Koponen, member	1.478
Ms Leena Niemistö, member	7.317
Ms Seija Turunen, member	1.559
Mr Jaakko Uotila, member	2.805

Charter of the Board of Directors

The Board sees to the administration and appropriate organisation of the company's operations in accordance with the Finnish Limited Liability Companies Act and other regulations. The Board decides on matters that under law are subject to decision by the Board. The company's Board of Directors has adopted a charter for itself.

The charter tasks the Board with determining the company's strategic guidelines and the targets for Elisa's management, and with monitoring their achievement. The Board must also appoint the CEO and decide on the composition of the Executive Board. The Board of Directors regularly monitors financial performance and the development of the company's financial standing on the basis of management reports. The Board also supervises the compliance of Elisa's administration, and the management of business and other risks. The Board addresses major investments in and disposal of businesses or assets, and also sets the boundaries for the company's management in executing operational investments and financial arrangements.

According to the charter, the following are particularly subject to the Board's decision:

- Elisa's strategic guidelines
- distribution policy
- convening General Meetings and submitting proposals
- matters having to do with Elisa's stock and Elisa shareholders
- major mergers and acquisitions, as well as investments
- financial statements and interim reports
- appointment, dismissal and terms of employment of the CEO and members of the Executive Board.

The charter also specifies other matters to be addressed by the Board, such as adopting the annual financial plan, the principles of the company's organisation and the main business policies. The Board conducts an annual self-evaluation of its activities executed in the form of a questionnaire. Members of the Board of Directors are not allowed to participate in

decision-making for which they must legally disqualify themselves due to conflict of interests.

ATTENDANCE AT MEETINGS BY THE BOARD MEMBERS

Attendance at meetings by Elisa's Board members in 2015	Attendance/meetings
Mr Raimo Lind, Chairman	13/13
Mr Mika Vehviläinen, Deputy Chairman	13/13
Mr Petteri Koponen, member	13/13
Ms Leena Niemistö, member	13/13
Ms Seija Turunen, member	13/13
Mr Jaakko Uotila, member	13/13
Until 26 March 2015, Ms Eira Palin-Lehtinen, member	1/1

Diversity principles for Board members

The company has adopted diversity principles for the Board of Directors concerning the Board to be elected at the Annual General Meeting 2016 and subsequently. The principles concerning the election of the Board and its diversity are available on the company's website at www.elisa.com.

Board committees

Compensation and Nomination Committee

According to its charter, the Compensation and Nomination Committee deals with and prepares the appointment and dismissal of persons within management, management succession planning and development, matters associated with long-term incentive schemes applicable to management and other matters relating to the remuneration of management. The Committee also deals with incentive schemes for Elisa's personnel.

In 2015, the Compensation and Nomination Committee comprised Chairman of the Board, Mr Raimo Lind (Committee Chairman) and members Ms Leena Niemistö and Mr Mika Vehviläinen.

Audit Committee

The Audit Committee is tasked with supervising the proper organisation of the company's accounting and financial administration, financing, internal and financial auditing and risk management. According to its charter, the following in particular shall be addressed and prepared by the Audit Committee:

- significant changes in recognition principles
- significant changes in items measured on the balance sheet
- follow-up to ensure the independence of the auditor
- matters reported by internal auditing
- financial statements, interim reports and Corporate Governance Statement
- risk reports and organisation of risk management
- organisation of financial administration and financing.

The Committee also regularly reviews reports from internal auditing and the financial auditors, and prepares a proposal on the election of the auditor for the General Meeting.

In 2015, the Chairwoman of the Audit Committee was Ms Seija Turunen (until 26 March 2015 Ms. Eira Palin-Lehtinen) and the members were

Mr Petteri Koponen and Mr Jaakko Uotila. The principal auditor also attends Committee meetings.

ATTENDANCE AT COMMITTEE MEETINGS BY ELISA'S BOARD MEMBERS IN 2015

	Compensation and Nomination Committee	Audit Committee
Mr Raimo Lind, Chairman	3/3	
Mr Mika Vehviläinen, Deputy Chairman	3/3	
Mr Petteri Koponen, member		5/5
Ms Leena Niemistö, member	3/3	
Ms Seija Turunen, member		5/5
Mr Jaakko Uotila, member		5/5
Until 26 March 2015, Ms Eira Palin-Lehtinen, member		0/1

CEO and Executive Board

CEO and CEO's duties

Elisa's Chief Executive Officer (CEO) is responsible for the day-to-day business activities and administration of the company in accordance with instructions and orders from the Board of Directors and with the Finnish Limited Liability

Companies Act. The CEO is also responsible for ensuring that the company's accounting practices comply with the law and that financial matters are handled in a reliable manner. The CEO is appointed by the Board of Directors. Mr Veli-Matti Mattila served as CEO in 2015.



Mr Veli-Matti Mattila

- (1961), M.Sc. (Tech.), MBA, joined the company in 2003.
- Main occupation: Chief Executive Officer.
- Key employment history: CEO of Oy LM Ericsson Ab from 1997 to 2003. He has held various positions in the Ericsson Group in Finland and the USA since 1986. Mr Mattila's previous career also includes expert advisory tasks at the Swiss firm Ascom Hasler AG.
- Main Board memberships and public duties currently undertaken: member of the Board of Directors of Sampo plc, member of the Board and the Representative Assembly of the Confederation of Finnish Industries EK, and member of the Board of Directors of the Service Sector Employers' Association PALTA, chairman of the board of FiCom

ry, member of the Supervisory Board of the Finnish Fair Association.

Elisa holdings of the CEO and corporations in which he exercises control

Number of shares, 31 December 2015

Mr Veli-Matti Mattila, CEO

88,573

Other management

Elisa's Executive Board prepares the company strategy, directs the company's regular operations, monitors the development of results and deals with issues having substantial financial or other impact on Elisa, including significant mergers and acquisitions, as well as organisational changes. In addition, the Executive Board monitors risk management and is responsible for the proper organisation of administration. Matters stipulated in the charter of the Board as requiring a decision by the Board of Directors are submitted for decision-making by the Board.

Members of Elisa's Executive Board



Mr Timo Katajisto

b. 1968, M.Sc. (Tech.)

Joined the company and the Executive Board in 2008

Main occupation: Executive Vice President, Corporate Customers

Key employment history: Executive Vice President, Production of Elisa 2008–2014, Member of the Executive Board of Nokia Siemens Networks in 2007, Strategic Projects and Quality; Member of the Executive Board of Nokia Networks 2005–2007, Production and Network Installation; various positions at Nokia Networks and its predecessor Nokia Telecommunications, 1992–2005.



Mr Jari Kinnunen

b. 1962, M.Sc. (Econ. & Bus. Adm.)

Joined the company in 1999, member of the Executive Board since 2005

Main occupation: Chief Financial Officer

Key employment history: CEO and President of Yomi Plc in 2004; CFO of Elisa Kommunikation GmbH in Germany 1999–2004; Managing Director of Polar International Ltd 1996–1999 and Controller 1990–1996; Controller at Oy Alftan Ab 1987–1990.



Mr Asko Käsälä

b. 1957, M.Sc. (Tech.)

Joined the company and the Executive Board in 2003

Main occupation: Executive Vice President, Consumer Customers

Key employment history: Executive Vice President, Corporate customers of Elisa 2005–2007; Executive Vice President, Development of Elisa 2003–2005; Sales Director for the Nordic and Baltic sales unit of the Ericsson Group, member of the management group 2001–2003; Sales Director of Oy LM Ericsson Ab 1996–2001; Tekes, the Finnish Funding Agency for Technology and Innovation, Counsellor, Industry and Technology 1993–1996; Sales Manager at Hewlett Packard Oy 1987–1993.



Mr Pasi Mäenpää

b. 1965, Diploma in Computer Science, MBA

Joined the company and the Executive Board in 2006

Main occupation: Executive Vice President, New Business Development

Key employment history: Executive Vice President, Corporate Customers of Elisa 2007–2014; CEO at Cisco Systems Finland Oy 2002–2006; Regional Manager for Central Europe at Netigy Corporation 2000–2002; Vice President, Sales for Europe and the USA at Fujitsu 1999–2000; Sales and Country Manager at Oracle Corporation in Northern, Central and Eastern Europe 1990–1999.



Mr Vesa-Pekka Nikula

b. 1964, M.Sc. (Tech.), MBA

Joined the company in 2009, member of the Executive Board since 2014

Main occupation: Executive Vice President, Production

Key employment history: Director of Consumer Customer services of Elisa 2010–2014 and Director, development 2009–2010; Nokia Siemens Networks, Director of Managed Services business WSE (West South Europe) 2007–2009. Nokia Networks, Director of Managed Services business EMEA (Europe, Middle East, Africa) 2005–2007. Ericsson corporation, several positions in Finland, Netherlands and Great Britain 1994–2005.



Ms Merja Ranta-aho

b. 1966, M.Sc. (Psychology), Lic. Techn. (Work and organization psychology)

Joined the company in 2001, member of the Executive Board since 2014

Main occupation: Executive Vice President, HR

Key employment history: Vice President, HR, in Elisa Consumer Customers Business 2009–2013. Various positions in Elisa and Radiolinja human resources development 2001–2009. Helsinki University of Technology, researcher and teacher from 1992–2001 and positions in communications 1990–2001.

Main Board memberships and public duties currently undertaken: Member of Labor Market Committee of Service Sector Employers Association PALTA.



Ms Katiye Vuorela

b. 1968, M.Sc. (Econ. & Bus. Adm.)

Joined the company and the Executive Board in 2008

Main occupation: Executive Vice President, Corporate Communications

Key employment history: Paroc Group Holding Oy, Vice President, Communications 2000–2008; Lotus Development Finland Oy, an IBM subsidiary, Marketing and Communications Manager 1998–2000; Nokia Telecommunications (the predecessor of Nokia Siemens Networks), Dedicated Networks business unit, Marketing Communications Manager 1994–1998.



Mr Sami Ylikortes

b. 1967, M.Sc. (Econ. & Bus. Adm.), LL.M.

Joined the company in 1996, member of the Executive Board since 2003

Main occupation: Executive Vice President, Administration

Key employment history: Positions in accounting management at Unilever Finland Oy 1991–1996

Main Board memberships and public duties currently undertaken: Member of Industrial Policy Committee of Service Sector Employers Association PALTA.

Elisa holdings of Elisa's Board members and corporations in which they exercise control	Number of shares, 31 December 2015
Mr Timo Katajisto, Executive Vice President, Production	-
Mr Jari Kinnunen, Chief Financial Officer	31.111
Mr Asko Käsälä, Executive Vice President, Consumer Customers	73.504
Mr Pasi Mäenpää, Executive Vice President, New Business Development	13.340
Mr Vesa-Pekka Nikula, Executive Vice President, Production	8.505
Ms Merja Ranta-aho, Executive Vice President, HR	1.347
Ms Katiye Vuorela, Executive Vice President, Corporate Communications	7.812
Mr Sami Ylikortes, Executive Vice President, Administration	11,152

Descriptions of internal control procedures and main features of risk management systems

The objective of the internal control and risk management systems associated with Elisa's financial reporting process is to obtain reasonable assurance that the company's financial statements and financial reporting are reliable, that they have been prepared in compliance with laws, regulations and generally accepted accounting principles and that they provide a true and fair view of the financial situation of the company. Internal control and risk management procedures are integrated into the company's operations and processes. Elisa's internal control can be described using the international COSO framework.

Control environment

Elisa's control environment is based on the company's values, policies, guidelines and practices, as well as goal-oriented management. Elisa's key processes have been documented, and they are both controlled and developed systematically.

Annual business and strategy planning processes and targets, as well as rolling monthly financial forecasts, represent a key element in Elisa's business and performance management. Financial results are assessed against the forecast, the annual plan, the previous year's results and the strategic plan.

Targets are set for the Elisa Group and for each unit, and individual targets are specified in semi-annual appraisals based on the scorecard and performance-based bonus system.

Risk assessment

Risk assessment is an integral part of Elisa's planning process. The purpose of risk assessment is to identify and analyse risks that could affect the achievement of specified targets and to identify measures to reduce those risks.

The key risks associated with the accuracy of financial reporting have been identified in a process-specific risk analysis. Risk assessment also covers risks related to misuse and the resulting financial losses, as well as the misappropriation of the company's other assets.

Controls

Control measures consist of automatic and manual reconciliation, control and instructions integrated into the processes, with the objective of ensuring the accuracy of financial reporting and the management of the risks involved. The reporting control mechanism processes have been documented. Key control mechanisms also include access rights management of information systems, authorisation, and the controlled and tested implementation of information system

changes.

The financial development of business operations is constantly monitored on a unit basis. Financial management discusses any exceptional items and recognitions at its meetings and investigates the causes and reasons for any changes in the rolling monthly forecasts. Financial reporting is also ensured by comprehensive and analytical reporting of operative metrics, drivers and key figures, and continuous development of the reporting.

Auditing

The Board of Directors' Audit Committee is tasked with supervising the proper organisation of the company's accounting and financial administration, internal and financial auditing and risk management. Elisa's Board of Directors reviews and approves the interim reports and financial statement releases. Elisa's Board of Directors and Executive Board monitor the Group's and the business units' results and performance on a monthly basis. Elisa's Finance unit is responsible for the internal auditing of the financial reporting and continuously evaluates the functionality of controls. In addition, Elisa's internal auditing function controls the reliability of financial reporting within the framework of its annual audit plan.

Risk management

The company classifies risks into strategic, operational, insurable and financial risks. Insurable risks are identified, and insurance is taken out through an external insurance broker to deal with these risks. The insurance broker assists the company when the amount and likelihood of insurable risks are estimated.

Financial communication and training

Key instructions, policies and procedures are available to the personnel on the company's intranet and through other shared media. In addition, regular information and training are provided to the financial organisation, particularly regarding any changes in accounting, reporting and disclosure requirements.

Elisa's valid Disclosure Policy is available on the company's website at www.elisa.com

Internal auditing

The purpose of internal auditing is to estimate the appropriateness and profitability of the company's internal control system and risk management, as well as the management and administration processes. Internal auditing supports the development of the organisation and improves the management of the supervision obligation of the Board of Directors.

Internal auditing is also intended to support the organisation in achieving its goals by evaluating and investigating its functions and by monitoring compliance with corporate regulations. For this purpose, internal auditing produces analyses, assessments, recommendations and information for use by the company's senior management. Reports on completed audits are submitted to the CEO and the management of the unit audited, as well as to the Audit Committee, when necessary.

Internal auditing is based on international internal auditing standards (IIA). Internal auditing is independent of the rest of the organisation. The starting point for internal auditing is business management, and the work is coordinated with financial auditing. An annual auditing plan and auditing report are presented to the Board of Directors' Audit Committee. Internal auditing may also carry out separately agreed audits on specific issues at the request of the Board of Directors and Elisa's Executive Board.

Company insiders and insider management

Elisa has adopted the Insider Guidelines prepared by the Nasdaq Helsinki Oy, which entered into force on 1 December 2015.

In accordance with the Securities Markets Act, Elisa's public insiders include the members of Elisa's Board of Directors, the Chief Executive Officer, and the company's principal auditor in the auditing firm. In addition to this, the public insiders also include the members of Elisa's Executive Board. Information concerning insiders is published in Elisa's public insiders register as required by law. This information also includes persons closely associated with the public insiders (i.e. related parties) and corporations that are controlled by the related parties or on which they exercise influence. Information on the holdings of public insiders is available on Elisa's website at www.elisa.com.

Elisa also has a number of company-specific insiders consisting of other management and financial administration personnel. Project-specific insiders have also been defined where necessary.

Elisa's Legal Affairs department monitors compliance with insider regulations and maintains the company's insider registers together with Euroclear Finland Oy. Insider information is reviewed at least once a year. When trading in Elisa's securities, permanent insiders must consider the timing to ensure it will not weaken the trust of the general public in the securities markets. Permanent insiders are not allowed to trade in the company's securities during the 14 days preceding the publication of the company's

interim report or annual accounts (the "closed window"). It is advisable for insiders to only make long-term investments in Elisa and conduct their trading within the 14 days following the publication of Elisa's financial results. In addition, people involved in any insider projects must not trade in the company's securities during the project.

Auditors

The auditors' principal duty is to ensure that the financial statements have been prepared in accordance with valid regulations and give a true and fair view of the company's performance and financial position, as well as other necessary information, to the company's stakeholders.

Other main targets are to ensure that internal auditing and risk management has been properly organised and that the organisation operates in compliance with instructions and within the framework of issued authorisations. The division of labour between external and internal auditing is organised so that internal auditing ensures that the organisation operates in accordance with the company's internal guidelines.

In accordance with the Articles of Association, the company must have at least one and no more than two regular auditors. The auditing company must be duly authorised by the Finland Chamber of Commerce. The auditors' term of office is the current financial period for which they are appointed. The duties of the auditors end at the close of the first Annual General Meeting following the expiration of their term of office.

In 2015, the company had one regular auditor. In the year under review, Elisa's auditor was KPMG Oy Ab, authorised public accountants, with Mr Esa Kalliala (APA) serving as the principal auditor.

For the 2015 financial period, the auditing fees of the Finnish group companies totalled EUR 272,672.57, of which the parent company accounted for EUR 153,402.07. The auditing fees for the foreign group companies were EUR 36,000.00.

The auditing firm has been paid fees of EUR 334,712.50 for services not associated with auditing. These services had to do with mergers and acquisitions, tax services, a review of regulation accounting, information security auditing and other expert services. The fee also includes payments to Teleware, which offers training and is part of the KPMG Group. The payments totalled EUR 38,665.00 and were mainly related to Elisa's operational activities.

Decision-making procedure

Elisa's General Meeting of Shareholders annually decides on the remuneration of Board members on the basis of the proposal prepared by the shareholders' nomination board.

The salaries and other remuneration of the CEO and other members of the Executive Board, as well as their long-term incentive plans, are decided by the Board of Directors. The Board of Directors also decides on the short-term incentive plan for the CEO. In addition, the Board decides on the maximum limits of the short-term incentive plan for the Executive Board. The Compensation and Nomination Committee prepares the aforementioned matters to be decided by the Board with the assistance of independent external experts, as necessary. The CEO decides on the targets for the short-term incentive plan for the Executive Board.

On 2 April 2014, Elisa's General Meeting of Shareholders authorised the Board to decide on a share issue and the issue of special rights giving entitlement to shares, and on 26 March 2015 it authorised the Board to decide on the acquisition of treasury shares. The authorisations are valid until 30 June 2016, and the Board may also use them for remuneration.

Main principles of remuneration

Remuneration of board members

Board members are paid monthly remuneration fees and meeting remuneration fees for attending Board and committee meetings. The monthly remuneration fees (minus tax withheld at the calculated rate of 60%) are used to purchase Elisa shares every quarter, and Elisa covers the possible transfer tax. At the Annual General Meeting of 2015, it was decided to pay the following remuneration fees to Board members:

- monthly remuneration fee for the Chairman of EUR 9,000 per month
- monthly remuneration fee for the Chairwoman and Deputy Chairman of the Audit Committee of EUR 6,000 per month
- monthly remuneration fee for the members of EUR 5,000 per month
- meeting remuneration fee of EUR 500 per meeting for each participant.

Elisa's shareholders' nomination board requires that members of the Board have shareholdings in the company. A four-year assignment limit applies to shares acquired with the remuneration fees during the first quarter of 2014 and prior to it; this limit will, however, end earlier if the term of office of the member of the Board ends.

The Chairman of the Board of Directors is not paid any remuneration fees for attending the meetings of Elisa's shareholders' nomination board.

Remuneration of the CEO and the Executive Board

Chief Executive Officer

Annual salary

The total remuneration of the CEO consists of a fixed salary, taxable benefits and a short-term incentive bonus, as well as share-based, long-term incentive bonuses. The fixed salary totals EUR 536,640.00 per year, and the taxable fringe benefits total EUR 19,130.04 per year.

Short- and long-term incentive plans

The CEO is paid a performance-based bonus based on financial targets set by the company's Board of Directors. The target period of this short-term incentive plan is six months, and any bonuses are paid every six months.

The long-term incentive plan of the CEO consists of share-based incentive plans. The key targets of the currently valid share-based incentive plan are described in the section 'Share-based incentive plans for key personnel'. The maximum bonus limits are described in Table 1.

Pensions and terms and conditions related to contract termination

According to the CEO's contract, the contractual relationship with the CEO ends with a pension when he turns 60 years of age. The supplementary pension is based on a defined

contribution plan. Elisa's CEO is entitled to a paid-up pension.

The period of notice for the CEO is six months from Elisa's side and three months from the CEO's side. Should the contract be terminated by Elisa, the CEO is entitled to receive a severance payment that equals the total salary of 24 months minus his salary for the period of notice.

Other members of Elisa's Executive Board

Annual salary

Members of the Executive Board are paid a total salary that includes a fixed monetary salary and taxable benefits for the use of a company car and mobile phone. In addition, members of the Executive Board fall within the scope of the short- and long-term incentive plans. The fixed monetary salary of members of the Executive Board totals EUR 1,701,687.74 per year, and the taxable fringe benefits total EUR 58,380.72 per year (the figures do not include the CEO's salary and taxable fringe benefits).

Short- and long-term incentive plans

As a short-term incentive for Elisa's Executive Board members, Elisa pays a performance-based bonus, which is based on achieving the financial

and operational targets in the scorecards of Elisa and its units. The target period is six months, and any performance-based bonus is paid every six months.

Elisa's Executive Board members also fall within the scope of the company's long-term incentive plan, i.e. the share-based incentive plan (see 'Share-based incentive plans for key personnel'). The maximum limits for bonuses are stated in Table 1.

Pensions and terms and conditions related to contract termination

The contractual relationship with the company of members who started on Elisa's Executive Board before 2013 will terminate when the member turns 62 years of age. They have a defined contribution supplementary pension plan concluded with a pension insurance company, which includes a paid-up pension. The right to a pension will start at the age of 62.

The period of notice for members of the Executive Board is six months from Elisa's side and three months from the member's side. Should the contract be terminated by Elisa, the member of the Executive Board has the right to receive an amount corresponding to nine months' total salary from Elisa.

MAXIMUM LIMITS FOR THE BONUSES UNDER THE SHORT- AND LONG-TERM INCENTIVE PLANS

	Short-term incentive plan	Long-term incentive plans				
		Share-based incentive commitment plan 2011, shares Earnings period 4 November 2014 - 4 November 2016	Share- based incentive plan 2011, shares (maximum) Earnings period 2013-2015	Share- based incentive plan 2011, shares (maximum) Earnings period 2014-2016	Share- based incentive plan 2014, shares (maximum) Earnings period 2015-2017	Share- based incentive plan 2014, shares (maximum) Earnings period 2016-2018
CEO	90%	4,000	80,000	83,000	55,000	42,000
Other members of the Executive Board	73.2%**	--	258,000	268,000	160,000	125,000

* The maximum limits are presented as percentages of the fixed earnings for the target period.

**Average for the other members of the Executive Board.

Share-based incentive plans for key personnel

Share-based incentive plan 2014

On 11 December 2014, Elisa's Board of Directors decided to implement two new, share-based incentive plans for key personnel in the Elisa Group. The plan is designed to align the goals of shareholders and key personnel in increasing the value of the company, to secure the commitment of key employees to the company and to offer them a competitive compensation plan that is based on holding shares in the company. The target group of the incentive plan covers no more than 200 employees.

There are three 3-year earnings periods in the share-based incentive plan, the calendar years of 2015-2017, 2016-2018 and 2017-2019. Elisa's Board of Directors will decide on the plan's performance criteria and their targets at the beginning of each earnings period.

Any bonus from the the plan from the earnings periods 2015-2017 and 2016-2018 will be based

on earnings per share (EPS), the revenues of new business operations and other key targets.

The bonuses to be paid through the incentive plan for the earnings period 2015-2017 will equal at most the value of around 700,000 shares in Elisa (including the portion payable in cash). Any bonus for the 2015-2017 earnings period will be paid in 2018, partly in company shares and partly in cash. The bonuses to be paid through the share-based incentive plan for the earnings period 2016-2018 will equal at most the value of around 480,000 shares in Elisa (including the portion payable in cash). Any bonus for the 2016-2018 earnings period will be paid in 2019, partly in company shares and partly in cash. The cash payments are intended to cover any taxes and tax-like costs arising from the bonus for the participant. As a rule, no bonus is paid if a key person's employment ends before the bonus payment.

Share-based incentive plan 2011

On 19 December 2011, Elisa's Board of Directors decided to implement a share-based incentive plan for key personnel in the Elisa Group.

The performance-based incentive plan includes three earnings periods: the calendar years of 2012–2014, 2013–2015 and 2014–2016. The bonuses will equal at most the value of some 3.3 million shares in Elisa. The Board of Directors will decide on the performance criteria and their targets at the beginning of each earnings period. The first earnings period of 2012–2014 was realised as share-based bonuses in 2015.

Any bonuses for the earnings periods of 2012–2014, 2013–2015 and 2014–2016 will be based on increases in new business revenue in the Consumer Customer and Corporate Customer segments and on Elisa's earnings per share (EPS). For the realised earnings period of 2012–2014, bonuses were paid in February 2015, partly in the company's shares and partly in cash. Any implementation of the future earnings periods will follow the same principle. The portion payable in cash will cover the taxes and tax-like costs arising from the bonus. As a rule, no bonus is paid if a key person's employment ends before the bonus payment. The target group of the share-based incentive plan consists of about 160 people, and the bonuses will equal at most the value of around one million shares in Elisa, including the portion payable in cash.

Share-based incentive commitment plan 2011

On 19 December 2011, Elisa's Board of Directors decided to implement a share-based incentive commitment plan that covers the years 2012–2018. Any bonus will be paid only if a key person's employment is valid when the bonus is due to be paid. The bonuses to be paid through this incentive plan will equal at most the value of around 0.5 million shares in Elisa, including the portion payable in cash.

On 11 December 2014, Elisa's Board of Directors decided to adopt the share-based incentive plan in question with periods of one year and two years. The share-based bonus of the first commitment period was paid in November 2015.

Remuneration report

Board of directors

The monthly remuneration fees for board members, the number of shares acquired and the

meeting remuneration fees for the board and its committees are presented in the table below.

REMUNERATION FEES OF BOARD MEMBERS IN 2015

	Position on the Board	Fixed monthly remuneration fees, EUR*	Meeting remuneration fees, EUR	Committee meeting remuneration fees, EUR	Total remuneration fees, EUR	Elisa's shares acquired with fixed monthly remuneration fees, number of shares*	Shareholdings of the Board on 31 Dec 2015, number of shares**
Raimo Lind	Chairman	108,000	5,500	1,500	115,000	1,496	13,225
Mika Vehviläinen	Deputy Chairman	72,000	5,500	1,500	79,000	997	3,733
Petteri Koponen	Member	60,000	5,500	2,500	68,000	831	1,478
Leena Niemistö	Member	60,000	5,500	1,500	67,000	831	7,317
Eira Palin-Lehtinen	Member, Chair of the Audit Committee until 26 March 2015	18,000	500	-	18,500	305	Membership terminated
Seija Turunen	Member, Chair of the Audit Committee as of 26 March 2015	69,000	5,500	2,500	77,000	946	1,559
Jaakko Uotila	Member	60,000	5,500	2,500	68,000	831	2,805
Total		447,000	33,500	12,000	492,500	6,237	30,117

* The monthly remuneration fees (minus tax withheld at the calculated rate of 60%) have been used for purchases of Elisa shares every quarter.

** Shareholdings on 31 December 2015 also include the shares owned by the related parties of Board members and the corporations in which they exercise control. The shares purchased by the current members of Elisa's Board of Directors on 30 December 2015 were registered in the members' book-entry accounts on 4 January 2016 and are thus not included in the figures below. Up-to-date information on the shareholdings in Elisa of Board members and changes in the shareholdings are available on the company's website.

CEO and the Executive Board

SALARIES AND FINANCIAL BENEFITS PAID TO THE CEO AND THE COMPANY'S OTHER EXECUTIVE BOARD MEMBERS IN 2015

	Monetary salaries, EUR	Taxable fringe benefits, EUR	Performance-based bonuses, EUR	Total value of the share-based bonus, EUR	Total, EUR	Part of the share-based bonus paid in shares, number of shares
CEO	536,640.00	19,130.04	261,340.00	732,815.43*	1,549,925.47	13.842
Other members of Elisa's Executive Board	1,701,687.74	58,380.72	533,444.40	1,886,719.87**	4,180,232.73	38.103
Total	2,238,327.74	77,510.76	794,784.40	2,619,535.30	5,730,158.20	51.945

* According to the stock exchange prices of the assignment dates of 4 February 2015 and 5 November 2015.

** According to the stock exchange price of the assignment date of 4 February 2015.

The CEO's accrued supplementary pension for his 60th and 61st years of age was covered by a provision of EUR 78,402 on the balance sheet, and for the 62nd year of age with an insurance premium that equalled EUR 120,756.94. With regard to the Executive Board, annual supplementary pension insurance premium totalled EUR 116,005.39.

The report of the Board of Directors 2015

The Financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Market situation

The competitive environment has been intense during the last year, typically having some campaigning and quite long discount periods in campaigns. The smartphone market grew and the usage of data services continued to evolve favourably. Approximately 92 per cent of the mobile handsets sold in 2015 were smartphones.

Another factor contributing to mobile market growth has been the increased network coverage of new 4G speeds. The competition in the fixed broadband market has been fierce in multi-dwelling units. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for new visual communications (videoconferencing), IT outsourcing and IPTV entertainment services have continued to develop favourably. The demand for other new consumer online services is also growing.

Revenue, earnings and financial position

REVENUE AND EARNINGS

EUR million	2015	2014	2013
Revenue	1,569	1,535	1,547
EBITDA	532	520	491
EBITDA excl. non-recurring items	536	520	508
EBITDA-%	33.9	33.8	31.7
EBITDA-% excl. non-recurring items	34.1	33.8	32.8
EBIT	312	305	281
EBIT excl. non-recurring items	322	305	298
EBIT-%	19.9	19.9	18.1
EBIT-% excl. non-recurring items	20.5	19.9	19.3
Return on equity, %	27.0	25.6	22.9

Revenue increased by 2 per cent. Growth in the mobile service business and equipment sales in both Finland and Estonia, as well as new services in the Consumer Customers segment affected revenue positively. Lower mobile interconnection rates, Corporate Customers' visual communication services, and the decrease in usage and

subscriptions of traditional fixed telecom services and operator sales in both segments affected revenue negatively.

Reported EBITDA includes non-recurring item of EUR 3 million, which relates to personnel reductions. EBITDA excluding non-recurring items

increased by 3 per cent mainly due to revenue growth and productivity improvement measures. EBIT excluding non-recurring items increased by 5 per cent. Depreciation includes a EUR 6 million goodwill impairment write-down relating to Sulake Corporation.

Net financial income and expenses were EUR -24 million (-27), mainly due to lower interest rates

FINANCIAL POSITION

EUR million	End 2015	End 2014	End 2013
Net debt	962	1,001	971
Net debt / EBITDA ¹⁾	1.8	1.9	2.0
Gearing ratio, %	103.9	114	112.6
Equity ratio, %	41.4	39.4	37.3

EUR million	2015	2014	2013
Cash flow after investments	253	185	84

1) (interest-bearing debt - financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)

Cash flow after investments was EUR 253 million, excluding acquisition EUR 266 million (185, excluding acquisitions 224). Cash flow excluding acquisitions grew, mainly due to increased EBITDA, improved net working capital change and lower net financial costs.

The financial and liquidity positions are good. Net debt decreased to EUR 962 million as a result of growth in cash flow and fewer share acquisitions compared to 2014. Cash and undrawn committed

and net debt. Income taxes in the income statement decreased to EUR -47 million (-55). Taxes include a positive change in deferred tax assets of EUR 6 million relating to Sulake Corporation. Elisa's net profit was EUR 244 million (223). The Group's earnings per share amounted to EUR 1.52, excluding non-recurring items EUR 1.54 (1.41).

loans and credit lines totalled EUR 479 million at the end of 2015.

Changes in corporate structure

Elisa made a tender offer to all shareholders of Anvia at a price of EUR 2,000 per share from 15 April 2015 to 26 June 2015. Elisa's holding in Anvia increased to 32.5 per cent calculated without the disputed transaction of Anvia's treasury shares.

Consumer Customers business

EUR million	2015	2014
Revenue	983	954
EBITDA	348	327
EBITDA excl. non-recurring items	349	327
EBITDA-%	35.4	34.3
EBITDA-% excl. non-recurring items	35.5	34.3
EBIT	221	204
EBIT excl. non-recurring items	229	204
CAPEX	111	105

Revenue increased by 3 per cent. Mobile services, equipment sales and growth in new services contributed positively to revenue. The decrease in usage and subscriptions of traditional fixed telecom services and operator sales affected revenue negatively, as did the lower mobile interconnection rates.

Corporate Customers business

EUR million	2015	2014
Revenue	586	581
EBITDA	185	193
EBITDA excl. non-recurring items	187	193
EBITDA-%	31.5	33.2
EBITDA-% excl. non-recurring items	31.9	33.2
EBIT	91	101
EBIT excl. non-recurring items	93	101
CAPEX	85	87

Revenue increased by 1 per cent. Growth in mobile services, equipment sales and IT services contributed positively to revenue. Lower mobile interconnection rates, a decrease in visual communication services as well as a decrease in usage and subscriptions of traditional fixed telecom services and operator sales affected revenue negatively.

Reported EBITDA includes non-recurring items of EUR 2 million, which relates to personnel reductions. EBITDA excluding non-recurring items decreased by 3 per cent, mainly due to personnel

Reported EBITDA includes a non-recurring item of EUR 1 million, which relates to personnel reductions. EBITDA excluding non-recurring items increased by 7 per cent, mainly due to revenue growth and productivity improvement measures.

increases and lower profitability in the visual communication business.

Personnel

In 2015, the average number of personnel at Elisa was 4,146 (4,138). Employee expenses increased to EUR 266 million (248), mainly due to changes in collective labour agreements and performance-based bonuses. Personnel at the end of 2015 amounted to 4,083 (4,089). Personnel by segment at the end of the period:

	End 2015	End 2014
Consumer Customers	2,290	2,338
Corporate Customers	1,793	1,751
Total	4,083	4,089

Investments

EUR million	2015	2014
Capital expenditure, of which	196	191
Consumer Customers	111	105
Corporate Customers	85	87
Shares	18	43
Total	213	235

In 2015, the main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT

investments. Investments in shares in 2015 relate to the ownership increase in Anvia.

Financing arrangements and ratings

VALID FINANCING ARRANGEMENTS

EUR million	Maximum amount	In use on 31 Dec 2015
Committed credit lines	300	0
EIB loan commitment	150	0
Commercial paper programme ¹⁾	250	171
EMTN programme ²⁾	1,000	600

1) Domestic commercial paper program, not committed

2) Euro Medium Term Note program, not committed

LONG-TERM CREDIT RATINGS

Credit rating agency	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB+	Stable

The Group's cash and undrawn committed loans and credit lines totalled EUR 479 million (341) on 31 December 2015.

Standard & Poors upgraded Elisa's rating to 'BBB+' and affirmed the outlook as stable on 18 March 2015.

On 6 October 2015, Elisa signed a EUR 150 million loan agreement with the European Investment Bank. The loan can be drawn within 12 months from signing and its maturity is seven years.

Shares

Share trading volumes and closing prices are based on trades made on the Nasdaq Helsinki.

Trading of shares	2015	2014
Shares traded, millions	113.3	112.7
Volume, EUR million	3,214.4	2,359.4
% of shares	67.7	67.4

Shares and market values	End 2015	End 2014
Total number of shares	167,335,073	167,335,073
Treasury shares	7,851,006	7,986,043
Outstanding shares	159,484,067	159,349,030
Closing price, EUR	34.79	22.61
Market capitalisation, EUR million	5,822	3,783
Treasury shares, %	4.69	4.77

Elisa shares are also traded in alternative marketplaces. According to the Fidessa Fragmentation Index, the trading volumes in these markets during 2015 were 153 per cent (112) of

that of the Nasdaq Helsinki. The total trading volume in all marketplaces represents approximately 171 per cent (143) of outstanding shares.

Number of shares	Total number of shares	Treasury shares	Outstanding shares
Shares at 31 Dec 2014	167,335,073	7,986,043	159,349,030
Performance Share Plan 4.2.2015 ¹⁾		-133,197	133,197
Restricted Share Plan 5.11.2015 ¹⁾		-1,840	1,840
Shares at 31 Dec 2015	167,335,073	7,851,006	159,484,067

1) Stock exchange bulletins 5 February 2015 and 5 November 2015

Research and development

The majority of the service development occurs during the ordinary course of business and is accounted for as a normal operating expense. Elisa invested EUR 15 million (13) in research and development, of which EUR 13 million was capitalised in 2015 (EUR 11 million in 2014 and EUR 8 million in 2013), corresponding to 0.9 per cent of revenue (0.8 per cent in 2014 and 0.6 per cent in 2013).

Annual General Meeting

On 26 March 2015, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.32 per share based on the 2014 financial statements. The dividend was paid to shareholders on 8 April 2015.

The Annual General Meeting adopted the financial statements for 2014. The members of the Board of Directors and the CEO were discharged from liability for 2014.

The number of the members of the Board of Directors was confirmed at six. Mr Raimo Lind, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Jaakko Uotila and Mr Mika

Vehviläinen were re-elected as members of the Board of Directors. Mr Raimo Lind was elected as the Chairman of the Board and Mr Mika Vehviläinen as the Deputy Chairman.

Mr Raimo Lind (Chair), Ms Leena Niemistö and Mr Mika Vehviläinen were appointed to the Compensation & Nomination Committee. Ms Seija Turunen (Chair), Mr Petteri Koponen and Mr Jaakko Uotila were appointed to the Audit Committee.

KPMG Oy Ab, authorised public accountants, was appointed the company's auditor. Mr Esa Kailiala, APA, is the responsible auditor.

Board of Directors' authorisations

The Annual General Meeting decided on to authorise the Board of Directors to resolve to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorisation is 5 million shares at maximum. The authorisation is effective until 30 June 2016.

The Annual General Meeting decided to authorise the Board of Directors to pass a resolution concerning the share issue, the right of assignment of treasury shares and/or the granting of special rights entitling to shares. A maximum aggregate of 15 million of the company's shares can be issued under the authorization. The authorisation is effective until 30 June 2016.

Elisa Shareholders' Nomination Board

As of 4 September 2015, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Mr Kari Järvinen, Chief Executive Officer, nominated by Solidium Oy
- Mr Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Mr Timo Ritakallio, Chief Executive Officer, nominated by Ilmarinen Mutual Pension Insurance Company
- Mr Ted Roberts, Head of Finnish Equities, nominated by Nordea Funds
- Mr Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Mr Kari Järvinen as the chair.

The shareholders' Nomination Board was established in 2012 by Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

The paper invoice case initiated by the Consumer Ombudsman is still pending in the Supreme Court. The Consumer Ombudsman is asking that paper invoices for mobile subscriptions should be free of charge.

Elisa and Anvia are in dispute over the ownership arrangement of Anvia's treasury shares and their use at the General Meeting on 20 May 2015 and 19 August 2015. Elisa has requested that the aforementioned arrangement be confirmed to be invalid. Companies owned by Anvia, in turn, have brought an action for annulment in order to amend or annul the decisions made at the General Meeting. The consideration of the matters in the court instances is ongoing.

In April 2015, the Finnish Communications Regulatory Authority (FICORA) released the decisions on price levels of copper and fibre access lines. According to the decisions, Elisa and other major Finnish fixed-line operators must apply monthly maximum rental prices of EUR 10.70 in copper access lines and EUR 75.50 in fibre access lines. Elisa and some other fixed-line operators have appealed against the decision to the Supreme Administrative Court. On 6 July 2015, the Supreme Administrative Court has issued interim decisions, in which it suspended the implementation of the FICORA decisions until the appeals are resolved in the Supreme Administrative Court or until otherwise ordered.

On 8 April 2015, according to the Finnish Competition Act, the Finnish Competition and Consumer Authority (FCCA) approved the transaction in which Elisa gains control over Anvia.

On 13 March 2015, Helsinki District Court dismissed Visual Data Oy's claim demanding EUR 3.5 million damages from Elisa and several other telecommunication companies under the Competition Act (relates to publishing of subscribers' contact information). Visual Data has lodged an appeal.

In August 2015, FICORA issued a decision on the maximum interconnection fees for Finnish mobile operators. This decision is valid for three years. All Finnish mobile operators have an equal

interconnection fee. From 1 December 2015, the interconnection fee reduced to 1.25 cents per minute. The MTR price reduction lowers both Elisa's revenue and costs, and thus has no material impact on profitability. Operators have appealed the decision to the Supreme Administrative Court. The Supreme Administrative Court has issued an interim decision not to suspend, so far, the implementation of the FICORA decision.

The new EU regulation regarding roaming and net neutrality has been officially approved and will come into force on 30 April 2016. Retail roaming charges will end in June 2017 provided that the new wholesale regulation is in force. Several substantial issues (e.g. fair use limits and wholesale regulation) are still open and were left to be decided later with separate regulation. Therefore, the final effects on Elisa remain open.

During the transitional period, starting from April 2016 and ending in June 2017, operators may charge an additional charge to domestic prices for all roaming use. The additional charge may not be higher than the current regulated wholesale roaming prices. Consequently, retail roaming prices will decrease and this is expected to have a slightly negative impact on Elisa's result.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

Strategic and operational risks

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa. Regulation may also require investments which have long payback times.

The final effects of the new EU regulation regarding roaming and net neutrality are still open, and therefore it might have a financial impact on Elisa's mobile business.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on Elisa's fixed network has decreased during the last few years. These factors may limit opportunities for growth.

Hazard risks

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

Financial risks

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate

swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor as the customer base is broad.

A detailed description of financial risk management can be found in Note 34 to the consolidated financial statements.

Corporate responsibility

Elisa's key role in society is to enhance sustainable digitalisation by continuously improving the reliability, safety and availability of services and mitigating their climate impacts. Elisa's focus is on customer satisfaction and, in environmental responsibility, on climate responsibility and energy efficiency, which can be influenced significantly through Elisa's services and actions.

Customer demand for environmentally friendly ICT and online services continued to increase in 2015. Increasing usage enabled a further reduction in our customers carbon dioxide footprint of a total of 32,313 tCO₂ (30,971), showing a 4 per cent reduction.

Elisa's own carbon footprint continued to decline, and the footprint of mobile data is now zero. Elisa has purchased renewable energy with guarantees

of origin since 2013. In 2015, expanded purchases covered all of electricity usage in Finland and Estonia. Energy efficiency in Elisa's data centres continued to improve, showing savings of 6,075 tCO₂ (5,029). Elisa saved 914 tCO₂ (823) through e-billing.

Elisa reports on its carbon footprint every year in the international CDP survey. In the CDP Nordic Climate Change 2015 report, Elisa's climate reporting received a perfect score of 100 out of 100 and Elisa made the Climate Disclosure Leadership 2015 (CDLI) index. The average score for Nordic companies was 84. Elisa's climate report for investors and global markets has received the highest ratings of Nordic enterprises and best of telecom companies.

Elisa is a pioneer in changing working culture and promoting flexible work using different kinds of virtual tools to support work and replace travelling. In 2015 employees teleworked on average 75 (70) days and participated in 211,014 (202,771) virtual meetings. Personnel survey reached an all-time high over a twelve-year period.

Elisa will publish its third online responsibility report as part of the Annual Report 2015. The responsibility report incorporates the GRI index.

Corporate Governance Statement

Elisa will publish a separate Corporate Governance Statement during week 10 (beginning 7 March 2016) on the company website at www.elisa.com.

Events after the financial period

The Shareholders' Nomination Board of Elisa Corporation proposes to the Annual General Meeting of 31 March 2016 that the number of members of the Board of Directors be seven. The Nomination Board proposes that Mr Raimo Lind, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Jaakko Uotila and Mr Mika Vehviläinen be re-elected as members of the Board. The Nomination Board further proposes that Ms Clarisse Berggårdh be elected as a new member of the board.

Outlook and guidance for 2016

The macroeconomic environment in Finland is still expected to be weak in 2016. Competition in the Finnish telecommunications market also remains challenging.

Full-year revenue is estimated to be at the same level as in 2015. Mobile data, ICT and new online services are expected to increase revenue. Full-year EBITDA, excluding non-recurring items, is anticipated to be at the same level as in 2015. Full-year capital expenditure is expected to be a maximum of 12 per cent of revenue. Elisa's financial position and liquidity are good.

Elisa is continuing its productivity improvement measures, for example by streamlining the product portfolio and IT systems and operations. Additionally, Elisa is continuing to increase customer service and sales efficiency, as well as to reduce general administrative costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability

improvement will derive from mobile data market growth, as well as new online and ICT services.

Profit distribution

According to Elisa's distribution policy, profit distribution is 80–100 per cent of the previous fiscal year's net profit. In addition, any possible excess capital can be distributed to shareholders. When making the distribution proposal or decision, the Board of Directors will take into consideration the company's financial position, future financial needs and financial targets. Profit distribution includes dividend payment, capital repayment and purchase of treasury shares.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.40 per share. The dividend payment corresponds to 92 per cent of the financial period's net profit.

Shareholders who are listed in the company's register of shareholders maintained by Euroclear Finland Ltd on 4 April 2016 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 12 April 2016. The profit for the period will be added to retained earnings.

The Board of Directors also decided to propose to the General Meeting that the Board of Directors be authorised to acquire a maximum of 5 million treasury shares, which corresponds to 3 per cent of the total shares.

Consolidated income statement

EUR million	Note	2015	2014
Revenue	1, 4	1,569.5	1,535.2
Other operating income	5	4.8	8.2
Materials and services	6	-609.0	-606.1
Employee expenses	7, 27	-266.3	-247.7
Other operating expenses	8	-166.5	-170.0
EBITDA	1	532.5	519.7
Depreciation, amortisation and impairment	1, 10	-220.4	-214.7
EBIT	1	312.1	305.0
Financial income	11	3.6	4.7
Financial expenses	11	-27.4	-31.9
Share of associated companies' profit		2.3	-0.1
Profit before tax		290.6	277.7
Income taxes	12	-47.1	-54.7
Net profit		243.5	222.9
Attributable to:			
Equity holders of the parent		243.1	224.9
Non-controlling interests		0.4	-1.9
		243.5	222.9
Earnings per share (EUR/share) calculated from the profit attributable to equity holders of the parent:			
Basic	13	1.52	1.41
Diluted	13	1.52	1.41
Average number of outstanding shares (1,000 shares):			
Basic	13	159,470	159,349
Diluted	13	159,470	159,349

Consolidated statement of comprehensive income

EUR million	Note	2015	2014
Profit for the period		243.5	222.9
Other comprehensive income, net of tax			
Items which may be reclassified subsequently to profit or loss:			
Financial assets available-for-sale	19	12.0	7.3
Cash flow hedge		-0.9	-0.1
Translation differences		0.0	0.2
		11.1	7.3
Items which are not reclassified subsequently to profit or loss:			
Remeasurements of the net defined benefit liability	28	1.8	-3.6
Total comprehensive income		256.5	226.7
Total comprehensive income attributable to:			
Equity holders of the parent		256.1	228.6
Non-controlling interests		0.4	-1.9
		256.5	226.7

Consolidated statement of financial position

EUR million	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
Non-current assets			
Property, plant and equipment	14	677.4	692.0
Goodwill	15	830.1	831.5
Other intangible assets	15	134.8	137.0
Investments in associated companies	16, 35	59.5	48.8
Financial assets available-for-sale	17-19	30.3	20.4
Deferred tax assets	21	23.3	13.5
Trade and other receivables	17, 18, 20, 25	73.7	72.4
		1,829.1	1,815.5
Current assets			
Inventories	22	54.8	53.2
Trade and other receivables	23	333.4	330.4
Tax receivables		0.2	2.9
Cash and cash equivalents	24	29.1	41.3
		417.5	427.8
TOTAL ASSETS	1	2,246.6	2,243.4
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		83.0	83.0
Treasury shares		-145.5	-148.2
Contingency reserve		3.4	3.4
Fair value reserve		13.3	0.4
Other funds		381.0	381.0
Reserve for invested non-restricted equity		90.9	90.9
Retained earnings		499.3	467.5
Equity attributable to equity holders of the parent	26, 27	925.4	878.0
Non-controlling interests		0.5	0.6
TOTAL SHAREHOLDERS' EQUITY		925.9	878.6
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	21	22.7	21.0
Pension obligations	28	15.6	18.2
Provisions	29	3.4	3.1
Financial liabilities	30	686.0	818.0
Trade payables and other liabilities	31	23.9	28.2
		751.6	888.5
Current liabilities			
Trade and other payables	31	255.5	246.0
Tax liabilities		2.9	1.7
Provisions	29	5.4	3.8
Financial liabilities	30	305.2	224.9
		569.1	476.3
TOTAL LIABILITIES		1,320.7	1,364.8
TOTAL EQUITY AND LIABILITIES		2,246.6	2,243.4

Consolidated statement of cash flows

EUR million	Note	2015	2014
Cash flow from operating activities			
Profit before tax		290.6	277.7
Adjustments			
Depreciation, amortisation and impairment	10	220.4	214.7
Financial income (-) and expenses (+)		23.8	27.2
Gains (-) and losses (+) on the disposal of fixed assets		-2.9	-5.7
Increase (+) / decrease (-) in provisions in the income statement		2.0	-8.2
Other adjustments		-0.2	1.2
		243.0	229.2
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables		-1.6	-4.8
Increase (-) / decrease (+) in inventories		-5.6	-1.6
Increase (+) / decrease (-) in trade and other payables		6.9	-14.1
		-0.4	-20.5
Dividends received		2.9	0.7
Interest received		2.4	10.0
Interest paid		-23.8	-34.9
Taxes paid		-52.0	-50.1
Net cash flow from operations		462.8	412.1
Cash flow from investing activities			
Acquisitions of subsidiaries and businesses		-2.9	
Acquisitions of associates		-11.1	-37.9
Contingent consideration of subsidiaries		1.3	-0.8
Capital expenditure		-199.8	-197.8
Proceeds from disposal of subsidiaries			-0.4
Proceeds from sale of financial assets available-for-sale		1.5	0.5
Proceeds from disposal of tangible and intangible assets		1.1	9.1
Repayments of loans receivable		0.1	0.3
Net cash flow used in investing activities		-209.8	-227.0
Cash flow before financing activities		253.0	185.0
Cash flow from financing activities			
Proceeds from long-term borrowings		0.2	0.1
Repayment of long-term borrowings		-10.7	-172.7
Increase (+) / decrease (-) in short-term borrowings		-39.5	108.1
Repayment of finance lease liabilities		-4.8	-4.6
Acquisition of non-controlling interests			-5.6
Dividends paid		-210.3	-206.7
Net cash used in financing activities		-265.2	-281.5
Change in cash and cash equivalents		-12.2	-96.4
Cash and cash equivalents at the beginning of the period		41.3	137.8
Cash and cash equivalents at the end of the period	24	29.1	41.3

Consolidated statement of changes in shareholders' equity

EUR million	Equity attributable to equity holders of the parent						Non-controlling interests	Total shareholders' equity
	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity at 1 Jan. 2014	83.0	-148.2	381.2	90.9	453.4	860.3	1.9	862.2
Profit for the period					224.9	224.9	-1.9	222.9
Translation differences					0.2	0.2		0.2
Remeasurements of the net defined benefit liability			-3.6			-3.6		-3.6
Financial assets available-for-sale			7.3			7.3		7.3
Cash flow hedge			-0.1			-0.1		-0.1
Total comprehensive income			3.5		225.1	228.6	-1.9	226.7
Dividends					-207.2	-207.2	-0.3	-207.5
Share-based compensation					2.3	2.3		2.3
Acquisition of non-controlling interests					-6.3	-6.3	1.0	-5.3
Other changes					0.4	0.4		0.4
Shareholders' equity at 31 Dec. 2014	83.0	-148.2	384.8	90.9	467.5	878.0	0.6	878.6
Profit for the period					243.1	243.1	0.4	243.5
Translation differences					0.0	0.0		0.0
Remeasurements of the net defined benefit liability			1.8			1.8		1.8
Financial assets available-for-sale			12.0			12.0		12.0
Cash flow hedge			-0.9			-0.9		-0.9
Total comprehensive income			12.9		243.1	256.1	0.4	256.5
Dividends					-210.5	-210.5	-0.5	-211.0
Share-based compensation		2.7			1.5	4.2		4.2
Other changes					-2.3	-2.3		-2.3
Shareholders' equity at 31 Dec. 2015	83.0	-145.5	397.7	90.9	499.3	925.5	0.5	925.9

Notes to the consolidated financial statements

Basic information on the Group

Elisa Corporation ("Elisa" or "the Group") engages in telecommunications activities and provides ICT and online services in Finland and in selected international market areas. The parent company of the Group is Elisa Corporation ("the parent") with domicile in Helsinki, and its registered address is Ratavirtijankatu 5. The shares of the parent company, Elisa Corporation, have been listed on the NASDAQ OMX Helsinki since 1999.

On 28 January 2016 Elisa's Board of Directors has accepted this financial statement to be published. A copy of the consolidated financial statements is available from Elisa's head office at Ratavirtijankatu 5, Helsinki, or on the company's website corporate.elisa.com.

Basis of presentation of financial statements

Elisa's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) including adherence with IAS and IFRS standards and SIC and IFRIC interpretations valid as at 31 December 2015. In the Finnish Accounting Act and the provisions issued pursuant to it, the International Financial Reporting Standards refer to standards and interpretations that have been approved for application in the EU according to the procedures

provided for in EU regulation (EC) No. 1606/2002 ("IFRS"). The notes to the consolidated financial statements are also compliant with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets available-for-sale, financial assets and liabilities recognised at fair value through profit or loss, share-based payments and derivatives. The financial statements are presented in EUR million and the figures are rounded to one decimal place.

The preparation of consolidated financial statements in conformity with IFRS requires the application of judgment by the Group management in making estimates and decisions. Information on decisions requiring management judgment on the application of appropriate accounting principles that have a material impact on the consolidated financial statements are presented in the Accounting principles under "The accounting policies that require management's judgments and sources of estimation uncertainty".

Applied new and revised standards and interpretations

The Annual Improvements of IFRS standards adopted as of 1 January 2015 did not have an impact on the consolidated financial statement.

Consolidated accounting principles

Combination principles

Subsidiaries

The consolidated financial statements include the parent company, Elisa Corporation, and those subsidiaries in which the Group has control. The control is obtained when the Group is exposed, or has the right, to variable returns through its power over the entity.

Subsidiaries are consolidated from the date the Group obtains control and the divested companies until the loss of control. The acquisition method is used in the accounting for the elimination of internal ownership. All intra-group transactions, gain on the sale of inventories and fixed assets, intra-group receivables, payables and dividends are eliminated.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for equity transactions. As at the date when control is lost, any investment retained in the former subsidiary is recognised at fair value and the difference is recorded through profit or loss. Identifiable assets acquired and assumed liabilities are measured at their fair value as of the acquisition date. Changes in the contingent consideration and acquisition-related expenses are recognised as an expense in the income statement. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss. A gain resulting from a bargain purchase is recognised in profit or loss.

Non-controlling interests are measured either at the amount which equals the non-controlling

interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The method to be used is selected on a case-by-case basis. Changes in non-controlling interests are recognised in retained earnings.

Profit for the period attributable to the equity holders of the parent and non-controlling interests is presented separately in the consolidated income statement. Non-controlling interests are presented separately from the equity of the owners of the parent in the consolidated statement of financial position. Losses exceeding the share of ownership are allocated to non-controlling interests.

Associates

Associated companies are entities over which the Group exercises significant influence. Significant influence is presumed to exist when the Group owns over 20 per cent of the voting rights of the company or when the Group otherwise exercises significant influence but does not exercise control. Associated companies are consolidated in accordance with the equity method. If the Group's share of losses of an associate exceeds its interest in the associate, the investment is recognised on the balance sheet at zero value and the group discontinues recognising its share of further losses unless the Group has other obligations for the associated company. Associated companies are consolidated from the date the company becomes an associate and divested companies are consolidated until the date of disposal.

Joint Arrangements

Joint arrangements are arrangements over which the Group exercises joint control with one or more parties. A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement where the Group has rights to

the net assets of the arrangement. A joint operation is a joint arrangement where the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The only joint arrangement owned by the Group is a joint operation which is consolidated using the proportional consolidation method.

Conversion of items denominated in a foreign currency

The consolidated financial statements have been presented in euro, which is the functional and presentation currency of the parent company.

Transactions in foreign currencies

Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing at the dates of transactions. Monetary items have been translated into the functional currency using the rates of exchange as at the year-end and non-monetary items using the rates of exchange at the dates of transactions, excluding items measured at fair value, which have been translated using the rates of exchange on the date of valuation. Gains and losses arising from the translation are recognised in profit or loss. Foreign exchange gains and losses from operations are included within the corresponding items above EBIT. Foreign exchange gains and losses from loans denominated in a foreign currency are included within financial income and expenses.

The translation of foreign Group companies' financial statements

The income statements of foreign Group companies are translated into euro using the average rate of exchange of the financial year and the statements of financial position using the rates of exchange as at the year-end. Differences

resulting from the translation of the result for the period at a different rate on the income statement and on the statement of financial position are recognised in other comprehensive income as translation differences within consolidated shareholders' equity.

Revenue recognition principles

Revenue includes normal sales income from business operations deducted by taxes related to sales and discounts granted. Sales are recognised once the service has been rendered to the customer or once the significant risks and rewards related to the ownership of the goods have been transferred to the buyer. Service revenue is recognised when it is probable that economic benefit will flow to the Group and when the income and costs associated with the transaction can be measured reliably. Revenue and expenses related to long-term projects are recognised on the basis of the percentage of completion when the final outcome of the project can be estimated reliably. The percentage of completion is determined as a proportion of hours worked to the estimated total number of hours of work. When it is likely that total costs to complete the project will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group revenue consists mainly of income from voice and data traffic, periodic fees, opening fees and maintenance fees, as well as income from equipment sales. Sales are recognised as revenue once the service has been rendered either on the basis of realised traffic volumes or the validity of a contract. Opening fees are recognised at the time of connection. Revenues from prepaid mobile phone cards are recognised over the period of realised use of the cards. Service fees invoiced from a customer on behalf

of a third-party content service provider are not recognised as revenue.

A service contract may include the delivery or rendering of a product and a service or access right (service bundle). The share of revenue attributable to the product is recognised separately from the service revenue.

Long-term service contracts covering a wide range of communications services for corporate customers are recognised over the term of the contract. Customers are usually not entitled to redeem the equipment at the end of the service period.

Customers belonging to loyalty programmes are entitled to certain discounts on services and products provided by the Group. Discounts earned by customers are recognised as reduction of revenue. The Group does not currently have any valid loyalty programmes.

EBIT

Earnings before interest and taxes ("EBIT") stands for revenue and other operating income deducted by operating expenses (materials and services adjusted by change in inventories, employee expenses and other operating expenses), depreciation and amortisation.

Current taxes and deferred taxes

The tax expense in the income statement comprises current tax and deferred tax. Income taxes for the financial year are calculated from taxable profit with reference to a valid tax rate and are adjusted by possible previous years' taxes.

Deferred taxes are calculated from all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Principal

temporary differences arise from tax losses carried forward, depreciation difference and fair value measurements in business combinations. Deferred tax is not recognised on goodwill impairment that is not deductible for tax purposes. Deferred tax is not recognised on non-distributable profits of subsidiaries as far as there is no profit distribution decision in the foreseeable future. No deferred tax is recognised on valuation differences of shares for which gain on sale would be tax-deductible.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are recognized in the balance sheet in total.

Interest and dividends

Interest income is recognised using the effective interest method, and dividend income is recognised when the right to receive payment is established.

Intangible Assets

Goodwill

Goodwill arising from business combinations prior to 2004, is accounted for in accordance with the previous financial statements regulations and that book value is the assumed IFRS acquisition cost. Business combinations incurring between 1 January 2004 and 31 December 2009 have been accounted for in accordance with IFRS 3 (2004). Goodwill arising from business combinations incurring after 1 January 2010 represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable net assets acquired and the amount of non-controlling interest and in a business

combination achieved in stages, the acquisition-date fair value of the equity interest.

Goodwill is not amortised. Goodwill is tested for impairment annually, or more frequently if events or circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU's) including Consumer Customers and Corporate Customers. Goodwill is carried at its cost less any accumulated impairment losses.

Research and development

Research costs are recorded as an expense in the income statement. Development expenses are recognised on the statement of financial position from the date the product is technically feasible, it can be utilised commercially and future economic benefit is expected from the product. Otherwise development costs are recorded as an expense. Development costs initially recognised as expenses are not capitalised at a later date.

Other intangible assets

An intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent costs related to intangible assets are capitalised only if the future economic benefits that will flow to the Group exceed the level of performance originally assessed. In other cases, the costs are recognised as an expense as incurred.

In connection with business combinations, intangible assets (such as customer base and brand) are measured at fair value. Other intangible assets are measured at original acquisition cost and amortised on a straight-line basis over their estimated useful life.

Amortisation periods for intangible assets:

Customer base	4–5 years
Brand	10 years
Development expenses	3 years
IT software	5 years
Other intangible assets	5–10 years

Property, plant and equipment

Property, plant and equipment are recognised in the statement of financial position at the original cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairments. Depreciation is recorded on a straight-line basis over the useful lives. The residual value and the useful life of an asset is reviewed at the year-end and adjusted as necessary.

Subsequent costs, such as renewals and major renovation projects, are capitalised when it is probable that future economic benefits will flow to the Group. Ordinary repair, service and maintenance costs are recognised as an expense during the financial period in which they are incurred.

Expected useful lives of property, plant and equipment:

Buildings and constructions	25–40 years
Machinery and equipment in buildings	10–25 years
Telecommunications network (line, backbone, area, subscription, cable TV)	8–15 years
Exchanges and concentrators (fixed and mobile core)	6–10 years
Equipment for the network and exchanges	3–8 years
Telecommunication terminals	1–4 years
Other machinery and equipment	3–5 years

Land areas are not depreciated.

Government grants

Government grants related to the acquisition of property, plant and equipment, are recorded as a reduction of the carrying value of property, plant and equipment. The grants are recognised in income as lower depreciation charges over the useful life of the asset.

Government grants associated with development projects are recognised as other operating income when the related costs are recognised as expenses. Government grants associated with capitalised development costs are recorded as a reduction of cost.

Financial assets and liabilities

Financial assets

The Group classifies its financial assets as financial assets at fair value through profit or loss, loans and receivables and financial assets available-for-sale. The classification of financial assets takes place at initial recognition and depends on the purpose for which the financial assets were acquired. The purchases and sales of financial assets are recognised on the settlement date. Financial assets are derecognised once the contractual rights to the cash flows from the financial asset expires or once it has transferred substantially all the risks and rewards of ownership of the financial asset outside the Group.

Financial assets recognised at fair value through profit or loss are included in current assets. This category includes money market funds and commercial paper. Investments in money market funds consist of funds that make investments in high-quality euro-denominated fixed income securities issued by enterprises and public corporations operating in the European Economic

Area. Commercial paper consists of debt securities issued by Finnish companies with a good credit rating. Both realised and unrealised gains and losses from changes in fair value are recognised in profit or loss during the financial period in which they incur.

Derivatives are recognised at fair value as financial assets or liabilities on the date of acquisition and are subsequently remeasured at their fair value. The recognition of changes in the fair value of derivatives depends on the use of the derivative contract. Outstanding derivatives that do not qualify for hedge accounting are recognised at fair value and the changes in fair value are immediately recognised within the financial items in the income statement. The fair value of derivatives is expected to approximate the quoted market price or, if this is not available, fair value is estimated using commonly used valuation methods.

Elisa has started hedge electricity purchases by derivatives during 2014. Derivative contracts are treated as cash flow hedges. The effective portion of derivatives that qualify for hedge accounting is recognised in the revaluation reserve of equity. The gains and losses in equity accumulated from the hedging instrument are recognised in the income statement when the hedged item affects the profit or loss. The ineffective portion is recognised in the income statement within other operative income or expenses. The change in the revaluation reserve recognised in equity is presented in the statement of comprehensive income under Cash flow hedge. Hedge accounting is discontinued when the hedging instrument expires or is sold or the contract is terminated or exercised. Any cumulative gains or losses existing in equity at that time remains in equity until the predicted transaction has occurred.

Loans and receivables are valued at amortised cost and are included either in current financial

assets, or in non-current financial assets if they fall due within more than 12 months. In addition to loan receivables, this category includes trade receivables and other receivables. Trade receivables are recognised at the original invoiced amount. The Group recognises an impairment loss on trade receivables if the payment is delayed by more than 90 days or if a sales receivable is considered as finally lost. To the extent that trade receivables are sold, the impairment loss is reduced.

Financial assets available-for-sale are included in non-current assets. Equity investments, excluding investments in associated companies and mutual real estate companies, are classified as financial assets available-for-sale and are generally measured at fair value. Values of securities that cannot be measured reliably are reported at cost less impairment. Fair values of financial assets available-for-sale are measured either on the basis of the value of comparable companies, the discounted cash flow method or by using quoted market rates. Changes in the fair value of equity investments are recognized within other comprehensive income. When the equity investment is sold, accumulated changes in fair value are released from shareholders' equity and recognised in profit or loss.

Items measured at fair value are categorized using the three-level value hierarchy. Level 1 includes instruments with quoted prices in active markets. Listed shares owned by the Group are categorised at level 1. Level 2 includes instruments with observable prices based on market data. The Group's Interest rate and currency swap and electricity derivatives are categorised at level 2. Level 3 includes instruments with prices that are not based on verifiable market data but instead on the company's internal information, for example. The contingent consideration relating to business

combinations are categorised at level 3. See Note 17.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term bank deposits and other short-term highly liquid investments with maturity less than three months.

Financial liabilities

Financial liabilities are initially recognised at fair value equaling the net proceeds received. Financial liabilities are subsequently measured at amortised cost by using the effective interest method. Transaction costs are included within the cost of financial liabilities. Financial liabilities are recorded within non-current and current liabilities and they may be non-interest or interest-bearing.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that an asset is impaired. If such evidence exists, the recoverable amount of the asset is assessed. Regardless of any existence of impairment indications, the recoverable amount of goodwill and intangible assets under construction are also annually assessed. The Group does not have any intangible assets with an indefinite useful life. The need for impairment is assessed at the level of cash-generating units.

The recoverable amount of the asset is its fair value less costs of disposal or its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset item or a cash-generating unit. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised immediately in the income statement. If an impairment loss is

allocated to a cash-generating unit, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis. An impairment loss is reversed if there are indications that a change in circumstances has taken place and the asset's recoverable amount has changed since the impairment loss was recognised. However, the reversal of an impairment loss will never exceed the carrying amount of the asset had no impairment loss been recognised. An impairment loss recognised for goodwill is never reversed under any circumstances.

Inventories

Inventories are stated at the cost of an acquisition or at the net realisable value if lower than the cost. The cost is determined using a weighted average price.

Treasury shares

Elisa shares owned by the parent company (treasury shares) are reported as deduction from equity.

Provisions and contingent liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are possible obligations that arise from past events and their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future

events not wholly within the control of the entity. Contingent liabilities also include present obligations that arise from past events but it is not probable that an outflow of resources will be required to settle the obligations or the amount of the obligations cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the statement of financial position. Contingent liabilities are presented in the notes.

Employee benefits

Pension obligations

Pensions are classified as either defined contribution or defined benefit plans. In a defined contribution plan, the Group has no legal or constructive obligation to pay further contributions if the fund is unable to pay all employees the benefits relating to employee service. The premiums for defined contribution pension plans are recognised as expenses during the financial year in which they incur. A defined benefit plan is a pension plan that is not a defined contribution plan.

Groups' defined benefit obligation has been calculated separately from each plan by using the Projected Unit Credit Method. Pension expenses calculated by authorised actuaries are recognised in profit or loss over the employees' working lives. The rate used to discount the present value of the defined benefit obligation is determined by reference to market yields on high quality corporate bonds and if it is not available, the market yields on government bonds are used. The maturity of the corporate bonds and government bonds are substantially consistent with the maturity of the pension obligation. The present value of defined benefit obligation is reduced by the fair value of the plan assets at the end of the reporting period. The net defined benefit pension

liability is recognised on the statement of financial position.

Current service cost and net interest of the net defined benefit liability are recorded in employee expenses in the income statement. The remeasurements of the net defined benefit liability, for example actuarial gains and losses and the return on plan assets, are recognised in other comprehensive income during the financial period in which they incur.

Performance-based bonus scheme and personnel fund

All employees are included in a performance, incentive or commission -based bonus scheme. The Group also has a personnel fund. The costs for the performance-based bonus scheme and personnel fund are recognised on accrual basis and the costs are based on the best available estimate of realised amounts.

Share-based incentives

The aim of the Group's share-based incentive plans is the long-term commitment of top management to the improvement of the company's value. The amount of the possible award to be paid is tied to the accomplishment of the related targets. Share-based incentive plans are measured at fair value at the date of grant and are charged to the income statement as follows: the cash portion of the reward is allocated until the end of the month preceding the month of the actual payment and the share portion of the reward is allocated over the restriction period. The proportion settled in shares is recognised in equity, while the proportion settled in cash is recognised as a liability. If the assumption regarding the realised number of shares changes, an adjustment is recorded through profit and loss. The fair value of the portion settled in cash shall be reassessed at the end of each financial period

until the end of the month preceding the month during which the reward is paid. Transfer restrictions related to the scheme are not taken into account in fair valuation or expense recognition. The plans do not involve any other non-market based terms and conditions.

Leases

The group as a lessee

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

Leases of tangible assets, in which the Group has substantially all the risks and rewards of the ownership, are classified as finance leases. Assets acquired on finance leases are recognised in the statement of financial position at the beginning of the lease period at the lower of fair value of the leased asset or the present value of future minimum lease payments. Assets acquired under finance leases are depreciated over the useful life of the asset or if shorter, the lease period. Minimum lease payments are apportioned between financial expenses and the reduction of the outstanding liability over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance lease liabilities are recognised in interest-bearing liabilities. The Group has primarily leased telecommunications networks and facilities, servers and work stations, videoconference equipments and infrastructure under finance leases.

The group as a lessor

The Group acts as a lessor in two different types of lease arrangements that are accounted for

operating leases. Rental income from telecom premises and carrier services are recognised as revenue over the lease period. Rental income from apartment leases is recorded in other operating income over the lease period.

The Group acts as a lessor in lease arrangements for video conferencing equipment that are accounted for as a finance lease. At the time of sale of the equipment, the proceeds are recorded as revenue and a receivable at a present value. Rental income is recorded as financial income and as a reduction of receivable over the lease period reflecting a constant periodic rate of return on the net investment.

The accounting policies that require management's judgements and sources of estimation uncertainty

The preparation of financial statements requires the application of judgment in making estimates and assumptions. Actual results may differ from the estimates and assumptions made. In addition, the application of the accounting principles also requires the application of judgment. The estimates are based on the management's best view at the end of the financial period. Any changes in estimates and assumptions are recognised in the financial year during which the estimate or assumption is adjusted as well as in all subsequent periods.

Impairment testing

Goodwill and intangible assets under construction are tested for impairment annually or more frequently if events or circumstances indicate a potential impairment. The recoverable amount of cash-generating units is determined by calculations based on value in use, the

preparation of which requires estimates and assumptions. The main uncertainties are associated with the estimated level of revenue and profitability and the discount rate. Any changes may lead to the recognition of impairment losses. The carrying value of goodwill is EUR 830.1 million at 31 December 2015. See Note 15.

Share-based incentive plans

The expense recognition for the share-based incentive plans is based on an estimate of the fulfillment of the share incentive plan criteria and the development of Elisa share price. The fulfillment of the share incentive plan criteria and the development of the share price might deviate from the estimates. Share-based compensation expenses were EUR 6.7 million in 2015 and the liability relating to share-based incentive plans as at 31 December 2015 was EUR 10.8 million. See Note 27.

Income and expenses

The measurement and allocation of income and expenses to the appropriate financial period is partially based on estimates from past experience.

Deferred tax assets

Particularly as at the end of each financial period, the Group assesses the probability of subsidiaries generating taxable income against which unused tax losses can be utilised. The appropriateness for recognising other deferred tax assets is also determined as at the end of each financial period. Changes in the estimates may lead to the recognition of significant tax expenses. As at 31 December 2015, the Group has EUR 23.3 million deferred tax receivables.

Application of new and revised accounting pronouncements under IFRS

On 1 January 2018, the Group will adopt the following new standards, providing these are approved by the EU by the planned date of adoption.

- IFRS 15 Revenue from Contracts with Customers. The standard includes a 5-stepped contract based model to revenue recognition. Revenue can be recognised at a point of time or over time depending on when the customer obtains control of the asset. The change is not expected to have a material impact on the Groups financial statements.
- IFRS 9 Financial Instruments. In accordance with the standard, financial assets are measured at fair value unless certain conditions require measurement at amortised cost. The measurement models have also been simplified. The standard will change hedge accounting and offer a new credit loss –based way on assessing impairments. The change does not have a significant impact on the Groups financial statements.

On 1 January 2019, the Group will adopt the following new standard, providing it is approved by the EU by the planned date of adoption.

- IFRS 16 Leases. In respect of lessor the situation will remain largely unchanged. In respect of lessee all leases except short-term less than a 12-month contracts and contracts with low value will be recognised on balance sheet. The change will move off-balance sheet liabilities to

the balance sheet and thus increase the amount of lease property and debt. The change does have a material impact on the Groups financial statements.

1. OPERATING SEGMENTS

The Group's reportable segments are based on the internal reporting provided to management. Elisa's internal organizational and management structure is based on a customer-oriented operating model. The Group's reportable operating segments are Consumer Customers and Corporate Customers.

The Consumer Customers segment provides consumers and households with telecommunications services, such as voice and data services. The Corporate Customers segment provides to the corporate and community customers voice and data services, ICT solutions and contact center services.

The segments are controlled by the segment-specific performance reporting that includes external revenue, EBITDA, EBIT and investments. Financial items, share of associated companies' profit and income taxes are not allocated to operating segments. The costs of production and support functions are allocated to operating segments on the matching principle. Operations in Estonia are divided into the Consumer Customers and Corporate Customers operating segments on the basis of customer accounts.

Segment assets consist of intangible and tangible assets, inventories, trade and other non-interest bearing receivables. Deferred taxes, investments in associated companies, financial assets available-for-sale, interest-bearing receivables, financial items and income tax receivables are not included in segment assets. Management reporting does not include segment liabilities.

The accounting principles of the segments are the same as those used in the preparation of the financial statements.

The reported geographical areas are Finland, Rest of Europe and Other countries. Revenues are presented on the basis of the customer location. Assets are presented on the basis of location.

Operating Segments

2015

EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	983.2	586.3		1,569.5
EBITDA	347.7	184.8		532.5
Depreciation, amortisation and impairment	-126.3	-94.2		-220.4
EBIT	221.5	90.6		312.1
Financial income			3.6	3.6
Financial expenses			-27.4	-27.4
Share of associated companies' profit			2.3	2.3
Profit before tax				290.6
Investments	110.6	85.2		195.8
Assets	1,271.6	832.1	143.0	2,246.6

2014

EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	954.1	581.1		1,535.2
EBITDA	326.9	192.8		519.7
Depreciation, amortisation and impairment	-122.7	-92.0		-214.7
EBIT	204.2	100.7		305.0
Financial income			4.7	4.7
Financial expense			-31.9	-31.9
Share of associated companies' profit			-0.1	-0.1
Profit before tax				277.7
Investments	104.9	86.6		191.5
Assets	1,248.2	868.1	127.1	2,243.4

Product and service information

2015

EUR million	Mobile Communications	Fixed Network and other	Group total
Revenue	988.4	581.1	1,569.5

2014

EUR million	Mobile Communications	Fixed Network and other	Group total
Revenue	939.6	595.6	1,535.2

Geographical information

2015

EUR million	Finland	Rest of Europe	Other countries	Eliminations	Group total
Revenue	1,437.7	133.9	5.1	-7.2	1,569.5
Assets	2,164.5	80.7	1.4		2,246.6

2014

EUR million	Finland	Rest of Europe	Other countries	Eliminations	Group total
Revenue	1,413.6	126.1	8.9	-13.3	1,535.2
Assets	2,166.2	76.7	0.4		2,243.4

2. ACQUISITIONS

Acquisitions in 2015

Acquisition of Banana Fingers Ltd

Elisa acquired all shares of Banana Fingers Ltd, which is a part of EpicTV business. The purchase price was EUR 3.3 million including a contingent consideration of EUR 1.4 million. The business combination resulted in goodwill of EUR 2.9 million. The goodwill resulted from the acquisition of e-commerce know-how and a business concept and faster access to the sports equipment e-commerce market for consumer customers. Goodwill is not tax deductible.

Banana Fingers is consolidated from 1 January 2015 onwards.

There were no pre-existing relationships between the Group and the acquired company at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired	Carrying amount
EUR million	EUR million
Inventories	0.3
Cash and cash equivalents	0.3
Trade payables and other current liabilities	-0.2
	0.4

Effects of acquisition on cash flow

EUR million	EUR million
Purchase price paid in cash	-1.9
Cash and cash equivalents of the acquired entity	0.3
	-1.6

Acquisition of Datawell Oy's MDM (Master Data Management) business

On 31 August 2015 Elisa Appelsiini acquired Datawell Oy's MDM business. The purchase price was EUR 2.0 million. The business combination resulted in goodwill of EUR 0.8 million. The acquisition strengthens the supply of Elisa's digital healthcare services and supports the development of new services. Goodwill is not tax deductible.

There were no pre-existing relationships between the Group and the acquired business at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired	Carrying amount
EUR million	EUR million
Contract base	1.5
Current assets	0.1
Deferred tax liabilities	-0.3
Accruals and other liabilities	-0.1
	1.2

Effects of acquisition on cash flow

EUR million	EUR million
Purchase price paid in cash	-2.0

Acquisition of Fonum Oy

On 7 September 2015 Elisa acquired all shares of Fonum Oy. The purchase price was EUR 0.6 million. The business combination resulted in EUR 0.4 million goodwill relating to market access in the mobile phone service and repair business. Goodwill is not tax deductible.

Fonum is consolidated from 1 September 2015 onwards.

There were no pre-existing relationships between the Group and the acquired company at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired	Carrying
EUR million	amount
Intangible assets	0.1
Property, plant and equipment	0.0
Inventories	0.1
Trade and other receivables	0.0
Cash and cash equivalents	0.1
Accruals and other liabilities	-0.2
	0.2

Effects of acquisition on cash flow

EUR million	
Purchase price paid in cash	-0.6
Cash and cash equivalents of the acquired entity	0.1
	-0.5

Acquisition of Livezhat business

On 31 October 2015 Elisa acquired ZEF Oy's Livezhat service business. The purchase price was EUR 0.5 million. The business combination resulted in EUR 0.3 million goodwill relating to the improvement of corporate customers range of services. Goodwill is not tax deductible.

There were no pre-existing relationships between the Group and the acquired business at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired	Carrying
EUR million	amount
Customer base	0.2
Deferred tax liabilities	0.0
	0.2

Effects of acquisition on cash flow

EUR million	
Purchase price paid in cash	-0.5

Acquisitions in 2014

There were not any acquisitions during 2014.

3. DISPOSALS

Disposals in 2015

There were no disposals during 2015.

Disposals in 2014

Disposal of BCC Finland Oy

Elisa divested the fully owned BCC Finland Oy on 8 April 2014. The sales price was EUR 0.0 million. The divestment resulted in a loss of EUR 1.2 million recorded within Financial expenses in the Consolidated income statement and it removed a total of EUR 0.8 million goodwill from the Group. The impact of the result incurred during the period of the ownership by the Group has been taken into account in the loss.

The Group has consolidated the result of BCC Finland Oy until 31 March 2014.

Net assets of the sold entity	Carrying amount
EUR million	
Property, plant and equipment	0.1
Inventories	0.3
Trade and other current receivables	0.9
Cash and cash equivalents	0.1
Financial liabilities	-0.6
Trade payables and other current liabilities	-1.2
	-0.3

Effects of disposal on cash flow

EUR million	
Sales price received in cash	0.0
Cash and cash equivalents of the sold entity	-0.1
	-0.1

4. REVENUE

EUR million	2015	2014
Rendering of services	1,354.6	1,338.3
Equipment sales	214.9	196.9
	1,569.5	1,535.2

5. OTHER OPERATING INCOME

EUR million	2015	2014
Gain on disposals of property, plant and equipment	2.9	5.8
Government grants	0.1	0.0
Other items ⁽¹⁾	1.8	2.4
	4.8	8.2

¹⁾ Other items include rental income from real estate and other income items not associated with ordinary operating activities.

6. MATERIALS AND SERVICES

EUR million	2015	2014
Purchases of materials, supplies and goods	363.8	353.2
Change in inventories	2.1	5.3
External services	243.0	247.6
	609.0	606.1

7. EMPLOYEE EXPENSES

EUR million	2015	2014
Salaries and wages	210.4	195.7
Share-based compensation expenses	6.7	6.5
Pension expenses – defined contribution plans	35.6	31.9
Pension expenses – defined benefit plans	0.5	0.6
Other statutory employee costs	13.1	13.0
	266.3	247.7
Average number of personnel	4,146	4,138

A more detailed analysis of defined benefit pension plans is included in Note 28.

Management remuneration

EUR million	2015	2014
Managing Directors	2.3	1.7
Members and deputy members of Boards of Directors	0.5	0.6

Managing Directors' pension commitments

The retirement age of the Group companies' Managing Directors is 60–63 years.

Employment benefits for key management

Key management consists of Elisa's Board of Directors, the CEO and the Executive Board.

Benefits paid	2015	2014
EUR million		
Board of Directors	0.5	0.6
CEO	0.8	0.6
Executive Board	2.3	2.0
Share-based compensation expenses ⁽¹⁾	2.6	
	6.2	3.2

¹⁾ Paid share-based compensations in 2015 were EUR 0.7 (0.0) million to the CEO and EUR 1.9 (0.0) million to the Executive Board members.

Annual expenses

EUR million	2015	2014
Remunerations and other short-term employee benefits	3.6	3.2
Post-employment benefits	0.2	0.3
Share-based benefits ⁽²⁾	2.6	2.3
	6.4	5.8

²⁾ The share-based compensation expenses in 2015 are EUR 6.7 (6.5) million, of which EUR 0.8 (0.6) million is allocated to the CEO and 1.9 (1.8) to the Executive Board. The terms and conditions of share-based incentive plans are described under Note 27.

Management remuneration is described under parent company's Note 4.

The period of notice for the CEO is six months from the Group's side and three months from the CEO's side. Should the contract be terminated by the Group, the Chief Executive Officer is entitled to receive a severance payment equalling the total salary of 24 months deducted by the notice period salary. The period of notice for other members of the Executive Board is six months from the Group's side. In addition to the notice period salary the members of the Executive Board are entitled to receive a severance payment equalling the total salary of nine months.

The executive agreement with the Group CEO expires at the age of 60. The CEO's pension arrangement is a cash based plan. The pension benefit includes vested rights. The company is liable for the pension at the age of 60 and 61 and the related accumulated liability EUR 0.7 million is included in pension obligations on the balance sheet. Pension will accrue annually at the rate of 5.1 per cent of the annual income under TyEL (Employees Pensions Act). Starting at the age of 62, the pension will accrue at the rate of 20.7 per cent of the annual income under TyEL in the management's group cash based supplementary pension insurance.

The executive agreements of the members of the Executive Board, appointed before year 2013, expire at the age of 62, when they have right to retire. The contractual right has been covered with a cash based supplementary pension insurance including vested rights.

Share-based compensation granted to the management

In 2015, the award paid under the 2012–2014 plan equals the value of 26,131 shares for the CEO and 82,965 shares for the Executive Board.

The maximum award granted for the CEO under the 2013–2015 plan equals the value of 80,000 shares and for the rest of the Executive Board 258,000 shares. The award will be paid after the publication of 2015 financial statements.

The maximum award granted for the CEO under the 2014–2016 plan equals the value of 83,000 shares and for the rest of the Executive Board 268,000 shares. The award will be paid after the publication of 2016 financial statements.

The maximum award granted for the CEO under the 2015–2017 plan equals the value of 55,000 shares and for the rest of the Executive Board 175,000 shares. The award will be paid after the publication of 2017 financial statements.

In 2015, the award paid for the CEO under the committing share-based compensation plan 2014–2015 equals the value of 4,000 shares. The maximum award granted for the CEO under the committing share-based compensation plan 2014–2016 equals the value of 4,000 shares. Award will be paid at the end of the vesting period in 2016.

Elisa shares held by the key management

The members of Elisa's Board of Directors, the CEO, the members of the Executive Board and their family members held a total of 265,461 shares and votes, corresponding to 0,16 per cent of all shares and votes.

Employee bonus and incentive schemes**Performance-based bonus scheme**

All employees are included in performance, incentive or commission-based bonus scheme. Rewards are based on financial and operational metrics of Elisa and its units. Targets are set and the maximum amount of reward is confirmed semi-annually. Some of the Group's key personnel were within the share-based compensation plan in 2015.

Personnel fund

The objective of the personnel fund is to secure the commitment of the personnel to Elisa's long-term objectives and to reinforce their interest in the company's financial success and its metrics.

The evaluation tool for the performance-based bonus system is the earnings per share (EPS) and revenue increase of new services. The Board of Directors makes annual decisions on the performance-based bonus scheme and defines the values that determine the reward amount.

The members of the personnel fund include the employees of Elisa except for the Group's personnel that is included within the scope of either the share incentive plan or the stock option plan. EUR 2.0 (0.5) million was recorded in the personnel fund in 2015.

Share-based incentive plan

On 11 December 2014 Elisa's Board of Directors decided on a share-based incentive plan for key personnel for 2015–2019. On 19 December 2011 Elisa's Board of Directors decided on two share-based incentive plans for key personnel for 2012–2018. The plans are described under Note 27.

8. AUDITOR FEES

EUR million	2015	2014
Auditing	0.3	0.3
Tax advisory services	0.1	0.1
Education services	0.0	0.1
Other services	0.2	0.1
	0.6	0.6

9. RESEARCH AND DEVELOPMENT COSTS

EUR million	2015	2014
Research and development costs recognised as expenses	1.6	2.0
Capitalised development costs	13.2	11.0
	14.8	13.0

Focus areas for research and development activities in 2015 included development of IT-services and cyber security services as well as development of customer management and invoicing systems.

10. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	2015	2014
Depreciation of tangible assets		
Buildings and constructions		
Owned buildings and constructions	11.0	10.7
Buildings and constructions on finance lease	0.4	0.4
Telecom devices, machines and equipment		
Owned telecom devices, machines and equipment	155.3	155.3
Assets on finance lease	3.2	3.4
Other tangible assets	0.1	0.3
	170.0	170.1
Amortisation of intangible assets		
Goodwill	6.0	
Customer base	1.2	3.2
Other intangible assets	43.2	41.4
	50.4	44.6
	220.4	214.7

EUR 7.0 (1.9) million asset impairments were recognised, from which EUR 6.0 (0.0) million relating to goodwill.

11. FINANCIAL INCOME AND EXPENSE

EUR million	2015	2014
Financial income		
Dividend income from financial assets available-for-sale	0.5	0.7
Interest and financial income from loans and other receivables	2.3	2.3
Interest income from derivatives		1.2
Other financial income	0.8	0.5
Gains/losses of financial assets at fair value through profit or loss, derivatives not in hedge accounting		-0.1
	3.6	4.7
Financial expense		
Interest expenses on financial liabilities measured at amortised cost	-24.0	-26.6
Other financial expenses on financial liabilities measured at amortised cost	-1.6	-1.1
Interest expenses on derivatives		-1.1
Loss on disposal of investments	-0.8	-1.6
Other interest expenses	-0.3	-0.1
Impairment of financial assets available-for-sale	0.0	-0.1
Other financial expenses	-0.7	-1.4
	-27.4	-31.9

Foreign exchange rate gains and losses included in EBIT are not material.

12. INCOME TAXES

EUR million	2015	2014
Taxes for the period	-55.9	-53.7
Taxes for previous periods	0.2	-0.2
Deferred taxes	8.7	-0.8
	-47.1	-54.7

Income taxes recognised directly in comprehensive income:

EUR million	2015			2014		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Remeasurements of the net defined benefit liability	2.3	-0.5	1.8	-4.5	0.9	-3.6
Cash flow hedge	-1.1	0.2	-0.9	-0.2	0.0	-0.1
	1.2	-0.2	0.9	-4.7	0.9	-3.8

The other comprehensive income items consist of changes in the fair value of financial assets available-for-sale and translation differences. Other comprehensive income items do not include taxes. The change in fair value do not include taxes because the Group's ownership of the company exceeds 10 per cent.

Reconciliation of the tax expense in the income statement and taxes calculated at the Group's domestic statutory tax rate 20 (20):

EUR million	2015	2014
Profit before tax	290.6	277.7
Tax according to the domestic tax rate	-58.1	-55.5
Tax effects of the following:		
Tax-free income	0.1	0.2
Non-deductible expenses	-1.7	-1.0
Tax effects of foreign subsidiaries	4.1	3.5
Tax losses for which no deferred tax was recognised	1.4	
Utilisation of previously unrecognised tax losses	6.1	
Taxes for previous periods	0.2	-0.2
Other items	0.8	-1.6
Taxes in the income statement	-47.1	-54.7
Effective tax rate, %	16.2	19.7

13. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of shares outstanding during the financial year.

	2015	2014
Profit for the period attributable to the equity holders of the parent (EUR million)	243.1	224.9
Weighted average number of shares during the financial year (1,000 pcs)	159,470	159,349
Undiluted earnings per share (EUR/share)	1.52	1.41

The calculation of earnings per share adjusted for dilution takes the diluting effect of the conversion of all potential ordinary shares into account in the weighted average number of shares.

	2015	2014
Profit for the period for the purpose of calculating EPS adjusted for dilution (EUR million)	243.1	224.9
Weighted average number of shares during the financial year (1,000 pcs)	159,470	159,349
Impact of stock options (1,000 pcs)		
Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (1,000 pcs)	159,470	159,349
Earnings per share adjusted for dilution (EUR/share)	1.52	1.41

14. PROPERTY, PLANT AND EQUIPMENT

2015

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets under construction	Total
Acquisition cost at 1 Jan. 2015	7.7	242.7	2,950.4	35.7	20.5	3,257.1
Business acquisitions			0.0			0.0
Additions	0.2	8.4	124.6	0.0	22.5	155.6
Disposals	0.0	0.0	-25.5			-25.6
Reclassifications	0.0	2.3	17.3		-19.9	-0.3
Translation differences		0.0	0.0		0.0	0.0
Acquisition cost at 31 Dec. 2015	7.9	253.4	3,066.8	35.7	23.0	3,386.8
Accumulated depreciation and impairment at 1 Jan. 2015			117.4	2,412.9	34.9	2,565.1
Depreciation and impairment			11.4	158.5	0.1	170.0
Accumulated depreciation on disposals and reclassifications			0.0	-25.6		-25.7
Translation differences			0.0			0.0
Accumulated depreciation and impairment at 31 Dec. 2015			128.8	2,545.7	34.9	2,709.4
Book value at 1 Jan. 2015	7.7	125.3	537.5	0.9	20.5	692.0
Book value at 31 Dec. 2015	7.9	124.6	521.1	0.8	23.0	677.4

2014

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets under construction	Total
Acquisition cost at 1 Jan. 2014	8.0	245.8	2,814.0	35.7	21.9	3,125.4
Additions	0.2	5.4	128.6	0.0	18.5	152.7
Disposals	-0.5	-13.8	-11.6			-26.0
Business disposals			-0.1			-0.1
Reclassifications	0.1	5.3	19.4	0.0	-19.8	5.0
Translation differences	0.0		0.1	0.1		0.2
Acquisition cost at 31 Dec. 2014	7.7	242.7	2,950.4	35.7	20.5	3,257.1
Accumulated depreciation and impairment at 1 Jan. 2014			118.3	2,259.0	34.6	2,411.8
Depreciation and impairment			11.2	158.6	0.3	170.0
Accumulated depreciation on disposals and reclassifications			-12.0	-4.9		-16.9
Translation differences			0.2	0.0		0.2
Accumulated depreciation and impairment at 31 Dec. 2014			117.4	2,412.9	34.9	2,565.1
Book value at 1 Jan. 2014	8.0	127.5	555.1	1.1	21.9	713.6
Book value at 31 Dec. 2014	7.7	125.3	537.5	0.9	20.5	692.0

Commitments to purchase property, plant and equipment and intangible assets at 31 December 2015 were EUR 46.1 (52.7) million.

Additions in 2015 include EUR 1.8 (1.0) million property, plant and equipment leased under finance lease agreements.

Property, plant and equipment include assets leased under finance lease agreements as follows:

2015

EUR million	Buildings and constructions	Machinery and equipment	Total
Acquisition cost	17.4	113.6	131.0
Accumulated depreciation	5.3	105.3	110.6
Book value at 31 Dec. 2015	12.1	8.3	20.4

2014

EUR million	Buildings and constructions	Machinery and equipment	Total
Acquisition cost	17.4	111.7	129.1
Accumulated depreciation	4.9	102.1	107.0
Book value at 31 Dec. 2014	12.5	9.7	22.2

15. INTANGIBLE ASSETS

2015

EUR million	Goodwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan. 2015	831.5	87.7	493.2	15.7	1,428.1
Business acquisitions	4.6	1.7	0.1		6.4
Additions			23.9	16.3	40.2
Disposals			-0.3	0.0	-0.3
Reclassifications			7.1	-7.2	-0.1
Translation differences			0.0		0.0
Acquisition cost at 31 Dec. 2015	836.1	89.4	524.0	24.8	1,474.4
Accumulated amortisation and impairment at 1 Jan. 2015		84.2	375.4		459.6
Amortisation and impairment	6.0	1.2	43.1	0.1	50.4
Accumulated amortisation on disposal			-0.6		-0.6
Translation differences			0.0		0.0
Accumulated amortisation and impairment at 31 Dec. 2015	6.0	85.4	417.9	0.1	509.5
Book value at 1 Jan. 2015	831.5	3.5	117.8	15.7	968.5
Book value at 31 Dec. 2015	830.1	4.0	106.1 ⁽¹⁾	24.7	964.9

2014

EUR million	Goodwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan. 2014	832.4	87.7	424.8	45.9	1,390.8
Additions			28.2	10.6	38.8
Business disposals	-0.9		0.0		-0.9
Disposals			-0.2		-0.2
Reclassifications			40.3	-40.8	-0.5
Translation differences			0.1		0.1
Acquisition cost at 31 Dec. 2014	831.5	87.7	493.2	15.7	1,428.1
Accumulated amortisation and impairment at 1 Jan. 2014		81.0	334.1		415.1
Amortisation and impairment		3.2	41.4		44.6
Accumulated amortisation on disposal			-0.2		-0.2
Translation differences			0.2		0.2
Accumulated amortisation and impairment at 31 Dec. 2014		84.2	375.4		459.6
Book value at 1 Jan. 2014	832.4	6.7	90.7	45.9	975.7
Book value at 31 Dec. 2014	831.5	3.5	117.8 ⁽¹⁾	15.7	968.5

¹⁾ Includes IT software for a book value of EUR 55.5 (57.9) million and brand for a book value of EUR 0.0 (3.6) million.

Goodwill impairment testing

Goodwill is allocated to the Group's cash generating units as follows:

EUR million	2015	2014
Consumer Customers	500.3	502.8
Corporate Customers	329.8	328.7
	830.1	831.5

The reported operating segments based on the Elisa organisational and management structure are Consumer Customers and Corporate Customers.

The Group does not have any other intangible assets with an indefinite useful life.

Recognised impairment losses:

In addition to the annual impairment test, a separate impairment test was done to Sulake Corporation Oy's Habbo Hotel business in the Consumer Customer unit as a part of a valuation of strategical alternatives. Based on the impairment test EUR 6.0 million impairment of goodwill was recognised.

Sulake Corporation Oy was acquired in 2013 and the business combination resulted in goodwill of EUR 15.0 million. After the recognition of the impairment writedown the remaining goodwill is EUR 9.0 million.

The main cause to the impairment was a lower than expected future revenue.

Because of the recognition of the impairment writedown the recoverable amount of Habbo Hotel business is it's book value. Therefore any unfavorable change of variables would cause in more impairment writedown.

Impairment testing:

In annual impairment tests the recoverable amount of the segments is determined based on the value in use, which is calculated on the basis of projected discounted cash flows (DCF model). The cash flows projections are based on plans approved by the management covering a five-year period. The projections are mostly consistent with information from external sources and reflect actual development. The discount rate used is 6.36 per cent. Cash flows after five years have been projected by estimating the change in future cash flows as zero. As a result of the performed impairment tests, there is no need for impairment of the segments' goodwill. Use of the DCF model requires forecasts and assumptions concerning market growth, prices, volume development, investment needs and general interest rate. The major sensitivities in the performance are associated with the forecast revenue and profitability levels.

Sensitivity analysis

Projection parameters applied	Consumer Customers 2015	Corporate Customers 2015	Consumer Customers 2014	Corporate Customers 2014
Amount in excess of CGU carrying value, EUR million	2,811 ⁽²⁾	1,238	2,781	1,139
EBITDA margin on average,% ⁽¹⁾	36.8	32.9	35.8	32.8
Horizon growth,%	0.0	0.0	0.0	0.0
Pre-tax discount rate, %	6.4	6.4	6.7	6.7

¹⁾ On average during a five-year projection period

²⁾ After the goodwill writedown, relating to Habbo Hotel business, the amount with which the Consumer Customers units bookvalue is exceeded is EUR 2 817 million.

Change in projection parameters that makes the fair value equal to book value	Consumer Customers 2015	Corporate Customers 2015	Consumer Customers 2014	Corporate Customers 2014
EBITDA margin on average,%	-18.1 ⁽³⁾	-12.1	-18.1	-11.6
Horizon growth,%	-37.9 ⁽³⁾	-19.5	-46.0	-18.0
Pre-tax discount rate, %	17.6 ⁽³⁾	12.3	18.9	11.6

³⁾ After the writedown of the goodwill relating to the Habbo Hotel business the change in EBITDA margin should be approximately -18.1%, the change in horizon growth -38.6% and the change in pre-tax discount rate 17.7%

16. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2015	2014
At the beginning of period	48.8	2.4
Share of periods profit	2.3	-0.1
Dividends received	-2.4	0.0
Additions	11.0	19.6
Disposals	-0.2	
Reclassification		26.9
At the end of period	59.5	48.8

Elisa's holdings in associates are presented under Note 35.

During the comparison period, Elisa increased its ownership in Anvia Oyj from 4 per cent to 24 per cent. As a result the shares which had been previously classified as available-for-sale have been classified as associated company shares since 1 October 2014.

Super Head End Finland Oy has been liquidated on 26 October 2015.

17. FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE

EUR million	2015	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value ⁽¹⁾	-0.7		-0.7	
Financial assets available-for-sale ⁽²⁾	26.2	26.2		
Other liabilities ⁽³⁾	-1.8			-1.8
	23.7	26.2	-0.7	-1.8

EUR million	2014	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value ⁽¹⁾	-0.4		-0.4	
Financial assets available-for-sale ⁽²⁾	14.2	14.2		
Other liabilities ⁽³⁾	-1.2			-1.2
	12.5	14.2	-0.4	-1.2

¹⁾ Interest rate and currency swap and electricity derivatives. Fair values are quoted market prices or if those are not available, the value is determined by using common valuation methods.

²⁾ Listed shares. Fair value is determined by the transactions made in active markets.

³⁾ The contingent consideration relating to business combinations.

Level 1 includes instruments with quoted prices in active markets. Level 2 includes instruments with observable prices based on market data. Level 3 includes instruments with prices that are not based on verifiable market data but instead on the company's internal information, for example.

Level 3 reconciliation

Other liabilities

EUR million	2015	2014
Balance at the beginning	1.2	2.0
Increase of contingent consideration	1.6	
Payment of contingent consideration	-1.0	-0.8
Balance at the end	1.8	1.2

Level 3 includes contingent considerations relating to business combinations. Changes in the fair value of contingent considerations are recognised in other operating expenses.

According to management estimation, if the information which defines the fair value of level 3 financial instruments is changed to a possible alternative hypothesis, it would not outstandingly change the fair values of level 3 items at fair values considering the small amount of liabilities.

18. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2015

EUR million	Financial assets available-for-sale	Loans and receivables	Financial assets/liabilities recognised at fair value through profit or loss ⁽¹⁾	Financial liabilities measured at amortised cost	Book value	Fair value	Note
Non-current financial assets							
Financial assets available-for-sale	30.3				30.3	30.3	19
Trade and other receivables		73.7			73.7	73.7	20
Current financial assets							
Trade and other receivables		333.4			333.4	333.4	23
	30.3	407.1			437.4	437.4	
Non-current financial liabilities							
Financial liabilities				686.0	686.0	731.8	30
Trade payables and other liabilities ⁽²⁾			0.7	17.8	18.5	18.5	31
Current financial liabilities							
Financial liabilities				305.2	305.2	305.2	30
Trade and other payables ⁽²⁾				251.6	251.6	251.6	31
			0.7	1,260.5	1,261.2	1,307.1	

¹⁾ Assets classified as such at initial recognition

²⁾ Excluding advances received

2014

EUR million	Financial assets available-for-sale	Loans and receivables	Financial assets/liabilities recognised at fair value through profit or loss ⁽¹⁾	Financial liabilities measured at amortised cost	Book value	Fair value	Note
Non-current financial assets							
Financial assets available-for-sale	20.4				20.4	20.4	19
Trade and other receivables		72.4			72.4	72.4	20
Current financial assets							
Trade and other receivables		330.4			330.4	330.4	23
	20.4	402.7			423.1	423.1	
Non-current financial liabilities							
Financial liabilities				818.0	818.0	875.1	30
Trade payables and other liabilities ⁽²⁾			0.4	22.2	22.6	22.6	31
Current financial liabilities							
Financial liabilities				224.9	224.9	224.9	30
Trade and other payables ⁽²⁾				239.7	239.7	239.7	31
			0.4	1,304.7	1,305.1	1,362.2	

¹⁾ Assets classified as such at initial recognition

²⁾ Excluding advances received

The fair values of each financial asset and liability item are presented in more detail under the specified note number.

19. FINANCIAL ASSETS AVAILABLE-FOR-SALE

EUR million	2015	2014
Publicly listed shares	26.2	14.2
Unlisted shares	4.1	6.2
	30.3	20.4

The most significant unlisted equity investments

EUR Million	2015	2014
Datawell Oy ¹⁾		2.1
		2.1

The publicly listed shares are recognised in fair value. The unlisted equity investments are recognised at acquisition cost less possible impairment because the fair value of the equity investments cannot be determined reliably.

Changes in the fair value of listed shares EUR 12.0 (7.3) million have been recognised in other comprehensive income.

¹⁾ Elisa acquired Datawell Oy's MDM (Master Data management) business and its rights in 2015. At the same time Elisa sold its ownership (18.9%) in Datawell Oy.

20. NON-CURRENT RECEIVABLES

EUR million	2015	2014
Loan receivables	0.1	0.1
Receivables from associates	0.6	
Trade receivables	55.7	51.2
Finance lease receivables	6.1	12.6
Prepayments and accrued income	9.6	8.0
Other non-current receivables	1.6	0.4
	73.7	72.4

The effective interest rate on receivables (current and non-current) was 0.00 (0.00) per cent.

**Gross finance lease receivables
-maturity of minimum lease payment receivables**

EUR million	2015	2014
Not later than one year	9.1	11.2
Later than one year not later than five years	6.1	12.6
Later than five years	0.2	
Gross investment in finance leases	15.4	23.8
Unearned finance income	-0.6	-0.9
Present value of finance lease receivables	14.9	22.9

Maturity of present value of future minimum lease payment receivables

EUR million	2015	2014
Not later than one year	8.7	10.3
Later than one year not later than five years	5.9	12.6
Later than five years	0.2	
	14.9	22.9

Elisa acts as a lessor in finance lease arrangements concerning videoconference equipment. Lease periods vary from one to ten years and conditions vary in terms of index clauses.

21. DEFERRED TAX ASSETS AND LIABILITIES

The change in deferred tax assets and liabilities during 2015

Deferred tax assets

EUR million	1 Jan. 2015	Recognised in income statement	Recognised in consolidated statement of comprehensive income	31 Dec. 2015
Provisions	1.4	0.5		1.8
Tax losses carry-forward		6.1		6.1
Finance lease agreements	0.9	3.3		4.2
Internal margins	3.8	-0.3		3.5
Share-based incentive plans	1.3	0.8		2.2
Pension obligations	4.1		-0.5	3.7
Other temporary differences	2.1	-0.3	0.2	2.0
	13.5	10.0	-0.2	23.3

Deferred tax liabilities

EUR million	1 Jan. 2015	Recognised in income statement	Business combinations	31 Dec. 2015
Fair value measurement of tangible and intangible assets in business combinations	1.6	-1.0	0.4	1.0
Accumulated depreciation differences	16.9	0.7		17.6
Other temporary differences	2.5	1.7		4.1
	21.0	1.4	0.4	22.7

Deferred income tax assets are recognised for tax loss carry-forward to the extent that realisation of the related tax benefit through future profits is probable. Deferred tax assets were EUR 6,1 million (0,0) at 31 December 2015 and these relate to losses carry-forward which expire in 2017–2024.

The Group had EUR 22.3 (50.6) million of unused tax losses at 31 December 2015, for which no tax assets has been recognised. These losses expire in 2016–2024.

No tax liability has been recognised for the untaxed retained earnings EUR 185.5 million of the Estonian subsidiary as no profit distribution decision or plans for profit distribution exist for the time being.

Deferred tax liabilities and assets are not offset.

The change in deferred tax assets and liabilities during 2014

Deferred tax assets

EUR million	1 Jan. 2014	Recognised in income statement	Recognised in consolidated statement of comprehensive income	31 Dec. 2014
Provisions	2.8	-1.5		1.4
Finance lease agreements	0.9	-0.1		0.9
Internal margins	4.1	-0.3		3.8
Share-based incentive plans	0.9	0.5		1.3
Fair value measurement of tangible and intangible assets in business combinations	0.1	-0.1		0.0
Pension obligations	3.2		0.9	4.1
Other temporary differences	1.4	0.6	0.0	2.1
	13.5	-0.9	0.9	13.5

Deferred tax liabilities

EUR million	1 Jan. 2014	Recognised in income statement		31 Dec. 2014
Fair value measurement of tangible and intangible assets in business combinations	3.1	-1.4		1.6
Accumulated depreciation differences	14.5	2.4		16.9
Other temporary differences	3.4	-1.0		2.5
	21.0	0.0		21.0

22. INVENTORIES

EUR million	2015	2014
Materials and supplies	9.9	12.0
Work in progress	0.0	
Finished goods	44.9	41.1
	54.8	53.2

An impairment of EUR 4.5 (5.3) million on inventories was recognised during the period.

23. TRADE AND OTHER RECEIVABLES

EUR million	2015	2014
Trade receivables	302.0	290.3
Allowances for doubtful accounts	-5.7	-5.6
Finance lease receivables	8.7	10.3
Prepayments and accrued income	22.3	24.2
Loan receivables	1.6	0.3
Receivables from associated companies	0.2	0.1
Other receivables	4.3	10.7
	333.4	330.4

Prepayments and accrued income include interest receivables and accruals from operating activities.

Trade receivables by age

EUR million	2015	2014
Not due	263.0	235.6
Overdue		
Less than 30 days	24.8	43.4
31-60 days	4.7	3.1
61-90 days	2.3	1.0
More than 90 days	1.6	1.7
	296.3	284.8

The book value of trade receivables approximates their fair value. The credit risk on trade receivables is described in Note 34. The maximum credit risk is the value of trade receivables on the closing of the accounts, EUR 296.3 million.

24. CASH AND CASH EQUIVALENTS

EUR million	2015	2014
Cash assets	29.1	41.3
	29.1	41.3

25. DERIVATIVE INSTRUMENTS

Nominal values of derivatives

EUR million	2015			2014		
	Period of validity			Period of validity		
	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years
Interest rate and currency swap	1.5			1.5	1.5	
Electricity derivatives	0.9	4.7		1.5	5.9	

Fair values of derivatives

EUR million	2015			2014		
	Positive fair value	Negative fair value	Total	Positive fair value	Negative fair value	Total
Interest rate and currency swap		-0.1	-0.1		-0.2	-0.2
Electricity derivatives		-0.6	-0.6		-0.3	-0.3

Determination of fair value

The fair value of derivative instruments is determined using market prices quoted on a functional market, the cash flow discounting method or option pricing models.

Elisa's derivative instruments are categorized at the fair value hierarchy level 2. See Note 17.

26. EQUITY

Share capital and treasury shares

EUR million	Number of shares (thousands)	Share capital	Treasury shares
1 Jan. 2014	167,335	83.0	-148.2
31 Dec. 2014	167,335	83.0	-148.2
Disposal of treasury shares			2.7
31 Dec. 2015	167,335	83.0	-145.5

The company's paid-in share capital registered in the Trade Register was EUR 83,033,008 (83,033,008) at the end of the period.

According to its Articles of Association, Elisa Corporation only has one series of shares, each share entitling to one vote. In accordance with the Articles of Association, the maximum number of shares is 1,000 (1,000) million shares. All issued shares have been paid. Shares do not have a nominal value.

Treasury shares include the acquisition cost of treasury shares held by the Group.

Treasury shares	Shares pcs	Accounting counter-value EUR	Holding, % of shares and votes
Treasury shares held by the Group/Elisa Corporation at 1 Jan. 2014	7,986,043	3,962,734	4.77
Treasury shares held by the Group/Elisa Corporation at 31 Dec. 2014	7,986,043	3,962,734	4.77
Disposal of treasury shares	-135,037		
Treasury shares held by the Group/Elisa Corporation at 31 Dec. 2015	7,851,006	3,895,732	4.69

OTHER RESERVES

EUR million	Contingency reserve	Fair value reserve	Other reserves	Reserve for invested non-restricted equity	Total
1 Jan. 2014	3.4	-3.2	381.0	90.9	472.1
Financial assets available-for-sale		7.3			7.3
Remeasurements of the net defined benefit liability		-3.6			-3.6
Cash flow hedge		-0.1			-0.1
31 Dec. 2014	3.4	0.4	381.0	90.9	475.7
Financial assets available-for-sale		12.0			12.0
Remeasurements of the net defined benefit liability		1.8			1.8
Cash flow hedge		-0.9			-0.9
31 Dec. 2015	3.4	13.3	381.0	90.9	488.6

The EUR 3.4 million contingency reserve includes the amount transferred from the distributable equity under the Articles of Association or by a decision by the General Meeting. The fair value reserve of EUR 13.3 million includes changes in the fair value of the financial assets available-for-sale, the remeasurements of the net defined benefit liability and the effective portion of the change in the fair value of derivatives designated as cash flow hedges. The other reserves of EUR 381.0 million were formed through the use of an equity issue in acquisitions.

The reserve for invested non-restricted equity includes the proportion of share subscription prices not recognised as share capital in accordance with share issue terms.

27. SHARE-BASED PAYMENTS

Share-based incentive plan 2015–2019

On 11 December 2014, Elisa's Board of Directors decided on the implementation of share-based incentive plan.

The performance-based incentive plan has three performance periods, calendar years 2015–2017, 2016–2018 and 2017–2019. The Board of Directors will decide on the Plan's performance criteria and required performance levels for each criterion at the beginning of a performance period.

The earnings criteria for the 2016–2018 plan are based on earnings per share (EPS), on the new business revenue and on other essential goals. The number of key personnel participating in the 2016–2018 plan is 162 and the award equals the maximum value of 438,350 Elisa shares. After the end of vesting period, the award is paid as a combination of company shares and cash after the completion of financial statements. If the contract of employment is terminated before the payment of the award, no award shall be paid.

The earnings criteria for the 2015–2017 plan are based on earnings per share (EPS), on the new business revenue and on other essential goals. The number of key personnel participating in the 2015–2017 plan is 153 and the award equals the maximum value of 617,000 Elisa shares. After the end of vesting period, the award is paid as a combination of company shares and cash after the completion of financial statements. If the contract of employment is terminated before the payment of the award, no award shall be paid.

Amount of share incentives and terms and assumptions in the fair value calculation	2016 plan	2015 plan
Maximum number of awards granted	438,350	617,000
Grant date	31.12.2015	31.12.2014
Fair value of share at the date of grant, EUR ⁽¹⁾	30.83	18.71
Share price at the date of grant, EUR	34.79	22.61
Estimated realisation of share price after vesting and restriction period ⁽²⁾	36.69	22.34
Vesting period starts	1.1.2016	1.1.2015
Vesting period ends	31.12.2018	31.12.2017
Estimated realisation of earnings criteria at the beginning of vesting period, %	50	50
Estimated realisation of earnings criteria at the closing date, %		50
Number of participants in the plan at the closing date	162	153

¹⁾ The fair value of the share is the grant date share price less estimated dividend. Estimated dividend used in the calculation equals the previous period dividend.

²⁾ The estimated realisation of share price is calculated using the CAP model (Capital Asset Pricing Model). The basic variables in the model are interest rate level, general risk premium and the so-called beta risk on the Elisa share. The assumed dividend is the previous period dividend.

Share-based incentive plan 2012–2014

The second performance-based share incentive plan has three vesting periods: calendar years 2012–2014, 2013–2015 and 2014–2016. The maximum award of the plan equals the value of 3,315,000 Elisa shares. The Board of Directors decides the earnings criteria and the targets separately for each plan in the beginning of the vesting period. After the end of each vesting period, the award is paid as a combination of company shares and cash within one month following the completion of financial statements. If the contract of employment is terminated before the payment of the award, no award shall be paid.

The earnings criteria for the 2012–2014 plan were based on revenue growth of new business operations and earnings per share. The total award amounted to EUR 6.6 million, of which EUR 3.4 million was paid in cash. In accordance with the decision of the Board of Directors, Elisa transferred 133,197 shares to 136 persons covered by the incentive scheme on 4 February 2015, of which 38,103 shares were transferred to members of the Management Board and 12,002 shares were transferred to the CEO.

The earnings criteria for the 2013–2015 plan are based on revenue growth of new business operations and earnings per share. The number of key personnel participating in the 2013–2015 plan is 139 and the award equals the maximum value of 983,500 Elisa shares.

The earnings criteria for the 2014–2016 plan are based on revenue growth of new business operations and earnings per share. The number of key personnel participating in the 2014–2016 plan is 144 and the maximum award equals the value of 996,500 Elisa shares.

Amount of share incentives and terms and assumptions in the fair value calculation	2014 plan	2013 plan	2012 plan
Maximum number of awards granted	996,500	983,500	983,000
Grant date	31.12.2013	31.12.2012	31.12.2011
Fair value of share at the date of grant, EUR ⁽¹⁾	15.36	12.83	12.23
Share price at the date of grant, EUR	19.26	16.73	16.13
Estimated realisation of share price after vesting and restriction period ²⁾	19.54	16.24	16.16
Vesting period starts	1.1.2014	1.1.2013	1.1.2012
Vesting and restriction period ends	31.12.2016	31.12.2015	31.12.2014
Estimated realisation of earnings criteria at the beginning of vesting period, %	50	50	72
Estimated realisation of earnings criteria at the closing date, %	31	28	
Realisation of earnings criteria, %			29
Distributed number			133,197
Share price, EUR			23.34
Distributed number of shares out of the maximum number of share awards granted, %			14
Number of participants in the plan at the closing date	144	139	136

¹⁾ The fair value of the share is the grant date share price less estimated dividend. Estimated dividend used in the calculation equals the previous period dividend.

²⁾ The estimated realisation of share price is calculated using the CAP model (Capital Asset Pricing Model). The basic variables in the model are interest rate level, general risk premium and the so-called beta risk on the Elisa share. The assumed dividend is the previous period dividend.

Share-based incentive plan 2012–2018

The third share incentive plan covers calendar years 2012–2018. The awards granted under the plan have a restriction period of 1–3 years. The potential award is based on the validity of the key persons contract of employment. The maximum amount of awards paid under the plan equals the value of 500,000 Elisa shares.

Amount of share incentives and terms and assumptions in the fair value calculation	2014–2016 plan	2014–2015 plan
Maximum number of awards granted	4,000	4,000
Grant date	11.12.2014	11.12.2014
Fair value of share at the date of restriction period, EUR ⁽¹⁾	19.29	20.59
Share price at the date of restriction period, EUR	21.89	21.89
Estimated realisation of share price after restriction period ⁽²⁾	21.76	21.70
Restriction period starts	4.11.2014	4.11.2014
Restriction period ends	4.11.2016	4.11.2015
Estimated realisation of earnings criteria at the beginning of vesting period, %	100	100
Estimated realisation of earnings criteria at the closing date, %	100	
Realisation of earnings criteria, %		100
Distributed number		1,840
Share price, EUR		34.49
Distributed number out of the maximum number of share awards granted, %		46
Number of participants in the plan	1	1

¹⁾ The fair value of the share is the share price at the point of restriction less estimated dividend. Estimated dividend used in the calculation equals the previous period dividend.

²⁾ The estimated realisation of share price is calculated using the CAP model (Capital Asset Pricing Model). The basic variables in the model are interest rate level, general risk premium and the so-called beta risk on the Elisa share. The assumed dividend is the previous period dividend.

Expenses recognised for share incentive plans was EUR 6.7 (6.5) million in 2015.

28. PENSION OBLIGATIONS

Pension schemes for Elisa's personnel in Finland are arranged through pension insurance companies for statutory pension insurance (TyEL) and through life insurance company for supplementary pension cover. The Finnish TyEL system is a defined contribution plan. Some supplementary pension plans and pension plans under the responsibility of Elisa have been classified as defined benefit plans. The plans are mainly funded by yearly payments to insurance companies based on actuarial calculation. Local tax and other laws are applied to the pension plans. Only Elisa Corporation has defined benefit plans.

The pension plans of foreign subsidiaries are defined contribution plans.

The net defined benefit obligation recognised in the statement of financial position is determined as follows:

EUR million	2015	2014
Present value of unfunded obligations	-2.1	-2.2
Present value of funded obligations	-68.0	-73.9
Fair value of plan assets	54.5	57.9
Net liability (-) / receivable (+) in the statement of financial position	-15.6	-18.2

Pension expenses recognised in the statement of comprehensive income:

EUR million	2015	2014
Expense recognised in profit or loss		
Service cost	0.3	0.2
Net interest	0.4	0.4
Settlements	-0.1	0.0
	0.5	0.6
Remeasurements	-2.3	4.6
Tax effect of the remeasurements	0.5	-0.9
	-1.8	3.6

Reconciliation of the net defined benefit obligations in the statement of financial position:

EUR million	2015	2014
Net defined benefit obligation at the beginning of the period	18.2	13.8
Pension expenses recognised in the statement of comprehensive income	0.5	0.6
Remeasurements	-2.3	4.6
Contributions paid by employer	-0.8	-0.8
Net defined benefit obligation at the end of period	15.6	18.2

Changes in the present value of the obligation:

EUR million	2015	2014
Obligation at the beginning of the period	-76.0	-69.0
Current service cost	-0.3	-0.2
Interest expenses	-1.6	-2.0
Remeasurements		
Actuarial gain (+) or loss (-) arising from changes in demographic assumptions	1.4	
Actuarial gain (+) or loss (-) arising from changes in economical assumptions	1.5	-8.4
Gain (+) or loss (-) arising from experience adjustments	-0.7	-1.1
Benefits paid	5.1	4.7
Settlements	0.4	0.0
Obligation at the end of period	-70.1	-76.0

Changes in the fair value of plan assets:

EUR million	2015	2014
Fair value of plan assets at the beginning of the period	57.9	55.2
Interest incomes	1.2	1.6
Remeasurements, gain (+) or loss (-)	0.1	5.0
Benefits paid	-5.1	-4.7
Contributions paid by employer	0.8	0.8
Settlements	-0.3	0.0
Fair value of plan assets at the end of period	54.5	57.9

The principal actuarial assumptions used:

	2015	2014
Discount rate, %	2.00	2.10
Future salary increase, %	2.70	3.30
Future pension increase, %	1.70	2.00

Sensitivity analysis of net defined benefit obligation:

Change in actuarial assumptions	Effect on the net defined benefit obligation, EUR million	
	2015	2014
Discount rate + 0.5 %	-1.3	-1.5
Future salary increase +0.5 %	0.0	0.0
Future pension increase +0.5 %	4.1	5.0
Expected mortality +1 year	0.8	1.1

When calculating a change in one assumption of the sensitivity analysis, the other assumptions are assumed to remain unchanged. In practice, this is not likely to happen and some changes in the assumptions may correlate with each other. The figures in the sensitivity analysis have been calculated by using the same method which is applied when calculating defined benefit obligation.

Defined benefit obligations expose the Group to various risks. Decreases in the gain of corporate bonds, higher inflation and higher expected retirement may predispose the Group to the growth of defined benefit obligation. On the other hand, since the fair value of assets is calculated using the same discount rate which is used while calculating the obligation, the change in the discount rate will affect only the net defined benefit obligation. Similarly, rise in life expectancy will increase the assets and affect the net defined benefit obligation.

Weighted average duration of the obligation is 14.6 (15.9) years.

The Group expects to contribute EUR 0.8 (0.4) million to defined benefit pension plans in 2016.

The assets of the defined benefit obligations are a 100 per cent acceptable insurances.

29. PROVISIONS

EUR million	Termination benefits	Other	Total
1 Jan. 2014	12.8	2.3	15.1
Increases in provisions	2.9	1.0	3.9
Reversals of unused provisions	-2.2	-0.6	-2.9
Utilised provisions	-9.1	-0.2	-9.2
31 Dec. 2014	4.4	2.5	6.8
Increases in provisions	5.6		5.6
Reversals of unused provisions	-0.3		-0.3
Utilised provisions	-3.0	-0.4	-3.4
31 Dec. 2015	6.8	2.1	8.9

EUR million	2015	2014
Long-term provisions	3.4	3.1
Short-term provisions	5.4	3.8
	8.9	6.8

Termination benefits

As a part of the Group's rationalisation Elisa has carried out statutory employee negotiations leading to personnel reductions in 2015. The restructuring provision includes provisions for both unemployment pensions and other expenses due to redundancies. The provisions associated with redundancies will be realised in 2016, and the provision associated with unemployment pensions will be realised in 2016-2018.

Other provisions

Other provisions include environmental provisions made for telephone poles and sold properties.

30. FINANCIAL LIABILITIES

EUR million	2015		2014	
	Balance sheet values	Fair values	Balance sheet values	Fair values
Non-current				
Bonds	592.5	638.4	590.5	647.6
Bank loans	68.5	68.5	199.4	199.4
Loans from pension funds	1.0	1.0	1.0	1.0
Capital loans	0.1	0.1	0.1	0.1
Finance lease liabilities	23.9	23.9	26.9	26.9
	686.0	731.8	818.0	875.1
Current				
Bank loans	130.7	130.7	10.3	10.3
Finance lease liabilities	3.9	3.9	4.5	4.5
Commercial paper	170.5	170.5	210.0	210.0
	305.2	305.2	224.9	224.9
	991.1	1,037.0	1,042.8	1,099.9

Interest bearing liabilities include a total of EUR 27.8 (31.5) million of secured liabilities (finance lease liabilities). In substance the finance lease liabilities are secured liabilities, since rights to the leased property will revert to the lessor if payments are neglected.

All financial liabilities are denominated in euros. Financial liabilities are measured at amortised cost. The fair values of financial liabilities are based on quoted market prices or have been calculated by discounting the related cash flow by the market rate of interest on the balance sheet date.

The average maturity of non-current liabilities was 4.2 (4.7) years and the effective average rate of interest was 2.3 (2.4) per cent.

Contract-based cash flows on the repayment of financial liabilities and costs

2015

EUR million	2016	2017	2018	2019	2020	2020-	Total
Bonds	15.0	15.0	15.0	315.0	8.3	308.3	676.5
Financial costs	15.0	15.0	15.0	15.0	8.3	8.3	76.5
Repayments				300.0		300.0	600.0
Bank loans	133.7	9.9	59.7	0.0	0.0		203.3
Financial costs	3.0	0.6	0.6	0.0	0.0		4.2
Repayments	130.6	9.3	59.1	0.0	0.0		199.1
Committed credit limits	0.1						0.1
Repayments	0.1						0.1
Commercial paper	170.5						170.5
Financial costs	0.4						0.4
Repayments	170.1						170.1
Loans from pension funds	0.0	0.1	0.1	0.1	0.1	0.7	1.2
Financial costs	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Repayments		0.1	0.1	0.1	0.1	0.6	1.0
Capital loans						0.1	0.1
Repayments						0.1	0.1
Finance lease liabilities	6.1	4.4	3.1	3.1	3.1	51.7	71.5
Financial costs	2.1	2.0	1.6	1.7	1.6	34.7	43.7
Repayments	3.9	2.4	1.5	1.4	1.5	17.1	27.8
Electricity derivatives	0.0	0.2	0.2	0.2			0.6
Financial costs	0.0	0.2	0.2	0.2			0.6
Interest rate and currency swap	0.0						0.0
Trade payables	123.8						123.8
Financial costs	20.6	17.8	17.3	17.0	9.9	43.0	125.6
Repayments	428.6	11.8	60.8	301.5	1.6	317.7	1,122.0
Total	449.2	29.6	78.1	318.5	11.5	360.8	1,247.7

2014

EUR million	2015	2016	2017	2018	2019	2020-	Total
Bonds	15.0	15.0	15.0	15.0	315.0	316.5	691.5
Financial costs	15.0	15.0	15.0	15.0	15.0	16.5	91.5
Repayments	0.0	0.0	0.0	0.0	300.0	300.0	600.0
Bank loans	14.4	134.5	9.9	59.8	0.0		218.5
Financial costs	4.1	3.2	0.8	0.7	0.0		8.8
Repayments	10.2	131.2	9.1	59.1	0.0		209.7
Committed credit limits	0.1						0.1
Financial costs	0.0						0.0
Repayments	0.1						0.1
Commercial paper	210.0						210.0
Financial costs	0.7						0.7
Repayments	209.3						209.3
Loans from pension funds	0.0	0.1	0.1	0.1	0.1	0.7	1.2
Financial costs	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Repayments	0.0	0.1	0.1	0.1	0.1	0.6	1.0
Capital loans						0.1	0.1
Repayments						0.1	0.1
Finance lease liabilities	6.9	5.7	4.0	2.9	3.1	54.8	77.4
Financial costs	2.3	2.1	2.0	1.6	1.7	36.3	46.0
Repayments	4.5	3.6	2.0	1.3	1.4	18.6	31.5
Electricity derivatives	0.1	0.1	0.1	0.0	0.0		0.3
Financial costs	0.1	0.1	0.1	0.0	0.0		0.3
Interest rate and currency swap	0.0	0.0					0.0
Trade payables	115.4						115.4
Financial costs	22.2	20.5	17.8	17.3	16.8	52.9	147.5
Repayments	339.6	134.9	11.3	60.5	301.5	319.3	1,167.1
Total	361.8	155.4	29.1	77.8	318.3	372.2	1,314.5

Future financial costs on variable-rate financial liabilities and interest rate and currency swap has been calculated at the interest rate prevailing on the period end date.

Bonds

In the framework of its bond programme, the parent company has issued the following bonds:

	31 Dec. 2015					Maturity date
	Fair value EUR million	Balance sheet value EUR million	Nominal value EUR million	Nominal interest rate- %	Effective interest-%	
EMTN programme 2001 / EUR 1,000 million						
I/2012	315.8	293.3	300.0	2.250	2.403	4.10.2019
I/2013	322.6	299.1	300.0	2.750	2.785	22.1.2021
	638.4	592.5	600.0			

The fair value of bonds is based on market quotes.

Gross finance lease liabilities -maturity of minimum lease payments

EUR million	2015	2014
Not later than one year	6.1	6.9
Later than one year not later than five years	14.0	15.9
Later than five years	51.5	54.6
	71.5	77.4
Future financial charges	-43.7	-46.0
Present value of finance lease liabilities	27.8	31.5

Maturity of present value of finance lease liabilities

EUR million	2015	2014
Not later than one year	3.9	4.5
Later than one year not later than five years	6.8	8.4
Later than five years	17.1	18.6
	27.8	31.5

The Group leases telecom facilities, mobile and optic fibre networks, servers and work stations as well as videoconference equipment and infrastructure under finance lease arrangements. The conditions vary in terms of purchase options/redemption clauses, index clauses and lease periods.

31. TRADE PAYABLES AND OTHER LIABILITIES

EUR million	2015	2014
Non-current		
Advances received	5.4	5.6
Derivative instruments	0.7	0.4
Other liabilities ⁽¹⁾	17.8	22.2
	23.9	28.2
Current		
Trade payables	123.8	115.4
Advances received	3.9	6.3
Accrued employee-related expenses	54.8	49.2
Other accruals	15.9	16.1
Other liabilities	57.1	59.0
	255.5	246.0
	279.4	274.3

¹⁾ Includes non-current liabilities of EUR 6.7 (13.3) million related to the 800 MHz spectrum license.

Derivatives are classified under Financial assets/liabilities recognised at fair value through profit or loss. Other non-current liabilities are classified under Financial liabilities.

The current value of trade payables and other liabilities is a reasonable estimate of their fair value. The time of payment for the Group's trade payables correspond to conventional corporate terms of payment. Other accruals include interest expense and other regular expense accruals.

32. OPERATING LEASES

Group as a lessee

The future minimum lease payments under non-cancellable operating leases:

EUR million	2015	2014
Not later than one year	29.0	28.1
Later than one year not later than five years	42.3	27.9
Later than five years	28.0	6.5
	99.4	62.5

Elisa's operating leases include mainly business premises and locations, telecom facilities and cars. The lease periods range from one month to more than 50 years for telecom facilities.

A total of EUR 55.8 (57.1) million was paid as lease expenses on the basis of other lease contracts and recognised through profit or loss in 2015.

Group as a lessor

The future minimum lease payments under non-cancellable operating leases:

EUR million	2015	2014
Not later than one year	2.7	2.5
Later than one year not later than five years	0.4	0.0
	3.2	2.5

Elisa acts as a lessor for conventional lease contracts of real estates and lease contracts for telecom premises and equipment space. The lease contract periods are mainly short and their duration is 1–6 months.

33. COLLATERAL, COMMITMENTS AND OTHER LIABILITIES

EUR million	2015	2014
On behalf of own commitments		
Mortgages	2.3	1.5
Pledged securities	0.1	0.1
Deposits	0.7	0.9
Guarantees	1.1	1.1
On behalf of others		
Guarantees ¹⁾	0.5	0.6
Other		0.0
	4.8	4.3
Other contractual obligations		
Repurchase obligations	0.1	0.0
Letter of credit	0.1	0.1
Capital loan's unrecognised interest payable	0.0	0.0

¹⁾ Elisa has guaranteed small short-term loans of less than EUR 20,000 for personnel. The maximum amount of the guarantee limit was EUR 0.5 (0.5) million on 31 December 2015.

Real estate investments

Real estate investments VAT refund liability is EUR 31.7 (33.9) million at 31 December 2015.

34. FINANCIAL RISK MANAGEMENT

Elisa Corporation's centralised financing function is responsible for exchange rate, interest rate, liquidity, and refinancing risks for the entire Group. The principles of financing policy, such as funding and investment principles, are annually discussed and ratified by the Committee for Auditing of the Board of Directors. Funding risks are monitored as a part of the regular business monitoring procedure.

Market risks

Interest rate risk

Elisa is exposed to interest rate risk mainly through its financial liabilities. In order to manage interest rate risk, the Group's borrowing and investments are diversified in fixed- and variable-rate instruments. Derivative financial instruments may also be used in managing interest rate risk. The aim is to hedge the negative effects caused by changes in the interest rate level. Hedge accounting is not applied to the derivatives.

Timing of interest rate changes for interest-bearing financial liabilities (EUR million), 31 Dec. 2015, at nominal value

Time of interest rate change	less than 1 year	1 to 5 years period	Over 5 years period	Total
Variable-rate financing instruments				
Commercial paper loans	170.5			170.5
Bank loans	78.8			78.8
Finance lease liabilities	3.9			3.9
Fixed-rate financing instruments				
Bonds		300.0	300.0	600.0
Bank loans	120.0			120.0
Loans from pension funds	1.0			1.0
Capital loans	0.1			0.1
Finance lease liabilities		6.8	17.1	23.9
	374.3	306.8	317.1	998.2

The Group's interest-bearing financial assets as at 31 December 2015 consist of commercial papers and bank deposits amounted to EUR 0.0 million and cash in bank amounted to EUR 29.1 million.

The sensitivity analysis includes financial liabilities at the balance sheet date. The change in the interest rate level is assumed to be one percentage point. The interest rate position is assumed to include interest-bearing financial liabilities and receivables as well as interest rate swaps on the balance sheet date assuming that all contracts would be valid and stay unchanged for the entire year.

EUR million	2015		2014	
	Income statement	Shareholders' equity	Income statement	Shareholders' equity
Change in interest rate level +/- 1%	+/- 2,5		+/- 3,0	

Exchange rate risk

Most of Elisa Group's cash flows are denominated in euro, which means that the company's exposure to exchange rate risk (economic risk and transaction risk) is minor. Exchange rate risks associated with business arise from international interconnection traffic and, to a minor extent, acquisitions. The most important currencies are the International Monetary Fund's Special Drawing Rights (SDR), the US dollar (USD), the British pound (GBP), the Russian ruble (RUB) and the Swedish Krona (SEK), the impact of other currencies is not material. No exchange rate hedging was used during the period. The company's financial liabilities do not involve exchange rate risk.

The translation difference exposure for foreign subsidiaries included in consolidated equity is minor. The translation difference exposure has not been hedged during the period.

Foreign exchange exposure 31 December 2015

EUR million	Trade receivables	Trade payables
SDR	0.4	0.8
USD	0.6	2.0
GBP	0.8	0.3
RUB	0.2	
SEK	0.3	0.0

Foreign exchange exposure 31 December 2014

EUR million	Trade receivables	Trade payables
SDR	2.3	2.9
USD	0.2	1.3
GBP	1.7	0.0
RUB	0.3	
SEK	0.4	0.0

A change of twenty percentage points in SDR would impact consolidated profit before tax by EUR +/- 0.1 (+/- 0.1) million, in USD EUR +/- 0.3 (+/- 0.2) million, in GBP EUR +/- 0.1 (+/- 0.3) million, in RUB EUR +/- 0.0 (+/- 0.1) million and in SEK EUR +/- 0.1 (+/- 0.1) million.

Liquidity risk

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. The company's most important financing arrangement is an EMTN programme of EUR 1,000 million, under which bonds have been issued for EUR 600.0 million. The company also has a EUR 250 million commercial paper programme and committed revolving credit facility of EUR 300 million. Both the EUR 170 million revolving credit facility valid until 3 June 2018 and the EUR 130 million revolving credit facility valid until 11 June 2019 were undrawn as of 31 December 2015. The margin of the limits is determined by the Groups' credit rating. On 6 October 2015, Elisa signed a EUR 150 million loan agreement that can be drawn within 12 months from signing without commitment fee. Loan has fixed margin. The total interest will be based on the market interest rate at the time when the loan is drawn.

As part of ensuring its financing, Elisa has acquired international credit ratings. Moody's Investor Services have rated Elisa's long-term commitments as Baa2 (outlook stable). Standard & Poor's has rated the company's long-term commitments as BBB+ (outlook stable) and short-term commitments as A-2.

Cash in hand and at banks, and unused committed limits

EUR million	2015	2014
Cash and bank	29.1	41.3
Credit limits	450.0	300.0
	479.1	341.3

Cash and bank as well as unused committed credit limits deducted by commercial papers issued by Elisa amounted to EUR 308.6 (131.3) million on 31 December 2015.

Contract-based cash flows for financial liabilities are presented under Note 30.

Credit risk

Financial instruments contain an element of risk of the respective parties failing to fulfil their obligations. Liquid assets are invested within confirmed limits to investment targets with a good credit rating. Investments and the limits specified for them are reviewed annually, or more often if necessary. Derivative contracts are only signed with Finnish and foreign banks with good credit ratings.

The business units are liable for credit risk associated with accounts receivable. The units have credit policies prepared in writing that are mainly consistent with uniform principles. The credit ratings of new customers are reviewed from external sources always when selling products or services invoiced in arrears. In case of additional sales to existing customers, creditworthiness is reviewed on the basis of the company's own accounts. The Group may also collect advance or guarantee payments in accordance with its credit policy.

Credit risk concentrations in accounts receivable are minor as the Group's customer base is wide; the 10 largest customers represent approximately 5 per cent of customer invoicing. EUR 5.7 (5.6) million of uncertain receivables have been deducted from consolidated accounts receivable. The Group's previous experience in the collection of trade receivables corresponds to the recognised impairment. Furthermore the Group sells the trade receivables of defined customer groups that are overdue by an average of 136 days. Based on these facts, the management is confident that the Group's trade receivables do not involve any substantial credit risk. The maximum credit risk as at 31 December 2015 is the value of trade receivables EUR 296.3 million. The age distribution of trade receivables is described in Note 23.

Commodity risks and their sensitivity analysis

Elisa has started hedge electricity purchases by derivatives during comparison period 2014. The electricity price risk is assessed at a five-year period. Hedge accounting is applied to contracts hedging future purchases. The effective portion of derivatives that qualify for hedge accounting is recognised in the revaluation reserve of equity and the ineffective portion is recognised in the income statement within other operative income or expenses. The change in the revaluation reserve recognised in equity is presented in the statement of comprehensive income under Cash flow hedge.

At the end of the year, the ineffective portion of hedge accounting was EUR 0.4 (0.1) million. The 1–12 month hedging rate was 62.9 (50.5) %, the 13–24 month rate was 43.2 (12.7) %, the 25–36 month rate was 24.7 (18.9) %, the 37–48 month rate was 18.5 (18.9) % and the 49–60 month rate was 0 (18.9) %.

If the market price of electricity derivatives changes by +/- 10 % from the balance sheet date 31 December 2015, it would contribute EUR +/- 0.0 (0.4) million to the 2016 income statement and EUR +/- 0.6 (0.3) million to equity. The impact has been calculated before tax.

Other price risk

Elisa's financial assets available-for-sale consist mostly of publicly listed shares in Comptel Corporation. The sensitivity analysis includes shares at the balance sheet date. The analysis assumes a change of twenty percentage points in the share price.

EUR million	2015		2014	
	Income statement	Shareholders' equity	Income statement	Shareholders' equity
Change in Comptel share price +/- 20%		+/- 5,2		+/- 2,8

Notes on the capital structure

Elisa's capital consists of equity and liabilities. To develop its business, Elisa may carry out expansion investments and acquisitions that may be financed through equity or through liabilities directly or indirectly.

The target for the company's equity ratio is over 35 per cent and net debt / EBITDA 1.5 to 2.0. The net debt / EBITDA indicator is calculated exclusive of non-recurring items.

The company's distribution of profit to shareholders consists of dividends, capital repayment and purchase of treasury shares. Effective profit distribution is 80 per cent to 100 per cent of profit for the period. Furthermore, additional profit distribution to the shareholders may occur. When proposing or deciding on the distribution, the Board takes into account the company's financial position, future financing needs, and the set financial objectives.

Capital structure and key indicators

EUR million	2015	2014
Interest-bearing net debt	962.0	1,001.5
Total equity	925.9	878.6
Total capital	1,887.9	1,880.1
Gearing ratio, %	103.9	114.0
Net debt / EBITDA	1.8	1.9
Equity ratio, %	41.4	39.4

Available sources of financing

With regard to equity financing, the company's objective is to maintain sufficient flexibility for the Board of Directors to issue shares. The Annual General Meeting decides the amount of the share issue authorisation. In 2015 the authorisation has been used in executing share based incentive plans.

Shareholders' equity	2015	2014
Treasury shares, 1,000	7,851	7,986
Share issue authorisation, 1,000	14,865	15,000
Share price	34.79	22.61
Total, EUR million	517.2	339.2

With regard to liability financing, the company maintains loan programmes and credit arrangements that allow quick issuance. The arrangements are committed and non-committed, and allow issuances for different maturities.

Debt capital	2015	2014
Commercial paper programme (non-committed) ⁽¹⁾	79.5	40.0
Revolving credits (committed) ⁽²⁾	300.0	300.0
Bank loans unused (committed) ⁽³⁾	150.0	
EMTN programme (non-committed) ⁽⁴⁾	400.0	400.0
Total, EUR million	929.5	740.0
Total equity and debt capital	1,446.7	1,079.2

¹⁾ The commercial paper programme amounts to EUR 250 million, of which EUR 170.5 million was in use at 31 December 2015.

²⁾ Elisa has two committed revolving credit facilities to a total of EUR 300 million. Both facilities were unused at 31 December 2015.

³⁾ On 6 October 2015, Elisa signed a EUR 150 million loan agreement with the European Investment bank. The loan can be drawn within 12 months from signing without commitment fee. The whole loan was unused on 31 December 2015

⁴⁾ Elisa has an European Medium Term Note programme (EMTN) to a total of EUR 1,000 million. EUR 600.0 million was in use at 31 December 2015. The program was updated on 2 June 2015 and it is valid for one year as of the update.

35. RELATED PARTY TRANSACTIONS

The Group's related parties consist of the parent company, subsidiaries, associates and joint ventures, as well as Elisa's Board of Directors, the CEO and the Executive Board.

The Elisa Group structure is as follows 31 December 2015:

The parent company of the Group is Elisa Corporation.

Subsidiaries	Domicile	Group's ownership,%
Arediv Oy	Oulu	100
Elisa Appelsiini Oy	Helsinki	100
Elisa Eesti As	Tallinn	100
Elisa Hong Kong Limited	Hong Kong	100
Elisa Rahoitus Oy	Helsinki	100
Elisa Videra Ltd	Oulu	100
Elisa Videra Spain S.L	Madrid	100
Elisa Videra UK Ltd.	London	100
One Conference Ab	Solna	100
Videra Norge As	Oslo	100
Enia Oy	Helsinki	100
Epic TV SAS	Chamonix Mont Blanc	100
Fiaset Oy	Helsinki	100
Fonetic Oy	Jyväskylä	100
Fonum Oy	Helsinki	100
Gisforest Oy	Kajaani	100
Helsingin Netti Media Oy	Helsinki	100
JMS Group Oy	Helsinki	100
Karelsat Oy	Joensuu	100
Kiinteistö Oy Raision Luolasto	Espoo	100
Kiinteistö Oy Rinnetorppa	Kuusamo	80
Kiinteistö Oy Tapiolan Luolasto	Espoo	100
Kotkan Tietoruutu Oy	Kotka	100
Kympnet Oy	Kotka	100
Kymtel Oy	Kotka	100
LNS Kommunikation AB	Stockholm	100
Planetmedia Oy	Kotka	100
Preminet Oy	Helsinki	100
OOO LNR	St. Petersburg	100
Videra LLC	St. Petersburg	100
Sulake Corporation Oy	Helsinki	100
Banana Fingers Limited	London	100
Sulake Suomi Oy	Helsinki	100
Sulake Danmark ApS	Copenhagen	100
Sulake UK Ltd	London	100
Habbo Hotel S.L (Spain)	Madrid	100
Sulake Brasil	Sao Paolo	100
Sulake Inc	Los Angeles	100
Tampereen Tietoverkko Oy	Tampere	63
Tansec Oy	Kotka	100
Telcont Oy	Kotka	100
Joint ventures		
Kiinteistö Oy Brahenkartano	Turku	60

Associates

Anvia Plc	Seinäjoki	30
FNE-Finland Oy	Kontiolahti	46
Kiinteistö Oy Helsingin Sentnerinkuja 6	Helsinki	50
Kiinteistö Oy Herrainmäen Luolasto	Tampere	50
Kiinteistö Oy Kiihtelysvaaran Oravanpyörä	Joensuu	25
Kiinteistö Oy Lauttasaarentie 19	Helsinki	42
Kiinteistö Oy Riihimäen Maisterinkatu 9	Riihimäki	35
Kiinteistö Oy Runeberginkatu 43	Helsinki	30
Kiinteistö Oy Stenbäckinkatu 5	Helsinki	40
Softera Oy	Helsinki	34
Suomen Numerot NUMPAC Oy	Helsinki	33

Significant changes in ownership of subsidiaries are presented in Notes 2. and 3. and changes in ownership of associates in Note 16.

Other changes in the Group structure are described below.

The subsidiary of Sulake, Sulake Norge AS has been liquidated on 23 July 2015. The liquidation does not affect the consolidated financial statements.

Joint arrangements

Kiinteistö Oy Brahenkartano owns and manages a building and a site in Turku. Elisa is entitled to manage office and telecom facilities with the shares owned.

60 per cent of the joint operations assets, liabilities, income and expenses are consolidated to the Group's financial statements with the proportionate method.

Associates

Associated companies are consolidated in accordance with the equity method of accounting.

On 31 December 2015 the Group has one significant associated company, Anvia Plc. Anvia Plc became Elisás associated company on 9 October 2014 and is consolidated since 1 October 2014. Anvia Plc is a regional fixed line operator. The Group owns 30 (24) per cent of all shares of Anvia Plc on 31 December 2015.

The table shows the associated companies consolidated amount of profit according to the Group's accounting principles.

Financial information of a material associate

Anvia Plc

EUR million	2015	2014
Revenue	130.7	25.9
Profit for the period	7.4	0.0
The Group's share of profit	2.2	0.0
Non-current assets	117.5	91.4
Current assets	54.7	46.1
Non-current liabilities	25.4	10.9
Current liabilities	34.0	15.0
Provisions	0.2	0.3
Net assets	112.7	111.2
The Group's share of net assets	33.9	27.0
Goodwill	25.9	19.6
Dividends received	-2.3	
Carrying amount of the Group's interest	57.5	46.6

Aggregated financial information of non-material associates

EUR million	2015	2014
The Group's share of profit	0.1	-0.1
The carrying amount of the Group's interest in the associates	1.9	2.2

The Group's share of the associates and changes during 2015. See Note 16.

The transactions carried out with related parties:

EUR million			
2015	Sales	Purchases	Receivables
Associates and joint arrangements	0.4	2.7	0.8
2014			
Associates and joint arrangements	0.3	2.6	0.1

Employee benefits to key management are presented under Note 7 and contingent liabilities on behalf of associated companies under Note 33.

36. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date.

Key indicators

KEY INDICATORS DESCRIBING THE GROUP'S FINANCIAL DEVELOPMENT

	2015	2014	2013	2012	2011
INCOME STATEMENT					
Revenue, EUR million	1,569	1,535	1,547	1,553	1,530
Change of revenue,%	2.2	-0.8	-0.4	1.5	4.6
EBITDA (EUR million)	532	520	491	501	506
EBITDA as % of revenue	33.9	33.8	31.7	32.3	33.1
EBIT, EUR million	312	305	281	299	295
EBIT as % of revenue	19.9	19.9	18.1	19.2	19.3
Profit before tax, EUR million	291	278	255	269	265
Profit before tax as % of revenue	18.5	18.1	16.5	17.3	17.3
Return on equity (ROE),%	27.0	25.6	22.9	24.7	24.1
Return on investment (ROI),%	16.5	15.7	15.3	17.4	17.9
Research and development costs, EUR million	15	13	10	9	5
Research and development costs as % of revenue	0.9	0.8	0.6	0.6	0.3
BALANCE SHEET					
Gearing ratio,%	103.9	114.0	112.6	99.3	93.8
Current ratio	0.7	0.9	1.0	1.0	0.8
Equity ratio,%	41.4	39.4	37.3	42.3	42.3
Non-interest bearing liabilities, EUR million	330	322	353	285	312
Interest bearing net debt	962.0	1,001.5	971.2	838.6	788.0
Balance sheet total, EUR million	2,247	2,243	2,324	2,009	1,999
INVESTMENTS IN SHARES					
Investments in shares and business combinations, EUR million	18	43	150		0
CAPITAL EXPENDITURES					
Investments, EUR million	196	191	240	193	197
Investments as % of revenue	12.5	12.5	15.5	12.5	12.9
PERSONNEL					
Average number of employees during the period	4,146	4,138	4,320	3,973	3,757
Revenue/employee, EUR 1,000	379	371	358	391	407

The order book is not shown because such information is immaterial owing to the nature of the company's business.

FORMULAE FOR FINANCIAL SUMMARY INDICATORS

EBITDA	EBIT + depreciation, amortisation and impairment	
EBIT	Profit for the period + income taxes + financial income and expense + share of associated companies' profit	
Return on equity (ROE),%	$\frac{\text{Profit for the period}}{\text{Total shareholders' equity (on average during the year)}} \times 100$	x 100
Return on investment (ROI),%	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity + interest bearing liabilities (on average during the year)}} \times 100$	x 100
Gearing ratio, %	$\frac{\text{Interest-bearing liabilities - Cash and cash equivalents and financial assets at fair value through profit or loss}}{\text{Total shareholders' equity}} \times 100$	x 100
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities - advance payments received}}$	
Equity ratio, %	$\frac{\text{Total shareholders' equity}}{\text{Balance sheet total - advance payments received}} \times 100$	x 100

PER-SHARE INDICATORS⁽¹⁾

	2015	2014	2013	2012	2011
Share capital, EUR	83,033,008	83,033,008	83,033,008	83,033,008	83,033,008
Number of shares at year-end	159,484,067	159,349,030	159,349,030	156,879,666	156,227,740
Average number of shares	159,469,737	159,349,030	157,269,132	156,548,402	155,878,493
Number of shares at year-end, diluted	159,484,067	159,349,030	159,349,030	157,016,312	156,528,070
Average number of shares, diluted	159,469,737	159,349,030	157,269,132	156,685,047	156,178,823
Market capitalisation, EUR million ⁽²⁾	5,822	3,783	3,223	2,797	2,688
Earnings per share (EPS), EUR	1.52	1.41	1.25	1.33	1.29
Dividend per share, EUR	1.40 ⁽⁵⁾	1.32	1.30	1.30	1.30
Payout ratio,%	91.8	93.5	104.0	97.5	100.6
Equity per share, EUR	5.80	5.51	5.41	5.37	5.36
P/E ratio	22.8	16.0	14.8	12.6	12.5
Effective dividend yield,% ⁽²⁾	4.0	5.8	6.7	7.8	8.1
Share performance in NASDAQ OMX Helsinki					
Mean price, EUR	28.37	20.93	16.15	16.61	15.41
Closing price at year-end, EUR	34.79	22.61	19.26	16.73	16.13
Lowest price, EUR	22.10	18.19	13.37	14.84	12.70
Highest price, EUR	35.99	24.04	19.49	17.97	17.00
Trading of shares in NASDAQ OMX Helsinki ⁽³⁾					
Total trading volume, 1,000 shares	113,312	112,729	128,100	116,534	121,878
Percentage of shares traded ⁽⁴⁾	68	67	77	70	73

¹⁾ The numbers of shares are presented without treasury shares held by Elisa Group. Treasury shares have been accounted for in the calculation of the indicators.

²⁾ Calculated on the basis of the closing price on the last trading day of the year.

³⁾ Elisa share is also traded in alternative marketplaces. According to the Fidessa Fragmentation report, the trading volumes in these markets in 2015 were approximately 153 (112) per cent of NASDAQ OMX Helsinki.

⁴⁾ Calculated in proportion to the average number of shares for the period.

⁵⁾ The Board of Directors proposes a dividend payment of EUR 1.40 per share.

FORMULAE FOR PER-SHARE INDICATORS

Earnings per share (EPS)	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average number of shares during the period adjusted for issues}}$	
Dividend per share ⁽¹⁾	$\frac{\text{Dividend adjusted for issues}}{\text{Number of shares at the balance sheet date adjusted for issues}}$	
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Share price at the balance sheet date adjusted for issues}}$	x 100
Payout ratio, % ⁽¹⁾	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Equity per share	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares at the balance sheet date adjusted for issues}}$	
P/E ratio (Price/Earnings)	$\frac{\text{Share price on the balance sheet date}}{\text{Earnings per share}}$	

¹⁾ The calculation formulas apply also to the capital repayment indicators.

Income statement, parent company, FAS

EUR million	Note	2015	2014
Revenue	1	1,368.3	1,306.7
Change in inventories			0.0
Other operating income	2	7.3	10.4
Materials and services	3	-548.2	-553.5
Personnel expenses	4	-188.4	-165.7
Depreciation and amortisation	5	-216.2	-204.0
Other operating expenses		-144.9	-144.0
Operating profit		278.0	249.8
Financial income and expenses	7	-23.2	-29.2
Profit before extraordinary items		254.9	220.6
Extraordinary items	8	-5.7	40.9
Profit after extraordinary items		249.2	261.6
Appropriations	9	-3.9	-13.5
Income taxes	10	-55.4	-49.8
Profit for the period		190.0	198.3

Balance sheet, parent company, FAS

EUR million	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
Fixed assets			
Intangible assets	11	421.5	448.6
Tangible assets	11	611.5	625.2
Investments	12	340.2	328.3
		1,373.2	1,402.2
Current assets			
Inventories	13	41.9	38.7
Non-current receivables	14	119.4	129.7
Current receivables	15	323.5	309.2
Cash and bank		9.3	29.0
		494.2	506.6
TOTAL ASSETS		1,867.4	1,908.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
	16		
Share capital		83.0	83.0
Treasury shares		-145.4	-148.1
Contingency reserve		3.4	3.4
Reserve for invested non-restricted equity		77.8	77.8
Retained earnings		211.0	225.5
Profit for the period		190.0	198.3
		419.9	440.1
Accumulated appropriations		80.1	76.2
Provisions for liabilities and charges	17	7.9	6.7
Liabilities			
Non-current liabilities	18	762.0	900.4
Current liabilities	19	597.5	485.3
		1,359.5	1,385.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,867.4	1,908.7

Cash flow statement, parent company, FAS

EUR million	2015	2014
Cash flow from operating activities		
Profit before extraordinary items	254.9	220.6
Adjustments:		
Depreciation and amortisation	216.2	204.0
Other income and expenses with no payment relation	1.9	5.2
Financial income (-) and expense (+)	22.2	25.1
Gains (-) and losses (+) on the disposal of fixed assets	-2.8	-6.3
Gains (-) and losses (+) on the disposal of investments	1.0	4.1
Change in provisions in the income statement	1.3	-8.0
Cash flow before change in working capital	494.6	444.7
Increase (+) / decrease (-) in working capital	-22.6	-27.2
Cash flow before financial items and taxes	472.0	417.5
Dividends received	1.8	1.1
Interest received	3.0	9.1
Interest paid	-24.5	-33.7
Income taxes paid	-51.4	-52.0
Net cash flow from operating activities	400.9	342.0
Cash flow from investing activities		
Capital expenditure	-182.6	-174.5
Proceeds from disposal of tangible and intangible assets	1.5	10.6
Investments in shares and other financial assets	0.2	-21.3
Proceeds from disposal of shares and other financial assets	5.5	0.5
Loans granted	-19.6	-48.1
Repayment of loan receivables	7.0	1.1
Net cash flow used in investing activities	-188.0	-231.6
Cash flow after investing activities	212.9	110.4
Cash flow from financing activities		
Repayment of long-term borrowings	-10.6	-172.4
Change in short-term borrowings	-24.2	124.0
Group contributions received (+) / paid (-)	12.1	22.4
Dividends paid	-209.8	-206.4
Net cash flow used in financing activities	-232.6	-232.4
Change in cash and cash equivalents	-19.6	-122.0
Cash and cash equivalents at the beginning of the period	29.0	125.7
Cash and cash equivalents received through business combinations and mergers		25.3
Cash and cash equivalents at the end of the period	9.3	29.0

Notes to the financial statements of the parent company

Accounting principles

Elisa Corporation's financial statements have been prepared in accordance with the accounting principles based on Finnish accounting legislation.

Comparability with previous year figures

The following should be considered when comparing current period with previous period figures:

merger profits of EUR 28.9 million are included within extraordinary items and merger losses of EUR 1.4 million are recognised as goodwill in 2014

Items denominated in foreign currencies

Transactions denominated in a foreign currency are recorded at the rates of exchange prevailing at the dates of transactions. As at the year-end assets and liabilities denominated in a foreign currency are valued at the average rate quoted by the European Central Bank as at year-end.

Fixed assets

The carrying value of intangible and tangible assets is stated at cost less accumulated depreciation, amortisation and impairments.

Internally generated fixed assets are measured at variable costs.

The difference between depreciation according to plan and total depreciation presented is under appropriations in the parent company's income statement and the accumulated depreciation difference is presented under accumulated appropriations in the shareholders' equity and liabilities in the balance sheet. Depreciation according to plan is recognised on a straight-line basis over the useful lives from the original acquisition cost.

The useful lives according to plan for the different asset groups are:

Intangible rights	3–5 years
Goodwill	5–20 years
Other expenditure with long-term effects	5–10 years
Buildings and constructions	25–40 years
Machinery and equipment in buildings	10–25 years
Telephone exchanges	6–10 years
Cable network	8–15 years
Telecommunication terminals	1–4 years
Other machines and equipment	3–5 years

Inventories

Inventories are stated at the lowest of variable costs, acquisition price or the likely disposal, or repurchase price. Cost is determined using a weighted average price.

Marketable securities

Investments in money market funds are recognized at the repurchase price. Investments in certificates of deposit and commercial paper are recognised at the acquisition cost, as the difference between the repurchase price and cost of acquisition is not significant.

Revenue recognition principles

Sales are recognised as income at the time of transfer and income from services is recognised once the services have been rendered.

Interconnection fees that are invoiced from the customer and paid as such to other telephone companies are presented as a deduction item under sales income (Finnish Accounting Standards Board 1995/1325).

The profit from the sales of business operations, shares and fixed assets, subsidies received and rental income from premises are presented under other operating income.

Research and development

Research costs are charged to expense on the income statement. Product development expenses are recognised in the balance sheet from the date the product is technically feasible, it can be utilised commercially and future financial benefit is expected from the product. In other cases, development costs are recorded as an expense. Development costs previously recognised as expenses are not capitalised later.

Government grants for product development projects and the like are recognised under other operating income when the product development costs are recognised as annual expenses. If a government grant is associated with capitalised

product development costs, the grant reduces the capitalised acquisition cost.

Future expenses and losses

Probable future expenses and losses related to the current or a prior financial period without a corresponding income are recognised in the income statement. Such items are recognised in the balance sheet under provisions if a reliable estimate of the amount or timing of the obligation cannot be made. Otherwise the obligation is recognised within accruals.

Extraordinary income and expenses

Extraordinary items include gains and losses related to Group contributions and merger profit. Merger losses are recognised either as extraordinary expenses in the income statement or as goodwill in the balance sheet.

Income taxes

Income taxes for the financial year are recognised in the income statement. No deferred tax liabilities and receivables have been recognised in the financial statements.

1. REVENUE

EUR million	2015	2014
Sales	1,439.9	1,388.2
Interconnection fees and other adjustments	-71.6	-81.5
	1,368.3	1,306.7
Geographical distribution		
Finland	1,340.9	1,275.0
Rest of Europe	24.3	27.9
Other countries	3.2	3.8
	1,368.3	1,306.7

2. OTHER OPERATING INCOME

EUR million	2015	2014
Gain on disposal of fixed assets	2.8	5.3
Others ⁽¹⁾	4.5	5.1
	7.3	10.4

¹⁾ Other operating income items mainly include rental income of real estate, management fee income charged from subsidiaries and miscellaneous other operating income.

3. MATERIALS AND SERVICES

EUR million	2015	2014
Materials, supplies and goods		
Purchases	200.7	165.4
Change in inventories	-3.7	3.4
	197.0	168.8
External services	351.1	384.7
	548.2	553.5

4. PERSONNEL EXPENSES

EUR million	2015	2014
Salaries and wages	154.1	135.4
Pension costs	28.0	24.7
Other statutory employee costs	6.3	5.6
	188.4	165.7
Personnel on average	2,606	2,602

CEO remuneration, EUR	2015	2014
Fixed salary	536,640.00	534,420.00
Performance-based bonus	261,340.00	62,940.24
Fringe benefits	19,130.04	21,521.78
Share-based payments ⁽¹⁾	732,815.43	
	1,549,925.47	618,882.02

¹⁾ Elisa Corporation changed the measurement period of the share-based incentive plan to three years in 2012. Accordingly, there were no payments under the plan in 2014. The maximum award allocated for the CEO under the share-based compensation plans equals the value of 248,131 shares. See Note 7 in the consolidated financial statements.

In accordance with employees pensions act and on the basis of CEO remuneration, EUR 151,000 (175,000) in pension costs has been recognised in profit or loss. The executive agreement with the Group CEO expires at the age of 60 and he is entitled to retirement according to the agreement. See Note 7 in the consolidated financial statements.

The Board of Directors' remuneration, EUR	2015	2014
Petteri Koponen	68,000.00	51,500.00
Ari Lehtoranta		20,500.00
Raimo Lind	115,000.00	118,000.00
Leena Niemistö	67,000.00	69,000.00
Eira Palin-Lehtinen	18,500.00	82,000.00
Mika Salmi		16,500.00
Jaakko Uotila	68,000.00	69,500.00
Seija Turunen	77,000.00	51,500.00
Mika Vehviläinen	79,000.00	78,500.00
	492,500.00	557,000.00

The following compensation determined by the Annual General Meeting was paid to the Members of the Board: monthly remuneration fee for the Chairman EUR 9,000 per month; monthly remuneration fee for the Deputy Chairman and chairman of the Committee for Auditing EUR 6,000 per month; monthly remuneration fee for the Members EUR 5,000 per month, and meeting remuneration fee EUR 500/meeting/participant. The monthly remuneration fees (deducted by tax) are used to purchase Elisa shares every quarter end. The shares purchased before 2014 are subject to a transfer restriction of four years during the term of Board service. The restriction is lifted when Board membership ends.

5. DEPRECIATION AND AMORTISATION

EUR million	2015	2014
Amortisation of intangible assets	63.4	64.8
Depreciation of tangible assets	152.8	139.1
	216.2	204.0

Specification of depreciation by balance sheet items is included in Note 11.

6. AUDITOR FEES

EUR million	2015	2014
Auditing	0.2	0.2
Tax advisory services	0.1	0.1
Education services	0.0	0.1
Other services	0.2	0.1
	0.5	0.5

7. FINANCIAL INCOME AND EXPENSES

EUR million	2015	2014
Interest income and other financial income		
Dividends received		
from Group companies	0.9	0.6
from Associates	0.4	0.0
from others	0.5	0.5
	1.8	1.1
Other interest and financial income		
from Group companies	1.3	1.0
from others	1.4	2.9
	2.6	3.9
	4.4	5.0
Interest costs and other financial expenses		
to Group companies	-3.1	-2.5
to others	-24.3	-30.4
Impairments	-0.2	-1.3
	-27.6	-34.2
	-23.2	-29.2

8. EXTRAORDINARY ITEMS

EUR million	2015	2014
Extraordinary income		
Group contributions received	10.4	20.1
Merger profit ⁽¹⁾		28.9
Extraordinary expenses		
Group contributions given	-16.1	-8.0
	-5.7	40.9

¹⁾ The mergers of Ecosite Oy, KYMP Oy and Viske Oy on 31 December 2014.

9. APPROPRIATIONS

EUR million	2015	2014
Change in depreciation difference	-3.9	-13.5

10. INCOME TAXES

EUR million	2015	2014
Regular business	-56.6	-47.3
Extraordinary items	1.1	-2.4
Previous period taxes	0.1	-0.1
	-55.4	-49.8

11. INTANGIBLE AND TANGIBLE ASSETS

Intangible Assets

2015

EUR million	Development costs	Intangible rights	Goodwill	Other intangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2015	22.2	69.6	809.4	349.8	11.9	1,263.0
Additions	2.2	4.9	0.5	14.5	13.1	35.2
Disposals				0.0	-0.1	-0.1
Reclassifications	0.7	-1.5		4.6	-2.6	1.1
Acquisition cost at 31 Dec. 2015	25.1	73.0	809.9	368.8	22.4	1,299.2
Accumulated amortisation at 1 Jan. 2015	17.4	28.3	474.4	294.2		814.3
Amortisation for the period	3.5	5.8	34.3	19.6		63.3
Accumulated amortisation at 31 Dec. 2015	20.9	34.2	508.8	313.8		877.6
Book value at 31 Dec. 2015	4.2	38.8	301.1	55.0	22.4	421.5

Tangible assets

2015

EUR million	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2015	6.6	164.5	2,813.4	35.1	19.2	3,038.9
Additions	0.0	5.8	117.7	0.0	17.2	140.8
Disposals	0.0	0.0	-11.3			-11.3
Reclassifications	0.0	1.2	12.7		-15.0	-1.1
Acquisition cost at 31 Dec. 2015	6.6	171.5	2,932.6	35.1	21.4	3,167.2
Accumulated depreciation at 1 Jan. 2015		82.2	2,297.3	34.3		2,413.7
Accumulated depreciation of disposals and reclassifications		0.0	-10.8			-10.8
Depreciation for the period		8.5	144.3	0.1		152.8
Accumulated depreciation at 31 Dec. 2015		90.6	2,430.8	34.3		2,555.7
Book value at 31 Dec. 2015	6.6	80.9	501.9	0.8	21.4	611.5

Intangible Assets

2014

EUR million	Development costs	Intangible rights	Goodwill	Other intangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2014	19.6	31.7	796.4	325.2	42.9	1,215.9
Transferred in merger	0.0		9.6	4.8		14.4
Additions	3.6	5.4	3.4	15.3	7.2	34.9
Disposals	-3.3			0.0	-0.1	-3.4
Reclassifications	2.3	32.5		4.6	-38.1	1.3
Acquisition cost at 31 Dec. 2014	22.2	69.6	809.4	349.8	11.9	1,263.0
Accumulated amortisation at 1 Jan. 2014	12.0	23.0	431.4	270.6		737.0
Transferred in merger	0.0		9.4	4.3		13.7
Amortisation for the period	5.3	5.4	33.6	19.2		63.6
Accumulated amortisation at 31 Dec. 2014	17.4	28.3	474.4	294.2		814.3
Book value at 31 Dec. 2014	4.8	41.3	334.9	55.6	11.9	448.6

Tangible assets

2014

EUR million	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2014	5.8	91.6	2,564.8	34.7	19.0	2,715.8
Transferred in merger	1.4	80.1	138.6	0.4		220.4
Additions	0.0	3.2	116.5	0.0	15.2	134.9
Disposals	-0.5	-13.5	-17.0			-31.0
Reclassifications	0.0	3.2	10.5	0.0	-15.0	-1.3
Acquisition cost at 31 Dec. 2014	6.6	164.5	2,813.4	35.1	19.2	3,038.9
Accumulated depreciation at 1 Jan. 2014		50.2	2,073.1	33.8		2,157.1
Transferred in merger		39.3	106.5	0.2		146.0
Accumulated depreciation of disposals and reclassifications		-11.8	-16.8			-28.6
Depreciation for the period		4.4	134.4	0.2		139.1
Accumulated depreciation at 31 Dec. 2014		82.2	2,297.3	34.3		2,413.7
Book value at 31 Dec. 2014	6.6	82.3	516.2	0.9	19.2	625.2

12. INVESTMENTS

2015	Shares			Receivables	
	EUR million	Group companies	Associated companies	Other companies	Group companies
Acquisition cost at 1 Jan. 2015	290.3	17.7	22.5	10.7	341.2
Additions	0.8	0.0		0.0	0.8
Disposals		-4.5	-2.1		-6.6
Reclassifications	20.7			-3.0	17.7
Acquisition cost at 31 Dec. 2015	311.7	13.2	20.4	7.8	353.0
Impairment at 1 Jan. 2015	-7.6		-4.5	-0.8	-12.9
Impairment at 31 Dec. 2015	-7.6		-4.5	-0.8	-12.9
Book value at 31 Dec. 2015	304.2	13.2	15.9	7.0	340.2

A list of the group and associated companies is available under Note 35 in the consolidated financial statements.

2014	Shares			Receivables	
	EUR million	Group companies	Associated companies	Other companies	Group companies
Acquisition cost at 1 Jan. 2014	305.9	6.5	26.6	10.7	349.7
Transferred in merger			0.0		0.0
Additions	21.9	7.9		0.1	29.8
Disposals	-37.5		-0.8	0.0	-38.3
Reclassifications		3.3	-3.3		
Acquisition cost at 31 Dec. 2014	290.3	17.7	22.5	10.7	341.2
Impairment at 1 Jan. 2014	-3.6		-4.5		-8.1
Additions	-4.0			-0.8	-4.8
Impairment at 31 Dec. 2014	-7.6		-4.5	-0.8	-12.9
Book value at 31 Dec. 2014	282.7	17.7	17.9	10.0	328.3

13. INVENTORIES

EUR million	2015	2014
Materials and supplies	6.3	10.2
Finished goods	35.6	28.4
	41.9	38.7

14. NON-CURRENT RECEIVABLES

EUR million	2015	2014
Receivables from Group companies		
Loan receivables	50.7	66.1
Receivables from associates		
Prepayments and accrued income	0.6	
Receivables from others		
Loan receivables	0.1	0.1
Trade receivables	51.3	47.6
Prepayments and accrued income ⁽¹⁾	15.3	15.7
Other receivables	1.4	0.2
	68.1	63.7
	119.4	129.74
¹⁾ Breakdown of prepayment and accrued income		
Rent advances	9.0	7.4
Transaction costs and losses related to loan issuance	6.3	8.4
	15.3	15.7

15. CURRENT RECEIVABLES

EUR million	2015	2014
Receivables from Group companies		
Loan receivables	19.7	10.5
Trade receivables	14.2	3.8
Prepayments and accrued income	1.2	2.3
Other receivables	10.8	21.1
	45.9	37.7
Receivables from associates		
Loan receivables		0.1
Trade receivables	0.0	0.0
Prepayments and accrued income	0.1	0.0
	0.2	0.1
Receivables from others		
Trade receivables	256.5	245.7
Loan receivables	1.6	
Prepayments and accrued income ⁽¹⁾	17.2	19.1
Other receivables	2.2	6.7
	277.5	271.4
	323.5	309.2
1) Breakdown of prepayment and accrued income		
Interest	0.1	0.3
Rent advances	1.8	1.7
Transaction costs and losses related to loan issuance	2.2	2.2
Taxes		2.7
Other business expense advances	13.0	12.2
	17.2	19.1

16. SHAREHOLDERS' EQUITY

EUR million	2015	2014
Share capital at 1 Jan.	83.0	83.0
Share capital at 31 Dec.	83.0	83.0
Treasury shares at 1 Jan.	-148.1	-148.1
Disposal of treasury shares	2.7	
Treasury shares at 31 Dec.	-145.4	-148.1
Contingency reserve at 1 Jan.	3.4	3.4
Contingency reserve at 31 Dec.	3.4	3.4
Reserve for invested non-restricted equity at 1 Jan.	77.8	77.8
Reserve for invested non-restricted equity at 31 Dec.	77.8	77.8
Retained earnings at 1 Jan.	423.9	432.3
Dividend distribution	-210.5	-207.2
Withdrawal of dividend liabilities	0.4	0.4
Disposal of treasury shares	-2.7	
Retained earnings at 31 Dec.	211.0	225.5
Profit for the period	190.0	198.3
	419.9	440.1
Distributable earnings		
Retained earnings	211.0	225.5
Treasury shares	-145.4	-148.1
Reserve for invested non-restricted equity	77.8	77.8
Profit for the period	190.0	198.3
	333.5	353.7

17. PROVISIONS

EUR million	2015	2014
Provision for unemployment pensions	3.1	2.7
Other provisions for liabilities and charges ⁽¹⁾	4.8	3.9
	7.9	6.7

1) Other provisions consist of salaries, including related statutory employee costs for employees not required to work during their severance period and provision for other operating expenses.

Provisions of EUR 3.1 (9.3) million were used and EUR 0.6 (2.2) million were cancelled in 2015.

18. NON-CURRENT LIABILITIES

EUR million	2015	2014
Interest-bearing		
Liabilities to Group companies		
Other liabilities	78.0	78.0
Liabilities to others		
Bonds	600.0	600.0
Loans from financial institutions	68.2	199.3
Loans from pension funds	1.0	1.0
	669.2	800.3
	747.2	878.3
Non-interest bearing		
Liabilities to others		
Trade payables	6.7	13.3
Accruals and deferred income ⁽¹⁾	8.2	8.8
	14.8	22.2
	762.0	900.4
Liabilities maturing after five years		
Bonds	300.0	300.0
¹⁾ Breakdown of accruals and deferred income		
Rent advances	8.2	8.8

19. CURRENT LIABILITIES

EUR million	2015	2014
Interest-bearing		
Liabilities to Group companies		
Group account	61.0	45.7
Other liabilities		0.1
	61.0	45.7
Liabilities to others		
Loans from financial institutions	130.6	10.1
Commercial paper	170.5	210.0
	301.1	220.1
	362.1	265.8
Non-interest bearing		
Liabilities to Group companies		
Advances received	0.0	
Trade payables	8.9	10.9
Accruals and deferred income	0.1	0.1
Other liabilities	16.5	8.4
	25.5	19.4
Liabilities to Associates		
Trade payables	0.3	0.0
	0.3	0.0
Liabilities to others		
Advances received	1.1	1.9
Trade payables	114.2	111.3
Accruals and deferred income ⁽¹⁾	50.8	45.7
Other liabilities	43.5	41.3
	209.6	200.1
	235.4	219.6
	597.5	485.3
¹⁾ Breakdown of accruals and deferred income		
Holiday pay, performance-based bonuses and related statutory employee costs	34.9	31.1
Interest	9.8	9.8
Direct taxes	2.9	1.5
Rent advances	1.4	1.4
Advance income	1.5	1.4
Others	0.3	0.5
	50.8	45.7

20. COLLATERAL, COMMITMENTS AND OTHER LIABILITIES

Collateral

EUR million	2015	2014
On behalf of own commitments		
Bank deposits	0.6	0.6
Guarantees	1.1	1.1
Pledged securities	0.1	0.1
On behalf of others		
Guarantees	0.5	0.6
Other collaterals		0.0
	2.3	2.5

Leasing and rental liabilities

EUR million	2015	2014
Leasing liabilities on telecom networks ⁽¹⁾		
Due within one year	0.3	0.3
Due later than one year and up to five years	0.7	0.9
Due later than five years	0.1	0.2
	1.0	1.3
Other leasing liabilities ⁽²⁾		
Due within one year	5.8	6.3
Due later than one year and up to five years	11.1	11.7
Due later than five years	0.6	2.2
	17.5	20.2
Repurchase obligations ⁽³⁾	0.0	0.0
Letter of credit	0.1	0.1
Real estate leases ⁽⁴⁾		
Due within one year	25.1	24.6
Due later than one year and up to five years	43.8	31.0
Due later than five years	102.5	84.1
	171.4	139.7
	190.0	161.3

¹⁾ Consists of certain individualised mobile network equipment and access fees for backbone connections.

²⁾ Leasing liabilities consist mainly of leases of cars and IT equipment.

³⁾ Repurchase obligations are mainly related to leasing liabilities on telecom networks and terminals devices bought by customers with leasing liabilities from financing institutions.

⁴⁾ Real estate leases comprise rental agreements relating to business, office and telecom premises. Real estate leases are presented at nominal amounts.

Derivative instruments

EUR million	2015	2014
Interest rate and currency swap		
Nominal value	1.5	3.0
Fair value recognised in the balance sheet	-0.1	-0.2

Real estate investments

VAT refund liability of real estate investments is EUR 31.7 (33.9) million at 31 December 2015.

Shares and shareholders

1. Share capital and shares

The company's paid-in share capital registered in the Trade Register stood at EUR 83,033,008 at the end of the financial year.

According to the Articles of Association, the minimum number of shares is 50,000,000 and the maximum is 1,000,000,000. At the end of the financial year, the number of Elisa Corporation shares was 167,335,073, all within one share series.

2. Authorisations of the Board of Directors

On 2 April 2014 the Annual General Meeting authorised the Board of Directors to decide on a new share issue, transfer of treasury shares owned by the company and/or granting of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act subject to the following: The authorisation allows the Board of Directors to issue a maximum of 15,000,000 shares in one or several issues. The share issue and shares granted by virtue of special rights are included in the aforementioned maximum number. The maximum number is approximately 9 per cent of the entire stock. The share issue can be free or for consideration and can also be directed to the Company itself. The authorisation entitles the Board to make a directed issue. The authorisation may be used for making acquisitions or implementing other arrangements related to the Company's business, to finance investments, to

improve the company's financial structure, or for other purposes decided by the Board of Directors. The Board of Directors shall have the right to decide on all other matters related to share issue. The authorisation shall be in force until 30 June 2016 and it annuls the authorisation given by the Annual General Meeting to the Board of Directors on 18 March 2010.

In Addition, the Annual General Meeting on 26 March 2015 authorized the Board of Directors to decide on the acquisition of treasury shares subject to the following: The Board of Directors may decide to acquire or pledge on non-restricted equity a maximum of 5,000,000 treasury shares. The acquisition may take place as one or several blocks of shares. The consideration payable for the shares shall not be more than the ultimate market price. In purchasing the Company's own shares derivative, share lending and other contracts customary in the capital market may be concluded pursuant to law and the applicable legal provisions. The authorisation entitles the Board of Directors to pass a resolution to purchase the shares by making an exception to the purchase of shares relative to the current holdings of the shareholders. The treasury shares may be used for making acquisitions or implementing other arrangements related to the Company's business, to finance investments, to improve the Company's financial structure, to be used as part of the incentive compensation plan, or for the purpose of otherwise assigning or cancelling the shares. The Board of Directors shall have the right to decide on all other matters related to the purchase of the Company's own shares. The authorisation is in force until 30 June 2016 and it annuls the authorisation given by the

Annual General Meeting to the Board of Directors on 2 April 2014.

3. Treasury shares, share issues and cancellations

At the beginning of the financial period, Elisa held 7,986,043 treasury shares.

The Annual General Meeting held on 2 April 2014 authorised the Board of Directors to acquire and assign treasury shares. The authorisation applies to a maximum of 5,000,000 treasury shares. On the basis of the authorisation, Elisa has not acquired treasury shares.

Disposal of treasury shares 135,037.

At the end of the financial period, Elisa held 7,851,006 treasury shares.

The Elisa shares held by Elisa do not have any substantial impact on the distribution of holdings and votes in the company. They represent 4.69 per cent of all shares and votes.

4. Management interests

The aggregate number of shares held by Elisa's Board of Directors and the CEO on 31 December

2015 was 118,256 shares and votes, which represented 0.07 per cent of all shares and votes.

5. Share performance

The Elisa share closed at EUR 34,79 on 31 December 2015. The highest quotation of the year was EUR 35,99 and the lowest EUR 22,10. The average price was EUR 28,37.

At the end of the financial year, the market capitalisation of Elisa's outstanding shares was EUR 5,822 million.

6. Quotation and trading

The Elisa share is quoted on the Main List of the NASDAQ OMX Helsinki with the ticker ELI1V. The aggregate volume of trading on the NASDAQ OMX Helsinki between 1 January and 31 December 2015 was 113,311,654 shares for an aggregate price of EUR 3,214 million. The trading volume represented 67.7 per cent of the outstanding number of shares at the closing of the financial year

7. DISTRIBUTION OF HOLDING BY SHAREHOLDER GROUPS AT 31 DECEMBER 2015

		Number of shares	Osuus kaikista osakkeista, %
1	Private companies	22,608,051	13.51
2	Financial and insurance institutions	2,607,414	1.56
3	Public corporations	13,023,167	7.78
4	Non-profit organisations	5,430,941	3.25
5	Households	45,042,723	26.92
6	Foreign	1,647,271	0.98
7	Nominee registered	69,124,500	41.31
	Elisa Group	7,851,006	4.69
		167,335,073	100.00

8. DISTRIBUTION OF HOLDING BY AMOUNT AT 31 DECEMBER 2015

Size of holding	Number of shareholders	%	Number of shares	%
1-100	34,385	17.05	1,774,395	1.06
101-1 000	161,925	80.31	34,712,814	20.74
1 001-10 000	5,006	2.48	11,941,883	7.14
10 001-100 000	262	0.13	6,707,559	4.01
100 001-1 000 000	29	0.01	6,507,280	3.89
1 000 001-	6	0.00	28,117,252	16.80
Nominee registered			69,124,500	41.31
	201,613	100		
Elisa Common Clearing account ⁽¹⁾			598,384	0.36
Elisa Group			7,851,006	4.69
Issued amount			167,335,073	100.00

1) Shares in Common Clearing account include shares which have not been transferred to the share owners' book-entry accounts at the time of, or subsequent to, entering the shares into the Finnish book-entry system.

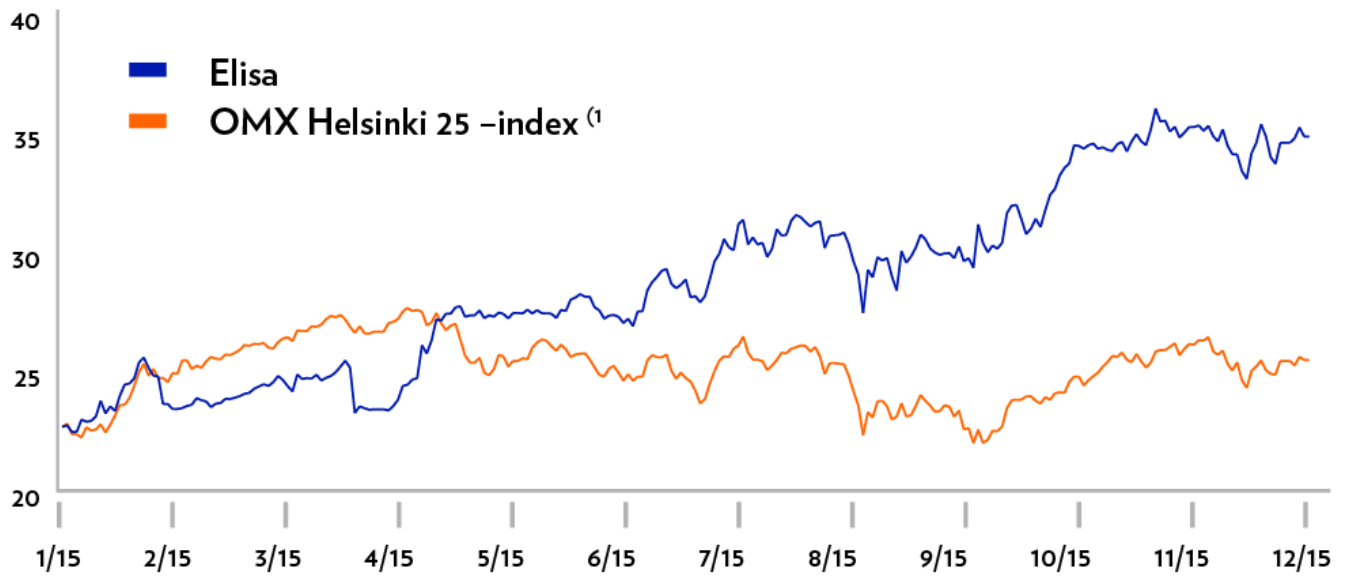
9. LARGEST SHAREHOLDERS AT 31 DECEMBER 2015

	Name	Number of shares	%
1.	Solidium Oy	16,801,000	10.04
2.	Varma Mutual Pension Insurance Company	6,711,976	4.01
3.	Ilmarinen Mutual Pension Insurance Company	2,229,586	1.33
4.	The State Pension Fund	1,250,000	0.75
5.	City of Helsinki	1,124,690	0.67
6.	Schweizerische National Bank	933,875	0.56
7.	Elo Mutual Pension Insurance Company	493,000	0.29
8.	KPY Sijoitus LLC	457,163	0.27
9.	Nordea Bank Finland Plc	440,850	0.26
10.	Nordea Finnish Equity Fund	367,000	0.22
11.	Sigrid Juselius Foundation	352,000	0.21
12.	Folkhälsan Samfundet	315,113	0.19
13.	Seligson & Co Equity Fund	271,420	0.16
14.	City of Vantaa	258,738	0.15
15.	Nordea Pro Suomi Fund	214,715	0.13
16.	Odin Finland	200,288	0.12
17.	OP-Henkivakuutus Oy	193,782	0.12
18.	Danske Bank A/s, Helsingfors Filial	189,013	0.11
19.	Stiftelsen Tre Smeder	188,900	0.11
20.	Svenska Litteratursällskapet i Finland R F	175,342	0.10
		33,168,451	19.82
	Elisa Group	7,851,006	4.69
	Elisa Personnel Fund	70,109	0.04
	Kotkan Puhelinyhdistys Pension Fund	6,336	0.00
	Elisa Common Clearing account ¹⁾	550,747	0.33
	Nominee registered	69,124,500	41.31
	Shareholders not specified here	56,563,924	33.80
		167,335,073	100.00

¹⁾ Shares in Common Clearing account include shares which have not been transferred to the share owners' book-entry accounts at the time of, or subsequent to, entering the shares into the Finnish book-entry system.

BlackRock Inc gave notice in accordance with Chapter 9, Section 5 of the Finnish Securities Market Act that the direct share ownership of Elisa Corporation shares owned by BlackRock, Inc. was 8,126,945 and by its funds was 352,496, totaling 8,479,441 shares which was 5.07 per cent of Elisa Corporation's entire stock.

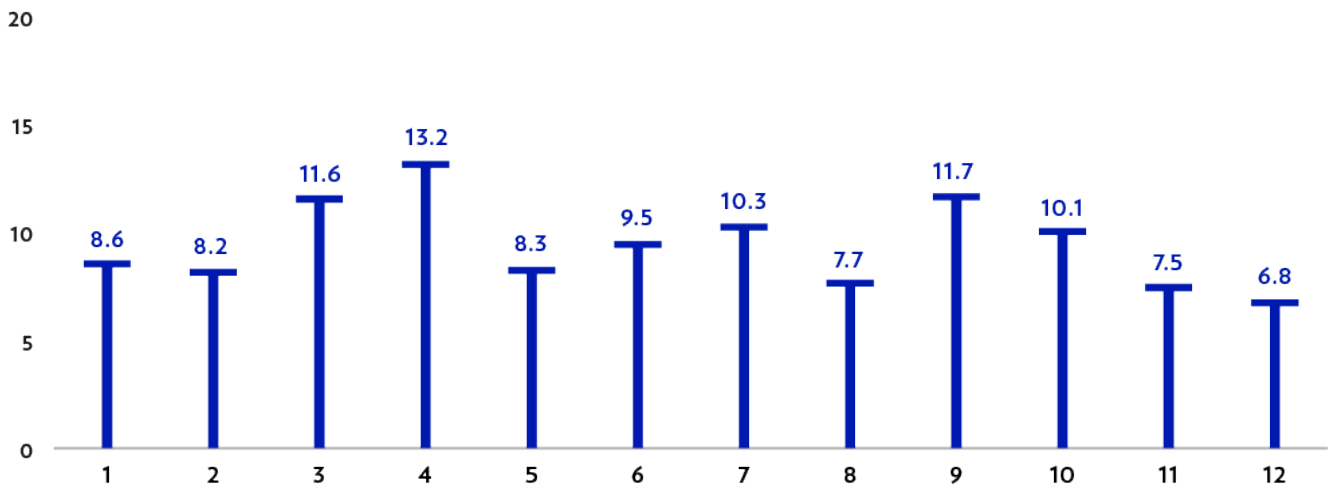
10. DAILY PRICE DEVELOPMENT, CLOSING PRICE



¹⁾ Rebalanced to Elisa share.

11. TRADING VOLUME

Shares per month (millions)



Share trading volumes are based on the trades made in NASDAQ OMX Helsinki. Elisa share is also traded in alternative marketplaces.

Board's proposal concerning the disposal of profits

According to the consolidated balance sheet of 31 December 2015, the parent company's shareholders' equity is EUR 419,911,698.49 of which distributable funds account for EUR 333,496,754.22.

The parent company's profit for the period 1 January to 31 December 2015 was EUR 189,972,563.92.

The Board of Directors proposes to the General Meeting of Shareholders that the distributable funds be used as follows:

- a dividend of EUR 1.40 per share shall be paid for a total of EUR 223,465,345.60.
- no dividend shall be paid on shares in the parent company's possession
- EUR 110,031,408.62 shall be retained in shareholders' equity.

Signatures to the board of directors' report and financial statements

Helsinki, 28 January 2016

Raimo Lind
Chairman of the Board of Directors

Petteri Koponen

Leena Niemistö

Seija Turunen

Jaakko Uotila

Mika Vehviläinen

Veli-Matti Mattila
President and CEO

Auditors report

To the Annual General Meeting of Elisa Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Elisa Corporation for the year ended December 31, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is

responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board

of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki, January 28, 2016

KPMG OY AB

Esa Kailiala
Authorized Public Accountant