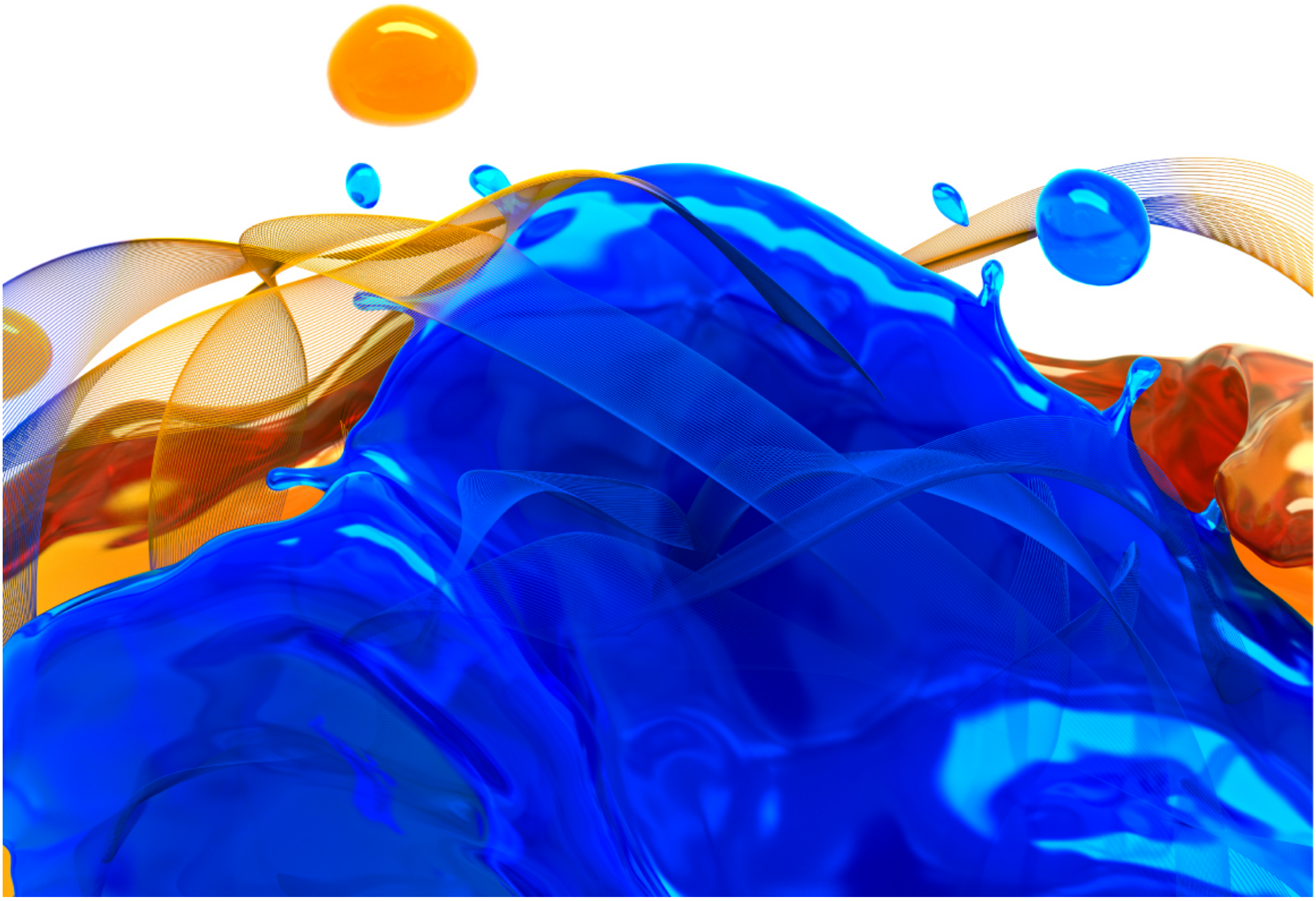
ANNUAL REPORT 2014



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Shareholder information

Annual General Meeting

The Annual General Meeting of Elisa Corporation takes place on Thursday 26 March 2015 at 2:00 p.m (EET) at Helsinki Fair Centre, Congress entrance.

Each shareholder, who is registered on Monday March 16th, 2015, in the shareholders' register of the Company held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the Company.

A shareholder, who is registered in the shareholders' register of the Company and who wants to participate in the Annual General Meeting, shall register for the Meeting by giving a prior notice of participation which shall be received by the Company no later than on Thursday March 19th, 2015 at 6:00 p.m. Such notice can be given:

a) through Elisa's website www.elisa.com/agm (available only for directly registered shareholders);

b) by e-mail elisa.yhtiokokous@yhteyspalvelut.elisa.fi;

c) by telephone +358 800 0 6242 from Monday to Friday at 8:00 a.m.-6:00 p.m.;

d) by telefax +358 10262 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 March 16th, 2015. 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 into the shareholders' register held by Euroclear Finland Ltd at the latest by March 23rd, 2015, by 10:00 a.m. As regards nominee registered shares this constitutes due registration for the Annual General Meeting.

Pursuant to Chapter 5, Section 25 of the Finnish 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 2014 shall be added to accrued earnings and that a dividend of EUR 1.32 per share be paid based on the adopted balance sheet of December 31st 2014. The dividend will be paid to the shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd on the dividend payment record date March 30th, 2015. The Board of Directors proposes that the dividend be paid on April 8th, 2015.

Important dates related to the AGM and dividends

Record date of AGM participation	16 March 2015
Registration period ends	19 March 2015 at 6:00 p.m.
Annual General Meeting	26 March 2015
Record date of dividend payment	30 March 2015
Date of dividend payment	8 April 2015

Further information www.elisa.com/agm

Trading of Elisa's shares

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

Financial information

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

Publication dates in 2015

Interim report, January-March 2015	16 April 2015
Interim report, April-June 2015	16 July 2015
Interim report, June-September 2015	16 October 2015

Change of address for shareholders

Shareholders of Elisa Corporation are requested to send written notification of this 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
FI-00101 Helsinki, Finland

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

Elisa investor contact

Vesa Sahivirta
IR Director
Tel. + 358 10 262 3036
vesa.sahivirta@elisa.fi

www.elisa.com/investors
investor.relations@elisa.fi

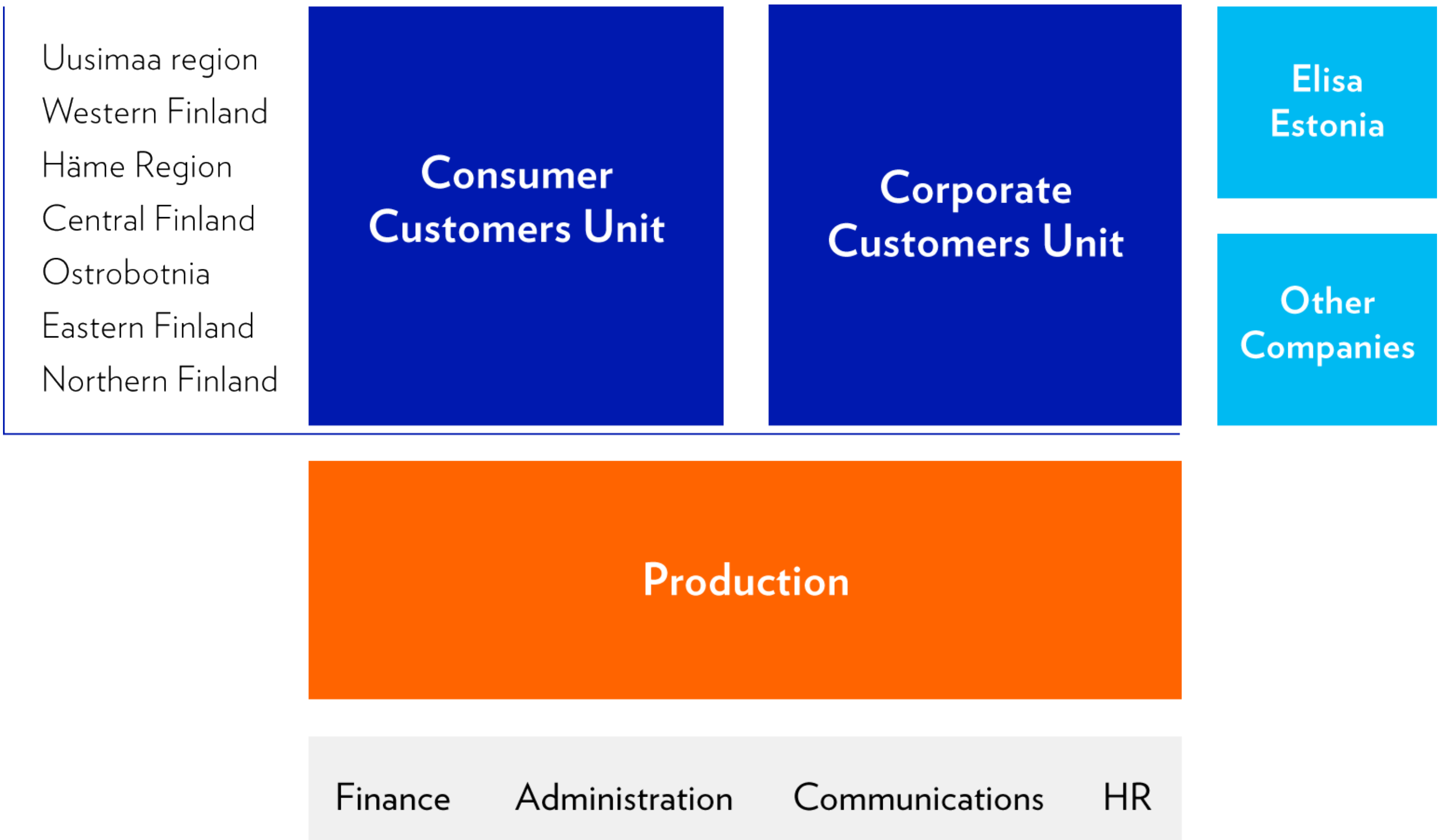
Elisa in brief

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 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 productivity of organisations. Elisa's brands include Elisa, Elisa Saunalahti, Elisa Videra and Elisa Appelsiini.

Elisa is the market leader in mobile subscriptions in Finland, and number two in mobile subscriptions in Estonia. Elisa holds a strong position as a network service provider in Finland and Estonia.

Elisa 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 the operational model are also Elisa in Estonia and some independent companies, of which Elisa owns varied portions.



The competitive environment has been fierce but stable in Finland. Elisa is a market leader in its industry and successful in competition. Growth was driven by the growing mobile data and the smartphone markets, as well as strong investment in new services, among other factors. The majority of the mobile phone sold were smartphones, which further increased 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 consumers are also growing.

In accordance with Elisa's profit distribution policy, the actual dividend is 80–100 per cent of the previous fiscal years 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. In 2014, profit distribution included dividends paid in April of EUR 1.30 per share, a total of EUR 207 million, which corresponded to 104 per cent of the net profit for 2013.

CEO's review

Record-breaking annual earnings

The uncertain general economic situation continued throughout the year. Nevertheless, we successfully improved Elisa's competitiveness by offering companies as well as consumers new services offering superior user experiences.

The majority of Finns and Estonians already use smartphones, which is clear in the significant demand for mobile data services. Half of our new sales already come from 4G subscriptions. Responding to our customers' needs, we became the first company to establish a 4G LTE network using the 800 MHz frequency band. We rapidly expanded our 4G network during the year – it now has the widest coverage in Finland and over 95 per cent coverage in Finland and Estonia.

Elisa's revenue stayed at the previous year's level, and earnings excluding non-recurring items clearly grew year-on-year. Revenue increased thanks to new services and the growth in mobile data. Cash flow continued to be strong and our equity ratio remained good. In Estonia, our revenue also remained at the previous year's level.

Our continuous profitability improvement and strong financial position mean that we can pay good dividends to our shareholders, and we are one of the largest payers of corporate income tax in Finland. The Board of Directors is again proposing to the Annual General Meeting in the spring a distribution of profit that is among the highest for Finnish listed companies.

We want to give more to our customers

We continued to implement our successful strategy. We focus on generating added value for our customers through broadband and data services, investing in new service business and promoting measures that improve our customer understanding, quality and cost-efficiency.

For several years we have been strongly expanding into new business areas, and we have been recognised as a new kind of operator. In addition to traditional telecom operations, our services providing superior user experiences are growing rapidly – they already generate some 15 per cent of our revenue.

In 2014, we launched the new Pilvilinna cloud storage service and Elisa Perhe services. Elisa Viihde IPTV-service already has over 200,000 users, and the sales of Elisa Kirja eBook service doubled during the year. Elisa Lompakko can be used to make payments in over 3,000 locations. EpicTV, which focuses on outdoor and adventure sports, already reaches 4.4 million visitors globally every month.

Corporate customers´ demand for solutions that improve their profitability continued to be strong, as companies are seeking new ways of operating in uncertain market conditions. Last year also saw the launch of new environmentally friendly services for our corporate customers which introduce flexibility and efficiency to working. Offering expert and customer services via video connections is a good example of new, location-independent working.

We invested significantly in the rapid expansion of the 4G LTE network. We were the first company to establish a 4G LTE 800 MHz network for our customers, right at the beginning of the year. In the middle of the year, the Minister of Transport and Communications inaugurated Elisa´s 2,500th 4G LTE base station. At the end of the year, Elisa´s 4G speeds were already available in more than 280 localities, with LTE speeds in more than 270 localities. According to an independent study by European Communications Engineering Oy, our 4G LTE network has the widest coverage in Finland. Our network operates using renewable energy.

In the early part of the year, we became the first firm in the Nordic region to test LTE carrier aggregation technology, which allows speeds as high as 300 Mbps to be achieved.

During the year, we continued our significant investments in measures improving quality and cost-efficiency in the number of customer contacts, user experiences and online development. We also continued to harmonise the functions and services of the former PPO, Telekarelia and KYMP, in accordance with our strategy.

We updated our brand strategy and visual image to better correspond to our current diversified business. The Elisa brand now covers all of our services and products for both consumer and corporate customers and promotes even stronger customer experiences in all our business. The feedback received from our customers has been positive, and our renewal is seen as making it simpler to do business with Elisa.

Harmonising our brands also improves the efficiency of marketing communication, and allows us to continue to offer the most affordable subscription prices in the industry. The renewed roaming pricing of Elisa and Elisa Saunalahti mobile subscriptions decreased the prices of calls, messages and data almost everywhere in the world.

We are continuing to build a digitally and socially sustainable society

At Elisa, responsibility begins with our values and strategy. It is realised not only as a significant constructive input into society through investments and the ability to pay taxes, but also as new sustainable services available to all Finns and Estonians, as well as an enthusiastic and evolving staff.

Responsible operating methods are especially important in challenging situations, which always also include opportunities to learn and develop. In 2014, such situations included an exceptionally large disruption in our broadband services due to a broken cable fibre and issues related to charging for paper invoices.

In environmental responsibility, we have for a long time focused on climate friendliness, which we can significantly influence through the services we offer and our own operations. We annually report our carbon footprint and measures are taken to mitigate climate change to the CDP (Carbon Disclosure Project). In 2014, we again achieved an excellent score in the CDP index. The result is an indication of our long-term work to measure emissions and our ability to understand climate change issues.

We are a nationally significant employer, both directly and through our subsidiaries and partners. For example, our subsidiary Enia hired dozens of new employees in various parts of Finland. We also began cooperating with the Karelia University of Applied Sciences from Joensuu with the aim of supporting the studies and employment of young people.

A good example of our concrete daily acts is our cooperation with the Tukikummit Association. In 2014, a photography project for young people grew out of this cooperation, culminating in Helvetin hyvin menee ("It's Going Bloody Well"), an exhibition of photographs taken with mobile phone cameras We explained the rules and opportunities of the digital world in free digital schools for children in various localities, as well as in SeniorSurfDay events for senior citizens in sheltered accommodations.

We provide our services nationally and are involved in the daily lives of almost every Finn and Estonian. We are proud and thankful for the trust that our customers and owners have shown in us.

None of this would be possible without the input of professional, enthusiastic Elisa employees with a drive to ccontinuously improve themselves. We are trailblazers of flexible working in an industry that requires renewal every day. According to the 2014 personnel survey, our employees especially value our high-quality supervisory work, clear goals, shared values and opportunities for flexible working. I thank every Elisa employee for their commitment and input they make for our success.

We will continue our determined work to improve customer satisfaction, profitability and sustainable development in 2015.

Mr Veli-Matti Mattila
CEO

Consumer customers

The Elisa Consumer Customers unit serves consumers and households in our home market areas, Finland and Estonia. We offer our customers diversified services in needs related to communications, entertainment, learning and everyday routines.

In 2014, we strengthened our position as the market leader in consumer customers' mobile and broadband services and as the leading supplier of new online services. Our key competitive advantages in our home market are quality and cost-efficiency, as well as our strategic ability to transform. We offer sensible subscriptions with world-class performance for every need, while also introducing new services.

The growth in data services and smartphones, as well as the popularity of entertainment services, boosted the positive performance of the Consumer Customers unit. As in the previous year, there was a decline in fixed network voice services and interconnection turnover.

We continue the determined implementation of our consumer strategy to be always able to offer our customers a superior experience. We seek growth in easy-to-use network services that provide a unique experience, also outside traditional telecommunications operator activities. We want to be the leading provider of communications and online services in the selected consumer segments.

Growth in subscriptions and new additional services

The competitive environment in subscription operations continued to be fierce in 2014. The price level remained fairly stable, but customers were occasionally attracted by campaign discounts. The demand for additional subscription services, such as data security and cloud services, was excellent.

By investing in the fast mobile network and fixed broadband, we have built a foundation for our customers' growing use of subscriptions, devices and online services. 2014 was, in particular, an era of rapid expansion of the fast mobile network. At the end of the year, more than 94 per cent of Finns were within the scope of our 4G LTE network, and our customers had access to even smoother mobile data services. The demand for fast fixed broadband also continued strongly. In households, family members spend an increasing amount of time online using various services and devices, whereby a fast fixed broadband provides them with a superior user experience during their shared use of the connection.

An increasing number of our customers adopted smartphones and tablets and took advantage of their diverse features and our new additional services in their daily life. Over 90 per cent of all sold mobile phones were smartphones. The share of 4G LTE-capable smartphones already exceeded 70 per cent. Our customers acquired a considerable number of tablets during the year, significantly more than desktop and laptop computers in aggregate.

We want to be involved in assisting our customers to use the devices important to them safely and diversely. For example, when a device is broken, this is not only a monetary loss, but also an obstacle to smooth daily life. Our new Square Trade additional security service allows customers to replace a broken phone or tablet with a comparable device, even on the next day. We also launched the Elisa Pilvilinna service, which allows you to easily save photographs, important documents, videos and music. The saved files are securely stored in Elisa's Finnish data centres. We were also the first in the world to introduce Microsoft Office applications to various terminal devices conveniently at a monthly charge. This allows our customers to always receive the newest Office version automatically for their use.

The demand for new online services is growing strongly

Our customers have rapidly adopted the world of network-based services. During the year, we added a lot of new attractive content and smart features to our online services, which bring joy and are easy to use.

We strengthened our position as the most popular entertainment service in Finland. The Elisa Viihde service exceeded the limit of 200,000 paying customers in early autumn. The smartphone and tablet applications of Elisa Viihde have been downloaded over 450,000 times. Towards the end of the year, we also introduced the Elisa Viihde service to our customers in a form designed for smartphone and tablet use only. This, more personal way of enjoying Elisa Viihde is now available for Android, Windows and Apple devices.

In terms of content development, we responded to our customers' wishes and expanded the Elisa Viihde service's own content production. We launched a new 12-episode crime drama series, which is based on the manuscript of Marko Kilpi, the recently awarded thriller author. Other unique content included the new season of the Jaakon matkassa programme implemented together with TV channel FOX, the next season of the Virittäjät series with MTV3, and the sketch production Molton Klubi with Pirkka-Pekka Petelius. For sports enthusiasts, Elisa Viihde offers the most basketball and ice hockey leagues in Finland. We launched Bisons' VTB United League basketball games as live broadcasts in addition to the live broadcasts of Mestis series ice hockey matches.

With the high-quality tablets and smartphones and the comprehensive selection of e-books, our customers have embraced electronic reading. The easy-to-use Elisa Kirja service, which continuously offers new content, is currently the most popular publisher of Finnish-language e-books. The sales of e-books in the service almost doubled in the summer year-on-year. The Elisa Kirja application has been downloaded over 220,000 times.

We also want to respond to our customers' future usage needs and make it as easy as possible to use the increasingly popular contactless payment. The NFC SIM card is suited to all Elisa's subscriptions, and we continuously increase our device selection with alternatives supporting NFC technology. Together with the Elisa Lompakko service, payment with a phone is already smooth and convenient in the largest shopping chains.

Of the international services of the consumer business, Elisa EpicTV directed in particular to adventurer athletes made a global breakthrough. We polished up the concept by bringing together active enthusiasts and professionals of the field and by including online shopping of high-quality accessories that is an essential part of the hobby. The service already has more than 25 million video viewings. EpicTV is also a strong content producer partner for international media.

Customer first

Almost every Finnish consumer is Elisa's customer. It is important to us to be increasingly well accessible to our customers by methods and at times suitable for them in different channels.

An increasing number of customers want to purchase and manage their affairs in digital channels. The popularity of online shops grew as a place of purchasing of phones and tablets. We combined Saunalahti's and Elisa's online services into a new, even smoother OmaElisa. Customer may now conveniently log in to OmaElisa using a mobile certificate or an Elisa user ID. At the end of the year, already 100,0000 customers used the mobile log-in method, and the Elisa user ID is in use by approximately 630,000 customers.

The customer experience is primarily affected by the actual experience of the service during its use. In this area, we introduced new tools to identify and remedy any problems during use. This allows us to improve the quality experienced by the customer without a separate contact or fault report.

The Consumer Customer business of Elisa Estonia

The market position of Elisa Estonia continued to strengthen further. 60 per cent of our consumer customers use mobile data services and 20 per cent use the 4G service. In October, we launched the Elisa Kirja service in Estonia, and it was received with interest. We introduced Elisa's new brand, and implemented the new shop concept in two shops.

Asko Känsälä
Director, Consumer Customers

Corporate customers

Elisa's Corporate Customers unit helps its customers to succeed with ICT services by improving productivity both in Finland and internationally. New digital services allow our customers to boost the efficiency of their processes and improve their profitability.

During 2014, the general economic uncertainty continued, which was reflected in the traditional telecommunications services business. However, the demand for new visual communications (video conferences) and IT services grew, while companies and organisations sought cost savings and solutions to support the changing needs of business.

We continue to provide ICT solutions boosting the productivity of our corporate customers in accordance with our strategy. We improve our profitability by simultaneously developing new business operations through IT, visual communications and customer interaction solutions. For a market leader, the customer relationships of telecommunications services provide a good foundation for new business operations in the corporate customer segment. Our customers concentrated their ICT purchases to an increasing extent, and our offering covers more than 80 per cent of the value of ICT services in the entire market. According to customer surveys, our subsidiary Elisa Videra is seen as the market leader in video services, and Elisa Appelsiini's market position is considered stronger than ever.

New solutions for customer interaction

During the year, we continued to digitise customer services by developing tools for customer service implemented in service centres and online. An increasing number of our customer companies introduced smart contact guidance systems and embraced opportunities offered by network-based customer services, such as chat, desktop sharing and video-assisted customer service features. We introduced a Contact Centre system used with a mobile phone, which expands customer service everywhere in the organisation. The demand for a fully outsourced customer service also continued.

Identification services became increasingly important from the perspective of information society. The Government bill on electronic identification will bring comprehensive identification procedures for the use of public administration and the private sector. Already more than 300 service providers have introduced the Elisa Mobile Certificate service, which enables easy service-independent identification for all services.

SMS-based customer communications tools used by companies became more common during the year, while customer demand for active and personalised communications grew. Our solutions allows implementing, for example, reminders of appointments or satisfaction questionnaires concerning customer encounters.

The payment of services by phone invoice also increased during the year. We introduced a service which allows paying small sums easily and comprehensively by phone invoice.

Cloud services at the core of IT

The demand for environmentally friendly IT services that boost the efficiency of operations continued to be strong, and Elisa's subsidiary Elisa Appelsiini strengthened its position as a leading provider of ICT and cloud services through organic growth significantly outperforming the rest of the market. Elisa Appelsiini became Microsoft's partner for 2014 in Finland. Reaching the top level of the partner programme requires highly diversified expertise and experience in the implementation of high usability infrastructure solutions.

The popularity of cloud services continued to grow rapidly. We launched the Povari service designed for corporate use, which is a new way of managing, transferring, backing up and sharing information, data securely and conveniently.

We also launched a new kind of Elisa Pilvi application store for SMEs. The service offers a collection of applications and cloud services needed by small businesses, which can be acquired and managed conveniently by means of a common user interface. The application store offers an excellent sales and marketing channel for small application developers.

The Elisa Etämittaus service enables monitoring the health of a patient and allows the patient to make measurements required for a diagnosis at home with an easy-to-use mobile application. The application accelerates the diagnosis of asthma, for example. Elisa Etämittaus was one of the new tools developed by Elisa Appelsiini for the healthcare industry, and it won Finland's Best Mobile Service 2014 competition in the series Best service improving the company's efficiency or productivity.

We improved the accessibility of the Elisa eSali service, the Finnish cloud service that is easily adaptable to users' needs. We concluded resale agreements with the ICT service chain G30 and Dell. At the same time, Elisa became the first Finnish partner for Dell's international Cloud Partner programme.

Cyber security is increasingly important

The value our corporate customers receive from their subscriptions shifted to an increasing extent from voice to data, which was seen in the redoubling of data use and the growing demand for 4G LTE-capable subscriptions and devices. Our network expanded significantly when PPO, Telecarelia and KYMP companies merged with Elisa, and we simultaneously received new customer relationships. We also renewed our fixed network subscription offering as Elisa Netti. At the end of the year, already over 100,000 customers were within the scope of the Elisa Ring service that connects to the instant messaging features and accessibility information of a wireless PBX.

We invested strongly in cyber security solutions offered to companies. We launched the Elisa Aisti service, which produces real-time snapshots necessary for business management, and the Elisa Kilpi service, which protects services in information networks from denial of service attacks. We also concluded a cooperation agreement with Nixu Oy to develop and provide cyber security services. Our customers receive all services related to cyber security through one partner.

Last summer we started new business line focusing in the Internet of Things (IoT). Elisa IoT is an open service and development platform which offers fast and easy way to create and develop new IoT/Industrial Internet services. By providing real time Data Analytics and visualisation we can offer the tools to build new business models and autonomous decision-making process.

Visual communication services everywhere in the world

As part of the strengthening of our strategy and internationalisation, we renewed the organisation and management of Elisa Videra. In the summer, we increased Elisa' holding in Vídera Ltd to 100 per cent, and in the autumn the name of the company was changed to Elisa Videra Ltd.

Elisa Videra strengthened its position as a leading provider of high-quality visual video communication services. In 2014, Elisa Videra provided video conference services to almost one hundred countries, and thus it also supports Elisa's broader internationalisation strategy.

Case: Elisa Videra was the first company in Finland to achieve the CMSP certificate granted by Cisco for its highest level video conference services. Among the tens of thousands global partners of Cisco, only 18 others have achieved the certificate. The CMSP certificate makes it quicker and easier to offer and maintain video conference services to our global customers.

In Europe, we engaged in closer cooperation with LG Electronics, which improved the efficiency of the sales, delivery and maintenance of media display services. However, at Elisa Videra, the manufacturer and the technology to be used is always selected in a case-specific manner, taking the customers needs into consideration.

In cooperation with customers

We continued cooperation with public administration in its projects to boost productivity. Joint studies on the services of municipalities and cities have identified opportunities for saving annually close to EUR 1 billion by the introduction of multi-channel customer services.

The decision by the state's joint procurement company Hansel to procure the state's voice and customer service solutions from Elisa gained legal force. We will deliver modern communications solutions to central government, introducing not only cost savings and flexibility, but also an opportunity to provide even better customer service.

We also implemented a study on location-independent work, which concluded that the company's management must change when the renewal of working methods becomes a key factor for competitiveness. According to a questionnaire survey, three-fourths of professional and managerial staff regularly perform location-independent work.

In addition to new, innovative services, we introduced new ways of using services, such as the Elisa Online service. This service allows our customers to manage the company's subscriptions and services, order new devices and accessories, and get acquainted with our products and services in more detail.

The Corporate Customer business of Elisa Estonia

In Elisa Estonia's corporate customer business, the growth of both revenue and profitability outperformed the market. Customer turnover was also lower than in previous years. To secure the continuity of business operations, we made a significant decision with regard to mobile services and started to sell 4G LTE-capable subscriptions only. In addition, we started investments in the expansion of our service offering in visual communication services, for example. The achievement of the ISO 9001:2008 certificate, for its part, is an indication of the significant further development of the quality of our operations.

Timo Katajisto
Director, Corporate Customers

The report of the Board of Directors 2014

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 year. The mobile smartphone market grew rapidly and the usage of data services continued to evolve favourably. Approximately 90 per cent of the mobile handsets sold were smartphones.

Another factor contributing to mobile market growth has been the increased network coverage of new 4G speeds. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for new visual communications (video conferencing), 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	2014	2013[1)]	2012
Revenue	1,535	1,547	1,553
EBITDA	520	491	501
EBITDA-%	33.8	31.7	32.3
EBIT	305	281	299
EBIT-%	19.9	18.1	19.2
Return on equity, %	25.6	22.9	24.7

1) 2013 excluding non-recurring items: EBITDA EUR 508 million, EBIT EUR 298 million

Revenue decreased by 1 per cent. Positive contributors to revenue included the acquisition of the regional fixed network operator PPO in 2013, mobile service business, equipment sales, Corporate Customers' IT services and Consumer Customers' Elisa Viihde IPTV service. Divestments of some non-core businesses, lower mobile termination rates as well as the decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively.

EBITDA excluding non-recurring items increased by 2 per cent (reported EBITDA by 6 per cent), mainly due to acquisitions and synergies as well as productivity improvement measures.

EBIT excluding non-recurring items increased by 2 per cent. Depreciation grew, mainly due to full-year consolidation of PPO companies.

Net financial income and expenses were EUR -27 million (-26). Financial expenses include a EUR 1 million write-down of the BCC Finland Oy divestment. Income taxes in the income statement decreased to EUR -55 million (-58) due to the lower corporate tax rate in Finland from the beginning of the year. Elisa's net profit was EUR 223 million (196). The Group's earnings per share amounted to EUR 1.41 (1.25, excluding non-recurring items EUR 1.33).

Financial position

EUR million	End 2014	End 2013	End 2012
Net debt	1,001	971	839
Net debt / EBITDA [1)]	1.9	2.0	1.7
Gearing ratio, %	114.0	112.6	99.3
Equity ratio, %	39.4	37.3	42.3

EUR million	2014	2013	2012
Cash flow after investments [2)]	185	84	155

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

2) 2014 cash flow after investments excluding investments in Anvia shares EUR 224 million. 2013 cash flow after investment excluding PPO and Sulake shares 177 million.

Cash flow after investments was EUR 185 million, excluding acquisition EUR 224 million (84, excluding acquisitions EUR 177 million). Cash flow excluding acquisitions grew due to increased EBITDA, lower investment level and lower taxes. Cash flow was negatively affected by net working capital change.

The financial and liquidity positions are good. Net debt increased to EUR 1,001 million mainly as a result of share acquisitions. Cash and undrawn committed credit lines totalled EUR 341 million at the end of the fourth quarter.

Changes in corporate structure

On 31 July 2014, Elisa increased its ownership in Videra Oy to 100 per cent.

During August–December, Elisa's ownership of regional fixed line operator Anvia Corporation grew to 24 per cent of the share capital and 26 per cent of the outstanding shares. Anvia is consolidated to Elisa's financial statements as an associated company from 1 October 2014 onwards.

Elisa's fully owned subsidiaries Ecosite Oy, KYMP Oy, Optimiratkaisut Oy and Viske Oy merged with Elisa Corporation on 31 December 2014.

Consumer Customers business

EUR million	2014	2013[1)]
Revenue	954	949
EBITDA	327	295
EBITDA-%	34.3	31.1
EBIT	204	178
CAPEX	105	132

[1)] Excluding non-recurring items: EBITDA EUR 304 million, EBIT EUR 187 million.

Revenue increased by 1 per cent. The PPO acquisition in 2013, mobile services, equipment sales and growth in Elisa Viihde IPTV service contributed positively to revenue. Divestments of some non-core businesses and the decrease in usage and subscriptions of traditional fixed telecom services affected revenue negatively, as did the lower mobile termination rates.

EBITDA excluding non-recurring items increased by 7 per cent, mainly due to the PPO acquisition and synergies, as well as growth in revenue and productivity improvement measures.

Corporate Customers business

EUR million	2014	2013[1)]
Revenue	581	598
EBITDA	193	195
EBITDA-%	33.2	32.7
EBIT	101	103
CAPEX	87	108

[1)] Excluding non-recurring items: EBITDA EUR 204 million, EBIT EUR 111 million.

Revenue decreased by 3 per cent. Divestments of some non-core businesses, lower mobile termination rate and roaming fees, as well as a decrease in traditional fixed network business affected revenue negatively. The PPO acquisition and growth in IT services contributed positively to revenue.

EBITDA excluding non-recurring items decreased by 5 per cent, mainly as a result of lower revenue.

Personnel

In 2014, the average number of personnel at Elisa was 4,138 (4,320). Employee expenses totalled EUR 248 million (270). Personnel at the end of 2014 amounted to 4,089 (4,217). Personnel by segment at the end of the period:

	End 2014	End 2013
Consumer Customers	2,338	2,424
Corporate Customers	1,751	1,793
Total	4,089	4,217

Investments

EUR million	2014	2013
Capital expenditure, of which	191	240
Consumer Customers	105	132
Corporate Customers	87	108
Shares	43	150
Total	235	390

In 2014, the main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments. 2013 capital expenditure included 800 MHz LTE licences of EUR 38 million, of which EUR 33 million related to Finland and EUR 5 million to Estonia. 2014 investments in shares relate to the ownership increase in Anvia and 2013 to the PPO and Sulake acquisitions and merger consideration of Kymen Puhelin and Telekarelia minority shareholders.

Financing arrangements and ratings

Valid financing arrangements

EUR million	Maximum amount	In use on 31 Dec 2014
Committed credit lines	300	0
Commercial paper programme [1)]	250	210
EMTN programme [2)]	1,000	600

[1)] Domestic commercial paper program, not committed

[2)] European 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	Positive

Share

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

Trading of shares

	2014	2013
Shares traded, millions	112.7	128.1
Volume, EUR million	2,359.4	2,068,4
% of shares	67.4	76.6

Shares and market values

	End 2014	End 2013
Total number of shares	167,335,073	167,335,073
Treasury shares	7,986,043	7,986,043
Outstanding shares	159,349,030	159,349,030
Closing price, EUR	22.61	19.26
Market capitalisation, EUR million	3,611	3,069
Treasury shares, %	4.77	4.77

Elisa shares are also traded in alternative marketplaces. According to the Fidessa Fragmentation Index, the trading volumes in these markets during 2014 were 112 per cent (93) of the Nasdaq Helsinki. The total trading volume in all marketplaces represents approximately 143 per cent (148) of outstanding shares.

Number of shares

	Total number of shares	Treasury shares	Outstanding shares	Change in equity, EUR
Shares at 31 Dec 2013	167,335,073	7,986,043	159,349,030	0
Shares at 31 Dec 2014	167,335,073	7,986,043	159,349,030	0

Research and development

The majority of the service development is done as part of the ordinary course of business and is accounted for as a normal operating expense. Elisa invested EUR 13 million (10) in research and development, of which EUR 11 million has been capitalised in 2014 (EUR 8 million in 2013 and EUR 7 million in 2012), corresponding to 0.8 per cent of revenue (0.6 per cent in 2013 and 0.6 per cent in 2012).

The Annual General Meeting

On 2 April 2014, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.30 per share based on the 2013 financial statements. The dividend was paid to shareholders on 15 April 2014.

The Annual General Meeting adopted the financial statements for 2013. The members of the Board of Directors and the CEO were discharged from liability for 2013.

The number of the members of the Board of Directors was confirmed at seven. Mr Raimo Lind, Mr Mika Vehviläinen, Ms Leena Niemistö, Ms Eira Palin-Lehtinen and Mr Jaakko Uotila were re-elected as members of the Board of Directors and Mr Petteri Koponen and Ms Seija Turunen as new 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, Ms Leena Niemistö and and Mr Mika Vehviläinen were appointed to the Compensation & Nomination Committee. Ms Eira Palin-Lehtinen (Chair), Mr Petteri Koponen, Ms Seija Turunen and Mr Jaakko Uotila were appointed to the Audit Committee.

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

The Board of Directors' authorisations

The Annual General Meeting decided 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 authorization is 5 million shares at maximum. The authorisation is effective until 30 June 2015.

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 3 September 2014, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Eija Ailasmaa, Master of Political Science, nominated by Solidium Oy
- Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Timo Ritakallio, CEO, nominated by Ilmarinen Mutual Pension Insurance Company

- Jorma Eräkare, Head of Finnish Equities, nominated by Nordea Nordic Small Cap
- Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Eija Ailasmaa as the chair.

The shareholders' Nomination Board was established in 2012 by the 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

In March, at the request of the Consumer Ombudsman, the Market Court prohibited Elisa from charging a separate fee of EUR 1.90 or more for mobile subscription paper invoices. The decision includes a conditional fine. The Market Court did not impose a prohibition on charging a separate fee for paper invoices in general. On 28 October 2014, the Supreme Court granted both Elisa and Consumer Ombudsman leave to appeal against the Market Court's decision concerning paper invoice fees for mobile subscriptions.

Since 31 July 2014, Videra Oy has been wholly owned by Elisa as Elisa has redeemed all the shares from minority shareholders. Regarding the redemption price, the minority shareholders filed a request for arbitration with the Arbitration Institute of the Finland Chamber of Commerce in September 2014. The monetary value of the claim is about EUR 5 million. Elisa considers the claim unfounded.

On 27 November, the Supreme Administrative Court gave its final ruling on Finnish Communications Regulation Authority (FICORA) decisions (given 2 December 2012) regarding FICORA's right to set a maximum price for copper and fibre access lines. According to the court's decision, FICORA did not have authority to set the maximum price. Thus, FICORA announced that it would not proceed with the process of setting the maximum price level decisions.

Regarding publishing of subscribers' contact information, Visual Data Oy has claimed damages from Elisa and several other telecommunication companies under Competition Act. The claim is joint and several liability and totalled EUR 3.5 million, including interest and legal costs. The process started in 2004 and is now continuing in a district court. Elisa considers the claim unfounded.

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 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 is strongly committed to building a digitally and socially sustainable society. Elisa's focus is on climate responsibility and energy efficiency.

Demand for environmentally friendly ICT and online services continued to grow in 2014. This enabled a reduction in the carbon dioxide footprint of a total of 30,971 tCO_2 (21,965), showing a 41 per cent larger reduction. The carbon footprint in mobile data declined by 72 per cent (0.08 kg/GB). Energy efficiency in Elisa's datacentres improved further showing 5,029 tCO_2 savings (3,797). Elisa saved 823 tCO_2 (678) in e-billing. Since 2013, our energy usage has been covered by renewable energy with guarantees of origin.

In 2014, Elisa continued its excellent performance in the Carbon Disclosure Project (CDP), scoring 92 out of 100 and joining the best companies in performance band A. The average score of Nordic companies was 80 (performance band C). The result is confirmation of long-term work carried out to measure emissions, as well as an understanding of climate change issues in the industry.

Elisa invests in flexible working. The 2014 personnel survey result was the best over an eleven-year period. Almost 90 per cent of Elisa´s managerial employees teleworked at least one day a week.

Elisa will publish its second online responsibility report as part of the Annual Report 2014. Responsibility report incorporates the GRI index.

Corporate Governance Statement

Elisa will publish a separate Corporate Governance Statement during week 10 (beginning 2 March 2015) on its website at www.elisa.com.

Events after the financial period

On 9 January 2015, the Finnish Competition Authority initiated further proceedings relating to the Anvia merger notification. These further proceedings will not take longer than three months.

On 15 January 2015, FICORA released draft decisions of an obligation of maximum price level of 1.25 cents per minute for mobile termination rate (MTR) to Elisa and other Finnish mobile network operators. The draft decisions are under public and EU commission consultation. FICORA has also mandated a three-month transition period. The MTR price reduction lowers both Elisa's revenue and costs, and thus has no material impact on profitability.

Outlook and guidance for 2015

The macroeconomic environment in Finland is still expected to be weak in 2015. Competition in the Finnish telecommunications market also remains challenging.

Full-year revenue is estimated to be at the same level as in 2014. 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 2014. 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 1.32 per share. The dividend payment corresponds to 94 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 30 March 2015 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 8 April 2015. The profit for the period shall be added to retained earnings.

The Board of Directors decided also 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.

BOARD OF DIRECTORS

Consolidated income statement

EUR million	Note	2014	2013
Revenue	1, 4	1,535.2	1,547.4
Other operating income	5	8.2	4.0
Materials and services	6,35	-606.1	-619.9
Employee expenses	7, 27	-247.7	-270.0
Other operating expenses	8	-170.0	-170.8
EBITDA	1	519.7	490.7
Depreciation and amortisation	1, 10	-214.7	-210.1
EBIT	1	305.0	280.6
Financial income	11	4.7	10.3
Financial expenses	11	-31.9	-36.2
Share of associated companies' profit		-0.1	0.0
Profit before tax		277.7	254.6
Income taxes	12	-54.7	-58.2
Net profit		222.9	196.3
Attributable to:			
Equity holders of the parent		224.9	196.6
Non-controlling interests		-1.9	-0.2
		222.9	196.3
Earnings per share (EUR/share) calculated from the profit attributable to equity holders of the parent:			
Basic	13	1.41	1.25
Diluted	13	1.41	1.25
Average number of outstanding shares (1,000 shares):			
Basic	13	159,349	157,269
Diluted	13	159,349	157,269

Consolidated statement of comprehensive income

EUR million	Note	2014	2013
Profit for the period		222.9	196.3
Other comprehensive income, net of tax			
Items which may be reclassified subsequently to profit or loss:			
Financial assets available-for-sale	19	7.3	1.1
Cash flow hedge		-0.1	
Translation differences		0.2	-0.2
		7.3	0.9
Items which are not reclassified subsequently to profit or loss:			
Remeasurements of the net defined benefit liability		-3.6	-6.3
Total comprehensive income		226.7	190.9
Total comprehensive income attributable to:			
Equity holders of the parent		228.6	191.2
Non-controlling interests		-1.9	-0.2
		226.7	190.9

Consolidated statement of financial position

EUR million	Note	31 Dec. 2014	31 Dec. 2013
ASSETS			
Non-current assets			
Property, plant and equipment	14	692.0	713.6
Goodwill	15	831.5	832.4
Other intangible assets	15	137.0	143.3
Investments in associated companies	16	48.8	2.4
Financial assets available-for-sale	17, 18, 19	20.4	22.5
Deferred tax assets	21	13.5	13.5
Other receivables	17, 18, 20, 25, 28	72.4	70.5
		1,815.5	1,798.3
Current assets			
Inventories	22	53.2	55.5
Trade and other receivables	23	330.4	327.3
Tax receivables		2.9	5.4
Cash and cash equivalents	24	41.3	137.8
		427.8	526.0
TOTAL ASSETS	1	2,243.4	2,324.3
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		83.0	83.0
Treasury shares		-148.2	-148.2
Contingency reserve		3.4	3.4
Fair value reserve		0.4	-3.2
Other funds		381.0	381.0
Reserve for invested non-restricted equity		90.9	90.9
Retained earnings		467.5	453.4
Equity attributable to equity holders of the parent	26, 27	878.0	860.3
Non-controlling interests		0.6	1.9
TOTAL SHAREHOLDERS' EQUITY		878.6	862.2
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	21	21.0	21.0
Pension obligations	28	18.2	13.8
Provisions	29	3.1	2.4
Financial liabilities	30	818.0	829.7
Other liabilities	31	28.2	35.6
		888.5	902.5
Current liabilities			
Trade and other payables	31	246.0	267.4
Tax liabilities		1.7	0.3
Provisions	29	3.8	12.6
Financial liabilities	30	224.9	279.3
		476.3	559.6
TOTAL LIABILITIES		1,364.8	1,462.1
TOTAL EQUITY AND LIABILITIES		2,243.4	2,324.3

Consolidated statement of cash flows

EUR million	Note	2014	2013
Cash flow from operating activities			
Profit before tax		277.7	254.6
Adjustments			
Depreciation and amortisation	10	214.7	210.1
Financial income (-) and expenses (+)		27.2	25.9
Gains (-) and losses (+) on the disposal of fixed assets		-5.7	-1.0
Increase (+) / decrease (-) in provisions in the income statement		-8.2	5.1
Other adjustments		1.2	-12.3
		229.2	227.9
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables		-4.8	-13.5
Increase (-) / decrease (+) in inventories		-1.6	6.4
Increase (+) / decrease (-) in trade and other payables		-14.1	2.1
		-20.5	-4.9
Dividends received		0.7	0.5
Interest received		10.0	9.7
Interest paid		-34.9	-34.9
Taxes paid		-50.1	-64.9
Net cash flow from operations		412.1	388.1
Cash flow from investing activities			
Acquisitions of subsidiaries			-91.4
Acquisitions of associates		-37.9	
Contingent consideration of subsidiaries		-0.8	-1.7
Capital expenditure [1]		-197.8	-212.5
Proceeds from disposal of subsidiaries		-0.4	0.1
Proceeds from sale of financial assets available-for-sale		0.5	
Proceeds from disposal of tangible and intangible assets		9.1	1.4
Repayments of loans receivable		0.3	
Net cash flow used in investing activities		-227.0	-304.1
Cash flow from financing activities			
Proceeds from long-term borrowings		0.1	300.1
Repayment of long-term borrowings		-172.7	-82.1
Increase (+) / decrease (-) in short-term borrowings		108.1	1.5
Repayment of finance lease liabilities		-4.6	-4.8
Proceeds from increase in reserve for invested non-restricted equity, share options exercised			2.9
Proceeds from the sale of treasury shares			4.6
Acquisition of non-controlling interests		-5.6	-4.0
Dividends paid		-206.7	-204.2
Net cash used in financing activities		-281.5	14.0
Change in cash and cash equivalents		-96.4	98.1
Cash and cash equivalents at the beginning of the period		137.8	39.8
Cash and cash equivalents at the end of the period	24	41.3	137.8

1) In 2013 the total investments in 800 MHz spectrum licenses were EUR 38.4 million. The cash flow effect for the financial year is EUR 6.7 million and for the comparison year EUR 11.8 million. The Finnish 800 MHz spectrum license EUR 33.3 million will be paid in 5 annual installments in 2013 - 2017. The Estonian license EUR 5.1 million was paid in one installment in 2013.

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interests	Total share-holders equity
	Equity attributable to equity holders of the parent							
Shareholders' equity at 1 Jan. 2013	83.0	-194.1	386.4	52.7	514.2	842.2	2.8	844.9
Profit for the period					196.6	196.6	-0.2	196.3
Translation differences					-0.2	-0.2		-0.2
Remeasurements of the net defined benefit liability			-6.3			-6.3		-6.3
Financial assets available-for-sale			1.1			1.1		1.1
Total comprehensive income			-5.2		196.4	191.2	-0.2	190.9
Dividends					-203.2	-203.2	-0.6	-203.8
Share-based compensation					3.2	3.2		3.2
Disposal of new and treasury shares		6.0		35.3	-1.3	40.0		40.0
Cancellation of treasury shares		39.9			-39.9	0.0		0.0
Acquisition of subsidiary with non-controlling interests							23.2	23.2
Acquisition of non-controlling interests					-15.9	-15.9	-23.2	-39.1
Options exercised				2.9		2.9		2.9
Shareholders' equity at 31 Dec. 2013	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

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 Ratavartijankatu 5. The shares of the parent company, Elisa Corporation, have been listed on the NASDAQ OMX Helsinki since 1999.

On 29 January 2015 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 Ratavartijankatu 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 2014. 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

With effect from 1 January 2014, Elisa has adopted the following new and revised standards:

- IFRS 10 Consolidated Financial Statements,
- IFRS 11 Joint Arrangements,
- IFRS 12 Disclosure of Interests in Other Entities,
- IAS 27 Separate Financial Statements and
- IAS 28 Investments in Associates and Joint Ventures.

IFRS 12 requires additional notes to the consolidated financial statements. These changes do not have a significant impact on the Group's financial statements. The other new and revised standards do not impact the Group's financial statements.

The Annual Improvements of IFRS standards adopted as of 1 January 2014 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 join 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 swaps, currency swaps 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 that 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 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.

On 18 December 2007, Elisa's Board of Directors decided to grant stock options to the Group's key employees and a fully-owned subsidiary of Elisa Corporation, Fonetic Oy. Stock options are measured at fair value at the date of grant and charged to the income statement over the period between the date of grant and the beginning of exercise period. The expense determined at the date of grant is based on the Group´s assessment of the number of options that are expected to vest at the end of the vesting period. The fair value of options is determined by using the Black-Scholes option pricing model. Estimates of the final number of options are updated at the end of each financial period, and the changes in these estimates are recognised in profit or loss. When options are exercised, payments received for share subscriptions net of transaction costs are recognised in the reserve for invested non-restricted equity in accordance with the terms and conditions of the plan.The stock option plan expired in 2013.

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, IT servers, 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 831.5 million at 31 December 2014. 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 6.5 million in 2014 and the liability relating to share-based incentive plans as at 31 December 2014 was EUR 9.2 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 2014, the Group has EUR 13.5 million deferred tax receivables.

Application of new and revised accounting pronouncements under IFRS

On 1 January 2015, the Group will adopt the Annual Improvements of the IFRS standards.

On 1 January 2017, the Group will adopt the following new standard, providing it is 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 expected to have an impact on the Groups financial statements. The time of revenue recognition can change from the current. Contrast to the current practice, the incremental costs of obtaining a contract shall be recognised as an asset if certain criteria are met.

On 1 January 2018, the Group will adopt the following new standard, providing it is approved by the EU by the planned date of adoption.

- 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.

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

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 and amortisation	-122.7	-92.0		-214.7
EBIT	204.2	100.7		305.0
Financial income			4.7	4.7
Financial expenses			-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

2013

Milj. euroa	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	949.1	598.3		1,547.4
EBITDA	295.2	195.5		490.7
Depreciation and amortisation	-117.6	-92.5		-210.1
EBIT	177.6	103.0		280.6
Financial income			10.3	10.3
Financial expense			-36.2	-36.2
Share of associated companies' profit			0.0	0.0
Profit before tax				254.6
Investments	132.4	107.7		240.1
Assets	1,211.9	835.6	276.8	2,324.3

Product and service information

2014

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

2013

EUR million	Mobile Communications	Fixed Network and other	Group total
Revenue	927.5	619.8	1,547.4

Geographical information

2014

EUR million	Finland	Rest of Europe	Other countries	Eliminations	Group total
Revenue	1,433.8	112.2	6.0	-16.8	1,535.2
Assets	2,166.2	76.7	0.4		2,243.4

2013

EUR million	Finland	Rest of Europe	Other countries	Eliminations	Group total
Revenue	1,443.0	116.4	3.8	-15.8	1,547.4
Assets	2,246.5	77.6	0.3		2,324.3

2. Acquisitions

Acquisitions on 2013

Acquisition of Sulake Corporation Oy

On 15 February, Elisa increased its ownership in Sulake Corporation from 24 per cent to 100 per cent by purchasing shares from other principal shareholders.

Sulake creates social meeting places and games on the Internet. The best-known Sulake service is Habbo Hotel, which is targeted at teenagers. Sulake´s global client base, brand, community platform and business competence, combined with Elisa´s expertise, provide new kind of future opportunities.

The purchase price was EUR 6.2 million. The fair value of previously held shares in the acquired entity at the time of acquisition was EUR 6.4 million. Including previous ownership the business combination resulted in goodwill of EUR 15.0 million. The goodwill resulted from positive future outlook of new services and is not tax deductible.

Sulake is consolidated from 1 February 2013 onwards. Revenue after the acquisition was EUR 12.9 million and profit for the period EUR -3.7 million. Had the acquisition been done as of the beginning of the year, the impact on Group revenue and profit for the period would have been EUR 14.2 million and EUR -4.1 million respectively.

The transactions between the Group and the acquired company at the time of the acquisition have been taken into account in the consolidation of the business operations.

Consideration transferred

EUR million	
Cash paid	6.2
Previous ownership	6.4
Settlement of pre-existing relationship	2.3
Total cost of acquisition	15.0

Analysis of net assets acquired

EUR million	Carrying amount
Intangible assets	4.0
Tangible assets	0.3
Trade and other current receivables	2.9
Cash and cash equivalents	1.6
Financial liabilities	-4.1
Trade payables and other current liabilities	-4.7
	0.0

Effects of acquisition on cash flow

EUR million	
Purchase price paid in cash	-6.2
Cash and cash equivalents of the acquired entity	1.6
	-4.6

Goodwill arising from business combination

EUR million	
Consideration transferred (including earlier ownership)	15.0
Net asset acquired	0.0
Goodwill	15.0

The EUR 0.1 million expenses related to the acquisition have been recorded in other operating expenses in the consolidated statement of comprehensive income. The expenses are due to transfer tax.

Acquisition of PPO-Yhtiöt Oy

On 30 April 2013, Elisa acquired all shares of a fixed network operator PPO-Yhtiöt Oy and 11 per cent of Telekarelia Oy´s share capital. With the acquisition, the Group´s ownership in Telekarelia Oy was 67 per cent and in Kymen Puhelin Oy 46 per cent. Kymen Puhelin Oy is consolidated to the Group based on control over an entity. In addition Elisa acquired 54 per cent of Kymen Puhelin Oy outstanding share capital and 33 per cent of Telekarelia Oy outstanding share capital during year 2013 increasing the ownership to 100 per cent. Through this acquisition Elisa strengthens its market position in the field of activity of PPO-Yhtiöt Oy and its subsidiaries.

The purchase price was EUR 104.3 million including a contingent consideration of EUR 1.6 million. The Group is underwritten to pay the contingent consideration if it sells interests from spesified associates that have transfered to the Group in the acquisition. The contingent consideration is recognised at fair value.

As a part of the acquisition the Group has recognised a contingent liability of EUR 6.3 million related to a guarantee liability given by Telekarelia Oy and Kymen Puhelin Oy. Had these liabilities realised the seller is obligated to refund a maximum of EUR 3.1 million of the purschase price.

EUR 5.2 million of the acquisition cost was allocated to customer base, which is amortised in five years. The acquisition resulted in EUR 19.1 million goodwill relating to market access in the field of activity of the purchased entities. Goodwill is not tax deductible.

Companies are consolidated from 1 May 2013 onwards. Revenue after the acquisition was EUR 57.9 million and profit for the period EUR 11.6 million. Had the acquisition been made as of the beginning of the year, the impact on Group revenue and profit for the period would have been EUR 88.0 million and EUR 8.8 million respectively.

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.

Consideration transferred

EUR million	
Cash paid	105.9
Consideration receivable	-3.1
Contingent consideration	1.6
Total cost of acquisition	104.3

Analysis of net assets acquired

EUR million	Carrying amount
Customer base	5.2
Other intangible assets	3.8
Tangible assets	96.2
Equity investments and funds	5.6
Deferred tax assets	4.5
Inventories	3.7
Trade and other receivables	12.8
Cash and cash equivalents	19.1
Deferred tax liabilities	-9.9
Provisions	-6.3
Financial liabilities	-8.8
Trade payables and other liabilities	-17.4
	108.4

Effects of acquisition on cash flow

EUR million	
Purchase price paid in cash	-105.9
Cash and cash equivalents of the acquired entity	19.1
	-86.8

Goodwill arising from business combination

EUR million	
Consideration transferred	104.3
Non controlling interest measured based on proportionate share in the recognised amounts of the identifiable net assets	23.2
Net asset acquired	108.4
Goodwill	19.1

Expenses related to the acquisition of EUR 1.6 (0.3) million were recorded in other operating expenses in the consolidated statement of comprehensive income. The expenses are mainly due to transfer tax.

After the transaction the seller acquired Elisa Oyj shares. The transaction is presented as proceeds from the sale of treasury shares in the consolidated statement of cash flows.

Acquisition of non-controlling interests

The group acquired 54 per cent of Kymen Puhelin Oy and 33 per cent cent of Telekarelia Oy between 10 June and 31 December 2013. After these acquisition the Group owns all shares of Kymen Puhelin Oy and Telekarelia Oy. The book value of net assets on 31 December 2013 were EUR 40.0 million in Kymen Puhelin and EUR 23.2 million in Telekarelia. Due to the acquisitions the non-controlling interest decreased by EUR 23.2 million and the equity by EUR 15.9 million.

EUR milllion	
Consideration paid with shares	35.3
Cash paid	3.9
Consideration transferred	39.2
Non-controlling interests	23.2
Tha acquisitions effect on Groups earnings	15.9

Expenses related to the acquisition of EUR 0.1 million were recorded in other operating expenses in the consolidated statement of comprehensive income.

Kymen Puhelin Oy, Telekarelia Oy and PPO Yhtiöt Oy were merged into Elisa Oyj on 31 December 2013.

Acquisitions for the previous periods

On 4 November 2010 Elisa acquired all of the issued shares of Appelsiini Finland Oy. The acquisition cost of EUR 19.7 million included a contingent consideration of EUR 2.6 million, which was based on the combined service revenue of the acquired entity for 2011-2012. Upon the settlement of the contingent consideration during the period 2013, the Group recorded an expense of EUR 0.8 million.

3. Disposals

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

EUR million	Carrying amount
Tangible assets	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

Disposals in 2013

Disposal of PPO Palvelut Oy

Elisa divested the fully owned PPO Palvelut Oy on 30 September 2013. The sales price was EUR 0.2 million. The divestment didn't affect the consolidated income statement. The impact of the losses incurred during the period of ownership by the Group are included in the consolidated statement of comprehensive income.

PPO Palvelut Oy's result has been consolidated in the Group from 1 May until 30 September 2013.

Net assets of the sold entity

EUR million	Carrying amount
Tangible assets	0.1
Inventories	1.1
Trade and other current receivables	0.5
Cash and cash equivalents	0.1
Trade payables and other current liabilities	-0.8
	1.0

Effects of disposal on cash flow

EUR million	
Sales price received in cash	0.2
Cash and cash equivalents of the sold entity	-0.1
	0.1

4. Revenue

EUR million	2014	2013
Rendering of services	1,338.3	1,333.1
Equipment sales	196.9	214.3
	1,535.2	1,547.4

5. Other operating income

EUR million	2014	2013
Gain on disposals of property, plant and equipment	5.8	1.4
Government grants	0.0	0.1
Other items (1	2.4	2.4
	8.2	4.0

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	2014	2013
Purchases of materials, supplies and goods	353.2	252.5
Change in inventories	5.3	3.8
External services	247.6	363.6
	606.1	619.9

7. Employee expenses

EUR million	2014	2013
Salaries and wages	195.7	215.0
Share-based compensation expenses	6.5	6.2
Pension expenses – defined contribution plans	31.9	34.5
Pension expenses – defined benefit plans	0.6	0.6
Other statutory employee costs	13.0	13.6
	247.7	270.0
Average number of personnel	4,138	4,320

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

Management remuneration

EUR million	2014	2013
Managing Directors and deputies	1.7	2.0
Members and deputy members of Boards of Directors	0.6	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.

EUR million	2014	2013
Board of Directors	0.6	0.5
CEO	0.6	0.7
Executive Board	2.0	1.7
Share-based compensation expenses (1	2.3	2.3
	5.5	5.2

1) The share-based compensation expenses in 2014 are EUR 6.5 (6.2) million, of which EUR 0.6 (0.6) million is allocated to the CEO and 1.8 (1.7) to the Executive Board. The terms and conditions of share-based incentive plans are described under Note 27.

EUR million	2014	2013
Remunerations and other short-term employee benefits	3.2	2.9
Post-employment benefits	0.3	0.3
Share-based benefits	2.3	2.3
	5.8	5.5

Management remuneration is descibed 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.

On the basis of the executive agreement the Group CEO is entitled to retire 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 supplementary pension insurance. Other members of the Executive Board appointed before year 2013 are entitled to retire at the age of 62 on the basis of their executive agreements. The contractual right has been covered with a supplementary pension insurance.

Share-based compensation granted to the management

No share-based compensations were granted in 2014.

The maximum award granted for the CEO under the 2012-2014 plan equals the value of 80,000 shares and for the rest of the Executive Board 239,000 shares. The award will be paid after the publication of 2014 financial statements.

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 240,000 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 250,000 shares. The award will be paid after the publication of 2016 financial statements.

The maximum award granted for the CEO under the committing share-based compensation plan equals the value of 8,000 shares. Half of the award will be paid at the end of the vesting period in 2015 and half of it 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 237.730 shares and votes, corresponding to 0.14 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 2014.

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 0.5 (0.9) million was recorded in the personnel fund from which EUR 0.3 (0.6) million was based on last year's earnings.

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.

Stock option plan

On 18 December 2007, Elisa's Board of Directors decided to offer a maximum of 2,550,000 stock options for subscription by Elisa Group's key personnel and Fonetic Oy, a fully-owned subsidiary of Elisa Corporation. The stock option plan expired in 2013. The plan is described under Note 27.

8. Auditor fees

EUR million	2014	2013
Auditing	0.3	0.3
Tax advisory services	0.1	0.1
Education services	0.1	0.1
Other services	0.1	0.2
	0.6	0.6

9. Research and development costs

EUR million	2014	2013
Research and development costs recognised as expenses	2.0	2.2
Capitalised development costs	11.0	7.9
	13.0	10.0

Focus areas for research and development activities in 2014 included development of cloud based IT-services, visual communication services and development of network capabilities and contact management systems.

10. Depreciation and amortisation

EUR million	2014	2013
Depreciation of tangible assets		
Buildings and constructions		
Owned buildings and constructions	10.7	10.4
Buildings and constructions on finance lease	0.4	0.4
Telecom devices, machines and equipment		
Owned telecom devices, machines and equipment	154.8	151.6
Assets on finance lease	3.4	2.0
Other tangible assets	0.3	0.6
	169.5	165.0
Amortisation of intangible assets		
Customer base	3.2	4.1
Other intangible assets	40.0	40.8
	43.2	44.9
	212.8	209.9

EUR 1.9 (0.2) million asset impairments were recognised.

11. Financial income and expense

EUR million	2014	2013
Financial income		
Dividend income from financial assets available-for-sale	0.7	0.5
Interest and financial income from loans and other receivables	2.3	2.4
Interest income from derivatives	1.2	7.1
Other financial income	0.5	0.6
Gains/losses of financial assets at fair value through profit or loss, derivatives not in hedge accounting	-0.1	-0.4
	4.7	10.3
Financial expense		
Interest expenses on financial liabilities measured at amortised cost	-26.6	-27.2
Other financial expenses on financial liabilities measured at amortised cost	-1.1	-1.1
Interest expenses on derivatives	-1.1	-6.7
Loss on disposal of investments	-1.6	
Other interest expenses	-0.1	-0.1
Impairment of financial assets available-for-sale	-0.1	-0.4
Other financial expenses	-1.4	-0.6
	-31.9	-36.2

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

12. Income taxes

EUR million	2014	2013
Taxes for the period	-53.7	-59.6
Taxes for previous periods	-0.2	-0.1
Deferred taxes	-0.8	0.2
Deferred taxes for previous periods		-0.2
Impact of the change in Finnish tax rate on deferred tax		1.5
	-54.7	-58.2

Income taxes recognised directly in comprehensive income:

	2014			2013		
EUR million	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Remeasurements of the net defined benefit liability	-4.5	0.9	-3.6	-7.4	1.1	-6.3
Cash flow hedge	-0.2	0.0	-0.1			
	-4.7	0.9	-3.8	-7.4	1.1	-6.3

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 20.0 (24.5):

EUR million	2014	2013
Profit before tax	277.7	254.6
Tax according to the domestic tax rate	-55.5	-62.4
Tax effects of the following:		
Tax-free gains/losses on the disposal of shares	0.2	0.0
Non-deductible expenses	-1.0	-5.0
Tax effects of foreign subsidiaries	3.5	4.2
Taxes for previous periods	0.2	0.1
Change in deffered taxes - Finnish tax rate change		1.5
Other items	-1.9	3.4
Taxes in the income statement	-54.7	-58.2
Effective tax rate, %	19.7	22.9

The Finnish corporation tax rate change from 24.5 per cent to 20.0 per cent was enacted 17 December 2013 and it became effective from 1 January 2014. As a result the relevant deferred tax balances were remeasured for the financial statement 2013.

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.

	2014	2013
Profit for the period attributable to the equity holders of the parent (EUR million)	224.9	196.6
Weighted average number of shares during the financial year (1,000 pcs)	159,349	157,269
Undiluted earnings per share (EUR/share)	1.41	1.25

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.

	2014	2013
Profit for the period for the purpose of calculating EPS adjusted for dilution (EUR million)	224.9	196.6
Weighted average number of shares during the financial year (1,000 pcs)	159,349	157,269
Impact of stock options (1,000 pcs)		
Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (1,000 pcs)	159,349	157,269
Earnings per share adjusted for dilution (EUR/share)	1.41	1.25

14. Property, plant and equipment

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
Companies sold			-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

2013

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. 2013	6.7	227.8	2,572.9	35.6	26.1	2,869.1
Additions	0.1	6.0	140.4	0.0	19.7	166.3
Companies acquired	1.2	8.2	79.9	0.1	7.5	96.9
Disposals	0.0	-0.5	-6.0	0.0	-0.1	-6.7
Companies sold		0.0	-0.1			-0.1
Reclassifications	0.1	4.3	27.2		-31.4	0.1
Translation differences		0.0	-0.3		0.1	-0.1
Acquisition cost at 31 Dec. 2013	8.0	245.8	2,814.0	35.7	21.9	3,125.4
Accumulated depreciation and impairment at 1 Jan. 2013		107.8	2,111.4	34.0		2,253.2
Depreciation and impairment		10.8	153.6	0.6		165.0
Accumulated depreciation on disposals and reclassifications		-0.4	-5.8			-6.2
Translation differences			-0.2			-0.2
Accumulated depreciation and impairment at 31 Dec. 2013		118.3	2,259.0	34.6		2,411.8
Book value at 1 Jan. 2013	6.7	120.0	461.5	1.6	26.1	615.9
Book value at 31 Dec. 2013	8.0	127.5	555.1	1.1	21.9	713.6

Commitments to purchase property, plant and equipment and intangible assets at 31 December 2014 were EUR 52.7 (38.6) million.

Additions in 2014 include EUR 1.0 (2.9) million property, plant and equipment leased under finance lease agreements.

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

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

2013

EUR million	Buildings and constructions	Machinery and equipment	Total
Acquisition cost	17.4	110.0	127.4
Accumulated depreciation	4.5	97.2	101.7
Book value at 31 Dec. 2013	12.9	12.8	25.7

15. Intangible assets

2014

EUR million	Googwill	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
Companies sold	-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

2013

EUR million	Googwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan. 2013	797.1	82.5	377.0	12.2	1,268.8
Additions			32.7	41.2(2	73.8
Companies sold	35.3	5.2	7.8	0.2	48.5
Disposals			-1.1		-1.1
Reclassifications			8.6	-7.7	0.8
Translation differences			0.0		0.0
Acquisition cost at 31 Dec. 2013	832.4	87.7	424.8	45.9	1,390.8
Accumulated amortisation and impairment at 1 Jan. 2013		76.9	293.5		370.4
Amortisation and impairment		4.1	41.0		45.1
Accumulated amortisation on disposal			-0.4		-0.4
Accumulated amortisation and impairment at 31 Dec. 2013		81.0	334.1		415.1
Book value at 1 Jan. 2013	797.1	5.6	83.4	12.2	898.4
Book value at 31 Dec. 2013	832.4	6.7	90.7(1	45.9	975.7

1) Includes IT software for a book value of EUR 57.9 (57.1) million and brand for a book value of EUR 3.6 (7.9) million.

2) Includes the Finnish 800 MHz spectrum license in carrying amount of EUR 33.3 million.

Goodwill impairment testing

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

EUR million	2014	2013
Consumer Customers	502.8	503.7
Corporate Customers	328.7	328.7
	831.5	832.4

The reported operating segments based on the Elisa organisational and management structure are Consumer Customers and Corporate Customers. Furthermore, the operating segments are the lowest level at which the company management monitors the goodwill.

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

In 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 6.69 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 2014	Corporate Customers 2014	Consumer Customers 2013	Corporate Customers 2013
Amount in excess of CGU carrying value, EUR million	2,781	1,139	2,359	1,253
EBITDA margin on average,% (1	35.8	32.8	35.9	35.6
Horizon growth,%	0.0	0.0	0.0	0.0
Pre-tax discount rate, %	6.7	6.7	7.9	7.9

1) On average during a five-year projection period

Change in projection parameters that makes the fair value equal to book value	Consumer Customers 2014	Corporate Customers 2014	Consumer Customers 2013	Corporate Customers 2013
EBITDA margin on average,%	-18.1	-11.6	-17.0	-14.4
Horizon growth,%	-46.0	-18.0	-56.0	-35.2
Pre-tax discount rate, %	18.9	11.6	20.0	16.5

16. Investments in associated companies

EUR million	2014	2013
At the beginning of period	2.4	6.5
Share of periods profit	-0.1	-0.1
Business combinations		2.4
Additions	19.6	
Reclassification	26.9	-6.5
At the end of period	48.8	2.4

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

During the reporting 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.

During the comparison period the holding in Sulake increased from 24 per cent to 100 per cent and the company is consolidated from 1 February 2013 onwards. In addition as a result of the acquisition of PPO-Yhtiöt Oy the group received the following new associates: FNE-Finland Oy, Helmivisio Oy (sold on 4 March 2014), Kiinteistö Oy Kiihtelysvaaran Oravanpyörä, Softera Oy and Super Head End Finland Oy.

17. Financial assets and liabilities recognised at fair value

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

EUR million	2013	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value (1	0.0		0.0	
Financial assets available-for-sale (2	6.9	6.9		
Other liabilities (3	-2.0			-2.0
	4.9	6.9	0.0	-2.0

1) Interest rate swaps, currency swaps 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	2014	2013
Balance at the beginning	2.0	2.1
Increase of contingent consideration		1.6
Remeasurement of contingent consideration		0.8
Payment of contingent consideration	-0.8	-2.5
Balance at the end	1.2	2.0

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

2014

EUR million	Financial assets avalable-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
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
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

2013

EUR million	Financial assets avalable-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	22.5				22.5	22.5	19
Receivables		70.4	0.1		70.5	70.5	20
Current financial assets							
Trade and other receivables		327.3			327.3	327.3	23
	22.5	397.7	0.1		420.3	420.3	
Non-current financial liabilities							
Financial liabilities				829.7	829.7	837.2	30
Other liabilities [2]			0.0	29.4	29.4	29.4	31
Current financial liabilities							
Financial liabilities				279.3	279.3	280.4	30
Trade and other payables [2]				261.4	261.4	261.4	31
			0.0	1,399.7	1,399.7	1,408.3	

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	2014	2013
Publicly listed shares	14.2	6.9
Unlisted shares	6.2	15.7
	20.4	22.5

The most significant unlisted equity investments

EUR Million	2014	2013
Anvia Oyj		8.6
Datawell Oy	2.1	2.1
	2.1	10.7

The unlisted equity investments are recognised at acquisition cost less possible impairment, if the fair value of the equity investments cannot be determined reliably.

Changes in the fair value of listed shares EUR 7.3 (1.1) million have been recognised in other comprehensive income.

The Groups ownership of Anvia Plc increased from 4 per cent to 24 per cent during 2014. The shares previously classified as financial assets available-for-sale have been consolidated as associated company shares since 1 October 2014.

20. Non-current receivables

EUR million	2014	2013
Loan receivables	0.1	0.1
Loan receivables from associates		0.1
Trade receivables	51.2	46.2
Finance lease receivables	12.6	15.8
Prepayments and accrued income	8.0	8.0
Derivatives	0.0	0.1
Other non-current receivables	0.4	0.3
	72.4	70.5

Derivatives are classified under Financial assets/liabilities recognised at fair value through profit or loss. Other non-current receivables are classified under Loans and receivables.

The effective interest rate on receivables (current and non-current) was 0.00 (0.28) per cent.

Gross finance lease receivables
- maturity of minimum lease payment receivables

EUR million	2014	2013
Not later than one year	11.2	10.1
Later than one year not later than five years	12.6	15.3
Gross investment in finance leases	23.8	25.4
Unearned finance income	-0.9	-1.0
Present value of finance lease receivables	22.9	24.4

Maturity of present value of future minimun lease payment receivables

EUR million	2014	2013
Not later than one year	10.3	8.6
Later than one year not later than five years	12.6	15.8
	22.9	24.4

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

21. Deferred tax assets and liabilities

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

The Group had EUR 50.6 (43.7) million of unused tax losses at 31 December 2014, for which no tax assets has been recognised. These losses expire in 2015-2023. No tax liability has been recognised for the untaxed retained earnings EUR 162.8 million of the Estonian subsidiary as no profit distribution decision or plans for profit distribution exist for the time being.

During 2013, the Finnish corporation tax rate changed from 24.5 per cent to 20.0 per cent. The change was enacted 17 December 2013 and it became effective from 1 January 2014. As a result the deferred tax balances were remeasured for the financial statement 2013.

Deferred tax liabilities and assets are not offset.

The change in deferred tax assets and liabilities during 2013

Deferred tax assets

EUR million	1 Jan. 2013	Recognised in income statement	Recognised in consolidated statement of comprehensive income	Business combinations	31 Dec. 2013
Provisions	-0.1	2.9			2.8
Finance lease agreements	2.7	-1.8			0.9
Internal margins	5.6	-1.4			4.1
Share-based incentive plans	1.6	-0.7			0.9
Fair value measurement of tangible and intangible assets in business combinations	0.0	-4.4		4.5	0.1
Pension obligations	2.2		1.0		3.2
Other temporary differences	0.1	1.3			1.4
	12.1	-4.1	1.0	4.5	13.5

Deferred tax liabilities

EUR million	1 Jan. 2013	Recognised in income statement	Business combinations	31 Dec. 2013
Fair value measurement of tangible and intangible assets in business combinations	5.0	-3.1	1.3	3.1
Accumulated depreciation differences	9.5	-3.5	8.5	14.5
Other temporary differences	2.4	0.9	0.2	3.4
	16.9	-5.8	9.9	21.0

22. Inventories

EUR million	2014	2013
Materials and supplies	12.0	7.0
Work in progress		0.0
Finished goods	41.1	48.5
	53.2	55.5

An impairment of EUR 5.3 (0.1) million on inventories was recognised during the period.

23. Trade and other receivables

EUR million	2014	2013
Trade receivables	290.3	290.9
Allowances for doubtful accounts	-5.6	-7.1
Finance lease receivables	10.3	8.6
Prepayments and accrued income	24.2	25.1
Loan receivables	0.3	0.1
Receivables from associated companies	0.1	0.0
Other receivables	10.7	9.6
	330.4	327.3

Prepayments and accrued income include interest receivables and accruals from operating activities.

Trade receivables by age

EUR million	2014	2013
Not due	235.6	247.9
Overdue		
Less than 30 days	43.4	25.4
31-60 days	3.1	5.3
61-90 days	1.0	3.2
More than 90 days	1.7	2.0
	284.8	283.8

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 284.8 million.

24. Cash and cash equivalents

EUR million	2014	2013
Cash assets	41.3	72.8
Deposits		22.0
Commercial papers (under 3 months)		43.0
	41.3	137.8

25. Derivative instruments

Nominal values of derivatives

	2014 Period of validity			2013 Period of validity		
EUR million	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years
Interest rate swap [1]				150.5		
Currency swap	1.5	1.5		1.0	3.0	
Electricity derivatives [2]	1.5	5.9				

Fair values of derivatives

	2014			2013		
EUR million	Positive fair value	Negative fair value	Total	Positive fair value	Negative fair value	Total
Interest rate swap				0.1		0.1
Currency swap		-0.2	-0.2		0.0	0.0
Electricity derivatives		-0.3	-0.3			

[1] EUR 150.0 million interest rate swap matured at the same date as the bond on 3 March 2014.

[2] Elisa has started hedge electricity purchases by derivatives during 2014. Earlier the company bought electricity by advance contracts.

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 interest rate swaps 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. 2013	167,168	83.0	-194.1
Subscription rights used	337		
Share issue	1,830		6.0
Cancellation of treasury shares	-2,000		39.9
31 Dec. 2013	167,335	83.0	-148.2
31 Dec. 2014	167,335	83.0	-148.2

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 Assocation, 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. 2013	10,288,116		
Transfer, Share incentive plan	1,526		
Disposal of treasury shares	-303,599		
Cancellation of treasury shares	-2,000,000		
Treasury shares held by the Group/Elisa Corporation at 31 Dec. 2013	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

Other reserves

EUR million	Contingency reserve	Fair value reserve	Other reserves	Reserve for invested non-restricted equity	Total
1 Jan. 2013	3.4	2.0	381.0	52.7	439.2
Financial assets available-for-sale		1.1			1.1
Remeasurements of the net defined benefit liability		-6.3			-6.3
Share issue				35.3	35.3
Stock options exercised				2.9	2.9
31 Dec. 2013	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

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 0.4 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. Translation differences amounted to EUR -0.1 million.

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. In 2013, EUR 35.3 million was recognised in the reserve for invested non-restricted equity due to the disposal of treasury shares related to business combinations.

27. Share-based payments

On 11 December 2014, Elisa's Board of Directors decided on the implementation of new share-based incentive plan.

Share-based incentive plan 2015-2019

The new 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 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	2015 plan
Number of awards granted	617,000
Grant date	31.12.2014
Fair value of share at the date of grant, EUR (1	18.71
Share price at the date of grant, EUR	22.61
Estimated realisation of share price after vesting and restriction period (2	20.70
Vesting period starts	1.1.2015
Vesting period ends	31.12.2017
Estimated realisation of earnings criteria at the beginning of vesting period, %	50
Number of participants in the plan	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 of EUR 1.30 per share.

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 are based on revenue growth of new business operations and earnings per share. The number of key personnel participating in the 2012–2014 plan is 160 and the award equals the value of 983,000 Elisa shares.

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 157 and the award equals the 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 154 and the 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
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
Number of participants in the plan	154	157	160

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 of EUR 1.30 per share.

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 pontential 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
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
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 of EUR 1.30 per share.

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 6.5 (6.2) million in 2014.

Stock option plan 2007

On 18 December 2007, Elisa's Board of Directors decided to issue stock options to the Group's key employees and a fully-owned subsidiary of the company. The stock option scheme is targeted at approximately 150 key employees who are not included in the share-based incentive plan for senior management. The stock options are granted without consideration. The stock option plan is no longer valid and no new option rights are granted from the stock option plan. 336,878 shares were subscribed during the comparison period and the 1,300 unused options were expired. In addition 245,000 option in stock were expired. Based on the stock-options 1,198,074 shares were subscribed.

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	2014	2013
Present value of unfunded obligations	-2.2	-1.9
Present value of funded obligations	-73.9	-67.1
Fair value of plan assets	57.9	55.2
Net liability (-) / receivable (+) in the statement of financial position	-18.2	-13.8

Pension expenses recognised in the statement of comprehensive income:

EUR million	2014	2013
Expense recognised in profit or loss		
Service cost	0.2	0.3
Net interest	0.4	0.4
Settlements	0.0	-0.1
	0.6	0.6
Remeasurements	4.6	7.5
Tax effect of the remeasurements	-0.9	-1.2
	3.6	6.3

Reconciliation of the net defined benefit obligations in the statement of financial position:

EUR million	2014	2013
Net defined benefit obligation at the beginning of the period	13.8	7.1
Pension expenses recognised in the statement of comprehensive income	0.6	0.6
Remeasurements	4.6	7.5
Contributions paid by employer	-0.8	-1.5
Net defined benefit obligation at the end of period	18.2	13.8

Changes in the present value of the obligation:

EUR million	2014	2013
Obligation at the beginning of the period	-69.0	-49.8
Current service cost	-0.2	-0.3
Interest expenses	-2.0	-2.0
Remeasurements		
Actuarial gain (+) or loss (-) arising from changes in economical assumptions	-8.4	0.3
Gain (+) or loss (-) arising from experience adjustments	-1.1	-22.0
Benefits paid	4.7	4.4
Settlements	0.0	0.3
Obligation at the end of period	-76.0	-69.0

Changes in the fair value of plan assets:

EUR million	2014	2013
Fair value of plan assets at the beginning of the period	55.2	42.5
Interest incomes	1.6	1.6
Remeasurements, gain (+) or loss (-)	5.0	14.2
Benefits paid	-4.7	-4.4
Contributions paid by employer	0.8	1.5
Settlements	0.0	-0.2
Fair value of plan assets at the end of period	57.9	55.2

The principal actuarial assumptions used:

	2014	2013
Discount rate, %	2.10	3.00
Future salary increase, %	3.30	3.30
Future pension increase, %	2.00	2.00

Sensitivity analysis of net defined benefit obligation:

	Effect on the net defined benefit obligation, EUR million	
Change in actuarial assumptions	2014	2013
Discount rate + 0.5 %	-1.5	-3.9
Future salary increase +0.5 %	0.0	0.3
Future pension increase +0.5 %	5.0	4.5
Expected mortality +1 year	1.1	2.7

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 15.9 years

The Group expects to contribute EUR 0.4 (1.5) million to defined benefit pension plans in 2015.

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

EUR million	2014	2013
Long-term provisions	3.1	2.4
Short-term provisions	3.8	12.6
	6.8	15.1

Termination benefits

As a part of the Group´s rationalisation Elisa has carried out statutory employee negotiations leading to personnel reductions in 2014. The restructuring provision includes provisions for both unemployment pensions and other expenses due to redundancies. The provisions associated with redundancies will be realised in 2015, and the provision associated with unemployment pensions will be realised in 2015-2017.

Other provisions

Other provisions include warranty provisions and environmental provisions made for telephone poles and sold properties.

30. Financial liabilities

	2014		2013	
EUR million	Balance sheet values	Fair values	Balance sheet values	Fair values
Non-current				
Bonds	590.5	647.6	588.6	596.1
Bank loans	199.4	199.4	209.6	209.6
Loans from pension funds	1.0	1.0	1.0	1.0
Capital loans	0.1	0.1	0.2	0.2
Finance lease liabilities	26.9	26.9	30.2	30.2
	818.0	875.1	829.7	837.2
Current				
Bonds			161.4	162.5
Bank loans	10.3	10.3	11.8	11.8
Loans from pension funds			0.1	0.1
Finance lease liabilities	4.5	4.5	5.0	5.0
Commercial paper	210.0	210.0	101.0	101.0
	224.9	224.9	279.3	280.4
	1,042.8	1,099.9	1,109.0	1,117.5

Interest bearing liabilities include a total of EUR 31.5 (35.2) 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.

Both the loans from pension funds and the capital loans came to the group from the acquisition of PPO Yhtiöt Oy. The loans from pension funds are from Kotkan Puhelinyhdistyksen Eläkesäätiö.

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 4.7 (5.6) years and the effective average rate of interest was 2.4 (2.5) per cent.

Contract-based cash flows on the repayment of financial liabilities and costs

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

2013

EUR million	2014	2015	2016	2017	2018	2019-	Total
Bonds	178.8	15.0	15.0	15.0	15.0	631.5	870.3
Financial costs	17.1	15.0	15.0	15.0	15.0	31.5	108.6
Repayments	161.7	0.0	0.0	0.0	0.0	600.0	761.7
Bank loans	15.2	15.0	134.0	10.0	59.9	0.0	234.0
Financial costs	4.4	4.3	3.3	0.9	0.8	0.0	13.6
Repayments	10.8	10.7	130.7	9.1	59.1	0.0	220.4
Committed credit limits	1.0						1.0
Financial costs	0.0						0.0
Repayments	1.0						1.0
Commercial paper	101.0						101.0
Financial costs	0.5						0.5
Repayments	100.5						100.5
Loans from pension funds	0.1	0.1	0.1	0.1	0.1	0.6	1.2
Financial costs	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Repayments	0.1	0.1	0.1	0.1	0.1	0.5	1.0
Capital loans	0.0	0.1	0.0	0.0	0.0	0.2	0.3
Financial costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	0.0	0.1	0.0	0.0	0.0	0.2	0.2
Finance lease liabilities	7.5	6.2	5.2	3.9	2.9	57.9	83.6
Financial costs	2.5	2.3	2.1	2.0	1.6	38.0	48.4
Repayments	5.0	3.9	3.1	1.9	1.3	19.9	35.2
Interest rate and currency swap	-0.4						-0.4
Trade payables	138.3						138.3
Financial costs	24.1	21.6	20.5	17.9	17.4	69.5	170.9
Repayments	417.5	14.8	133.9	11.1	60.5	620.6	1,258.5
Total	441.6	36.4	154.4	28.9	77.9	690.2	1,429.4

Future financial costs on variable-rate financial liabilities and interest rate swaps have 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. 2014					
	Fair value EUR million	Balance sheet value EUR million	Nominal value EUR million	Nominal interest rate-%	Effective interest-%	Maturity date
EMTN programme 2001 / EUR 1,000 million						
I/2012 (1	319.0	291.5	300.0	2.250	2.403	4.10.2019
I/2013	328.6	299.0	300.0	2.750	2.785	22.1.2021
	647.6	590.5	600.0			

The fair value of bonds is based on market quotes.

Gross finance lease liabilities –maturity of minimum lease payments

EUR million	2014	2013
Not later than one year	6.9	7.5
Later than one year not later than five years	15.9	18.5
Later than five years	54.6	57.7
	77.4	83.7
Future financial charges	-46.0	-48.5
Present value of finance lease liabilities	31.5	35.2

Maturity of present value of finance lease liabilities

EUR million	2014	2013
Not later than one year	4.5	5.0
Later than one year not later than five years	8.4	10.3
Later than five years	18.6	19.9
	31.5	35.2

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	2014	2013
Non-current		
Advances received	5.6	6.2
Other liabilities (1	22.6	29.4
	28.2	35.6
Current		
Trade payables	115.4	138.3
Advances received	6.3	6.0
Accrued employee-related expenses	49.2	47.6
Other accruals	16.1	26.1
Other liabilities	59.0	49.4
	246.0	267.4
	274.3	303.0

1) Includes non-current liabilities of EUR 13.3 (20.0) million related to the 800 MHz spectrum license.

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	2014	2013
Not later than one year	28.1	28.8
Later than one year not later than five years	27.9	37.0
Later than five years	6.5	6.9
	62.5	72.7

Elisa´s operating leases include mainly business premises, telecom facilities, office equipment and cars. The lease periods range from one month to more than 50 years for telecom facilities.

A total of EUR 57.1 (58.4) million was paid as lease expenses on the basis of other lease contracts and recognised through profit or loss in 2014.

Group as a lessor

The future minimum lease payments under non-cancellable operating leases:

EUR million	2014	2013
Not later than one year	2.5	1.8
Later than one year not later than five years	0.0	0.0
	2.5	1.8

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	2014	2013
On behalf of own commitments		
Mortgages	1.5	14.5
Pledged securities	0.1	2.9
Deposits	0.9	0.8
Guarantees	1.1	1.1
On behalf of associated companies		
Other		0.0
On behalf of others		
Guarantees[1]	0.6	0.6
Other	0.0	0.0
	4.3	20.0
Other contractual obligations		
Repurchase obligations	0.0	0.1
Letter of credit	0.1	0.1
Capital loan's unrecognised interest payable	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 2014.

Real estate investments

Real estate investments VAT refund liability is EUR 33.9 (33.3) million at 31 December 2014.

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. 2014, 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	210.0			210.0
Bank loans	89.7			89.7
Finance lease liabilities	4.5			4.5
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		8.4	18.6	26.9
	305.3	428.4	318.6	1,052.3

The Group´s interest-bearing financial assets as at 31 December 2014 consist of commercial papers and bank deposits amouted to EUR 0.00 million and cash in bank amounted to EUR 41.3 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.

	2014		2013	
EUR million	Income statement	Shareholders´ equity	Income statement	Shareholders´ equity
Change in interest rate level +/- 1%	+/- 3,0		+/- 1,5	

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 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

Foreign exchange exposure 31 December 2013

EUR million	Trade receivables	Trade payables
SDR	2.9	3.2
USD	0.1	2.1
GBP	0.0	0.0
RUB	0.0	
SEK	0.5	0.1

A change of twenty percentage points in SDR would impact consolidated profit before tax by EUR +/- 0.1 (+/- 0.1) million, in USD EUR +/- 0.2 (+/- 0.4) million, in GBP EUR +/- 0.3 (+/- 0.0) million, in RUB EUR +/- 0.1 (+/- 0.0) 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 2014 were undrawn as of 31 December 2014. The margin of the limits is determined by the Groups' credit rating.

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 positive) and short-term commitments as A-2.

Cash in hand and at banks, and unused committed limits

EUR million	2014	2013
Cash and bank	41.3	137.8
Credit limits	300.0	300.0
	341.3	437.8

Cash and bank as well as unused committed credit limits deducted by commercial papers issued by Elisa amounted to EUR 131.3 (336.8) million on 31 December 2014.

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 5.6 (7.1) 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 customergroups 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 2014 is the value of trade receivables EUR 284.8 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 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 0,1 million. The 1–12 month hedging rate was 50,5 %, the 13–24 month rate was 12,7 %, the 25–36 month rate was 18,9 %, the 37–48 month rate was 18,9 % and the 49–60 month rate was 18,9 %.

If the market price of electricity derivatives changes by +/- 10 % from the balance sheet date 31 December 2014,
it would contribute EUR +/- 0.4 million to the 2015 income statement and EUR +/- 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.

	2014		2013	
EUR million	Income statement	Shareholders' equity	Income statement	Shareholders' equity
Cnahge in Comptel share price +/- 20%	+/- 0	+/-2,8	+/- 0	+/- 1,4

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	2014	2013
Interest-bearing net debt	1,001.5	971.2
Total equity	878.6	862.2
Total capital	1,880.1	1,833.4
Gearing ratio, %	114.0	112.6
Net debt / EBITDA	1.9	2.0
Equity ratio, %	39.4	37.3

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. The authorisation has been used mainly in connection with mergers and acquisitions.

Shareholders' equity	2014	2013
Treasury shares, 1,000	7,986	7,986
Share issue authorisation, 1,000	15,000	12,614
Maximum total, 1,000 (1	15,000	12,614
Share price	22.61	19.26
Total, EUR million	339.2	242.9

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	2014	2013
Commercial paper programme (non-committed) (2	40.0	149.0
Revolving credits (committed) (3	300.0	300.0
EMTN programme (non-committed) (4	400.0	238.3
Total, EUR million	740.0	687.3
Total equity and debt capital	1,079.2	930.2

1) The authorisation to issue shares at 31 December 2014 amounted to a maximum of 15,000,000 shares. This may be effected through an issue of new shares or sale of treasury shares.

2) The commercial paper programme amounts to EUR 250 million, of which EUR 210.0 million was in use at 31 December 2014.

3) Elisa has two committed revolving credit facilities to a total of EUR 300 million. Both facilities were unused at 31 December 2014.

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 2014. The program was updated on 2 June 2014 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 2014:

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
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
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
Sulake Suomi Oy	Helsinki	100
Sulake Danmark Abs	Copenhagen	100
Sulake Norge AB	Oslo	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	Domicile	Group's ownership, %
Anvia Plc	Seinäjoki	24
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
Super Head End Finland Oy	Helsinki	36
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.

Xenex Telecom Oy merged into Videra Oy on 31 January 2014.

On 31 December 2014 Ecosite Oy, KYMP Oy, Optimiratkaisut Oy and Viske Oy were merged into Elisa Corporation. The mergers do not affect the consolidated financial statements.

The following subsidiaries of Sulake have been liquidated in 2014: Sulake Schwitzerland Gmbh in January, Sulake Italia S.R.L. in April, Sulake Sverige AB, TTG Sulake BV in July, Sulake Deutschland GmbH in September and Sulake Singapore Pte Ltd in December. The liquidations do not affect the consolidated financial statements.

Appelsiini Finland Oy's name changed to Elisa Appelsiini Oy on 5 November 2014 and Videra Oy's name changed to Elisa Videra Ltd on 31 October 2014.

Subsidiaries

The group has increased its ownership in Telcont Oy by 33 per cent on 5 February 2014 and in Videra Oy by 31 per cent and Arediv Oy by 38 per cent on 31 July 2014. The Group now owns all shares of these companies. Due to the acquisitions the non-controlling interest increased by EUR 1.0 million and the retained earning decreased by EUR 6.3 million.

On 31 December 2014 the Group has 36 fully owned subsidiaries. In addition, the group owns the maturity of two subsidiaries. The non-controlling interest is not significant for the Group.

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 2014 the Group has one significant associated company, Anvia Plc. Anvia Plc became Elisas associated company on 9 September 2014 and is consolidated since 1 October 2014. Anvia Plc is a regional fixed line operator. The Group owns 24 per cent of the outstanding shares of Anvia Plc on 31 December 2014. On 31 December 2013 the Group had no significant associated companies.

The table shows the associated companies consolidated amount of profit.

Anvia Plc

EUR million	2014
Revenue	25.9
Profit for the period	0.0
The Group's share of profit	0.0
Non-current assets	91.4
Current assets	46.1
Non-current liabilities	10.9
Current liabilities	15.0
Provisions	0.3
Net assets	111.2
The Group's share of net assets	27.0
Goodwill	19.6
Carrying amount of the Group's interest	46.6

Aggregated financial information of associates that are not material

EUR million	2014	2013
The Group's share of profit	-0.1	0.0
The carrying amount of the Group's interest in these associates	2.2	2.4

The Group's share of the associates and changes during 2014. See Note 16.

The transactions carried out with related parties:

EUR million	Sales	Purchases	Receivables
2014			
Associates and joint arrangements	0.3	2.6	0.1
2013			
Associates and joint arrangements	0.2	2.2	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

	2014	2013	2012
INCOME STATEMENT			
Revenue, EUR million	1,535	1,547	1,553
Change of revenue,%	-0.8	-0.4	1.5
EBITDA (EUR million)	520	491	501
EBITDA as % of revenue	33.8	31.7	32.3
EBIT, EUR million	305	281	299
EBIT as % of revenue	19.9	18.1	19.2
Profit before tax, EUR million	278	255	269
Profit before tax as % of revenue	18.1	16.5	17.3
Return on equity (ROE),%	25.6	22.9	24.7
Return on investment (ROI),%	15.7	15.3	17.4
Research and development costs, EUR million	13	10	9
Research and development costs as % of revenue	0.8	0.6	0.6
BALANCE SHEET			
Gearing ratio,%	114.0	112.6	99.3
Current ratio	0.9	1.0	1.0
Equity ratio,%	39.4	37.3	42.3
Non-interest bearing liabilities, EUR million	322	353	285
Interest bearing net debt	1,001.5	971.2	838.6
Balance sheet total, EUR million	2,243	2,324	2,009
INVESTMENTS IN SHARES			
Purchases of shares, EUR million	43	150	
CAPITAL EXPENDITURES			
Investments, EUR million	191	240	193
Investments as % of revenue	12.5	15.5	12.5
PERSONNEL			
Average number of employees during the period	4,138	4,320	3,973
Revenue/employee, EUR 1,000	371	358	391

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 expence + share of associated companies´ profit	
Return on equity (ROE), %	Profit for the period / Total shareholders´ equity (on average during the year)	x 100
Return on investment (ROI), %	Profit before taxes + interest and other financial expenses / Total equity + interest bearing liabilities (on average during the year)	x 100
Gearing ratio,%	Interest-bearing liabilities – Cash and cash equivalents and financial assets at fair value through profit or loss / Total shareholders' equity	x 100
Current ratio	Current assets / Current liabilities – advance payments received	
Equity ratio,%	Total shareholders' equity / Balance sheet total – advance payments received	x 100

Per-share indicators [1]

	2014	2013	2012
Share capital, EUR	83,033,008.00	83,033,008.00	83,033,008.00
Number of shares at year-end	159,349,030	159,349,030	156,879,666
Average number of shares	159,349,030	157,269,132	156,548,402
Number of shares at year-end, diluted	159,349,030	159,349,030	157,016,312
Average number of shares, diluted	159,349,030	157,269,132	156,685,047
Market capitalisation, EUR million (2	3,603	3,069	2,625
Earnings per share (EPS), EUR	1.41	1.25	1.33
Dividend per share, EUR	1,32 (5	1.30	1.30
Payout ratio,%	93.5	104.0	97.5
Equity per share, EUR	5.51	5.41	5.37
P/E ratio	16.0	14.8	12.6
Effective dividend yield,% (2	5.8	6.7	7.8
Share performance in NASDAQ OMX Helsinki			
Mean price, EUR	20.93	16.15	16.61
Closing price at year-end, EUR	22.61	19.26	16.73
Lowest price, EUR	18.19	13.37	14.84
Highest price, EUR	24.04	19.49	17.97
Trading of shares in NASDAQ OMX Helsinki (3			
Total trading volume, 1,000 shares	112,729	128,100	116,534
Percentage of shares traded (4	67	77	70

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 2014 were approximately 112 (93) 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 1.32 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, % [1]

$$\frac{\text{Dividend per share}}{\text{Share price at the balance sheet date adjusted for issues}} \times 100$$

Payout ratio, % [1]

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

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	2014	2013
Revenue	1	1,306.7	1,305.9
Change in inventories		0.0	0.0
Other operating income	2	10.4	5.1
Materials and services	3	-553.5	-563.0
Personnel expenses	4	-165.7	-192.2
Depreciation and amortisation	5	-204.0	-190.8
Other operating expenses		-144.0	-142.5
Operating profit		249.8	222.6
Financial income and expenses	7	-29.2	-25.7
Profit before extraordinary items		220.6	196.9
Extraordinary items	8	40.9	18.2
Profit after extraordinary items		261.6	215.1
Appropriations	9	-13.5	-11.2
Income taxes	10	-49.8	-59.2
Profit for the period		198.3	144.7

Balance sheet, parent company, FAS

EUR million	Note	31 Dec. 2014	31 Dec. 2013
ASSETS			
Fixed assets			
Intangible assets	11	448.6	478.8
Tangible assets	11	625.2	558.7
Investments	12	328.3	341.6
		1,402.2	1,379.2
Current assets			
Inventories	13	38.7	42.0
Non-current receivables	14	129.7	93.1
Current receivables	15	309.2	301.9
Financial securities			43.0
Cash and bank		29.0	82.7
		506.6	562.6
TOTAL ASSETS		1,908.7	1,941.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Share capital		83.0	83.0
Treasury shares		-148.1	-148.1
Contingency reserve		3.4	3.4
Reserve for invested non-restricted equity		77.8	77.8
Retained earnings		225.5	287.6
Profit for the period		198.3	144.7
		440.1	448.5
Accumulated appropriations		76.2	27.4
Provisions for liabilities and charges	17	6.7	14.2
Liabilities			
Non-current liabilities	18	900.4	917.7
Current liabilities	19	485.3	533.9
		1,385.8	1,451.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,908.7	1,941.8

Cash flow statement, parent company, FAS

EUR million	2014	2013
Cash flow from operating activities		
Profit before extraordinary items	220.6	196.9
Adjustments:		
Depreciation and amortisation	204.0	190.8
Other income and expenses with no payment relation	5.2	7.5
Financial income (-) and expense (+)	25.1	25.7
Gains (-) and losses (+) on the disposal of fixed assets	-6.3	-0.8
Gains (-) and losses (+) on the disposal of investments	4.1	0.0
Change in provisions in the income statement	-8.0	10.7
Cash flow before change in working capital	444.7	430.7
Increase (+) / decrease (-) in working capital	-27.2	-4.1
Cash flow before financial items and taxes	417.5	426.6
Dividends received	1.1	1.6
Interest received	9.1	9.1
Interest paid	-33.7	-34.4
Income taxes paid	-52.0	-60.1
Net cash flow from operating activities	342.0	342.7
Cash flow from investing activities		
Capital expenditure	-174.5	-174.0
Proceeds from disposal of tangible and intangible assets	10.6	1.4
Investments in shares and other financial assets	-21.3	-125.0
Proceeds from disposal of shares and other financial assets	0.5	
Loans granted	-48.1	-24.7
Repayment of loan receivables	1.1	1.0
Net cash flow used in investing activities	-231.6	-321.3
Cash flow after investing activities	110.4	21.4
Cash flow from financing activities		
Proceeds from long-term borrowings		378.0
Repayment of long-term borrowings	-172.4	-79.5
Change in short-term borrowings	124.0	-44.3
Proceeds from increase in reserve for invested non-restricted equity		2.9
Proceeds from the sale of treasury shares		4.6
Group contributions received (+) / paid (-)	22.4	-0.6
Dividends paid	-206.4	-202.6
Net cash flow used in financing activities	-232.4	58.5
Change in cash and cash equivalents	-122.0	79.8
Cash and cash equivalents at the beginning of the period	125.7	29.0
Cash and cash equivalents received through business combinations and mergers	25.3	16.8
Cash and cash equivalents at the end of the period	29.0	125.7

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
- merger losses of EUR 26.7 million are recognised as goodwill in 2013

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. The negative depreciation difference transferred from merged companies is recognised as income. 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
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 mergers.

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	2014	2013
Sales	1,388.2	1,394.8
Interconnection fees and other adjustments	-81.5	-88.9
	1,306.7	1,305.9
Geographical distribution		
Finland	1,275.0	1,273.5
Rest of Europe	27.9	29.3
Other countries	3.8	3.2
	1,306.7	1,305.9

2. Other operating income

EUR million	2014	2013
Gain on disposal of fixed assets	5.3	1.2
Gain on disposal of shares and businesses		0.0
Others[1]	5.1	3.9
	10.4	5.1

1) Other operating income items mainly include rental income of real estate, management fee income charged from subsidiaries and miscellaneus other operating income.

3. Materials and services

EUR million	2014	2013
Materials, supplies and goods		
Purchases	165.4	155.3
Change in inventories	3.4	13.4
	168.8	168.7
External services	384.7	394.3
	553.5	563.0

4. Personnel expenses

EUR million	2014	2013
Salaries and wages	135.4	157.4
Pension costs	24.7	28.2
Other statutory employee costs	5.6	6.6
	165.7	192.2
Personnel on average	2,602	2,722

CEO remuneration, EUR	2014	2013
Fixed salary	534,420.00	513,300.00
Performance-based bonus	62,940.24	154,226.16
Fringe benefits	21,521.78	21,107.98
	618,882.02	688,634.14

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 2013 or 2014. The maximum award allocated for the CEO under the share-based compensation plans equals the value of 251,000 shares. See Note 7 in the consolidated financial statements.

In accordance with employees pensions act and on the basis of CEO remuneration, EUR 175,000 (178,000) in pension costs has been recognised in profit or loss. The CEO is entitled to retirement at the age of 60. See Note 7 in the consolidated financial statements.

The Board of Directors' remuneration, EUR	2014	2013
Petteri Koponen	51,500.00	
Ari Lehtoranta	20,500.00	78,500.00
Raimo Lind	118,000.00	115,000.00
Leena Niemistö	69,000.00	67,000.00
Eira Palin-Lehtinen	82,000.00	79,000.00
Mika Salmi	16,500.00	65,000.00
Jaakko Uotila	69,500.00	49,500.00
Seija Turunen	51,500.00	
Mika Vehviläinen	78,500.00	66,000.00
	557,000.00	520,000.00

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 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	2014	2013
Amortisation of intangible assets	64.8	59.8
Depreciation of tangible assets	139.1	131.0
	204.0	190.8

Specification of depreciation by balance sheet items is included in Note 11.

6. Auditor fees

EUR million	2014	2013
Auditing	0.2	0.2
Tax advisory services	0.1	0.1
Education services	0.1	0.1
Other services	0.1	0.2
	0.5	0.5

7. Financial income and expenses

EUR million	2014	2013
Interest income and other financial income		
Dividends received		
from Group companies	0.6	1.1
from others	0.6	0.5
	1.2	1.6
Other interest and financial income		
from Group companies	1.0	0.5
from others	2.8	8.6
	3.8	9.1
	5.0	10.7
Interest costs and other financial expenses		
to Group companies	-2.5	-2.5
to others	-30.4	-32.7
Impairments	-1.3	-1.2
	-34.2	-36.4
	-29.2	-25.7

8. Extraordinary items

EUR million	2014	2013
Extraordinary income		
Group contributions received	20.1	22.4
Merger profit [1]	28.9	
Extraordinary expenses		
Group contributions given	-8.0	-4.2
	40.9	18.2

1) The mergers of Ecosite Oy, KYMP Oy and Viske Oy on 31 December 2014.

9. Appropriations

EUR million	2014	2013
Change in depreciation difference	-13.5	-11.2

10. Income taxes

EUR million	2014	2013
Regular business	-47.3	-54.6
Extraordinary items	-2.4	-4.5
Previous period taxes	-0.1	-0.1
	-49.8	-59.2

11. Intangible and tangible assets

2014

EUR million	Intangible Assets					
	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

2014

EUR million	Tangible assets					
	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

2013

EUR million	Intangible Assets					
	Development costs	Intangible rights	Goodwill	Other intangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2013	16.2	27.2	769.1	303.4	7.5	1,123.4
Transferred in merger		0.7	0.7	0.9		2.3
Additions	2.6	3.9	26.6	17.6	38.2	88.9
Disposals	-0.3	-0.1		-0.1	0.0	-0.6
Reclassifications	1.1	0.1		3.4	-2.8	1.8
Acquisition cost at 31 Dec. 2013	19.6	31.7	796.4	325.2	42.9	1,215.9
Accumulated amortisation at 1 Jan. 2013	7.0	19.4	402.6	246.7		675.5
Transferred in merger		0.5	0.7	0.7		1.9
Amortisation for the period	5.1	3.1	28.2	23.3		59.6
Accumulated amortisation at 31 Dec. 2013	12.0	23.0	431.4	270.6		737.0
Book value at 31 Dec. 2013	7.6	8.8	365.0	54.6	42.9	478.8

2013

EUR million	Tangible assets					
	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2013	4.8	73.9	2,300.1	34.7	21.7	2,435.2
Transferred in merger	1.0	15.6	153.7	0.1	1.0	171.4
Additions	0.0	1.8	122.8		13.8	138.3
Disposals	0.0	-0.5	-26.7			-27.3
Reclassifications		0.9	14.8		-17.5	-1.8
Acquisition cost at 31 Dec. 2013	5.8	91.6	2,564.8	34.7	19.0	2,715.8
Accumulated depreciation at 1 Jan. 2013		38.8	1,872.5	33.3		1,944.6
Transferred in merger		7.8	100.8	0.0		108.6
Accumulated depreciation of disposals and reclassifications		-0.4	-26.6			-27.0
Depreciation for the period		4.0	126.5	0.5		131.0
Accumulated depreciation at 31 Dec. 2013		50.2	2,073.1	33.8		2,157.1
Book value at 31 Dec. 2013	5.8	41.4	491.7	0.9	19.0	558.7

12. Investments

2014	Shares			Receivables	
EUR million	Group companies	Associated companies	Other companies	Group companies	Total
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

A list of the group and associatied companies is available under Note 35 in the consolidated financial statements.

2013	Shares			Receivables	
EUR million	Group companies	Associated companies	Other companies	Group companies	Total
Acquisition cost at 1 Jan. 2013	255.1	10.5	22.8	2.2	290.6
Transferred in merger	67.7	2.5	3.8	0.9	74.9
Additions	123.3			8.2	131.4
Disposals	-146.7		0.0	-0.6	-147.3
Reclassifications	6.4	-6.4	0.0		
Acquisition cost at 31 Dec. 2013	305.9	6.5	26.6	10.7	349.7
Impairment at 1 Jan. 2013	-3.6		-3.3		-6.8
Additions			-1.2		-1.2
Impairment at 31 Dec. 2013	-3.6		-4.5		-8.1
Book value at 31 Dec. 2013	302.3	6.5	22.0	10.7	341.6

13. Inventories

EUR million	2014	2013
Materials and supplies	10.2	13.4
Work in progress		0.0
Finished goods	28.4	28.1
Other inventories		0.5
	38.7	42.0

14. Non-current receivables

EUR million	2014	2013
Receivables from Group companies		
Loan receivables	66.1	32.5
Receivables from associates		
Loan receivables		0.1
Receivables from others		
Loan receivables	0.1	0.1
Trade receivables	47.6	42.8
Prepayments and accrued income (1	15.7	17.6
Other receivables	0.2	
	63.7	60.5
	129.7	93.1
1) Breakdown of prepayment and accrued income		
Rent advances	7.4	7.5
Transaction costs and losses related to loan issuance	8.4	10.1
	15.7	17.6

15. Current receivables

EUR million	2014	2013
Receivables from Group companies		
Loan receivables	10.5	6.5
Trade receivables	3.8	1.4
Prepayments and accrued income	2.3	2.5
Other receivables	21.1	26.7
	37.7	37.1
Receivables from associates		
Loan receivables	0.1	0.0
Receivables from others		
Trade receivables	245.7	240.7
Prepayments and accrued income (1	19.1	18.7
Other receivables	6.7	5.3
	271.4	264.7
	309.3	301.9
1) Breakdown of prepayment and accrued income		
Interest	0.3	6.0
Rent advances	1.7	1.6
Transaction costs and losses related to loan issuance	2.2	2.1
Taxes	2.7	0.8
Other business expense advances	12.2	8.1
	19.1	18.7

16. Shareholders' equity

EUR million	2014	2013
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	-194.0
Disposal of treasury shares		45.9
Treasury shares at 31 Dec.	-148.1	-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	50.8
Share subscription on the grounds of stock options		2.9
Directed issue		24.1
Reserve for invested non-restricted equity at 31 Dec.	77.8	77.8
Retained earnings at 1 Jan.	432.3	532.1
Dividend distribution	-207.2	-204.0
Withdrawal of dividend liabilities	0.4	0.7
Disposal of treasury shares		-1.4
Cancellation of treasury shares		-39.9
Retained earnings at 31 Dec.	225.5	287.6
Profit for the period	198.3	144.7
	440.1	448.5
Distributable earnings		
Retained earnings	225.5	287.6
Treasury shares	-148.1	-148.1
Reserve for invested non-restricted equity	77.8	77.8
Profit for the period	198.3	144.7
	353.7	362.1

17. Provisions

EUR million	2014	2013
Provision for unemployment pensions	2.7	2.2
Other provisions for liabilities and charges [1]	3.9	12.0
	6.7	14.2

1) Other provisions consist of salaries, including related statutory employee costs for employees not required to work during their severance period, provision for vacant premises and provision for other operating expenses.

Provisions of EUR 9.3 (4.7) million were used and EUR 2.2 (1.6) million were cancelled in 2014.

18. Non-current liabilities

EUR million	2014	2013
Interest-bearing		
Liabilities to Group companies		
Other liabilities	78.0	78.0
Liabilities to others		
Bonds	600.0	600.0
Loans from financial institutions	199.3	209.4
Loans from pension funds	1.0	1.0
	800.3	810.4
	878.3	888.4
Non-interest bearing		
Liabilities to others		
Trade payables	13.3	20.0
Accruals and deferred income (1	8.8	9.4
	22.2	29.4
	900.4	917.7
Liabilities maturing after five years		
Bonds	300.0	600.0
1) Breakdown of accruals and deferred income		
Rent advances	8.8	9.4

19. Current liabilities

EUR million	2014	2013
Interest-bearing		
Liabilities to Group companies		
Group account	45.7	29.8
Other liabilities	0.1	0.1
	45.7	29.8
Liabilities to others		
Bonds		161.7
Loans from financial institutions	10.1	11.4
Loans from pension funds		0.1
Commercial paper	210.0	101.0
	220.1	274.2
	265.8	304.0
Non-interest bearing		
Liabilities to Group companies		
Trade payables	10.9	8.8
Accruals and deferred income	0.1	0.1
Other liabilities	8.4	4.4
	19.4	13.2
Liabilities to others		
Advances received	1.9	3.8
Trade payables	111.3	118.6
Accruals and deferred income (1	45.7	53.5
Other liabilities	41.3	40.8
	200.1	216.7
	219.6	229.9
	485.3	533.9
1) Breakdown of accruals and deferred income		
Holiday pay, performance-based bonuses and related statutory employee costs	31.1	33.4
Interest	9.8	16.3
Direct taxes	1.5	0.2
Rent advances	1.4	1.4
Advance income	1.4	1.7
Others	0.5	0.5
	45.7	53.5

20. Collateral, commitments and other liabilities

Collateral

EUR million	2014	2013
On behalf of own commitments		
Bank deposits	0.6	0.6
Guarantees	1.1	1.1
Business mortgages		6.1
Real estate mortgages		1.2
Pledged securities	0.1	0.1
On behalf of others		
Guarantees	0.6	0.6
	2.5	9.7

Leasing and rental liabilities

EUR million	2014	2013
Leasing liabilities on telecom networks [1]		
Due within one year	0.3	0.4
Due later than one year and up to five years	0.9	1.0
Due later than five years	0.2	0.3
	1.3	1.7
Other leasing liabilities [2]		
Due within one year	6.3	6.7
Due later than one year and up to five years	11.7	12.3
Due later than five years	2.2	3.7
	20.2	22.7
Letter of credit	0.1	0.1
Real estate leases [3]		
Due within one year	24.6	28.3
Due later than one year and up to five years	31.0	38.1
Due later than five years	84.1	86.3
	139.7	152.6
	161.3	177.1

1) Consists of certain individualised mobile network equipment and access fees for backbone connections.

2) Leasing liabilities consist mainly of leases of cars, office and IT equipment.

3) 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	2014	2013
Interest rate swaps [1]		
Nominal value		150.5
Fair value recognised in the balance sheet		0.0
Currency swaps		
Nominal value	3.0	4.0
Fair value recognised in the balance sheet	-0.2	0.1

1) EUR 150.0 million interest rate swap matured at the same date as the bond on 3 March 2014.

Real estate investments

VAT refund liability of real estate investments is EUR 33.9 (31.6) million at 31 December 2014.

Environmental costs

Environmental costs did not have any material impact on the result for the period or financial position during the financial period.

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 2 April 2014 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 2015 and it annuls the authorisation given by the Annual General Meeting to the Board of Directors on 25 March 2013.

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.

At the end of the financial period, Elisa held 7,986,043 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 4.77 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 2014 was 105,336 shares and votes, which represented 0.06 per cent of all shares and votes.

5. Share performance

The Elisa share closed at EUR 22.61 on 31 December 2014. The highest quotation of the year was EUR 24.04 and the lowest EUR 18.19. The average price was EUR 20.93.

At the end of the financial year, the market capitalisation of Elisa's outstanding shares was EUR 3,603 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 2014 was 112,729,252 shares for an aggregate price of EUR 2,359 million. The trading volume represented 67.4 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 2014

		Number of shares	Proportion of all shares %
1.	Private companies	24,311,885	14.53
2.	Financial and insurance institutions	3,700,074	2.21
3.	Public corporations	13,080,732	7.82
4.	Non-profit organisations	6,568,851	3.93
5.	Households	49,115,247	29.35
6.	Foreign	1,576,798	0.94
7.	Nominee registered	60,995,443	36.45
	Elisa Group	7,986,043	4.77
		167,335,073	100.00

8. Distribution of holding by amount at 31 December 2014

Size of holding	Number of shareholders	%	Number of shares	%
1–100	35,201	16.40	1,831,653	1.09
101–1,000	173,398	80.76	37,400,375	22.35
1,001–10,000	5,743	2.67	13,706,660	8.19
10,001–100,000	319	0.15	7,782,422	4.65
100,001–1,000,000	31	0.01	7,704,929	4.60
1,000,001–	7	0.00	29,329,164	17.53
Nominee registered			60,995,443	36.45
	214,669	100.00		
In special accounts, Elisa Common Clearing account 1)			392,697	0.23
Shares to be registered (2			205,687	0.12
Elisa Group			7,986,043	4.77
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.

2) Shares issued with the merger of Telekarelia Oy and Kymen Puhelin Oy that have not been transferred to owners book-entry accounts.

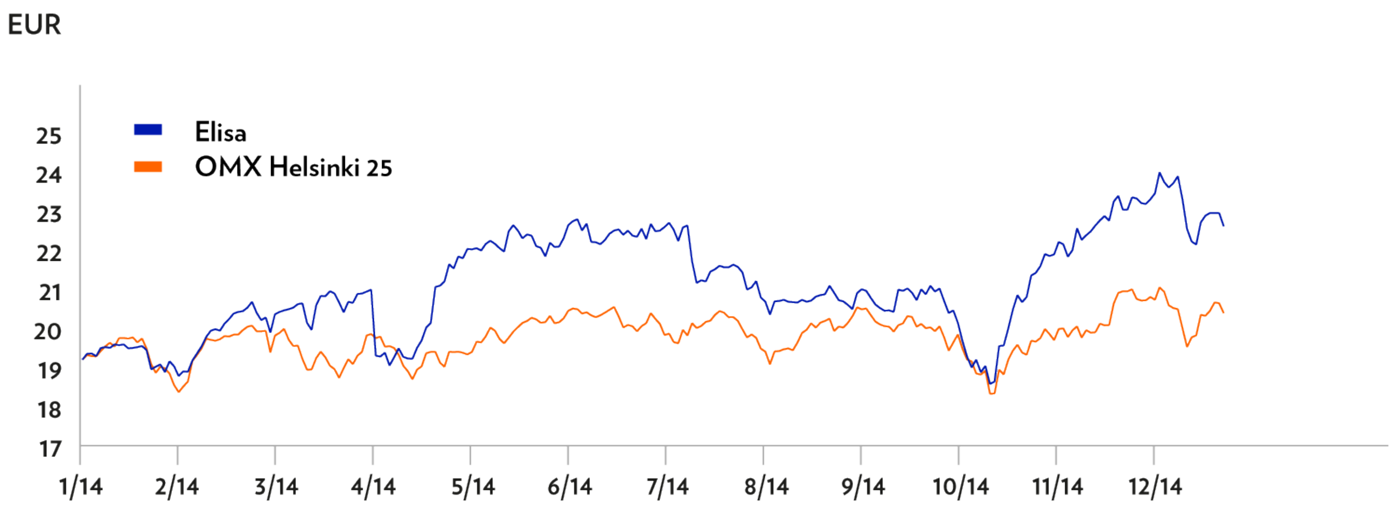
9. Largest shareholders at 31 December 2014

	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	2,199,335	1.31
4	The State Pension Fund	1,415,000	0.85
5	City of Helsinki	1,124,690	0.67
6	KPY Sijoitus LLC	1,077,163	0.64
7	Swiss National Bank	836,966	0.50
8	Nordea Nordic Small Cap Fund	680,000	0.41
9	The Society of Swedish Literature in Finland	575,342	0.34
10	Elo Mutual Pension Insurance Company	493,000	0.29
11	Nordea Pro Suomi Fund	420,000	0.25
12	Nordea Finnish Equity Fund	400,000	0.24
13	Sigrid Juselius Foundation	352,000	0.21
14	Folkhälsan Samfundet	315,113	0.19
15	Folketrygdfondet	289,140	0.17
16	City of Vantaa	258,738	0.15
17	Danske Invest Finnish Institutional Equity Fund	246,075	0.15
18	Segilson & Co Finland Index Fund	237,178	0.14
19	Odin Finland Equity Fund	196,101	0.12
20	Danske Invest Finnish Equity Fund	195,488	0.12
		34,824,305	20.81
	Elisa Group	7,986,043	4.77
	Elisa Personnel Fund	72,459	0.04
	Kotkan Puhelinyhdistys Pension Fund	6,336	0.00
	Elisa Common Clearing account[1)]	392,697	0.23
	Shares to be registered [2)]	205,687	0.12
	Nominee registered	60,995,443	36.45
	Shareholders not specified here	62,852,103	37.56
		167,335,073	100.00

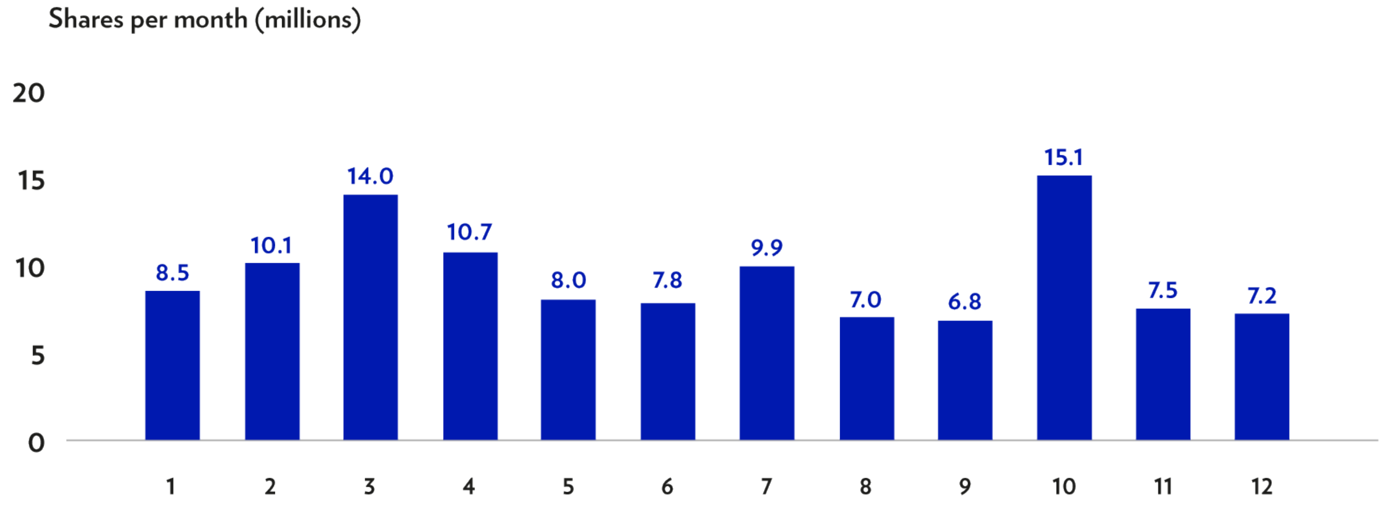
[1)] Shares in Common Clearing account include shares which have not been transferred to the share owners' book-entry accounts at the time of, or subsequent to, entering the shares into the Finnish book-entry system.

[2)] Shares issued with the merger of Telekarelia Oy and Kymen Puhelin Oy that have not been transferred to owners book-entry accounts.

10. Daily price development, closing price



11. Trading volume



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 2014, the parent company's shareholders' equity is EUR 440,066,322.47 of which distributable funds account for EUR 353,651,378.20.

The parent company's profit for the period 1 January to 31 December 2014 was EUR 198,324,245.00.

The Board of Directors proposes to the General Meeting of Shareholders that the distributable funds be used as follows:

- a dividend of EUR 1.32 per share shall be paid for a total of EUR 210,516,539.64
- no dividend shall be paid on shares in the parent company's possession
- EUR 143,134,838.56 shall be retained in shareholders' equity.

Helsinki, 29 January 2015

Raimo Lind
Chairman of the Board of Directors

Petteri Koponen

Leena Niemistö

Eira Palin-Lehtinen

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, 2014. 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 29, 2015

KPMG OY AB

Esa Kailiala
Authorized Public Accountant

Corporate Governance Statement

Elisa observes the Corporate Governance Code of the Finnish Securities Market Association. The Code is available for viewing on the Association's website at: www.cgfinland.fi. Elisa departs in no respect from the recommendations of the Code. Elisa's financial statements, including a report on operations, will be available on Elisa's website at www.elisa.com.

General Meeting of Shareholders and Articles of Association

General Meeting of Shareholders is Elisa's highest decision making body, which approves, among other things, the income statement and balance sheet. It also declares the dividend to be paid at the Board of Directors' proposal, 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 the information about the time and place, as well as the website address, are given by announcement in one Finnish newspaper no later than 21 days prior to the meeting, as required in the Articles of Association. A stock exchange release is also issued on each notice. It is available on Elisa's website. The agenda of the meeting is specified in the notice. Proposals of the Board of Directors to be submitted to 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 2015 Annual General Meeting will be held 26 March 2015 at 2:00 p.m. at the Helsinki Fair Centre, Congress entrance, Messuaukio 1, Helsinki.

Shareholders Nomination Board

Elisa's annual general meeting decided in 2012 to establish a shareholders' nomination board which is a body with responsibility for preparing the proposals to the annual general meeting for the election and remuneration of the members of board of directors of Elisa and accepted a charter for the nomination board. 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 in the shareholder register of Elisa at 31 August 2014, who named the members to the nomination board. The composition of the nomination board from September 2014 has been:

- Eija Ailasmaa, Master of Political Science, nominated by Solidium Oy
- Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Timo Ritakallio, CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Jorma Eräkare, Head of Finnish Equities, nominated by Nordea Nordic Small Cap
- Raimo Lind, Chairman of the Board of Elisa

The nomination board named in September 2014 convened once before the decision on proposals in January 2015. The nomination board discussed the size of the board and present composition as well as the competences, that were seen best for the company. The nomination board also looked into the remuneration of the board members.

The nomination board informed on 26 January 2015 Elisa board its proposals to the annual general meeting.

Elisa shareholders' nomination board proposes to the annual general meeting that

- the remuneration to be same as previous year
- number of board members to be six
- Mr Raimo Lind, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Jaakko Uotila and Mr Mika Vehviläinen to be re-elected as members of the Board.

Board of Directors

Charter of the Board

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

In the charter, the Board is tasked with determining the company's strategic choices and the targets for Elisa's management, and with monitoring the achievement of these. The Board shall also appoint the CEO and decide on the composition of the Executive Board. The Board 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 operative investments and financial arrangements.

According to the charter, the following are particularly subject to the Boards decision:

- Elisa's strategic choices
- distribution policy
- convening and submitting proposals to General Meetings
- 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 organization 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.

Meetings and remuneration

As a rule, the Board convenes 810 times a year. In 2014, the members of the Board were paid the following emoluments, which were decided upon and set by the Annual General Meeting:

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

The monthly remuneration fees (deducted by tax withheld at the calculated rate of 60 per cent) are used for purchases of Elisa shares every quarter.

In 2014, a total of 1,983 Elisa shares were purchased to Mr Raimo Lind, the Chairman of the Board and 1,265 to Mr Mika Vehviläinen, the Deputy Chairman. For the members of the Board 817 shares were purchased to Mr Petteri Koponen; 1,101 to Ms Leena Niemistö, 1,322 to Ms Eira Palin-Lehtinen, 817 to Ms. Seija Turunen; and 1,101 to Mr Jaakko Uotila. Also to the members until the Annual General Meeting held in 2 April 2014 Mr Ari Lehtoranta was purchased 341 shares and Mr Mika Salmi 284 shares. The shares purchased for the current members of Elisa's Board of Directors on 31 December 2014 were not registered in the members' book-entry accounts until 2 January 2015, and are thus not included in the following figures.

Elisa Board members' shareholdings in Elisa, (companies under the members control)	Number of shares, 31 Dec. 2014
Mr Raimo Lind, Chairman of the Board	11,558
Mr Mika Vehviläinen, Deputy Chairman of the Board	3,622
Mr Petteri Koponen, member	552
Ms Leena Niemistö, member	6,391
Ms Eira Palin-Lehtinen, member	6,485
Ms Seija Turunen, member	552
Mr Jaakko Uotila, member	1,879

In 2014, the Board of Directors convened 11 times. The average attendance rate at Board meetings was 100 per cent.

Compensation & Nomination Committee

According to its charter, the Compensation & Nomination Committee deals with and prepares the appointment and dismissal of persons within management, the 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 shall also deal with incentive schemes for Elisa's personnel.

In 2014, the Compensation & Nomination Committee comprised Chairman of the Board Mr Raimo Lind (Committee Chairman) and members Ms Leena Niemistö and Mr Mika Vehviläinen. In 2014, the Compensation & Nomination Committee convened 5 times and the attendance rate was 100 per cent.

Audit Committee

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

- significant changes in recognition principles
- significant changes in items measured in 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 organization of risk management
- organisation of financial administration and financing.

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

In 2014, the Audit Committee was chaired by Ms Eira Palin-Lehtinen with Mr Pettri Koponen, Ms Seija Turunen and Mr Jaakko Uotila as Audit Committee members. In 2014, the Audit Committee convened 5 times and the attendance rate was 90 per cent. The principal auditor also attends Audit Committee meetings.

Members of the Board of Directors

According to the Articles of Association, Elisa's 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 after the new appointments are made. The Board of Directors elects a chairman and deputy chairman from among its members.

At present, the Board of Directors comprises 7 members. The Annual General Meeting of 2 April 2014 elected the following Board members: Mr Raimo Lind (Chairman), Mr Mika Vehviläinen (Deputy Chairman), Ms Leena Niemistö , Ms Eira Palin-Lehtinen and Mr Jaakko Uotila, and Petteri Koponen and Seija Turunen as new members of the Board of Directors.

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

In its organizing meeting, the Board of Directors annually decides upon committees, their chairmen and members. In 2014, the acting committees were: the Compensation & Nomination Committee and the Audit Committee. The duties and charters of the committees are adopted by the Board of Directors.

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

Mr Raimo Lind, Chairman

(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 1992–97; Scantrailer, MD, 1990–91; Wärtsilä, Service division, Vice president, Wartsila Singapore Ltd, MD, Diesel division, VP Group Controller 1976–89.

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

Mr Mika Vehviläinen

(1961), M. Sc (econ and BA) HSE 1986, member since 2012

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

Mr. Petteri Koponen

(1970), member since 2014.

Key employment history: Founding partner, Lifeline Ventures 2009–. 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 and Mindfield Games Oy. Member of the Board: Smartly.io Solutions Oy and Everywear Games Oy. Member: Suomen ICT seurantaryhmä.

Ms Leena Niemistö

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

Key employment history: Dextra Oy, CEO to the present since 2003, Pihlajalinna Oy Vice President, Private Healtcare since 2013. Doctor of Medicine since 2003. Specialist in Physical and Rehabilitation Medicinein in the Invalid Foundation, Orton Rehabilitation Centre in 2000–2004 and specializing in 1995–1999.

Main Board memberships and public duties currently undertaken: Member of the Board of Lääkäripalveluyritykset ry; Handelsbanken Finland; Pihlajalinna Oy; HLD Healthy Life Devices Oy; Modz Oy and Aprovix Ab; Chairman of the Board of the prize committee of Ars Fennica and Deputy Chairman of the Foundation for the Finnish Cancer Institute.

Ms Eira Palin-Lehtinen

(1950), LL.M., trained on the bench, member since 2008.

Key employment history: Executive Vice President for Nordea with responsibility for Nordic private banking business and wealth management until the end of 2007.

Main Board memberships and public duties currently undertaken: Member of the Board of Sampo plc; two Luxembourg-domiciled Nordea funds (Nordea Alternative Investment, and Nordea I Sicav); Chairman of the Board of the Finnish Foundation for Share Promotion; the deputy member of the Board and the member of the finance committee of the Sigrid Jusélius Foundation; member of the board of Jalkapallo-Säätiö; member of the investment committee of Svenska Konstsamfund.

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

Main Board memberships and public duties currently undertaken: Member of the Administrative Council of Etera.

Mr Jaakko Uotila

(1949), M.Sc, Pharmaseutics, Helsinki University 1977 and M.Sc of 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: Member of the Board of Medifon Oy and Cisa Oy.

Chief Executive Officer and the Corporate Executive Board

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 appointed by the Board of Directors. 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. Mr Veli-Matti Mattila served as CEO in 2014.

Elisa's Corporate 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 impacts on Elisa.

Information on the CEO

The total salary paid to CEO Veli-Matti Mattila in the financial year was EUR 618,882.02 consisting of a fixed salary including taxable benefits (EUR 21,521.78), and a performance-based bonus (EUR 62,940.24). The performance-based bonus can total a maximum of 90 per cent of the taxable income.

Elisa's CEO is part the long term share-based incentive systems for the key personnel in the Elisa Group (see Incentive plans for key personnel).

Elisa's CEO is entitled to retire at the age of 60. The supplementary pension arrangement is based on a defined contribution plan. The supplementary pension insurance contribution that covers the pension as of the age of 62 was EUR 134,415.36 for 2014. The additional liability accrued with regard to the age of 60 and 61 (EUR 14,690) was entered in the company's balance sheet. Elisa's CEO is entitled to a paid-up pension.

The period of notice for the CEO is 6 months from Elisa's side and 3 months from the CEO's side. Should the contract be terminated by Elisa, the Chief Executive Officer is entitled to receive a severance payment that equals the total salary of 24 months minus his or her salary of the period of notice. CEO Veli-Matti Mattila held 74,447 shares in Elisa on 31 December 2014.

Corporate Executive Boards' holdings in Elisa	Number of shares, 31 Dec. 2014
Mr Veli-Matti Mattila, CEO	74,447
Mr Timo Katajisto, Executive Vice President, Corporate Customers	0
Mr Jari Kinnunen, CFO	26,461
Mr Asko Känsälä, Executive Vice President, Consumer Customers	63,753
Mr Pasi Mäenpää, Executive Vice President, New Business Development	10,089
Mr Vesa-Pekka Nikula, Executive Vice President, Production	6,255
Ms Merja Ranta-aho, Executive Vice President, HR	597
Ms Katiye Vuorela, Executive Vice President, Corporate Communications	4,812
Mr Sami Ylikortes, Executive Vice President, Administration	19,543

Members of the Executive Board

Veli-Matti Mattila

b. 1961, M.Sc. (Tech.), MBA
Joined the company in 2003

Main occupation: Chief Executive Officer

Key employment history: CEO of Oy L M Ericsson Ab 1997–2003. 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 Swiss Ascom Hasler AG.

Main Board memberships and public duties currently undertaken: Member of the Board of Directors of Sampo Ltd, member of the Supervisory Board of the Finnish Fair Association, member of Representative Assembly of Confederation of Finnish Industries EK, and member of the Board of Directors of the service sector employers' association called PALTA.

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.

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.

Asko Känsälä

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.

Main Board memberships and public duties currently undertaken: Deputy Chairman of the Board of Directors of Ficom (2014).

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.

Vesa-Pekka Nikula

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.

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.

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.

Sami Ylikortes

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.

Incentive plan

The Corporate Executive Board incentive plan

Members of the Corporate Executive Board are paid a total salary, which includes salary in money and taxable benefits for the use of a company-owned car and telephone.

In addition, members of the Corporate Executive Board are paid a performance-based bonus based on financial targets set by the company's Board of Directors.

Elisa's Corporate Executive Board is covered by the company's long-term share-based incentive scheme. The total salary paid to members of the Executive Board in the financial year was EUR 2,022,238.95 which consists of a fixed salary, including taxable benefits (EUR 53,779.23), and a performance-based bonus (EUR 336,585.52).

Elisa's Corporate Executive Board is part the long term share-based incentive system for the key personnel in the Elisa Group (below, Incentive plans for key personnel).

The members who joined the Elisa's Corporate Executive Board before 2013, with the exception of the CEO, are entitled to retire at the age of 62. The pensions are based on a defined contribution plan. The annual supplementary pension insurance contribution in respect of the Corporate Executive Board was EUR 116,005.39. The members of the Corporate Executive Board are entitled to a paid-up pension.

The salaries and other remuneration of the CEO and other members of the Corporate Executive Board, as well as their long-term incentive schemes, are decided upon by the Board of Directors. Remuneration is updated at the company website www.elisa.com

Incentive plans for key personnel

Performance Share Plan for 2014

On 11 December 2014 Elisa's Board of Directors decided on a new share-based incentive plan for the key personnel. The aim of the new plan is to combine the objectives of the shareholders and the key personnel in order to increase Elisa's value, to bind the key personnel, and to offer them a competitive reward plan based on earning Elisa shares. The Performance Share Plan is directed to a maximum of 200 people.

The new Performance Share Plan includes three three-year 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 potential reward of the Plan from the performance period 2015–2017 will be based on earnings per share (EPS), on the new business revenue and on other essential goals.

The rewards to be paid on the basis of the performance period 2015–2017 correspond to the value of an approximate maximum total of 700,000 Elisa shares (including also the proportion to be paid in cash). The potential reward on the basis the performance period 2015–2017 will be paid partly in shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

Performance Share Plan for 2011

On 19 December 2011, Elisa's Board of Directors decided on share-based incentive systems for the key personnel in the Elisa Group.

The Performance Share Plan, includes three performance periods, the calendar years of 2012–2014, 2013–2015 and 2014–2016. The rewards equal at most the value of some 3.3 million shares in Elisa. The Board of Directors will decide on the Plan's performance criteria and their targets at the beginning of each performance period.

The Plan's potential reward over the performance period of 2012–2014, 2013–2015, and 2014–2016 is based on the increase in the Consumer Customer and Corporate Customer segments' new business revenues and on Elisa's earnings per share (EPS). In 2015, 2016 and 2017 respectively, the reward will be paid partly in the company's shares and partly in cash. The portion payable in cash covers taxes and tax-like costs arising from the reward. No reward is paid if a key person's employment ends before the reward payment. The Plan's target group consists of about 160 persons and the rewards equal at most the value of some 1 million shares in Elisa for each year, including the portion payable in cash.

Restricted Stock Plan for 2011

The Restricted Stock Plan covers the calendar years of 2012–2018. The lock-up period for the rewards paid through the Restricted Stock Plan is about three years. The reward is paid only if a key person's employment is valid when the reward is due to be paid. The rewards to be paid through this stock plan equal at most the value of some 0.5 million shares in Elisa, including the portion payable in cash. On 11 December 2014 Elisa's Board of Directors decided to implement the Restricted Stock Plan. The lock-up period of the rewards to be granted on the basis of the plan consists of one-year and two-year periods.

Description of the key features in the internal control and risk management systems associated with the financial reporting process

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, and that they have been prepared in compliance with the laws, regulations and generally accepted accounting principles, as well as with other regulations applicable to public listed companies. 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, goal-oriented management, and on the described and monitored processes, practices, policies and guidelines. Elisa's financial administration is responsible for the internal controls of financial reporting.

Annual business and strategy planning processes and target-setting, 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 appraisal based on the scorecard and performance-based bonus system. Individual targets and objectives are set in appraisals and target-setting discussions, and results and operations are assessed particularly from the value perspective.

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 risks.

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

Controls

Control measures consist of automatic and manual reconciliations, 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 information system access rights management, authorizations, 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 in its meetings and investigates the causes and reasons for any changes in the rolling monthly forecasts. Financial reporting is ensured also by comprehensive and analytic reporting of operative metrics, drivers and key figures, and continuous development of the reporting.

Financial information and communication

External Communications

The objective of Elisa's external communications is to provide timely, equal, transparent and accurate information to all interest groups at the same time. Communications must comply with all the laws, regulations, instructions and other rules applicable to listed companies. Information is communicated through stock exchange and press releases, and on the company's website. Elisa's financial information may only be disclosed by the CEO, CFO, IR Director, and the Group Treasurer. Elisa has a silent period for the two weeks preceding the disclosure of financial performance information. Elisa's Disclosure Policy is updated at the company website www.elisa.com.

Internal communications

Key instructions, policies and procedures are available to the personnel in the company's intranet and in other shared media. Personnel are also informed of the key instructions and changes in various briefings, by e-mail and through everyday supervisory work. Training and guidance on how to comply with the rules and requirements are arranged as necessary. In addition, regular information and training are provided to the financial organisation, particularly regarding any changes in accounting, reporting and disclosure requirements.

Control

The Board of Directors' Audit Committee is tasked with supervising the proper organization of the company's accounting and financial administration, internal and financial auditing and risk management. The Board of Directors reviews and approves interim reports and financial statements bulletins in its regular meetings prior to publication. Elisa's Board of Directors and Corporate Executive Board monitor the Group's and the business units' results and performance on a monthly basis. Elisa's financial administration continuously assesses its own controls for functionality and sufficiency. In addition, Elisa's internal auditing function audits the reliability of financial reporting within the framework of its annual audit plan.

Risk management

Risk management is described in more detail under sections Charter of the Board, the Audit Committee and Description of the key features of the internal control and risk management systems associated with the financial reporting process. The company classifies risks into strategic, operational, hazard and financial risks.

Elisa's insurable risks are identified and insurance cover is managed by external insurance broker. Insurance broker assist the company to assess the value and probability of the insurable risks.

Internal auditing

The purpose of internal auditing is to assist the organization 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 The Board of Directors and company's senior management. Reports on completed audits are submitted to the CEO, the Board of Directors and the management of the unit audited, and to the Audit Committee, when necessary.

International internal auditing standards (IIA) form the foundation for internal auditing. Internal auditing is independent of the rest of the organization. The starting point for internal auditing is business management and the work is coordinated with the Auditors. 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 Corporate Executive Board.

Auditors

The auditors' principal duty is to ensure that the financial statements have been prepared in accordance with the valid regulations, so that the statements 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 key goals are: to ensure that internal controls and risk management have been duly organized and the organisation operates in compliance with instructions and within the framework of issued authorisations. The mutual division of labor between external and internal auditing is organised so that internal auditing will ensure that the organisation operates in accordance with the company's internal guidelines.

According to the company must have at least one and at most two authorized auditors. The auditing company must be duly authorised by the Central 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.

The company had one authorized auditor in 2014. Elisa's auditor was KPMG Oy Ab, authorized public accountants, with Mr Esa Kailiala (APA) serving as principal auditor.

For the 2014 financial period, the auditing fees of the Finnish group companies totaled EUR 252,145.54, of which the parent company accounted for EUR 194,223.97. The auditing fees for the foreign group companies were EUR 23,000.00.

The auditing company has been paid fees of EUR 285,858.60 for services not associated with auditing. These services had to do with mergers and acquisitions, tax services, a review of regulation accounting and other expert services. The fees include payments to a trainings provider Teleware, which is part of the KPMG Group. These payments totaled EUR 64,100.00 and related mainly to Elisa's actual operations.

Company insiders and insider administration

Elisa has adopted the Insider Guidelines prepared by the Helsinki Stock Exchange, which entered into force on 1 July 2013.

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 principal auditor for the company within the auditing firm. In addition to this, the public insiders also include the members of Elisa's Executive Board. Information concerning insiders as required by law is published in Elisa's public insiders register. This information also includes persons closely associated with the public insiders, i.e. related parties, and corporations which are controlled by the related parties or on which they exercise an influence. Information about 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 the 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 should consider its 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 (=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, those involved in any insider projects must not trade in the company's securities during the project.

Responsibility at Elisa

Elisa's more than 130-year journey has been characterised by making new discoveries and challenging prevailing practices. We are pioneers in building a digitally and socially sustainable society. We operate in the data communications and ICT business, with the task of improving the usability and accessibility of electronic services and developing the entire society to be economically, socially and ecologically more sustainable and competitive.

Changes in the market environment play an important role in all business. Megatrends that are increasing demand in our industry include the ageing of the population, urbanisation, the Internet of Things, and especially, digitisation, which will rapidly affect every industry.

We develop our services along with their usability and accessibility for the benefit of our customers. Our task is to assist our customers in grasping the opportunities our swiftly digitising world offers them. Comprehensive, easy-to-use electronic services can significantly increase productivity in both the public and private sectors. Increased productivity and competitiveness, in turn, enable economic growth and better employment.

All this promotes an active digital society that strengthens social and regional equality. The use of mobile data, in particular, is continuing to expand rapidly. It offers new opportunities for sparsely populated areas and for teleworking, as ICT services and data are continuously available online.

The ICT and communications industry is a key provider of low-emission, energy-efficient and environmentally friendly alternatives, for example in the fields of transport and property. Operators and providers of videoconferencing services play a special role in cutting carbon dioxide (CO_2) emissions as new ways of working proliferate.

Responsibility report

This is Elisa's second, verified corporate responsibility report in accordance with the Global Reporting Initiative (GRI). This report aims to describe the key principles and measures according to which we have developed our responsible operations during 2014 and will continue do so. The report also describes our impact on the surrounding society and the environment. The key policies of Elisa's corporate responsibility are published on the responsibility section of our website.

The report pays particular attention to those GRI indicators for corporate responsibility reporting that best describe factors material to our operations. The report focuses on the Group level; in some of our subsidiaries, the reporting is still under development. The responsibility report is particularly directed towards our customers, owners, and current and future personnel.

Responsibility is based on values and strategy

Our mission: Bringing experiences and productivity into everyday life

Our vision: To be an international provider of ICT and online services and the brand of excellence

Our strategy consists of three areas:

- Build value from data
- Accelerate new service businesses
- Improve performance with customer intimacy and operational excellence

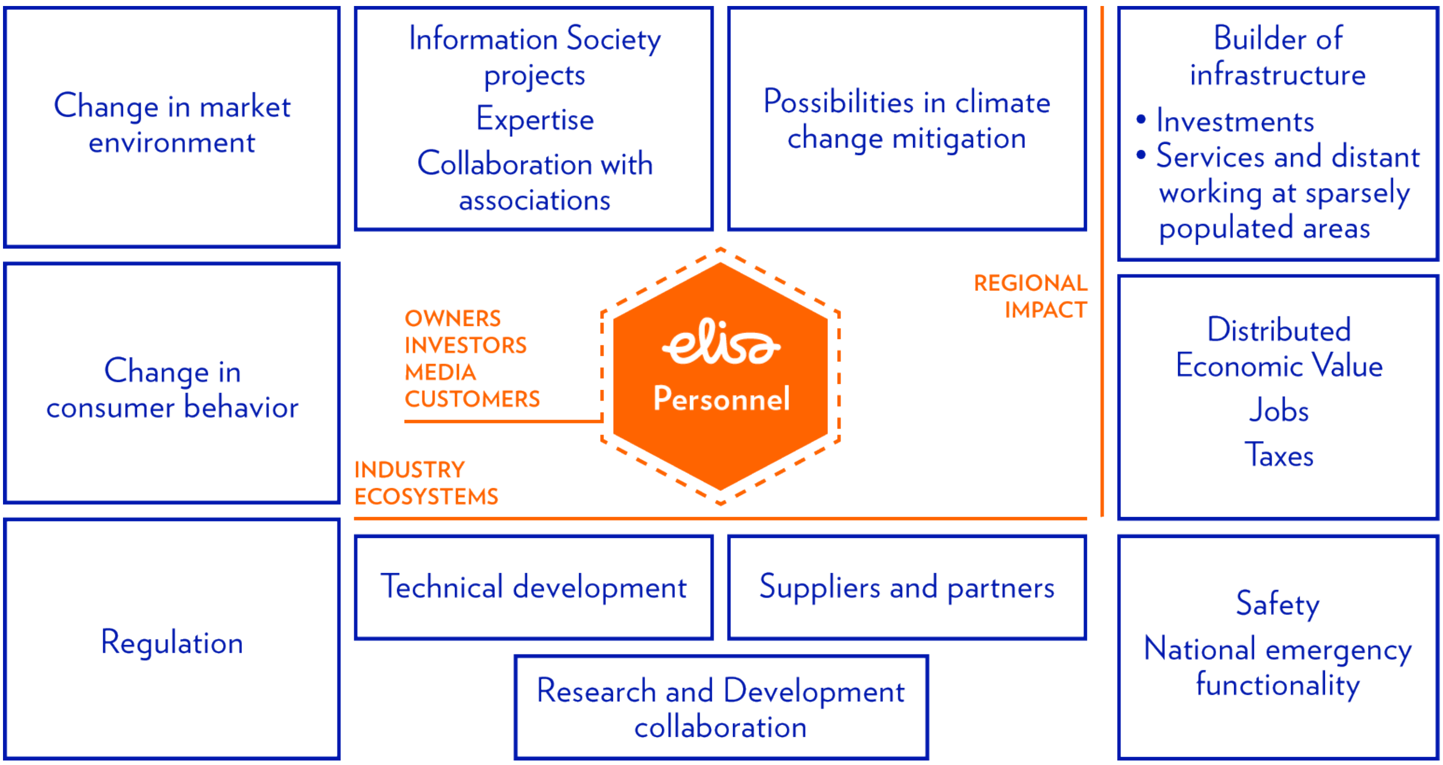
The continuous improvement of Elisa's corporate responsibility is based on the company's strategy and values, which are customer orientation, responsibility, results and renewal. In the values section of our website, we describe in more detail how these values guide our daily work.

We systematically monitor our strategic goals concerning corporate responsibility and impacts of climate change as well as development of the controls of carbon dioxide emissions. Social responsibility is monitored through personnel resources and customer satisfaction surveys. Customer orientation is monitored according to the NPS (Net Promoter Score®) indicator.

At Elisa, responsibility is implemented as a significant constructive investment in society including:

- new sustainable services that are available to all Finns
- enthusiastic, developing personnel
- investments and ability to pay taxes

ELISA'S IMPACT



Since 2013, we have more extensively included responsibility considerations in the development and management of our operations, and during 2014 we have also made them more visible in our internal and external communication.

Our responsible way of operating is particularly highlighted in challenging situations, which always include opportunities to learn and develop. In 2014, one such situation occurred with the exceptional interruption in our broadband services that momentarily affected broadband connections nationally.

Management of corporate responsibility

Corporate responsibility aspects are included in the company's strategy work, which is managed and prepared by *Elisa's Executive Board*. The Executive Board monitors the profitability of our operations and deals with matters with significant financial or other effects in accordance with the strategies and objectives decided by the company's Board of Directors, in line with risk assessments. The Board's Audit Committee discusses corporate responsibility matters based on proposals from the Executive Board.

The corporate responsibility policies and decisions are prepared by the *managerial board for corporate responsibility*, which includes representatives of the business units and support functions. The Executive Vice President of Administration represents Elisa's Executive Board. The managerial board for corporate responsibility is chaired by the *Corporate Responsibility Manager*; it convenes every three weeks to review corporate responsibility considerations as part of the process of planning and assessing Elisa's operational activities. The managerial board also prepares matters for Elisa's Executive Board. During 2014, the Executive Board discussed corporate responsibility issues three times as separate items.

Elisa's corporate responsibility function is part of the Administration unit, and the Corporate Responsibility Manager is included in the managerial board for administration. Elisa's corporate responsibility function coordinates with business operations to develop energy-efficiency and sustainability of services, and acts in close cooperation with experts in communications, finance, security, HR and government affairs.

Responsibility assessments are conducted by expert groups. The *social responsibility working group* develops the diversity work, both internally and as part of the customer experience.

The *energy working group* examines energy consumption and savings measures in key operating areas (Finland and Estonia), sets goals for energy-efficiency, and develops carbon footprint measurements. The energy working group reports to the managerial board for corporate responsibility.

The assessment of risks and opportunities from environmental, social and administrative viewpoints began in the *risk assessment working group* at parent company level towards the end of 2014. The task of risk management is to ensure that we have reasonable assurance of the reliability of the financial statements and financial reporting. A more detailed description of risk management is available in the Corporate Governance Statement.

The *sourcing chain working group* examines sourcing-related responsibility risks and their weighting in Elisa's operations.

Elisa's corporate responsibility work progressed significantly during the year, and awareness has improved. We continue to see a great deal of opportunities in the development of responsibility.

Achievements in 2014 and activities for 2015

Achievements in 2014	Activities for 2015
Units objectives with carbon dioxide transparency	Implementation of the diversity assessment tool
Deepening of expertise in human rights and diversity matters	Systematisation of sourcing chains responsibility assessment
Risk assessment from the corporate responsibility perspective	Description of the risk and opportunity process
Strengthening of communications both internally and externally	Preparation for the G4 level of responsibility reporting

Impact of climate change and its management

Impact	Description	Impact assessment	Risk management/ opportunity
Changes in taxation	Changes in taxation caused either directly or indirectly by climate change, e.g. taxation of electricity and the transfer of electricity and a potential carbon dioxide tax	Change in energy taxation affects Elisa's expenses. The 2015 tax raise of 0.3% in electricity related emissions will cost 24 000 euros. (Tax is based on consumption)	Optimisation of the energy consumption of the data communications network, introduction of energy-efficient solutions and sourcing of renewable electricity. Energy-efficient operations reduce operational expenses and enable Elisa to offer solutions to customers at a competitive price.
Changes in regulation	The EUs Energy Efficiency Directive requires large companies to conduct one company-level energy audit and one energy audit per site no later than in 2015, and thereafter every 5 years. In the future, the Climate Act may specify new requirements for companies.	It potentially increases the need for more detailed measuring and monitoring of energy consumption.	We are preparing to respond to the requirements of the Energy Efficiency Directive. Customers may also achieve their own energy-efficiency objectives with products and services from the ICT industry.
Extreme weather phenomena	Climate change causes extreme weather phenomena that mainly cause a threat to Elisa's mobile networks. Storms can cause power cuts and service interruptions.	In 2014, there were 2 serious disruptions caused by natural phenomena. The growth in the number of disruptions results in higher personnel and equipment replacement costs.	Elisa performs real-time and comprehensive monitoring of disruptions in the network, enabling identification and rapid repair of disruptions. The demand for real-time measurement and monitoring services will rise in the future.
Changes in average temperature	The rise in average temperatures and heat waves will increase the need for cooling in Elisa's telecom facilities, data centres and office facilities.	Costs will increase due to investments in cooling equipment and the increased consumption of electricity. On the other hand, for mobile sites, the technology is moving outside.	Elisa has a data centre in Espoo that reuses the heat generated in the data centre in the district heating network.
Stakeholders increasing environmental awareness	Climate change increases the environmental awareness of Elisa's stakeholders. Reporting to various stakeholders is growing, and the requirements for environmentally friendly operations are increasing.	Any failure to respond to the increasing requirements of our stakeholders will affect Elisa's reputation.	Elisa's services allow the building of a low-carbon society. Growth in Elisa's business operations, such as the visual services business and other ICT services. May also give rise to new business.

Internal principles

Our privacy protection principles, how we process identification data in communication, the principles of how we handle customer data, our disclosure policy to be published at the turn of the year, and our conflict of interest policy are publicly available on our website.

In addition, the following internal policies are crucial from the point of view of responsibility and sustainable operations:

- Code of Ethical Purchasing
- Personnel policies, including principles of equality
- Marketing Guidelines
- Risk Management policy
- Data Security policy

Elisa´s privacy protection practices and policy were developed further towards the end of 2014.

The internal guidelines, policies and procedures are available to all personnel on the company´s intranet. Key instructions and changes are also communicated in briefings, by e-mail and through everyday supervisory work. In addition, we provide regular training and guidance on how to operate in accordance with the rules and requirements.

Internal auditing supports us in achieving our objectives by assessing and examining functions and by supervising compliance with instructions. Analyses, assessments, recommendations and information are produced for the company´s top management. The results of these assessments are communicated to the President and CEO, the management of the element being assessed and, as necessary, the Audit Committee. Our internal audit operations are based on the International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors.

Initiatives and memberships

We have signed the European Telecommunications Network Operators Associations (ETNO) corporate responsibility initiative and the Diversity Charter of Corporate Responsibility Network FIBS . Accordingly, we as a group have committed to developing our management and service practices responsibly and taking into account the principle of diversity.

We are also among the signatories of the European Framework for Safer Mobile Use initiative of the GSM Association.

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Case: Habbo, the main product of Elisa´s subsidiary Sulake Ltd is designed for 13-to-18-year-olds in English or Spanish-speaking countries, in particular. Sulake Ltd has signed the CEO Coalition action programme aimed at making the Internet safer for children. Sulake works determinedly to ensure that the procedures for maintaining a safe online environment for children are transparent and among the best in the industry.

Elisa has significant memberships of the following associations, among others:

- Confederation of Telecommunications and Information Technology (FiCom ry)
- TIEKE Finnish Information Society Development Centre
- Service Sector Employers PALTA
- Finnish Direct Marketing Association

We operate as expert representatives in these associations and participate actively in discussions within them. In addition, we influence the development of society through statements and other activity.

Material themes and perspectives

Elisa defined its material themes for corporate responsibility for the first time in 2013. We selected the indicators that best describe our key financial, social and environmental impacts. We looked at materiality particularly from the perspective of our key stakeholders, such as our personnel and customers. The most important perspectives we recognised were connected to reliability, security and availability of services.

Material themes were divided into three groups most indicative of our operations. During 2014, we specified these material themes and perspectives further in managerial board discussions. While our thinking on corporate responsibility became broader and more concrete, the managerial board for corporate responsibility specified the content and emphasis of the material themes further from the point of view of our operations:

- The service received and experienced by all customer groups is of primary importance. From the customers point of view, the security and environmental impact of our products and services are just as important, as well as the correctness of customer communications.
- The pace of technical development in our industry is accelerating, and the importance of personnel development and well-being at work is increasing.
- Key issues from the perspective of a functional society are the transparency and ethics of purchasing, influence on the development of the information society, the reliability of communication networks, and our own energy efficiency.

MATERIAL THEMES OF RESPONSIBILITY

Experiences and productivity

Responsibility for customers

- Customer satisfaction
  - Availability and reliability of services, ease of use and accessibility
  - Product and service information, reliability of customer communication
- Product safety
  - Privacy and information security
- Low carbon services

Developing personnel

- Transformation of work
- Diversity at work
- Personnel development
  - Learning collaboration
- Well being
  - Sense of community and safety at work

Sustainable value for society

- Elisa Carbon footprint
  - Energy efficiency

Responsible sourcing
  - Resource efficiency
  - Material efficiency
- Economic impact
- Securing national functionality in emergency situations

Stakeholders

Elisa's personnel are our most important stakeholders. Other key stakeholders include our customers and owners, social and public stakeholders, subcontractors and research organisations. Social and public stakeholders include the authorities, officials, politicians, NGOs and other organisations. External stakeholders have been approached from both customer and decision-maker perspectives.

During the year, we significantly increased the amount of communication to personnel about responsibility topics and initiatives through compact online briefings, directed training and briefings for management teams. We also regularly – and significantly more than we previously did – communicate about responsibility over the intranet and in Elisa's monthly personnel newsletter.

Efficient internal communication promotes awareness of the issues that were highlighted in the personnel survey carried out in 2013: caring for personnel, safety of products and services, equality within the work community and carbon footprint calculation.

In 2014, we adopted T-Media's Reputation survey as one external indicator of responsibility communication. Development of responsibility work can be monitored through the sectors of the survey. For greater clarity in measurement of effect we separated specific responsibility issues that are monitored every six months:

- Elisa operates correctly and responsibly, taking society and the environment into account
- Elisa is building a digitally and socially sustainable society
- Elisa invests comprehensively in Finland
- Elisa acts in an environmentally friendly manner
- Elisa complies with high-level data security and privacy protection guidelines

In the telecommunications industry, legislation and decisions by the authorities greatly impact the operating environment for companies. We follow legislative developments relating to the communications industry, both in Finland and in the broader European Union. We actively communicate to decision-makers and legislators on how their proposals will impact the operating environment, and on our needs to develop it. Key bodies include: the Ministry of Transport and Communications; the Finnish Communications Regulatory Authority; consumer, competition and data security authorities; and the parliamentary Transport and Communications Committee.

Key decision-makers include ministers and their special advisers, members of parliament, key officials and opinion leaders, as well as EU decision-makers. With regard to government affairs and expert work, we comply with good practices and general principles regarding decision-maker communication in order to maintain the varied cooperation necessary for our operations. The means and channels for decision-maker communication include direct personal contact and influence, as well as meetings and events.

In 2014, we revised our Conflict of Interest policy, which describes Elisa's good business practice and attitude to corruption. The Conflict of Interest policy has been actively reviewed in information briefings and internal communication.

Stakeholders and means of dialogue

Personnel	Customers	Owners, investors and analysts	Contractors, partners	Social and public stakeholders	Research institutions and universities
Appraisal and development discussions	Customer service channels	Media	Cooperation with partners	Participation in public projects about the information society	Cooperation with researchers
Internal website	Website and social media	AGM	Code of Ethical Purchasing	Operating as an expert in industry bodies and organisations	
Daily supervisory work	Customer satisfaction surveys	Investor roadshows		Meetings and cooperation	
Personnel surveys		Stock exchange bulletins		Cooperation with organisations and associations	
Internal information briefings					

Developing personnel

Elisa´s success is based on the work and well-being of our skilled staff with a capacity to evolve. Elisa´s values, management principles and standards of excellence guide our daily work. In 2014, the focus area in management was to improve everyday management.

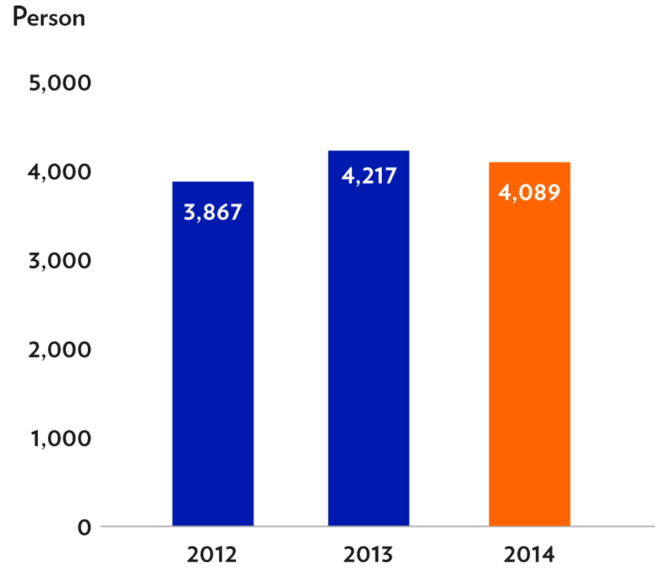
The ICT industry develops rapidly. This affects the content of work, working methods, tools, the working environment and management. Significant financial and environmental savings can be achieved by teleworking.

For years already, we have been developing and introducing solutions for teleworking and virtual working. Mobile work is also becoming more common in working life, in contrast to the traditional form of working at fixed locations in office conditions. In 2014, we continued piloting various forms of teleworking and virtual working in new target situations, such as telephone customer service, in addition the more typical IT work. In other expert work, our flexible practice of location-independent work has already become a continuously evolving way of working.

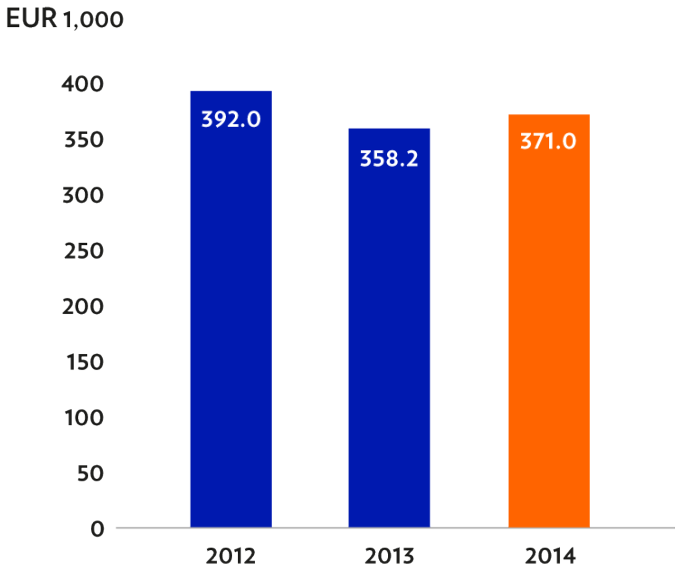
At Elisa Corporation, we performed an average of 70 days of teleworking per person in 2014, which saved a significant amount of time and energy spent on commuting. We held 202 771 virtual meetings. For more and more of us it is possible to work anywhere and anytime. As we carry the devices of the information work on us, the boundaries between work and leisure are getting blurred. For some of us this means a better possibility to combine work and family, but for some this might be a stress factor. This change in working conducts requires trust and open collaboration as well as clear target setting to be well managed.

Elisa Corporation has been determinedly developing the expertise of its personnel for a long time now. With regard to the subsidiaries, the process of harmonising the Group´s shared operating models and reporting is still ongoing.

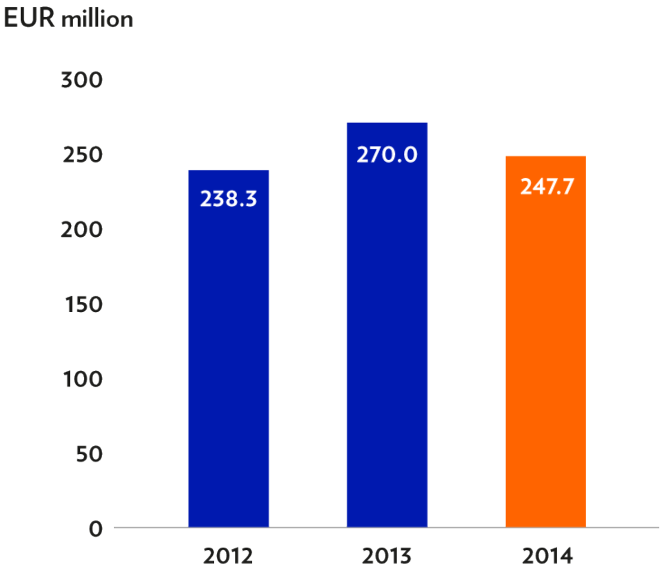
NUMBER OF EMPLOYEES



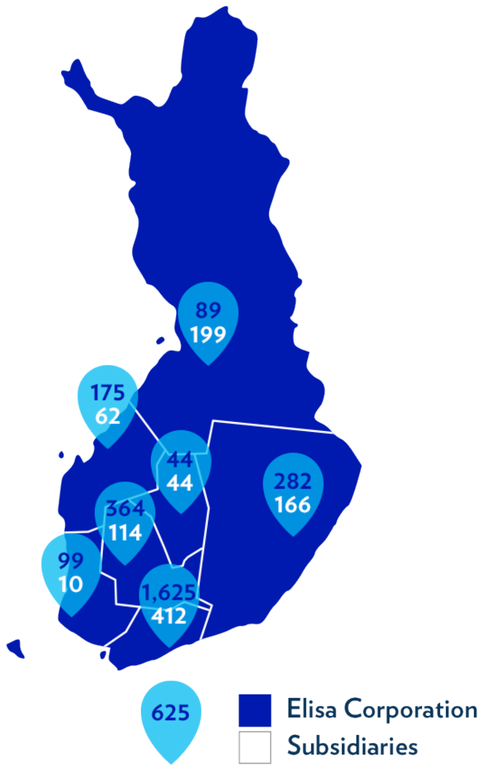
REVENUE PER EMPLOYEE



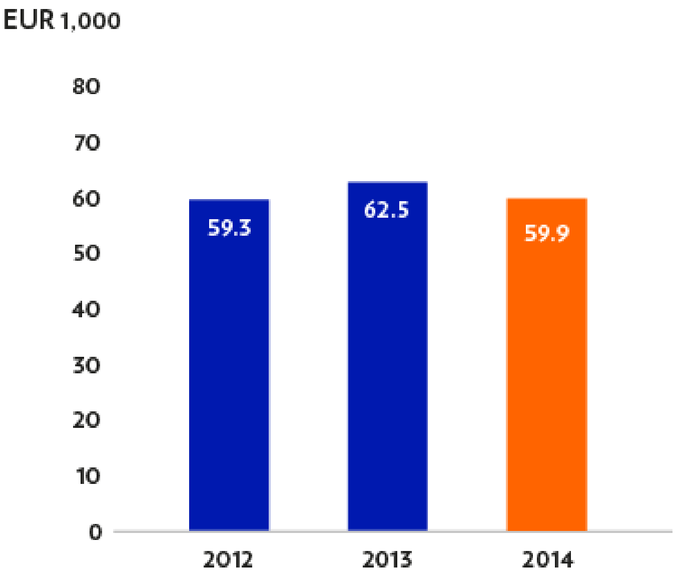
PERSONNEL COSTS



PERSONNEL IN FINLAND AND ESTONIA 31 DEC 2014



PERSONNEL COSTS PER EMPLOYEE



Mobile work solutions and CO_2 savings in Elisa

	2012	2013	2014
Distance working days / person	44	52	70
Virtual meetings	67,486	125,850	202,771
Carbon dioxide savings	3,627	4,198	4,416

Supervisory work development

In 2014, we invested particularly in everyday management. The goal of everyday management is to increase opportunities for teams and personnel to interact with and influence each other, and to manage the performance of expert teams as well. We want management to be exciting, target-focused and educational.

The key part of Elisa's management system is the appraisal and development discussion every employee has with their supervisor twice a year. In these discussions, we implement our strategy, agree objectives, assess our operations and performance, and plan our personal development. In 2014, we held 4,685 appraisal and development discussions.

We implemented a long-term coaching programme focusing on middle management and people performing challenging expert duties in 2014. In addition, we organised a total of 33 days of orientation for new supervisors and long-term supervisor coaching related to Elisa's management practices. An average of more than 20 people participated in each coaching day or event.

Personnel development

We are developing 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%). We encourage all Elisa employees to expand their expertise by job rotation. During 2014, some 210 Elisa employees participated in job rotation.

With the new, statutory expertise development operating model, the number of training hours and training plans per employee are monitored precisely. Keeping statistics on training concerns the parent company and the reporting of subsidiaries is under development. In 2014, Elisa employees in Finland received an average of 33 hours per person of training, of which 18.6 were tax-deductible.

We develop our employee's professional skills through setting targets in line with our strategy. We organise diversified training for every level of the organisation in the subsidiaries as well to develop their professional skills, customer service, sales, services, products, technologies and systems.

In 2014, a total of 120 Elisa employees took part in extended coaching programmes. Approximately 50 Elisa employees participated in the Specialist Qualification in Management (JET), the Further Qualification in Secretarial Studies, and the Further Qualification in Sales. Our entire personnel actively took part in shorter training events lasting from a couple of hours to a few days. Elisa personnel could also apply for self-motivated training according to the long-term development model.

Training related to data security is crucial in our operations. Of Elisa's employees 571 people, 283 people from our partner companies, and 10 people working directly with corporate security completed personal data processing training. 544 people of the Elisa personnel, 260 people from our partner companies, and 11 people from corporate security completed handling of communication meta data (CMD) training. Sourcing personnel also participated in training dealing with human rights issues organised by the Ministry for Foreign Affairs.

In early 2014, the entire organisation participated in a project to strengthen our corporate culture. Towards the end of 2014, more than 3,600 people – 75 per cent of Elisa's employees – took part in the Value Dialogue discussion online. In the Value Dialogue, we defined and clarified our corporate culture through discussions and sought to strengthen our operations in accordance with Elisa's common values. A summary of the discussion along with its conclusions will be prepared during the early part of the year.

> Case: As a member of Corporate Responsibility Network FIBS, Elisa has signed its Diversity Charter. In June, we became the first company in Finland to pilot the new diversity management manual. Approximately 20 Elisa occupational health and safety delegates and HR personnel participated in the pilot project by processing diversity management topics in groups. The pilot identified factors and activities related to diversity which will help us increase awareness of an international, equal and diverse working culture.

Well-being at work

We measure the well-being of our personnel through an extensive annual personnel survey and a quarterly survey on resilience. At the end of December we achieved an all-time high results of 3,89. According to the survey, our strengths include activities in communication and supervisory work as well as more defined targets. There is still work to be done to achieve the target result of 4,0 but the current direction is clear. These strengths are supported by the annual appraisal and development discussions every employee has. Job satisfaction ranked very highly compared with reference groups of experts in 2014 as well.

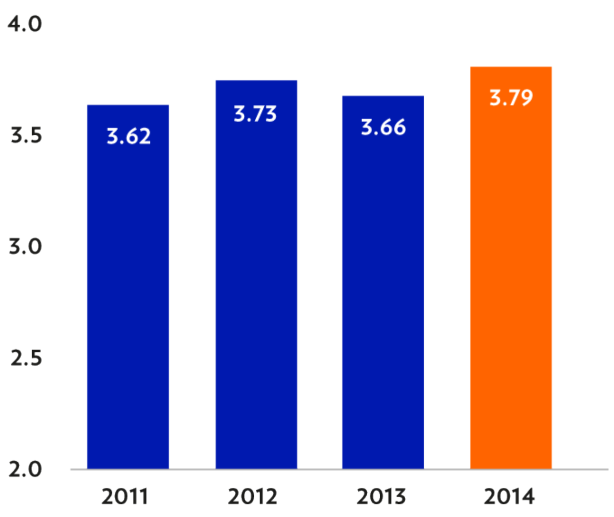
Our occupational health, insurance, parental leave and pension benefits are not dependent on the duration or part-time nature of employment. In Finland, approximately 96 per cent of our personnel are covered by collective agreements. In Estonia, the sector does not have comprehensive collective agreements. Minimum salaries paid outside Finland also exceed the statutory or otherwise defined minimum amounts. Detailed information on pension security is provided in the annual report.

We take care of our personnel's right to healthcare , sick pay and personal protective equipment in compliance with collective agreements. Cooperation with occupational healthcare services encourages Elisa employees to take care of themselves and their health. In 2014, we started to develop a cooperation process for occupational healthcare and HR to provide support in maintaining working capacity. Our disability pension contributions in 2014 were in category 3, which has been achieved through a good early intervention policy and proactive rehabilitation measures, which guarantee the preservation of employee's working capacity and employment in productive work even beyond retirement age.

The cooperation between occupational healthcare and immediate supervisors is active and has produced results in cases where the employee's ability to function failed and action was necessary to restore their working capacity. In addition, well-being activities are supported by our additional benefits that are available to all employees. Good physical condition and health contribute positively to coping at work. In addition to traditional occupational healthcare, we offer medical services to the children of our personnel as a benefit subject to tax. In 2014, our absence rate was 3.1.

Regular supervisor coaching by occupational health experts deals with ways to handle difficult issues and is part of Elisa's proactive intervention model. In addition, we implemented coaching for support of change for supervisors and employees in various localities. We also organised a Working Environment Forum and a Well-Being at Work event for personnel.

RESILIENCE INDEX



Employer-employee cooperation

It has been agreed locally at Elisa Corporation that changes or decreases affecting personnel under chapters 6 and 8 of the Act on Co-operation within Undertakings will be implemented in accordance with Elisa's own change planning process, which clearly exceeds the requirements of the Act. Our subsidiaries comply with the cooperation procedure in accordance with the act.

We initiate a change planning process every time the business is required to undergo changes requiring cooperation negotiations that affect the number of employees, their job descriptions or other key factors related to work.

We consider it important that personnel can influence changes by actively participating in the planning, continuous improvement and implementation of conditions, operations and processes. Our aim is for each change project to increase our personnel's job satisfaction.

In accordance with the Act, representatives of personnel groups are included in the management team of each unit. The cooperation body of the parent company – the chief shop steward group – convenes every three weeks to discuss matters pertaining to the company and pursuant to the Act on Co-operation within Undertakings.

If some positions cannot be placed in the renewed organisation, we will, together with our partners, ensure as well as possible that new training or employment opportunities are found for the affected persons. In 2014, we invested in contact with recruitment companies in addition to providing coaching for traditional job-seeking.

The working environment and daily work are also influenced by other forms of cooperation. The CEO convenes a quarterly meeting to discuss key issues related to business, with an emphasis on personnel issues. The meeting involves the executive management, HR and representatives of the personnel. Moreover, a meeting of Group CEOs is held when the annual financial statements have been prepared, in which representatives of subsidiaries' personnel and their CEOs are also included.

Diversity in the workplace

Elisa has signed the Diversity Charter of Corporate Responsibility Network FIBS. We also publicly supported marriage equality in the autumn of 2014 when this was being discussed in Parliament. In our foreign offices, we favour local expertise. We have a zero tolerance approach to all forms of discrimination.

Our annually updated equality objectives are based on recorded equality principles. In 2014, we approved objectives for equal pay, womens participation in management teams, lowering language barriers and equal opportunities for teleworking. 29 per cent (28 per cent) of Elisa's supervisors are women.

> Case: We lowered cultural barriers at the Multicultural Awareness event organised as part of the customer relationship management and delivery development project of the corporate customer business. Close to 100 Elisa employees and personnel of our Indian partner Tata Consultancy Services participated in the event in December, with the objective of making it easier to cooperate by increasing understanding of other cultures and ways of working.

Age and gender distribution in Elisa Corporation's administrative boards, management teams and personnel overall

	Number of women	< 40	40–50	> 50	Total
Board of Directors	2	0	5	4	9
Elisa's Executive Board	3	0	1	6	7
Management teams of business units	33	12	46	21	79
Managerial board for corporate responsibility	4	2	6	2	10
Entire personnel	967	1,275	789	614	2,678

Occupational safety

The occupational safety delegates and deputy delegates were elected for a term of four years instead of two in 2012. Their term of office will end at the end of 2015. The working environment committee convened four times. In 2014, the main topics it dealt with were:

- Risk assessments of equipment and telecom facilities and workplace surveys from the perspective of working in common equipment facilities
- Increasing awareness of, and taking into account, diversity in the working community in operations related to the working environment forum
- Coping at work in cooperation with Elisa's regional recreational committees.

During the year, a total of 13 occupational accidents occurred in the parent company, resulting in ten days of sick leave. No deaths due to occupational diseases or accidents took place in the past year. One occupational accident occurred at Elisa Eesti, which caused 23 days of sick leave.

Based on Elisa's activities and the need to improve occupational safety in common workplaces, an occupational safety group was established for the ICT industry a couple of years ago. It engages in highly active operations throughout the year with operators, suppliers and contractors. The group has updated the occupational safety instructions for mast work, as well as for roof and wall work, and prepared a common occupational safety document for sourcing.

In Estonia, Elisa employees receive first-aid training, and protection personnel are trained at least once a year.

Recruitment and cooperation with educational institutions

In recruitment, our objective is to find persons suited to our culture whose expertise strengthens our competitiveness. In 2014, we strengthened our competence particularly in the areas of quality, security and customer understanding.

We directly recruited 205 people to work at Elisa and altogether 1,120 people to the group in 2014. Our subsidiary Enia Oy, which focuses on products and services for telemarketing, hired dozens of new employees in various parts of Finland during the year.

In 2014, we continued to cooperate with a number of educational institutions in the fields of technology and business, as well as universities and higher education institutions.

We have engaged in excellent cooperation with, for example, Aalto University, who send us students for trainee positions who are preparing for international work. The aim is to provide students and staff with opportunities to get a broad first-hand view of working life.

The cooperation focused on job placements, projects, lectures, and thesis and diploma projects completed at Elisa, as well as company visits abroad. In 2014, some 40 people had summer jobs or trainee periods at the parent company.

> Case: We started cooperation with the Karelia University of Applied Sciences in Joensuu in October 2014. The cooperation includes jointly implemented studies, thesis work opportunities offered to students, and jobs and trainee positions at Elisa. Cooperation with the students will continue until they graduate, after which they will be able to apply for full-time jobs at Elisa. Our shared goal is to support the education and employment of young people, and to help their education correspond to the needs of working life even better.

Personnel key figures

	Elisa Group		
	2012	2013	2014
LA1 Personnel in total, 31.12.2014	4,459	4,756	4,546
LA1 Personnel in man-years, 31.12.2014	3,867	4,217	4,089
Permanent contract	4,365	4,675	4,431
Temporary contract	94	81	115
LA1 Personnel			
Full-time employees	3,659	3,921	3,795
Part-time employees	800	835	751
LA2 Total number of new employee hires	1,680	1,189	1,120
LA2 Number of terminated employments	1,476	1,236	911
LA2 Number of terminated permanent contracts	309	443	529
LA2 Employee turnover (Finland)	6%	11%	10%
LA2 Employee turnover, Group excl Enia	8%	11%	13%
LA7 Rates of injury (only Finland)	3.7%	3.4%	3.1%
LA12 Percentage of employees receiving regular performance and career development reviews	87.3%	94.2%	91.9%
LA13 Breakdown of employees and governance bodies by gender			
Men	62.7%	62.7%	62.7%
Women	37.3%	37.3%	37.3%
LA13 Breakdown of personnel by age			
under 30 years	58.7%	57.4%	56.7%
30-39 years	24.5%	24.4%	25.4%
40-49 years	2.1%	2.1%	2.1%
over 49 years	14.7%	16.1%	15.8%
LA13 Breakdown of personnel by employee category			
senior management	3%	4%	3%
middle management	16%	15%	15%
other employees	81%	81%	82%
LA13 Average age of employees	37.4	37.9	38.0

All numbers and comparisons are related to total number of employees

Responsibility for customers

Customer orientation is one of our guiding values and customer satisfaction is important in steering our operations. Our goal is to build an even stronger customer experience in all our business operations. Our renewed brand brings us closer to our customers, so we can help them make their daily lives smoother and offer smart new ways to do familiar things. We want to give more to both our consumer and corporate customers and respond to their varied needs..

In our business, we invest in the trust of our customers, and in well-functioning services and secure information. We invest in predicting disruptions and closely cooperate with energy companies and the authorities in areas such as managing disruptions caused by storms and data security issues.

We continuously develop new services for our customers and work hard to improve their smooth functioning and usability. We pay particular attention to the safety of services intended for children and the elderly. The Consumer Customers and Corporate Customers sections of the annual report provide more information on our services for these customer groups.

Customer satisfaction steers our activities

Customer satisfaction surveys are a key part of our operational development. Our principles for customer satisfaction surveys are available in the responsibility section of our website.

We use the systematic Net Promoter Score® (NPS) indicator as our primary metric to measure customer satisfaction. Elisa's NPS includes both consumer and corporate customer recommendation values. Elisa employees see the most recent NPS score in the intranet; it is updated weekly and included in scorecards and the reward scheme.

We implement NPS studies for both the overall customer relationship and for individual transactions. While the Relationship NPS study focuses on the entire customer relationship, Transactional NPS studies are conducted after each customer encounter by using SMS questionnaires, for example. Customer experiences are also monitored in Elisa shops, as well as on the website and the online shop.

> Case: Elisa's customer service has the fastest response times in our industry, and also performed well in the comparison between industries (Finnish National Broadcaster Yle's test in November 2014). In Yle's test calls, our response time in the morning was just 18 seconds, and 1 minute and 4 seconds in the afternoon. The satisfaction of Finns with our industry has increased over the past four years, and the grades given by corporate customers are now the best in our history (EPSI rating).

Electronic services and communication

In 2014, over 90 per cent of contact with our customer service was electronic, and we continued to invest in improving these services. We combined both Saunalahti´s and Elisa´s services into the OmaElisa self-service portal. We significantly increased our presence and communications in social media channels. We also renewed our online shop and website so that they are also smooth and responsive on mobile terminals.

Our marketing is guided by our internal guidelines based on legislation and the rules of the industry. The Finnish Consumer and Competition Authority supervises and provides guidelines to steer the marketing of the industry. During the past year, we received two more detailed guidelines, and adjusted our marketing accordingly.

The change from paper invoices to e-invoices is a natural part of digitisation. Every year, we send approximately 28 million invoices, of which over 60 per cent are electronic. Moreover, more than 81 per cent of our order confirmations are sent electronically. In 2014, we saved 823 (678) tonnes of carbon dioxide thanks to electronic transmissions.

> Case: According to a study by the Federation of Finnish Financial Services, e-invoices are approximately four times as climate-friendly as paper invoices. We want to support the use of electronic services, but still offer the opportunity to use paper invoices for customers who specifically need them. However, on 24 March 2014, the Market Court prohibited Elisa from charging a separate payment of EUR 1.90 or more for sending paper invoices under agreements concluded with consumers on mobile phone subscriptions. The Market Court did not, however, entirely prohibit paper invoices from being subject to a charge. On 28 October 2014, the Supreme Court granted both the Consumer Ombudsman and Elisa Corporation leave to appeal against the decision of the Market Court.

Our customers receive customer communication related to products and services without a separate agreement, and direct marketing messages may also be sent electronically. However, our customers have the right to prohibit us from sending them direct marketing material.

Ease of use of our services

The ease of use and accessibility of our services are part of the customer experience. We analyse usability continuously to enhance customer experiences. At the begining of the year, we conducted accessibility analyses of Saunalahtis website and the Elisa Lompakko service. These analyses led us to procure user experience videos and a tool for developing the accessibility of the services.

Another important theme in 2014 was the rapidly growing and diversifying use of technology by children and young people, and the time they spend doing it.

> Case: We believe that by talking with children, parents may guide their children in the use of the Internet in the best possible way, while simultaneously learning about new phenomena and services available via the Internet. During the past year, we opened a service site directed at parents and families.

It is important to us that it is possible to control the services offered to children. For this purpose, we developed safety packages which help parents to determine whether to block certain services. We also engage in close cooperation with Save the Children Finland, and we have organised digital schools for children in various parts of Finland. This work is only beginning, and we will continue investing in it in future years.

We also piloted various customer service solutions for our elderly customers. Our shops organised a number of events for seniors during the year, and we were involved in SeniorSurfDay organised by sheltered accommodation, which instructed older people in how to use tablets.

> Case: We surfed with seniors in the week for the elderly in October 2014. In the SeniorSurfDay events, our experts offered training in Lahti and Helsinki in digital matters and the use of smartphones and tablets. When technology and equipment are familiar and easy to use, they bring joy to daily life.

A number of events were organised in the Elisa Studio in the centre of Helsinki on topics requested by senior customers. In 2014, the topics included:

- Various Internet connections and data security
- Modern technology
- The possibilities of smartphones; will tablets replace computers?
- Mobile phones and tablets to assist ramblers
- Hot Christmas gift tips for grandchildren

Cooperation and interaction provide us with valuable information on content and uses that our customers would like. This allows us to offer more convenient everyday services for the elderly, in particular, who are an extremely important customer group for us.

All information related to the pricing of our services is clearly and transparently available. We use practically unlimited domestic call and SMS messaging in the pricing of most of our subscription services, as well as unlimited data transfer volumes at a fixed monthly fee. This guarantees our customers the chance to manage their data communication costs and avoid shocks in invoicing. In subscription pricing, we offer a broad range of alternatives suitable for every wallet.

During the year, we continued to invest in delivering services promptly in accordance with orders and with clear invoicing. However, it is not possible to entirely eliminate errors. In these cases, we try to settle the matter directly with the customer. On occasion, the Consumer Disputes Board has issued recommendations on compensation, which we have always followed.

Employees as well as customers have the opportunity to reduce their exposure to radiation by using hands-free accessories. The liability for product safety rests with the business unit that issued the product or service in question.

Protection of privacy and data security

Ensuring the confidentiality of communications and customer information and protecting the privacy of individuals are crucial issues for us. Protecting privacy includes guarding the content of messages, information about the parties to the communication, and their personal data.

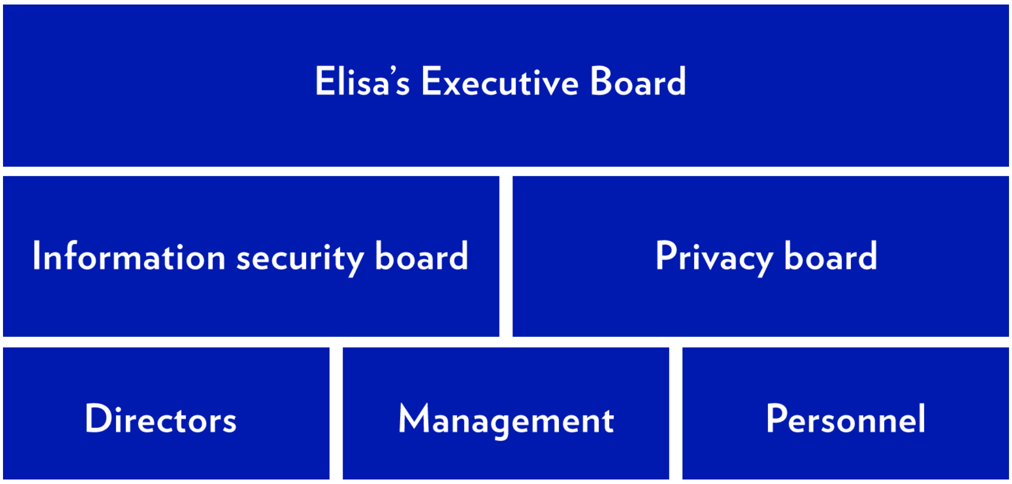
Elisa's Executive Board approves the data security policy and principles that guide our operations. We guarantee a high level of data security, which is also crucial from the point of view of our customer's trust and our responsible operating methods. Elisa's Data Security Team is responsible for our data security policies, and decides on instructions, training, communication and key data security audits. The team also assesses the impact of stakeholders' data security requirements.

The task of the Privacy Team, in turn, is to provide instructions and supervise issues related to privacy protection. Processing personal data is strongly regulated under Finnish law and the regulations and guidelines of the relevant authorities. We will disclose customer information to the authorities or other telecom companies only within the limits of legislation and in accordance with the customer register information. We ensure the data security of our services with measures that are appropriate to the severity of threats and technical development levels as well as costs.

The business units have the primary responsibility for protecting privacy related to products and services. We also continuously train our personnel in these issues. Our employees and subcontractors are bound by confidentiality agreements when they process customer information.

Preventing data security breaches and disturbances requires special attention. When we take protective measures, we do our utmost to ensure that the confidentiality of messages and privacy protection are not unnecessarily compromised. We communicate any measures related to the data security of our services in the most appropriate manner on our website or through customer bulletins.

In 2014, we published our main security policies in the responsibility section of our website.



Low-emission alternatives for customers

By using Elisa's solutions, customers achieved emission savings of 30,971 tCO_2 in 2014. The greatest savings were achieved by using interactive solutions: 26,921 tCO_2. By replacing travel, these solutions reduce not only carbon dioxide emissions, but also other emissions from transport. These continuously growing emissions savings demonstrate that virtual and visual interaction has become a permanent feature of everyday life in Finland.

During 2014, we introduced a number of new solutions to our customers. For example, with the help of video-assisted customer service it is possible for people to handle their banking needs without leaving their homes. The Videra Virtual Care service allows the elderly to stay in touch with their families, friends and healthcare staff, as well as use other services provided by society.

> Case: The new Elisa Etämittaus service allows patients to monitor their health and take readings at home to aid in diagnosis. The data is sent to a doctor thanks to an easy-to-use mobile app. In addition to improving efficiency, this new method saves on both paper and travel.

Cloud services allowed Elisa customers to save 4,001 tCO_2. Elisa's cloud services offer customers a virtual server or server capacity using Elisa's hardware, instead of a traditional server solution. The benefit of server virtualisation is that more than one customer can use one physical server, and the maintenance of capacity does not require as much energy as in a traditional solution.

The calculation principles for Elisa's CO_2 emissions savings indicators and additional information are available in the responsibility section of our website.

	2011	2012	2013	2014
Customers' emission savings	8,334	19,156	21,965	30,971
Customers' virtual negotiations	7,307	17,395	18,931	26,921
Cloud services	993	1,685	2,982	4,001
Recycling devices and terminal equipment	34	76	52	49

ICT industry has a significant role in reducing the carbon footprint globally. According to the SMARTer 2020 report, ICT products and services enable up to 16,5 percent reduction in CO2 emissions globally by the end of year 2020. In the table below there are some examples of Elisa services that help our customers to operate in a new smarter and resource-efficient way.

Services that can replace physical product

Service	Impact	Potential	Rebound effect
Cloud services	Number of physical servers is diminishing	There are 354,081 enterprises and 320 municipalities in Finland. If 80% adopt the service, CO_2 savings could be 582,005 tCO_2 annually	Availability of cloud servers increase services build in cloud. Unresticted and affordable server capacity increase need for storage space uncontrollably.
Mobile work services (Office 365)	Reduces travelling between job, home and meetings.	There are 354,081 enterprises and 320 municipalities in Finland. If 80% adopt the service, CO_2 savings by virtual meetings could be 895,171 tCO_2 and by distant work 292,781 tCO_2 annually	Availability of virtual meetings increases the number of meetings attended. According to Elisa's studies appx 30 % of the virtual meetings replaces a physical meeting.
M2M subscriber connections	Allows real time information gathering and handling and a more resource efficient operation	Market for Internet of Things is only emerging. According Gartner, there will be 50 billion devices connected to IoT by 2020	All the more things have added "intelligence", even cloths can be "smart" and added usage of smart devices adds to the use of network.
Mobile identification	Enables robust identification of person and digital signatures in real time economy. Most administrative services can be digitized, with powerful identification.	Identification can be registered with the teleoperator. Mobile identification can be used with most services.	Mobile identification can be applied to more and more services widely. New services are added all the time.

Sustainable value for society

We offer our services nationally, and we are involved in the daily lives of almost everyone in Finland and Estonia. We build and maintain a comprehensive communications network and annually invest over EUR 190 million in it. We continuously develop new, low-carbon services for our customers. We have already been focusing our environmental responsibility on climate friendliness for a long time now. We are a good dividend payer for our owners, and one of the largest payers of corporation tax in Finland.

To be able to fully develop our services and to shoulder our social responsibility, our operations must be financially profitable.

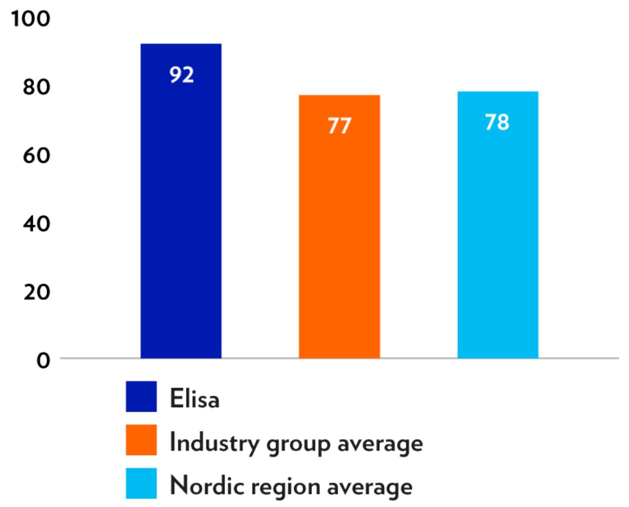
We offer services to our customers in both of our home markets on a nationwide scale. We invest both centrally and regionally in order to continue offering competitive services.

> Case: We want to invest in understanding new business operations and markets to develop existing and new services. One example is the 2014 Slush technology and start-up event, where we were the main partner. One hundred enthusiastic Elisa employees took part in Slush.

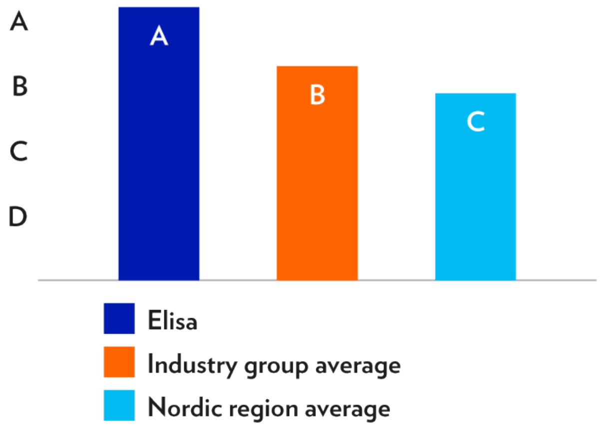
Ensuring the reliable functioning of society is also partly our responsibility. Our services are vital. As a part of society, it is our duty to ensure we provide comprehensive, reliable mobile communication and data connections. Our mobile network ensures that everyone can utilise these connections. This is also an important safety issue, since the majority of emergency calls are made using mobile phones. The authorities' networks also operate using wireless connections to a large extent.

We annually report our own carbon footprint and measures to mitigate climate change to the Carbon Disclosure Project (CDP). In 2014, we responded to the survey for the fourth time. The CDP assesses companies on the basis of the transparency and quality of their climate reporting, as well as their performance. In 2014, Elisa received an excellent total disclosure score of 92 out of 100, joining performance band A, which includes the best companies in the CDP's Climate Performance Leadership Index, which evaluates climate reporting. The average score amongst Nordic companies was 80 (performance band C). The result is a demonstration of our long-term work to measure emissions, as well as our understanding of climate change issues in the industry.

DISCLOSURE SCORE



PERFORMANCE



Financial effects

Our economic impact is strongly apparent in activities such as those of our employees, subcontractors, resellers and other partners in both Finland and Estonia.

We are a significant and transparent taxpayer. By paying taxes and other public levies, we participate in the development of society as a whole.

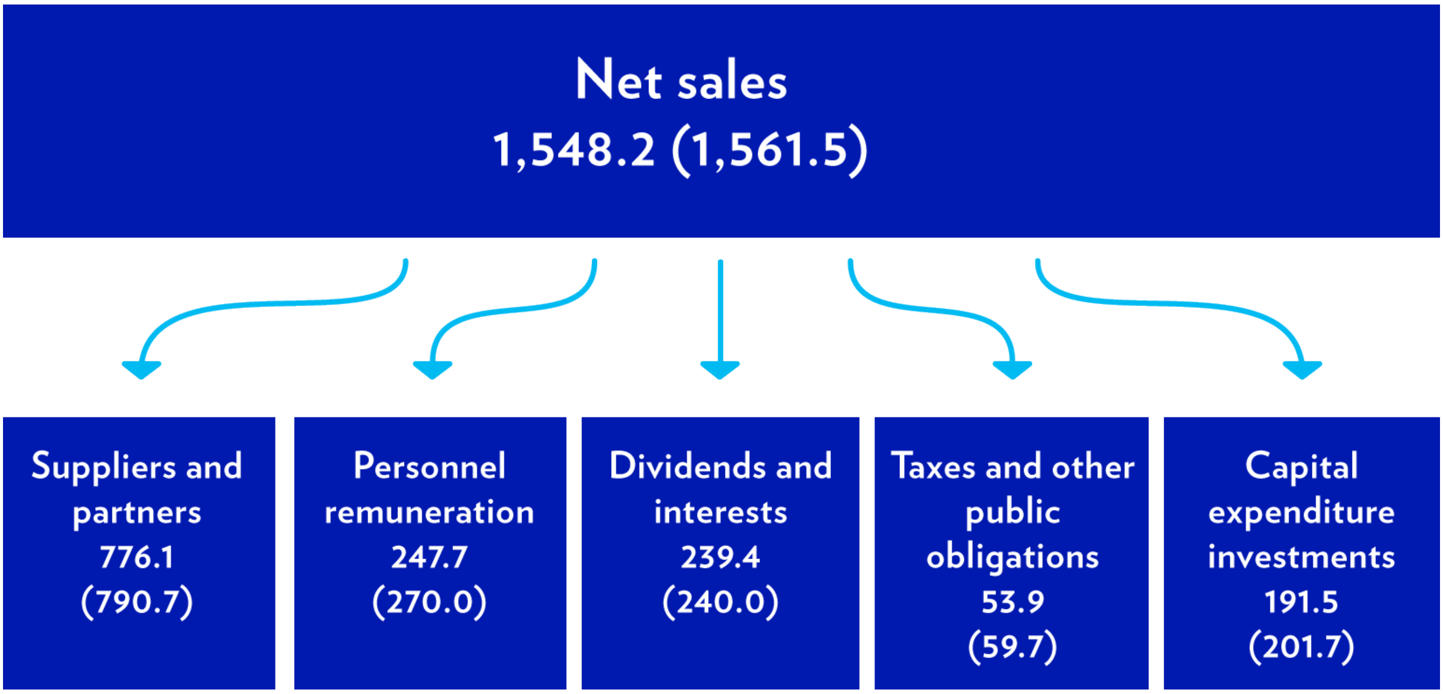
> We were the eighth largest payer of corporation tax in Finland in 2013, when the amount of corporation tax paid from our earnings stood at EUR 59.4 million (24.5 per cent). Combined, the taxes and tax-like charges collected and accounted for by us in Finland amount to approximately EUR 310 million, and in Estonia approximately EUR 20 million.

The corporation tax is divided between the state, municipalities and parishes. The share of municipalities was approximately 35 per cent in 2014, and it is allocated in proportion to the offices of Elisa Group's personnel. Accordingly, Elisa's profitability has a nationwide impact.

Elisa's Finnish parent company is a good payer of dividends. The ability to pay dividends requires good earnings, and corporation tax is paid from the same earnings. Our strong profit distribution policy is a key factor in our productivity. The actual profit distribution policy is 80–100 per cent of the previous fiscal year's net profit. Distributing additional profit to shareholders is also an option. When making a distribution proposal or decision, the Board of Directors takes into account the company's financial position, future financing needs and the current financial goals. Profit distribution includes the dividend payment, capital repayment and purchase of treasury shares.

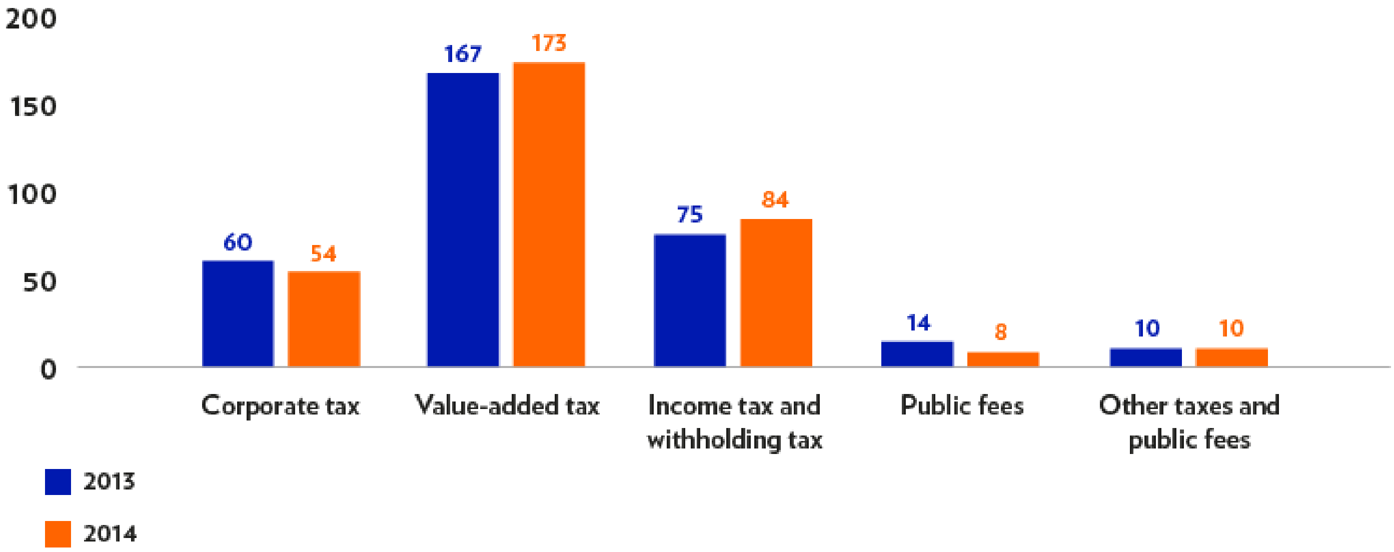
DISTRIBUTION OF ELISA'S SHAREHOLDINGS AND THE NUMBER OF OWNERS ON 31 DECEMBER 2014

FINANCIAL EFFECTS (EUR MILLION)*



Figures according to GRI. Capital expenditure investments differs from GRI definition and doesn't include investments in licenses.

ELISA'S TAXES (EUR MILLION)



*incl. major subsidiaries

An extensive network enables services for all

The use of interactive services requires a fast and reliable national network. Accordingly, the majority of our investments are directed towards improving the functionality of the mobile phone network and extending its accessibility.

Finnish legislation states that every resident of the country, regardless of where they live, has the right to receive affordable basic communication services in their home. These universal services include a telephone subscription, a 1 Mbps broadband subscription, a telephone directory and a directory inquiries service. In addition, people with hearing difficulties or difficulty speaking are guaranteed telephony services. These universal services must also be available for permanent business premises. Finland's 1 Mbps universal service obligation is rare in international comparisons. The universal service providers for each municipality can be found on the website of the Finnish Communications Regulatory Authority.

In 2014, we made a considerable investment in the rapid expansion of the 4G LTE network, and it is already available to almost all Finns and extensively in Estonia. This allows us to better serve sparsely populated areas, in particular. According to an independent study, our 4G LTE network has the widest coverage in Finland (source: ECE Ltd). Additional information on the topic is available in the compare networks section of our website. The comprehensiveness of our networks can be examined by means of the coverage map.

We prepare in advance for disturbances and proactively follow weather forecasts to ensure disturbance-free service continues even during storms. We cooperate with electricity companies to coordinate reserve power needs in risk areas. Units maintaining networks practise regularly for emergencies.

> Case: On 26 November 2014, exceptionally extensive disturbances were experienced in Elisa's landline and mobile phone networks, corporate network subscriptions, and even partly in international voice services. The damage was caused by construction work on an electricity network, which was not related to Elisa. In this case, the backup connections did not function as planned, but we managed to get the backup system operational in three hours. The situation was exceptional and regrettable, but also a good learning experience; it has led to changes in the planning of critical backup connections.

We continued to invest in proactive disturbance communication, where the measures concerning the Shellshock vulnerabilities in Bash serve as an example. We also developed the disruption service map further, and increased our communication about disturbances in social media channels. We provide information on changes and disturbances on our notices, network interruptions and disruption map pages. The service views are also available to smartphones, on the cable TV information site 380, and on channel 860 of the Elisa Viihde service.

We invest in the careful siting of our base stations. The construction of masts, base stations and transmission stations requires a municipal permit and good lawful cooperation with both private housing companies and landowners. The appearance of the structures and the terms under which the construction takes placed are determined based on consultation and the permit acquired. In the siting of base stations, we extensively utilise the shared use of construction sites between operators in the industry; more than half of our base stations are in shared use.

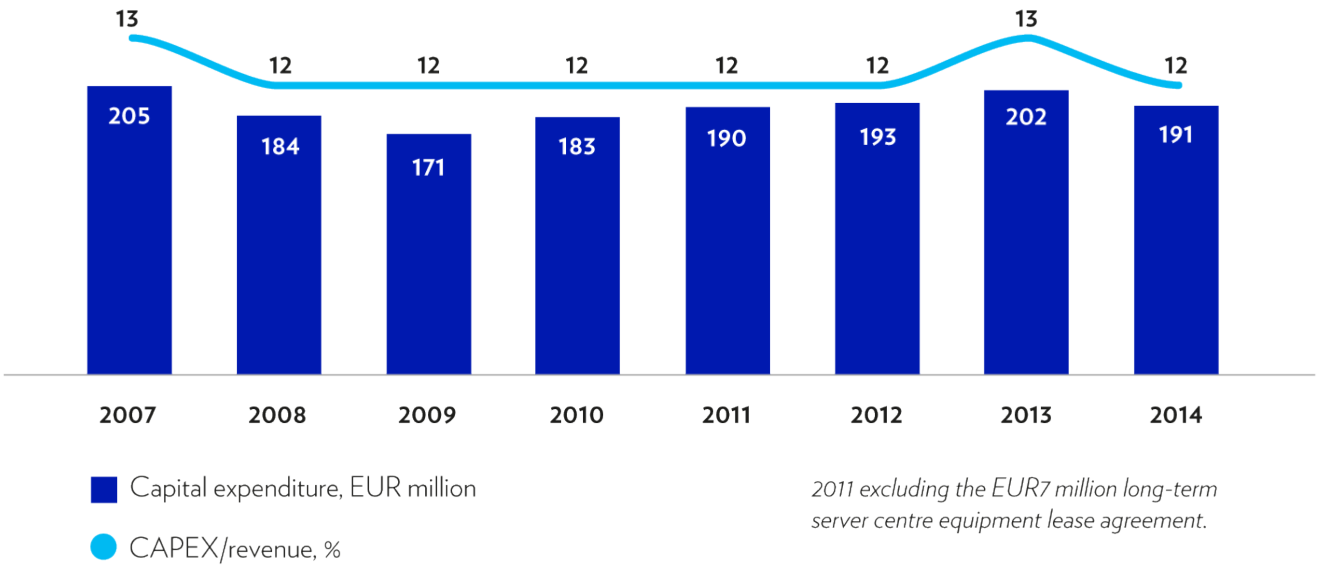
In the construction of infrastructure, we comply with land use and building legislation, which regulates environmental impact. Elisa's communication networks have not been observed to have any significant impact on the environment or biodiversity.

In Finland, the safety of mobile phone networks is monitored by STUK – Radiation and Nuclear Safety Authority, whose decisions and regulations are based on numerous scientific research findings. We also engage in close cooperation with operators in the industry with regard to electromagnetic fields, and act as expert members in the electromagnetic fields advisory board.

> Case: We are involved in the international COSMOS project launched on the initiative of the World Health Organisation. The purpose of the study, which continues until 2020, is to examine whether radiofrequency electromagnetic fields related to the use of mobile phones increase the risk of cancer or neurological diseases or whether they cause specific symptoms. In Finland, the implementation of the study is the responsibility of STUK – Radiation and Nuclear Safety Authority.

The main policies concerning the safety of Elisa's mobile network published in 2014 are available in the responsibility section of our website.

ELISA'S INVESTMENTS 2014



2011 excluding the EUR7 million long-term server centre equipment lease agreement.

Energy efficiency and carbon footprint

Responsibility for the environment means long-term and transparent operations to control climate change. Curbing emissions has been one of our company's spearhead strategies since 2009, and our measures are directed where they have the greatest impact. We monitor the objectives every six months through the CO_2 emission savings scorecard. Elisa's own carbon footprint is calculated once a year.

The majority of Elisa's climate impact results from energy use. We need energy to maintain our services and transfer data around the network, and energy consumption is also linked to the growth of our business. The energy consumption of our data communications network in Finland and Estonia accounts for approximately 80 per cent of our carbon footprint. Therefore, the measures to reduce our carbon footprint must primarily be allocated to the energy consumption of the network. Such measures include sourcing renewable energy and optimising energy use.

Our data centre in Espoo is one of the first in Finland to use heat loss energy. This solution makes it possible to fully utilise the heat energy generated by the data centre servers for district heating in the region. At full capacity, Elisa's data centre produces about 20,000 MWh of heat every year, which corresponds to the annual heat energy consumption of more than 1,000 Finnish single-family houses.

Virtualisation of servers, or dynamic sharing of disk space, is an efficient way to save energy in data centres. Already nearly 60 per cent of our own servers are virtual and optimised to be more energy-efficient.

In 2014, we continued measures to optimise the energy consumption of telecom facilities and data centres as follows:

- We renewed the cooling systems, which now permit increased free cooling.
- We modernised the supervision systems of the centres and optimised temperatures.
- We improved the cooling and ventilation solutions for mobile and small sites.
- We continued the renewals of UPS and direct current systems. In UPS equipment, the operating efficiency (i.e. the minimisation of dissipation power) is crucial from the point of view of energy consumption. The efficiency of new equipment may be as high as 96 per cent.

In the radio network, the energy efficiency of base station equipment has improved over recent years and energy consumption per data transferred has decreased. However, the overall consumption of the network has simultaneously increased. The most significant factor in this is the increase in the overall number of base stations and data transferred.

More modern base stations consume slightly more energy than previously, even though the technology is more energy-efficient. Next generation 4G LTE base stations consume an estimated 24 per cent less than older generation base stations. Their transfer capacity is considerably better than that of the older base stations. The growth in transfer capacity enables higher data volumes in the mobile phone network, which promotes the equal availability of services.

We continuously take measures in our radio networks to restrict energy consumption. In 2014, we continued to optimise the power of signals transmitted by 3G base stations in our network. In addition, we renewed the network and replaced old base stations with more energy-efficient ones. The savings made from modernisation and other enhancements were close to 10,000 MWh in 2014.

According to preliminary estimates, we will be able to reduce our annual electricity consumption by 74,000 MWh by 2019 through redesigning our network, modernisations, and new electricity-saving features.

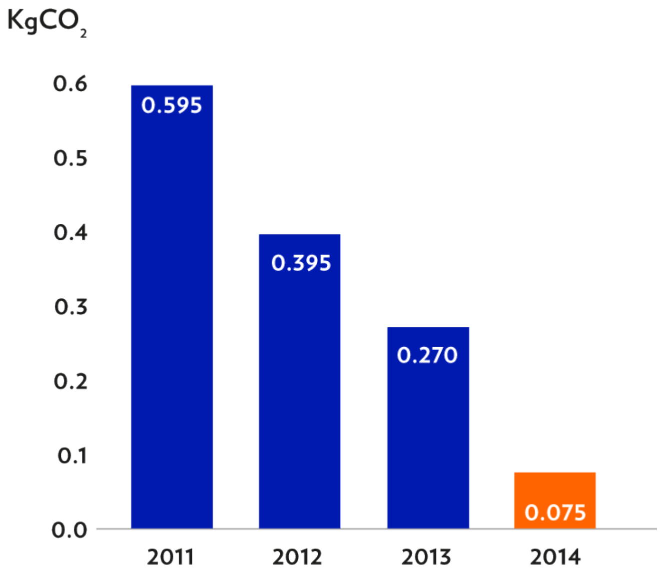
Elisa's carbon footprint was 56,475 tCO_2 in 2014. Our carbon footprint declined by 17 per cent compared with 2013. The decrease in the carbon footprint was significantly influenced by the sourcing of renewable energy.

Since 2013, all our electricity has come from renewable sources, and its form of production and origin are verified by certificates of origin. In 2014, almost all electricity we sourced in Finland (128,000 MWh) was renewable energy.

The transparency of our operations requires us to review the impact of the sourcing chain, also taking into account the Scope 3 framework of the Greenhouse Gas (GHG) Protocol. The most significant carbon dioxide emissions come from the manufacture of the electronics we purchase. Our analysis of the impact of the logistics chain and sourcing practices is only beginning.

Additional information on energy efficiency and our carbon footprint is available in the responsibility section of our website, and the Developing personnel section includes information on the impact of virtual working and teleworking on our carbon footprint.

ENERGY EFFICIENCY/GBYTE



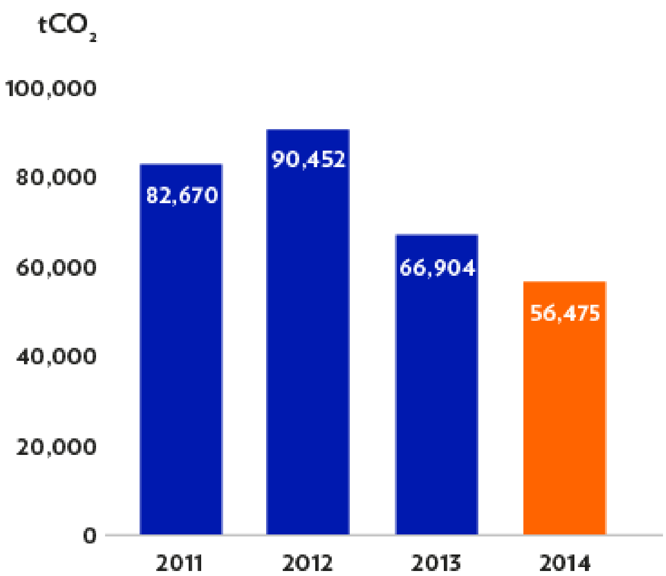
We are continuously investing in greater energy efficiency in our radio networks and server centers. We achieved savings worth 5029 tCO2 in server centers due to better energy efficiency.

Energy saved due to conservation and efficiency improvements (GJ) [1]

	2011	2012	2013	2014
Multi space offices	32,411	25,391	25,115	28,720
Energy efficiency in server environments	36,423	31,936	26,888	18,623
Transfer to virtual servers	15,405	23,223	42,702	61,718
Reuse of server generated heat	17,561	18,010	16,636	15,869
Total	106,884	98,559	111,340	124,930

[1] Additional information and calculation principles for Elisa's environmental responsibility report are available at: www.elisa.com

ELISA'S CARBON FOOTPRINT



Direct energy consumption by primary energy source (GJ)

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

Indirect energy consumption by primary sources (GJ)

	2011	2012	2013	2014
Elisa Corporation electricity	785,524	824,339	710,751	756,782
Elisa Corporation heating	72,137	76,392	64,937	66,776
Elisa Estonia electricity	66,805	67,723	84,404	94,432
Elisa Estonia heating	940	2,538	3,467	3,467 [1]
Renewable energy (electricity) (water)	0	0	230,400	460,800

[1] Figure from year 2013

Other relevant indirect greenhouse gas emissions by weight (tCO_2)

Sources of Scope 3 emissions	2011	2012	2013	2014
Building of mobile network (basestations)	1,987	2,351	1,159	1,202
Business travel	1,791	2,133	1,992	1,925
Employee commuting	3,060	3,550	2,904	3,001
Waste generated (parent)	60	61	69[1]	52
Other: paper invoicing	958	899	782	617
Other: e-invoicing	42	67	94	115
Other: Office paper	17	10	56	7
Other: Waste water treatment	9	11	10	14

[1] Basis of calculation changed: WEEE waste added

The overall weight of waste by type and disposal method (tonnes)

	2011	2012	2013	2014
Total waste amount[1]	435	558	576	739
Hazardous waste[1]	7	84	39	41
WEEE (Waste Electrical and Electronic Equipment)[1]	159	108	199	232
Recycling %[2]	67	73	75	76
Recovery %[2]	17	16	9	15
Landfill %[2]	15	11	15	8

[1] Amounts not available for Elisa Estonia

[2] WEEE and hazardous waste not included

More efficient material management

We continuously apply for new patents and trademark registrations. Guarding our intellectual property rights is important to us and our business, so we comprehensively protect our rights through registrations and use only a limited amount of technology with open-source code .

Because the bulk of the environmental impact of our industry arises from the manufacture of IT equipment, this equipment is recycled as effectively as possible. This means that usable metals can be recovered and the environmental effects of the manufacturing stage can be mitigated.

With regard to electronic products, batteries and packages we provide to the market, we are bound by the producer responsibility pursuant to the Finnish Waste Act. Under the act, the producer is responsible for the waste management of a decommissioned product. With regard to packages, the act requires that they be 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. For example, returned phones and other used devices are sold for reuse, and if the device is not fit for repair, parts suitable for reuse or at least the raw materials are utilised. We pay customers a refund for returning unbroken, functioning devices to encourage them to return old electronic devices instead of throwing them away.

“

Case: Swap Your Phone. We have been a forerunner in recycling mobile phones. Swap Your Phone was launched in 2010 with annual campaign weeks and ongoing reimbursement prices at www.kapulanvaihto.fi. Elisa's Swap Your Phone is an easy and safe way to recycle old devices. We reimburse old phones based on their condition and model. In 2014 our customers renewed approximately 10 000 old mobile phones to the latest smartphone models.

We have also enhanced the repackaging and checking methods for devices returned through distance selling of customer services, so that functioning devices can be efficiently provided for reuse by customers.

Our shops also have collection boxes for mobile phone batteries and other portable batteries. We have at our disposal lead batteries that we have imported ourselves as auxiliary power sources for base stations and to maintain critical infrastructure for maintenance security reasons. When the battery life cycle ends, they are taken to Kuusakoski Oy for recycling, which delivers the batteries in compliance with official regulations for processing. We report these batteries to the Pirkanmaa Centre for Economic Development, Transport and the Environment.

In Estonia, Elisa's shops accept used batteries. Used electronics can be returned without charge to Kuusakoski recycling points, for example. Elisa Eesti's own electronics waste is recycled by Kuusakoski. Waste board is collected separately and recycled.

We report the packaging material of the equipment we import to a producer cooperative, which takes care of collecting packaging material and its utilisation obligations for us. We do not ourselves treat, transport or export waste.

In 2014, we published our main material efficiency policies, which are available on the responsibility section of our website.

Materials used by weight or volume (tonnes)

	2011	2012	2013	2014
Packaging				
Corrugated pulp board[1]	2	1	6	5
Cardboard packaging and paper wrappings[1]	87	63	60	59
Plastic packaging[1]	6.4	1.9	1.5	1.8
Copypaper	39	22	33	16
Paper for invoicing	141	142	131	102
Electronic devices delivered	n/a	624	679	1,352
Sim cards	n/a	10	9	8

[1] Estimated amount of packaging material

Partnerships and responsible sourcing

As part of our partner cooperation aimed at continuously improving quality, we invest in shared goals and customer satisfaction.

Our international partners include Cisco, Nixu, Tata Consultancy Services and Amdocs. Our cooperation has been described more extensively in the Corporate Customers section of this annual report. Our partners have a key impact on the customer experience by strengthening our position as a provider of high-quality and increasingly international services.

We sign security agreements with our selected partners, which ensure that obligations towards to our operations are fulfilled (e.g. security training for personnel, protection of privacy, confidentiality and preparedness). The realisation of all agreements is monitored through regular cooperation and auditing.

We have created strong cooperation between academic researchers and Elisa's business operations. This cooperation promotes our strategic choices by increasing our understanding of significant new scientific breakthroughs. We emphasise the independence of top-level scientific research, and we wish to support it by offering unique empirical information about our industry for researchers to use. Our network includes more than 650 researchers.

During the year, we organised training in product and solution areas and ICT technology, solution sales and operating models in a digitising world for our personnel, partners, representatives and resellers. It was also possible to participate in all this training virtually from a computer terminal, and the training was videoed.

Our policy on conflicts of interest was renewed during the year and it is available on our website. Accordingly we conducted a related party transactions survey on senior management. This will be done yearly. The results of the survey are reported to the Audit committee. This years survey surfaced couple of incidents which were investigated by internal audit. There were no need for further actions based on these.

> Case: Elisa's subsidiary Elisa Videra, which specialises in video communications services, was the first company in Finland to achieve Cisco's CMSP certificate for its highest-level video conference services.

Our sourcing process is described in the sourcing guideline and the Code of Ethical Purchasing. Our most significant investments are directed towards Finland and Estonia. In our sourcing, we favour local products whenever possible.

In sourcing agreements, we attempt to take into account environmental perspectives and efficiency with regard to various partners and equipment purchases. We use the following assessment criteria, for example, when choosing equipment: the energy efficiency of the equipment, the estimated service life of the purchase, and its annual fault frequency. We also consider what procedures can promote efficient working methods and prevent unnecessary travel. In various projects, we use alternative calculations modelling the life cycle and energy efficiency of the solutions offered.

The criteria for responsible operations are recorded in the Code of Ethical Purchasing, which is based on the ILO's international labour treaties and the United Nations' Universal Declaration of Human Rights, Guiding Principles for Business and Human Rights, and Convention on the Rights of the Child, as well as compliance with laws and standards in our operating countries.

We require that our suppliers commit to the Code of Ethical Purchasing, and we are ready to promote its realisation together with our suppliers, particularly with regard to operators outside the EU. When new suppliers are selected from high-risk countries outside the EU, the suppliers selected must also pass an assessment following our inspection protocol. In 2014, these inspections included a number of factory visits, of which two documented visits according to the audit protocol were made to the Hong Kong office. The assessments performed in 2014 did not lead to any specific action.

In 2014, we conducted an account of our audit practices, which will be harmonised to remove overlaps in 2015. We also increased cooperation with 1st-tier suppliers to examine the country of origin of the equipment we use. In 2014, we started preliminary surveys of the social and environmental impact of sourcing and the related management and accounting mechanisms.

We published the main sourcing principles in the responsibility section of our website in 2014.

Supporting charity, culture and sports

We sponsor carefully selected targets. Our cooperation partners appeal to broad groups of people, act responsibly, and comply with Elisa's values, while also having natural links to our business. We always commit to long-term cooperation with our selected targets.

A good example of this cooperation is the Tukikummit Association, with whom our operating model is to donate time, money and deeds for young people. We set an example and with our activities encourage the public, companies and organisations to join in the effort.

> Case: In 2014, Tukikummit challenged us and their other supporters to take concrete action for young people. We answered this challenge with three other partners. A photography project for young people grew out of this cooperation, culminating in the ***Helvetin hyvin menee*** ("It's Going Bloody Well") exhibition of photographs taken with mobile phone cameras.

We are also an official operator cooperation partner of the Ylen Hyvä Foundation's Red Nose Day. By participating in the fundraiser, we support children and young people in developing countries.

Every year, we donate the money that would otherwise be spent on Christmas cards to charity. In 2014, the target of the charity was WWF's ringed seal winter nesting project, which is connected with our climate objectives.

In sports, we invest in team sports and career paths for young, up-and-coming athletes. Elisa's long-term cooperation partners include the Finnish national ice hockey team and snowboarding world champion Enni Rukajärvi.

We have a long term cooperation with the Helsinki Festival and support this cultural event that offers a variety of experiences to all citizens.

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 English at www.elisa.com/annualreport.

This is Elisa's second responsibility report. The reporting period is the calendar year 2014. The Global Reporting Initiative (GRI) index for 2014 is part of the report.

The previous responsibility report was published as part of the company's annual report in March 2014, and is available at http://corporate.elisa.com/corporate-responsibility/.

Before 2013, we compiled an index describing responsibility measures based on the GRI's sustainable development reporting guidelines in 2011 and 2012.

Report coverage

The report coverage and the data reported are determined on the basis of GRI 3.1 and the pilot version of the Telecommunications Sector Supplement.

The report covers Elisa's business units included in its consolidated financial statements, along with its subsidiaries and leased facilities. The financial information is from the consolidated financial statements and it complies with IFRS accounting principles.

In accordance with our current operations focusing on Finland and Estonia, some of the GRI 3.1 indicators are immaterial from the point of view of this report. Such indicators include aspects related to the use of water and biodiversity.

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 the Greenhouse Gas Protocol methods (www.ghgprotocol.org). A description of the calculation is available in the responsibility section of our website.

With regard to personnel, the figures for both the parent company and subsidiaries have been included. No significant changes have been made to the indicators compared to previous years.

The structural changes in the Group are presented in more detail in the annual report.

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.–31.12.2014, which has been presented in connection with Elisa's Annual Report 2014 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 G3.1.

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 Finnish Institute of Authorised Public Accountants' Standard 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. 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 G3.1.

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 2014 is to be consulted.

The work performed in the engagement

Our assurance procedures are designed to obtain limited assurance on whether the Sustainability Information is presented in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.1 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 three 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 data management processes, information systems and working methods used to gather and consolidate the presented Responsibility Information, and a review of Elisa's related internal documents;
- Comparison of the presented Responsibility Information to underlying rules of procedure, management and reporting systems as well as documentation;
- An assessment of the Responsibility Information's conformity with the principles of the GRI-guidelines;
- A review of the performance data and assertions presented in the 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 presented in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.1 in all material respects.

Helsinki, 27 February 2015

KPMG OY AB

(signed)

Esa Kailiala
APA

(signed)

Niina Turri
Senior Manager, Advisory

Contact information

http://corporate.elisa.com/investors/contact-1/

GRI index

* ● Fully reported ◓ Partly reported ○ Not available

	Indicator	Included*	Reference page	Additional information
1.	STRATEGY AND ANALYSIS			
1.1	Statement from the CEO	●	CEO's review	
1.2	Description of key impacts, risks, and opportunities	●	Responsibility is based on values and strategy Management of Corporate Responsibility	
2.	ORGANISATIONAL PROFILE			
2.1	Name of the organisation	●	Notes to financial statements	
2.2	Primary brands, products and services	●	Elisa in brief Consumer customers unit Corporate customers unit	
2.3	Operational structure	●	Elisa in brief	
2.4	Location of organization's headquarters	●	Notes to financial statements	
2.5	Countries where the organization operates	●	Notes to financial statements	
2.6	Nature of ownership and legal form	●	Financial effects	
2.7	Markets served	●	Notes to financial statements 1.	
2.8	Scale of the reporting organization	●	The report of the Board of Directors 2014	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	Notes to financial statements 2, 3. ja 35.	
2.10	Awards received in the reporting period	●	Sustainable Value for Society	
3.	REPORT PARAMETERS			
3.1	Reporting period	●	Description of the report	
3.2	Date of most recent previous report	●	Description of the report	
3.3	Reporting cycle	●	Description of the report	
3.4	Contacts	●	Contacts	
3.5	Process for defining report content	●	Responsibility at Elisa Report coverage	
3.6	Boundary of the report	●	Responsibility at Elisa Report coverage	
3.7	Specific limitations on the scope or boundary of the report	●		No specific limitations
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	●	Report coverage	
3.9	Data measurement techniques and the bases of calculation	●	Report coverage	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	●	Report coverage	
3.11	Significant changesin the scope, boundary, or measurement methods applied	●	Report coverage	
3.12	GRI content index	●	GRI Index	
3.13	Assurance	●	Report assurance	

4.	GOVERNANCE, COMMITMENTS AND ENGAGEMENTS			
4.1	Governance structure of the organization	●	Corporate Governance Statement Management of Corporate Responsibility	
4.2	Chairman of the highest governance body	●	Board of Directors Corporate Governance Statement	
4.3	Board structure and number of members that are independent and/or non-executive members.	●	Board of Directors	
4.4	Mechanisms for shareholders and employees to provide recommendations to the board.	●	Personnel development Well being at work Corporate Governance statement	
4.5	Linkage between compensation for board members, senior managers, and executives, and the organization's performance.	●	Board of Directors Incentive Plan	Incentive plan does not separate responsibility performance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Board of Directors	
4.7	The qualifications and expertise of the members of board	●		Elisa complies with the Corporate Governance Code of the Finnish Securities Market Association, reg 9.
4.8	The organisation's mission or values, operating rules and principles	●	Responsibility is based on values and strategy	
4.9	Board procedures for management of economic, environmental, and social performance, including relevant risks and opportunities.	◒	Board of Directors	
4.10	Processes for board's own performance evaluation	◒	Management of corporate responsibility Board of Directors	
COMMITMENTS TO EXTERNAL INITIATIVES				
4.11	Explanation of whether and how the precautionary approach principle is addressed	◒	Description of the key features in the internal control and risk management systems associated with the financial reporting process	
4.12	External economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	Initiatives and memberships	
4.13	Memberships in associations, and national and international advocacy organizations	●	Initiatives and memberships	
4.14	Stakeholder groups engaged with	●	Internal principles Stakeholders	
4.15	Basis for identification and selection of stakeholders.	◒	Material themes and perspectives	
4.16	Approaches to stakeholder engagement	◒	Stakeholders	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and responses.	◒	Stakeholders	
MANAGEMENT APPROACH				
ECONOMIC ASPECTS				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	◒	Financial effects	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	Management of Corporate Responsibility	
EC3	Coverage of the organization's defined benefit plan obligations	●	Notes to the financial statements 28. Pension obligations	
EC4	Significant financial assistance received from government	●	Notes to the financial statements 5. Other operating income	No significant subsidies recieved
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	○		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	◒	Partnerships and resposible sourcing	

EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	○		We prefer local expertise in our foreign offices.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	◒	Financial effects	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	◒	Financial effects	
ENVIRONMENT				
EN1	Materials used by weight or volume.	●	More efficient material management	
EN2	Percentage of materials used that are recycled input materials.	◒	More efficient material management	
EN3	Direct energy consumption by primary energy source	●	Energy efficiency and carbon footprint	
EN4	Indirect energy consumption by primary	●	Energy efficiency and carbon footprint	
EN5	Energy saved due to conservation and efficency improvements	●	Energy efficiency and carbon footprint	
EN6	Initiatives to provide energy-efficient or re-newable energy based products and services, and reductions in energy requirements as a result	◒	Low-emission alternatives for customers	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	Developing personnel; EN 18	http://corporate.elisa.com/corporate-responsibility/environment/
EN8 – EN10	Water usage	○		Not material
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	○		There are no proven direct substantial effects on biodiversity. Indicator is deemed not material.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	◒	An extensive network enables services for all	There are no proven direct substantial effects on biodiversity. Indicator is deemed not material.
EN13 -15		○		There are no proven direct substantial effects on biodiversity. Indicator is deemed not material.
EN16	Total direct and indirect greenhouse gas emissions by weight	●	Energy efficiency and carbon footprint	
EN17	Other relevant indirect greenhouse gas emissions by weight	●	Energy efficiency and carbon footprint	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	Energy efficiency and carbon footprint	
EN19	Emissions of ozone-depleting substances by wieght	●		No emissions to be reported
EN20	NO, SO, and other significant air emissions by type and weight.	○		No emissions to be reported
EN21	Total water discharge by quality and destination.	○		No emissions to be reported
EN22	Total weight of waste by type and disposal method	●	More efficient material management	
EN23	Total number and volume of significant spills	○		No emissions to be reported
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	●	More efficient material management	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○		There are no proven direct substantial effects on water. Indicator is deemed not material.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	◒	Low emission alternatives for customers Energy efficiency and carbon footprint	
EN27	Percentage of products sold and their pack-aging materials that are reclaimed by category.	●	More efficient material management	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	●		No reported incidents

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	More efficient material management; Key indicators of environmental responsibility	
EN30	Total environmental protection expenditures and investments by type.	○	Notes to financial statements, 20. Collateral, commitments and other liabilities; Environmental costs	Expenditure for environmental investmens are not reported separately
SOCIAL PERFORMANCE				
LABOUR				
LA1	Total workforce by employment type, employment contract, and region.	●	Personnel key figures	
LA2	Total number and rate of employee turnover by age group, gender, and region.	●	Employer-employee cooperation	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	Well-being at work	
LA4	Percentage of employees covered by collective bargaining agreements.	●	Well-being at work	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	●	Employer-employee cooperation	
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	●		All personnel in Finland and Estonia is represented in occupational health and safety committees through representatives
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	●	Occupational safety	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	◒	Well-being at work	
LA9	Health and safety topics covered in formal agreements with trade unions	◒	Well-being at work	
LA10	Average hours of training per year per employee by employee category.	◒	Personnel development	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	Supervisory work development	
LA12	Percentage of employees receiving regular performance and career development reviews.	●	Supervisory work development	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	Diversity in the workplace	
LA14	Ratio of basic salary of men to women by employee category.	○		
HUMAN RIGHTS				
HR1	Significant investment agreements that include human rights clauses	◒	Partnerships and responsible sourcing	No significant agreements
HR2	Significant suppliers and contractors that have undergone screening on human rights and actions taken.	◒	Partnerships and resposible sourcing	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	◒	Personnel development	
HR4	Total number of incidents of discrimination and actions taken.	○		
HR5	Incidents where freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	Partnerships and resposible sourcing	Freedom of association is a right protected by law in our main market areas
HR6	Risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	◒	Partnerships and resposible sourcing	No significant risks to be reported.
HR7	Risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	◒	Partnerships and resposible sourcing	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights.	○		Safety personnel participates in training available for all personnel
HR9	Total number of incidents of violations involving rights of indigenous people.	○		No reported incidents

SOCIETY				
SO1	Programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	○		
SO2	Percentage and total number of business units analysed for risks related to corruption	●	Partnerships and resposible sourcing	
SO3	Percentage of employees trained in organisation´s anti-corruptions policies and procedures	●	Internal principles	
SO4	Actions taken in response to incidents of corruption	●		No reported incidents
SO5	Public policy positions and participation in public policy development and lobbying.	●	Initiatives and memberships Stakeholders	
SO6	Financial and in-kind contributions to political parties, politicians, and related institutions by country	●	Internal principles	No contributions given
SO7	Legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	●	The report of the Board of Directors 2014	No reported incidents
SO8	Significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	●	The report of the Board of Directors 2014	No reported incidents
PRODUCT RESPONSIBILITY				
PR1	Description of policy for preserving customer health and safety during use of products and services, including monitoring systems and results of monitoring.	●	An extensive network enables services for all	Mobile phones available for both our own use and for sale comply with ICNIRP guidelines and the requirements of the EN 50360 product standard related to electromagnetic radiation and transfer of energy (Specific Absorption Rate, SAR).
PR2	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services.	●		No reported incidents
PR3	Description of reporting organisation's policy, procedures/management systems, and compliance mechanisms for consumer privacy.	●	Protection of privacy and data security	http://corporate.elisa.com/corporate-responsibility/security/protection-of-privacy/
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	Responsibility for customers	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	◒	Customer satisfaction steers our activities	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	Electronic services and communication	
PR7	Non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	Electronic services and communication	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	Protection of privacy and data security	No reported incidents
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	●		No reported incidents
TELECOMMUNICATIONS SPECIFIC INDICATORS				
PRODUCT AND SERVICE AVAILABLITY				
PA1	Polices and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas.	◒	An extensive network enables services for all	
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. Include an explanation of business models applied.	◒		Indicator is not directly applicable in our main market areas as regards accessibililty regardless of cultural och income differencies
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	
PA4	Level of availability of telecommunications products and services in areas where the organisation operates.	●	An extensive network enables services for all	

PA5	Products and services provided to and used by low and no income sectors of the population.	○		Indicator not directly applicable
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	◒	Sustainable value for society	
PA7	Polices and practices to manage human rights issues relating to access and use of telecommunications products and services.	○		No separate policy
PA8	Policies and practices to publicly communicate on EMF related issues.	○		No separate policy
PA9	Total amount invested in programmes and activities in electromagnetic field research.	○	An extensive network enables services for all	Not reported separately
PA10	Initiatives to ensure clarity of charges and tariffs.	◒	Ease of use of our services	
PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	○		No separate policy
TECHNOLOGY				
TA1	Examples of the resource efficiency of telecommunication products and services delivered.	●	More efficient material management, EN7	
TA2	Examples of telecommunication products, services and applications that have the potential to replace physical objects	●	Low emission alternatives for customers	
TA3	Measures of transport and/or resource changes of customer use of the telecommunication products and services listed above.	●	Low emission alternatives for customers	
TA4	Estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development.	◒	Low emission alternatives for customers	
TA5	Practices relating to intellectual property rights and open source.	◒	More efficient material management	
INVESTMENTS				
IO1	Capital investment in telecommunication network infrastructure broken down by country/region.	◒	Financial effects The report of the Board of Directors	
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.	◒	An extensive network enables services for all	Costs for meeting Universal Services Obligation are not followed separately
IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	●	Occupational safety	
IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets	◒		Mobile phones available for both our own use and for sale comply with ICNIRP guidelines and the requirements of the EN 50360 product standard related to electromagnetic radiation and transfer of energy (Specific Absorption Rate, SAR).
IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	◒	An extensive network enables services for all	
IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	●	Ease of use of our services	In Finnish only: http://www.stuk.fi/sateilyn-hyodyntaminen/matkapuhelimet-ja-tukiasemat/fi_FI/altistusta-voi-vahentaa/
IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts.	●	An extensive network enables services for all	
IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	○		Not reported separately