



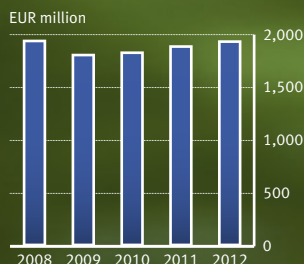
ANNUAL AND CORPORATE
RESPONSIBILITY REPORT
2012



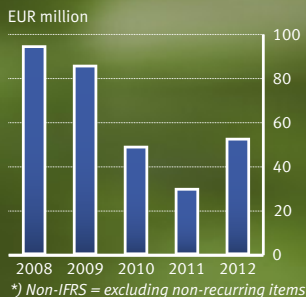
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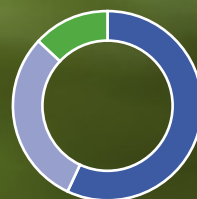
Net sales



Operating result*

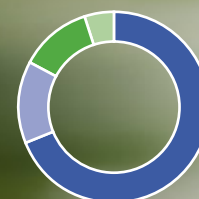


Net sales by business group 2012



● Itella Mail Communications 57%
● Itella Logistics 30%
● Itella Information 13%

Net sales by country 2012



● Finland 69%
● Scandinavia 14%
● Russia and the Baltic Countries 12%
● Other countries 5%

Itella's year 2012

- Posti's mobile services are updated – customers can now take care of an increasing number of postal matters on their cell phones and tablets.
- The Finnish Association for Human Resource Management HENRY ry and Ilmarinen award Itella's project "More well-being through interactive and participatory management" with their 2011 recognition for action in the field of HR.

- People in Finland mail 1.5 million Easter cards.
- Itella Information and Silta conclude a transaction with which the payroll services of Itella Group transfer from Silta to Itella Information Oy.

- Itella Information and the State Treasury sign a service agreement with a value in the excess of EUR 8 million. The agreement covers transmission services for invoices dispatched by the State for a period of seven years.
- Itella Information sells its printing services business in Germany to the company's operative management.

- Heikki Malinen is appointed Itella's new President and CEO, effective as of December 11, 2012.
- The Finnish Competition Authority approves the acquisition between Itella and VR.

JANUARY

- Itella's bond is listed on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki Oy.
- Itella Bank begins operations as a deposit bank.
- Itella Posti announces its plan to increase the number of different kinds of service outlets by about 400 in addition to the current 1,100.
- The advance postal ballots of the first and second rounds of the presidential elections are arranged at Posti outlets.
- Itella Logistics becomes the first company in Russia to meet the standards of the ISO 14001 environmental certificate.

FEBRUARY

- Itella participates in the global climate event Earth Hour.
- The Ministry of Transport and Communications issues its decree on the location of postal outlets.
- Itella's Annual General Meeting re-elects Arto Hiltunen to chair Itella's Board of Directors; Mauri Pekkarinen is elected chairman of the Supervisory Board.
- Itella Posti launches a new parcel routing service which allows consumers to route parcels shipped from online shops to the Posti outlet of their choice.

MARCH

APRIL

MAY

- Itella and VR Group sign a letter of intent whereby Itella Logistics acquires the groupage logistics business of VR Transpoint in Finland.
- Itella announces its plan to launch a multi-channel mail delivery pilot project in the southwestern islands of Finland.
- Itella's new logistics center at Pennala reaches its full height.

JUNE

JULY

- Itella and VR sign a business purchase agreement concerning VR Transpoint's groupage logistics.
- The number of NetPosti users surpasses the 400,000 mark.

AUGUST

- Itella becomes a member of the Climate Partners network.

SEPTEMBER

Corporate responsibility key figures

	2012	2011	2010
Number of Posti service outlets	1,098	1,027	1,066
Result of the customer satisfaction survey	3.11	2.81	
Result of the employee satisfaction survey	3.8	3.7	3.4
Carbon dioxide emissions/net sales (tonnes)	0.07	0.08	0.08
Share of Itella employees in functions covered by the ISO 14001 EMS	72%	70%	65%

- The acquisition between Itella and VR is brought to its conclusion.
- Advance postal voting in the municipal elections is arranged at Posti outlets.
- Itella joins Diversity Charter Finland.

SEPTEMBER ● OCTOBER ● NOVEMBER ● DECEMBER

- Itella Information survey: Financial management practices under transformation – automated and electronic procedures already more commonplace than manual work.
- The Christmas mail season begins and a record 3,400 seasonal helpers are hired.

- Online shopping breaks sales records.
- President and CEO Jukka Alho retires and Heikki Malinen succeeds him as the new President and CEO.
- Itella Bank's electronic services become available.
- The number of Christmas parcels reaches record highs once again.

Itella's consolidated key figures

	2012	2011	2010
Net sales, MEUR	1,946.7	1,900.1	1,841.6
Operating result (non-IFRS), MEUR ^{*)}	53.2	30.5	49.6
Operating result (non-IFRS), % ^{*)}	2.7	1.6	2.7
Operating result (EBIT), MEUR	39.0	-5.9	32.4
Operating result (EBIT), %	2.0	-0.3	1.8
Result before taxes, MEUR	30.8	-16.4	25.3
Result for the period, MEUR	14.1	-30.7	9.3
Return on equity, %, 12 months	2.1	-4.5	1.4
Return on investment, %, 12 months	4.8	-0.2	4.2
Equity ratio, %	46.4	46.1	50.5
Gearing, %	23.4	22.1	18.4
Gross capital expenditure, MEUR	134.7	102.9	89.5
Employees on average	27,460	28,493	28,916
Dividends, MEUR	6.8,**)	-	4.4

^{*)} Non-IFRS = excluding non-recurring items

^{**)} Board proposal

11 countries of operation

- Finland
- Russia
- Sweden
- Norway
- Denmark
- Estonia
- Latvia
- Lithuania
- Poland
- Germany
- Slovakia



Itella in Brief

We are a service provider specialized in handling our customers' important information and product flows.

We provide corporate customers with solutions they can use to make their business more effective and improve their competitiveness. Our key mission in Finland is to provide premium mail services to everyone across the country. All in all, we have a presence in 11 countries.

Some 96 percent of our net sales derive from businesses and organizations. Our key customer industries include the media, and the trade and services industries. International business accounts for roughly a third of our net sales.

In 2012, our net sales amounted to EUR 1,946.7 million, and we employed about 27,500 professionals. Our background is solid: the State of Finland owns all of the company's shares.

”Our employees possess a strong desire and ambition to serve customers well. We are doing our best to fulfil our customer promise.”

Heikki Malinen, CEO

A portrait of a middle-aged man with short brown hair and glasses, wearing a dark suit, white shirt, and blue patterned tie. He is smiling and looking towards the camera. The background is a blurred office setting with green plants and windows.

President and CEO's Review

Itella's Business Developed Positively

Like so many other businesses in various sectors, Itella too faced financial challenges during the past fiscal year. Our business environment is in the middle of an accelerating transition and we need to build our future with this change in mind.

After a promising first quarter, the Finnish economy slipped onto a downward trend during late spring and early summer. Itella's net sales also developed positively during the first half of the year. But the growth slowed down considerably towards the end of the year, in line with the overall trend in economic activity.

The trend of development in Itella's business as a whole was largely positive. Viewed against the backdrop of general economic uncertainty, Itella's results can be considered reasonable. We began to see the positive impact on profits of the EUR 100 million cost-cutting program that we initiated in 2011. These measures have allowed us to mitigate the impact of declining volumes in traditional postal traffic in the short term. Although the company's profitability is yet to achieve targeted levels, the improvement in comparison to the previous year's level was significant. What is noteworthy is that Itella's cash flow and solvency have remained at a good level.

The transaction between Itella Logistics and VR Group, through which Itella Logistics acquired VR Transpoint's groupage logistics business in Finland, was one of the most important events of 2012. The acquisition increased Itella's net sales by about EUR 130 million, in addition to which a little over 800 VR employees transferred to Itella. This transaction between two strong industry operators means that Itella's customers now have at their disposal the widest net-

work of terminals and the most comprehensive transportation capacity in Finland. We now have the capacity to offer increasingly wide-ranging and cost-effective logistics services in Finland.

Online commerce and Russia provide us with business opportunities

Online commerce volumes continue to grow robustly. Consumers' increasing desire to buy products online provides Itella with significant opportunities for growth in the future. Itella is responding to the growing demand by, among other things, expanding its network of automatic parcel terminals in Finland.

Growing demand in Russia is also generating profitable business for Itella. Itella is an important service provider in the field of warehouse logistics, particularly in the Moscow area. In 2012, our volumes and warehouse fill rates developed positively – a fact evident in the solid increase in net sales.

Employee satisfaction improved

Corporate responsibility has been a cornerstone in our operations throughout our lengthy history and, once again, we were able to make significant headway on this front during the past year. In September, we became a member of the Climate Partners network, and in October we joined Diversity Charter Finland.

Once again we also conducted our annual employee satisfaction survey, the results of which indicated that employee satisfaction has developed positively. Overall job satisfaction rates were higher than the year before. Some 66 percent of our employees participated in the survey in 2012, whereas the equivalent percentage in 2011 was 58.

In October, Itella Logistics became one of the first Finnish companies to start using next-generation electric vans. Electric vans move silently and are zero-emission vehicles. An essential goal of Itella's environmental scheme is to decrease carbon dioxide emissions by 30 percent by 2020 (compared to 2007, in relation to turnover).

Our goal for 2012 was to reduce the energy consumption of Itella's properties in Finland by two percent in terms of electricity and three percent in terms of heat, in comparison to the year before. These goals were exceeded by far; our cuts in the consumption of electricity amounted to more than three percent and in the consumption of heat, nearly seven percent.

We will continue to improve quality and flexibility

I began my work at Itella at the beginning of November 2012. During my first few months, I have toured the company's offices and outlets extensively, getting to know its employees, customers, and stakeholders. Based on this short experience, I can say that Itella's employees possess a strong desire and ambition to serve their customers well. Letters and parcels get delivered, often under tight schedules and tough circumstances. We are doing our best to fulfil our customer promise while paying attention to occupational safety.

During 2013, we will focus, in particular, on the efficient completion of our ongoing projects. A good example of such are what we refer to as the LEAN projects, where different employee groups get together to find ways to increase operational efficiency and improve quality.

I wish to thank Itella's entire personnel, who have worked very hard to keep Itella's development on a positive track. I also wish to express my gratitude for the past year to all of Itella's customers and partners. In conclusion, I would like to extend my gratitude to my predecessor Jukka Alho, who ran Itella successfully for over 12 years.

Heikki Malinen
President and CEO





**Our operations
are based on
sustainable
development**

Our strategy for the years 2013–2017

The strategy we updated throughout the past year sums up the starting points of our operations and our future direction, shared by all three of our business groups as well as Itella Bank and Group operations.

In line with our strategy, we manage our customers' information and product flows efficiently, and our operations are based on sustainable development. Our vision is to become a top European company in postal, logistics and financial transaction process services.

The improvement of profitability remains the focal point throughout our entire organization. In 2013, we will pay increased attention to the effective implementation of our strategy. The means by which we intend to accomplish this are the following:

High Value Solutions

We will make our customer-driven approach a competitive advantage. This requires the continuous development of our range of services and direct customer service.

Professional skills and leadership

Itella's skilled professionals put our strategy into practice. For them to develop and succeed, supervisory work and other management and leadership skills require development too.

Smart Use of IT

Information technology and software competence allow us to provide our customers with increasingly sophisticated solutions. IT also holds a key position in improving Itella's own efficiency and service capacity.

Continuous increase of efficiency

The objective of the three-year cost-cutting program underway in the entire Group is to help Itella get through the fundamental changes its industry is facing as a result of the digitization of communications. The cost-cutting program was launched in 2011. It includes a range of means, and involves all of our business units in all countries of operation.

Our financial goals are

- to increase our net sales by more than 5 percent on average per annum, and
- to attain an operating profit in excess of 5.5 percent.

Our strategy for the years 2013–2017 is summarized in the following strategy house:



Our values

Our jointly selected values form the foundation of everything we do. Our values unite us, define us in our capacity as Itella employees, and guide us in our day-to-day choices and work. They also reflect the kind of company Itella is, and the direction of its development. Together we can succeed and achieve our goals.

Succeeding with the customer

- Our operations produce added value for our customers
- We offer services and solutions on the basis of our sound knowledge of our customers' needs and business operations
- We serve our customers as one Itella throughout the service chain
- We operate close to our customers

Driving for improvement and innovations

- We are open to changes and development
- We make use of our strengths and look for ideas that improve profitability
- We learn and grow continuously, both as individuals and as a company
- We carry out changes determinedly and communicate openly, learn from our past experiences and adapt our operations when necessary

Taking responsibility

- We commit to our decisions and put them into practice
- We stick to the commitments we have undertaken so that we can fulfil our customer promises
- Our operations are based on reliability
- We take care of our employees, the environment, and our surrounding communities

Winning together

- We cooperate to reach our shared goals
- We exchange information and good practices
- We work together and value one another
- We are proud of Itella and what we do

Our vision

Itella is the European benchmark in postal, logistics and financial transaction process services.

Our mission

Taking care of our customers' information and product flows in a sustainable manner.



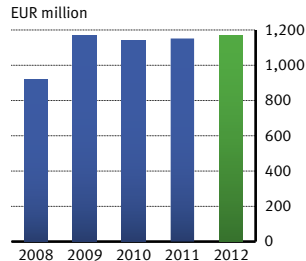


**Our goal is
a satisfied
customer**

Itella Mail Communications

FINANCIAL INDICATORS 2012

Net sales



- **Net sales** EUR 1,167.6 million
- **Operating result (non-IFRS)*** EUR 74.0 million
- **Operating result** EUR 74.0 million
- **Personnel on December 31, 2012:** 17,844

*) Non-IFRS = excluding non-recurring items

SERVICES

- Letter, publication, and direct mail delivery solutions
- Domestic and international parcel services
- Posti shops, postal agency shops, pickup outlets, and automatic parcel terminals
- Comprehensive solutions for online commerce
- Electronic postal services, Netposti
- Online tools for marketing communications
- Analysis, target group, and address register correction services

COUNTRIES OF OPERATION

- Finland
- Estonia
- Russia

VISION

Consumer preferred and undisputed market leader of Finnish e-commerce, mail, press and direct marketing services

MISSION

To create unique value to customers and the Finnish society by services for delivering goods & information

FINANCIAL INDICATORS

- approximately 11 million postal shipments a day
- 3 billion shipments a year
- nearly 7,000 delivery routes
- 68 million kilometers traveled in relation to postal deliveries every year

We provide daily postal services throughout Finland via Itella Posti Oy. All in all, Posti's network of service outlets encompasses some 1 100 outlets. Multi-channel services and electronic means of doing business are our response to the changing needs of our customers. For companies in Finland and Russia, we provide targeted marketing solutions with which they can reach their customers successfully.

Customers expect Posti to be flexible and to provide them with new kinds of services. As people's habits in terms of time consumption and mobility are changing, and electronic service channels and online shops are growing more popular, some 80 percent of postal business already consists of parcel pickups.

Indeed, the growth in online shopping, and consequently, parcel volumes, continued to be robust throughout the year. This was evident just before Christmas, for example, when the volumes of parcels once again rose to record highs. Week 50 represented an all-time record week, during which nearly a mil-

lion parcels passed through our network. The pace of growth in unaddressed direct marketing also accelerated, and our market share increased in spite of tough competition. The numbers of addressed letters continued to decline – a trend partly visible in the increasing volumes of electronic letters too. The volumes of newspaper and magazine deliveries also decreased in comparison to the year before.

Electronic services make life easier

Our mobile services were updated, and an increasing amount of postal business can now be taken care of using a cell phone or a tablet computer. Among other features, the services allow customers to search for postal codes, check the location of the nearest postal outlet, letterbox, or parcel terminal, and to track their own shipments.

Our webpages saw the launch of the new Mail Assistant and Well-Wisher's Address Book services. The Mail Assistant finds the best mailing solution for letters and parcels, on the basis of the customer's preferences. The free Well-Wisher's Address Book online service includes an electronic address book

which makes it easier to remember the important days of friends and family.

In the autumn, we started a pilot project on the electronic delivery of mail in the islands of southwestern Finland. This enables subscribers in the islands to read their newspapers at the same time as the print versions are being delivered to subscribers on the mainland.

We also opened up a new type of self-service outlet that enables QR shopping at the Tervaskangas area in Kouvola. This provided consumers with an entirely new way to order and pay for products with the help of a smartphone and a QR code.

Flexibility and options increased thanks to the new parcel routing service as well. Parcel routing is a nationwide service which allows customers to route parcels ordered from online shops to the Posti outlet of their choice. The service is free of charge and available online, on Posti's website.

The electronic mailbox we offer is already commonplace – with the robust growth in the number of Netposti users, their numbers surpassed the 400,000 mark in August. A year earlier, the number of users stood at 300,000.

Since 2011, all of the products in our delivery range have been Itella Green products, carbon-neutral deliveries with no extra charge. This makes us the world's first carbon-neutral postal services provider.

A hundred new outlets

The reform concerning Posti's network of service outlets and the increase in the number of the outlets form a part of our response to customers' expectations of flexibility. The year saw us put into

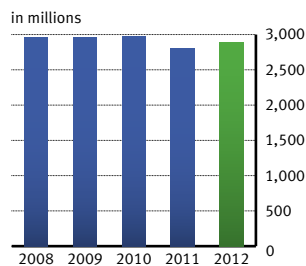


Our new Mail Assistant service finds the best mailing solution for letters and parcels, based on the customer's preferences.

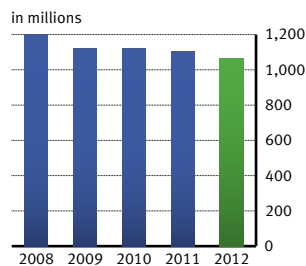
operation a total of one hundred new automatic parcel terminals and pickup outlets. The new outlets constitute part of the overhaul concerning Posti's network of service outlets. Our plans include raising the number of the various types of outlets – currently numbering 1,100 – by some 400 new outlets by 2016, when the total number of Posti's outlets should approach the figure of 1,500. In addition to full-service Posti shops, parcel terminals, pickup outlets, and business-customer outlets, our customers have at their disposal approximately 3,500 stamp retail locations, roughly 7,000 letterboxes, home-delivery services, and the electronic mailbox, Netposti.

The cooperation agreement we entered into with the Uusikaupunki federation of entrepreneurs gathers postal services, the city's Passari joint service point, the entrepreneurs' service desk, the city's waste information center, the city administrative

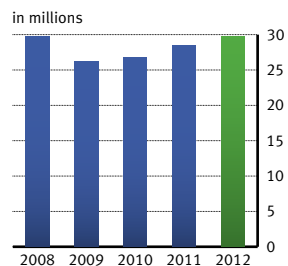
Deliveries in total



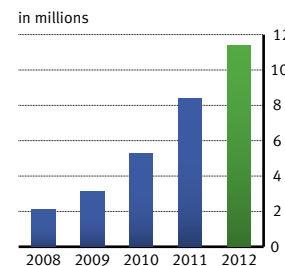
Addressed letters



Parcels and transport units



Netposti's electronic letters





Added value through innovation

”Innovation is important to Itella and one of the essential requirements of business continuity. An idea becomes an innovation when it is put into practice. Innovations can be new services, service features, practices, software tools, organizational models, or reward systems. Innovations come in large and small sizes, all of which are equally important. We reward the best innovations every year in Itella’s own InnoMoves competition.

In the 2012 competition, Itella Information came first. Their team built a customer of the financial management and payroll services an HR application and an interpretation solution for collective agreements that supports payroll services. The service replaces the customer’s current HR system and produces irrefutable added value related to the payroll process.”

Joni Pitkäranta
Development Manager
Itella Innovations

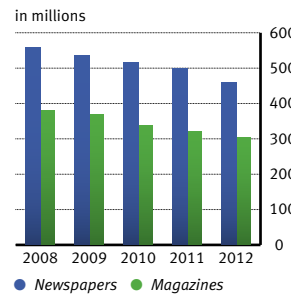
court, and a select range of city services all under the same roof. This multi-service outlet is the first one of its kind. It will be opened during 2013.

Our cooperation agreement with Kesko will bring parcel terminals to all present and future K-citymarkets by the end of 2013. Furthermore, our agreement with R-kioski expands our network of service outlets by nearly 300 Posti pickup outlets that operate in connection with R-kiosks. The cooperation agreement between Itella and S Group will bring up to 350 Posti parcel terminals into the commercial premises of S Group.

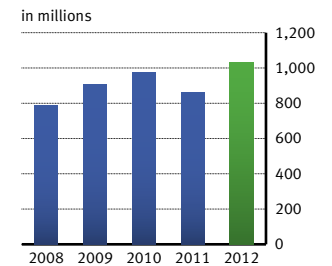
The shipment of parcels between Finland and Estonia also became increasingly easy in the spring, when we introduced automated parcel traffic services between the countries.

For over 40 years, Posti has served as a familiar and trustworthy place to cast a ballot. During the past year, our postal outlets served as advance postal voting locations in both presidential and municipal elections. Nearly 1.4 million citizens eligible to vote in the presidential elections cast an advance vote.

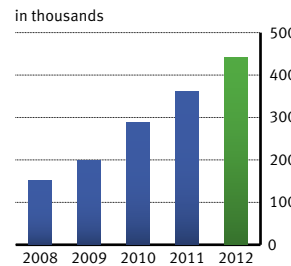
Subscription magazines and newspapers



Unaddressed direct marketing



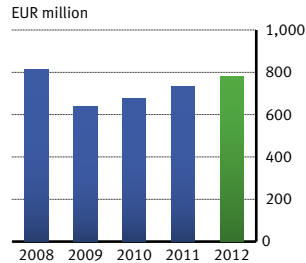
Consumers registered in Netposti



Itella Logistics

FINANCIAL INDICATORS 2012

Net Sales



- **Net sales** EUR 781.5 million
- **Operating result (non-IFRS)*** EUR -12.0 million
- **Operating result** EUR -9.5 million
- **Personnel on December 31, 2012:** 7,391

*) Non-IFRS = excluding non-recurring items

SERVICES

- International road, air, and sea freight, and customs clearance and forwarding services
- Domestic transport
- Warehousing and contract logistics
- Logistics' IT systems

COUNTRIES OF OPERATION

- Denmark
- Estonia
- Finland
- Latvia
- Lithuania
- Norway
- Russia
- Sweden

VISION

Regional top performer in service logistics

MISSION

We offer logistics to create customer, personnel and shareholder value.

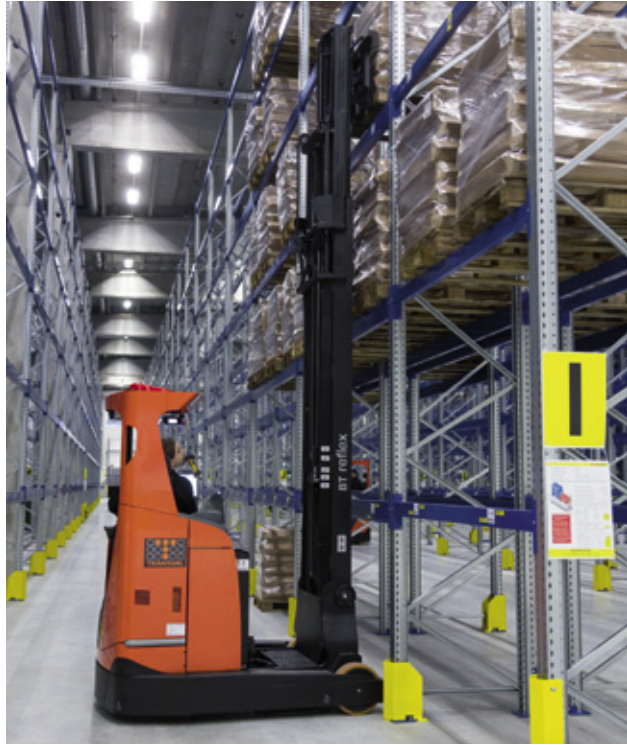
FINANCIAL INDICATORS

- 45 service warehouses and terminals
- combined area of warehouses totals nearly a million square meters
- 780,000 international freight shipments

We support and promote the development of our customers' business by providing service logistics solutions for road, sea, and air freight as well as for warehousing and contract logistics. We provide logistics solutions in eight countries across Northern Europe and Russia. Our partnership networks allow us to offer services on a global scale.

In May, Itella and VR Group signed a letter of intent whereby Itella Logistics acquired the groupage logistics of VR Transpoint in Finland. The deed was signed in July, and the transaction was carried out at the beginning of October, when VR Transpoint's groupage logistics and PT Logistiikka Oy were transferred to Itella.

The acquisition increased our net sales by about EUR 130 million, in addition to which a little over 800 employees of VR transferred to Itella. The goal of the combination was to eliminate the overlap in operations. The acquisition allows us to offer increasingly wide-ranging and cost-effective logistics services, in addition to which we now have an increasingly strong market position in the Finnish groupage logistics sector. The acquisition also enables us to build a business platform that will serve as a foundation for industry consolidation.



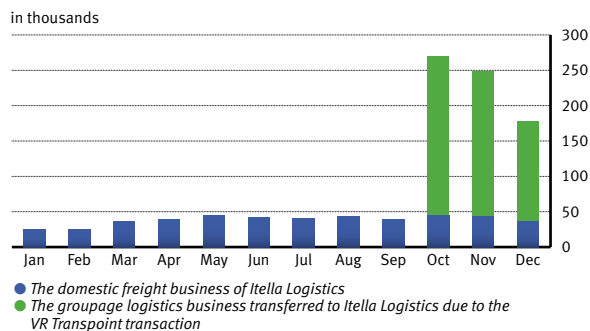
Our most sizable investment – the new 77,000-square-meter logistics center in Pennala, Orimattila – topped out in May.

Our most sizable investment – the new 77,000-square-meter logistics center in Pennala, Orimattila – topped out in May. At over 500 meters in length and 120 meters in width, the size of the logistics center is equal to 10 soccer fields. The opening ceremonies of Pennala 2 were held at the beginning of January 2013. The entire property will be completed in the summer of 2013, when the space available for our customers at Pennala will total more than 100,000 square meters.

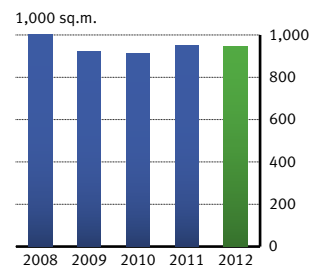
Accounting for the environmental impact of our operations

We offer our customers the best quality while being mindful of the environmental impact of our operations. In early 2012, we expanded the ISO 9001 quality management system and ISO 14001 environmental standard to new locations in three countries. We met the criteria for the first environmental certificate issued in Russia. All in all, the quality and environmental certificates issued to Itella Logistics cover more than 30 locations in seven countries of operation: Latvia, Lithuania, Norway, Finland, Denmark, Russia, and Estonia.

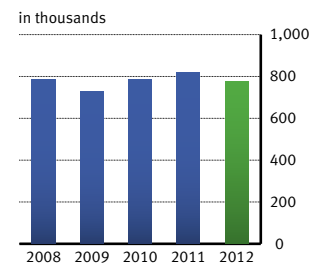
Freight volumes in Finland 2012



Service warehouse capacity



International freight



As the largest transport and delivery company in Finland, we play a major role in the development of eco-friendly transportation systems. Our delivery and transport fleet includes more than 4,000 vehicles. In October, we became one of the first Finnish companies to take next-generation electric vans into use. In addition to being noise-free, the first industrially produced Mercedes-Benz Vito E-CELL electric vans do not produce any carbon dioxide emissions.

A consolidated warehouse management system and increasingly efficient groupage transports

At the beginning of the year, we launched a renewal project during which we will consolidate our current warehouse management systems into a single system. The renewal is based on our desire to provide our customers with services of the highest quality. The leading system in the industry will be introduced to our warehouses in Finland over the next two years.

We increased our operational efficiency in several locations over the year. Reorganizations in Sweden and Denmark led to personnel reductions concerning 44 people. The VR Transpoint acquisition resulted in overlap within the organization, due to which we were forced to initiate statutory labor negotiations to increase the efficiency of administrative work and support functions. In Finland, the negotiations led to personnel reductions concerning 24 full-time employees.



6,500 kilos less carbon dioxide emissions

In May and June, Itella carried out its cycling campaign “Hop on Your Bike”. Some 200 cyclists joined the four-week campaign, during which they cycled a total of approximately 46,000 kilometers. On average, every participant cycled more than 60 kilometers in a week. When compared to use of the participants’ cars, the cycling reduced carbon dioxide emissions by 6,500 kilos during the campaign.

”I commute from Espoo to Pohjois-Pasila, Helsinki, on my bicycle every day in the summertime. The distance is 11 kilometers and it only takes me about 30 minutes. In addition to being the ecological alternative, the benefits of cycling include fresh air and the fact that the exercise is invigorating for the entire day. With proper gear, cycling is possible in all weathers. The single most important piece of equipment is definitely the helmet.”

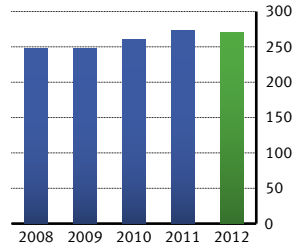
Maiju Fernelius
Development Manager
Itella Mail Communications

Itella Information

FINANCIAL INDICATORS 2012

Net sales

EUR million



- **Net sales** EUR 270.1 million
- **Operating result (non-IFRS)*** EUR 15.6 million
- **Operating result** EUR -1.1 million
- **Personnel on December 31, 2012:** 2,168

*) Non-IFRS = excluding non-recurring items

SERVICES

- Printing services
- E-invoicing operator
- Comprehensive outsourcing of financial management
- Cash-flow automation
- Electronification of order-supply chains

COUNTRIES OF OPERATION

- Denmark
- Estonia
- Finland
- Germany
- Latvia
- Lithuania
- Norway
- Poland
- Slovakia
- Sweden
- Presence almost everywhere in Europe and North America through the partnership network

VISION

Number 1 value provider in financial processes in Europe

MISSION

Optimizing financial transactional processes

FINANCIAL INDICATORS

- 140 million electronic transactions per year
- 10,000 customers
- more than 30 million processed invoices every year
- Software users in over 50 countries

We increase the efficiency of financial management processes and improve the overall profitability of financial management. Our solutions are based on productized best practices. Itella Information operates in ten European countries. We are the industry's largest operator in the Nordic countries.

Significant market trends identified during the year included the importance of managing working capital, risk management, the trade imbalance, and the aging of the population. All of these trends enable our growth.

We are promoting the spread of electronic invoicing in Europe. According to estimates, more than half of invoices sent to consumers will be electronic by 2020; in other sectors, the 50 percent threshold will be crossed as early as in 2017. The experiences we have collected from different parts of Europe clearly indicate the reality of the change.

According to a study we conducted during the past year, the principal reasons for the initial acceptance of electronic invoices are the additional charges set on paper invoices and electronic invoices being the only available option.

The most frequent users of electronic invoices are 25-to-34-year-olds, clerical workers, and high-income individuals. Factors such as ease of use and environmental concerns also impact decisions to adopt electronic invoices, as do banks' offers displayed in online banking services and branch offices.

We make good use of our own financial process competence

We bought Itella's payroll services from Silta Oy and transferred these operations to Itella Information on January 1, 2013. Given that our Alligator concept is the most extensive financial process service package in its industry, transferring payroll services under our own control was sensible. As a result of the Silta transaction, 40 employees transferred from Silta to Itella.

In the summer, the operational management of Itella Information in Germany bought Itella's local printing business from Itella. The new company, which goes by the name docsellent GmbH, will be Itella's printing partner in Germany. As a result of the transaction, which was carried out as a management buyout, some 100 people transferred from Itella to docsellent GmbH. The underlying causes of the deal were the previously recognized need for

change in the German print business as well as the fact that the printing business, in general, is a highly local business. Different countries have strictly defined production requirements, meaning that differentiation and the delivery of added value is easier through an international partnership network. Our remaining offices in Germany are located in Hanover and Halle (Saale), and they employ approximately 120 financial management experts and production workers.

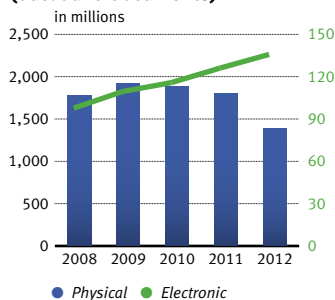
We support our customers in invoicing services

In April, we made an agreement on the renewal of the invoicing services of A-lehdet. A-lehdet, which is Finland's third-largest magazine publishing house, is in the process of renewing the subscription system of its consumer sales division. We are improving the company's invoicing department's customer communications with a multi-channel solution that simultaneously promotes the marketing and sales of magazines. The goal of the new subscription system for consumer sales is to increase the efficiency of processes while strengthening a customer-oriented approach and flexibility.

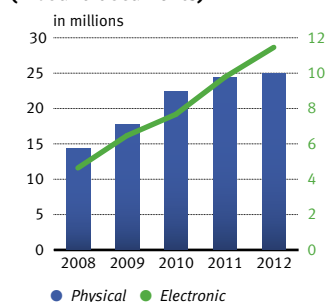
In June, we signed a significant service agreement with the State Treasury. The service agreement covers the transmission of invoices dispatched by the State of Finland. The agreement's importance for us lies not only its monetary value (EUR 8 million), but also in its term which – at seven years – is longer than before. For the State Treasury, the agreement means the smooth continuation of the electrification of the State's invoice transmissions which, in turn, translates into operational and financial savings. The ultimate beneficiary is the Finnish taxpayer.

In Finland, we increased the efficiency of operations by way of statutory labor negotiations in the e-Services business unit. The negotiations – held for the purposes of reorganization requirements – specified the need for personnel reductions to include 14 persons.

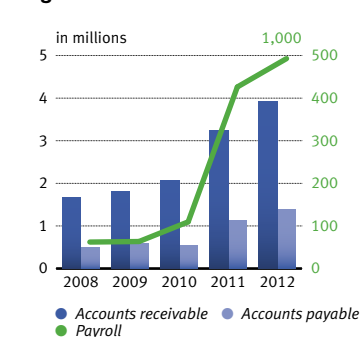
Sales invoices (outbound documents)



Purchase invoices (inbound documents)



Alligator-transactions



Itella Bank

We began operations as a deposit and clearing bank at the beginning of 2012. On August 31, 2011, the Financial Supervisory Authority granted us a deposit bank license pursuant to the Credit Institutions Act. In 2012, we focused on offering our new services to business enterprises.

The principal agents of change in our business environment during the past year included the development of SEPA (the Single Euro Payments Area), the digitization of services enabled by the general advancements in technology, and the growth of online commerce.

The consumers' e-invoice market developed rather slowly throughout the year – a fact also evident in the use of our e-invoice service. In B2B invoicing, the share of electronic invoices continued to grow. The growth of online commerce remained robust, and interest in new delivery and payment services increased.

Towards the end of the year we launched services directed at companies and organizations: The banking services package for small and medium-sized enterprises as part of Itella Network, a new cash-on-delivery service, direct debit migration, and a new payment method for franking machines. In line with our business plan, the development of new services will continue throughout 2013 too.



**We produce
services
required by
society**

Logistics





Our corporate responsibility

Our principal mission is to produce services required by society by taking care of our customers' important information and product flows. Corporate responsibility has been the cornerstone of our activities throughout our long history. We want to be part of development that leads us to a sustainable future.

Our corporate responsibility activities form an integral part of our strategy, and the essential areas of such activity and the attendant commitments — such as the UN's Global Compact principles — are defined in our Corporate Responsibility Principles. We also require the Group's partners to comply with equivalent, ethically sustainable principles. The Employee Code of Conduct determines the procedures we expect from our own personnel.

We divide our corporate responsibility into four areas: economic, social, People, and environmental responsibility. We have specified both short-term and long-term goals regarding corporate



responsibility. During the past year, we determined key indicators for each corporate responsibility area. These indicators help us to monitor development in the areas in question. The indicators are described in the table below.

Corporate responsibility management

Our corporate responsibility activities constitute a part of the Group's routine management, and that management is based on our shared values. Good management and leadership support the attainment of the company's goals and foster a positive work cli-

mate. In the Group's Executive Board, corporate responsibility is the responsibility of Itella's Vice President in charge of communications, marketing, and strategic sales. We report the key indicators related to the corporate responsibility areas to the Group's Board of Directors twice a year.

More detailed descriptions of the management of the various areas of corporate responsibility can be found on our webpages at www.itella.fi/vuosikertomus2012.

Area of corporate responsibility	Indicator	Description	Realized in 2012	Target in 2016
Financial responsibility	Operating result (non-IFRS), %*)	Operating result as a percentage of net sales. The operating result equals the result reported in the income statement after the deduction of all expenses and depreciation and amortization, but before the deduction of financial items and taxes.	2.70%	5.50%
Social responsibility	Number of postal outlets and shops	The indicator applies solely to the operations of Itella Posti Oy. The number of postal outlets and shops includes the outlets maintained by Itella Posti Oy, joint service outlets, and postal agency shops that operate in conjunction with external enterprises.	1,098	1,500
	Customer satisfaction	The indicator applies solely to the operations of Itella Posti Oy. Customer satisfaction refers to the results of the customer satisfaction survey conducted in Finland by Itella Posti, on a scale of one to five.	3.11	3.21
People responsibility	Personnel satisfaction	The results of the annual employee survey on a scale of one to five.	3.78	-
Environmental responsibility	Carbon dioxide emissions	The primary goal of Itella's environmental program was to reduce carbon dioxide emissions by 10 percent by 2012. The goal now is to reduce them by 30 percent by 2020 (compared to 2007; emissions in relation net sales).	-26%	-20%

*) Non-IFRS = excluding non-recurring items

We increased the number of service outlets and developed our sourcing operations

Corporate-responsibility-related trends identified during the past year included the number of postal outlets and the acceleration of the increase in electronic mail, which is replacing traditional letters. The most notable research and development projects carried out during the year were based on the aforementioned trends. These projects are described in more detail in the section discussing financial responsibility.

Our business opportunities present themselves by way of, for instance, growth in electronic services that reduce environmental loads. Customers are also more likely to choose to do business with a company that is aware of its responsibilities and operates according to ethical principles. By using the carbon-neutral Itella Green products, our customers can cut carbon dioxide emissions in the processes of their supply chain and also communicate to their customers that their operations are environmentally sound.

We identified the following corporate responsibility risks during the past year: the unauthorized disclosure or leakage of confidential information, accidents that lead to serious environmental damage, corruption as well as other culture-related risks, and outsourcing to countries with lower production costs.

Transparency for sourcing chains

We made significant investments in the development of our sourcing operations during the past year. All in all, we employ the services of some 16,000 suppliers. Therefore, our service providers and contractors play an important role in terms of our goals related to sustainable development. Subcontracted transportation accounts for the majority of our sourcing. Sourcing also plays a leading role in terms of improving our profitability. We want to operate as transparently and ethically as possible in our sourcing activities, and eliminate all risks related to them.

We expect all of our service providers and suppliers to comply with ethically sustainable practices. We have also defined such practices in our Supplier Code of Conduct. In addition to legality, the Code of Conduct includes principles related to corruption, human rights, child labor, discrimination, working conditions, and environmental concerns.



Our plans include raising the number of the various types of outlets - currently numbering 1,100 - by some 400 new outlets by 2016.

Focal areas of corporate responsibility

Our corporate responsibility reporting is based on the guidelines of the Global Reporting Initiative. We apply the guidelines in accordance with Application Level B+. The past year, 2012, was the first one during which we commissioned verification of the environmental responsibility data to be published for the year and an audit of the GRI level. The GRI level has been audited since 2010. The verification and audit were carried out by PricewaterhouseCoopers Oy (PwC). The GRI table and PwC's verification are available at www.itella.com/annualreport2012. The data is reported on an annual basis, and the reporting period is January 1 – December 31.

In line with the GRI guidelines, our corporate responsibility reporting focuses on issues relevant to our operations and stake-

holders. In 2010, we carried out an extensive survey among our stakeholders, on the basis of which we determined the issues that were to be reported. This materiality determination was updated in the autumn of 2012 in the form of an internal survey. The survey's objective was to evaluate the importance of various issues in terms of both Itella's success as well as its stakeholders. The survey's results are shown in the table below. The external survey conducted among stakeholders will be carried out and updated on the basis of the results of the internal survey during 2013.

	Materiality in terms of Itella's success	Materiality from the perspective of stakeholders
Financial responsibility	<p>Financially sound and profitable operations</p>	<p>Corporate governance</p>
Social responsibility	<p>The reliability and modernity of services</p> <p>Countering bribery and corruption in all countries of operation</p> <p>Information security</p> <p>Privacy protection</p>	<p>The reliability and modernity of services</p> <p>The extent and availability of the service-outlet network</p> <p>Information security</p> <p>Privacy protection</p>
People responsibility	<p>Responsible management and supervisory work</p>	<p>The free realization of unionism in all countries of operation</p> <p>The promotion of gender equality</p>
Environmental responsibility	<p>Efficient transportation</p>	<p>Efficient transportation</p>

Financial responsibility

Itella wants to grow profitably because only a financially sound company can implement its responsibility in terms of society, the staff, the environment, and all stakeholder groups. We plan our finances from a long-term perspective, anticipating changes in the market, customer demands, and risk scenarios both in Finland and abroad.

We implement our financial responsibility by renewing our business operations and improving our profitability in accordance with our strategy, and by supporting the competitiveness of our customer companies and the public sector. The economic impact of our operations is comparable to those of the banking and telecommunications sectors since, in addition to consumers, our services are employed by hundreds of thousands of private and public sector operators every day.



We are involved in enabling recreational activity in the sectors of sports and culture, and we support the top talent in both fields on their way to international success.

Services and goods provided to business customers generate approximately 96 percent of our net sales. Key customer industries include the media, trade, and services. International business accounts for a third of all net sales.

We are a state-owned company that operates on market terms, and everything we do is based on the earnings we receive from our customers. Approximately 50 percent of our operations relate to postal services. The rest consist of logistics and financial management services provided to business customers.

The general economic uncertainty prevailed throughout the past year – a fact also reflected on our business. After a promising first quarter, the Finnish economy slipped onto a downward trend during late spring and early summer. The economic uncertainty looks set to continue in 2013, meaning that we need to commit to continuous activity to maintain the positive momentum.

Our financial goal is to increase our net sales with an average annual rate in excess of five percent and to achieve a operating profit in excess of 5.5 percent.

Active R&D operations related to services

Our research and development costs totaled EUR 15.2 million, or 0.8 percent of the Group's operating costs, in 2012.

In Itella Mail Communications, research focused on the increasing popularity of social media and the effect that this has on the demand for postal services, as well as on the significance of communality in terms of the development of print and electronic media and from the perspective of readers, journalists, and advertisers alike. In addition, we studied the advancement of the electrification of consumer invoices and the factors that have a bearing on such development, the structure and electrification of letter traffic, the importance of online shops as a channel for buying Christmas gifts, and the trends in subscriber activity regarding newspapers and magazines in the next few years. We continued the development of online services offered to small and medium-sized companies as well as consumers, and introduced new features to web-based marketing services. We renewed our post box services and simultaneously adopted an entirely new system to produce and manage such services.

We also want to develop our services by asking consumers to provide us with tips and ideas about the kinds of services they

wish Posti would offer or on how they would develop the services of Posti. For such purposes, we set up Ideaposti, which is an online service designed for consumer customers. The service works in two directions: on the one hand, consumers may post their own ideas there and comment on or offer further development ideas on the ideas posted by their fellow consumers; on the other hand, the service provides Posti with an avenue through which to test its own development ideas. The users of the service therefore have a chance to evaluate improvements planned by Posti before they are even put into practice.

Itella Logistics invested in a new warehouse management system and freight operating system with the objective of increasing the efficiency of its operations. After VR Transpoint's groupage logistics and PT Logistiikka became a part of Itella Logistics, we also continued to develop the optimization and transport management systems of the domestic transport business.

Itella Information studied the global spread of electronic invoicing among both consumers and businesses. We also invested in assessing the rate of automation within financial processes across different European countries. We continued the development of the OpusCapita products —designed for the automation of cash flows — by introducing new mobile and cloud service solutions to the market and by further investment in the user friendliness of the products.

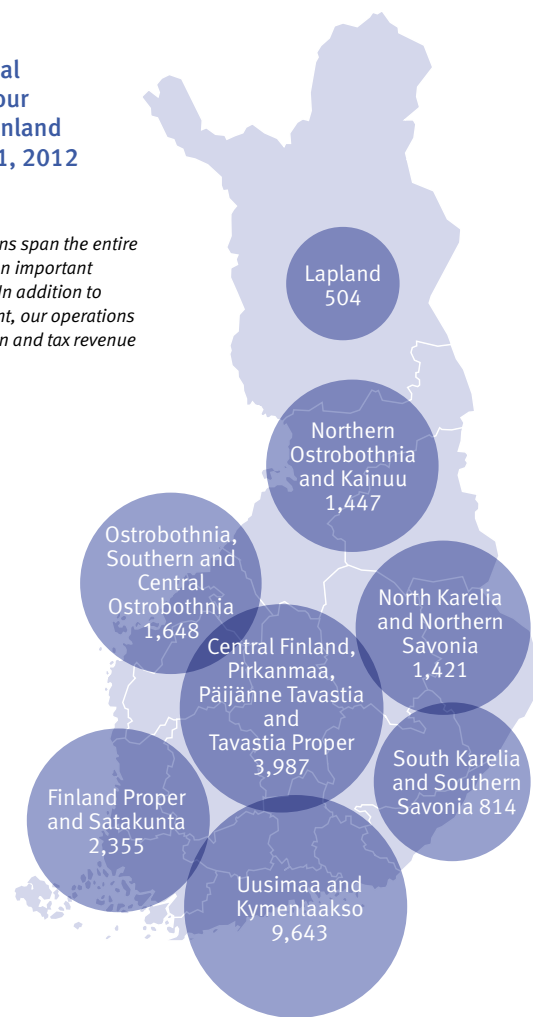
We also engaged in continuous development work in Itella Bank, the subsidiary which began its operations during the past year. Itella Bank specializes in the transmission of payments and invoice data, particularly in relation to online commerce, parcel services, and other postal business.

We improved the quality of our risk management process

We have a comprehensive approach to risk management. In 2012, we focused particularly on the continuing improvement of the quality and extent of our risk management process. The Group's key strategic risks involve the markets, the business environment, the ability of business operations to develop, and regulation. The principal operational risks, on the other hand, involve first and foremost the profitability of business operations, as well as business interruptions and other disruptive risks. A more detailed description of the aforementioned risks is available in the Board of Directors' Report.

The geographical distribution of our employees in Finland on December 31, 2012

Our Group's operations span the entire country, and we are an important employer in Finland. In addition to providing employment, our operations generate well-being in and tax revenue for Finland.



We comply with the International Financial Reporting Standards

Our financial reporting complies with the International Financial Reporting Standards. As an issuer of two publicly listed bonds, we are obligated to disclose periodic information to a limited extent. Our disclosure obligation is based on the Finnish Securities Market Act and the rules and regulations of NASDAQ OMX Helsinki Oy. A more detailed description of our financial reporting policies is available on our webpages at www.itella.com/financials.

In connection with our financial statements, we also publish our Corporate Governance Statement, referred to in Recommendation 54 of the Finnish Corporate Governance Code of the Securities Market Association.

Financial and emotional support for selected organizations and individuals through sponsorship

In addition to taking care of our own duties and goals, we want to do our bit in securing the well-being of our customers and employers. Our way of going about this is to provide financial and emotional support to select organizations and individuals who influence the lives of many people.

Our targets for sponsorship reflect our value system. They represent team spirit, empathy to people's everyday lives, and an uncompromising attitude towards one's own work and duties. We are involved in enabling recreational sports and cultural activities,

and we support top athletes and performers on their way to international success. Our partnership support is based on interactive collaboration, in which our role is not merely that of a financial sponsor, but a proactive operator. Donations are decided annually by Itella's Board of Directors.

During the past few years, we have focused our sponsorship efforts on soccer, through SPL, the Football Association of Finland. In February, we renewed our contract whereby we will continue to be one of SPL's main partners.

Financial impact in accordance with the income statement

EUR million	2012	2011	2010
FROM CUSTOMERS			
Net sales:	1,946.7	1,900.1	1,841.6



EUR million	2012	2011	2010
TO PERSONNEL			
Salaries and fees	713.8	731.8	706.3
Social security expenses	63.7	70.6	65.0
pension expenses	107.7	108.3	106.5
TO SUPPLIERS			
Materials and services	546.9	549.2	504.9
Other operating expenses	411.5	364.7	349.8
TO PUBLIC SECTOR			
Income tax on profit for the period	19.1	12.2	18.3
TO FINANCIAL SECTOR			
Interest expenses	17.8	16.3	14.3
TO OWNER			
Dividends for profit for the period*	6.8	0.0	4.4

* Board of Directors' proposal

Social responsibility

For nearly 400 years, it has been our responsibility to manage our customers' information and product flows. Our key mission in Finland is to provide premium mail services to everyone across the country. We serve our consumer customers under the brand name Posti. Our competitive edge is based on a strong brand and first-rate customer service.

A Government Decree concerning the location of postal outlets was issued last March, and turned out to be favorable to us: the decree approaches the postal network as a broad-based totality, meaning that we have the chance to exploit various forms of service. The decree allows us to keep the most popular services as close to customers as possible without unreasonable costs.

According to the decree, the nearest postal outlet or service point may be located no more than three kilometers from the majority (that is, at least 82 percent) of service users. Reasonable distances are promoted by a policy whereby the distance for a maximum of three percent of people may exceed ten kilometers

from their permanent residence. The decree is related to the new Postal Act that took effect at the beginning of 2011, and ensures the future of postal services as local services.

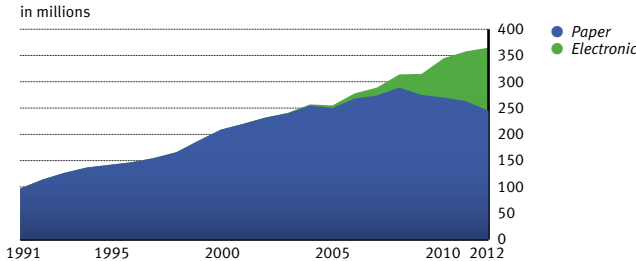
We provide postal services everywhere in Finland

In accordance with our license and the Postal Act, we ensure that the letter and parcel services that fall within the scope of universal service are available to everyone. The universal service obligation covers the entire country, with the exception of the Åland Islands. The realization of the universal service obligation is monitored by the Finnish Communications Regulatory Authority.

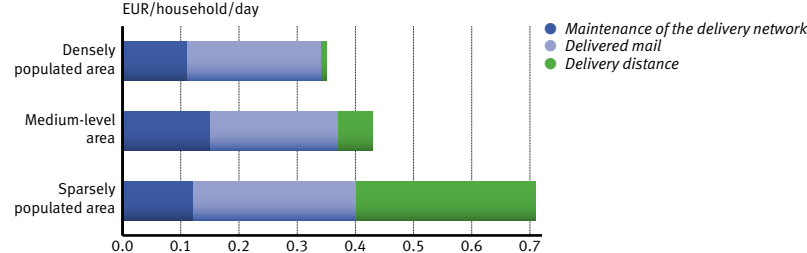
We are the only operator in Finland to provide five-day delivery services that cover the entire country. The scope of our service covers all of Finland's 5.4 million consumers and 250,000 companies and organizations. Our network of shops is heavily reliant on our partners – the entrepreneurs who run the postal agency shops. Some 90 percent of postal outlets are attached to the outlets of local service companies, such as kiosks or grocery stores.

Netposti is a free online transaction service for people in Finland over 15 years of age. Netposti allows consumers to receive electronic letters addressed to them by companies and organizations in a secure way. Such letters can include invoices, pay slips, letters from the authorities, and other important messages which consumers would otherwise receive at their home addresses on paper. Small enterprises and organizations can also register as Netposti users.

Number of consumer invoices in Finland 1991–2012



Unit costs of mail delivery by type of population center





Corporate sustainability – luxury or necessity?

“The past two years have been marked by financial turbulence. It is therefore reasonable to ask where corporate sustainability issues stand in these circumstances.

But rather than being a luxury, the consideration of sustainability issues in companies is a necessity. Changes in the environment are having a very clear impact on business. We can no longer choose between economic growth and sustainable development – we have to be active on both fronts. In the future, ecological approaches and the economy will represent two sides of the same coin.”

Trewin Restorick

Trewin Restorick, a keynote speaker at Itella’s environmental seminar The Green Consumer held last spring, represents The Climate Reality Project, founded by Al Gore.

Information and experiences in the Post Museum

Our Post Museum exhibits, studies, and records Finnish cultural heritage and period pieces from the perspective of postal history. The Museum’s collections comprise approximately 5,000 items, more than seven million stamps, and nearly 400,000 photographs, as well as posters, cards, and videos.

Established in 1926, the Post Museum is one of the oldest specialized museums in Finland. Our Museum also has a public collection of specialized books focused on philately and postal history. The Museum also has an online exhibit, at www.posti.fi/postimuseo. In 2014, our Post Museum, located in the Helsinki General Post Office from 1995 to 2012, will open its doors at Museum Centre Vapriikki in Tampere.

Stamps recount the tale of Finland among other world countries

Stamps are mirrors of their times. They recount the notable events of their year of issuance, the phenomena of their era, and, today, to an increasing degree, global cooperation. On millions of cards and letters, they create and spread an image of Finland around the world. The good availability of stamps is guaranteed by our 3,500 retailers and our online store.

In July, the Finnish Valentine’s Day stamp for 2011 received the award for best stamp in the International Awards for Philatelic Art, held every year in Asiago, Italy. The miniature sheet – named the Branches of Friendship – designed by Janne Harju received the prize for the best stamp in the Tourism category.

People responsibility

At the end of 2012, we employed a total of 27,816 people. The average number of personnel in our Group was 27,460. At the end of the year, those employed in Finland numbered 21,819, whereas the number of employees abroad was 5,997.

Women make up 41 percent and men 59 percent of our entire Group's employees. Our Supervisory Board has 12 members, five (42 percent) of whom are women and seven (58 percent) of whom are men. Our Board of Directors has eight members, four (50 percent) of whom are women and four (50 percent) of whom are men. The Executive Board is composed of seven members, of whom two (29 percent) are women and five (71 percent) are men. Our Management Board is composed of 13 members, of whom three (23 percent) are women and ten (77 percent) are men.

At the end of the year, the number of employees in Finland had increased by 696 in comparison to the previous year. The number increased due to the personnel of VR Transpoint's groupage logistics and PT Logistiikka Oy, who transferred to Itella's employment.

The year saw us enter into 772 new permanent employment contracts in Finland. Personnel reductions amounted to a total of 435 person-years. Out of this total, 408 person-years were reduced for production-related and financial reasons, and 27 person-years were reduced via voluntary resignations and pension plans.

During the autumn, we carried out a sizable campaign for the purposes of deploying the Employee Code of Conduct. The Employee Code of Conduct was updated in 2011. Our goal in 2012 was to ensure that Itella's entire personnel in all business groups get familiar with the Code during the year. In October, we published the e-learning material on the Employee Code of Conduct, to promote its familiarity among employees. A total of 69 percent, or 19,000, of

the Group's employees completed the course. Since we fell short of our goal, the work continues. In 2013, we will also be publishing a subtitled version of the course for the hearing impaired.

The year in review saw us increasing our efforts to improve cooperation between shop stewards and supervisors. Among other measures, we organized training on the subject, within the framework of a project funded by the Foundation for Well-Being at Work.

We are an important employer in Finland

We receive some 30,000 job applications every year. This past summer, we provided summer jobs for approximately 2,500 people in Finland. Most of them worked in mail delivery, sorting, and transportation. Seasonal assistants were employed in every part of the country, although the greatest number of them worked in the metropolitan area which the majority of mail traverses and which has the greatest number of mail recipients. The lengths of summer jobs ranged from three weeks to three months.

In Finland we were also involved in the nation-wide campaign "Responsible summer job" and, together with a hundred other companies, committed to the campaign's principles, which include meaningful work and reasonable pay, sufficient orientation and guidance as well as fair and equal treatment.

During the Christmas season, we employed 3,400 seasonal assistants around the country. This was 400 more than during previous years. Due to the growth of online commerce, the additional workforce was employed in mail sorting and postal outlets and shops. The majority worked in the sorting of Christmas greetings and parcels as well as in mail deliveries.

Personnel and performance management based on our values

We continued our management and leadership work along the lines of the previous year. The cornerstones of Itella's management policies form the foundation of shared management practices in all of our units. They indicate what is expected of a good supervisor at Itella. The cornerstones, which are, in effect, leadership guidelines based on our values, also form a foundation for the development of supervisory work.

The leadership that is based on our values must be present in day-to-day communications. In change situations we stress sound change management, so that the changes are carried out effectively and productively. Good leadership from one situation to the next forms the foundation of well-being at work.

By "performance management" we are referring to all the ways in which supervisors support and coach their personnel to allow us all to perform our jobs as well as possible. Therefore, it involves the planning of work and development targets as well as agreeing on them with the entire work unit and within the personal target and development discussions held between a supervisor and an individual employee. In addition, it involves, when necessary,

a supervisor's support and coaching to his or her personnel, to enable the achievement of targets.

We measure the realization of leadership annually by way of, for instance, our employee surveys, as well as by both 180-degree and 360-degree feedback within the development programs of management and leadership.

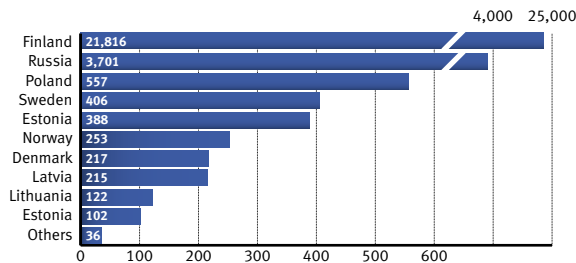
We are a multicultural workplace

We are one of the most culturally diverse companies in Finland. In this country alone, our employees represent more than 80 nationalities. In October, we joined 17 other companies and organizations in signing the first commitment to diversity in Finland and became a member of the newly established Diversity Charter Finland.

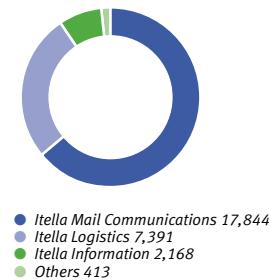
Diversity Charter Finland offers its members information on best practices regarding the management of diversity among employees, customers, and stakeholders as well as support in business development. The various dimensions of diversity encompass age, sex, ethnic origin, sexual orientation, operational capability, and religion, among other things.

Itella has a great number of long-term employment relation-

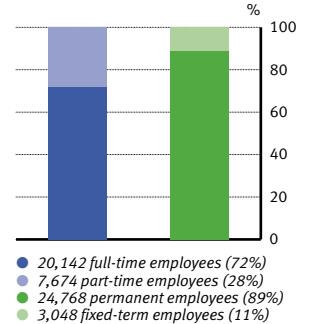
Personnel per country on December 31, 2012



Personnel per business group on December 31, 2012



Breakdown of employment contracts in 2012



ships. One fourth of our workforce has worked for us for more than 20 years. We want to keep people working for as long as possible, and this means that our employees require our support to achieve this objective.

Overall employee satisfaction improved from last year

October saw us conduct our annual employee satisfaction survey electronically for the second time across all business groups and Group operations at the same time. This is the second year in a row during which the results improved. The survey was completed by 66 percent of the personnel; the response rate the year before was 58 percent. The survey consisted of 23 statements divided into three areas – own work, cooperation, and management. The statement "I know what is expected of me" received the highest marks (4.35) at Group level, whereas the lowest marks (3.20) were scored by the statement "Itella offers me opportunities to develop my professional skills".

The survey's results are first reviewed in the executive boards of each unit and subsequently discussed in teams. These discussions function as the basis for the teams when they agree on

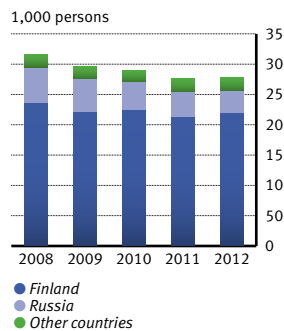
future goals, select areas in need of development, and agree on improvement measures.

Equality in practice

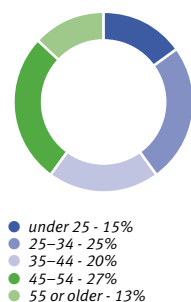
In September, we carried out an equality survey, the overall results of which can be considered satisfactory. The majority of our employees are of the opinion that equality is a reality at their workplace. Some five percent of respondents adopted a contrary view. The survey was sent to 6,000 Itella employees on the basis of random sampling, and a total of 1,367 of these employees responded. The survey allows us to monitor the realization of equal rights and the principles of equality at our workplaces in Finland. It is divided into areas concerning equal opportunities and rights, the principle of equality (in relation to sex, age, religion, and ethnic background, for example), sexual harassment, and workplace bullying.

Our Equality Committee is charged with overseeing and monitoring the realization of equal opportunities and the principle of equality. In addition to the aforementioned survey, this duty is carried out by means such as annual salary monitoring.

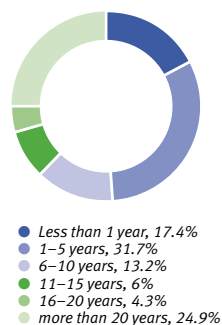
Development in personnel number



Age distribution of personnel



Length of employees' career at Itella in 2012





We want to curb climate change

“On March 31, we turned off the neon lights at Itella’s head office for an hour to take part in the global climate event Earth Hour. In addition, the event blacked out the neon lights at our largest offices and premises throughout the metropolitan area: the General Post Office, the Logistics Center, and the postal center in Helsinki. This was the third time we participated in the campaign. By participating in the event, we wish to join the effort to communicate the importance of curbing climate change.

In a few years, the World Wildlife Fund’s Earth Hour campaign, which began in Australia in 2007, has enlightened – and darkened – the entire world. Every year, this international climate event convinces nearly two billion people all over the world to turn their lights off for an hour for the good of the climate.”

Hanna Kaustia
Director in charge of Corporate Social Responsibility
and the Environment

Environmental responsibility

We develop the quality and coverage of environmental accounting continuously. We have performed environmental accounting for several years now, but the past year marked the first one during which we verified the relevant figures. The audit was carried out by PricewaterhouseCoopers Oy. The verified figures and the verification report are available on our website at www.itella.com/annualreport2011.

The most important standards applied in our environmental accounting are:

- the WBCSD (World Business Council for Sustainable Development) Greenhouse Gas Protocol and
- the GHG Inventory Standard for the Postal Sector, which includes more detailed instructions (derived from the protocol mentioned above) for the postal sector.

The scope of environmental accounting covers all of our Group’s business operations and all countries of operation. The environmental impact of VR Transpoint’s groupage logistics and PT Logistiikka has been taken into account for the period between October 1 and December 31, 2012.

We support the curbing of climate change

In the autumn, we joined the Climate Partners, a network established by the City of Helsinki and various business enterprises. In their commitments, the Climate Partners specify how they intend to curb climate change within their own, respective spheres of activity. The partners’ commitments also include a promise to reduce greenhouse gas emissions by increasing the efficiency of their operations and by offering better products and services that help to curb climate change.

In addition to securing such commitments, the network aims to reinforce companies’ competitiveness, locate new business opportunities, and promote cooperation among the networks’

members. Together with companies, research facilities can create new and innovative solutions that develop societies that produce less emissions.

Since 2008, we have been a part of the energy efficiency contract concerning freight transportation and logistics. In addition to reducing vehicle emissions, the contract covers increasing the efficiency of properties' energy consumption.

Cutting vehicle emissions

Itella's delivery and transport fleet currently comprises over 4 000 vehicles, which cover around 170 million kilometers per year. We reduce the emissions of our vehicles by effective route planning, combining transportation, and training our staff how to drive economically. Such measures have proved to be very efficient in reducing fuel consumption. When replacing old vehicles with new ones, and the attendant costs, but also features related to the environment and energy efficiency, play a key role. We replaced natural gas with low-emission biogas at the end of 2011. We have made a commitment to increase the number of alternative vehicles to 40 percent by 2020.

In the fall, Itella Logistics became one of the first Finnish companies to introduce next-generation electric vans into its fleet. The properties of the first factory-made Mercedes-Benz Vito E-CELL electric vans are well suited for urban deliveries. The vans move silently and produce no carbon dioxide or other emissions. The operating range of the new electric van is approximately 130 kilometers on a single charge.

We have also taken electric mopeds into the use of mail delivery teams in different parts of Finland. Electric mopeds are nearly silent – a fact that increases both job satisfaction and environmental friendliness. Our aim was to increase the share of electric mopeds to 50 percent of our entire fleet of mopeds by 2012. Our success rate in this was reasonable, as the share of electric mopeds in our fleet rose to 48 percent by the end of 2012. Whenever possible, mail delivery is carried out on foot or on bicycles and electric bicycles. Only about half of all mail delivery routes are taken care of with the help of cars or vans.

Lighting accounts for a significant portion of our properties' power consumption

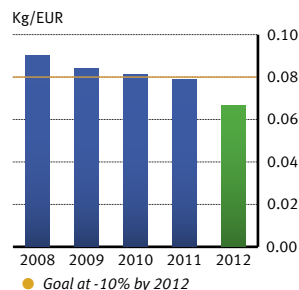
Studies have shown the lighting in our properties to be responsible for a substantial part of our electricity consumption. The runners-up in this respect are air conditioning and cooling. Based on such facts, our efforts in relation to energy efficiency are focused on increasing the efficiency of lighting and heating, plumbing, and ventilation. We also pay attention to users' habits. Thanks to the measures carried out in Finland during 2012, the electricity consumption of our properties fell by more than three percent and standardized heat consumption by nearly seven percent. The changes in the rates of energy consumption do not include the figures of VR Transpoint. Our energy-efficiency goal in Finland is to achieve two and three percent annual savings in electricity and heat, respectively.

In Russia, we kicked off the pilot phase of energy efficiency in November. The pilot phase will determine country-specific energy efficiency potentials, after which we can establish country-specific goals and targets.

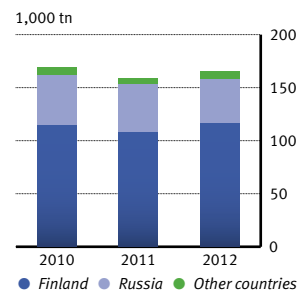
We are in the process of building a new logistics center in Penkala, Orimattila. The center will be taken into use in early 2013, and will be fully completed by the summer of 2013. The center has been built according to the principles of green building, and employs the latest relevant technologies.

A major environmental accident involving our properties occurred in May, when a serious warehouse accident occurred in Itella Logistics' Shushary warehouse in St. Petersburg. A large

Carbon dioxide emissions relative to turnover



Itella's carbon dioxide emissions



Certified management systems:

		Certificate	Share
Itella Mail Communications			
Finland	Post centers	ISO 14001	100%
Finland	Logistics center	ISO 9001, ISO 14001	100%
Finland	Delivery outlets and offices	ISO 14001	100%
Finland	Business and product development, sales, planning, and support functions	ISO 14001	100%
Itella Logistics			
Finland	Service warehouses	ISO 9001, ISO 14001	75%
Finland	Service warehouses	TAPA FSR A	20%
Finland	Domestic transport terminals	ISO 9001, ISO 14001	40%
Finland	Domestic groupage logistics, freight terminals, and related warehousing	ISO 9001, ISO 14001, OH SAS 18001	100%
Norway	Service warehouses and other operations	ISO 9001, ISO 14001	100%
Denmark	Service warehouses	ISO 9001, ISO 14001	4%
Estonia	Service warehouses and other operations	ISO 9001, ISO 14001, TAPA FSR A	100%
Latvia	Service warehouses and other operations	ISO 9001, ISO 14001	100%
Lithuania	Service warehouses and other operations	ISO 9001, ISO 14001	100%
Russia	Service warehouses	ISO 9001	92%
Russia	Service warehouses	ISO 14001	13%
Itella Information			
Finland	The outsourcing services of financial management and accounting, multi-channel processing of accounts payable and accounts receivable, and the B2B integration services of supply chains	ISO 9001	100%
Sweden	Printing and mailing services and the B2B integration services of supply chains	ISO 9001, ISO 14001	90%
Poland	Printing, mailing, and digitizing services as well as the outsourcing services of financial management and accounting	ISO 9001	98%
Germany	Outsourcing services of financial management and accounting	ISO 9001	100%
Lithuania	Printing, scanning, and archiving services as well as invoicing, financial management, and accounting services	ISO 9001	100%

Number of operating locations	
Finland	705
Russia	21
Other countries	35
Total	761

part of the warehouse's shelving system collapsed. The accident damaged a significant portion of customer products, in addition to resulting in a need to carry out environmental protection and cleaning measures.

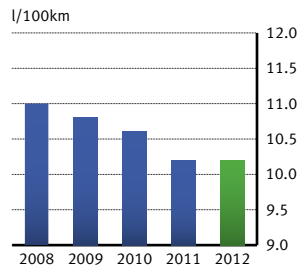
A hundred percent carbon-neutral alternative

We are the world's first carbon-neutral postal services provider. Since February 2011, all of the products in our delivery range have been Itella Green products, carbon-neutral deliveries with no extra charge.

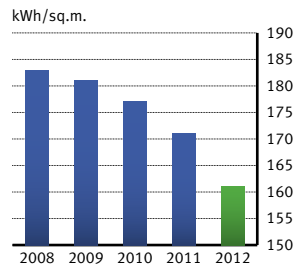
We calculate the carbon dioxide emissions of Itella Green services as part of our annual environmental accounting. Carbon dioxide emissions are reduced actively with internal measures. The remaining emissions are set off with funding to climate projects which help to reduce an equivalent amount of emissions elsewhere.

Products enter Itella's usual mail processing, meaning that the service does not introduce any new work phases, for example. By using Itella Green products, our customers can cut carbon dioxide emissions in the processes of their supply chain and also communicate to their customers that their operations are environmentally sound.

Fuel consumption in postal delivery



Electricity consumption in sorting centers



We are building a new eco-friendly logistics center

"We are currently building a new logistics center in Pennala, Orimattila. The project will be completed by the summer of 2013, when the Pennala center will provide our customers with a total of more than 100,000 square meters of space.

The center has been built according green principles and it employs the latest available technologies. Among other things, the center has a speech-controlled collection system as well as automated forklifts, in addition to a hybrid heating system that relies on both geothermal heat and natural gas. Furthermore, the center has energy-saving outer wall panels. And since the center is located at the hub of Itella's trade and customer network, it improves efficiency and reduces the carbon footprint of delivery transports, among other benefits.

The new logistics center will employ about 200 to 300 people and, as such, it will also have a significant impact on the region's economy."

Marko Tulokas
Managing Director
Itella Real Estate Oy

Reporting principles

Our reporting complies with the GRI guidelines and with the reporting requirements set by our owner, the state. Unless otherwise mentioned, the reporting covers all operations of Itella's parent company and subsidiaries. It also covers all Group functions in all countries of operation. The reporting does not include the operations of subcontractors or affiliated companies. However, with regard to Finland, the environmental report includes the environmental impact of the subcontractors employed by our transport operations.

The coverage of the indicators is reported in connection with the indicators in question.

The data and indicators concerning economic responsibility are obtained from the consolidated financial statements, prepared in accordance with the international IFRS approved by the European Union. The consolidated financial statements are prepared in compliance with IAS and IFRS valid on December 31, 2012, and the related SIC standards and IFRIC interpretations. The notes to the consolidated financial statements are also drawn up in compliance with Finnish accounting and corporate legislation.

The indicators of HR responsibility cover data from all countries of operation. However, parts of the data have so far included only figures from Finland. If this is the case, it is mentioned in connection with the indicator in question.

The indicators concerning environmental responsibility cover Itella's operations with the greatest environmental impact, in all countries of operation.

Social responsibility reports focus on Finland, since this aspect emphasizes the postal services that Itella provides to all consumers and businesses.

Stakeholder table

Every day, Itella is in touch with hundreds of thousands of customers, employees, and partners. In 2012, we clarified their expectations towards us with the help of customer satisfaction surveys, an employee survey, and various kinds of daily feedback channels. The avenues that enable interaction with customers include various kinds of customer meetings and events, in addition to customer satisfaction surveys. With regard to our personnel, the most important channels include employee surveys, the intranet, our staff magazine, and internal information events.

The table on the right presents Itella's most important stakeholders and their expectations with regard to Itella. The table also includes information on the central tools and forms of interaction in 2012.

The materiality determination found the following groups to be our most important stakeholders: customers; employees; our owner; partners in subcontracting, research, and within Itella's industry; and the media. The subject matters raised by our stakeholders by way of the aforementioned interactive avenues have included the competitive situation in the market, the new Postal Act, the long-term build-up of the ownership value of state-owned companies, and the generation of socially and commercially sustainable results.

Stakeholders	Expectations	Year 2012: Interactive tools and the most important results
CUSTOMERS	<ul style="list-style-type: none"> • High-quality, reliable postal and logistics services as well as financial management services for reasonable prices. • Information security and protection of privacy in all services. • Commitment to ethical principles. • Modernization according to customer needs. • Solutions for digitization. • Environmental efficiency. 	<ul style="list-style-type: none"> • We utilized the customer satisfaction surveys and feedback. • The number of service outlets was increased and the redirection of shipments was developed. • The Government Decree concerning the location of postal outlets was issued in March. • We operate in an environmentally responsible way by, for instance, reducing the emissions of our vehicles.
PERSONNEL	<ul style="list-style-type: none"> • The equal treatment of personnel. • Competitive and fair rewarding. • Responsible management and supervisory work. • The development of well-being at work. • The flow of information and engagement. 	<ul style="list-style-type: none"> • The profit sharing scheme covers the entire group. • The investment in well-being at work continued. • The VAUTSI project continued. • Statutory labor negotiations, in which the amount of personnel was adjusted to the prevailing situation, were carried out during the year. • Employees have at their disposal an initiative bank which serves as an electronic channel for the distribution and processing of initiatives within Itella. • The personnel has a feedback channel through which employees can submit feedback on issues related to both ethical instructions and topics discussed in the equality committee. Feedback can be submitted under a name or anonymously. • Wide deployment of the Employee Code of Conduct. • Cooperation with employee representatives.
OWNER	<ul style="list-style-type: none"> • High-quality reliable postal services for reasonable prices throughout Finland. • Profitability and financial solidity. • Good governance and transparency of operations. • Respecting the personnel's status and rights, and environmental responsibility. • Increasing ownership value in a sustainable and responsible way. 	<ul style="list-style-type: none"> • The Employee Code of Conduct was deployed throughout the Group. The Code of Conduct applies to all group companies. • The number of service outlets was increased and the redirection of shipments was developed.
PARTNERS IN SUB-CONTRACTING, RESEARCH, AND INDUSTRY	<ul style="list-style-type: none"> • Transparent procurement criteria and the equal treatment of suppliers. • A pilot project and research target for new technologies and business models. • An active role in international industry associations. 	<ul style="list-style-type: none"> • The sourcing development program launched during the previous year continued. • Permanent membership in PostEurope, the Universal Postal Union (UPU), and the International Post Corporation (IPC). • Membership in the Finnish Service Sector Employers' association PALTA (a member association of the Confederation of Finnish Industries EK), the Finnish Federation for Communications and Teleinformatics (FiCom), and Finnish Business & Society (FiBS).
THE MEDIA	<ul style="list-style-type: none"> • Fast, reliable flow of information. • High level of availability and swift services. 	<ul style="list-style-type: none"> • We published some 200 press releases and bulletins during the year. • We organized meetings with representatives of the media and offered reporters tips for articles concerning news and current events in our industry. • The MediaDesk serves reporters; we received nearly 500 contact requests from the media. All requests for an interview were usually responded to within 30 minutes.

A blurred background image showing two women sitting at a table in what appears to be a meeting or office setting. The woman on the left is wearing a blue top, and the woman on the right is wearing a purple top with a blue scarf. They are both looking towards the right side of the frame. The text is overlaid on this background.

**Rewards
support
strategic
objectives and
values**



Board of Directors



Arto Hiltunen

Chairman

b. 1958, M.Sc.(Econ.)
Member of the Board since 2010
Chairman of the Remuneration
and Nomination Committee

Board member: HSE Foundation,
Jenny and Antti Wihuri Founda-
tion, Foundation for Economic

Education, Metsäliitto Group, Metsä Tissue, Talent
Vectia, SRV Group, Veho Group.

Relevant work history: S-Group 1980–2009, most
recently as CEO and Chairman of the Board of
Directors.



Hele-Hannele Aminoff

Professional Board member,
Startup Consultant

b. 1960, MBA
Member of the Board since 2006
Member of the Audit Committee

Chairman of the Board of Directors:
Movet Oy

Board member: Feneda Oy,

Vitaali Oy, BSN Oy

Relevant work history: Bob Helsinki (2011–2012):
Managing Director, Board Member; Specsavers Finland
Oy (2010–2011), Oy Leiras Ab (2006-2009).



Päivi Pesola

Vice Chairman

Vice President, Business Control,
Heat Division
Fortum Power and Heat Oy

b. 1956, M.Sc.(Econ.)
Member of the Board since 2009
Chairman of the Audit Committee

Relevant work history:

Fortum Power and Heat Oy (2001–present): Vice
President, Finance and Business Control in Fortum
Service and Heat divisions; Fortum Corporation
(1978-2001).



Jussi Kuutsa

Country Director, SRV Group

b. 1964

Member of the Board since 2011
Member of the Audit Committee

Relevant work history: SRV Group
(2010–present): Country Director of
Russia; Stockmann Group (2000–
2010).

Supervisory Board



Timo Löyttyniemi

Managing Director, State Pension Fund

b. 1961, D.Sc.(Economics and Business Administration)
Member of the Board since 2011
Member of the Audit Committee

Board member:

Itella Bank Ltd, The Foundation for Economic Education

Member: Investment committees of Aalto University and the Finnish Pension Alliance TELA.

Relevant work history: Executive management duties in the finance sector: State Pension Fund (2003–present); Mandatum & Co Oy (1999–).



Riitta Savonlahti

Executive Vice President, Human Resources, UPM-Kymmene Corporation

b. 1964, M.Sc.(Econ.)
Member of the Board since 2008
Member of the Remuneration and Nomination Committee

Board member: MIF (Management Institute of Finland)

Relevant work history: UPM-Kymmene Corporation (2004–present), Executive Vice President, Human Resources, Elcoteq Network (2001–2004), Raisio Group (2000–2001).



Ilpo Nuutinen

Senior Government Counsellor, Prime Minister's Office
b. 1964, Master of Laws (trained on the bench), Licentiate of Laws, M.Sc.(Econ.)

Member of the Board since 2012
Member of the Remuneration and Nomination Committee

Board member: Kruunuasunnot Oy

Relevant work history: Prime Minister's Office, Ownership Steering Department (2010–present), Senior Government Counsellor; Prime Minister's Office, Ownership Steering Department (2007–2010); Ministry of Finance, Management Support (2001–2007).



Maarit Toivanen-Koivisto

President, Onvest Oy
b. 1954, M.Sc.(Econ.)

Member of the Board since 2007
Member of the Remuneration and Nomination Committee

Chairman of the Board

of Directors: Are Oy, The Foundation for Economic Education,

Onninen Oy, Onvest Oy

Board member: Finnish Cultural Foundation, the Finnish Fair Corporation

Supervisory Board member: Ilmarinen Mutual Pension Insurance Company

Vice Chairman: Finland Chamber of Commerce, the Board of the Helsinki Chamber of Commerce, the Board of the Federation of Finnish Commerce

Relevant work history: Onvest Oy (1997–present), Development Manager, Finance Manager, CFO, CEO; Onninen Oy (1978–1997).

Chairman

Mauri Pekkarinen

Member of Parliament, Centre Party, 2012–present

Vice Chairman

Johanna Karimäki

Member of Parliament, the Greens of Finland, 2010–present

Ritva Elomaa

Member of Parliament, the Finns Party, 2012–present

Lars-Erik Gästgivars

Member of Parliament, the Swedish People's Party, 2012–present

Susanna Huovinen

Member of Parliament, the Social Democratic Party, 2008–present

Sari Moisanen

Student, the Left Alliance, 2011–present

Outi Mäkelä

Member of Parliament, the National Coalition Party, 2008–present

Reijo Ojennus

Entrepreneur, the Finns Party, 2008–present

Raimo Piirainen

Member of Parliament, the Social Democratic Party, 2012–present

Tuomo Puumala

Member of Parliament, the Centre Party, 2012–present

Teuvo V. Riikonen

Executive Director, Christian Democrats, 2012–present

Kimmo Sasi

Member of Parliament, the National Coalition Party, 2012–present

Executive Board



Heikki Malinen
President and CEO
b. 1962, M.Sc.(Econ.),
MBA
Joined the Group in
2012
Board member:
Outokumpu, Service
Sector Employers

PALTA

Chairman of the Board of Directors:
The American Chamber of Commerce,
AmCham Finland

Relevant work history: Pöyry Plc (2008–
2012), President and CEO and Chairman
of the Group's Executive Committee;
UPM-Kymmene Corporation, Helsinki
(2006–2008); UPM North America,
Chicago (2004–2005).



Sari Helander
Chief Financial Officer
b. 1967, M.Sc.(Econ.)
Joined the Group in
2011
Relevant work history: Nokia Corpora-
tion (2009–2011),
Vice President

Business Reporting & Control; Nokia
(2001–2009); Nokia (1994–2009).



Jaana Jokinen
Senior Vice President,
Human Resources
b. 1957, M.Sc.
Joined the Group in
2009
Relevant work history:
Nokia Corporation
(2004–2009)

Vice President, HR for Demand Supply
Network Management; Nokia Networks
(1995–2003).



Juhani Strömberg
Senior Vice President,
Strategy and Devel-
opment
b. 1953, Ph.D.(Tech.)
Joined Itella Group in
2006
Vice Chairman:
Samlink Oy.

Relevant work history: Tieto (1976–
2006), Vice President, Electronic Busi-
ness Services.



Heikki Länsisyrjä
Senior Vice President,
Itella Information
b. 1960, M.Sc. (Econ.)
Joined the Group in
2007
Relevant work history:
Fujitsu Services Oy
(1987–2006), Director,
Infrastructure.



Lauri Vesalainen
Senior Vice President,
Itella Logistics
b. 1956, eng.
Joined the Group in
2011
**Relevant work his-
tory:** Nokia corpora-
tion (1995-2011)

international and global executive
positions in sourcing, manufacturing
and logistics.



Jukka Rosenberg
Senior Vice President,
Itella Mail Commu-
nications
b. 1962, M.Sc.(Econ.)
Joined the Group in
2011
Board member: Finnish
Federation for Commu-

nications and Teleinformatics, FiCom

Relevant work history: IBM Global Ser-
vices (2006–2011), Executive, Strategic
Outsourcing; Tieto (1997–2006).

Management Board



Pirjo Kaasinen

Vice President,
Communications,
Marketing, and Strategic Sales
b. 1963, M.Sc.(Econ.)
Joined the Group in
2012

Relevant work

history: Digi TV Plus Oy (2011–2012),
Sales Director; Eniro (2005–2011); Elisa
(2001–2005).



Hannu Lanteri

Managing Director,
Itella Bank Ltd.
b. 1955, MBA
Joined the Group in
2009

Relevant work

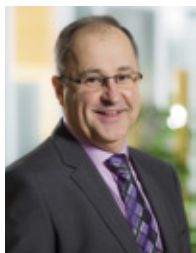
history: Deputy CEO
of the Savings Banks
Association (1996–2009).



Tomi Pienimäki

Vice President, CIO,
Corporate ICT
b. 1973, Ph.D.
(Tech.), M.Sc.(Eco-
nomics and Business
Administration)
Joined the Group in
2005

Relevant work history: Hackman Metos
Oy (2000-2005), CIO; John Crane Ltd, UK
(1999-2000).



Harri Kämpä

Vice President,
Sourcing
s. 1965, DI
Joined the Group in
2012

Relevant work history

CPS Color Group
Oy (2009–2011):

Director; Kemira GrowHow Oy / Yara Oy
(2003–2008).



Antero Palmolahti

Strategic Chief Shop
Steward of Itella
Group; Finnish Post
and Logistics Union
PAU (employee rep-
resentative)
b. 1952

Joined the Group in
1971

Board member: Chairman of Itella Per-
sonnel Fund's Board

Relevant work history: Itella Group
(1971–present) postal worker, various
positions as safety representative and
chief shop steward.



Vesa Vertanen

Senior Vice President,
Itella Logistics Busi-
ness Group, Russia.
b. 1956, M.Sc.(Econ.)
Joined the Group in
2001

Board member:

AEB Association of

European Businesses in Russia

Vice chairman: East Office of Finnish
Industries Ltd

Relevant work history: Addtek Group
(2000-2001); Chief Financial Officer;
Starckjohann Group (1995-2000).

Corporate Governance

Itella's Corporate Governance Statement 2011

Itella has drawn up the Corporate Governance Statement required by the Finnish Corporate Governance Code. The Statement is published as a separate, unaudited report released in connection with the Financial Statements. It is available on Itella's webpages at www.itella.com/corporategovernance.

Remuneration Statement

Our remuneration principles support the achievement of strategic objectives and values at all organizational levels. Rewards are included in the Group's strategy process, the annual planning of operations, and the performance management process.

The Board of Directors determines the principles according to which executive management and key personnel are remunerated and receive bonuses annually, on the recommendation of the Remuneration and Nomination Committee.

The objective of executive management's salary policy is to direct the management's attention to the issues most vital in terms of Itella's strategy and values, reward the executive management and key employees for results and successful outcomes, engage with management and promote its permanence in Itella's service, and to ensure the competitiveness of remuneration with regard to the competition over management resources. Remuneration follows the State-owners guidelines concerning the remuneration and pension benefits of executive management.

Risks and risk management

The Group's risk management, based on the principles of Enterprise Risk Management (ERM), covers all Group operations and forms an integral element of our management and strategy processes. Its aim is to secure and improve business profitability and the achievement of strategic goals by reducing the likelihood of risk occurrence and the impact thereof, and by supporting the exploitation of business opportunities.

Risk identification, analysis, and the planning of risk management measures is carried out once a year as part of the Group's strategy process. The status of the risk profile and management measures is updated regularly once a year and whenever significant risks are identified or the profiles of major risks undergo material changes. The Group's risk portfolio is compared against the risk-bearing capacity based on a financial model developed within the Group.

Itella's risk management policy is available in full at www.itella.com/riskmanagement.

Investor Relations

Financial communications and principles

Our financial reports follow the International Financial Reporting Standards. As an issuer of two publicly listed bonds, we are obligated to disclose periodic information to a limited extent.

The first EUR 150 million bond was issued in November 2009 and listed on the stock exchange in December 2009, whereas the second EUR 100 million bond was issued in November 2011 and listed on the stock exchange in January 2012.

This disclosure obligation is based on the Finnish Securities Market Act and the rules and regulations of NASDAQ OMX Helsinki Oy. We fulfill our obligation to disclose periodic information by publishing our financial statements and interim reports (quarterly) as stock exchange releases.

Our financial communications policy is available in full at www.itella.com/financials.

Financial calendar in 2013:

Financial Statements for 2012: February 15

January–March: April 29

April–June: July 24

July–September: October 30

Silent period

Itella has a silent period of 21 days before each quarterly financial report announcement. During the silent period Itella refrains from making any contacts or comments to investors, analysts and the media about the company's business prospects or financial results.

Annual General Meeting

Itella Corporation's Annual General Meeting in 2012 was held on March 14, 2012. Itella deviates from the Finnish Corporate Governance Code in that notices concerning its Annual General Meeting and the notes thereto are not published on its webpages since, as a State-owned company, it has only a single shareholder.

The tasks and resolutions of the General Meeting are available on the Internet at www.itella.com/agm.

Contact information for financial communications

Finance: Sari Helander

tel. +358 50 376 1819, sari.helander@itella.com

Communications: Hanna Kauko

tel. +358 50 376 0437, hanna.kauko@itella.com



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