

SITRA

EMPOWERED BY THE FUTURE

Annual report and financial statements 2023



THE FINNISH INNOVATION FUND SITRA is an independent future fund. We carry out in foresight activities to understand the phenomena that influence the future, and together with our partners conduct experiments and pilot projects that strengthen the reform and resilience of society. We also provide tools to all interested parties to help them develop their future-oriented thinking and capacity for change. Our vision is of a fair, sustainable and inspiring future that ensures people's well-being within the limits of the earth's carrying capacity.

Sitra's offices are located in the Ruoholahti district of Helsinki, but we work with local partners throughout Finland and internationally.

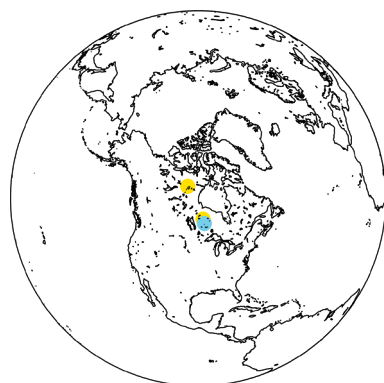
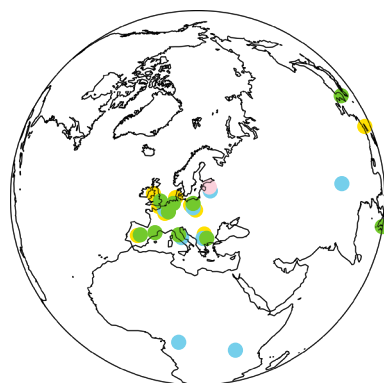
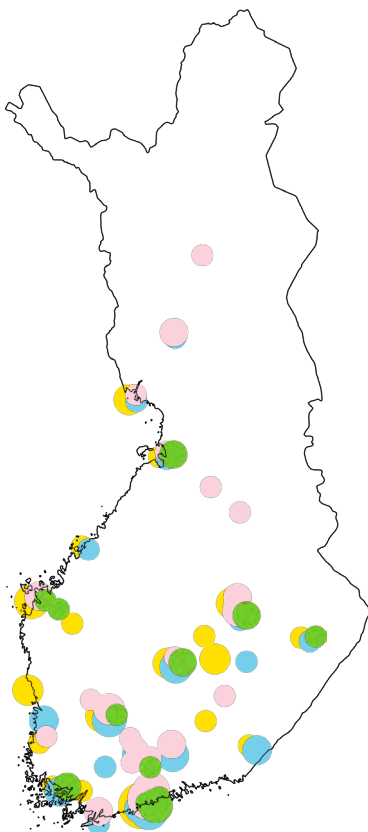
Projects in 2023

Democracy

Nature

Foresight and learning

Data



**2023 ANNUAL REPORT
OF SITRA, THE FINNISH
INNOVATION FUND**

TO THE PARLIAMENT

Under Section 9(1)(9) of the Act on Sitra, the Finnish Innovation Fund (717/1990), Sitra's Supervisory Board hereby respectfully submits this Annual Report for 2023 to the Finnish Parliament.

Helsinki, 21 March 2024

On behalf of Sitra's
Supervisory Board

MIKA LINTILÄ
CHAIRPERSON

JORMA JAALIVAARA
SECRETARY

Sitra reminds us of the importance of tomorrow

SITRA IS A FAMILIAR name to most people in Finland, and many have benefited from Sitra's work, for example when using the Suomi.fi website or the Terveyskirjasto online health library. Despite this, few people have a complete understanding of the breadth of Sitra's activities and its contribution in creating a successful Finland of tomorrow.

In 2023, for instance, Sitra staff piloted citizen panels in Merikarvia and Pieksämäki and made Sitra's popular Lifestyle Test available in seven other European countries. They co-ordinated a joint action between 25 countries on regulating the health sector in the EU and organised the world's leading circular economy event, the World Circular Economy Forum.

The results of Sitra's work take concrete form in people's daily lives when the views of local residents are taken into account in the budget planning of their municipality, when families adopt new and more sustainable lifestyles, when travellers' health data is accessible to health professionals in other countries when needed, or when different countries around the world are inspired to create roadmaps to a circular economy that reduces waste and dependence on imported materials.

Sitra has found that it is the most successful when its partners are also successful. The successes achieved in the above examples are also shared with stakeholders.

YEAR 2023 was in many ways one for the history books in Finland: we joined NATO, the challenges and opportunities associated with artificial intelligence took tangible form in a new way, the need to save energy emerged as an important issue, and the financial situation of both the central government and many households deteriorated as interest rates rose.

In the face of new challenges, Sitra plays a vital role in reminding decision-makers and people in general of the importance of long-term thinking and looking at the big picture when it comes to the future. In an ever-accelerating media environment and stream of events, Sitra's mission is even more important than ever.

Sitra's Megatrends 2023 report highlights the broad arcs of change that underscore the need for renewal: Nature's carrying capacity is eroding. Well-being challenges are growing. The battle for democracy is fiercer. Competition for digital power is intensifying. The foundations of the economy are crumbling.

A COMMON MISCONCEPTION concerns Sitra's funding. Sitra finances its operations by investing the fund's assets in the investment markets. It should also be noted that a majority of the funds used by Sitra ultimately benefit society in the form of funding, projects and pilots.

In the latter part of the year under review, Sitra made an exceptional donation to the CMI – Martti Ahtisaari Peace Foundation. In these times of war, peace-building potentially has tremendous leverage regarding the future of millions of people and their communities.

Sitra's work is regularly evaluated by independent external researchers. The next evaluation will be completed in spring 2024. It will provide background information for Sitra's work to renew its strategy. The factors underlying the renewal of the strategy include global changes, Finland's social and economic challenges, and the overall increase in uncertainty. The results of Sitra's recent stakeholder survey show that Sitra is widely valued. This gives Sitra a good starting point for moving forward.

The market value of Sitra's investment assets fluctuates from year to year. At the

end of 2023, the market value was about €965 million (€941 million on 31 December 2022). The return on investment was 5.7 per cent during the year (-6.4 per cent in 2022).

According to the view of Sitra's Supervisory Board, Sitra's finances and operations are well looked after. At its meeting on 21 March 2024, the Supervisory Board adopted Sitra's profit-and-loss account and balance sheet in accordance with the auditors' proposal. At the same meeting, the Supervisory Board decided, as proposed by the Board of Directors, to carry forward the net surplus for the financial year 2023 – €21,345,596.89 – to the retained surplus/deficit account.

Helsinki, 21 March 2024

Mika Lintilä, Mika Kari, Janne Jukkola, Pihla Keto-Huovinen, Pekka Toveri, Laura Huhtasaari, Ari Koponen, Veijo Niemi, Saku Nikkanen, Annika Saarikko, Oras Tynkkynen, Mai Kivelä, Joakim Strand and Peter Östman
./. Jorma Jaalivaara

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A future fund must change with the times

IT HAS BEEN BOTH CHALLENGING AND INSPIRING

to take the helm at Sitra at a time when Finland is facing exceptionally big problems. Our future fund needs to focus on its basics at a time when the Finnish economy appears to have fallen behind the other Nordic countries and when our security situation has fundamentally altered.

Sitra's activities in 2023 were based on the strategy set out in 2020. As we pursued our future-oriented work in line with that strategy, we began to prepare our new strategy.

The list of keywords for our work in 2023 is impressive. We published the 2023 version of our review of megatrends. The World Circular Economy Forum WCEF was held in Helsinki. We developed the calculation of the biodiversity footprint by revising our lifestyle test and creating new language versions of it for eight EU countries. We started our Leadership Training for the Future EU programme. We experimented with deliberative democracy in various parts of Finland and tested the Polis platform for constructive discussion. The EU-wide effort to promote the mobility of health data moved ahead and, in Finland, we made progress on the paths laid out in the Roadmap for a Fair Data Economy. We also began a project to bring AI to health-care and the work of government ministries.

This publication describes the efforts and results behind these words.

MANY OF THE CHANGES IN THE WORLD

in recent years have been unwelcome. Many indicators of well-being are trending downward. Debate in society is polarised. The decline in intellectual capital is also a cause for concern. Ultimately, a country's prosperity depends on its people and their abilities.

Finland faces grave challenges. With this in mind, we have decided to revise our strategy.

SITRA WILL RE-EVALUATE what are the most important future-related issues for Finland and which of them we can do the most to contribute to long-term prosperity, meaning sustainable economic growth and the opportunity for people to lead a good life. We have already identified the need for change in our own operations, including the need to develop future-oriented solutions to emerging problems faster than before.

In addition to all Sitra employees, Sitra's highly competent and motivated Board of Directors and Supervisory Board are involved in planning the new strategy. We are also incorporating the views of our partners, without whom we could not carry out our tasks successfully.

Sitra's latest stakeholder survey was conducted in late 2023. Three out of four respondents think that Sitra's role in building Finland's future is very important or fairly

*"Finland faces grave challenges. With this in mind,
we have decided to revise our strategy."*

important. We are honoured and grateful for this assessment. It gives us a good basis for building the future fund of the future.

Having started its operations in 1967 as a funder of research and development, Sitra has evolved through many stages to become a versatile specialist in future-oriented thinking and societal change. Today, Sitra once again faces new and interesting challenges.

I WOULD LIKE TO THANK

all of my colleagues, our partners and my predecessor Jyrki Katainen for the year 2023.



Atte
Jääskeläinen
President, Sitra



What is Sitra?

TASKED WITH BUILDING THE FUTURE. The Finnish Parliament established Sitra in 1967 as a present to the Finnish people and a 50-year-old independent Finland. Pursuant to the Act on Sitra, the Finnish Innovation Fund (717/1990), Sitra's purpose is to promote the stable and balanced development of Finland and quantitative and qualitative economic growth and to explore future development options.

APPRECIATIVE FEEDBACK. In our stakeholder survey conducted in October 2023, we received over 850 responses from people representing various sectors of society: 74 per cent of the respondents felt that Sitra's role in building Finland's future is very important or fairly important, and 70 per cent felt that Sitra has developed approaches that have promoted Finland's development, growth and well-being.

INTERNATIONALLY UNIQUE. Sitra is also a highly-valued partner beyond Finland's borders. The European Union, among others, benefits from Sitra's expertise, and we have several collaborative projects with the EU.

WE ENGAGE IN FORESIGHT ACTIVITIES to understand the phenomena that influence the future, and we provide all interested parties with tools for future-oriented thinking and working.

WE PILOT AND FUND new future-oriented solutions throughout Finland. Sitra is not a research institution. Instead, we use research and apply it in practice. Pilot projects

and experiments are an important part of our work. Over the past 10 years (2014–2023), we have provided a total of €50 million in funding to partners for projects that improve Finland's economy and competitiveness and people's well-being.

WE BRING PEOPLE TOGETHER to learn, establish shared situational awareness and take action for a better future. The future is made together.

DEEP EXPERTISE IN A WIDE RANGE OF FIELDS. This is essential, as future-oriented work requires a thorough knowledge of both content and methods. At the end of the year, Sitra employed 185 people. **Atte Jääskeläinen** became Sitra's President in August 2023, succeeding **Jyrki Katainen**.

FOUR CORE VALUES. These are the cornerstones of everything we do: togetherness, independence, respect and responsibility.

SITRA DOES NOT USE TAX REVENUE FROM THE CENTRAL GOVERNMENT BUDGET. We fund our activities with returns from the investment markets. At the end of 2023, the value of investment assets totalled €965 million (€941 million on 31 December 2022). Sitra's spending on future-oriented work amounted to €31.6 million.

THE RESULTS AND IMPACT OF OUR WORK are continually assessed in various ways. In general, we are most successful when our partners are also successful.

We drive **Finland's** future **prosperity**

FORESIGHT AND LEARNING. We strive to ensure that the possible directions of future development are well known in Finland, that different kinds of future are widely discussed and that action is taken based on this knowledge. We also increase society's capacity for change and co-operation.

SUSTAINABILITY SOLUTIONS. We advance the transition to a society where people have a high level of well-being, businesses thrive and decision-makers operate within the limits of the carrying capacity of nature.

FAIR DATA ECONOMY. We build a people-centred, fair data economy based on European values.

DEMOCRACY AND PARTICIPATION. We strengthen democracy and contribute to the building of an inspiring future.

The year 2023 in figures

13



*future-oriented
work projects or teams*

58

publications



151

stakeholder events

101

funded projects

22



*expert statements to the
Government and the Parliament*

1

finished project

Examples of Sitra's work and results in 2023

Information and tools for thinking about the future

Futures knowledge belongs to everyone. We published the 2023 version of our popular Megatrends report and provided training to teachers, municipalities, NGOs and businesses on how to use the related tools. Our megatrend cards were also published in plain language for the first time.

We increased the scale and breadth of our training activities

Sitra's highly regarded *Leadership training for sustainable economic policy* was complemented by *Leadership training for the future EU*. The new training enhances the EU-related preparedness of Finnish decision-makers and influencers and stimulates discussion on which issues Finland should influence in the EU and how. The partners in the training programme are the European Commission Representation in Finland, the think tank Bruegel and the European Policy Centre.

How to use data as raw material for competitiveness? Guidance from Sitra's roadmap and experiments

We published a national roadmap for a fair data economy. Developed under Sitra's leadership and through collaboration with over 700 experts, the roadmap and its

recommendations support Finland's economy and competitiveness through data. We also conducted practical experiments related to data sharing. For example, we developed digital product passports, the smart management of seaport traffic and an app for the next iteration of the internet (Web 3.0).

We tested new methods of democracy across Finland

Eight wellbeing services counties launched deliberative democracy experiments with the help of Sitra. These included local resident panels and constructive online debates.



The new arenas give people the opportunity to influence issues of public interest, including between elections. In the latter part of the year, we participated in Finland's first Citizens' Parliament pilot.

We promoted constructive debate using the Polis online platform as a tool

We brought the Polis platform for constructive online discussion to Finland and over 18,000 Finns tried it out in our *What do you think, Finland?* campaign. The campaign surveyed people's views on the direction of Finland. The results showed that there is a broad consensus on a number of fundamental issues, but opinions are more varied when it comes to themes that affect individual identity and daily life.

We increased understanding of the severity of the environmental sustainability crisis

We developed groundbreaking tools to calculate the biodiversity footprint of companies and urged the financial sector to take natural capital into account. We published a collaboration between Sitra, the technology company Nokia and the University of Jyväskylä that lays the groundwork for an international standard for calculating biodiversity footprints. At the World Circular Economy Forum (WCEF), we promoted

global discussion on the importance of biodiversity. Some 8,400 people attended the event in Helsinki and online.

We updated our Lifestyle Test – assess the climate impact of everyday choices

We updated the background data for our popular Lifestyle Test and introduced new features: people can now use the test to create their own plan for sustainable living. The Lifestyle Test was extended to seven European countries in addition to Finland. First introduced by Sitra in Finland in 2017, the tool for sustainable daily living has already been used over 1.4 million times.



Increasing impact through **EU co-operation**

Through international contacts and co-operation, Sitra can influence development not only in Finland but also throughout Europe and the rest of the world. The following timeline describes the highlights of our EU co-operation during the year under review.



We prepared a proposal to the EU and its next Commission on how to develop the **European Green Deal** after the EU parliamentary elections in the spring of 2024. The Green Deal can strengthen Europe's self-sufficiency and create new markets. The key is to make the value of nature visible and incorporate nature into all policy programmes.



We invited former Italian Prime Minister **Enrico Letta** to Finland. He has been commissioned by the EU Member States to draw up a **high-level report on the future of the European single market**. Letta met with Finnish political leaders and representatives of the business sector and labour market organisations. This gave Finns the opportunity to influence EU discussions on the single market in advance.



Sitra's popular **Lifestyle test** was extended to Europe when it was offered to visitors to the Nordic World Ski Championships in Planica, Slovenia. The test, which was revised as part of the EU's Horizon programme, was also launched in the local languages in Germany, Estonia, Italy, Portugal, Greece and Turkey in the latter part of the year.



Our long-awaited **Leadership Training for the Future EU** began with the pilot course convened to consider the future of Finland and the EU. A total of 28 Finnish decision-makers participated in the training organised by Sitra. The course enhances the participants' understanding of the operating environment of the EU, its leadership and decision-making practices and its role as a global operator. At the same time, it supports Finland's aims to improve its proactive influencing of the EU.

We completed a joint action that accelerated the European Commission's initiative on the **EU-wide use of health data**. The final legislative text is expected to be finalised in the spring of 2024. Co-ordinated by Sitra, the TEHDAS joint action between 25 European countries provided background information for the legislation during the period 2021–2023. In the latter part of the year, Sitra was also appointed to lead the preparation of the implementation of the legislation (TEHDAS2). The projects build on Sitra's long-term efforts in the field of health and data.



Sitra recommendations for the **EU's new data strategy** were finalised. The recommendations were prepared in collaboration with Finnish and international experts on the subject. The use of data can contribute to Europe's competitiveness, people's well-being, democracy and the identification of sustainable solutions. The recommendations were published at the beginning of 2024 and are intended as input for the next Commission's work programme.

FORESIGHT AND LEARNING

Why is this topic important?

Even in a complex and uncertain operating environment, it is necessary to make choices and decisions that will create a better tomorrow for us and future generations. With this in mind, it is important to make future-oriented thinking commonplace and to enable people to exercise their power to define futures by contributing their thoughts and ideas to the debate about Finland's future regardless of which part of the country they live in or what their backgrounds or life situations are.

What does Sitra do?

We produce futures knowledge and strengthen people's future-oriented thinking and the ability and willingness to build a sustainable future together. We provide opportunities for collaborative thinking, learning and development. Recognising that no one can solve systemic challenges alone, we have been training Finns for over 40 years. Our courses bring together people from different backgrounds and sectors of society.



Highlights in 2023

1

We published our Megatrends 2023 report and related tools, including the megatrend Cards of Hope, now available in plain language for the first time. Tens of thousands of Finns have used our materials to learn about megatrends.

2

We developed the new training programme Leadership Training for the Future EU. This enhances the readiness of Finnish decision-makers and influencers to face the challenges and opportunities of the European Union together.

3

In the Sitra Lab 4 programme, which ended in June 2023, seven teams from different regions of Finland developed and tested new ways to increase participation among municipal inhabitants.

MEGATRENDS IN DAILY LIFE AND A NEW EU TRAINING PROGRAMME

2023 began with the publication of our popular and much-awaited Megatrends 2023 report. Megatrends and related tools have become part of everyday life for individuals and organisations. The [website](#) hosting the material had over 85,000 unique visitors during the year.

To reach increasingly broad target audiences, we produced easy-to-use tools such as [digital](#) and [plain language](#) megatrend cards. Over a thousand decks of the plain-language cards have been ordered by educational institutions, NGOs, businesses and even a hair salon located in Lahti that wants to inspire its customers to think about the future. We sent decks of megatrend cards to upper secondary and comprehensive schools and produced learning materials for teachers to use in the classroom. We organised practical training sessions on how to use megatrends for teachers, businesses and the public sector.

There is clearly demand for futures knowledge, which is not surprising since the [Futures Barometer](#) published in the spring showed that Finns' confidence in the future has remained strong even in the midst of crises. In the run-up to the general election in the spring, we used the Futures Barometer to introduce the futures perspective and Finns' views of the subject into the discussion. The Futures Barometer citizen survey was conducted for the third time.

We also focused on the future of the economy, publishing a study on the [regenerative economy](#) and organising a series of workshops in which 28 experts exercised their



imaginations to challenge prevailing assumptions about the economy and envision alternative futures.

Strong demand for training focused on the future of the EU

Sitra launched Leadership training for the future EU with the aim of enhancing Finnish decision-makers' and influencers' proactive influence on the EU. The 25 graduates of the pilot course included members of parliament, government officials and representatives of advocacy organisations, businesses, media and NGOs. During the training course, they heard from dozens of experts, went on a study trip to Brussels and completed an exercise on strategic management.

Lessons learned from Sitra's *Leadership training for sustainable economic policy* were used in developing the new EU training. Throughout its history, Sitra has trained over 2,500 Finnish decision-makers and influencers on economic issues. In 2023, we also organised supplementary training for previous participants of our leadership training for sustainable economic policy.

Our Sitra Lab programmes continued to develop practical solutions for social change. In the programme that ended in the summer, seven teams from different regions of Finland experimented with new ways to promote local democracy: a digital engagement platform was piloted in Siilinjärvi, engagement-related collaborative structures were developed in Ostrobothnia, and

the link between engagement and regional vitality was strengthened in Kemi.

The Sitra Lab programme, which started in the autumn, focuses on the next iteration of the internet (Web 3.0). The participating teams are working on practical applications for the blockchain-driven internet in the spirit of a fair data economy. The applications under development will, for example, support carbon-neutral eating and virtual tourism. The programme will end in winter 2024.

Looking ahead to 2024

In 2024, we will focus more on the power to define futures, which refers to the power to define what is considered possible or desirable in the future. There is a great need for a critical assessment of the power to define futures, as the current time period is characterised by surprises, discontinuities and major changes. For example, responding to the environmental sustainability crisis requires democratising



discussions about the future and outlining different future scenarios.

We will train Finnish decision-makers and influencers on sustainable economic policy and the EU's future leadership, offering two courses on both topics. In the run-up to the EU elections in June 2024, we will publish a

discussion analysis of the Finnish debate on the EU.

The themes of our Sitra Lab programmes will be related to a fair data economy and sustainable everyday life. A more comprehensive impact assessment of the previous Sitra Lab programmes will be carried out.

WHAT WE PROMOTE

THE POWER TO DEFINE FUTURES BELONGS TO EVERYONE – ARE YOU EXERCISING YOURS?

WHAT? The power to define futures is the power to influence what is considered possible or desirable. More broadly, it is a question of who gets to participate in the discussion, whose views are taken into account and who is represented in different images of the future.

WHY? We need a pluralistic discussion on what kind of a future we want to build. The choices and decisions made today have far-reaching impacts, which underscores the importance of the question of who exercises the power to define futures. For example, are young people's thoughts, wishes and views about the future being adequately taken into account?

HOW? Sitra aims to broaden the range of those who have the power to define futures. We will organise several webinars on this topic in 2024. The webinars

will also cover the basics of future-oriented thinking. We will also publish a memorandum on the subject along with Futures Lens, a new tool to democratise futures by examining futures-related choices and power.

HOW IS THIS DONE IN

PRACTICE? In 2024, we will provide funding to teams developing and experimenting with different methods for democratising futures. The question of how the power to define futures could be shared with young people in the school setting has already been considered at Arabia Comprehensive School in Helsinki. The experiment began in autumn 2023 and will last for one school year.

READ MORE:

<https://www.sitra.fi/en/topics/power-to-define-futures/>

FAIR DATA ECONOMY

Why is this theme important?

Data offers significant opportunities globally, but the benefits of data are unfairly distributed. While the digital giants collect and use data for their own interests, ordinary people have no control over how and for what their data is used. For their part, companies are reluctant to share the data they control with others, even though doing so could open up new business opportunities.

What does Sitra do?

We are building a people-centred, fair data economy based on European values. We promote changes in economic structures, such as regulations and rules, increase the opportunities for individuals to influence the use of data, and provide practical tools for companies operating in the data markets.



Highlights in 2023

1

We promoted a fair data economy through several practical experiments. For example, we worked with partners to develop digital therapeutics, smart management of seaport traffic, decentralised Web 3.0 solutions and digital product passports.

2

In collaboration with a large network of experts, we developed a national roadmap for a fair data economy to accelerate the development of the data economy. The roadmap and the related tools support Finland's economy and competitiveness.

3

The TEHDAS project, led by Sitra, laid the groundwork for the Europe-wide use of health data. The European Commission drafted a legislative initiative based on the project's work done. In recognition of the first project's success, Sitra was selected to co-ordinate the TEHDAS2 project, which will involve 30 European countries.

CO-OPERATION TO STRENGTHEN THE DATA ECONOMY IN FINLAND AND EUROPE

The national Roadmap for a Fair Data Economy, which was developed under Sitra's leadership, demonstrates that there is a willingness in Finland to build a data-driven economy and society together. The roadmap sets the direction and lists actions that will promote the well-being, green transition and competitiveness of Finland through data. Over 700 experts participated in the effort, representing businesses, public authorities, research and NGOs. The network launched over 20 reforms to accelerate change.

We also created a tool to help the public sector and businesses by providing clear indicators of the progress of the data economy.

We inspired businesses, educational institutions and others to recognise the opportunities presented by data-driven solutions by compiling a list of the most interesting solutions in the data economy. The list features 24 innovative solutions developed by businesses, research institutions and public sector organisations across Finland.

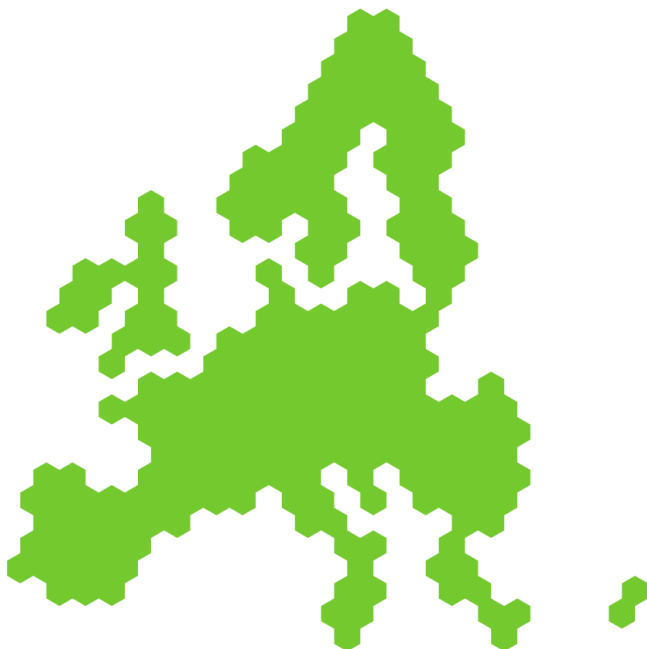
Sharing data between organisations accelerates innovation and the creation of new services. Our study on the functioning of data-sharing networks, or ecosystems, found that networked Finnish companies and public sector organisations have used shared data to streamline their processes and create new and better services. The organisations surveyed in the study indicated that business growth is a particular area where more development and know-how are needed.



For companies that are more advanced in data-driven business, we published free [learning materials](#) on the EU's changing data regulation. They help companies prepare for the new regulations and seize the opportunities of the data economy.

We also studied the decentralised internet, or Web 3.0, as an emerging issue, focusing on the opportunities for business and the regulatory needs for responsible industry development. We produced a [study](#) with recommendations for improving the business opportunities of companies in the industry and building the fair data economy of the future.

The European Union is building a fairer data economy in a context where geopolitical tensions are affecting the technology sector and the European economy. Together with Finnish and European partners, we prepared [proposals](#) for the European Commission to strengthen the security and competitiveness of the European economy.



Supporting the reform of the healthcare sector

Slowing economic growth creates increased pressure to improve the productivity of work. Data provides solutions for this. [Our study](#) showed that the use of data could enable the social welfare and healthcare sector to achieve annual cost savings of over €700 million and allow thousands of nurses and doctors to spend more of their working time on providing care. Some of our recommendations on the reform of healthcare were included in the Government Programme.

The new well-being services counties and the increasing use of health data require a revision of the health sector's strategy. We developed a [vision](#) towards 2030 for the health sector. The aim is to shift the focus from the acute challenges facing healthcare towards long-term opportunities.

We also continued our work to promote the secure use of health data and accelerated the development of the health sector in Europe. From 2021 to 2023, we led the TEHDAS joint action of 25 European countries that prepared EU legislation on the use of health data. The project's recommendations were reflected in the European Commission's legislative proposal.

Looking ahead to 2024

We will continue to work together to develop the data economy in Finland: we are planning experiments with the network that prepared the national roadmap. We will support and bring together networks to accelerate the quantum industry, the use of generative AI

and the growth programme for social and health services. We will also renew the monitoring of the data economy to ensure the availability of up-to-date information on the industry's development.

Sitra was appointed to lead the joint European TEHDAS2 project, which focuses on the implementation of a health data space

as part of the EU single market. The project will start in spring 2024.

We will strengthen competence related to the data economy: we will develop a series of training courses focused on EU regulation and the Growth from Data programme for SMEs. In the spring, we will launch a toolbox for data-sharing ecosystems.

WHAT WE ACCELERATE

PRACTICAL EXPERIENCES AND LESSONS ON THE DATA ECONOMY

The use and sharing of data is expected to transform all sectors. We conducted experiments to learn lessons in this area.

The green transition needs to be supported by data-driven solutions. We promoted the development of digital product passports in the textile, logistics and battery industries, among others. Product passports allow data on the materials and attributes of products to be collected and shared throughout the value and logistics chain. For example, they include information on repair and recycling options.

We were involved in finding solutions to the energy crisis by funding eight energy sector pilots focused on using data to save energy. The solutions were focused particularly on small energy users, such as households, small businesses and housing companies.

Data will soon be shared and used in extensive networks across sectoral

boundaries in Europe. The data spaces needed for this are being built rapidly. We developed solutions in this area by co-ordinating the work of the European Gaia-X network in Finland. We also funded experiments in data sharing. For example, an experiment in the field of maritime transport and port logistics developed a technological solution based on data spaces that improves the efficiency of seaport traffic. It can also be used to optimise the fuel consumption of ships and reduce emissions.

We studied the implementation of digital therapeutics. The experiments showed that patients and nursing staff find health apps useful. Although they take time and effort to implement, in the long run they can save costs by reducing the number of appointments and enabling symptoms to be treated more quickly.

DEMOCRACY AND PARTICIPATION

Why is this topic important?

Democracy faces challenges: authoritarian regimes are on the rise around the world. The transformation of the media environment creates confusion and enables new kinds of hybrid operations. Even in Finland, people's confidence in their ability to influence society is wavering. The crises around the world also challenge our ability to solve problems through democracy.

What does Sitra do?

Democracy only works if people trust each other and society's institutions. We are reforming democracy by experimenting with new forms of participation and developing democratic innovations. We also help our audiences understand how technological developments and changes in the information environment affect democracy.



Highlights in 2023

1

We carried out several experiments on deliberative democracy in wellbeing services counties and municipalities, and we participated in organising Finland's first Citizens' Parliament.

2

About 18,000 Finns tried out Polis, a new online platform for constructive debate and consultation.

3

Together with the Ministry of Justice, we launched a legislative drafting development project that will create a digital planning and monitoring tool for the Finnish government's legislative projects.

WE REFORM DEMOCRACY – PARTICIPATION EXPERIMENTS AND DIGITAL SOLUTIONS

In 2023, we introduced methods of deliberative democracy in Finland through numerous experiments and training activities. The idea is to have a randomly selected sample of people of different ages and backgrounds discuss an issue of decision-making with experts and weigh up solutions. This approach can be called a citizens' assembly or a resident panel. The common thread between the different variants of this approach is that pluralistic and considered solution proposals are generated to support decision-making.

We participated in implementing Finland's first Citizens' Parliament. In a project led by Åbo Akademi University, 671 randomly selected citizens discussed citizens' initiatives on fuel policy and drug policy. A summary of the discussion was sent to Parliament to support decision-making.

In 2023–2024, seven wellbeing services counties are experimenting with deliberative resident panels in projects funded by Sitra. In Central Uusimaa, a panel focused on mental well-being challenges among young people, while in Lapland, older people were consulted for recommendations on service development. In Pieksämäki and Merikarvia, citizen panels were used in the planning of the municipal budget.

In addition to the experiments, we have increased the competence of Finnish individuals and organisations in deliberative democracy. For example, we have published online training on the subject, which is open to the general public. The training was implemented



in co-operation with our partners and it is available via eOppiva, the central government's digital learning environment.

18,000 Finns tried out an online platform for constructive debate

We brought the Polis online platform, developed in the US, to Finland and adapted it to suit the local needs in collaboration with DigiFinland. Polis is a new kind of discussion and consultation platform that makes it possible to map people's opinions in a consensus-building way.

In our What do you think, Finland? Campaign, Finns had the opportunity to try out the Polis platform by participating in a discussion about Finland's direction. The campaign reached over half a million Finns, of whom some 18,000 tried out the Polis platform. Six wellbeing services counties also tested the Polis platform to survey the local residents' views on service development.

The study Democracy as part of everyday life examined social participation among young adults. It is known that younger age groups have lower levels of participation than older age groups, for example in terms of voting, but less research has so far been done on the obstacles and incentives to young people's social participation. The study provides input for democracy policy and democracy education.

Understanding digital power and influence

The turbulence surrounding Twitter (now X) does not seem to have reduced the use of the platform by members of parliament or their audiences: tweeting and reactions to tweets

have actually increased according to an analysis published by Sitra in late 2023. We studied the issue because it is important to build a deeper understanding of the power of decision-makers and their methods of influence on social media.

In our pan-European Data Collectives Ideation Contest, we sought the best ideas on how different communities can use data to support people's digital rights, learning, agency and inclusion. We rewarded three ideas that came from Finland, Denmark and France.

We took important steps in Sitra's efforts to promote quality, transparency and participation in the development of legislation. We published a study on improving the quality of legislation through discussion-based consultation. The study is intended as a guide for those involved in drafting legislation, and it helps citizens and stakeholders to identify the right times for participation. We also produced a study on how legislative drafting should be managed in Finland. The publication lists ways to manage and develop the legislative process using data.

In 2022, we published a comprehensive study on EU legislation in Finland. The study showed that Finland's views are introduced at too late a stage in the EU decision-making processes. This was one of our messages to the negotiations on the Government Programme in spring 2023. In January 2024, the government issued a decision-in-principle on the development of advance influence on EU matters.

Looking ahead to 2024

Increasing the transparency and predictability of the legislative process would promote citizens' opportunities to be involved in

decision-making. Sitra will help the government create a digital planning model for legislative projects that will be shared among ministries. The aim is to harmonise the implementation of legislative projects, collect better data on the process and provide information to support management.

We will continue to experiment with deliberative democracy, as panels of local residents, municipal residents and citizens can

inspire the public to participate, ease tensions and prevent polarisation.

We need technology that is designed for the needs of democracy. With this in mind, we will continue our work to make the Polis platform available to as many Finns as possible. We will also experiment with a new kind of open-source voting advice platform that would enable the diversification of voting advice apps.

WHAT WE EXPERIMENT WITH

A RESIDENT PANEL PROVIDED INPUT FOR SUPPORTING YOUNG PEOPLE IN CENTRAL UUSIMAA

WHAT? In a deliberative resident panel, a randomly selected group of people discuss a current issue that is about to be the subject of draft legislation or decision-making.

WHAT? We experimented with a deliberative resident panel in collaboration with the wellbeing services county of Central Uusimaa. The panel was assembled to discuss the mental well-being of young people and how to improve it.

HOW? About 40 residents of the wellbeing services county participated in the resident panel organised in Hyvinkää. The participants were given background information on the current situation of children and young people. They then

discussed in small groups and with the panel as a whole. After the third meeting, the panel submitted a summary of its action proposals to decision-makers in the wellbeing services county.

WHY? Panels give local residents a chance to make their voices heard. They provide a considered citizen opinion in the form of proposed solutions or priorities, for instance, to support democratic decision-making.

BACKGROUND? The use of citizens' panels has increased around the world. Sitra is experimenting with them, for example in co-operation with wellbeing services counties and municipalities, in the period 2023–2025.

READ MORE: <https://www.sitra.fi/en/topics/new-forms-of-participation/>

SUSTAINABILITY SOLUTIONS

Why is this topic important?

Human activities are putting a strain on living and non-living nature beyond its carrying capacity. This jeopardises the very basis of our well-being and the economy. We simply cannot do without nature.

What does Sitra do?

We are driving the transition to a society in which individuals, businesses and policy-makers adapt their actions to the limits of nature's carrying capacity – and thrive in the process. We create solutions for building a good life, successful business and sustainable public finances in this transition.



Highlights in 2023

1

We brought the links between nature and the economy into the public debate. In a collection of articles entitled “Nature safeguards our economy”, leading Finnish influencers underscore the fundamental importance of nature. We also co-hosted the Finnish Finance Nature Summit, which brought together Finnish and international finance leaders and policymakers.

2

We revised our popular Lifestyle Test, which helps people make sustainable choices in their daily lives. The new test, developed together with citizens and international partners, was launched in September in Finland and seven other European countries.

3

The World Circular Economy Forum (WCEF) was held in Helsinki in early summer. We put biodiversity at the heart of the global discussion on the circular economy and agreed on partnerships with organisations such as the International Resource Panel (IRP), the Circle Economy Foundation and the United Nations Development Programme (UNDP).

NO ECONOMY OR WELL-BEING WITHOUT NATURE

If biodiversity loss is not stopped, the stability of public finances will be jeopardised, the risks of pension funds will increase and financial stability may decline, write the influencers in economics and society featured in our publication Nature safeguards our economy.

For the financial markets, biodiversity loss is not only a systemic risk but also a significant business opportunity. This was the conclusion reached at the Finnish Finance Nature Summit organised in November by Sitra, Finance Finland and the Confederation of Finnish Industries. At the event, the Finnish financial sector indicated it would make a commitment to global biodiversity targets and begin preparing the sector’s own nature commitment.

In the future, actions that strengthen natural value can be bought and sold in the natural values market. The creation of effective rules for this new market is experimented with in the Luontoarvot.fi service commissioned by the Central Union of Agricultural Producers and Forest Owners MTK with funding from Sitra.

To support companies’ nature-related efforts, we conducted a project in collaboration with the FIBS corporate responsibility network in which 10 pioneering Finnish companies explored setting science-based targets for nature.

We anticipated changes in food production by funding a study by researchers at the University of Helsinki on the potential of plant-based and cellular agriculture products in the Finnish food system, and by publishing a working paper on the steps towards a sustainable food system.



Nature should also be put at the heart of decision-making in the European Union, as it helps to create new markets, thereby increasing Europe's resilience to crises and strategic autonomy. We summarised our proposals for the next EU Commission in a memorandum entitled Putting nature at the heart of the European Green Deal.

You cannot control what you cannot measure

Biodiversity loss cannot be comprehensively addressed without quantitative indicators. To develop the calculation of biodiversity footprints, Sitra and S Group have jointly funded a groundbreaking pilot project in which researchers from the University of Jyväskylä will calculate the biodiversity footprint of the entire S Group.

This work continues on several fronts: in December, Sitra, the University of Jyväskylä and the technology company Nokia announced a joint project to pave the way for a common international standard for measuring biodiversity footprints.

Almost 70 per cent of Europe's climate emissions can be traced back to people's daily lives – how we eat, live, move about and consume. A new version of Sitra's Lifestyle Test was published in Finland and seven other European countries in August. Based on the test answers, the new test provides tailored tips and the opportunity to build a personalised plan for sustainable living. The new test was developed in the Sitra-led and EU-funded PSLifestyle project, which is based on Sitra's previous Lifestyle Test.

Accelerating the circular economy through common rules

At the turn of May and June, the World Circular Economy Forum (WCEF) brought together more than 8,400 decision-makers and experts from over 150 countries in Helsinki and online. At the WCEF event, an agreement was reached to deepen co-operation between Sitra, the UN's International Resource Panel (IRP), Circle Economy Foundation and UNDP. The world's leading multilateral development banks – including the World Bank, the African Development Bank, the Inter-American Development Bank and the European Investment Bank – agreed to strengthen their co-operation in financing circular economy projects.

Sitra's circular economy activities also received wider international attention. With Sitra's support, three global UN organisations (UNEP, UNDP and UNFCCC) compiled a toolbox that enables countries to utilise circular economy solutions in achieving their Nationally Determined Contributions.

Looking ahead to 2024

Our economy is entirely dependent on natural capital. For Finnish companies and public sector decision-makers, we will present the best international tools for quantifying the economic importance of nature and biodiversity. We will also highlight the health impacts of nature and prepare recommendations on taking advantage of those impacts as one way to curb public social welfare and healthcare costs.

We will carry out the world's first modelling of the biodiversity footprint of individual consumption choices and smart actions in

daily life that everyone can use to reduce their biodiversity footprint, and we will incorporate biodiversity into Sitra's Lifestyle Test.

The World Circular Economy Forum will be held in Brussels in April. We will deliver strong messages to the next EU Commission

and European Parliament on a single market that is aligned with the principles of a circular economy. At the same time, we will build a new and even broader international network of partners to lay the foundations for the future of the WCEF.

WHAT WE FUND

FINNISH RESEARCHERS ARE DEVELOPING THE WORLD'S FIRST BIODIVERSITY FOOTPRINT INDICATOR FOR COMPANIES

WHAT? A joint project between the University of Jyväskylä, Sitra and S Group is developing one of the world's first biodiversity footprint calculation methods. The project will run until 2025, and Sitra is one of the funding partners.

WHY? Biodiversity is declining at an alarming rate, with far-reaching implications for our economy, health and well-being. It is therefore essential to halt the loss of biodiversity, and business has a role to play in bringing about the necessary changes. Until now, companies have not had adequate tools to measure their biodiversity footprint.

HOW? The calculation method developed by researchers at the University of Jyväskylä (JYU.Wisdom) uses the proportion of the world's species threatened with extinction as a measure of the biodiversity footprint.

HOW is this done in practice? In the pilot project, the researchers will estimate the S Group's biodiversity footprint based on data provided by the group of companies in the retail and service sectors. Once the calculation model is finalised, it will be made freely available to all companies.

WHAT lessons have been learned? The interim report, published in 2023, shows that most of the adverse biodiversity impacts caused by Finns' consumption occur outside Finland, in different parts of the world, through complex value chains.

BACKGROUND? At the UN Biodiversity Conference held in Montreal in 2022, an agreement was reached on new international targets for halting biodiversity loss.

READ MORE:

<https://www.sitra.fi/en/topics/nature-and-the-economy/>

Sitra as a Finnish future fund

Sitra's operational approach

Sitra's future-oriented work is mainly done through its strategic themes and related projects. The work also includes ongoing societal foresight and training activities.

In our systemic development efforts aimed at Finland's future prosperity, we use a variety of approaches and change-making methods. They include creating and sharing the knowledge base, developing and experimenting with specific solutions and new approaches, and strengthening co-operation between different parties in society.

The results of Sitra's work are shared openly so that everyone can freely benefit from them. We do not charge for our work, and we do not interfere with the commercial market.

Most of Sitra's activities take place in collaboration with other parties in society. In carrying out Sitra's strategy and pursuing the goals set for our work, we make procurements alongside our own activities and fund the work of others. These are implemented as separate projects. All project expenditure and partnership information is published annually on Sitra's website.

We support the success of our societal work by continuously developing our operations. In the development of our working practices and culture, we used a thematic assessment conducted in 2023, internal

audits, a preliminary study related to the EU pillar assessment, Sitra's stakeholder survey and the annual staff survey.

The results of Sitra's work are shared openly so that everyone can freely benefit from them.

Sitra's international and independent panel of experts also contributed their views to Sitra's strategic choices and operational development. The external expert group on investment activities continued to act as a sparring partner in our investment activities.

Strategy reform in preparation

The Sitra Academy, which strengthens the expertise of Sitra and the organisation's staff, prepared training on change management, which was completed by the majority of Sitra's staff. In developing our working and leadership culture, we emphasised the importance of a strong sense of community and people-to-people contact. We reformed our HR practices and tools. We also strengthened our competence in using coaching-oriented leadership and improved communication within our workplace community.

We also promoted the goals of Sitra's strategic themes in our own operations: we continued to develop our sustainability-related operating and management model and focused on DEIB topics and the use of AI.

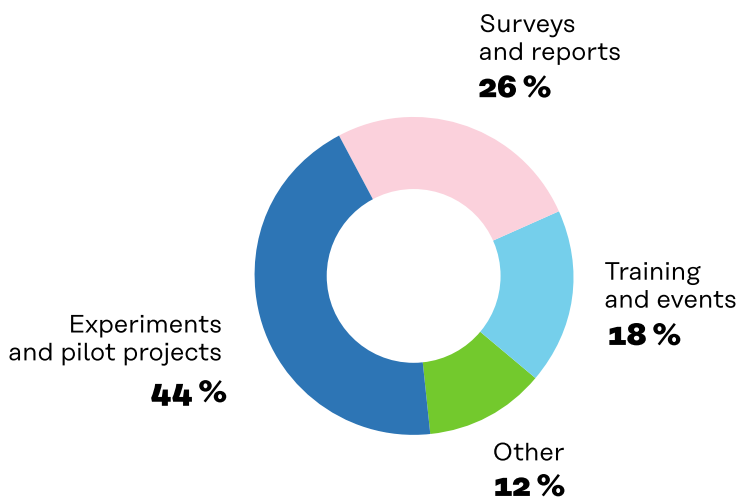
In the autumn of 2023, under the leadership of our new President, we began work on renewing Sitra's strategy. The foundations of international politics and the global economy are unstable, Finland faces major social and economic challenges, and uncertainty has increased. In this context, it is essential for Sitra to re-evaluate its operational approach and goals to determine how we can best support Finland's future prosperity. Sitra's new strategy is expected to be finalised in the summer of 2024. While the new strategy is being prepared, we will continue to operate in accordance with our current strategy.

Continuous impact assessment

All of Sitra's future-oriented work is planned in such a way that we can verify its impact, outcomes and benefits. Change in society takes time, which means that the results of Sitra's work are often only seen years later, when the futures knowledge we have produced or an operating model or service we have developed becomes established as part of society and people's daily lives.

Sitra's evaluations are based on internationally recognised standards, norms and criteria. The evaluations increasingly take into account the synergies of foresight, future-oriented thinking and assessment work. This approach supports the execution of our strategy and helps us to accelerate societal change with even greater impact.

Distribution of project expenses 2023



A comprehensive impact assessment of Sitra's Sustainability solutions theme was completed in 2023. It was carried out on a collaborative basis by an evaluation team comprising Gaia Consulting Oy and the Finland Futures Research Centre at the University of Turku. The evaluation focused on the period 2019–2022, and covered the projects of the theme that ended in 2022 (climate and nature solutions, sustainable everyday life and circular economy for biodiversity) and the ongoing global co-operation activities. The key finding of the evaluation was that the content choices under the theme of sustainability solutions theme were successful and relevant during the evaluation period, but that there is room for improvement in terms of long-term approach.

The most significant achievements under this theme are related to climate and circular economy endeavours, where Sitra has a long and consistent track record. The evaluation showed that Sitra is perceived as a highly sought-after partner on sustainability issues and that our work on the subject is valued.

Sitra has also played an important role in bringing sustainability issues into social debate.

External evaluations that cover all of Sitra's operations are carried out every five years. The most recent summary evaluation was done in 2019, and the next one will take place in 2023–2024. The focus of the evaluation will be on Sitra's strategic position as a Finnish future fund.

In 2023, preparations were made for the competitive tendering of the summary evaluation, and the first part of the stakeholder survey related to the evaluation was carried out. A total of 855 stakeholder representatives responded to the survey on the quality and development of Sitra's work, with 74 per cent of the respondents rating Sitra's role in building Finland's future as very important or fairly important. In addition, 70 per cent of the respondents felt that Sitra has developed approaches that promote Finland's development, growth and well-being, and 86 per cent felt that the knowledge generated by Sitra is of high quality.

*According to our stakeholder survey,
74 per cent of the respondents rated
Sitra's role in building Finland's future
as very important or fairly important.*

WHAT WE DEVELOP AT SITRA

RESPONSIBILITY IS AT THE CORE OF OUR FUTURE-ORIENTED WORK AND ONE OF SITRA'S CORE VALUES

We started to develop an operational and leadership approach that consolidates our sustainability efforts. The aim is to bring together different sustainability practices, some of which are highly advanced. For example, a separate climate strategy has been established for Sitra's investments, and work to address the biodiversity impacts of investments has already begun.

In 2023, we developed a carbon roadmap aimed at reducing Sitra's carbon footprint. We will start to implement this in 2024. We also made preparations to calculate Sitra's biodiversity footprint: we assessed the best available methods and funded related

development efforts, for example at the University of Jyväskylä.

The renovation of Sitra's office in 2022 was recognised in the Workplace Awards 2023 competition: we won first place in the sustainability category. The choices of structures, materials and furniture were directed by the principles of sustainable development. For example, glass wall elements removed from other premises at the property were used in the renovation.

We also assessed the need to update issues of diversity, equity, inclusion and belonging (DEIB) in our organisation and our stakeholder co-operation.

Sitra employees

Future-oriented work is all about collaboration, and it requires a wide range of strengths: the capacity to think about and imagine different futures, the willingness to roll up one's sleeves and take action, and the passion to build a successful Finland for tomorrow and involve stakeholders in the effort.

Sitra is a specialist organisation whose strong performance relies on the diverse backgrounds of its highly educated change-makers. People at Sitra tend to have a high level of education: at the end of 2023, 92 per cent of Sitra employees had a tertiary education degree, and 24 people also had a licentiate or a doctoral degree. The average age was about 45 years and the age distribution was broad.

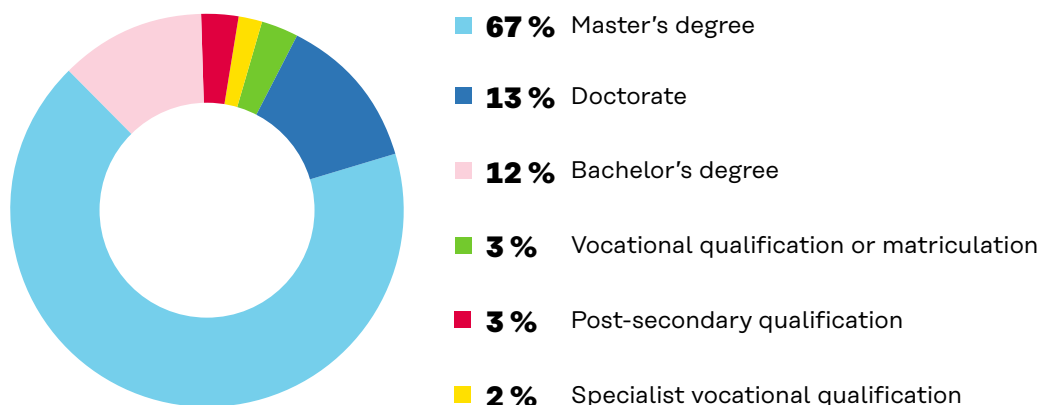
At the end of the year, future-oriented work took place in 13 projects or teams, three of which involved work on EU projects. In addition, Sitra has a total of six teams focused on communications and public

affairs, finance and administration, people and culture, IT and digital services, and legal affairs. The investment team enables Sitra's funding and activities through its strong investment expertise.

During the year, we recruited 19 new employees, while 36 employees left the organisation. The number of person-years was 178. Recruitment for Sitra's projects is always aimed at attracting the leading specialists in their field and, due to the project-based nature of Sitra's work, a significant proportion of employment is of a fixed term nature.

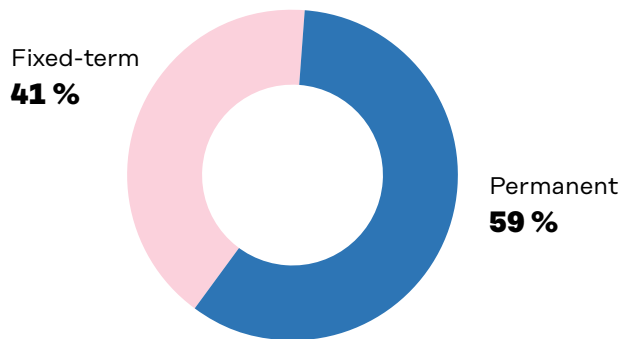
We want everyone at Sitra to feel that their work is meaningful, motivating and well-managed. We are constantly working towards this goal. We want to provide everyone with professional growth and development opportunities and strengthen their well-being as part of an effective workplace community.

The academic backgrounds of Sitra's personnel (highest qualification) 31.12.2023

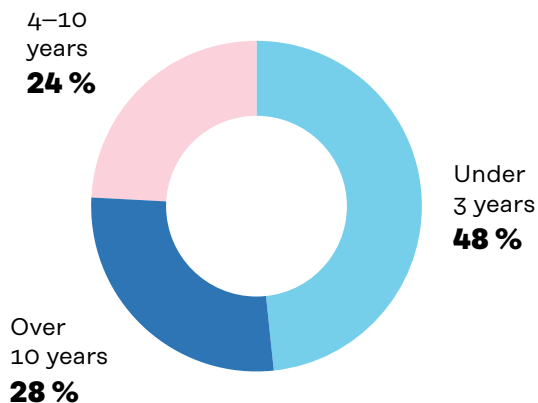


Sitra is a specialist organisation whose strong performance relies on the diverse backgrounds of its highly educated change-makers.

Employment relationships



Duration of employment



Investments

Sitra does not use tax revenue from the central government budget. Instead, all our future-oriented work is funded by income from our investment assets. The assets originate from the endowment capital originally received from the Bank of Finland and the Finnish Parliament, which we manage responsibly and profitably.

2023 was better than expected for investors. Despite the banking crisis early in the year and heightened geopolitical tensions, major stock market and interest rate indices ended the year up substantially. Central banks in Europe and the US tightened monetary policy at a historically rapid pace, and inflation began to fall significantly towards the end of the year. Despite the slowing of global economic growth, the US economy, in particular, was stronger than expected. At the same time, the expected improvement in the Chinese economy did not materialise, and economic growth in Europe was fairly weak due to the contraction of industrial production, particularly in Germany.

Expectations of an end to the cycle of interest rate increases boosted optimism in the markets towards the end of the year. International equity markets posted strong returns, driven by US technology companies. Their stocks attracted investors in connection with the growing expectations in AI. In the

Finnish equity market, the index-level returns were slightly negative.

At the end of the year, the market value of Sitra's investments was €965 million (€941 million on 31 December 2022). The return on investment was 5.7% for the year (-6.4% in 2022). The return on equity investments was 6.2%, on fixed income investments 7.0% and on other investments 3.1%. The five-year average return was 8.4%.

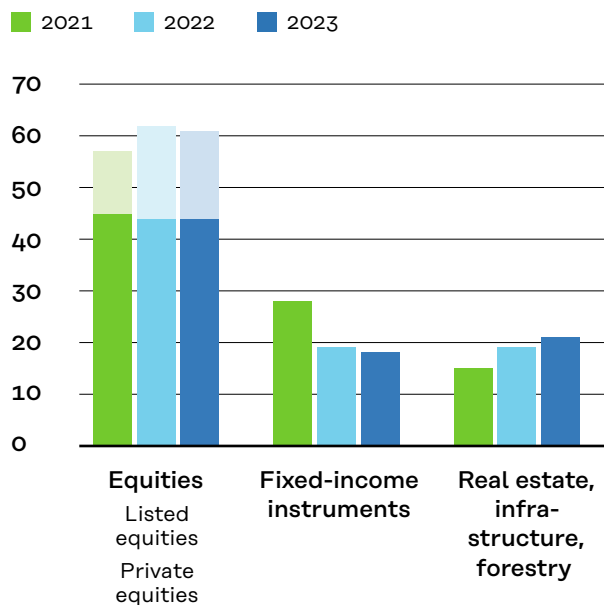
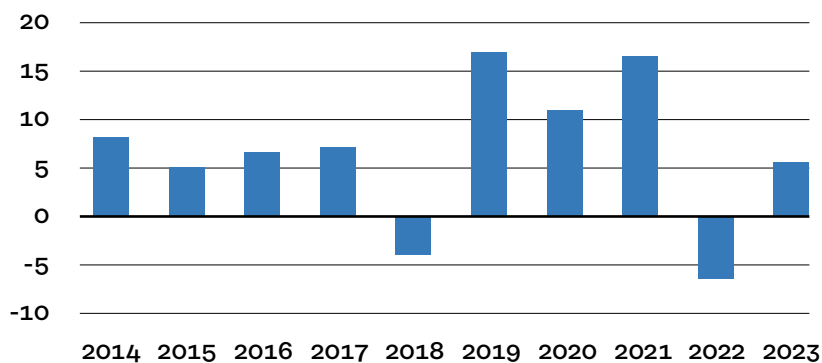
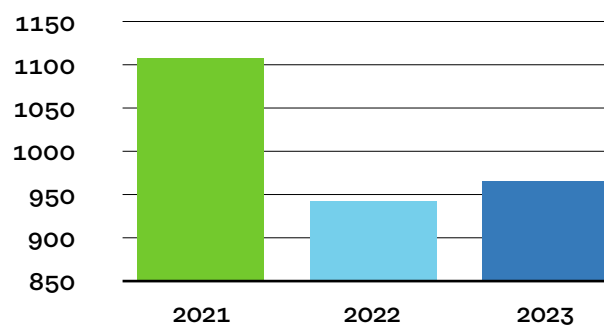
We made new investment commitments totalling €57 million (approximately €73 million in 2022) in real estate, infrastructure, forestry, private debt, private equity and venture capital funds. We also replaced a Handelsbanken equity index fund focused on Europe with an equivalent global fund.

Responsibility in investing

Sitra invests its assets in a responsible and profit-oriented manner. We are committed to the UN Principles for Responsible Investment (PRI) and the UN Global Compact sustainability principles.

For Sitra, responsible investing means considering not only return and risk but also the environmental, social and governance (ESG) factors in all investment decisions.

Climate change mitigation is one of our key priorities. With that in mind, our goal is to achieve a carbon-neutral investment portfolio by 2035.

Investment allocation, %**Returns on endowment capital investments 2014–2023, %****Market value of investments, m€**

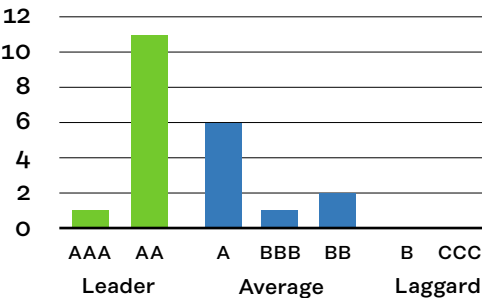
We report annually on our responsible investment practices and actions to the PRI, which assesses the reports. In the latest assessment, we achieved a rating of four out of five stars for each rating criterion, which meant that our ratings were unchanged.

The analyst company MSCI evaluated Sitra’s fund investments in 2023. The ESG rating for the portfolio as a whole was AA, as was the case in the previous two years. Most of the funds selected for the portfolio were rated as ESG leaders, and there were no funds rated as laggards. According to preliminary data, the carbon risk of Sitra’s investments has

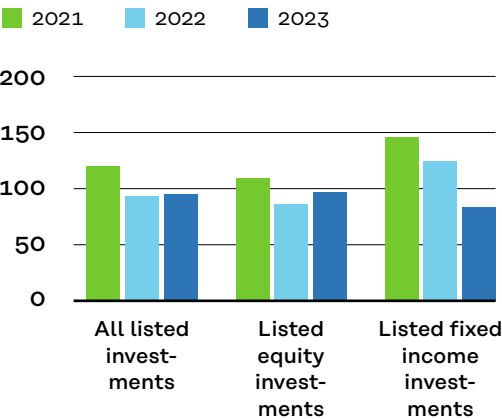
remained unchanged at about 90 tonnes (CO₂e) per million euros of turnover.

The consideration of biodiversity is one of the areas of development in Sitra’s responsible investment. As a first step, we have joined Nature Action 100, a global investor engagement initiative focused on driving greater corporate ambition and action to halt biodiversity loss. We have also made a commitment to reporting on Sitra’s nature-related investment risks and opportunities in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) from the 2024 financial year.

ESG ratings of funds (number)



Carbon risk of investments (tCO₂e/turnover, M€)



Finances

Sitra's operations are funded by income from investment activities. In 2023, this income totalled €58.1 million, while investment expenses totalled €5.1 million. Returns vary substantially from one year to the next, depending on the performance of the investment markets.

The surplus for the financial year was €21.3 million (2022: a deficit of €66.9 million) and the balance sheet total was €728 million (€708 million on 31 December 2022). Investments in funds and other investments have been valued at the lower of original cost or current value.

In November 2023, Sitra decided to support the work of the peace mediation organisation the Crisis Management Initiative – Martti Ahtisaari Peace Foundation by donating €10 million to its Peace Fund. The donation will be made in two instalments, in 2024 and 2025.

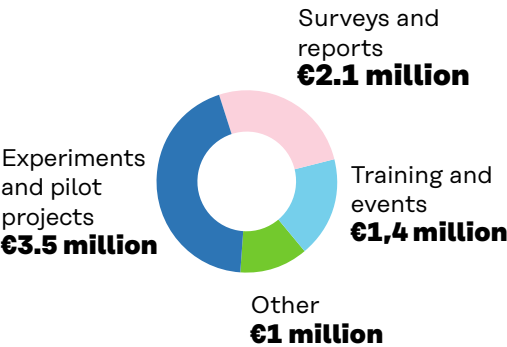
Operational expenses

The annual budget that Sitra uses for its operations varies from year to year and is usually about €30 million.

In 2023 operational expenses amounted to €34.0 million. The sum includes €1.3 million in EU funding that was channelled through Sitra. The main expense items were personnel expenses (€17.4 million), advisory services included in other expenses (€5.2 million) and financing activities (€3.9 million). Personnel expenses increased by €0.9 million over the previous year.

The net cost of project activities totalled €8.0 million (€8.0 million in 2022).

Distribution of project expenses 2023



EU funding and other external funding

Since 2021, Sitra has co-ordinated two projects that are partially or fully funded by the EU, and since 2022 has participated in one EU project. The income shown in the income statement for 2023 includes €1.7 million in EU funding. Of that amount, €1.3 million was passed on to project partners in EU projects in accordance with the applicable agreements. Funding passed on to project partners is included in other expenses in the income statement. The proportion of EU funding that remained with Sitra was €0.4 million in the result for 2023.

In addition to EU funding, the income shown in the income statement also includes €0.4 million of partner funding related to the WCEF event.

Project expenses and Sitra's purchase invoices are published annually on Sitra's website.

Administration

Board of Directors

Sitra's Board of Directors met 14 times in 2023. The number of meetings was affected by the process of selecting a new President for Sitra, which was led by the Board of Directors.

At the end of the year, the members of the Board of Directors were Under-Secretary of State **Susanna Huovinen** (vice-chairperson), former President of the Republic of Finland **Tarja Halonen**, Rector **Keijo Hämäläinen** (MSc in Engineering Physics), **Jorma Ollila** (MSc in Political Science) and Under-Secretary of State **Petri Peltonen**. Sitra's interim Head of Legal Affairs **Ruija Rantala-Saajo** acted as the secretary to the Board of Directors. Permanent Secretary **Anita Lehtikoinen** resigned from Sitra's Board of Directors and the position of chairperson on 5 September 2023.

The Board of Directors' Audit Committee met three times. At the end of the year, the members of the Audit Committee were Susanna Huovinen (chairperson), Keijo Hämäläinen and Petri Peltonen.

In December, a new Board of Directors was appointed for Sitra for the term 2024–2025. Effective from 1 January 2024, the members of the Board of Directors are **Jorma Ollila** (MSc in Political Science) (chairperson), Under-Secretary of State **Susanna Huovinen** (vice-chairperson), former President of the Republic of Finland **Tarja Halonen**, Rector **Keijo Hämäläinen**, Permanent Secretary **Timo Jaatinen** and Managing Partner **Inka Mero** (MSc in Economics and Business Administration).

The Board of Directors prepares the matters to be decided on by the Supervisory

Board and is responsible for the overall management of the fund.

Supervisory Board

The composition of the Supervisory Board changed on 28 June 2023 following the parliamentary elections.

At the beginning of the year, the members of the Supervisory Board were MPs **Tarja Filatov** (Social Democratic Party) (chairperson), **Riikka Purra** (Finns Party) (vice-chairperson), **Maria Guzenina** (Social Democratic Party), **Janne Heikkinen** (National Coalition Party), **Eveliina Heinäluoma** (Social Democratic Party), **Katja Hänninen** (Left Alliance), **Markus Lohi** (Centre Party), **Veijo Niemi** (Finns Party), **Pirkka-Pekka Petelius** (The Greens), **Joakim Strand** (Swedish People's Party of Finland), **Sari Tanus** (Christian Democrats), **Anu Vehviläinen** (Centre Party) and **Anne-Mari Virolainen** (National Coalition Party).

At the end of the year, the members of the Supervisory Board were MPs **Mika Lintilä** (Centre Party) (chairperson), **Mika Kari** (Social Democratic Party) (vice-chairperson), **Janne Jukkola** (National Coalition Party), **Pihla Keto-Huovinen** (National Coalition Party), **Pekka Toveri** (National Coalition Party), **Laura Huhtasaari** (Finns Party), **Ari Koponen** (Finns Party), **Veijo Niemi** (Finns Party), **Saku Nikkanen** (Social Democratic Party), **Annika Saarikko** (Centre Party), **Oras Tynkkynen** (The Greens), **Mai Kivelä** (Left Alliance), **Joakim Strand** (Swedish People's Party of Finland) and **Peter Östman** (Christian Democrats).

Senior Advisor **Jorma Jaalivaara** (Master of Laws, LL.M.) acted as the secretary to the Supervisory Board.

The task of the Supervisory Board is to supervise Sitra's administration and to decide on its operating principles.

President

Atte Jääskeläinen, Master of Laws, Doctor of Science (Economics and Business Administration) was appointed President of Sitra on 1 August 2023. For the first seven months of the year, the position was held by his predecessor, **Jyrki Katainen**.

Sitra's President is tasked with leading Sitra's operations in an efficient and result-oriented manner.

Auditors

At the end of 2023, the following individuals appointed by the Finnish Parliament were Sitra's auditors: chairperson **Markku Eestilä** (National Coalition Party) (deputy member: **Milla Lähdenperä**, National Coalition Party), **Sami Savio** (Finns Party), **Tuula Haatainen** (Social Democratic Party) (deputy member: **Eemeli Peltonen**, Social Democratic Party), **Tiina Lind**, APA, CFPA (deputy member: **Eeva Koivula**, APA, CFPA) and **Juha Kerimaa**, APA (deputy member: **Emma Lukkarinen**, APA). Juha Kerimaa, APA, acted as the secretary to the auditors.

BDO Oy acted as Sitra's assisting auditor, and Tiina Lind, APA, CFPA, as the head auditor.

Internal audit

The internal audit is part of Sitra's internal governance and control system. It supports the acting management in achieving its

objectives by issuing recommendations for developing the operating methods. The internal audit also assesses the appropriateness and effectiveness of Sitra's control, management and administration processes and risk management, as well as the realisation of good corporate governance.

KPMG Oy Ab, an outsourced party appointed by the Supervisory Board through tendering, was responsible for Sitra's internal audit in practice. The principal auditor was **Harri Leppiniemi**, CIA, CCSA, CRMA.

The subjects of the internal audit in 2023 were the management of Sitra's overall security and the management of the continuity of operations.

Risk management

Risk management is part of Sitra's internal control and good corporate governance. It supports the achievement of objectives and ensures that operations are continuous, uninterrupted and safe and that the fund's operating conditions are maintained.

The principles of risk management, approved by Sitra's Board of Directors, define the objectives, responsibilities and roles of risk management and how risks are identified, assessed and monitored at Sitra. Risks are divided into strategic, operational and financial risks.

The risk management situation is reported to Sitra's management team and Board of Directors. Sitra's Board of Directors, the audit committee and senior management supervise to ensure, with the assistance of an internal audit, that risk management has been carried out in accordance with the agreed principles and decisions.

FINANCIAL STATEMENTS

2023

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INCOME STATEMENT

EUR		Realised 2023	Realised 2022
Actual operations			
Income	1	2 355 758.39	1 867 982.14
Expenses			
Personnel costs	2	-17 415 493.53	-16 522 415.47
Depreciation		-5 515.20	0.00
Other expenses	3	-16 561 748.01	-81 251 756.19
		-33 982 756.74	-97 774 171.66
Surplus/deficit		-31 626 998.35	-95 906 189.52
Investment activities			
Income from investment activities	4	58 092 896.29	40 605 670.34
Expenses from investment activities	5	-5 120 301.05	-11 597 362.45
		52 972 595.24	29 008 307.89
Surplus/deficit for the financial year		21 345 596.89	-66 897 881.63

BALANCE SHEET

EUR		Realised 2023	Realised 2022
Assets			
Fixed assets			
	6	146 084.83	123 209.95
Tangible assets			
	7	720 634 403.19	696 728 021.88
Investments			
Total fixed assets		720 780 488.02	696 851 231.83
Current assets			
	8	1 675 681.59	2 271 024.04
Current receivables			
Cash and cash equivalents		5 444 799.75	8 562 587.07
Total current assets		7 120 481.34	10 833 611.11
Total assets		727 900 969.36	707 684 842.94
Equity and liabilities			
Equity			
		235 463 097.04	235 463 097.04
Endowment capital			
Surplus/deficit for previous financial years		463 925 284.66	530 823 166.29
Surplus/deficit for the financial year		21 345 596.89	-66 897 881.63
Total equity		720 733 978.59	699 388 381.70
Liabilities			
	9	7 166 990.77	8 296 461.24
Current liabilities			
Total liabilities		7 166 990.77	8 296 461.24
Total equity and liabilities		727 900 969.36	707 684 842.94

CASH FLOW STATEMENT

	2023	2022
SURPLUS FROM ACTUAL OPERATIONS	-31 626 998	-95 906 190
Receivables associated with actual operations 31 December	-625 900	507 059
Receivables associated with actual operations 1 January	507 059	254 413
Liabilities associated with actual operations 31 December	7 116 808	7 200 814
Liabilities associated with actual operations 1 January	-7 200 814	-5 632 922
Depreciation from actual operations	-5 515	0
Cash flow from actual operations	-31 835 360	-93 576 825
Cash flow from operations		
Cash flow from actual operations	-31 835 360	-93 576 825
Cash flow from operations (A)	-31 835 360	-93 576 825
Cash flow from investment activities		
Receivables associated with investment activities 31 December	-1 049 782	-1 763 965
Receivables associated with investment activities 1 January	1 763 965	1 028 246
Liabilities associated with investment activities 31 December	50 183	1 095 648
Liabilities associated with investment activities 1 January	-1 095 648	-104 000
Investments in investment assets	-113 088 143	-70 954 060
Disposals of investments, yield and refunds from venture capital funds	138 594 541	165 886 987
Dividends	2 381 222	2 475 834
Other income	1 723 812	199 492
Asset management fees	-562 578	-392 791
Cash flow from investment activities (B)	28 717 573	97 471 390
Change in cash and cash equivalents		
(A + B) increase (+) / decrease (-)	-3 117 788	3 894 565
Cash and cash equivalents 1 January	8 562 587	4 668 022
Cash and cash equivalents 31 December	5 444 800	8 562 587
	3 117 787	-3 894 565

ACCOUNTING PRINCIPLES

Presenting the financial statements

Section 14 of the Act on Sitra, the Finnish Innovation Fund: the provisions of the Accounting Act (1336/1997) are followed in the accounting of the fund where applicable.

The financial statements for 2023 have been prepared in accordance with the Accounting Act and Decree.

The financial period of the fund is the calendar year.

The profit and loss account is reported using the Profit & Loss account formula for non-profit organisations and foundations in compliance with Chapter 1, Section 3 of the Accounting Decree. The balance sheet is an abridged balance sheet.

Valuation and allocation principles

Pension expenses

The pension coverage of the fund's employees is provided through external insurance companies. Pension expenses are recognised in the financial statements on an accrual basis. The fund has an optional additional pension insurance policy that includes old-age,

disability and unemployment pension and death benefits. The retirement age is 65 years, and the pension is determined based on accumulated pension savings, which in 2023 amounted to 3% of the employee's TyEL income for 2023.

Fixed assets and depreciation

Fund investments and other investments have been valued at the lower of cost or current value. The current value of fund investments and unit-linked insurance is the NAV (net asset value) reported by the fund management company. The current value of the direct real estate investment is evaluated on the basis cash flows.

Investments in portfolio companies and venture capital funds are valued at the lower of cost or sum determined by internal valuation. The internal valuation process is based on the reports from the portfolio companies and funds and Sitra's view of their future development and cash flows.

Other fixed assets are recognised at direct cost less scheduled depreciation. The cost limit of on-balance sheet fixed assets is €10,000.

NOTES TO THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET (EUR 1,000)

Further details on the content of the items in the profit and loss account and the balance sheet are given in the notes. The number presented in correspondence to the notes refers to the profit and loss account and the balance sheet.

1 Income

1 000 EUR	2023	2022
Publishing income and royalties	0	0
External project funding income	918	1 016
Redistributed external funding income	1 251	619
Other income	186	233
Total	2 356	1 868

Funding income includes 1.3 million euros in EU project funding redistributed through Sitra (0.6 million euros in 2022). In the role of project co-ordinator, Sitra is responsible for ensuring that the amounts paid to the participants are correct and, where necessary, reimbursing the EU for excess payments.

2 Personnel costs

1 000 EUR	2023	2022
Wages and salaries	-14 106	-13 520
Pension expenses	-2 740	-2 511
Other statutory payroll expenses	-569	-491
Total	-17 415	-16 522

The personnel costs include an additional pension insurance of 423,000 euros.
The wages and remuneration of the management are included in personnel costs.

1 000 EUR	2023	2022
Supervisory Board	-106	-104
Board of Directors	-57	-54
President	-281	-246
Total	-444	-405

The personnel expenses for 2023 include compensation paid to external experts (158,000 euros). External experts are not included in the headcount of personnel.

The number of employees was 185 at the end of the financial year (192 in 2022).
The average number of employees during the financial year 2023 was 178 (177 in 2022).

No exceptional transactions were carried out with related parties.

3 Other expenses

1 000 EUR	2023	2022
Optional payroll expenses	-199	-137
Personnel services	-1 062	-919
Rent of premises and premises expenses	-1 946	-1 693
ICT equipment and expenses	-995	-840
Travel expenses	-690	-522
Entertainment expenses	-114	-81
Advisory services	-5 239	-4 382
Other operating expenses	-2 383	-68 334
Financing activities	-3 933	-4 344
Total	-16 562	-81 252

Other operating expenses include 1.3 million euros in EU project funding redistributed through Sitra (0.6 million euros in 2022).

INCOME, EXPENSES AND THE DIFFERENCE BETWEEN THEM (=DEFICIT) BY FUNCTION

	2023	2022
Sustainability solutions		
Theme level	-1 653	-816
Global collaboration, Sustainability solutions	-1 582	-1 126
Nature and daily life	-1 172	-603
Nature and the economy	-1 351	-471
PSLifestyle	-250	-291
Finished projects	-124	-2 928
Total	-6 132	-6 236
Fair data economy		
Theme level	-1 271	-1 252
Data and competitiveness	-2 827	-2 060
Gaia-X Finland	-1 007	-647
Health Data 2030	-1 590	-1 571
Health through data	-157	0
Finished projects	0	-123
Total	-6 851	-5 653
Democracy and participation		
Theme level	-712	-723
Digital power and democracy	-1 243	-589
New forms of participation	-1 505	-1 088
Reforming the decision-making process	-737	-704
Total	-4 197	-3 104

	2023	2022
Foresight and learning		
Function level	-908	-650
Foresight and insight	-1 225	-395
Training	-1 059	-748
Strategy	-374	-36
Tomorrow's economy	-253	-598
Future laboratory	-881	-858
Finished	-99	-2 061
Total	-4 800	-5 347
Capacity for renewal		
Theme level	0	-93
Finished projects	73	-2
Total	73	-95
Management	-1 062	-67 918
Legal Affairs	-406	-409
Communications and public affairs	-1 254	-1 142
People and culture	-1 091	-917
IT and digital services	-1 352	-985
Finance and administrative services	-2 836	-1 117
Shared services	0	-1 601
Development portfolio	-544	-95
Investment	-1 175	-1 288
Total	-31 627	-95 906

4 Income from investments

1 000 EUR	2023	2022
Profits on the sale of investments	30 585	12 108
Interest income	1 562	44
Dividend income	2 381	2 476
Income from fund investments	16 612	22 137
Other income	612	156
Restorations	6 341	3 685
Total	58 093	40 606

5 Expenses from investments

1 000 EUR	2023	2022
Losses on realisation of investments	-720	-781
Asset management fees	-563	-393
Other expenses	0	-1
Changes in value	-3 838	-10 422
Total	-5 120	-11 597

6 Tangible and intangible assets

Planned depreciation periods of fixed assets:

Other capital expenditures	straight-line depreciation	5 years
Renovation of office premises	straight-line depreciation	10 years
Machinery and equipment	straight-line depreciation	5 years
ICT equipment	straight-line depreciation	3 years

During the financial year, Sitra purchased fixed assets amounting to EUR 10,000 (no purchases of fixed assets in 2022).

	Book value 1.1.2023	Increase	Decrease	Depreciation	Book value 31.12.2023
Tangible assets					
Machinery and equipment	0	28	0	6	22
Fixed assets shares and participations	0	0	0	0	0
Other tangible assets	123	2	0	0	124
Total	123	29	0	6	146

7 Investments

1 000 EUR	2023	2022
7.1 Fund investments	498 099	503 512
7.2 Private equity fund investments	182 991	160 884
7.3 Other investments	36 510	30 041
7.4 Investments in portfolio companies	2 981	2 237
7.5 Holdings in other companies	54	54
	720 634	696 728

7.1 FUND INVESTMENTS

Fund investments	Registered office	Book value	Market value
Equity funds			
C Worldwide Emerging Markets	Luxembourg	13 205	13 205
Danske Invest Suomiosake IK	Finland	35 690	49 730
Evli Suomi Select B	Finland	27 058	33 018
Fondita Global Megatrends B	Finland	17 582	39 485
Handelsbanken Global Index Criteria	Sweden	26 044	27 723
Impax Environmental Markets Euro C Acc	Ireland	21 317	49 984
JP Morgan Global Growth Fund X EUR	Luxembourg	23 644	42 388
JPM Emerging Markets Equity Fund I EUR	Luxembourg	28 570	36 072
OP-Suomi A	Finland	39 116	53 560
Schroder ISF Global Sustainable Growth	Luxembourg	47 024	58 366
SEB European Equity Small Caps	Luxembourg	20 124	20 644
Bond funds			
Aktia Emerging Market Bond+ D	Finland	13 059	14 807
Bluebay Investment Grade ESG Bond Fund	Luxembourg	5 470	5 695
Danske Invest Emerging Markets Debt K	Finland	4 221	4 221
Danske Invest Yhteisökorko K	Finland	28 755	29 902
Evli European High Yield B	Finland	14 073	18 231
LähiTapiola Yrityskorko ESG A	Finland	25 058	25 506
OP-Euro A	Finland	11 706	11 967
SEB Global High Yield B	Luxembourg	13 717	17 495
SEB Microfinance Fund V	Luxembourg	55	55
SEB Microfinance Fund VII	Luxembourg	4 946	4 946
Other quoted investments			
BNP Paribas Fund III NV- Global Property Securities Fund	Netherlands	9 529	9 529
Dasos Kestävä Metsä ja Puu III			
Erikoissijoitusrahasto (DFFIII)	Finland	4 818	5 567
eQ Yhteiskuntakiinteistöt 1 T	Finland	18 478	18 478
Erikoissijoitusrahasto eQ Asunnot II	Finland	3 320	3 320
Erikoissijoitusrahasto eQ PE XV US Feeder	Finland	357	357
Special Investment Fund eQ PE XI US LP	Finland	7 109	8 108
UB Global REIT K	Finland	13 673	15 836
UB Metsä I	Finland	8 000	9 715
Ålandsbanken Asuntorahasto			
Erikoissijoitusrahasto C	Finland	12 381	12 381
		498 099	640 289

7.2 PRIVATE EQUITY FUND INVESTMENTS

Private equity fund investments	Registered office	Book value	Market value
Venture capital funds			
Ardian ASF IX	France	1 133	766
Ardian Co-Investment Fund V	France	4 485	7 032
Baltic Investment Fund III L.P.	Jersey	0	18
Bocap SME Achievers Fund II Ky	Finland	8	664
Bocap SME Achievers Fund III Ky	Finland	1 650	1 435
Boston Millennia Partners II L.P.	Delaware, USA	0	88
Bridgepoint Europe V	England	835	2 604
Bridgepoint Europe VI	England	4 452	7 211
Bridgepoint Europe VII	England	0	214
CapMan Buyout X	Finland	448	864
CapMan Buyout XI	Luxembourg	3 911	4 241
Capricorn Cleantech Fund	Belgium	0	91
Chrysalix Energy III Ltd	Delaware, USA	956	3 145
Circularity European Growth Fund I LP	England	1 648	2 406
Environmental Technologies Fund 3 LP	England	2 961	3 013
Epique Kotouttaminen I Ky	Finland	432	496
EQT Mid Market Asia III Fund	Scotland	3 717	3 860
Evolver Fund I Ky	Finland	1 128	2 094
FIM Lapset ja nuoret I Ky	Finland	895	791
FIM Työllistäminen I Ky	Finland	484	597
Folmer Equity Fund I Ky	Finland	0	755
Gilde Healthcare Venture & Growth VI	Netherlands	100	100
H.I.G. Advantage Buyout Fund	Delaware, USA	4 282	5 172
Hamilton Lane Club Fund IV	Luxembourg	5 295	6 554
Hamilton Lane Venture Capital Club Fund I	Luxembourg	1 401	1 439
HarbourVest Partners Co-Investment Fund V L.P.	Scotland	4 904	7 570
HarbourVest Partners Co-Investment Fund VI L.P.	Luxembourg	4 693	4 594
HealthCap VIII, L.P.	Delaware, USA	1 530	1 587
Inventure Fund II Ky	Finland	3	1 503
Inventure Fund III Ky	Finland	3 300	4 149
Inventure Fund IV Ky	Finland	1 141	947
Korona Fund III Ky	Finland	16	1 691
Korona Fund IV Ky	Finland	1 744	1 421
Life Sciences Partners 6 C.V.	Netherlands	1 876	2 014
Life Sciences Partners 7	Netherlands	1 008	803
Lifeline Ventures Fund I Ky	Finland	1 209	17 509
Lifeline Ventures Fund III Ky	Finland	2 378	11 822
Lifeline Ventures Fund IV Ky	Finland	3 365	4 228
Lifeline Ventures Fund V Ky	Finland	611	554
MB Equity Fund V Ky	Finland	70	2 438
Nordia Rahasto Oy	Finland	834	1 979
Power Fund III Ky	Finland	2 049	4 527
RG Growth Fund L.P. (formerly CapMan Russia Fund L.P.)	Guernsey	384	483
Sentica Buyout IV Ky	Finland	292	3 001
SET Fund II C.V.	Netherlands	159	327

Private equity fund investments	Registered office	Book value	Market value
SET Fund III C.V.	Netherlands	1 668	2 111
Social Impact Accelerator	Luxembourg	474	582
Spintop Investment Partners II AB	Sweden	300	778
Spintop Investment Partners III AB	Sweden	1 835	1 784
Standout Capital I AB	Sweden	249	306
Standout Capital II AB	Sweden	1 199	1 184
Vaaka Partners Buyout Fund II Ky	Finland	10	3 316
Vaaka Partners Buyout Fund IV Ky	Finland	1 591	1 213
Vendep Capital Fund II Ky	Finland	1 511	2 349
Ventech Capital V SLP	France	4 399	6 656
Ventech Capital VI	France	150	121
Verdane Capital IX (E) AB	Sweden	1 706	1 700
Verdane Capital VIII K/S	Denmark	889	2 196
VisionPlus Fund I Ky	Finland	1 615	1 817
Real estate private equity funds			
Campbell Global Forest & Climate Solutions Fund II	Luxembourg	5 000	5 293
Capman Nordic Real Estate FCP-SIF	Luxembourg	10	653
CapMan Nordic Real Estate Fund III	Luxembourg	3 461	3 536
Capman Nordic Real Estate II FCP-RAIF	Luxembourg	2 416	3 949
Dasos Timberland Fund II	Luxembourg	6 863	10 290
DEAS Property Fund Finland I Ky	Finland	8 205	8 575
European Opportunistic Property Fund V	Luxembourg	1 117	284
EVLII Healthcare I Ky	Finland	3 196	5 151
ICECAPITAL Residential Property Fund I Ky	Finland	2 669	3 995
KKR Real Estate Partners Europe II (EUR) SCSp	Luxembourg	5 805	5 828
KKR Real Estate Partners Europe III (EUR) SCSp	Luxembourg	0	0
LähiTapiola Asuntorahasto Prime Ky	Finland	1 695	2 115
Northern Horizon Nordic Aged Care SCSp SICAV-SIF	Luxembourg	5 352	6 507
OP Toimitilakiinteistö Ky	Finland	2 923	3 037
Real Estate Debt and Secondaries Ky	Finland	213	213
Infrastructure funds			
BlackRock Global Infrastructure Solutions 3	Luxembourg	7 505	11 772
CapMan Nordic Infrastructure I	Luxembourg	4 567	6 246
CapMan Nordic Infrastructure II	Luxembourg	429	260
FLAVEO III Energy SCS, SICAV-RAIF	Luxembourg	7 398	9 658
Global Renewable Power Fund III	Luxembourg	6 390	7 040
Impax New Energy Investors III LP	England	3 377	5 072
Impax New Energy Investors IV	Luxembourg	4 215	4 263
Lending funds			
Armada Fund V	Finland	3 580	3 801
Armada Fund VI Ky	Finland	0	0
Bridgepoint Direct Lending II Unlevered SCSp	Luxembourg	3 410	4 143
Direct Lending Fund III	Luxembourg	3 782	4 183
NegaWatt Energiategohkkuusrahasto 2 Ky	Finland	30	21
		182 991	270 800

7.3 OTHER INVESTMENTS

	Registered office	Book value	Market value
Unit-linked insurance			
Mandatum Life capital redemption policy	Finland		
Mandatum AM Private Debt II E	Finland		6 871
Mandatum AM Private Debt III E	Finland		7 899
Mandatum AM Private Debt IV	Finland		5 113
Mandatum AM Private Debt V	Finland		4 668
Mandatum AM Private Debt VI E2	Finland		1 468
Mandatum AM Direct Lending 2022 A	Finland		5 171
Mandatum AM Kansainväliset Kiinteistöt III E	Finland		4 010
		30 073	35 200
OP Henkivakuutus capital redemption policy	Finland		
Infrastructure investment basket	Finland		12 573
LeaseGreen Group Oy 10% 30 March 2026	Finland		83
LeaseGreen Group Oy 8% 30 June 2028	Finland		41
LeaseGreen Finance Oy 8% 30 June 2028	Finland		167
Cash	Finland		207
		5 117	13 072
Real estate investments			
Erottajan pysäköintilaitos Oy	Finland	1 320	2 617
		36 510	50 889

7.4 INVESTMENTS IN PORTFOLIO COMPANIES

Shares, participations and other investments held by Sitra	Holding	Investment
AW-Energy Oy	1%	4 039
Kuntien Tiera Oy	0%	3 600
MediXine Ltd	9%	1 126
Naava Group Oy	2%	623
Vivoxid Oy	38%	5 243
Total		14 631
Investments in portfolio companies total		14 631
Cumulative change in value		-11 649
Book value		2 981

The market value of investments in venture capital funds is based on the latest NAV announced by the fund, adjusted for the cash flows between the date the value was calculated and the date of the financial statements. The book value may be higher than the market value if Sitra sees no grounds for a write-down at the stage in question (for example, if the venture capital fund is new and the NAV therefore low).

7.5 HOLDINGS IN OTHER COMPANIES

1 000 EUR		Invest- ment	Change in value	Book value
Name	Sitra Management Oy	215	-161	54
Registered office	Finland			
Holding	100%			
Equity	43			
Surplus/deficit for the financial year	-4			

The latest adopted financial statements of Sitra Management Oy are from 2022. Following the dissolution of the portfolio companies on the balance sheet of Sitra Management Oy, Sitra Management Oy was placed in liquidation on 16 June 2023.

8 Current receivables

	2023	2022
Accounts receivable	0	33
Short-term investments	379	451
Other receivables	729	1 322
Accrued income and deferred charges	568	465
Total	1 676	2 271

9 Current liabilities

	2023	2022
Advance payments	0	0
Accounts payable	1 595	2 189
Other liabilities	454	1 474
Accrued expenses and deferred income	5 118	4 633
Total	7 167	8 296

10 Securities and contingent liabilities

	Erääntyvät 2024	Vastuut yhteensä
Fund commitments		122 069
Financial agreement fees	854	2 241
Unit-linked insurance premiums		49 978
Rental liabilities	1 515	1 887
Total		176 175

At its meeting on 14 November 2023, the Supervisory Board of Sitra decided to support the work of the CMI Martti Ahtisaari Peace Foundation by making a donation of 10 million euros to CMI's long-term work for peace. The donation will be made through the State Treasury in two instalments, the first in 2024 and the second in 2025.

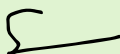
SIGNATURES TO BOARD REPORT AND FINANCIAL STATEMENTS

The Board of Directors proposes that the surplus of EUR 21,345,596.89 for the financial year be carried forward to the retained surplus/deficit account.

Helsinki, 5 March 2024



Jorma Ollila



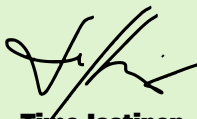
Susanna Huovinen



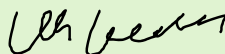
Tarja Halonen



Keijo Hämäläinen



Timo Jaatinen



Minna Kivimäki



Inka Mero

AUDITORS' REPORT

To the Supervisory Board of Sitra, the Finnish Innovation Fund

Audit of the financial statements

We have audited the accounts, financial statements and administration of Sitra, the Finnish Innovation Fund, for the financial period from 1 January to 31 December 2023. The financial statements comprise a profit and loss account, balance sheet, cash flow statement and notes to the financial statements.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements and the report of the Board of Directors in Finland and comply with the statutory requirements. The Board of Directors shall ensure that the accounting complies with the law and is arranged reliably. The Board of Directors is also responsible for such internal control as it deems necessary to prepare financial statements that are free of material misstatement, whether due to fraud or error.

The auditor's responsibilities in auditing the financial statements

Our responsibility is to express an opinion on the financial statements based on our audit. We comply with the principles of professional ethics. We have conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and conduct the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether the Board of Directors has committed any act of omission that may result in liability to Sitra, the Finnish Innovation Fund or contravened the Act on Sitra, the Finnish Innovation Fund. Regarding administration, the legality of the actions of the Board of Directors and the President has been examined.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of the procedures is based on the auditor's judgement, including assessing the risks of material misstatement, whether due to fraud or error. In assessing these risks, the auditor considers internal control relevant to Sitra's preparation of financial statements that give a true and fair view.

The auditor evaluates internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Sitra's internal control. An audit also includes evaluating the adherence to the accounting policies, the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, and evaluating the overall presentation of the financial statements.

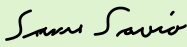
In our view, the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

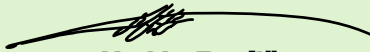
We find that:

- The financial statements give a true and fair view of Sitra's financial performance and position, in accordance with the rules and regulations on drawing up financial statements in Finland. The information in the report of the Board of Directors is consistent with the information presented in the profit and loss account, balance sheet and the notes to the financial statements.
- The financial statements can be adopted and the members of the Board of Directors and the President can be discharged from liability for the financial year under review.
- We recommend that the result for the financial year be dealt with as set out in the report of the Board of Directors.

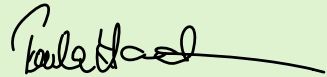
Helsinki, 12 March 2024



Sami Savio



Markku Eestilä



Tuula Haatainen

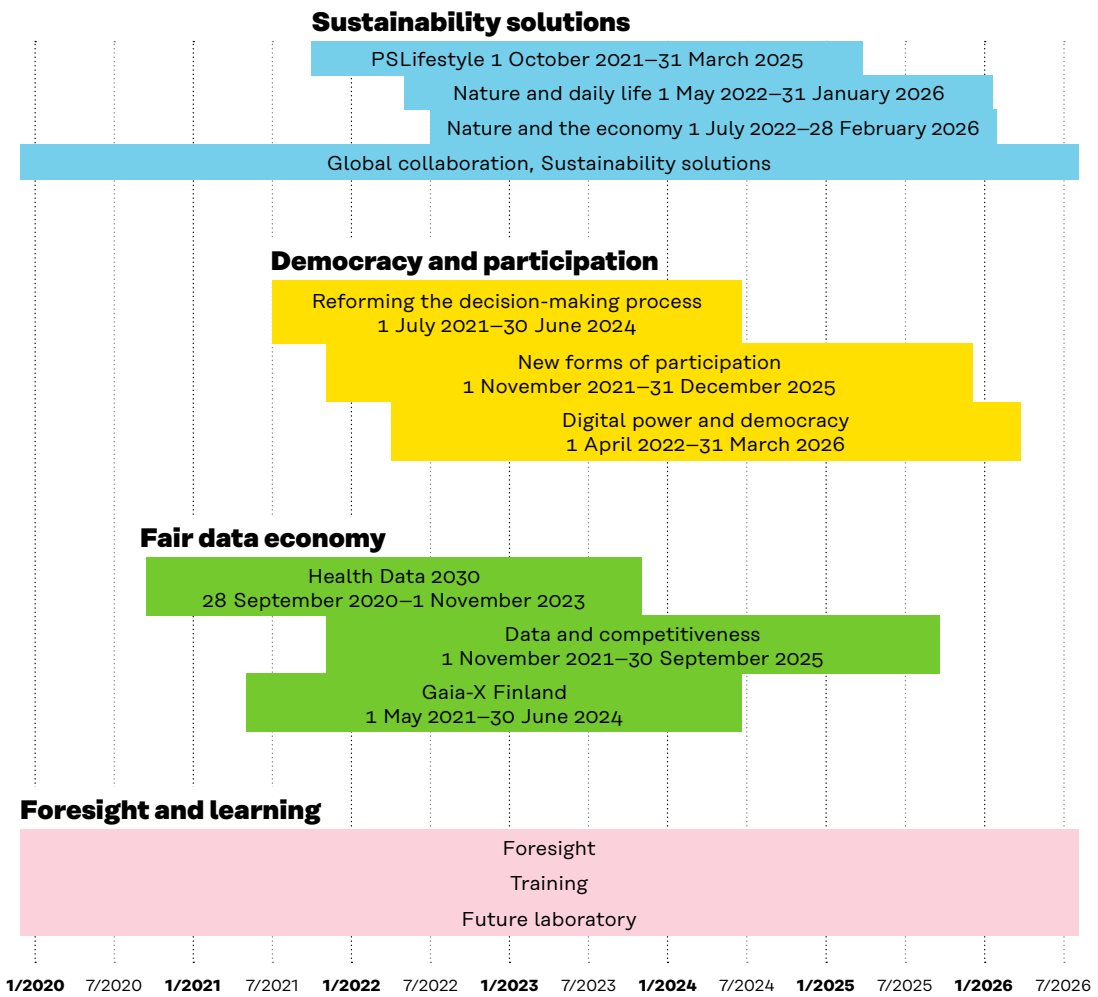


**Juhana Kerimaa,
APA**



**Tiina Lind,
APA, CFPA**

SITRA'S PROJECTS AND ONGOING FUTURE-ORIENTED WORK



APPENDIX 2.

SITRA'S PUBLICATIONS BY THEME IN 2023

Most Sitra publications include a summary in English.

- **1+4 strategista valintaa Suomelle (uud.)**. Laura Halenius, Tuuli Hietaniemi, Katri Vataja, Anna Välimaa, Topias Dean, Samuli Laita, Elina Ravantti ja Laura Seppälä. Työpaperi.
- **Tasked with building the future: Annual report and financial statements 2022.**
- **Sitra's responsible investment review 2022.** Marja Karttunen and Juuso Janhonen.

Foresight and learning

- **Sitran Kestävyysratkaisut-teeman arviointi: Osa I: Vaikutusten arviointi ja ennakointia hyödyntävät johtopäätökset.** Mari Hjelt, Matleena Moisio, Minna Jyrälä, Jasmin Järvinen, Tuuli Saukkonen, Susanna Sepponen, Mikko Halonen, Sanna Ahvenharju ja Ville Lauttamäki (Gaia Consulting Oy). Arviointiraportti.
- **Evaluation of Sitra's Sustainability solutions theme: Part II: Insights for possible future priorities.** Mari Hjelt, Sanna Ahvenharju, Ville Lauttamäki, Jasmin Järvinen, Matleena Moisio, Minna Jyrälä and Tuuli Saukkonen (Gaia Consulting Oy). Evaluation.
- **EU kriisien aikakaudella: Unionin tulevaisuuden suuntaa etsimässä.** Timo Miettinen. Muistio.
- **Megatrendit 2023: Ymmärrystä yllätysten aikaan.** Mikko Dufva ja Sanna Rekola. Sitran selvityksiä 224.
- **Megatrendikortit 2023.**
- **Megatrendikortit selkokielellä.**
- **Digitaaliset Hyvät kortit.**

- **Haastelähtöisen innovaatiopolitiikan käytännöt: Haasteen määrittely, toimeenpano, arviointi ja rahoitus.** Ville Takala, Caroline Sundgren, Emma Nordbäck ja Martin Fougère. Työpaperi.
- **Tulevaisuusbarometri 2023: Suomalaisten tulevaisuuskatsaus yllätysten ajassa.** Jenna Lähdemäki-Pekkinen, Sanna Rekola, Anna Wartiovaara ja Rose Thompson-Coon. Sitran selvityksiä 231.
- **Kohti uusintavaa taloutta: Tavoitteena luonnon ja ihmisten elinvoima.** Eeva Hellström. Sitran selvityksiä 235.
- **Mitä trendiraportit kertovat talouden suunnasta?** Ines Gullichsen ja Eeva Hellström.

Democracy and participation

- **Demokraattisten kohtaamisten käsikirja: Osallisuudesta vaikuttavuutta julkisiin palveluihin.** Kai Alhanen ja Elina Henttonen. Sitran selvityksiä 223.
- **Miten lakien laatimista tulisi johtaa? Datan hyödyt säädösjohdattamisessa.** Anssi Keinänen ja Niko Vartiainen. Sitran selvityksiä 233.
- **Miten lainsäädännön valmistelua ohjataan poliittisesti? Kuvaus lainvalmistelun poliittisesta ohjauksesta ja sen yhteydestä muodollisjuridiseen lainvalmisteluprosessiin.** Jouni Backman. Työpaperi.

- **Keskusteleavasta kuulemisesta laatua lakeihin: Opas avoimeen, osallistavaan ja keskustelevaan lainsäädäntöprosessiin.** Jyrki Jauhiainen. Sitran selvityksiä 230.
- **Data, valta ja demokratia.** Henrik Rydenfelt. Muistio.

Sustainability solutions

- **Vaikuttavaa luontotyötä: Yritysten opit ja kokemukset tieteseen pohjautuvien luontotavoitteiden pilotoimisesta.** Angelina Kuokkanen (FIBS), Tim Forslund ja Riku Sinervo (Sitra).
- **Miten Suomeen rakennetaan kestävä ruokajärjestelmä? Ehdotuksia luonnon ja ihmisen hyvinvoinnin vahvistamiseksi vuoteen 2040 mennessä.** Liisa Pietola, Eero Jalava, Ilkka Räsänen, Tatu Torniainen, Vilma Turkki ja Annukka Valkeapää. Työpäperi.
- **Putting nature at the heart of the European Green Deal: Building blocks for the next European Commission.** Ilkka Räsänen and Eero Jalava. Memorandum.
- **Kasvipohjaiset ja solumaatalouden tuotteet Suomen ruokajärjestelmän murroksessa: Kohti vuotta 2050.** Pasi Pohjolainen, Markus Vinnari, Marja Roitto, Venla Ala-Harja, Natasha Järviö ja Hanna Tuomisto (Helsingin yliopisto). Sitran selvityksiä 232.
- **Luonto turvaa talouden: Puheenvuoroja luonnon merkityksestä taloudelle ja yhteiskunnalle.** Johanna Buchert, Hanna Haveri, Kaisa Hietala, Jaana Husu-Kallio, Jyrki Katainen, Jouko Pölönen, Olli Rehn, Leif Schulman ja Mikko Spolander. Muistio.

- **Miinuspäästöt: Mitä negatiivisten päästöjen tekniikat ovat ja miksi niitä tarvitaan ilmastokriisin ratkaisemiseksi?** Oras Tynkkynen ja Mariko Landström. Työpäperi.
- **The impact of the circular economy on jobs and skills: Overview of competence needs in the construction, chemical and technology sectors in Finland.** Rosa Degerman, Ulla Värre, Solveig Roschier, Susanna Sepponen and Jenni Nurmi (Gaia Consulting Oy).
- **WCEF 2023 summary report: Towards a nature positive tomorrow together with future leaders.** Emma Sairanen, Sami Syrjälä and Tuula Sjöstedt.

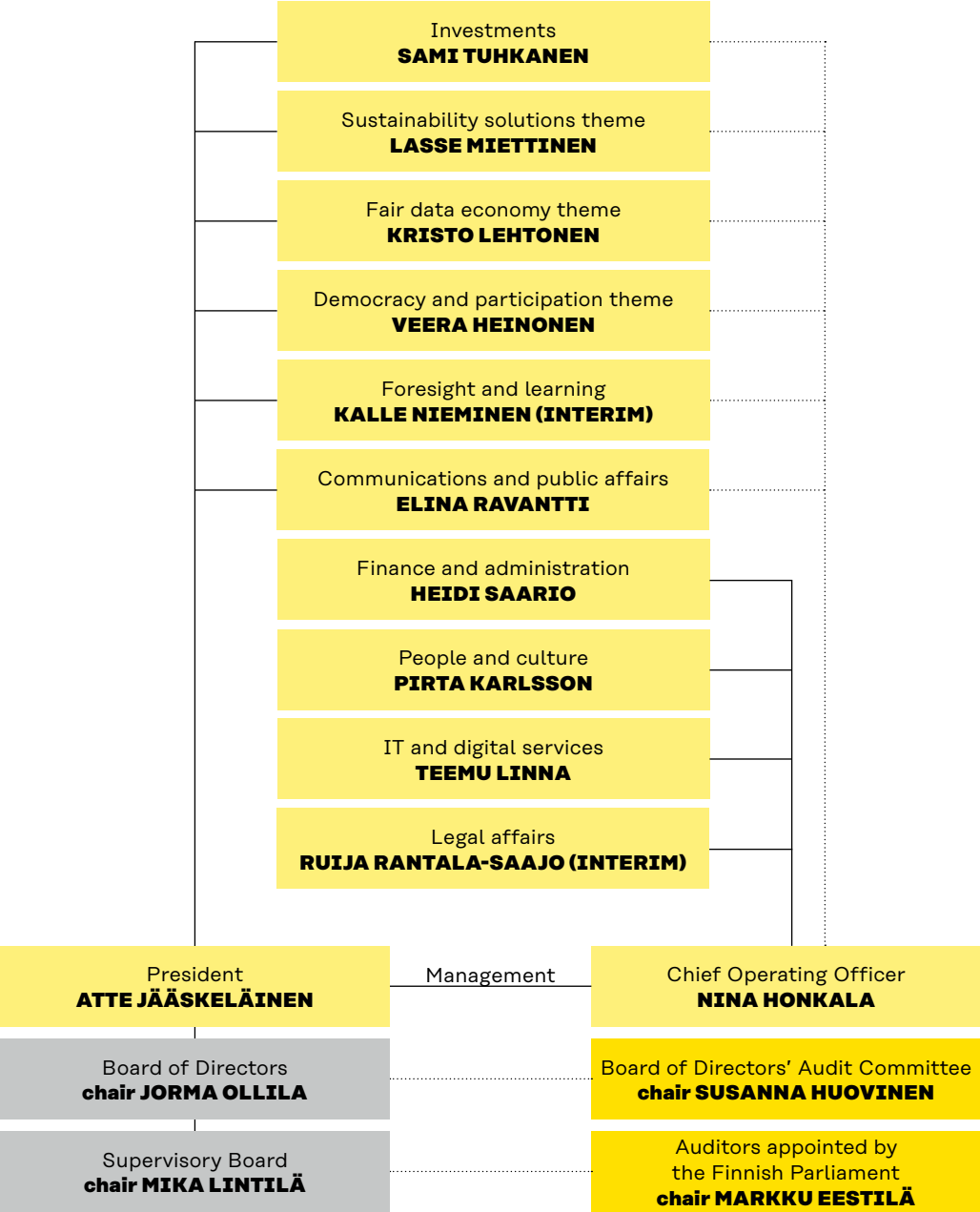
Fair data economy

- **Is the European Health Union ready for the challenges of the 21st century?** Elizabeth Kuiper and Danielle Brady. Discussion paper, EPC.
- **The technology landscape of data spaces.** Antti Poikola (Sitra), P J Laszkowicz, Ville Takanen and Teemu Toivonen (Futurice). Working Paper.
- **Enabling the responsible use of technology at scale: Why Europe needs a regulatory technology innovation ecosystem?** Paul Fehlinger. Memorandum.
- **Me ja maapallo: Miten vaalia yhteistä terveyttä?** Essi Huotari, Minna Maunula, Sanni Haahti, Jenni Sademies, Johanna Muurinen, Karoliina Kettunen, Johannes Cairns, Anniina Sarekoski ja Hanna Paulomäki.
- **Towards a Holistic EU Data Governance: Taking stock of the progress of the EU Data Strategy and proposals.** Eric Pol and Olivier Dion (aNewGovernance). Working Paper.

- **Planetary health: A holistic vision for people and the planet.** Danielle Brady. Discussion paper, EPC.
- **Dataa hyödyntävien ekosysteemien ja verkostojen kehitysaste 2023.** Henrik Sievers, Mikko Ulander, Ina Helkala, Simo Saari (Innolink).
- **Advancing data sharing to improve health for all in Europe: Main findings of joint action towards the European Health Data Space 2021–2023.** Markus Kalliola, Elina Drakvik, Maria Nurmi (Ed.). Sitra Studies 236.
- **The right to data portability in the fair data economy: Extending the right of individuals to benefit from managing their data.** Sanna Toropainen. Memorandum.
- **Tavoitteena planetaarinen terveys: Ratkaisuja ihmisten ja luonnon hyvinvoinnin turvaamiseksi.** Liisa Pietola, Elina Drakvik, Tari Haahtela, Tiina Laatikainen, Kaarlo Hildén, Satu Raussi, Tiina Kauppinen, Marja Jalli, Jarkko Hantula ja Liisa Pesonen. Muistio.
- **Miten kestävää maailmaa web 3.0 rakentaa? Puheenvuoroja hajautetun verkon merkityksestä ympäristölle, taloudelle ja yhteiskunnalle.** Heikki Aura, Thomas Brand, P-J Hyytiäinen, Patrik Elias Johansson, Heidi Kalmari, Marja Konttinen, Kristo Lehtonen, Joonas Leppänen, Kimmo Levä, Helena Mustikainen, Mari Pantsar, Risto E.J. Penttilä, Paavo Ritala, Mika Ruokonen, Alku Sirén, Lotta Toivonen, Jukka Vahti ja Akseli Virtanen. Muistio.
- **6+1 suositusta Suomelle: Miten sääntelyllä voidaan parantaa web 3.0- liiketoiminnan edellytyksiä?** Jaakko Lindgren, Otto Lindholm, Kristo Lehtonen, Helena Mustikainen ja Pyy Niikkonen. Sitran selvityksiä 229.
- **Suomen terveysalan kasvun ja kilpailukyvyn visio 2030.** Petri Lehto ja Saara Malkamäki. Työpaperi.
- **Datasta voimaa sote-järjestelmään: Sote-dataa hyödyntämällä parempaa hoitoa ja kustannussäästöjä.** Antti Larsio. Työpaperi.
- **Reilu datatalous: selvitys lääketutkimuksen toteuttamisen edellytyksistä, pullonkauloista ja halukkuudesta HUS-yhtymässä ja sen hyvinvointialueilla sekä TYKS:ssä.**
- **Terveysalan tutkimus- ja innovaatiostrategian toimeenpano sekä päätöksenteko- ja ohjausmallit: Selvitys nykytilanteesta ja suositukset.** Mikko Alkio. Muistio
- **Recueil de règles pour une économie de données équitable - Partie 1.** Juhani Luoma-Kyyny et Olli Pitkänen.
- **Recueil de règles pour une économie de données équitable - Partie 2.** Juhani Luoma-Kyyny et Olli Pitkänen.

APPENDIX 3.

SITRA'S ORGANISATION
1 JANUARY 2024



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(from 1 April 2024)

ISSN 1235-6166

Grano Oy, Helsinki 2024

Sitra is Finland's innovation fund.
We work with expertise and heart.

We engage in foresight activities to understand the phenomena that influence the future, we develop and experiment with new solutions to the needs of society and everyday life, and we inspire everyone to co-operate and engage in future-oriented thinking for a successful Finland of tomorrow.

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ISSN 1235-6166