Annual Review of the Board for 2017

The Helsinki Deaconess Institute is a charitable foundation. The forms of operation that fulfil its purpose have been shaped by the prevailing social situation and need for help during its 150 years of operation. Today, the foundation fulfils its purpose by engaging in gratuitous diaconic work and providing social welfare and healthcare services that are defined as business activities. The Group’s parent foundation concentrates on non-profit activities and Group finances and administration. The services organised by the Group as business activities are mainly provided by its subsidiaries. Its associated companies Suomen Diakoniaopisto and Diaconia University of Applied Sciences (Diak) provide social and healthcare education, for example.

Helsinki Deaconess Institute celebrated its 150th anniversary in 2017. The events of the anniversary year included many exhibitions, the release of a history publication, a festival seminar, participation in the SuomiAreena event in the summer, a neighbourhood festival open to everyone, and a festival Sunday service. An important goal during the festival year was to strengthen the sense of community within the institute, support its networks and increase awareness of the institute's basic mission.

The foundation continued its active social influence during 2017. Among other things, it commented on the ongoing social welfare and healthcare reform. It also introduced solutions in social debate for improving the situation of young people in danger of social exclusion, paperless individuals and the mobile population.

Responsibility

Social responsibility is the guideline in all the activities of the Helsinki Deaconess Institute:

- Social responsibility is reflected in the purpose of the activities, i.e. looking after the most vulnerable members of society. We also bear responsibility for our employees, who are the most important resources for carrying out our mission.
- Financial responsibility means accurate bookkeeping and efficient operations throughout the Group. Profitability ensures the financing and the continuity of activities that fulfil the foundation’s purpose.
- The foundation addresses its environmental responsibility by taking environmental values and impact into consideration in all of its activities.

The Helsinki Deaconess Institute Foundation is a social foundation Group with a social enterprise label. The foundation has a money collection license. The purpose of the funds is to improve the quality of life of the most vulnerable members of society.

Overview of operations

Operations that fulfil the purpose of the Group are organised in two fields. The field of Diaconic Work and Social Responsibility organises activities that are mainly supported through project funding or by the foundation. The Group operates in the social welfare and healthcare sector by providing different types of social welfare and health services through the foundation or its subsidiaries.
The field of Diaconic Work and Social Responsibility

The gratuitous services offered by the field of Diaconic Work and Social Responsibility are part of the foundation's non-profit activities. The foundation provides open services by, for example, arranging diaconic activities for the target groups defined in the strategy, such as children, families, young people, the mobile population and immigrants. It also offers possibilities to make an impact through civic activity. Vamos service and the rehabilitating employment service in Helsinki are available for young people in need of special support. The unit of International Protection and Integration maintains reception centres and a family group home was established in Kauniainen. The Finnish Immigration Service discontinued reception centre activities in summer 2017 due to the small number of asylum seekers.

Project activities are an important part of the field of Diaconic Work and Social Responsibility. The foundation's non-profit activities are mainly funded with project funding and earmarked donations. The activities were supported by 15 donations in the amount of EUR 6.5 million. The largest sponsors were the Funding Centre for Social Welfare and Health Organisations (STEA) (formerly Finland’s Slot Machine Association), the European Social Fund and the City of Helsinki. The foundation itself invested approximately EUR 0.9 million of self-financing in the projects, as required by the sponsors. In addition, the foundation covered some other non-eligible or administrative costs.

Financial aid received in 2017, EUR million

Funding Centre for Social Welfare and Health Organisations (STEA) 2.2
European Social Fund, ESF 1.0
City of Helsinki 0.9
Ministry for Foreign Affairs 0.6
Ministry of Social Affairs and Health 0.6
EU Home Affairs Funds 0.5
Regional State Administrative Agency of Southern Finland 0.4
Others, total 0.3
TOTAL 6.5

A total of 55 projects were in progress during the year under review. The field of Vamos and employment service had the most projects, a total of 22, receiving almost EUR 3 million in funding.

<table>
<thead>
<tr>
<th>Development focus areas</th>
<th>Number of projects</th>
<th>Aid received, EUR thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vamos and employment</td>
<td>22</td>
<td>2,966</td>
</tr>
<tr>
<td>International protection and integration</td>
<td>17</td>
<td>2,338</td>
</tr>
<tr>
<td>Civic activities</td>
<td>10</td>
<td>1,011</td>
</tr>
<tr>
<td>Other projects (strengthening everyday participation and being an active agent)</td>
<td>6</td>
<td>221</td>
</tr>
<tr>
<td>TOTAL</td>
<td>55</td>
<td>6,536</td>
</tr>
</tbody>
</table>
A major event in the field of **Vamos and employment service**, which aims to prevent social exclusion among young people, was the approx. EUR 2.5 million of aid granted by the Ministry of Social Affairs and Health for a two-year project (2017–18) that will strengthen the functional and work capacity of young people outside of education and working life and their opportunities to participate nationwide. The aid is part of the Government’s spearhead project “From the youth guarantee towards a community guarantee”. The project will be implemented in conjunction with Oulu Deaconess Institute, guidance centres or guidance centre type functions, social welfare and healthcare services and local players in Helsinki, Espoo, Kuopio, Turku and Oulu.

As for traditional project activities, outreach youth work, Startti coaching and the action centre for young people, for example, were continued. In addition, major openings in employment projects were implemented: Vamos Ura was launched in Lahti, low-threshold guidance and advice services in Kuopio and the Nice Work Project in Helsinki, which is intended for immigrant women. Another new opening was the KEHUVA project (2017–19), which will be implemented together with universities. The purpose of the project is to end the spiral of poor self-appreciation, body dissatisfaction and health-harming eating habits and thus prevent obesity and improve functional capability.

In **civic activities**, operation of the D-Asemat, or centres of civic activities, in Kontula, Kannelmäki, Sörnäinen and Alppikatu was established and the number of people using their services reached an all-time record of 60,000. The D-asma network, which has been introduced to complement different types of social welfare and healthcare services, offered the whole neighbourhood the opportunity to participate and be active. Communities were formed within them, offering meaningful activities for people. Amigo found and trained around one 100 volunteers to act as mentors for young people aged 16–29 years. In addition, 90 people supported and assisted families in difficult situations through the Perhetalkoot project. A volunteer support family service was launched in the summer, in which underage asylum seekers who arrived in Finland unescorted had the chance to live an ordinary life with a Finnish volunteer support family. In addition, the Art@HDL, a Government spearhead project on art and culture, was launched, in which the Helsinki Deaconess Institute, art institutions and artists introduce art in the welfare services.

In **the field of International Protection and Integration service**, the Centre for Torture Survivors in Finland offered humanitarian, medical and psycho-social care and support to immigrants suffering from acute or chronic torture symptoms. These activities reduced the victims’ suffering, risk of social radicalisation and risk of violence against themselves or others. Tortured or heavily traumatised quota refugees under 24 years of age received specialised children’s and youth psychiatry services. The Unprotected project was launched in this service field in the summer. It looked for people who had received a negative residence permit decision and who were still in Finland, offered them accurate information to support their decision-making, directed them to services and helped them in a challenging life situation.

In addition, humanitarian aid and emergency accommodation during the winter was offered to the EU's mobile population – mainly for Roma from Eastern Europe – at the Hirundo Day Centre. The Sponsor village project in Romania came to an end and the local authorities are now sharing its best practices nationwide. An extension project was launched in spring, in which the focus is on the education of Romani girls and women. The Gemma project, which was funded by the European Commission, came to an end after two years of developing skills and tools for recognising gender-based violence against paperless and mobile
women and for supporting this target group. Work on improving the diaconal knowledge of partner churches in Namibia and Moldova continued, supported by development assistance from the Ministry for Foreign Affairs. A new project was launched in Kosovo for supporting the employment of young Romani people.

The Helsinki Deaconess Institute Foundation and Helsingin Diakonissalaitoksen Hoiva Oy are jointly developing new, effective operating models for strengthening the everyday activeness and participation of people using housing services, homeless people and people with mental health or substance abuse problems. Helsingin Diakonissalaitoksen Hoiva Oy launched a three-year STEPPI project in January, which utilises discarded food in Tampere. The project developed low-threshold coaching and employment service as pathways for studying and working life for people, using substance abuse, mental health and housing services, customers of the Criminal Sanctions Agency and people on breadlines. The national OK project was continued, developing a sense of community in opioid replacement treatment, a low-threshold employment service and study pathways (for instance, eight experts, through experience, completed their studies). In October 2017, the OK project organised national opioid replacement treatment days.

A three-year national Toimekas project was launched by the Helsinki Deaconess Institute Foundation for developing meaningful everyday activities as part of housing, such as clubs and a low-threshold employment service. October saw the introduction of the DÖSÄ Tukialus project 2017–2018, which is intended for substance abusers and implements street-level and outreach substance work, offering support, help and service guidance in Helsinki. The project helps the homeless and people with substance abuse and mental health problems in their everyday environments through cooperation between peers and professionals. Authorised by the Ministry of Social Affairs and Health, the project is also developing a national cooperation platform for outreach substance work.

The field of Social welfare and HealthCare

The field of Social Welfare and HealthCare provides intensive service housing for senior citizens in six nursing homes in Helsinki, and supported housing for long-term homeless people in three housing units in Helsinki and one in Espoo, and for 20 apartments. In addition, intensive service housing is available in four units for persons aged under 65 years who suffer from multiple illnesses or are recovering from mental health issues. Substance abuse services provide guidance, treatment and rehabilitation for abusers of alcohol, drugs and prescription medications, especially replacement therapy in which the aim is to either reduce harm or provide rehabilitation. In addition, the field of Social Welfare and HealthCare produces services for a total of 1,300 customers in the Helsinki Metropolitan Area. The child and family services in the field focus on child welfare services. Demanding institutional care in substitute care services is provided in three units and conventional institutional care in one unit. Family care support services are also provided for substitute families. The operation of Perhekuntoutus PYY in child and family services was discontinued at the end of 2017.

The total turnover of the field was approximately EUR 39 million and around 2,300 customers were using the services. Turnover increased by almost 6%, owing to growth in substance abuse services and home care services.

The field of Social Welfare and HealthCare began to provide drug treatment services for the City of Tampere on 1 January 2017. There was strong resistance and public criticism against the customer-oriented open care service scheme when it was launched. Most of the criticism focused on the question of whether
institutional substance abuse care has been reduced too much in Tampere and whether the new open care service model will be effective. The clients who order the service have been satisfied with the service, however, as the number of customers has increased and the service has also been financially profitable. At the beginning of 2018, drug treatment services moved to larger premises in Hatanpää.

Important milestones in the field of Social Welfare and Health Care in 2017 were success in competitive bidding by the City of Helsinki and thereby the renewal of customer relationships in service housing for people aged under 65 years and in decentralised housing for the homeless, and the improved finances of the Child and Family Services. The Apartment First model, which we have been developing for a long time and which deals with the root causes of social exclusion, generated broad international and national attention.

Important results that demonstrate long-term effectiveness were recorded for intensive care in Child and Family Services, according to which as much as 41% of children have returned home after care. 4.4% of customers who entered housing services for special groups as long-term homeless were able to move to less supported housing during the year, and 68% reported that their substance abuse had decreased during the preceding six-month period.

In spite of their challenging situations in life, customers are satisfied with our services. The overall rating issued by service users for the Helsinki Deaconess Institute was 8.21 on a scale of 0–10 (n=808). The level of satisfaction has remained over eight throughout the four-year measuring period from 2014 to 2017. Our municipal and client customers rated our services at 3.72 on a scale of 1–5. We received the highest scores in the personnel's service attitude, reliability and reputation category. In addition, more than one half of the respondents would recommend our services to their colleagues, rating them at 9–10 on a scale of 0–10.

Most social welfare and healthcare operations took place through Helsingin Diakonissalaitoksen Hoiva Oy and VTKL-Palvelut Oy. Child and Family Services are part of the Helsinki Deaconess Institute Foundation. VTKL-Palvelut Oy, a home care provider acquired at the end of 2016, was operationally merged with the Helsinki Deaconess Institute's field of Social Welfare and HealthCare. The company will be legally merged with Helsingin Diakonissalaitoksen Hoiva Oy at the beginning of 2018.

Education services

Suomen Diakoniaopisto, a charitable limited liability company founded together with the Lahti Deaconess Foundation and Oulu Deaconess Institute Foundation, started its operations on 1 January 2017. It is an upper secondary vocational educational institution providing education in health and social care, as well as in tourism, catering and trade. The Helsinki Deaconess Institute Foundation arranged basic adult education, which was completely undertaken by Suomen Diakoniaopisto Oy on 1 January 2018.

Sovinto Ry, which produced project-funded educational services and arranged action centre services for young people and adults outside of working life or studying, transferred its educational and action centre operations to the foundation on 31 December 2016 and from there on to Suomen Diakoniaopisto Oy on 1 January 2017. Therefore, in 2017, Sovinto ry no longer had any regular operations. The intention is to discontinue the association’s operations in early 2018.

The education of diaconal workers forms part of the educational mission of the Deaconess Institute and is conducted by the associated company Diaconia University of Applied Sciences.
Other changes to Group structure

On November 2016, Terveystalo, Helsinki Deaconess Institute Foundation and LähiTapiola agreed on merging Diacor terveyspalvelut Oy with Terveystalo Healthcare Oy. That would have made the Helsinki Deaconess Institute Foundation an important minority shareholder in Terveystalo Oy. The Finnish Competition and Consumer Authority issued a final decision on the merger on 23 March 2017. Terveystalo and Diacor, as well as customer service, continued to operate normally as separate companies until the decision. The consolidated financial statement of the Helsinki Deaconess Institute Foundation for 1 January–31 March 2017 draws together the operations of Diacor terveyspalvelut Oy.

The Support Association for the Helsinki Deaconess Institute reviewed its rules and changed its name to Helsingin Diakonissalaitoksen Ystävät ry. The foundation reassumed responsibility for maintaining the foundation museum. The purpose of the association is to act as a community for all people interested in diaconic work and a link between its members and the Helsinki Deaconess Institute Foundation, as well as promote Christian service activities, diaconal awareness and work on maintaining the foundation and fostering its cultural heritage.

Results of operations

<table>
<thead>
<tr>
<th>Key figures TEUR</th>
<th>Group</th>
<th>Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from actual operations</td>
<td>99,333</td>
<td>147,528</td>
</tr>
<tr>
<td>Results of actual operations</td>
<td>-3,541</td>
<td>-4,257</td>
</tr>
<tr>
<td>Annual result</td>
<td>86,676</td>
<td>-2,354</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>89%</td>
<td>66%</td>
</tr>
</tbody>
</table>

The Group's annual result showed a EUR 86.7 million surplus (EUR 2.4 million deficit in 2016). The surplus was due to the Diacor-Terveystalo transaction.

The Group's result from actual operations showed a EUR 3.5 million deficit (EUR 4.3 million deficit in 2016). The Group's proceeds from actual operations decreased by 32.7% from the previous year, due to the sale of Diacor terveyspalvelut Oy and discontinuation of reception centre activities, which led to a decrease in turnover.

Equity and assets

The Group's equity ratio was 89% at the end of 2017 (66% in 2016), exceeding the 60% target set for the foundation Group's equity ratio calculated by book values. The total sum of the consolidated balance sheet was EUR 273.6 million (EUR 186.6 million in 2016).

Investments during the operating year totalled EUR 3.021 million (EUR 0.8 million without Diacor terveyspalvelut Oy).
The foundation’s assets comprise real estate, stocks of the Group companies and investment securities. The foundation's assets are managed carefully and systematically. Around 70% of the offices and apartments are used by the foundation's own functions, which promote the fulfilment of the foundation's purpose.

The market values of the Group's real estate assets were not investigated separately during 2017. The Helsinki Deaconess Institute Foundation sr and its subsidiaries owned buildings with a total floor area of 102,000 m2 and a total of 390 hectares of land area. The market value of the entire real estate assets in 2017 was around EUR 161 million.

The built assets comprise the real estate and housing companies, real estate and individual shares in housing companies owned by the foundation and its subsidiaries, and their share ownerships. The foundation did not sell its shares in real estate or housing in 2017. The foundation acquired nine apartments from Helsinki for the supported accommodation of special groups in 2017. Part of the investment was carried out using a 50% investment grant issued by the Funding Centre for Social Welfare and Health Organisations (STEA). The total investment for the nine apartments was EUR 1.2 million, of which the foundation paid EUR 0.6 million.

The foundation’s most significant land ownership is located in Pellaslaakso, Espoo. At the end of 2017, 14% of the permitted building volume in the Pellas area had been sold, 56% rented and 6% reserved through reservation/preliminary agreements. 24% of the permitted building volume was available.

During the fiscal year, the foundation had a total of around 800 valid leases. The average utilisation rate of apartments was approximately 98% and the average utilisation rate of offices about 93%.

In October 2017, the foundation signed an agreement on the provision of real estate management services for Rinnekoti-Säätiö. At the same time, the real estate management employees of Rinnekoit-Säätiö were transferred to the service of the Helsinki Deaconess Institute Foundation and the real estate maintenance unit of Rinnekoti-Säätiö was outsourced to ARE Oy and Lassila & Tikanoja Oy.

In the summer of 2013, SRV Rakennus Oy initiated a dispute in the District Court of Helsinki against the Helsinki Deaconess Institute Foundation’s real estate companies HDL-Talot Oy and Auroratalo Oy. In its action, SRV demands payments from the real estate companies totalling approximately EUR 4.4 million concerning a project management contract agreement related to Auroratalo. The defendants have reserved the right to present a demand for compensation of EUR 1.7 million to SRV, based on a final financial report. The dispute entered the preparatory session of the district court during 2017. The main hearing in the district court has been scheduled to begin in autumn 2018.

**Investment operations**

Investment assets refer to assets that are not directly used by the actual operations but whose yield is used to finance the operations. The assets have been systematically invested and the investments are based on the investment plan that is annually approved by the board. The plan sets out the principles and goals of investment activities, permitted asset types, investment allocation and flexibility within the allocation, risks and investment monitoring and reporting. Furthermore, the plan defines the principles of responsible investing and the authorisations of the bodies, employees and external asset managers related to the investment operations. The foundation has two investment portfolios, which are administered by asset management companies selected through competitive bidding.
At the end of the operating year, the market value of the foundation’s investment assets was EUR 284.3 million, with a purchase price of EUR 126.7 million. Of the assets, the share of real estate was 45%, share investments 49% and bonds 6%. The significant growth in investment assets is attributable to the sale of the shares of Diacor terveyspalvelut Oy and transfer of ownership to Terveystalo Oy’s shares.

Personnel

The foundation Group employed 1,025 people on average at the end of 2017. The Group’s cooperation procedure committee comprises employers’ representatives and the shop stewards of different employee groups. Some cooperation negotiations targeted at personnel reductions were carried out in the Group in 2017, based on production-related and financial reasons.

Versatile vocational education and coaching was organised at the Helsinki Deaconess Institute Group in 2017, including training for responsible instructors, study groups on different aspects of care, coaching for study group instructors, family work education, and training in memory loss diseases and peer evaluation. Immediate superiors participated in the coaching and the common dialogue by attending Aurora supervisor training and supervisor days. Training on system and digital work skills was organised in connection with system renewals, introducing the participants to topics such as purchase invoice and procurement software, customer information system and the use of electronic workspaces. The occupational wellbeing of employees was investigated and the results were analysed using the Pulssi survey two times during the year. The 150th anniversary year also featured several events in which employees actively participated.

Administration

The foundation’s operations are based on the Foundations Act, the rules of the foundation and good governance. Its administrative bodies are the Board of Directors and the Managing Director. The foundation also has a delegation, the operation of which is based on rules and which is responsible for appointing board members.

The foundation already updated its rules in accordance with the new Foundations Act at the beginning of 2016. Work on adjusting the rules continued in 2017 by introducing the possibility of staggering the terms of the board members so that approximately one third of them are outgoing members each year.

Delegation

In 2017, the delegation convened for an extraordinary meeting and a theme meeting arranged in connection with it, in addition to the statutory spring and autumn meetings. The theme meeting investigated solutions to combat inequality through robotisation, for instance. In 2017, the delegation appointed two new members to the board of the foundation for the 2018–2020 term and three members for the 2018 term. The members of the delegation were Irja Askola (chairperson until 4 September 2017), Harri Lauslahti (deputy chairperson), Sakari Ahdekivi, Kai Alhonen, Anne Berner, Heikki Hiilamo, Kristiina Jansson-Saarela, Pia-Noora Kauppi, Teemu Laajasalo (chairperson as of 4 September 2017), Virva Nyback, Timo Pasanen, Vesa Rajala, Harri Sailas, Jari Sinkkonen, Risto Vahanen and Björn Vikström. The attendance percentage of the delegation members was 44% at the statutory meetings and 58% at all three events.
Working committee of the delegation

In 2017, the working committee discussed appointment proposals for the members of the delegation and the Board of Directors, and topics to be taken up in the theme meeting. The working committee convened three times and also held one meeting via e-mail in 2017. The members of the working committee were Irja Askola (chairperson) until 30 August 2017, Harri Lauslahti (deputy chairperson), Sakari Ahdekivi and Virva Nyback, and Teemu Laajasalo as of 1 September. The attendance percentage of the working committee members was 100%.

Board

In 2017, Maija-Liisa Friman acted as the chairperson of the board, and Leena Rantanen as the deputy chairperson. Other members of the board were Tuula Entelä, Paula Laine, Jarno Raninen and Juho Saari. New members starting on 1 January 2017 were Merja Karhapää and Jussi Laitinen.

In 2017, the board convened eight times. The board also made decisions four times without convening. The attendance percentage of the board members in regular meetings during their terms were as follows: Maija-Liisa Friman (chairperson) 100%, Leena Rantanen (deputy chairperson) 87.5%, Tuula Entelä 100%, Merja Karhapää 75%, Paula Laine 100%, Jussi Laitinen 100%, Jarno Raninen 87.5% and Juho Saari 87.5%.

In addition to statutory duties, the board’s activities included:

- approval of the real estate strategy and start of planning the operations of Alppikortteli,
- preparation of an upgraded investment plan for 2017,
- approval of the principles and start-up of the incentives programme for management and key persons,
- establishment of an audit committee and appointment of Tuula Entelä, Paula Laine and Jussi Laitinen as members of the committee,
- approval of the rules of procedure for the audit committee,
- approval of the investment process and calculation models to be used in it,
- approval of the cancellation of the permit for arranging basic education and of the transfer of basic education operations to Suomen Diakoniaopisto - SDO Oy,
- assessment of the foundation’s strategy, confirmation of the strategic direction and operational goals and follow-up of the progress of the ongoing strategic projects,
- approval of procurement and investment of the customer information system,
- decision to sell 16 of its shares in Suomen Diakoniaopisto Oy, of which it is the owner, to the Association of Finnish Beauty Therapists and approval of the related arrangements,
- decision to sell shares in Terveystalo Oy in connection with a public offering,
- decision to invest approximately EUR 6.4 million in a new building at Kauppalantie, Helsinki, from 2018 to 2020,
- decision to merge VTKL-Palvelut Oy in the Group with Helsingin Diakonissalaitoksen Hoiva Oy,
- approval of cooperation plans concerning Rinnekoti-Säätiö,
- establishment of a working group for evaluating the investment plan and for carrying out an update for 2018,
- assessment and development of its own operations.
Board’s audit committee

The audit committee was chaired by Tuula Entelä and its members were Paula Laine and Jussi Laitinen. In 2017, the audit committee convened three times. Based on its annual plan, the audit committee investigated the financial statements, audit reports received, progress of administrative efficiency projects, investments and budgeting. The attendance percentage of the audit committee members was 100%.

Managing Director of the foundation

Olli Holmström is the acting Managing Director of the foundation. The duties of the Managing Director include leading the foundation group’s operations in accordance with the plans approved by the board. The deputy to the Managing Director of the foundation is the Group’s CFO Alisa Yli-Villamo.

Auditor

Tilintarkastusyhteisö Ernst & Young Oy acted as the auditor of the foundation Group, with KHT Johanna Winqvist-Iilka as the key audit partner.

Insider activities

The foundation’s insiders comprise members of the Board of Directors, the Managing Director, the deputy to the Managing Director, auditors, members of the management team, the real estate director, service area directors, their family members, organisations under their authority, and the foundation’s subsidiary organisations and foundations. Insider activities refer to all legal transactions with insiders regardless of their subject or designation. The legal transaction may be nongratuitous or gratuitous.

The Managing Director, the real estate director and the service area directors have been able to purchase social welfare and healthcare services under conventional terms according to a market-based price list.

The foundation has confirmed the insider instructions in 2016 and keeps a list of insiders.

Insider table

<table>
<thead>
<tr>
<th>Nature of insider relationship</th>
<th>Nature of insider relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Management salaries, remunerations and pension commitments</td>
<td>562 1,344</td>
</tr>
<tr>
<td>B Agreements</td>
<td>14,498 110 1</td>
</tr>
<tr>
<td>C Granted support</td>
<td>10</td>
</tr>
<tr>
<td>D Issued loans, responsibilities and responsibility undertakings</td>
<td>11,261</td>
</tr>
</tbody>
</table>
Item 1 B and D transactions between Group companies
Item 5 B Purchased communications services from the inner circle of a member of the management team

1 Founder of the foundation, person wielding authority in the foundation, and their or the foundation's subsidiary organisation or foundation
2 Board member and deputy member, Managing Director and his/her deputy, general partner and auditor of the foundation and an organisation and foundation referred to in item 1
3 Agent of the foundation and other person who participates in the management of the foundation. Can be merged with item 2 if only one person belongs to item 3.
4 Family member of a person referred to in items 1–3
5 Organisation or foundation under the authority of a person or persons acting in cooperation referred to in items 1–4

Future outlook

Operating environment

The service market for the elderly, disabled and people recovering from substance abuse and mental health issues in the area of operation of the Helsinki Deaconess Institute is growing, boosted by urbanisation and the ageing population. The economy is growing and the unemployment rate falling, except for structural and long-term unemployment. More and more young people are facing the risk of social exclusion. Social polarisation increases marginalisation. At the same time, the sustainability gap increases the pressure to reduce costs and keep to strict, often price-based procurement bidding even though a qualitative emphasis would improve the effectiveness of care. Demand is moving to outpatient care and to mobile or home services, in which the Helsinki Deaconess Institute is a major player in the Helsinki Metropolitan Area.

Customers, employees and students representing different nationalities and cultures, as well as international cooperation, will make our operations global. In 2017, services for asylum seekers entering Finland were cut back, at which point the foundation began to focus on integrating underage asylum seekers, assuming an even more prominent role in helping the mobile population and paperless people, as well as speaking for people in distress. We are preparing for a situation in which international economic, political and military conflicts make an even stronger impact on the Finnish economy, immigration and the trend of social exclusion.

The social welfare, healthcare and regional reform, which is expected to enter into force at the beginning of 2020, and the services to be included in the freedom of choice, will gradually be expanded in the next few years. The freedom of choice will open up business opportunities for a private, specialised provider of integrated services like the Helsinki Deaconess Institute.

The number of changes taking place in the field will increase competition, while the requirement for higher standards will channel demand to strong players. Major players are forcefully expanding their offering and the coverage of their business unit network, often through acquisitions or joint ventures. The change also calls for new players from technology, logistics, oversight and insurance. Much is expected from digitalisation in view of addressing the requirements of electronic services and resource planning, reforming operations and improving their efficiency, as well as integrating the service pathways of the Helsinki Deaconess Institute and those between other service providers, especially in the upcoming social
welfare and healthcare reform. Success calls for adjusting traditional operating models, partnerships and investments in both infrastructure and skills.

The group's future outlook and events after the fiscal year

The Helsinki Deaconess Institute will continue the implementation of its chosen strategy. The focus will be on securing the funding of diaconal work by improving the business result and securing the future of the Group by reforming its operations.

The growth target for diaconal work is based on expanding in growth centres in Finland and on the implementation of international projects in the countries of departure of the increasingly mobile population and refugees. Expansion will often take place through partnerships, such as Vamos youth work in Oulu together with the Oulu Deaconess Institute Foundation, and in the form of international projects implemented in the applicant consortia by local partners.

Our focus in the field of Social Welfare and HealthCare will be on addressing the increasing service needs of special groups and the elderly. Services will be expanded through partnerships, a good example of which is the current cooperation with Abnoy Oy of Pirkanmaan Sininauha in offering drug treatment services in Tampere. The aim is to gain some benefit from the growth in the field and from the opportunities that social welfare and health-care reform offer private service providers in competitive bidding in the various regions, as well as in customer vouchers and personal budgets. We encourage regions to make use of customer vouchers and personal budgets, especially in the case of people who would benefit from receiving integrated services. The integrated care provided by the Helsinki Deaconess Institute in child welfare and for treating people with multiple illnesses, for example, is effective and would generate savings, particularly in caring for people who make extensive use of the services.

Coaching-type leadership and supervisory work are being emphasised and personnel self-direction is increasing. A broad, Group-wide digital tool and media deployment process is currently in progress. The marketing and sales development initiatives launched in 2017 will continue. Costs will be mitigated, for example, by centralising and improving the effectiveness of procurement, renewing administrative structures, providing shared support services for different parts of the Group, improving asset management and gradually introducing electronic communication both internally and externally.

A simpler structure and management system, the focus on becoming a social company in the social welfare sector, and functional improvements, will help us even out the foundation Group’s result from actual operations, excluding asset deals, in 2018, after the losses recorded in the last few years.

Major risks and uncertainty factors

The business risks of the Helsinki Deaconess Institute Group are mainly due to the public-sector sustainability gap and the many uncertainties connected with the social welfare and healthcare reform.

- Declining municipal purchases, the falling number of grants issued by them, and price competition, could lead to inadequate use of customer service potential or poor margins, thereby impairing the Group’s operating result. Correspondingly, the impaired ability and willingness to pay among
private customers, especially retired people, would be reflected in the demand for home care and housing services for the elderly.

- The social welfare and healthcare reform involves major political and economic uncertainties, which are connected with delays in the implementation schedule, the roles of service providers, information system requirements and the guidelines of the future regions, especially with regard to the use and scope of customer vouchers and personal budgets. This will show in the purchasing behaviour of municipalities in the next few years and will impair the timely planning of operations and making real asset and ICT investment decisions, for example.

A fall in the Group's financial result would limit diaconal work and development investments. Reputation and competence risks could also hinder our work and our ability to acquire funding and partners.

With the growth of investment assets, careful asset management will play an even more prominent role in the future, and changes in the market situation will affect the value of assets and their yield opportunities. Dealing with challenging customer segments calls for highly active management of the security and damage risks imposed on real estate, employees and the environment.

The digitalisation of services is both a risk and an opportunity. Our services are increasingly dependent on the 24-hour availability of telecommunication connections and cloud services. Information security and data protection risks increase as the operations become more technology-centred. Our services involve the processing of sensitive customer and personal data. Thus, we invest in training our employees and in their ability to address the requirements for recording data, the requirements of the KANTA/KANSA project and those of the EU's General Data Protection Regulation, which will enter into force on 25 May 2018.

Risk management aims to prevent and reduce risks through various measures and by increasing risk awareness and the capacity to act. We improve our competitiveness and profitability, identify vulnerabilities, increase the organisation's flexibility and readiness for change, and deepen customer relations and partnerships to make them better withstand even rapid changes in the operating environment.