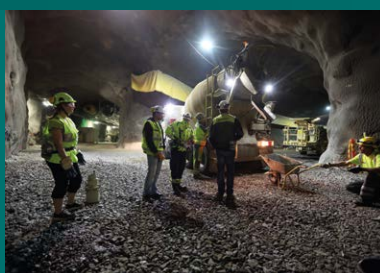


ANNUAL REPORT 2014







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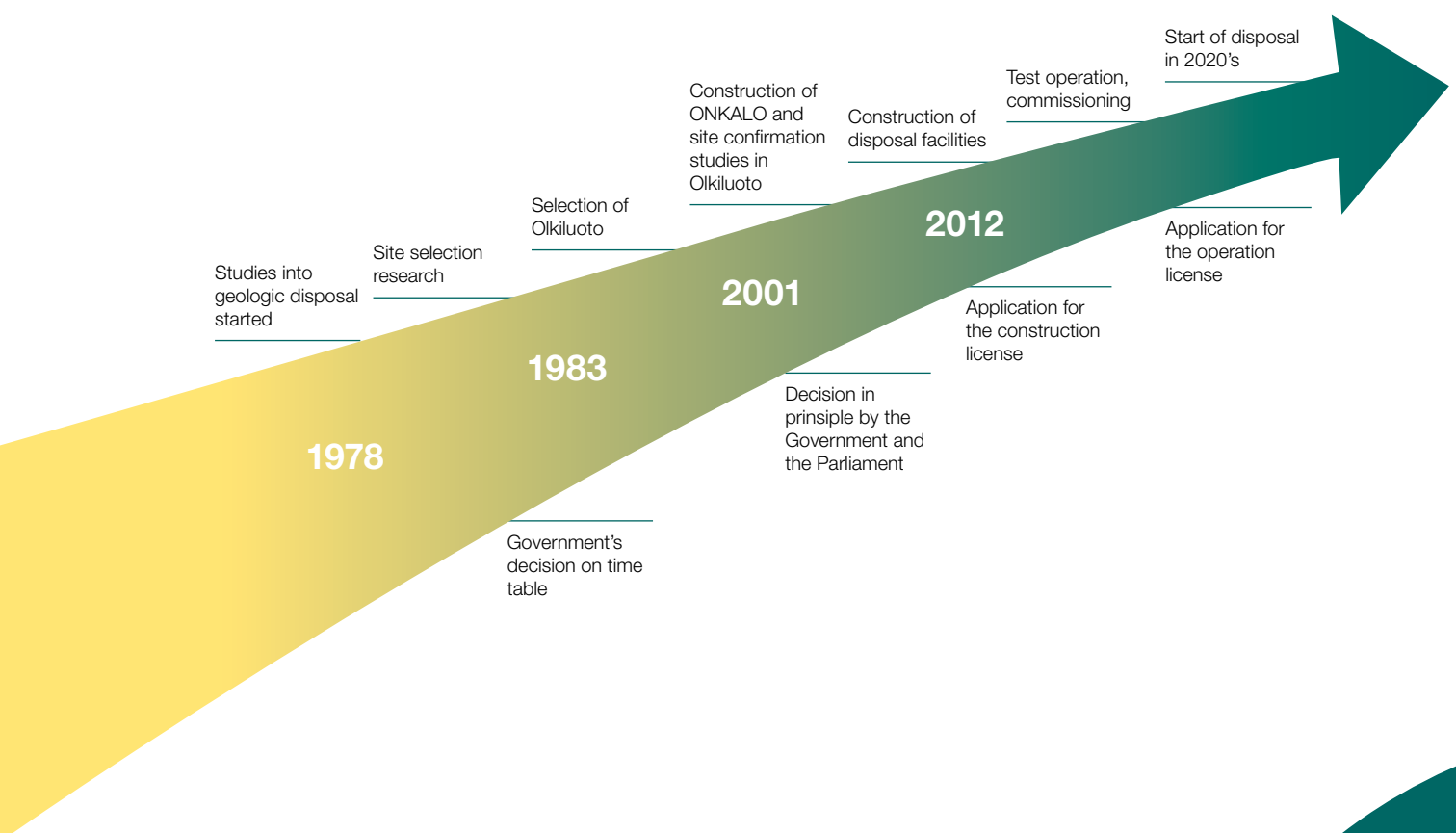


Posiva and spent nuclear fuel

Posiva Oy, which was founded in 1995, is together with its owner companies Teollisuuden Voima Oyj and Fortum Power and Heat Oy responsible for the final disposal of spent nuclear fuel. At the end of 2014, the total amount of spent nuclear fuel in the interim storages of the Olkiluoto and Loviisa nuclear power plants was about 2050 tons. Spent nuclear fuel must be cooled in the interim storages for several decades to bring heat generation in the

fuel down to the level required for final disposal. In practice, this means that final disposal cannot start until early 2020s. With this in mind, Posiva is preparing in Olkiluoto in the municipality of Eurajoki for the construction of the encapsulation plant and for the expansion of the existing ONKALO facility into a final disposal repository after the ongoing construction licence stage.

40 years' effort



Looking forward to post-construction licence time

Posiva's final disposal project has proceeded according to plans. The construction licence application has been supplemented with additional information as required by the Radiation and Nuclear Safety Authority of Finland (STUK). In addition to the final supplements, we have built up other capabilities in project operation to enable the start of the implementation of the final disposal project. Detailed construction design is under way, project personnel has been recruited and procedures developed for the project. Research and test activities have progressed in compliance with the concept development programme as part of the preparations needed to achieve readiness to submit the operating licence application.

Significant results were obtained in 2014 in the demonstration of long-term safety. As regards the copper canister, which is an important release barrier, progress was made in many areas. The disputed issue of copper corrosion reached a conclusion supporting the previous view, when the extensive tests carried out by the Swedish final disposal company Svensk Kärnbränslehantering AB (SKB) confirmed what was already known based on theoretical studies – copper will not be significantly corroded in oxygen-free conditions. The design of the copper canister progressed also in other respects with Posiva selecting friction



stir welding (FSW) as the sealing method for the canister. Posiva reached an agreement with its important collaboration partner SKB on the use of this method, which the Swedish company has developed.

Prototypes have been produced of the work machines as well as installation and transfer

equipment required for deposition activities. The drilling machine for the final disposal hole, the canister transfer and installation vehicle as well as the transfer and installation vehicle for the bentonite buffer blocks have also been completed. The testing of the unique equipment exclusively designed for final disposal activities has started in the above-ground test facility built on the ONKALO worksite. After this test phase, full-scale tests will continue in authentic conditions at a depth of 420 metres in the demonstration facilities of ONKALO.

Construction work in the underground research facility ONKALO has now been almost completed. ONKALO will during the operating stage be part of the final disposal repository, and used for e.g. the transport of the excavated rock material to the ground surface. The three shafts of ONKALO – two ventilation shafts and one hoist shaft – were raise-drilled through in 2014. Construction work progressed in leaps and bounds also on ground surface with the start of the construction of the hoist building. When completed in 2015, the building will contain staff facilities, hoist for access to the final disposal repository, an emergency shelter as well as access control facilities. The tenth anniversary of the ONKALO construction project was celebrated in the autumn of 2014. The underground research facility is extremely important in terms of final disposal research and development of construction methods – after all, it is the only research facility in the world that has been excavated on the intended final disposal site. ONKALO has continued to attract the interest of both Finnish and international visitors, experts and the media.

Posiva's organisation is preparing for the implementation stage and in 2014, more than 20 experts in design and construction started in the employment of Posiva. Another cause for satisfaction was the honorary mention awarded to Posiva already for the second time in the national "Responsible summer job" campaign.

I started as the President of Posiva in December and have been pleased to learn how committed

our personnel is at this preparatory stage of safe final disposal. Posiva develops its operations and the safety of the operations continuously. A safety culture work group was set up in 2014 to assess, advise and train our own personnel as well as external experts in matters related to safety culture. The low number of work-related accidents is a good indication of the good level of safe working. By the end of 2014, Posiva-employees had worked for as long as 1947 days and contractors for 322 days without occupational accidents.

We have our work cut out for us in 2015 if we are to achieve a state where we are ready to start the implementation of the final disposal project. The decisions related to the safety assessment of the Radiation and Nuclear Safety Authority have to be analysed and the conclusions drawn need to be forwarded to our plans. Implementation design for the encapsulation plant and the final disposal repository continues and procurement documents are prepared for important procurement processes during the early part of the implementation stage. Installation tests will be carried out in ONKALO to test the components of the final disposal concept – canister, buffer, tunnel backfilling and tunnel end plug.

Posiva will be 20 years old in 2015. TVO started final disposal research already some 40 years ago, before Posiva was founded, and now the company specifically founded for the purpose has also reached a ripe age. Our sights are firmly set on the future. We expect the construction licence for the encapsulation plant and the final disposal repository to be granted to Posiva in 2015, as a result of long-term research and design activities. We will become the centre of the attention of the global final disposal community, when we start the construction of the final disposal repository, probably as the first in the world.

Janne Mokka
President
Posiva Oy

The Board of Directors' Report for 2014

Main events

Prototypes produced of final disposal equipment

The unique final disposal project of Posiva has entailed the development of numerous pieces of equipment for various purposes. Prototypes are first developed of the equipment, and they are tested both in the above-ground test facility on the ONKALO worksite and in authentic final disposal conditions in the demonstration facilities of ONKALO. In 2014, equipment delivered for testing included e.g. the canister transfer and installation vehicle as well as the transfer and installation vehicle for bentonite buffer blocks.

Implementation design for encapsulation plant and systems started

A design assignment for eight key transfer and hoist systems was awarded in the spring to ensure the progress of the facility project in compliance with the schedule as far as the encapsulation plant is concerned. The conceptual plans for the systems were reviewed before the start of implementation design, and actual design and engineering was then started in phases. The architecture and structural design of the encapsulation plant started in the autumn, and the first designs from that phase were submitted to STUK as supplements to the construction licence application dossier.

Development of final disposal canister progresses

Posiva selected in 2014 the friction stir welding (FSW) method developed by SKB as the sealing method for the final disposal canister made from copper. The decision was primarily based on the favourable properties that the method offers with respect to the long-term safety of the welded joint.





ONKALO has produced research data for 10 years

In the summer of 2014, it had been 10 years since the construction of the underground bedrock research facility ONKALO started. As the only research facility constructed on a planned final disposal site, ONKALO attracts international interest. Data obtained from ONKALO has ensured that the structure of Olkiluoto bedrock, the rock types and the groundwater conditions are now known in detail and construction methods have been developed based on final disposal needs. The construction of ONKALO progressed during the year and the shafts of the facility were completed.

Posiva's organisation strengthened with design and construction experts

The recruitment campaign launched towards the end of 2013 continued in early 2014. As part of moving over to the implementation stage of final disposal, Posiva strengthened its organisation during the year with some twenty new experts.



Safety culture on excellent level

The low number of work-related accidents on the ONKALO worksite is a good indication of the high level of safety culture. Posiva was granted for the second time the level I certificate in the safety level certification of the Finnish Zero Accident Forum: in the world's forefront. A new group was set up according to the principle of continuous improvement to promote and advise on matters related to safety culture.

Research, development and testing

Posiva made the decision on the sealing method of the final disposal canister at the start of 2014, selecting the friction stir welding (FSW) method developed by the Swedish final disposal company Svensk Kärnbränslehantering Ab (SKB) together with The Welding Institute. The decision is primarily based on the favourable weld properties that the method produces with respect to long-term safety. The decision was important, as it allowed Posiva to proceed to the implementation planning stage of the encapsulation plant, and it was also a step towards ever closer cooperation with SKB.

Posiva supplemented according to STUK's requests the construction licence application submitted in 2012 and provided several replies regarding e.g. the performance of the canister, the buffer, the backfilling of the deposition tunnels and the closure of the final disposal facility, as well as the selection of the final disposal depth, the bedrock classification system and the safety analysis. One of the most extensive replies submitted concerned the overall plan for demonstration activities, the development programme for the so-called final disposal concept. The programme describes all the planned demonstration activities until the operation of Posiva's nuclear waste management

facility starts, designed to prove the feasibility and the performance of the final disposal concept. It also describes the research and modelling activities required to support the demonstration activities, as well as other research, development and technical design efforts required for the closure of open issues. The development programme for the final disposal concept and the related communications offer a whole new tool for the dialogue between Posiva and STUK as concerns research, development and technical design work that remains to be executed.

The joint European DOPAS programme which tests under Posiva's coordination different plugging methods for deposition tunnels, and the related, Posiva's own POPLU project progressed to the implementation stage. The position for the plug was prepared using the drilling-wedging-grinding method, which Posiva has not used before. In preparation for the construction of the plug, the workability of the low-pH concrete mix as well as casting work methods were tested, and structures needed for the plug test were developed.

When the test facility built on the ONKALO site was completed in the spring, the testing of the prototypes designed and produced by Posiva was started by installing bentonite buffer blocks in a test hole built in the floor of the test facility. The hole is transparent and it can be inspected from underneath. The purpose is to test feasibility,

A view of the construction site of the second phase of the lifting equipment building in September.



i.e. can the installation accuracy specified in the designs be achieved with the installation device. Based on the tests that have been carried out, the installation of the buffer blocks can probably be executed with the required accuracy. A prototype was completed of the installation device of the final disposal canister and after factory acceptance tests had been completed, testing was continued in the test facility on the ONKALO site. The tests have so far focused on ensuring the mechanical functioning of the device, and from now on the focus will shift to the verification of the required installation tolerances. The manufacture of the installation device of the backfilling material for the deposition tunnels proceeded and factory tests are about to start. Application tests of the floor levelling material for the deposition tunnels were carried out using bentonite materials in pellet and granular form. The tests showed that the achieved levelness and load-bearing capacity of the floor was adequate for the installation of the blocks.

Significant progress was made in demonstrating the long-term durability of the copper canister, when the results of two Swedish research groups confirmed that the corrosion of copper is not a continuous process in clean, oxygen-free water. A very thin layer of corrosion may be produced on the surface of the copper, but it is insignificant in terms of final disposal. Moreover,

the extremely small build-up of hydrogen, which has been detected in tests, has been traced to the copper material, which means that the hydrogen has not been produced through corrosion. The results are based on tests carried out on several copper grades using different coating methods.

The Greenland Analogue Project (GAP), which lasted for several years and was carried out in cooperation with SKB and the Canadian Nuclear Waste Management Organisation (NWMO), was concluded. The size of the Greenland ice sheet makes it well suited for analogue research on future ice ages in Fennoscandia. The Kangerlussuaq area in western Greenland was selected as the research site, as it is similar to the bedrock in Olkiluoto in terms of the age of the bedrock, the rock type and rock fracturing. The research project has provided a lot more information about the different ice age phases: the glaciation period, the coldest period and the melting phases, and about their impact on the long-term safety of final disposal. We now know more about how the ice load affects hydrological pressure at the final disposal depth, how the glacier's melting waters move and how they impact the composition of groundwater.

Posiva has developed the Rock Suitability Classification (RSC) method for the identification of rock volumes suitable for the design and construction of the final disposal facilities.

As part of the POPLU-project the performance and the properties of the concrete mix in ONKALO conditions were verified with casting work method tests.



The system defines the rock suitability criteria derived from the target properties of the rock, as well as a procedure for the execution of suitability classification. In 2014, Posiva completed a detailed guideline for the practical execution of suitability classification and for the preparation of suitability analyses at different stages of the construction process.

Construction and repository project

The construction project of research facility ONKALO consisted in 2014 mainly of supplementary construction as well as installation and maintenance activities in the facilities already in use. The purpose of supplementary works has been to ensure that testing activities can be carried out in the finished facilities. In 2014, the focus in the construction project shifted from underground to above ground. The area works on the ONKALO site completed during the year were necessary to make it possible to start in the summer the construction of the second phase of the hoist building. This second phase encompasses the facilities needed for the hoist, access connections to the future encapsulation plant and final disposal repository, as well as access control facilities for the ONKALO site. The envelope structures of the entrance building and the access control facilities will be built at this phase to their full scope, but finalising and installation works in the facilities and on the systems will not take place until after the construction licence has been granted, as they are activities subject to the construction licence. When the arrangements for the hoist building had been completed, area works proceeded to the next phase, which provides the required worksite conditions for the future construction of the encapsulation plant. The regulatory process related to the procurement of the hoist had reached the opinions phase at the end of 2014.

The plans for the repository project were supplemented during the year with the information and documents required for the review procedure on the construction licence application. For the most part, work in the repository project at the implementation planning stage consists of preparation of requirement specifications, reviews

and assessment of conceptual plans. The actual implementation planning was started as far as the fuel transfer and handling equipment for the encapsulation plant are concerned, and also with respect to the architectural and structural design of the encapsulation plant. During the latter part of the year, specification documents related to architectural and structural design of the final disposal repository were also compiled for use as a basis for invitations to design tenders at the start of 2015. Efforts connected with the organisation of the project continued during the year, and in November, STUK carried out an inspection of readiness for construction as part of its review procedure on the construction licence application.

International cooperation

Posiva is widely involved in the international cooperation of the nuclear waste management industry. Forums for the exchange of information and experience on a general level include, in particular, the International Atomic Energy Agency (IAEA), the Nuclear Energy Agency (NEA) of OECD, and the International Association for Environmentally Safe Disposal of Radioactive Material (EDRAM). Posiva continued in the chair position of EDRAM, which started in 2013. For more detailed exchange of information and experience, Posiva has concluded international cooperation agreements with equivalent organisations in several countries. On project level, Posiva participates in research, development and educational projects within the strategic research programme of IGDTP (Implementing Geological Disposal Technology Platform); many of these are also included in EU's framework programmes. The Swedish final disposal company SKB is Posiva's closest cooperation partner, which is naturally due to the shared final disposal solution and the very similar bedrock conditions in the two countries. Towards the end of the year, Posiva and SKB renewed their cooperation agreement, which extends until the end of 2018 and defines the completion of the final disposal concept as well as preparations for optimum shared production of the canister and the buffer by 2030 as the common goals of the parties.



Media people acquainting themselves with the test facility during a press conference in July 2014.

Corporate social responsibility and communications

Posiva's final disposal project, and the underground research facility ONKALO in particular, attracted interest both in Finland and abroad during the year under review. A total of 12 666 visitors acquainted themselves with the production of nuclear energy and final disposal in the Visitor Centre in Olkiluoto during the year. ONKALO and the final disposal project were also presented in underground conditions; a large number of visitors found their way to the ONKALO exhibition built at the end of 2013 in the operating waste repository in Olkiluoto. The traditional Summer Wednesday happenings during the hot summer season were attended by 660 visitors.

Posiva increased its visibility in student events by means of a shared Olkiluoto stand run by the Communications Departments of Posiva and TVO in various recruitment events. Cooperation in the field of communications was continued in Olkiluoto also in other sectors by organising e.g. shared presentation events to the international media. A press conference focusing on current

news was arranged for the Finnish media, when ONKALO turned 10 years old at the turn of June-July in 2014.

Apart from school excursions, local activities in 2014 included participation in the events of nearby educational institutes and support to local third-sector activities. Posiva published five issues of the "Posiva tutkii" (Posiva investigates) magazine in 2014.

At the beginning of 2014, Posiva carried out a survey of work community communications; the results of the survey were utilised in improving internal communications within the Company. As far as social media is concerned, Posiva started in 2014 to use Twitter and Youtube. These provide channels for introducing the world of final disposal to an ever larger audience.

Environmental impact management

At Posiva, the management of environmental matters is based on the certified management system and the annual operating plan. The key environmental aspects are related to

the construction of ONKALO and to waste management. An analysis of potential incidents and accidents shows that the most significant environmental risks are associated with fires and oil leaks from work machinery.

The amount of rock excavated in the construction of ONKALO amounted in 2014 to only about 20 solid-m³. Almost 90 % of the waste generated on the worksite was recycled. The amount of water used in the construction of the tunnel was ca. 6 500 m³. The average total leakage in ONKALO was ca. 32 l/min; this is a low figure considering the volume of the underground facilities. The water pumped from the tunnel (service water and leakage water) was drained through clarification and oil separation in an open ditch to the sea. The quality of the water was monitored in the same way as in previous years.

The operating plan describes the processes used to minimise the potential environmental impact of the operations of the Company. Actions implemented in 2014 included e.g. the development of maintenance and inspection procedures to increase the effectiveness of oil spill prevention.

Management system

Posiva's management system consists of the Management Manual, which provides an overview of Posiva's activities, as well as topical manuals containing codes of practice and procedures. The purpose of the management system is to ensure that Posiva's final disposal repository fulfils the safety criteria specified for it, and that Posiva's operations are in conformance with laws, safe, timely and cost-effective.



The management system was during the year developed on the basis of the new YVL Guides of the Radiation and Nuclear Safety Authority (STUK), which were adopted at the end of 2013 and updated in 2014. The development of the management system is a continuous process when proceeding towards the construction stage of nuclear facilities.

The comprehensiveness and functionality of the management system was assessed in a management review in March. Internal audits were carried out on the processes of the management system in accordance with the annual programme.

In October, DNV Certification Oy conducted on the occupational health and safety system the recertification process referred to in the ISO 9001 quality management system, the ISO 14001 environmental system and the OHSAS 18001 standard.

Also in October, Qualitas Fennica Oy conducted an independent assessment of Posiva's management system against the YVL Guides.

Supplier audits were carried out on the most significant suppliers in order to ensure their capability to provide services for Posiva in compliance with the criteria specified by the company.

Safety and safety culture

The management of occupational health and safety matters is at Posiva implemented in compliance with the certified management system and the annual operating plan. Posiva's employees and contractors did not have any accidents during the year. Posiva was already for the second time granted the "In the world's forefront of safety" level 1 certification by the Finnish Zero Accident Forum. In 2014, the focal area was the development of work community skills. This campaign entailed production of "good co-worker" video footage, exercises implemented in unit meetings to improve interaction, and practicing how to give constructive feedback. The action plan for occupational health care was updated, and special efforts were during the year focused on preventive occupational health care.

2014 was a good year from the viewpoint of ONKALO's construction and there was not a single significant accident during the year that would have endangered the safety of the personnel.

Procedures related to safety management were further developed in accordance with Posiva's certified management system and the annual operating plan. The procedure developed for the construction of ONKALO and the experience gained will provide a good basis also for the construction of the encapsulation plant and the final disposal repository.

Regulatory documentation related to the construction licence application submitted earlier at the end of 2012 was supplemented with more specific information, and particularly during the latter part of the year, the focus shifted in safety design to the consideration of the needs that will have to be met, when the construction licence is presumably granted in 2015.

The documentation for the construction licence application was supplemented on the basis of both progress made in design, and requirements presented by STUK. In terms of the content, the documentation has particularly been supplemented with respect to the maturity of technical design and the conformity of the safety analyses. Some minor updating was carried out on a large amount of other documents submitted to STUK. As a completely new document, a detailed assessment of the applicability and fulfilment of the new YVL Guides adopted in December 2013 was submitted. Several meetings in various fields of technology have been held between STUK and Posiva with the aim of supporting regulatory control and thereby also shortening the time required for the updating of the documents. Several new employees were recruited for the handling of safety issues in preparation for the future construction stage, and cooperation with Posiva's owners, particularly the nuclear experts of TVO, was also increased significantly.

The preparatory phase for the safety case dossier to be included in the operating licence application was started by launching a project called TURVA-2020 (SAFETY-2020). The comments presented by STUK in the safety assessment of the construction licence application are taken into consideration in the preparation of the dossier, as

are also the experience gained during the earlier TURVA-2012 (SAFETY-2012) project and new research results.

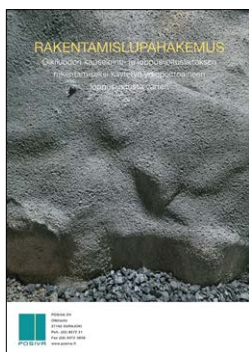
Several actions were carried out and started during 2014 as part of the development of safety culture. The monitoring, assessment and development of safety culture will from now on be carried out by a multi-disciplinary group set up for this purpose. Safety culture training and training material was developed for both Posiva's employees and outside personnel. The independent safety team set up for the assessment of safety management at Posiva established its role and increased its effectiveness. STUK's view, based on an inspection STUK carried out in the autumn, was that Posiva's management and personnel are committed to a high safety level.

Risk management

For Posiva, factors that may endanger or delay the achievement of the objectives specified for final disposal are the most significant risks.

Risk management is organised in a holistic manner in compliance with the operational principles laid down by Posiva's owners and the criteria of good governance. Posiva's risk management supports the execution of the company's strategic plan and the associated project plan in the long term and the execution of the operating plan in the short term. Posiva's risk management is a systematic process where risks are identified and assessed, and measures for their management are planned, implemented and monitored methodically. Risk management is implemented at the strategic and operative level in line with the procedures included in the management system.

Posiva's Operations Team and Executive Team addressed strategic risks at the end of the year. The Company's most significant risks are related to unpredictable changes in the costs of final disposal, construction schedules of nuclear facilities as well as international events that affect the progress of Posiva's project. In addition, there are risks associated with the production and installation of critical components. There are also risks related to the safety of personnel and to corporate security. The risk management software introduced in 2013 was further developed during the year under review.





Board of Directors
back from left: Sasu Valkamo, Mikko Kosonen, Pekka Leskelä
front from left: Jarmo Tanhua, Janne Mokka

Administrative bodies

BOARD OF DIRECTORS

Teollisuuden Voima Oyj
Jarmo Tanhua, Chairman
Veijo Ryhänen until 28.4.2014
Mikko Kosonen as of 29.4.2014

Fortum Power and Heat Oy
Pekka Leskelä
Sasu Valkamo

Ms. Ulla-Maija Moisio from Teollisuuden Voima Oyj has acted as the Secretary of the Board.

Posiva Oy's President has also attended the Board meetings.

The Board of Directors convened eight times.

PRESIDENT

Reijo Sundell until 30.11.2014
Janne Mokka as of 1.12.2014

MANAGEMENT GROUP

Reijo Sundell, Chairman, until 30.11.2014
Janne Mokka, Chairman, as of 1.12.2014

Members

Jaana Isotalo, HR Manager
Tiina Jalonen, Senior Vice President, Development
Erkki Palonen, Senior Vice President, Project
Vesa Ruuska, Safety Manager
Jani Virtanen, Corporate Support Manager

Jaana Isotalo, HR Manager, has acted as the Secretary of the Executive Team.

The Executive Team convened 15 times.

COMMITTEES APPOINTED BY THE BOARD

Project Committee

Teollisuuden Voima Oyj
Sami Jakonen, Chairman
Juha Riihimäki
Fortum Power and Heat Oy
Eero Mattila
Kauko Silventoinen
Posiva Oy
Erkki Palonen
Lauri Piitari
Marko Arenius, Secretary
The Committee convened six times.

Financial Committee

Teollisuuden Voima Oyj
Anja Ussa, Chairman
Liisa Heikinheimo
Timo Palomäki
Fortum Power and Heat Oy
Mikko Huopalainen
Harriet Kallio
Jarkko Toroska
Posiva
Reijo Sundell
Jani Virtanen
Jussi Palmu, Secretary
The Committee convened six times.

Technical Committee

Teollisuuden Voima Oyj
Liisa Heikinheimo
Timo Palomäki
Pekka Viitanen
Fortum Power and Heat Oy
Jari Tuunanen, Chairman
Harriet Kallio
Jukka Sorjonen
Posiva
Tiina Jalonen
Vesa Ruuska
Petteri Vuorio, Secretary
The Committee convened four times.



Management Group
back from left: Jani Virtanen, Janne Mokka,
Vesa Ruuska, Erkki Palonen
front from left: Jaana Isotalo, Tiina Jalonen

Auditors

CPA Jouko Malinen, nominated by
PricewaterhouseCoopers Oy
CPA Robert Kajander, nominated by
Deloitte & Touche Oy

Shares of ownership

Posiva Oy is a joint venture of Teollisuuden Voima Oyj and Fortum Power and Heat Oy. Teollisuuden Voima Oyj owns 60 % and Fortum Power and Heat Oy 40 % of Posiva.

Personnel and organisation

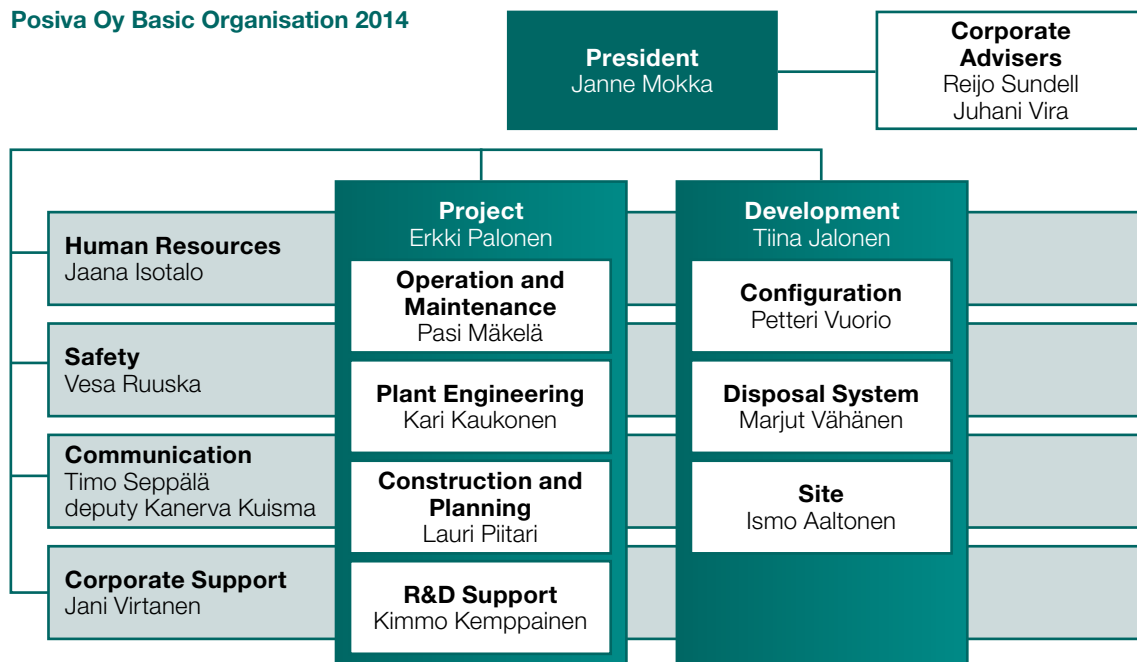
At the end of the year, Posiva employed 117 persons (100 in 2013). The figure includes both permanent and temporary employment contracts. During the year, Posiva employed an average of 116 (105) persons, some of them on a fixed-term contract and some as summer employees. During the year, the company recruited 10 (5) new permanent

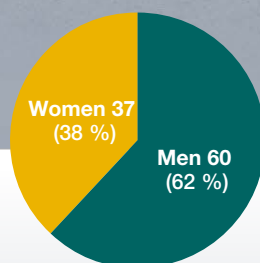
employees, and some twenty professionals were transferred to positions in Posiva within the TVO Group, mainly to different specialist positions related to nuclear waste management. Four (5) persons left the Company, one (1) of them due to retirement.

The recruitment campaign designed to reinforce the organisation for the future needs of the Company was continued in early 2014. The goal of the recruitment campaign was to increase the number of personnel at Posiva by about one fifth, and this was achieved.

The average number of training days was nine days per employee (5). To date, 2 384 persons have undergone Posiva's induction training for the ONKALO construction site. In addition to internal training and training arranged by TVO, several employees of Posiva also attended the national course on nuclear safety and the national course on nuclear waste management. The planning teams of both of these courses included representatives from Posiva. Posiva's employees also participated in many training events and seminars organised by external organisations in their own fields of expertise. In the summer of 2014, Posiva took part

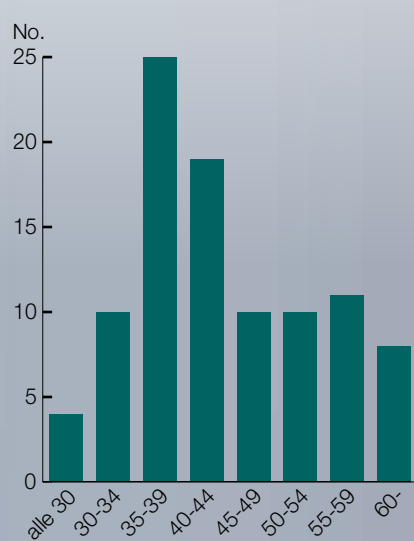
Posiva Oy Basic Organisation 2014



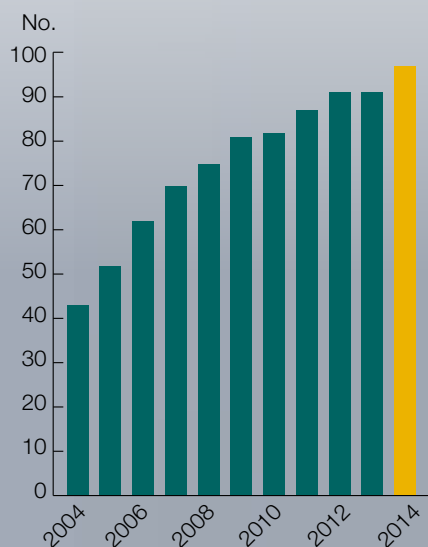


Gender distribution

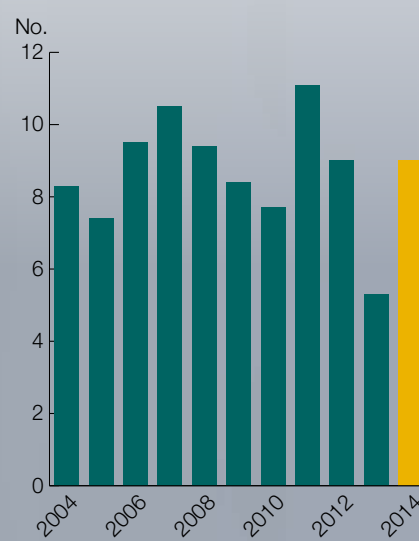
Age distribution at Posiva



Development of personnel numbers



Number of training days/person





Area works proceed on the future plant site of the final disposal repository.



Drilling of the deposition hole has been tested in the demonstration tunnel in ONKALO.

in the "Responsible summer job" campaign, which is designed to promote the employment of young people in meaningful summer jobs, leading to good employment opportunities later in their life. Posiva was awarded an honourable mention in the campaign for the second year running.

The collective agreements of the energy industry expired on 30 September 2014 and the new agreement period started on 1 October 2014. The agreements are valid until 31 January 2017. Employment relationship issues were addressed in the meetings of specific personnel groups and matters pertaining to the entire staff in personnel meetings. The entire personnel of Posiva are included in a performance bonus scheme. Performance bonuses can be transferred directly to the personnel fund of the Group.

Office facilities

Posiva has office facilities on the Olkiluoto site and in the Vuojoki Mansion, which are both located in the municipality of Eurajoki. In Olkiluoto, Posiva has employees working both in the central office and in the office building on the ONKALO worksite.

Economy and finance

The shareholders of Posiva bear the costs related to Posiva's main line of business – the management of spent nuclear fuel generated at the Olkiluoto and Loviisa power plants, as well as the research and

development activities required to accomplish this task – and the majority of the turnover is derived from charges for these costs. The Company also executes other orders to owners and external customers on a small scale. The turnover of the Company totalled EUR 66.2 (63.2) million, with the main line of business accounting for EUR 65.2 (63.2) million.

Posiva attends to the nuclear waste management tasks stipulated in the Nuclear Energy Act on behalf of the power companies i.e. its owners. Consequently, the company charges the annual costs arising from this, including the acquisition costs of fixed assets. Since the nuclear waste management costs will not accrue income in the future for the companies with waste management obligations or for Posiva, Posiva's nuclear waste management costs have been deducted in full as annual costs, even where acquisition costs of fixed assets are concerned. The companies with waste management obligations make provisions for the cost of nuclear waste management by paying annual nuclear waste management fees to the State Nuclear Waste Management Fund.

Scope of research and development activities

Posiva currently mainly engages in extensive research and development activities aimed at providing for preconditions of final disposal. In 2014, a total of ca. EUR 37.4 (42.8) million was spent on R&D, accounting for 56.6 % (67.7 %) of turnover. In addition to the development of the



Posiva's presenters in Urastartti 2014 recruitment event in Rauma.



In September Posiva's personnel celebrated the 10th anniversary of ONKALO by among other things practising cave painting.

final disposal concept and the assessment of its conformity, the assessment of the overall safety of final disposal with related background research, preparations for the production of the final disposal system, verification of site characterisation studies, site monitoring and the construction of ONKALO, the research and development activities encompass the development of the encapsulation technology and the design and engineering of the final disposal repository.

Key indicators

Due to the operating principle of the Company, the presentation of key financial indicators is not appropriate for understanding the business activities, financial status or financial result of Posiva. The financial statements show neither profit nor loss.

Events after the end of the financial period

Posiva and TVO have reached an agreement on the transfer of a part of business regarding Posiva's support activities. The transfer was enforced on 8 January 2015 and it concerns 30 employees. The transfer is related to the business development project launched in order to plan the consolidation of functions to reduce overlaps and to improve efficiency.

On 12 February 2015, the Radiation and Nuclear Safety Authority (STUK) submitted to the

Finnish Ministry of Employment and the Economy its statement on the safety of Posiva's encapsulation plant and final disposal facility for spent nuclear fuel; according to the statement, the final disposal facility for spent fuel can be built to be safe. The Ministry will now compile for the Government a presentation memorandum, which includes STUK's statement, the statement of the Advisory Committee on Nuclear Safety (YTN) as well as the Ministry's assessment of the construction licence application. The Government's decision on the construction licence is expected possibly already during the summer of 2015.

Estimate of probable future development

Company operations are in main parts estimated to continue during the current financial period unchanged from the previous year. When the construction licence is granted, the final disposal project can proceed to the implementation stage. The start of the construction of the encapsulation plant and the final disposal facility at the implementation stage will increase the scope of the Company's operations.

Distribution of profits

The Company has no unrestricted equity and thus there are no dividends to be distributed.

Financial statements

INCOME STATEMENT

	Note	1.1. - 31.12.2014	1.1. - 31.12.2013
Turnover	1	66,202,960.70	63,220,304.80
Other income	2	845,352.54	614,666.86
Personnel expenses	3	-8,102,813.71	-7,386,367.49
Depreciation	4	-364,313.31	-339,790.67
Other expenses	5	-58,535,812.82	-56,072,695.56
Profit/loss from operations		45,373.40	36,117.94
Financial income and expenses	6	-40,157.13	-32,503.04
Profit/loss before appropriations and taxes		5,216.27	3,614.90
Income taxes	7	-5,216.27	-3,614.90
Profit/loss for the financial year		0.00	0.00

BALANCE SHEET

Assets	Note	31.12.2014		31.12.2013	
Non-current assets					
Intangible assets					
Intangible rights	8	9,142.63		10,963.36	
Other non-current expenditure	8	133,928.48	143,071.11	438,567.83	449,531.19
Tangible assets					
Buildings	8	75,027.26		78,153.39	
Machinery and equipment	8	162,178.94	237,206.20	90,039.91	168,193.30
Investments					
Other shares and holdings	8	43,366.70		208,771.50	
Other loan receivables	8	3,038,927.53	3,082,294.23	3,454,079.93	3,662,851.43
Total non-current assets			3,462,571.54		4,280,575.92
Current assets					
Current receivables					
Trade receivables	9	360,326.20		172,017.30	
Loan receivables	10	359,521.92		356,227.06	
Prepayments and accrued income	11	4,725,484.32		2,269,600.00	
Other receivables	12	946,423.52	6,391,755.96	634,042.48	3,431,886.84
Cash and cash equivalents	13		15,852,167.75		14,882,719.60
Total current assets			22,243,923.71		18,314,606.44
Total assets			25,706,495.25		22,595,182.36
Equity and liabilities					
Equity					
Share capital	14	1,682,000.00		1,682,000.00	
Retained earnings/loss		0.00		0.00	
Profit/loss for the financial year		0.00		0.00	
Total equity		1,682,000.00		1,682,000.00	
Liabilities					
Non-current liabilities	16	4,916,386.96		5,426,107.81	
Current liabilities					
Advances received	17	5,509,702.52		2,438,765.53	
Trade payables	18	7,218,293.06		7,995,990.48	
Other current liabilities	19	1,128,378.59		780,992.55	
Accruals and deferred income	20	5,251,734.12	19,108,108.29	4,271,325.99	15,487,074.55
Total liabilities			19,108,108.29		15,487,074.55
Total equity and liabilities			25,706,495.25		22,595,182.36

CASH FLOW STATEMENT

€1,000	2014	2013
Operating activities		
Operating profit/loss	45	36
Adjustments to operating profit/loss *	374	340
Change in working capital **	614	-3,630
Interest received	31	94
Interest paid	-71	-126
Taxes paid	-5	-4
Cash flow from operating activities	988	-3,290
Investing activities		
Acquisition of intangible and tangible assets	-127	0
Proceeds from sale of intangible and tangible assets	-9	0
Acquisition of shares	165	0
Withdrawals of loans granted	412	348
Cash flow from investing activities	441	348
Financing activities		
Withdrawals of long-term loans	221	221
Repayment of long-term loans	-681	-626
Cash flow from financing activities	-460	-405
Change in financial assets	969	-3,347
Financial assets January 1	14,883	18,230
Financial assets December 31	15,852	14,883
* Adjustments to operating profit/loss		
Depreciation and write-downs	364	340
Depreciation and write-downs	9	0
Total	373	340
** Change in working capital		
Increase (-) or decrease (+) in non-interest-bearing receivables	-2,957	-805
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	3,571	-2,825
Total	614	-3,630

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

GENERAL INFORMATION OF THE COMPANY

Posiva Oy is a joint venture company of Teollisuuden Voima Oyj and Fortum Power and Heat Oy. Copies of the financial statements are available at the internet address www.posiva.fi and at the address Olkiluoto, 27160 Eurajoki.

ACCOUNTING PRINCIPLES

Measurement principles and methods and accrual principles and methods

Measurement of non-current assets

Intangible rights, other non-current expenditure as well as property, plant and equipment are capitalised at immediate acquisition cost less depreciation/ amortisation according to plan. The depreciation/amortisation according to plan equals the maximum amounts allowed by the Finnish Business Tax Act.

The acquisition costs of property, plant and equipment acquired for nuclear waste management prescribed by the Nuclear Energy Act have been deducted in their totality as annual costs because nuclear waste management costs will not accrue income in the future for the companies with waste management obligations, nor for Posiva.

The depreciation/amortisation periods for other non-current assets are as follows:

Intangible rights	Straight-line depreciation over 10 years
Other long-term expenditure	Straight-line depreciation over 10 years
Computer software	Straight-line depreciation over 5 years
Property, plant and equipment	Reducing balance depreciation at 25%

Research and development costs

The research and development costs have been recognised as annual costs during the year in which they were incurred.

NOTES TO THE INCOME STATEMENT

	2014	2013
1. TURNOVER		
Income, main line of business	65,168,288.07	63,157,955.72
Income, auxiliary line of business, shareholders	18,873.39	29,104.80
Income, auxiliary line of business, other companies	39,349.23	33,244.28
Income, other companies	976,450.01	0.00
Total	66,202,960.70	63,220,304.80
2. OTHER INCOME		
Rental income	120,894.13	114,193.75
Subsidies received	580,132.21	500,313.11
Other income	144,326.20	160.00
Total	845,352.54	614,666.86
3. PERSONNEL		
Average number of personnel	116	105
Number of employees on 31.12.	117	100
Personnel expenses		
Wages and salaries	6,645,996.02	6,093,649.28
Pension expenses	1,165,215.67	1,011,496.47
Other compulsory personnel expenses	291,602.02	281,221.74
Total	8,102,813.71	7,386,367.49
4. DEPRECIATION		
Depreciation plan		
Planned depreciation is the maximum depreciation under Finnish Business Tax Act.		
Planned depreciation		
Intangible rights	2,247.43	2,162.08
Other long-term expenditure	304,639.35	304,639.32
Buildings	3,126.13	3,256.40
Machinery and equipment	54,300.40	29,732.87
Total	364,313.31	339,790.67

NOTES TO THE INCOME STATEMENT

	2014	2013
5. OTHER EXPENSES		
Rents	3,037,247.28	3,118,269.48
Infrastructure services	5,538,228.51	4,956,564.73
Research services	31,465,525.83	28,263,000.45
Research facility expenses	7,864,690.48	11,416,279.46
Other expenses	10,633,120.72	8,318,581.44
Total	58,538,812.82	56,072,695.56
Acquisition costs of fixed assets used for nuclear waste management are booked as annual expenses under Section 5:1 of the Accounting Law	10,293,283.37	13,207,829.45
Auditors' fees		
Audit fees	10,000.00	10,000.00
Total	10,000.00	10,000.00
6. FINANCIAL INCOME AND EXPENSES		
Interest income and other financial income		
Interest income from long-term investments	30,482.46	93,985.74
Other interest and financial income	78.69	77.73
Total	30,561.15	94,063.47
Interest and other financial expenses		
To others	70,718.28	126,566.51
Total financial income (+) and expenses (-)	-40,157.13	-32,503.04
7. INCOME TAX EXPENSE		
Taxes based on the taxable income of the financial year	5,216.27	3,614.90
Total	5,216.27	3,614.90

NOTES TO THE BALANCE SHEET

8. NON-CURRENT ASSETS	Intangible rights	Other non-current expenditure	Intangible assets total
Intangible assets			
Acquisition cost 1.1.2013	50,095.72	3,260,179.14	3,310,274.86
Increase	426.70	0.00	426.70
Acquisition cost 31.12.2013	50,522.42	3,260,179.14	3,310,701.56
Accumulated planned depreciation 1.1.	39,132.36	2,821,611.31	2,860,743.67
Planned depreciation	2,247.43	304,639.35	306,886.78
Book value 31.12.2013	9,142.63	133,928.48	143,071.11
	Buildings	Machinery and equipment	Tangible assets total
Tangible assets			
Acquisition cost 1.1.2013	138,183.20	879,495.90	1,017,679.10
Increase	0.00	126,439.43	126,439.43
Decrease	0.00	-30,009.66	-30,009.66
Acquisition cost 31.12.2013	138,183.20	975,925.67	1,114,108.87
Accumulated planned depreciation 1.1.	60,029.81	789,455.99	849,485.80
Accumulated depreciation from deduction	0.00	-30,009.66	-30,009.66
Planned depreciation	3,126.13	54,300.40	57,426.53
Book value 31.12.2013	75,027.26	162,178.94	237,206.20
Investments	2014	2013	
Other shares and holdings	43,366.70	208,771.50	
Other loan receivables	3,038,927.53	3,454,079.93	
Total	3,082,294.23	3,662,851.43	
Total non-current assets	3,462,571.54	4,280,575.92	

NOTES TO THE BALANCE SHEET

	2014	2013
9. TRADE RECEIVABLES		
Trade receivables from related party	0.00	0.00
Trade receivables	360,326.20	172,017.30
Total	360,326.20	172,017.30
10. LOAN RECEIVABLES		
Loan receivables	359,521.92	356,227.06
Total	359,521.92	356,227.06
11. PREPAYMENTS AND ACCRUED INCOME		
Prepayments and accrued income from related party	1,655,691.34	17,900.00
Prepaid rent	2,432,870.00	2,211,700.00
Other deferred income	636,734.04	40,000.00
Other prepaid expenses	188.94	0.00
Total	4,725,484.32	2,269,600.00
12. OTHER PREPAID EXPENSES		
Other prepaid expenses	946,423.52	634,042.48
Total	946,423.52	634,042.48
13. CASH AND CASH EQUIVALENTS		
Cash and equivalents	15,852,167.75	14,882,719.60
Total	15,852,167.75	14,882,719.60
14. SHARE CAPITAL		
Share capital 1.1.	1,682,000.00	1,682,000.00
Change in share capital	0.00	0.00
Share capital 31.12.	1,682,000.00	1,682,000.00
15. DEBTS FALL DUE IN MORE THAN FIVE YEARS	4,443,876.88	4,869,626.75

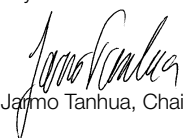
NOTES TO THE BALANCE SHEET

16. NON-CURRENT LIABILITIES	2014	2013
Non-current liabilities from related party	4,916,386.96	5,426,107.81
Total	4,916,386.96	5,426,107.81
17. ADVANCES RECEIVED		
Advances received from related party	3,766,648.18	1,416,134.90
Other advances received	1,743,054.34	1,022,630.63
Total	5,509,702.52	2,438,765.53
18. TRADE PAYABLES	7,218,293.06	7,995,990.48
19. OTHER LIABILITIES		
Financial liabilities from related party	683,398.40	633,096.27
Tax liability	443,756.57	146,216.34
Other liabilities	1,223.62	1,679.94
Total	1,128,378.59	780,992.55
20. ACCRUALS AND DEFERRED INCOME		
Accrued interests	895.95	1,038.80
Accrued wages and salaries	2,251,556.97	1,897,259.28
Estimate of expenses not yet charged	2,999,281.20	2,373,027.91
Total	5,251,734.12	4,271,325.99
21. COMMITMENTS		
Contingent liabilities given on own behalf		
Customs liabilities	20,000.00	20,000.00
Other rent liabilities		
Rent liabilities falling due in less than a year	442,340.00	442,340.00
Rent liabilities falling due later	3,538,720.00	3,981,060.00
Total	3,981,060.00	4,423,400.00

Posiva has rented from Teollisuuden Voima Oyj a land area for the final disposal of spent nuclear fuel. The rental period is from July 1, 2003 to June 30, 2103. The rental agreement is subject to notice in case the land area is not suitable for the final disposal of spent nuclear fuel. The rent is checked every two years according to cost-of-living index. The rent was EUR 640,401.38 in 2014 (EUR 604,883.71 in 2013).

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki, 27 February 2015


Jarmo Tanhua, Chairman


Pekka Leskelä


Mikko Kosonen


Sasu Valkama


Janne Mokka, President

AUDITORS' REPORT

To Posiva Oy's Annual General Meeting

We have audited the accounts, the financial statements, the annual report and the management of Posiva Oy for the financial year 1 January – 31 December 2014. The financial statements include the balance sheet, income statement, funds statement and the notes to the financial statements.

The responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for drawing up the financial statements and annual report as well as for giving correct and necessary information that is in accordance with Finnish regulations governing the preparation of financial statements. The Board of Directors is responsible for organising proper monitoring of accounting and financial management. The President is responsible for ensuring that accounts are in compliance with legislation and that financial management has been organised in a reliable manner.

The responsibilities of the Auditor

We are obligated to issue a statement on the financial statements and the annual report on the basis of our audit. The Auditing Act prescribes that we are obligated to observe the principles of professional ethics. We have performed the audit in compliance with the good auditing practice observed in Finland. Good auditing practice requires us to plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the report by the Board of Directors are free from material misstatement and whether the members of the Board of Directors or the President are guilty of an act or omission that may result in liability for damages, or have violated the Finnish Limited Liability Companies Act or the Articles of Association.

An audit involves the performance of procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements and the review by the Board of Directors as well as other information presented therein. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the review by the Board of Directors. The auditor evaluates internal control in order to be able to design audit procedures that are appropriate in the circumstances, but not for the purpose of issuing a statement regarding the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the executive management, as well as evaluating the overall presentation of the financial statements and the review by the Board of Directors.

We believe that we have obtained a sufficient amount of appropriate audit evidence to provide a basis for our statement of opinion.

Statement of opinion

We therefore state that the financial statements and the annual report present true and sufficient information about the result of the Company's activities and its financial standing, as stipulated in the Finnish regulations governing the preparation of financial statements and the annual report. The annual report is consistent with the financial statements.

Other statements of opinion

We recommend that the financial statements be adopted. We recommend that the members of the Board of Directors as well as the President be discharged from liability for the financial year audited by us.

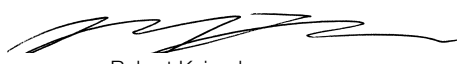
Helsinki, 27 March 2015

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Authorised Public Accountants


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