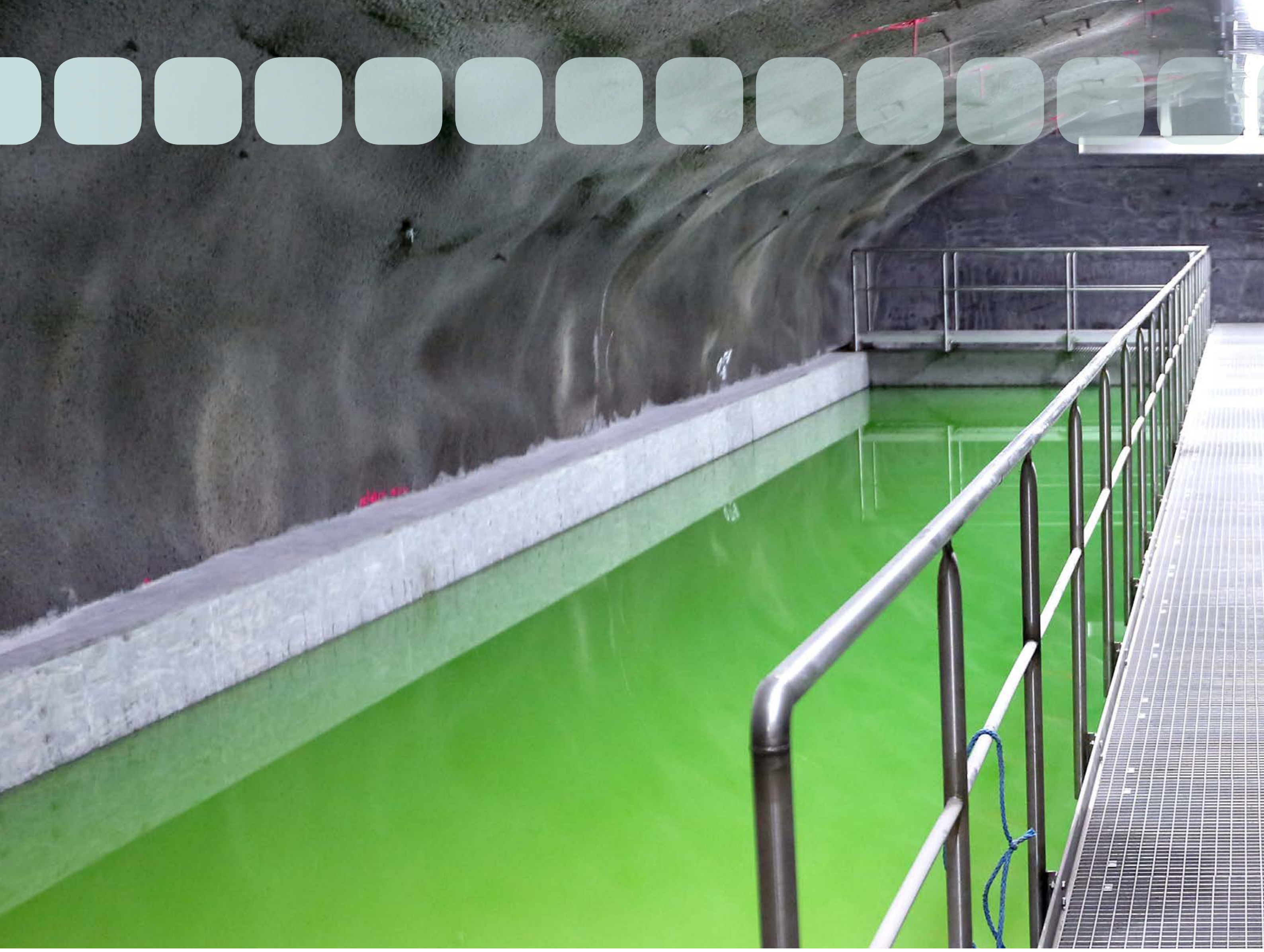
ANNUAL REPORT

POSIVA

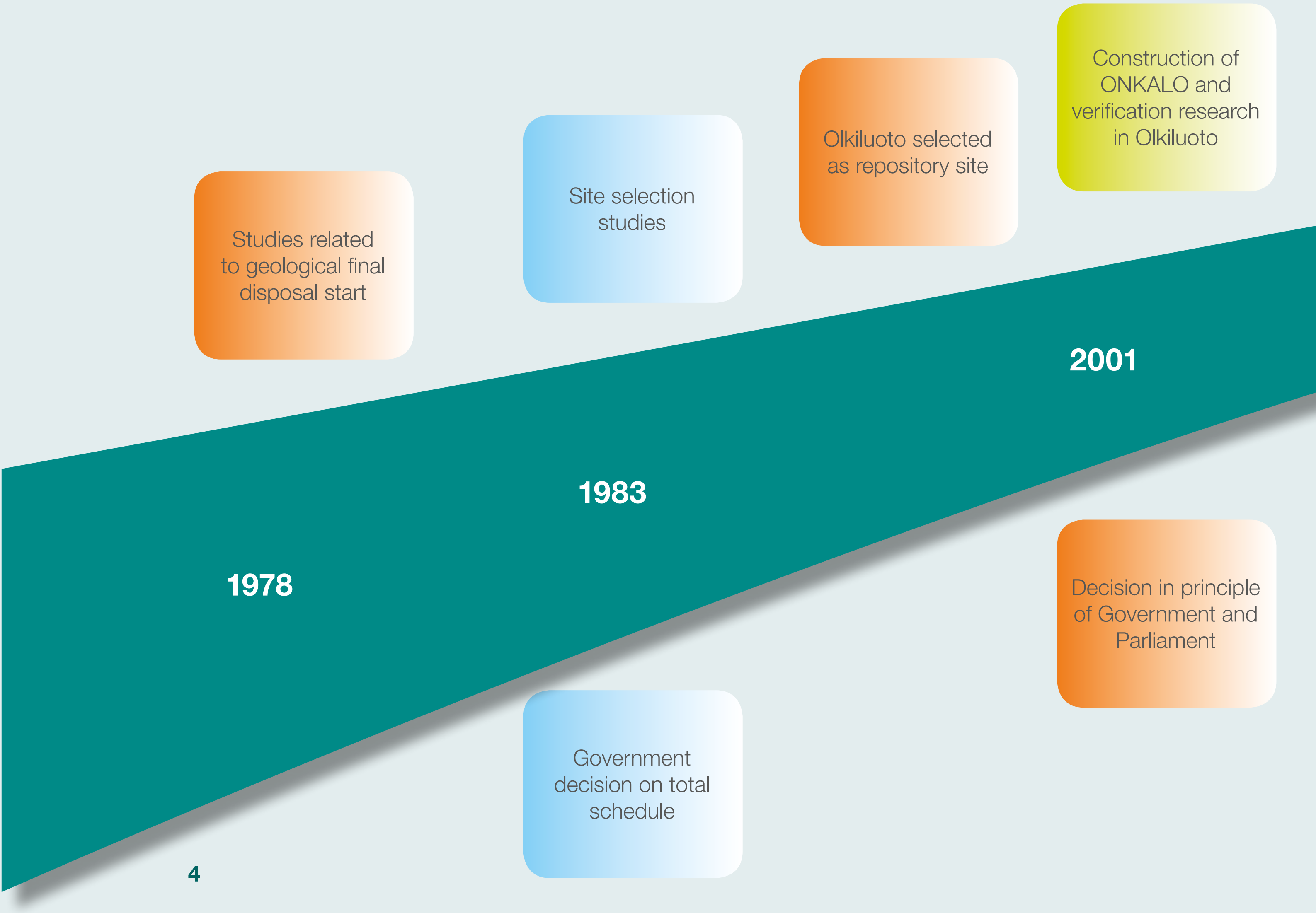
2015



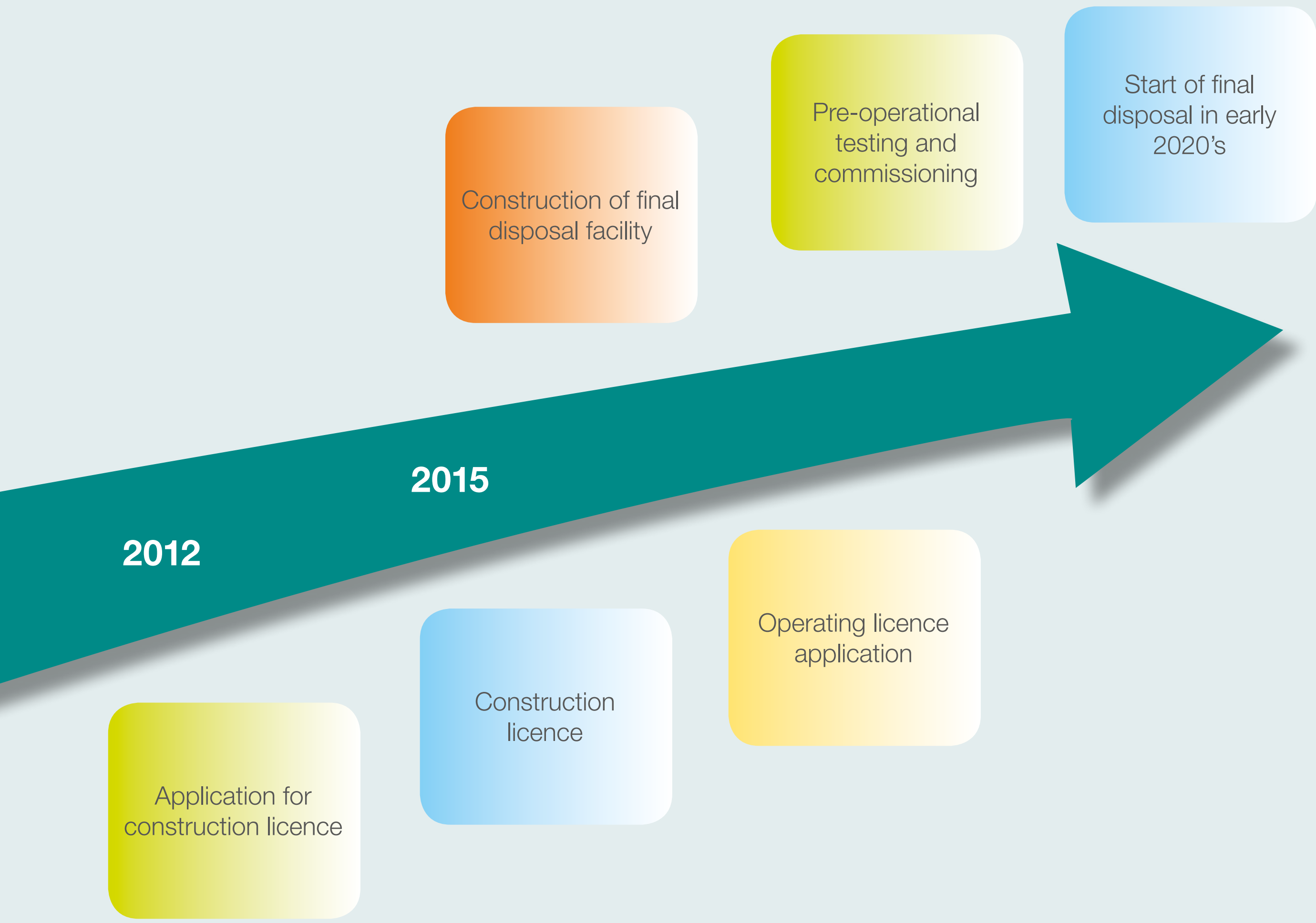
Content

Posiva and spent nuclear fuel

40 years´ effort



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 2015, the total amount of spent nuclear fuel in the interim storages of the Olkiluoto and Loviisa nuclear power plants was about 2100 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. The construction licence granted in November makes it possible for Posiva to start the construction of the encapsulation plant as well as excavations for the actual final disposal repository.



Construction licence granted to Posiva makes history

The 20th year of operation has been significant to Posiva in many ways. The construction licence granted by the Finnish government in November for the encapsulation plant and the final disposal repository can be considered the most important achievement of the year. It can also be considered recognition of the research carried out by Posiva for decades in order to develop a safe solution for the final disposal of spent nuclear fuel. The research results and the experience gained in the underground bedrock research facility ONKALO now lead the Company to the construction of the final disposal facility on the Island of Olkiluoto in Eurajoki.

The application for the construction licence of the final disposal repository was submitted to the Ministry of Employment and the Economy in 2012. In February 2015, the Radiation and Nuclear Safety Authority of Finland (STUK) issued a safety statement in favour of the construction licence application. According to STUK's statement, the final disposal repository can be constructed to be safe.

Activities also continued in the underground research facility ONKALO, where tests on the prototypes of bentonite buffer and canister installation vehicles were completed successfully during the year. An important milestone was also reached in the testing of the final disposal tunnel's end plug, as the construction works of the plug were finalised.

Other sub-projects completed in 2015 included phase 2 of area works on the ONKALO site as well as the contract for the lifting equipment building of ONKALO. It will now be possible to install the personnel lift for access into the underground areas of ONKALO. In addition to the facilities needed for the personnel lift, the construction contract also included access connections to the future encapsulation plant and the final disposal repository as well as access control facilities for the ONKALO area.

The Nuclear Waste Management (NWM) Programme 2015, which describes the Company's development and implementation activities for the next three years (2016–2018) and gives a preliminary outline for three more years, was finalised and submitted to the Ministry of Employment and the Economy in the autumn.

At the beginning of the year, the Company's operating procedures were reformed, including, for example, a merging of functions with Teollisuuden Voima Oyj (TVO). Towards the end of the year, Posiva carried out a reform of its organisation. The new organisation is based on the Company's reformed strategy as well as on the phased progress model and schedule of the final disposal project. With the new organisation, the final disposal project has proceeded to the preparatory phase of implementation.

Safety culture has remained on good level in Posiva, as evidenced by the safety culture survey conducted in 2015. Posiva's classification in the Finnish Zero Accident Forum also remained on level one, "in the world's forefront", for operations in 2014, already for the third time running.

Efforts will be continued in 2016 by the reformed organisation. The final disposal project will next move on to the phase that focuses on the optimisation of the final disposal concept and costs; this phase will commence during 2016. The last excavation contract works in research facility ONKALO also start in early 2016.

Posiva is about to start the final disposal of spent nuclear fuel as the first company in the world and because of that, the progress of our project attracts a lot of interest also internationally. Posiva also plans to utilise the final disposal solution for spent nuclear fuel developed on the basis of the Company's ground breaking R&D to launch in the future a service business which Posiva hopes will open up opportunities in the international market.

Janne Mokka
President
Posiva Oy

Report of Board of Directors 2015

Main events

The Finnish Government's decision in favour of Posiva's construction licence application was recognition of the more than 40 years of research efforts carried out by the Company for the development of a safe final disposal solution for spent nuclear fuel. The research results and the experience gained in the underground bedrock research facility ONKALO now lead Posiva to the construction of the final disposal facility on the Island of Olkiluoto in Eurajoki.

Posiva was granted construction licence for final disposal facility of spent nuclear fuel

Good results were obtained in the testing of the prototype of a vehicle designed for the transfer and installation of the final disposal canister. The vehicle was tested in real conditions in research facility ONKALO. The tests of the device used for the installation of the bentonite buffer blocks were also carried out in ONKALO conditions. The software development of the device for the installation of backfill material in the final disposal tunnel was completed, which allowed the factory acceptance tests of the device to be started.

Testing of equipment prototypes proceeded

2015

Posiva celebrated 20th anniversary of foundation

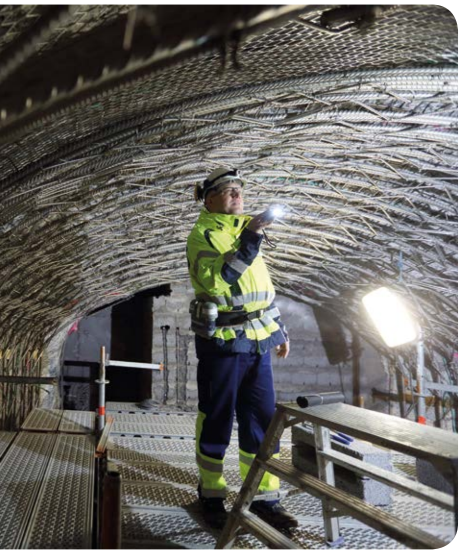
Research and development activities for a final disposal solution started already in the 1970s. The foundation documents of Posiva were signed in the autumn of 1995 and the operation of the Company commenced at the start of 1996. Posiva is owned by Teollisuuden Voima and Fortum and is in charge of the final disposal of the spent nuclear fuel from the nuclear power plants of the owners, as well as research related to final disposal and other expert duties in the Company's line of business. Posiva now intends to utilise the special expertise accumulated over the decades by launching a service business in the global markets.

Posiva's organisation reformed to increase operational effectiveness

Posiva's new organisation was enforced on 1 November 2015. With the focal points of the final disposal project moving more and more towards the management and technical design of the final disposal project, the aim of the organisational reform was to ensure that the project is implemented in accordance with the objectives. Posiva's organisation is divided into five different functional areas: Project management, Safety, Development, Plant engineering, and Construction and production. The final disposal project is further divided into six programmes, which define and unite the various sub-areas of the project.

Research, development and testing

The Finnish Government granted Posiva a construction licence for the final disposal repository of nuclear fuel in November 2015. The final disposal solution as well as substantiation for its safety, particularly for the fulfilment of requirements regarding long-term safety, are presented in the safety analysis report included in the construction licence application, and in more detail, in the safety case documentation submitted to the Radiation and Nuclear Safety Authority (STUK). In February 2015, STUK sent to Posiva a safety review of the submitted safety case documentation. According to the assessment, "the post-closure safety of the facility has been analysed in a sufficient manner for the purposes of the construction licence stage and the facility is safe to people and other living nature in the surroundings. Furthermore, Posiva has indicated the suitability of the disposal method and disposal site in a sufficient manner". With this review, STUK approved the safety case.



STUK's safety review also presents certain open points that need to be resolved during the construction of the encapsulation plant and the final disposal repository, before the application for the operating licence is submitted. Posiva has carried out a dialogue with STUK to clarify the open points so as to ensure that further efforts are specified correctly for resolving the open points. Posiva also arranged several expert seminars on various topics to support the planning of further efforts. In addition to Posiva and STUK, the Swedish nuclear fuel management company Svensk Kärnbränslehantering AB (SKB) and the Swedish radiation safety authority (Strålsäkerhetsmyndighet, SSM) were also represented in some seminars, as were also various scientific communities from a wider base. The most significant research and development activities related to closing the open points have been organised into projects and the tasks associated with them have been initiated.

The preparation of the safety case for the operating licence application has been organised in a project referred to as TURVA-2020 (Safety-2020). The safety case will also take account of the final disposal repository for low and intermediate level waste, present in a more specific manner the link between safety functions, performance goals and design requirements, and provide clearer justification for the analysed scenarios.

Posiva's POPLU project progressed; it is a project for the design, construction and testing of the deposition tunnel end plug, and it is related to the joint European programme, which is implemented under Posiva's coordination and focuses on closure solutions for final disposal tunnels. The end plug was produced according to plans in the POPLU project and a pressure test of the plug will be conducted in 2016.

Tests regarding the installation of the canister and the buffer were carried out in the demonstration tunnel of research facility ONKALO using the prototype equipment produced for Posiva and the final disposal holes made for testing purposes. The tests were completed successfully and the results verified that the required installation tolerances can be achieved. Upcoming research activities will focus on the achievement of the installation rate necessary at production stage, and on the further development of the equipment.

The prototype of the device for installation of backfill material in the deposition tunnels was constructed and tests were commenced in factory conditions. The software for the device was developed to a level that allows the stacking tests of the backfill blocks to be started.

The requirements that apply to the bedrock, canister, buffer, backfill and plugging have been reviewed together with SKB with the aim of harmonising the requirements. Uniform requirements will make it possible in the future to acquire raw materials and components from the same suppliers or production plants.

Construction and repository project

The anticipation of obtaining the construction licence during the year 2015 resulted at Posiva in the implementation of preparations for large-scale construction activities. Phase 2 of area works was one of the sub-projects completed during the year. The phase 2 contract works in the lifting equipment building, started in the summer of 2014, were finalised. The completion of the building contract makes it possible not only to acquire and install the lifting equipment (personnel lift), but later also to fit out the building and install the systems needed for the operational aspects of the plant. The procurement contract for the personnel lift to be installed in the lifting equipment building was awarded to KONE Hissit Oy in December 2015.

In research facility ONKALO, construction works focused mainly on the building of supplementary structures, and maintenance activities. The most significant work package related to the construction of ONKALO consisted of a competitive bidding process for the last excavation contract within the scope of ONKALO, and associated preparations. According to plans, excavation works will continue in the early part of 2016.

As concerns the repository project, emphasis was on the preparation of implementation plans and steering of design work. A competitive bidding process was carried out early on in the year for the preparation of the implementation plans prior to the manufacturing stage of the most significant plant systems, as well as for the construction and building systems design of the encapsulation plant and the final disposal repository. The assessment of the effectiveness of the layout solutions for the operating processes of the plant continued as design work proceeded, and the associated conceptual plans were updated as required. The first system-level document sets of the qualification documentation to be submitted to STUK were finalised in 2015. The application documents for a building permit for the encapsulation plant and the final disposal repository were completed and the application can be submitted to the Municipality of Eurajoki in early 2016.

A change that affects the entire plant project was made in 2015 in the phasing of the project; the next project stage will be the optimisation of the final disposal concept and costs, and upon the completion of that stage, the implementation stage will be launched.

International cooperation

Posiva continues its wide involvement in international cooperation of the nuclear 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).

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 e.g. 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. Posiva and SKB have continued their cooperation with a shared goal of completing the final disposal concept and preparations for the optimum production of the canister and the buffer.

Corporate social responsibility and communications

Posiva's final disposal project, and the underground research facility ONKALO in particular, continued to attract special interest among visitors and the media during the year under review. A total of ca. 13 000 visitors acquainted themselves with the production of nuclear energy and final disposal in the Visitor Centre in Olkiluoto during the year.

Posiva and TVO shared stands in recruitment and summer events across Finland to promote the visibility of the companies. Joint presentation events to the international media were also organised four times together with TVO. In the spring, a press conference was arranged for the Finnish media in connection with the topping-out ceremony of the lifting equipment building. The most important topic of communication during 2015 was the granting of the construction licence for the final disposal facility of spent nuclear fuel.

Like in previous years, local activities were continued in the form of excursions by schools from Eurajoki, participation in the events of nearby educational institutes and support to local third-sector activities.

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 of operation are related to the construction of ONKALO and to waste management. The most significant identified environmental risks are associated with fires and oil leaks from work machinery in underground facilities. In 2015, Posiva and TVO merged their execution processes of environmental impact management activities into a Group-level function.

The solid volume of rock excavated in the construction project of ONKALO amounted in 2015 to about 1 900 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. 4 000 m³. The average total leakage in ONKALO was 32–35 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 on a regular basis in the same way as in previous years.

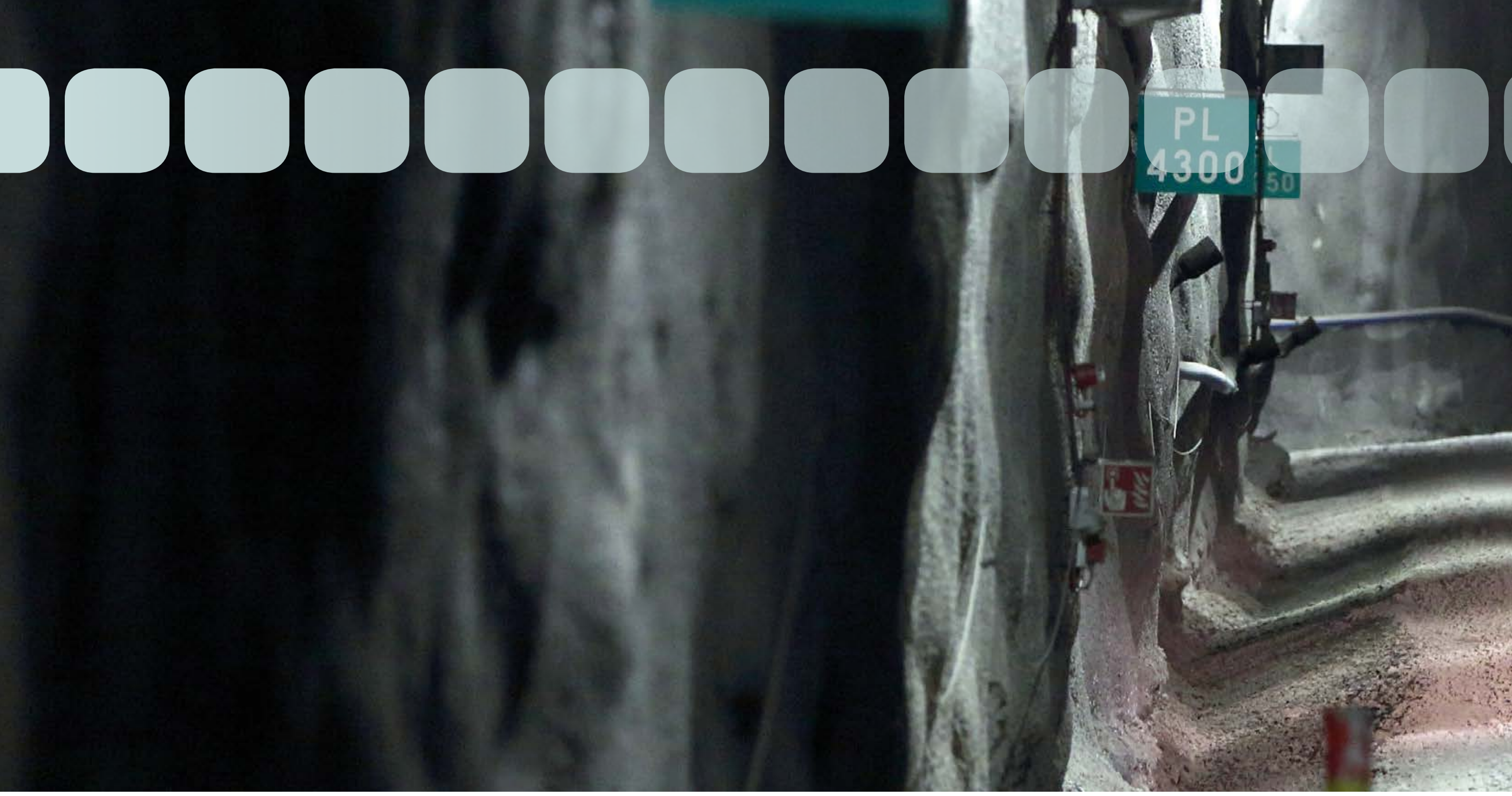
Operational planning plays a key role in the reduction of the potential environmental impact of the operations of the Company. Actions implemented in 2015 included e.g. the introduction of maintenance and inspection procedures to increase the effectiveness of oil spill prevention as well as more specific practices for the placement of the sludge and excavated rock product in excavation operations.

Management system

Posiva's management system consists of topical manuals that describe the Company's operating principles and define procedures that steer operations. The purpose of the management system is to ensure that Posiva's operations fulfil the quality and safety criteria set out. The comprehensiveness and functionality of the management system is assessed annually in a management review.

Posiva's management system is consistent with the latest regulatory YVL Guides that have been updated after 2013. The management system has been developed in a systematic manner during 2015 with Posiva proceeding towards the construction stage of a nuclear facility. Procedures and guidelines have been harmonised in applicable parts inside the Group and, particularly in the field of nuclear safety, progress has been made in the adoption of shared procedures. Internal audits were carried out on the processes of the management system in accordance with the annual programme. The purpose of the audits is to provide information about the level of operations and to identify both areas in need of development and strengths.

Posiva has created long-term relationships with its most important cooperation partners and assesses them regularly. Supplier assessments are carried out in order to verify that the cooperation partners conform to the supplier requirements set out and comply with Posiva's safety culture.



Supplier audits were in 2015 executed in accordance with Posiva's annual plan.

At the end of October, DNV GL Business Assurance Oy conducted a periodic assessment of the ISO 9001 quality management system, the ISO 14001 environmental system and the OHSAS 18001 occupational health and safety system. Based on the outcome of the assessment, DNV presented some findings to Posiva for the development of procedures related to quality management and corporate security.

Safety and safety culture

STUK issued in February 2015 its safety review of Posiva's construction licence application. The safety review was favourable, but it also included requirements for Posiva to implement the plant design and demonstration of safety on a more detailed level at the construction stage and in the documentation produced for the operating licence application. Posiva has reviewed STUK's requirements, defined responsibilities and schedules related to them, and divided them into various sub-projects for implementation.

The findings presented in STUK's safety review of the construction licence application, the experience gained from the earlier TURVA-2012 (SAFETY-2012) project as well as the latest research results will be taken into consideration in the preparation of the safety case for the operating licence application. Towards the end of 2015, Posiva also commenced the preliminary investigation stage for the operating licence project.

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 was already for the third time granted the "In the world's forefront of safety" level 1 certification by the Finnish Zero Accident Forum.

The action plan for occupational health care management was updated for the period 2015–2017. The focal area in 2015 was preventive occupational health care as well as an inclusive and active operating model. In an inclusive and active operating model, the workplace, the personnel and occupational health care act in unison for the achievement of the specified goals, securing and promoting the health of the individuals, the well-being of the work community and the operation and productivity of the organisation.

The reorganisation of functions affected Posiva's operating practices and use of resources in 2015. All changes that influenced the organisation were subjected to a safety assessment as required by the YVL Guide, and the assessment reports were submitted to the authority.

Posiva drew up an action plan in the area of safety culture for the year 2015 as well as a safety culture programme extending over a longer period

of time. The long-term safety culture programme was integrated into the safety culture programme defined for the TVO-Posiva Group. Posiva's safety culture group also became part of the Group's safety culture group.

In the autumn of 2015, a survey was conducted among the Group personnel. It included also questions designed to measure the status of safety culture. The replies showed that there is room for improvement in attitudes as concerns the investigation of the root causes of events and the visibility of managerial staff in field work. Efforts will be taken to improve these areas through communication related to safety and safety culture, training in safety culture and the "manager in the field" programme. Based on the surveys, observations and studies implemented during the period under review, Posiva's safety culture group carried out the assessment of the status of Posiva's safety culture which is referred to in the group's rules of procedure. The status of safety culture was assessed to be good, but communication, managerial activities and utilisation of Group resources in the field of safety and safety culture still need to be developed at Posiva.

Risk management

The objective of risk management at Posiva is to support the realisation of the strategy and the business objectives as well as the maintenance of operational capabilities. Risk management is organised in a holistic manner in compliance with the operational objectives specified by Posiva's owners, and the criteria of good governance.

The President, assisted by the Management Group, is in charge of risk management that conforms to Posiva's objectives and strategy.

Posiva defines risks as the impact of uncertainty on the objectives of the organisation. Such impact may be manifested as a non-conformance with the objective, in both positive and negative sense.

Posiva's Management Group and Board of Directors reviewed strategic risks on a regular basis during the financial year. The Company's most significant risks are related to the effectiveness of the backfill solution used in the final disposal tunnels, the construction costs and schedules of future 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 important components used in final disposal, as well as the adoption of more stringent regulatory provisions. Posiva has several ongoing research and development projects that aim at reducing the severity of risks

Administrative bodies

BOARD OF DIRECTORS

Teollisuuden Voima Oyj
Jarmo Tanhua, Chairman
Mikko Kosonen
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 six times.

PRESIDENT

Janne Mokka

MANAGEMENT GROUP

Janne Mokka, Chairman
Members
Tiina Jalonen, Senior Vice President, Development
Kari Kaukonen, Safety Manager
Erkki Palonen, Senior Vice President, Project
Ari Posti, Project Manager
Petteri Vuorio, Engineering Manager

The Business Partner for HR, and Group HR Manager Jaana Isotalo as well as the Business Partner for Representation, and Communication Manager Susan Pietilä also participated in the work of the Management Group.

Susan Pietilä, Communication Manager, has acted as the Secretary of the Management Group.

The Management Group convened 11 times.

COMMITTEES APPOINTED BY THE BOARD

Project Committee

Teollisuuden Voima Oyj
Sami Jakonen
Juha Riihimäki
Fortum Power and Heat Oy
Eero Mattila, Chairman
Kauko Silventoinen
Posiva Oy
Erkki Palonen
Lauri Piitari until meeting 4/2015
Marko Arenius, Secretary

The Committee convened six times.

Financial Committee

Teollisuuden Voima Oyj
Liisa Heikinheimo
Timo Palomäki
Anja Ussa
Fortum Power and Heat Oy
Mikko Huopalainen
Harriet Kallio
Jarkko Toroska, Chairman
Posiva
Janne Mokka as of meeting 3/2015
Reijo Sundell until meeting 2/2015
Jussi Palmu, Secretary

The Committee convened six times.

Technical Committee
Teollisuuden Voima Oyj
Liisa Heikinheimo
Timo Palomäki
Anssu Ranta-Aho as of meeting 2/2015
Pekka Viitanen until meeting 1/2015
Fortum Power and Heat Oy
Jari Tuunanen, Chairman
Harriet Kallio
Jukka Sorjonen
Posiva
Tiina Jalonen
Kari Kaukonen
Petteri Vuorio, Secretary

The Committee convened six times.

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

Management Group
back from left: Tiina Jalonen, Jaana Isotalo, Susan Pietilä, Ari Posti, Kari Kaukonen, Erkki Palonen
front from left: Petteri Vuorio, Janne Mokka

Auditors

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

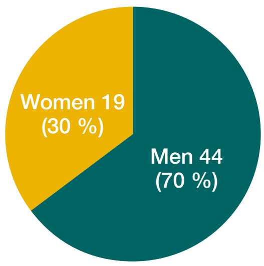
Shares of ownership

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. The number of shares in Posiva Oy was 10 000 on 31.12.2015. The Company has one series of shares and all the shares have equal rights to dividend and Company assets.

Personnel and organisation

IIn January 2015, Posiva and Teollisuuden Voima Oyj (TVO) agreed on a business transfer and Posiva's support functions were transferred to TVO. The transfer of business and the centralisation of support functions within the TVO Group were carried out in order to create shared processes of a high standard and to improve the efficiency of operations.

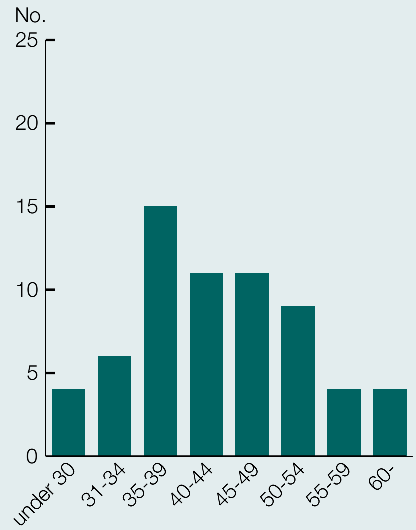
At the end of the year, Posiva employed 77 persons (117). The figure includes both permanent and temporary employment contracts. During the year, Posiva employed an average of 82 (116) persons, some of them on a fixed-term contract and some as summer employees. During the



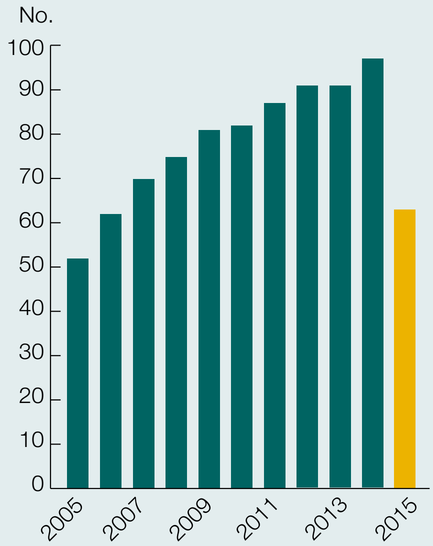
Gender distribution

2015

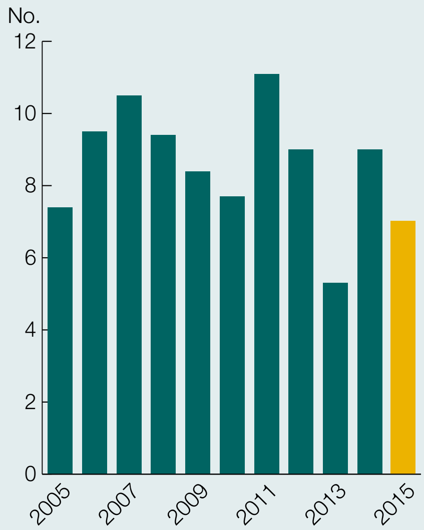
Age distribution at Posiva



Development of personnel numbers



Number of training days/person



Posiva Oy Organisation 2015

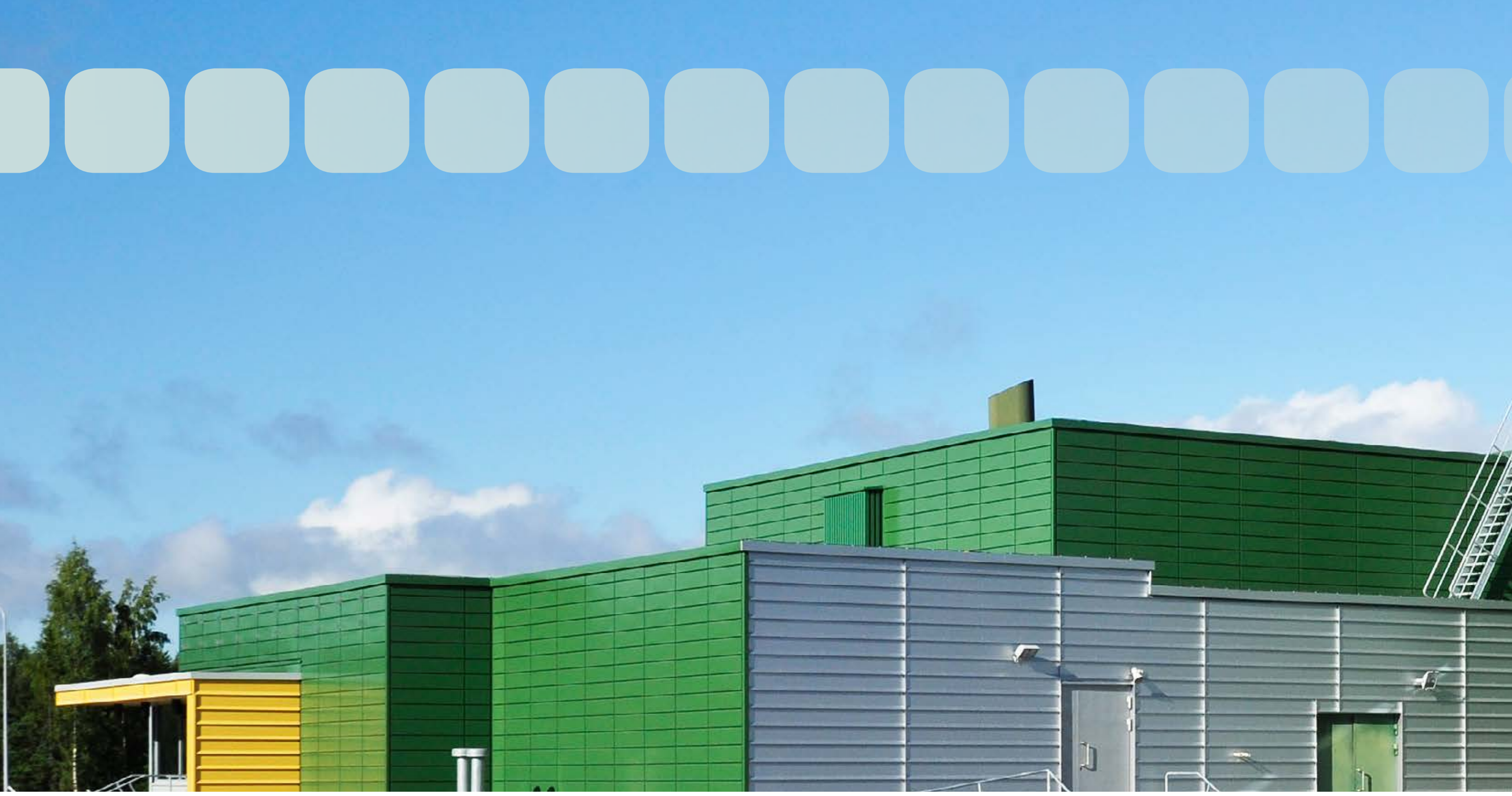
PRESIDENT

Janne Mokka

Procurement, Marko Kinnunen
HR, Jaana Isotalo
Technical services, Sami Heinonen
Communications, Susan Pietilä

Project management	Safety	Development	Plant engineering	Construction and production
Ari Posti	Kari Kaukonen	Tiina Jalonen	Petteri Vuorio	Erkki Palonen

Hanna Tuhkanen	Program for canister and spent fuel	
Marjut Vähänen	Program for buffer, backfill and closure	
Jukka Leino	Encapsulation plant project	
Ari Maarni	Disposal facility project	
	Program for preparation for production	Erkki Palonen
	Disposal site program	Ismo Aaltonen



year, Posiva recruited 3 (10) new employees. Of the permanent staff, 37 (4) persons left Posiva's employment, 2 (2) of them due to retirement, and 30 were transferred to TVO as existing employees in connection with the transfer of business.

In November 2015, Posiva carried out an organisation reform with the focus of operation moving more and more towards the management and technical design of the final disposal project.

The average number of training days was 7 days per employee (9). During the period from January to September, 239 persons attended Posiva's special training for the ONKALO construction site. After that, this training was included in the general part of induction training. 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 external training events and seminars in their own fields of expertise.

The collective agreements of the energy industry 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 cooperation 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 orders to other owners and external customers on a small scale. The turnover of the Company totalled EUR 62.6 (66.2) million, with the main line of business accounting for EUR 62.4 (65.2) million.

Posiva attends to the nuclear waste management tasks stipulated in the Nuclear Energy Act on behalf of the power companies responsible for nuclear waste management – Posiva's 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 responsible for nuclear waste management 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's R&D currently mainly consists of extensive research and development activities aimed at clarifying the open points related to the final disposal solution. In 2015, a total of ca. EUR 33.0 (37.4) million was spent on R&D, accounting for 52.7 % (56.5 %) of turnover. Research and development activities concern the development of the final disposal concept and the assessment of its conformity, the assessment of the overall safety of final disposal with related background research, the verification of site characterisation studies as well as site monitoring.

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

No essential events have come up that would affect the development of the business.

Estimate of probable future development

With the granting of the construction licence to Posiva, the Company is in accordance with the new project progress model and schedule moving forward to the optimisation phase of the final disposal concept and costs. In addition to technical design and project preparations, the plans for this phase include the start of excavations related to the underground construction processes covered by the construction licence.

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. - 31.12.2015	1.1. - 31.12.2014
Turnover	1	62,609,702.61	66,202,960.70
Other income	2	2,632,894.18	845,352.54
Personnel expenses	3	-5,773,858.09	-8,102,813.71
Depreciation	4	-108,960.48	-364,313.31
Other expenses	5	-59,329,458.08	-58,535,812.82
Profit/loss from operations		**30,320.14**	**45,373.40**
Financial income and expenses	6	-31,983.84	-40,157.13
Profit/loss before appropriations and taxes		**-1,663.70**	**5,216.27**
Income taxes	7	1,663.70	-5,216.27
Profit/loss for the financial year		**0.00**	**0.00**

BALANCE SHEET

Assets	Note		31.12.2015		31.12.2014
Non-current assets					
Intangible assets					
Intangible rights	8	7,078.78		9,142.63	
Other non-current expenditure	8	70,612.06	77,690.84	133,928.48	143,071.11
Tangible assets					
Buildings	8	72,026.17		75,027.26	
Machinery and equipment	8	121,844.57	193,870.74	162,178.94	237,206.20
Investments					
Other shares and holdings	8	43,366.70		43,366.70	
Other loan receivables	8	2,620,453.91	2,663,820.61	3,038,927.53	3,082,294.23
Total non-current assets			2,935,382.19		3,462,571.54
Current assets					
Current receivables					
Trade receivables	9	1,601,297.99		360,326.20	
Loan receivables	10	362,843.14		359,521.92	
Prepayments and accrued income	11	2,726,057.58		4,725,484.32	
Other receivables	12	0.00	4,690,198.71	946,423.52	6,391,755.96
Cash and cash equivalents	13		18,843,541.05		15,852,167.75
Total current assets			23,533,739.76		22,243,923.71
Total assets			**26,469,121.95**		**25,706,495.25**

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		4,701,320.80		4,916,386.96
Current liabilities					
Advances received	17	5,465,799.95		5,509,702.52	
Trade payables	18	1,033,122.15		7,218,293.06	
Other current liabilities	19	1,858,927.99		1,128,378.59	
Accruals and deferred income	20	11,727,951.06	20,085,801.15	5,251,734.12	19,108,108.29
Total liabilities			20,085,801.15		19,108,108.29
Total equity and liabilities			**26,469,121.95**		**25,706,495.25**

CASH FLOW STATEMENT

€1,000	2015	2014
Operating activities		
Operating profit/loss	30	45
Adjustments to operating profit/loss *	109	374
Change in working capital **	2,929	614
Interest received	28	31
Interest paid	-58	-71
Taxes paid	0	-5
Cash flow from operating activities	**3,038**	**988**
Investing activities		
Acquisition of intangible and tangible assets	0	-127
Proceeds from sale of intangible and tangible assets	0	-9
Acquisition of shares	0	165
Withdrawals of loans granted	415	412
Cash flow from investing activities	**415**	**441**
Financing activities		
Withdrawals of long-term loans	221	221
Repayment of long-term loans	-683	-681
Cash flow from financing activities	**-462**	**-460**
Change in financial assets	2,991	969
Financial assets January 1	15,852	14,883
Financial assets December 31	**18,843**	**15,852**

* Adjustments to operating profit/loss		
Depreciation and write-downs	109	364
Gain (-) or loss (+) from divestment of non-current assets	0	9
Total	109	373

** Change in working capital		
Increase (-) or decrease (+) in non-interest-bearing receivables	1,704	-2,957
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	1,225	3,571
Total	2,929	614

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

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

	2015	2014
1 TURNOVER		
Income, main line of business	62,445,276.14	65,168,288.07
Income, auxiliary line of business, shareholders	22,895.62	18,873.39
Income, auxiliary line of business, other companies	115,176.15	39,349.23
Income, other companies	26,354.70	976,450.01
Total	62,609,702.61	66,202,960.70
2 OTHER INCOME		
Rental income	81,962.71	120,894.13
Subsidies received	355,296.09	580,132.21
Other income	2,195,635.38	144,326.20
Total	2,632,894.18	845,352.54
3 PERSONNEL		
Average number of personnel	82	116
Number of employees on 31.12.	77	117
Personnel expenses		
Wages and salaries	4,733,413.68	6,645,996.02
Pension expenses	835,274.21	1,165,215.67
Other compulsory personnel expenses	205,170.20	291,602.02
Total	5,773,858.09	8,102,813.71
4 DEPRECIATION		
Depreciation plan		
Planned depreciation is the maximum depreciation under Finnish Business Tax Act.		
Planned depreciation		
Intangible rights	2,308.60	2,247.43
Other long-term expenditure	40,334.37	304,639.35
Buildings	3,001.09	3,126.13
Machinery and equipment	63,316.42	54,300.40
Total	108,960.48	364,313.31

NOTES TO THE INCOME STATEMENT

	2015	2014
5 OTHER EXPENSES		
Rents	1,412,103.09	3,037,247.28
Infrastructure services	8,965,641.26	5,538,228.51
Research services	32,424,595.23	31,465,525.83
Research facility expenses	9,048,220.75	7,864,690.48
Other expenses	7,478,897.75	10,633,120.72
Total	59,329,458.08	58,538,812.82
Acquisition costs of fixed assets used for nuclear waste management are booked as annual expenses under Section 5:1 of the Accounting Law	9,945,192.10	10,293,283.37
Auditors' fees		
Audit fees	11,000.00	10,000.00
Other services	8,706.21	5,128.00
Total	19,706.21	15,128.00
6 FINANCIAL INCOME AND EXPENSES		
Interest income and other financial income		
Interest income from long-term investments	27,187.60	30,482.46
Other interest and financial income	699.00	78.69
Total	27,886.60	30,561.15
Interest and other financial expenses		
To others	59,870.44	70,718.28
Total financial income (+) and expenses (-)	-31,983.84	-40,157.13
7 INCOME TAX EXPENSE		
Taxes based on the taxable income of the financial year	-1,663.70	5,216.27
Total	-1,663.70	5,216.27

NOTES TO THE BALANCE SHEET

8 NON-CURRENT ASSETS	Intangible rights	Other non-current expenditure	Intangible assets total
Intangible assets			
Acquisition cost 1.1.2015	50,522.42	3,046,393.37	3,096,915.79
Increase	244.75	0.00	244.75
Acquisition cost 31.12.2015	50,767.17	3,046,393.37	3,097,160.54
Accumulated planned depreciation 1.1.	41,379.79	2,912,464.89	2,953,844.68
Planned depreciation	2,308.60	63,316.42	65,625.02
Book value 31.12.2015	**7,078.78**	**70,612.06**	**77,690.84**

	Buildings	Machinery and equipment	Tangible assets total
Tangible assets			
Acquisition cost 1.1.2015	138,183.20	975,925.67	1,114,108.87
Increase	0.00	0.00	0.00
Decrease	0.00	0.00	0.00
Acquisition cost 31.12.2015	138,183.20	975,925.67	1,114,108.87
Accumulated planned depreciation 1.1.	63,155.94	813,746.73	876,902.67
Accumulated depreciation from deduction	0.00	0.00	0.00
Planned depreciation	3,001.09	40,334.37	43,335.46
Book value 31.12.2015	**72,026.17**	**121,844.57**	**193,870.74**

Investments	2015	2014
Other shares and holdings	43,366.70	43,366.70
Other loan receivables	2,620,453.91	3,038,927.53
Total	**2,663,820.61**	**3,082,294.23**
Total non-current assets	**2,935,382.19**	**3,462,571.54**

NOTES TO THE BALANCE SHEET

	2015	2014
9 TRADE RECEIVABLES		
Trade receivables	1,601,297.99	360,326.20
Total	1,601,297.99	360,326.20
10 LOAN RECEIVABLES		
Loan receivables	362,843.14	359,521.92
Total	362,843.14	359,521.92
11 PREPAYMENTS AND ACCRUED INCOME		
Prepayments and accrued income from related party	5,168.00	1,655,691.34
Prepayments and accrued income from others	49,341.64	0.00
Prepaid rent	2,654,040.00	2,432,870.00
Other deferred income	17,100.00	636,734.04
Other prepaid expenses	407.94	188.94
Total	2,726,057.58	4,725,484.32
12 OTHER PREPAID EXPENSES		
Other prepaid expenses	0.00	946,423.52
Total	0.00	946,423.52
13 CASH AND CASH EQUIVALENTS		
Cash and equivalents	18,843,541.05	15,852,167.75
Total	18,843,541.05	15,852,167.75
14 SHARE CAPITAL		
Share capital 1.1.	1,682,000.00	1,682,000.00
Share capital 31.12.	1,682,000.00	1,682,000.00
15 DEBTS FALL DUE IN MORE THAN FIVE YEARS	4,317,310.94	4,443,876.88

NOTES TO THE BALANCE SHEET

16 NON-CURRENT LIABILITIES	**2015**	**2014**
Non-current liabilities from related party	4,701,320.80	4,916,386.96
Total	4,701,320.80	4,916,386.96

17 ADVANCES RECEIVED		
Advances received from related party	4,079,458.86	3,766,648.18
Other advances received	1,386,341.09	1,743,054.34
Total	5,465,799.95	5,509,702.52

18 TRADE PAYABLES		
Trade payables	1,033,122.15	7,218,293.06
Total	1,033,122.15	7,218,293.06

19 OTHER LIABILITIES		
Financial liabilities from related party	436,233.16	683,398.40
Tax liability	1,422,071.48	443,756.57
Other liabilities	623.35	1,223.62
Total	1,858,927.99	1,128,378.59

20 ACCRUALS AND DEFERRED INCOME		
Accrued interests	685.27	895.95
Accrued wages and salaries	1,200,067.67	2,251,556.97
Estimate of expenses not yet charged from TVO	718,597.24	0.00
Estimate of expenses not yet charged	9,808,600.88	2,999,281.20
Total	11,727,951.06	5,251,734.12

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	479,242.40	442,340.00
Rent liabilities falling due later	3,108,680.80	3,538,720.00
Total	3,587,923.20	3,981,060.00

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 643.433,26 in 2015 (EUR 640.401,38 in 2014).

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki, 19 February 2016

Jarmo Tanhua, Chairman

Pekka Leskelä

Satu Katajala
(as of 15.2.2016)

Mikko Kosonen

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 2015. 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, 30 March 2016

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