



JANE AND AATOS

ERKKO FOUNDATION

THE JANE AND AATOS ERKKO FOUNDATION GROUP

ANNUAL REPORT 2017
PROFIT AND LOSS STATEMENT 2017



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Foundation

The primary purpose of the Jane and Aatos Erkkö Foundation is to promote and support research and education in the fields of technology, economics and medicine. The Foundation also supports arts and culture, as well as sports and physical education, to promote people's well-being and the nation's interests in this respect. The work and personal donations of the founders enable the Foundation to fulfil its purpose to support Finnish science, arts and culture in line with its by-laws.

Fulfilling the purpose of the Foundation

In 2017, the Foundation paid EUR 30 million in grants to science, arts and social action.

The share granted to medicine was EUR 15 million. The grants were awarded for modelling disease with a method for altering the genome of zebrafish and the research of the innate immunity of viral infections, among others.

Technology projects were awarded EUR 6.1 million. Grants were awarded for the development of next generation technology for the purposes of brain stimulation, for example, as well as the spectral imaging of cells.

Cultural activities were awarded EUR 3.3 million. The most significant grants were directed at international orchestra visits and the Hamina Tattoo International Military Music Festival.

EUR 5 million was granted to the fundraising of universities that entitles the universities to governmental match-funding.

A list of all grants awarded and statistical information about the Foundation can be found in an appendix to the Annual Report.

The Foundation's investment activities

The market value of the Foundation's assets was EUR 1,203 million at the end of 2017 (2016: EUR 1,063 million). Equity investments accounted for 90.6% (90.2%), fixed-income investments for 8.7% (9.0%) and shares in limited liability housing companies for 0.7% (0.8%) of the assets.

The return on investments in 2017 was 16.3% (24.9% in 2015), including unrealised changes in market value. As in the previous year, the high annual return was partly influenced by the exceptionally steep increase in the price of Sanoma shares.



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The surplus for 2017 was EUR 5.2 million (surplus EUR 104.1 million, the result of the comparison period included EUR 116.4 million in reversals of impairment in investments (Sanoma Corporation) and without the reversals of impairment it was EUR 12.3 million in deficit).

Amendment to the Foundation's bylaws

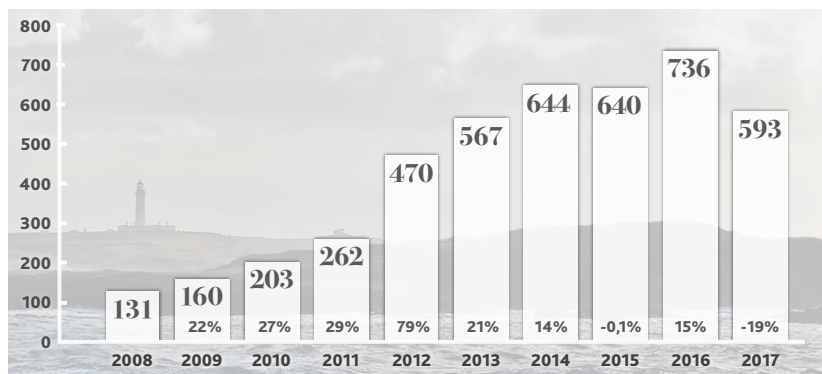
The Finnish Patent and Registration Office registered the Foundation's new bylaws on 17 October 2017. The number of members on the Board of Trustees was increased in such a way that the Board is composed of a minimum of five and a maximum of nine members, instead of the previous seven. The possibility for a larger Board was considered justified given the increased volume of the Foundation's grant operations as well as the investment and asset management. In connection with the amendment, the bylaws also came to include the specifications required by the new Foundations Act.

Grant operations

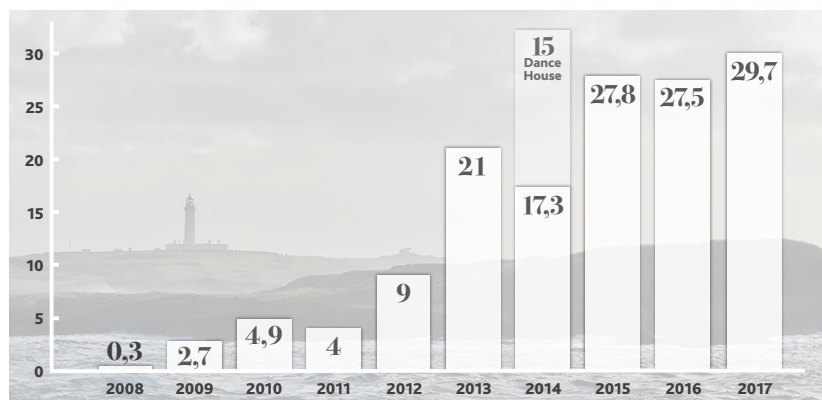
The recipients of grants were selected in accordance with the objectives of the charter, and its broad purpose was taken into account when making decisions on grants. In line with the established practice, the Board of Trustees continued to award grants for larger projects of an internationally high standard.

The number of grants awarded has remained unchanged. Given that the number of applications received by the Foundation declined in comparison to the previous year, the proportion of rejected applications has decreased. The Foundation has renewed and specified the information provided on its website, which has probably had an effect on the number of applications.

Grant applications processed in 2008-2017 (annual number and growth - %)



Grants 2008-2017 (M€)





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In the operating year, the grants awarded numbered 58 (53 in 2016), of which 34 concerned scientific research (37 in 2016), 16 concerned culture (10 in 2016) and 8 concerned other areas, such as the fundraising of universities (6 in 2016). The Foundation awarded six large research grants covering several years of research and totalling more than a million euros each, as well as several (11) research grants of EUR 500,000–1,000,000.

The Foundation's grant operations, the preparations they require and decision-making has been efficient and productive.

Grants for scientific research

The Foundation has awarded grants for high-standard and ambitious research. The research project contain risk, because the research results may remain modest without considerable risk-taking. If successful, high-risk projects often have high scientific significance, and they often raise new questions and increase knowledge even if they fail. The majority of the research funding awarded has been for basic scientific research.

The criteria for assessing research projects include goals, the researchers' professional skills and credentials, the project implementation plans and the significance of the results. The funding decisions usually concern research teams and postdoc research, due to which individual doctoral dissertation grants have not been awarded. This also applies to short-term travel and conference grants.

Further funding may be granted if the research results show significant scientific value that leads to new research initiatives.

When making decisions, the Foundation uses external advisers at its discretion.

Medicine

Medicine accounts for half of the grants awarded. Medical research is costly and its effective implementation usually requires sufficient personnel resources and a long-term perspective. In addition, the salary model favoured by the Foundation also increases the cost.

As in previous years, the Board of Trustees targeted medical grants at high-quality basic and clinical research that is internationally competitive, as well as biomedical research. Pharmaceutical studies, comparative studies on treatment or long-term epidemiological projects were supported only as an exception. The objectives of the supported research projects included pharmaceutical inventions, new treatment methods and inventions in medical technology.



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The research teams of the University of Turku and the National Institute for Health and Welfare studied innate immunity in viral infections jointly, under the leadership of Professor Ilkka Julkunen (EUR 1,100,000). Julkunen and his research teams are continuing their previous research which investigated the way in which two bird flu viruses interact with human cells. New research targets include the Zika virus and the filoviruses Ebola and Marburg.

The multidisciplinary team of Professor Olli Vapalahti from the Faculty of Medicine and the Faculty of Veterinary Medicine is studying the biology of arboviruses spread by arthropods and the diseases they cause (EUR 1,000,000). These diseases include joint pain, eczema, central nervous system infections and haemorrhagic fevers that range from mild to fatal infections. The virus species and their effectiveness as a pathogen must be known for the development of new diagnostic procedures, forms of treatment and vaccines.

The development of medical technology is represented by the funding (totalling EUR 1,085,000) granted to the teams Aalto University's Professor Risto Ilmoniemi and Professor Olli Gröhn, of the University of Eastern Finland, the objective of which is next generation technology based on brain simulation and imaging. The research aims for a new, safer and more effective treatment of neurological diseases without side effects. The teams include some of the world's leading expertise in the field.

Further funding (EUR 1,018,000) was awarded to the team of Professor Miika Nieminen at the University of Oulu for the structure-specific MRI characterisation of articular cartilage in osteoarthritis. Nieminen's team is developing new MRI technologies for the identification of early changes in articular cartilage in osteoarthritis and other cartilage-related diseases. The project is special because it models the interaction between tissue and water numerically, makes use of experimental tissue models and applies methods for the MRI machine. The research aims to develop a tool which allows clinics and radiologists to identify the stage of osteoarthritis safely and non-invasively.

The Foundation's Board also awarded a three-year grant (EUR 300,000) for Ilkka Pölönen, PhD, from the University of Jyväskylä for his "Alle aallonpituuden" (less than a wavelength) study, which develops computational methods for spectral imaging. Spectral imaging is a growing branch of research and, in terms of its nature, basic applied research. The method allows for providing cancer patients with the most effective form of therapy, provides a replacement for animal tests in the testing of chemicals, reduces the workload of pathologists and accelerates diagnosis.

Technology

The Foundation has continued its collaboration with the Technology Industries of Finland Centennial Foundation by funding the Future Makers programme aimed at Finnish universities, which has challenged Finnish universities to further develop their strategic expertise and long-term cooperation with companies. The Boards of both foundations made their funding decisions independently.



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The focal points of the application process were digitality and sustainable development. New fields of research included projects related to artificial intelligence and information security. The funding programme attracted around 130 ideas in the spring, of which five projects secured grants from the Jane and Aatos Erkkö Foundation (EUR 1,950,000). The research subjects include food production, the construction of a quantum computer, artificial intelligence and robotics.

The research conducted by a research team at the University of Oulu – named ‘Edge computing enhanced by artificial intelligence’ – investigates how to enhance data processing occurring in edge computing near a terminal device with artificial intelligence and machine learning. The research aims to optimise data transfer and computation. Teams at Tampere University of Technology are studying lens-free computational imaging (‘Computational imaging without lens (CIWil)’ and the construction of an automated offshore ecosystem for the maritime industry (‘Autonomous and Collaborative Offshore Robotics (ACOLOR)’).

The researchers of Lappeenranta University of Technology and VTT Technical Research Centre of Finland are developing a process which enables the production of proteins fit for consumption from carbon dioxide and renewable electricity. The project – “Rehua ja ruokaa hiilidioksidista ja sähköstä – tulevaisuuden proteiinituotannon tutkimus ja pilotointi” – carries global significance and, if successful, has the potential to eliminate land-use problems from food production.

The largest grant (EUR 950,000) was awarded to the team led by Professor Mikko Möttönen at Aalto University, which wants to build the first quantum computer. The Jane and Aatos Erkkö Foundation awarded EUR 700,000 of the funding. Computer science researchers have dreamed of a quantum computer for decades. Theoretically, the processing capacity of a quantum computer is massive in comparison to current computers. The research team is composed of researchers from Aalto University, the University of Turku and VTT. The finding promotes the formation of a new national technology cluster, and the funding aims to promote the team’s strong role in research projects of the European Union.

Other research activities

The largest grant in the operating year (EUR 1,500,000) was awarded to the research consortium assembled by Professor Anna-Liisa Laine of the Department of Biosciences, “Kansallinen osaamiskeskus luonnon aikasarjojen yhdistämiseksi – tavoitteena ympäristömuutoksen seurausten ymmärtäminen ja hallitseminen” (National centre of expertise for combining nature’s time series – aiming to understand and manage the consequences of environmental change). The team wants to utilise the long time series collected in Finland on the numbers, range and diseases of different species. By combining this data and analysing the changes that have occurred in them over time, the team gets detailed and systematic data on the mechanisms and effects of environmental change. The results of the research will make a difference when making forward-looking decisions about the safety of living environments and sustainable food production.



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Academy Professor Jukka Jervall of the Institute of Biotechnology was granted further funding (EUR 1,280,000) for research aiming for the precise identification of the genes of the Saimaa ringed seal, "Saimaannorppa perimän geenitutkimuksen mallilajiksi" (Saimaa ringed seal as a model species for the investigation of genomes). It is a research project which has progressed excellently with the Foundation's previous funding, focused on the genome of a species peculiar endemic to Finland, with broader significance for the understanding of speciation. By studying the genomes of the Saimaa ringed seal and the species closely related to it we can find out how extreme isolation has impacted the variation of disease genes, for example. The research opens up new opportunities for studying human genes and diseases, given that the same genes in different species have an impact on the development and diseases of an individual.

Culture and social action

The funding granted for culture totalled nearly EUR 3.3 million. The selection criteria applied by the Board of Trustees to arts and cultural projects included high artistic quality and an international scope. As in previous years, successful projects consisted of international orchestra visits and dance. Due to the diverse range of projects, the selection criteria were case-specific and flexible. The personal interests of the founders were taken into account insofar as the charter allows for it.

The Foundation participates in the funding of the concert organ (EUR 4.2 million) to be built in the Helsinki Music Centre in cooperation with other foundations. The Foundation's share amounts to EUR 500,000. The preparation of the decision paid special attention to the financial and administrative factors that guide the use of the organ. The organ's planning team also includes organists so that the professional society's perspective is accounted for when selecting the organ.

Music

The Savonlinna Opera Festival was awarded a grant to ensure the international standard of the 2018 opera festival (EUR 260,000). The visitor in the summer of 2018 will be the Italian Puccini Festival, which continues the international networking of the Savonlinna Opera Festival. In 2016, the Foundation funded the visits of the Ravenna Festival and Teatro Regio Torino to Savonlinna.

On 13 June 2017, the London Symphony Orchestra performed at the Sibelius Hall in Lahti in conclusion of its tour of the Nordic countries. Chinese pianist Yuja Wang was the featured solo artist. The chance for the London-based orchestra performing at Lahti came with an extremely short notice, which imposed its own requirements for the schedule of the grant decision.



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The visit of the Vienna Philharmonic Orchestra will be realised with funding from the Foundation on 28 April 2018 (EUR 100,000). The orchestra will be performing at the Tampere Hall.

The Foundation has also continued to support the Hamina Tattoo, organised in the City of Hamina, by awarding it a grant for 2017–2018 (EUR 220,000) and the 15th Hamina Tattoo International Military Music Festival. Military music counted among the interests of the Foundation's founder and honorary Chair, Aatos Erkko, who was instrumental in raising Hamina Tattoo to an international level.

Dance

The Tero Saarinen Company was awarded a two-year grant (EUR 610,000) for 2018–2019. The funding covers the Helsinki production of the favourably reviewed Zimmermann Trio, performed at Disney Hall in Los Angeles in January 2018, and the creation of a new première based on the music of Claudio Monteverdi for 2019. The company also aims to bring visiting international dance companies to Finland in 2021–2022.

The Helsinki Festival is the Foundation's partner in the funding of orchestra visits. Given that visits by international dance groups are still rare in Finland, the Foundation has awarded funding for the expansion of the programme of the Helsinki Festival for 2018–2020 (EUR 240,000). The series of dance visits will be curated in cooperation with the Helsinki Festival and domestic advisers, and Kaari Martin, Programme Manager of Dance House, is taking active part in the planning.

The Foundation continued its support for the Kuopio Dance Festival by awarding a grant for the production of the festival's international programme in 2017–2019. Kuopio Dance Festival has established its position as a high-quality operator in the field of dance and the festival organisation has demonstrated its capability to produce international visits.

In the summer of 2017, the Foundation's funding enabled the performance of the NDT II (Nederland Dance Theatre II) group in Kuopio. NDT is one of the most well-known dance companies in the world and an indisputable leader in its field. The production of the visits of international dance companies and dancers to Finland requires good personal contacts and funding for the companies' travel expenses, equipment transportation and technical arrangements.

Visual arts

Kunsthalle Foundation was awarded a grant so that Kunsthalle Helsinki can develop its operations and offer the public increasingly better contents. The funding was granted for three years and focuses on the organisation of large-scale exhibitions and the improvement of visitor work.



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Kunsthalle Helsinki has an excellent worldwide reputation as a partner and the most beautiful exhibition spaces in Helsinki, but it has been dependent on external support when organising large-scale and notable international exhibitions. Kunsthalle Helsinki does not have collections of its own.

The Foundation celebrated the centenary of Finnish independence by providing funding for an exhibition of Finnish women artists' work in New York as part of the anniversary year of the American Scandinavian Foundation in 2017. The featured artists included Scherfbeck, Thesleff, Schauman and Seseman. The exhibition was organised in cooperation with Ateneum and it also included an educational programme. Mrs Jane Erkkö (1936–2014) participated in the activities of the American Scandinavian Foundation over many years.

The National Gallery in London secured a grant from the Foundation (EUR 33,000) for a small-scale Akseli Gallen-Gallela exhibition featuring Lake Keitele. The exhibition's organisation was of a high quality, and it attracted interest and provided international visibility for Finnish visual arts.

Fundraising by universities

As in previous years, the Foundation participated in the fundraising campaigns of universities which entitle the universities to governmental co-funding by awarding Aalto University a EUR 3 million grant for the "The Future is Made Today" campaign and a EUR 2 million grant for the "Hanken Returns" campaign of the Hanken School of Economics. The donations concern the universities' operations in general.

The Foundation has previously granted capital funding that entitles universities to governmental co-funding to the University of Helsinki (EUR 3 million for fundraising during the year of its 375th anniversary), the University of Oulu (EUR 1.5 million for its Growing Together campaign) and the Hanken School of Economics (EUR 1.0 million for its Hanken Returns fundraising campaign).

In addition, the Foundation has granted EUR 1 million for the establishment of the Tampere3 University as one of its founding members. Through its decision to grant funding, the Board of Trustees of the Foundation wanted to contribute to the aspiration of the new university to further improve the quality of scientific research.

Special projects

Dance House

The construction of Dance House Helsinki is set to begin in the summer of 2018, and the house is meant to open its doors to the public in 2020. Haahtela Oy was selected as the



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construction consultant for the project, and the architectural look "Leija" was published on 17 August 2017. The principal designer of the house is JKMM Architects, with Pia Ilonen of Talli, who was instrumental in the listing of Cable Factory, acting as the principal construction designer.

The Foundation's Board awarded a three-year grant for the functional and organisational investigation and development work of Dance House (EUR 364,000). The functional investigation relies on a strong theoretical framework and methodological know-how and produces academic understanding of the nature and progress of the development work. The functional investigation is needed for the new building to be able to achieve its full potential. The research project also includes a documentary film on the Dance House (52 minutes) by Salla Sorri.

The objectives of Dance House are to bring different social groups together through dance and to create a programme that is interesting enough to ensure that income from tickets and admission cover a major part of the house's operating expenses. Dance House Helsinki aims to be open, multicultural, unconventional, creative and bold.

Processing, payment and reporting of grant decisions

Grant decisions are processed in the Foundation continuously, but the Board makes decisions four or five times a year. The preparation of the applications is flexible.

Issues of legal incapacity are taken into account in the processing of grant applications, in addition to the effects of any conflicts of interest on processing and decision-making. In the event of incapacity, those concerned are primarily responsible for announcing their incapacity and its grounds. The Foundation's officers, experts and the members of its Board and other bodies report any commitments or conflicts of interest that affect the preparation of grant decisions and do not participate in the processing or the decision-making in the event of a conflict of interest.

The Foundation requires successful applicants to submit reports on their project's progress and results. Any fundamental changes in the content or finances of a project are approved by the Board.

The grants have been paid according to the payment schedules defined by the recipients; some of the schedules may have been flexible. In the autumn of 2017, the Foundation adopted a process according to which payments are made primarily three times a year – in January, May and September. The process aims to improve the predictability of the Foundation's cash flow and the planning of cash management. The new process also clarifies the Foundation's administrative work. Exceptions are possible for a justified reason. The awarded research grants are mainly paid through a university or another research community.



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The beneficiary of a long-term donation or grant must report on the spending and results of their project, usually in the form of an annual content and financial report and a final report following the project's conclusion. For short-term projects, a report is required once the project has been completed. The report must illustrate how the objectives set for the project have been realised and any possible problems encountered during the project. The financial and content report is a prerequisite for the payment of the following instalment.

When submitting an application to the Foundation, applicants provide personal information. This information is entered into a personal data register. Information about the Foundation's privacy policy concerning its registers of applicants and recipients is available on its website.

Communication

The Foundation seeks to communicate clearly and openly. Its principal communication tool is the website, revamped in 2017. The main purpose was to create a website that is as comprehensive and informative as possible, mainly for grant applicants, but also for anyone interested in the Foundation and its operations.

The information concerning the application process was further specified, and the evaluation criteria approved by the Board for scientific research and cultural projects is now provided on the website. The added information is intended to increase awareness of the purpose, duties and operations of the Foundation. The website also provides other essential information, such as the Foundation's charter and by-laws and the composition of its Board of Trustees, Financial Committee and Executive Committee, as well as its annual report and financial information. The Foundation's operational and financial key figures are provided as an appendix to this Annual Report.

Information about approved grants is published on the website in due course after Board meetings. Information about projects to be confirmed will be added later. Information about significant changes in the Foundation's operations, assets or administration will be announced according to need.

The Foundation does not justify or publish the grounds for its decisions or announce the names of the advisers.

The Foundation issues regular press releases on the grants it has awarded.

The Foundation has discontinued the media monitoring it adopted as a fixed-term measure because the information it produced failed to provide the hoped-for added value to the Foundation's operations.



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Finances

General

At the end of 2017, the Foundation's assets consisted of a securities portfolio in the Foundation's direct ownership and of Sanoma shares. In addition, the Foundation owns Oy Asipex Ab. The company is domiciled in Helsinki. It has full ownership of its Swiss subsidiary Asipex AG. Oy Asipex Ab engages in investment activities. Its entire share capital was transferred to the Foundation in the will of Aatos Erkko in 2012. The total market value of the Foundation's assets was EUR 1,063 million on 31 December 2017. Of the total assets, 90.6% were invested in shares.

The market value of the diversified investment assets in direct ownership of the Foundation was EUR 220 million, including cash on hand. The market value of the Sanoma shares held by the Foundation (39,820,286 shares, or 24.35% of the shares and voting rights) was EUR 433 million. The market value of Asipex Group's investment portfolio was EUR 541 million, including cash on hand. In addition, the book value of the Foundation's shares in limited liability housing companies amounted to EUR 9 million.

Income statement

Consolidated income statement

The deficit on ordinary activities amounted to EUR 29.3 million (2016: EUR 52.8 million). Approved grant decisions in 2017 amounted to around EUR 29.7 million (EUR 27.5 million). The grants realized in 2017 totalled approximately EUR 28.8 million. The difference between decided and recognised grants is the result of cancelled projects. Other operating costs were EUR 0.5 million (0.5 million).

The book profit of the Foundation's investments was EUR 34.0 million (EUR 156.9 million). This included the EUR 22.3 million net income of the subsidiary Group (EUR 18.3 million), EUR 10.5 million in income from dividends (EUR 6.1 million), EUR 1.8 million in profit shares in funds (EUR 2.4 million) and EUR 3.6 million in proceeds from the sale of investments (EUR 13.2 million).

The surplus for 2017 was EUR 5.2 million (surplus EUR 104.1 million, the result of the comparison period included EUR 116.4 million in reversals of impairment in investments (Sanoma Corporation) and without the reversals of impairment it was EUR 12.3 million in deficit).



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Parent foundation

The parent foundation's deficit for the period was EUR 17.2 million (surplus of EUR 96.1 million, the result of the comparison period included EUR 116.4 million in reversals of impairment in investments (Sanoma Corporation) and without the reversals of impairment it was EUR 20.3 million in deficit).

Related-party transactions

The fees paid to the members of the Board of Trustees and the salary (subject to withholding tax) paid to the Secretary General totalled EUR 243,668 in 2017.

The members of the Board of Trustees were paid a monthly fee, as well as meeting fees, for their work on the Board and Committees. The monthly fee paid to the Chair of the Board was EUR 1,200. The monthly fee paid to the members and deputy member of the Board was EUR 1,000. The meeting fees paid to the Chair of the Board and the Committees were EUR 500. The meeting fees paid to the members and deputy member of the Board were EUR 400. The fees were not increased in 2016. Given that the Foundation's operations are fairly extensive and that the amounts of individual grant decisions are big, the fees are reasonable in terms of the extent of operations.

The Foundation had no other transactions against or without payment with related parties in 2016, nor did it grant loans or securities to related parties.

Investment activities

The total return on the Foundation's investments in 2017 was 16.3% (24.9% in 2016), including unrealised changes in market value. In absolute terms, the results of the investment activities were exceptional, and the return on share investments clearly surpassed the market return calculated with the corresponding geographical allocation. The excellent annual return was partly attributable to an increase in the price of Sanoma shares. Excluding Sanoma shares, the total return amounted to 7.9% (4.4%), including unrealised changes in market value. The return, slightly weaker than the market return, is attributable to a selection of shares more defensive than the market.

At the end of the year, the market capitalisation of the Foundation's assets (including Asipex Group) was EUR 1,203 million (EUR 1,063 million). Share investments accounted for 90.6% (90.2%), fixed-income investments for 8.7% (9.0%) and shares in limited liability housing companies for 0.7% (0.8%) of the assets.



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Sanoma shares

The Foundation holds 39,820,286 Sanoma shares, which represents 24.35% of all Sanoma shares and voting rights.

In 2017, the Foundation received EUR 8.0 million (EUR 4.0 million) in dividend payments from Sanoma. The return was 35.1%, including unrealised changes in value.

Risk management

The primary goal of investment activities is to retain and increase the long-term real value of the Foundation's assets. The Foundation's investment activities also aim to secure a steady cash flow and sufficient liquidity for its core operations. With a long investment horizon, the Foundation's investment strategy is equity-oriented (equity weight was 90.6% at the end of 2016), and the investment portfolio is not generally hedged against risks. Short-term market fluctuations are not relevant to the Foundation when the goals rest on long-term real yield and cash flow.

In line with the Foundation's investment strategy, its investments are diversified geographically and by sector, company and currency. The Foundation's investments are mainly in liquid securities and funds that can be realised quickly. In other words, the Foundation has a very low funding and liquidity risk.

The domestic and international economic situations are reflected in the Foundation's investments. The risks are mainly related to the general market risk – that is, the performance of international stock markets and dividend income over the long term.

In addition, more than 35% of the Foundation's assets consist of Sanoma shares, which constitute the single largest price risk.

Assets have been managed and investments have been made in line with the investment policy approved by the Board of Trustees. Matters related to investments have been processed by the Financial Committee.

Asipex Group's investment activities and risk management comply with the investment policy approved by its Board of Directors. The policy is in line with the investment policy of the Jane and Aatos Erkkö Foundation.



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Administration

Board of Trustees

Nils Ittonen served as Chair of the Board of Trustees, and Juhani Mäkinen served as Vice Chair. Their terms of office will last until the next annual meeting.

Heli Rahka, Reetta Meriläinen, Kerstin Rinne and Mikko Mursula were re-elected as members of the Board at the annual meeting on 29 March 2017. Marianne Heikkilä was elected as a new member of the Board. She was previously a deputy member of the Board. Their terms of office will last until the next annual meeting. The Board of Trustees convened five times in 2017.

Financial Committee

At the annual meeting, the Board of Trustees appointed Mikko Mursula as Chair of the Financial Committee and Nils Ittonen, Marja Leskinen and Karl Tujulin as members of the Committee.

The Financial Committee closely follows developments in the financial markets and general economic trends. It operates within the framework of the investment strategy adopted by the Board of Trustees. The Financial Committee convened six times in 2017.

Executive Committee

At the annual meeting, the Board of Trustees appointed Nils Ittonen as Chair of the Executive Committee and Juhani Mäkinen and Marja Leskinen as members of the Committee.

The Executive Committee prepares matters for the Board to decide on. The Executive Committee convened four times in 2017.

Council of Finnish Foundations

The Jane and Aatos Erkkö Foundation is a member of the Council of Finnish Foundations. The purpose of the Council is to safeguard the general and common interests of Finnish non-profit foundations, funds and associations that award grants, and promote its members' expertise and good operating practices.

The Secretary General of the Foundation served as a member of the Group's Nomination Committee.



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Officials

Marja Leskinen is the Secretary General of the Foundation. Dita Eklund serves as a part-time clerical employee.

The Foundation employed six people on average during the operating year, of whom four worked for the subsidiary Group.

Auditing

At its annual meeting on 29 March 2017, the Board of Trustees appointed Samuli Perälä, MSc (Econ.), APA, and audit corporation PricewaterhouseCoopers Oy, APA, as the Foundation's auditors, with Sari Airola, MSc (Econ.), APA, and Marko Kämp, MSc (Econ.), APA, as deputy auditors.

Outlook for 2017

No significant changes have taken place in the Foundation's operations or finances after the end of the financial year. During the year, the Foundation will examine, prepare and decide on grants, and monitor and supervise the use of awarded grants and the progress of the related projects.

The recipients will be selected in accordance with the objectives of the charter, and grants will continue to be allocated to larger projects. In line with the course chosen by its founders, the Foundation will continue to award grants primarily to support scientific research of a high quality. Grants for arts and cultural projects will also be targeted at projects of an internationally high level.

The Foundation will continue to cooperate with the Technology Industries of Finland Centennial Foundation (Future Makers programme).

The annual total of the grants awarded by the Foundation has increased since 2012. So far, the Foundation has awarded more than EUR 140 million in grants. In terms of growth in grant operations or major new initiatives, the Foundation must account for financial and administrative restrictions and the considerable grant awarded to the Dance House investment project.

The return on the Foundation's investments over the long and short terms, as well as expected returns and the Foundation's financial situation, will be considered when making decisions about grants.



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Grants awarded in 2017:

The joint Future Makers programme of the Jane and Aatos Erkkö Foundation and the Technology Industries of Finland Centennial Foundation. EUR 1,950,000.

- University of Oulu, Professor Jukka Riekkö. Edge computing enhanced by artificial intelligence, EUR 300,000
- Tampere University of Technology, Professor Karen Equiazarian. Computational imaging without lens, EUR 350,000
- Lappeenranta University of Technology, Professor Jero Ahola, VTT Technical Research Centre of Finland, Principal Scientist Juha-Pekka Pitkänen. Rehua ja ruokaa hiilidioksidista ja sähköstä- tulevaisuuden proteiinituotannon tutkimus ja pilotointi, EUR 300,000
- Aalto University, Docent Mikko Möttönen. Quantum computer, EUR 700,000
- Tampere University of Technology, Professor Kari T. Koskinen. Autonomous and Collaborative Offshore Robotics, EUR 300,000

Aalto University, The Future is Made Today, EUR 3,000,000

Svenska Handelshögskolan, Hanken Returns, EUR 2,000,000

Professor Anna-Liisa Laine, University of Helsinki, Kansallinen osaamiskeskus luonnon aikasarjojen yhdistämiseksi, EUR 1,500,000

Professor Jukka Jernvall, University of Helsinki, Saimaannorppa genomitutkimuksen mallilajiksi, EUR 1,238,000

Academy professor, Academician Sirpa Jalakanen, MD, PhD, University of Turku. Imutiet lääkekehityskohteena: uusin keinoin syövän kasvun ja leviämisen estämiseksi, EUR 1,160,000

Professor Ilkka Julkunen, University of Turku and the National Institute for Health and Welfare, Luontainen immunitetti virusinfektioissa, EUR 1,100,000

Professor Risto Ilmoniemi, Aalto University, and Professor Olli Gröhn, University of Eastern Finland, Aivostimulaation uusi kausi: teknologian kehittäminen seuraavan sukupolven EEG/fMRI-yhteensopivaa aivostimulaatiota varten, EUR 1,085,000

Professor Miika Nieminen, University of Oulu, Structure-specific MRI characterization of articular cartilage in osteoarthritis, EUR 1,018,000

Professor Olli Vapalahti, University of Helsinki, Arbovirusuhkat ja -tautiassosiaatiot, EUR 1,000,000



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Ronald Österbacka, PhD, Åbo Akademi University, Docent Jan-Henrik Smått Åbo Akademi University, Professor Peter Lund Aalto University, Docent Paola Vivo Tampere University of Technology, Integroitu strategia stabiilien ja toisinnettävien perovskiitti aurinkokennojen valmistamiseksi, EUR 997,000

Professor, Pertti Panula, MD, University of Helsinki, Sairauksien mallintaminen seeprakalan genomien muokkausmenetelmällä, EUR 950,000

Docent Ville Hietakangas, University of Helsinki, Ravinnon aistinta suolen kantasoluissa – mekanismit ja terapeuttiset mahdollisuudet, EUR 910,000

Professor Kim Pettersson, PhD, University of Turku, Novel, unique biomarker concept (NANOLEC) aimed at early diagnosis of five common cancers, EUR 885,000

Docent Minna Poranen, University of Helsinki, and Professor Veijo Hukkanen, University of Turku, Novel RNA-mediated therapies for virus infections, EUR 850,000

Doctor, Docent Lari Lehtiö, University of Oulu, Tankyraasit solun signaalikompleksien säätelijöinä – rakennetutkimuksesta uusiin lääkehoitoihin, EUR 720,000

Doctor Sara Wickström, Biomedicum, University of Helsinki, Epigeneettisten ja metabolisten signaalien yhteistyö kantasolujen erilaistumisen ja plastisiteetin säätelyssä, EUR 650,000

Tero Saarinen Company (Into liikkeessä ry). The Zimmermann Trio (2018), the production and performance activities of a new big première in Helsinki (2018–2019) and international tours, EUR 610,000

Docent Maria Vartiainen, PhD, University of Helsinki, Kromatiinin dynamiikka kantasoluissa: tuman aktiini genomien säätelijänä, EUR 586,000

Vincenzo Cerullo, PhD, University of Helsinki, Novel miniaturized workflow for personalized cancer vaccine for clinically and commercially relevant oncolytic viruses, EUR 550,000

Professor Anne Roivainen, Turku PET Centre, Molecular imaging of inflammation: evaluation of new targeted probes for clinical translation, EUR 528,000

Professor Kaarina Sivonen, University of Helsinki, Sieniä- ja syöpäsolujen kasvua estävien syanobakteeriyhdisteiden karakterisointi, EUR 524,000

Helsinki Music Centre Foundation, the organ project of Helsinki Music Centre, EUR 500,000

Thad Maloney, PhD, Aalto University, Forming mechanism of bio-based nanofilms (NANOFORM) project, EUR 486,000

Professor Petri Kursula, Faculty of Biochemistry and Molecular Medicine, University of Oulu, Myeliinisairauksien molekulaarinen perusta, EUR 436,000



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Professor Daniel Abankwa, Turku Centre for Biotechnology, The role of the Galectin-1/Raf interface in promoting cancer cell stemness, EUR 350,000

Kunsthalle Foundation, The operations of Kunsthalle Helsinki, EUR 380,000

Marja-Liisa Trux, PhD, and Isto Turpeinen, DA, Tutkimus tanssikulttuurien muutosta yhteiseen talon 2017 – 2019, EUR 364,000

Pia Rantakari, PhD, University of Turku, Endotheeli solujen vaikutus sikiökautisten valkosolujen liikenteeseen, EUR 355,000

Ilkka Pölönen, PhD, University of Jyväskylä, Alle aallonpituuden – menetelmiä solujen spektrikuvantamiseen, EUR 300,000

Aalto University, Fixed-term professorship (Professor of Practice), EUR 300,000

The Savonlinna Opera Festival Patrons' Association, International opera festival visit, 2018, EUR 260,000

Helsinki Festival (Helsinki Week Foundation), International dance visits in Finland 2018–2020, EUR 240,000

Town of Hamina, The 15th Hamina Tattoo International Military Music Festival 2017–2018, EUR 200,000

Kevin Franke, DSc, Berkley National Laboratory US & University of Leeds UK, Voltage Control of Spine Structures (V-Chiral Spin), EUR 200,000

Nuno Candeias, PhD, Tampere University of Technology, Nipharmin: a new antibacterial scaffold and biological applications, EUR 173,000

Kuopio Dance Festival, for the production of Kuopio Dance Festival's international programme 2017–2019, EUR 140,000

Professor Ritva Tikkanen, HUS Child neurology outpatient clinic, Pienimolekyylinen saperoniterapia AGU-taudin hoidossa, EUR 137,000

Tuomas Näreoja, PhD, Karolinska Institutet, Stockholm, Crosstalk and modulation of cellular signals during bone remodeling examined in advanced in vitro –model, EUR 112,000

Oratorio Society of New York. The performance of the choral symphony Kullervo in New York, EUR 107,000

Tampere Hall, Visit of the Vienna Philharmonic Orchestra at Tampere Hall on 28 April 2018, EUR 100,000



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Kari Kurppa, PhD, Harvard Medical School, Uuden sukupolven EGFR-täsmälääkkeiden resistenssimekanismit keuhkosyövässä, EUR 80,000

Suomi Amerikka Yhdistysten Liitto (SAM), Expansion of grant activities, EUR 70,000

Juho Vuononvirta, PhD, Imperial College London, Direct visualization of the fate of inflammatory neutrophils and alveolar macrophages in the lung, EUR 61,000

Specialist Riitta Saarinen, MD, Harvard Medical School & Boston Children's Hospital, Transtympaanialiset lääkkeet välikorvatulehduksen hoidossa, EUR 60,000

Taina Nieminen, PhD, USA, Texas, Dallas, Nuorena aikuisena diagnosoitu paksusuolisyöpä: epidemiologia ja alttiusmekanismit, EUR 60,000

Lahti Symphony Orchestra, Visit of the London Symphony Orchestra on 13 June 2017, EUR 50,000

Kenraali K.L. Oeschin Muistoyhdistys ry, Suomalaiset patriootit, EUR 45,000

Helsinki Festival, Series of visits by international orchestras at the Helsinki Music Centre in 2015–2017, additional funding, EUR 42,400

Hemanathan Kumar, PhD, University of Jyväskylä, Sustainable production of biofuels and value added bio products from forest based industrial by-products, EUR 42,000

Kokkolan oopperayhdistys ry/ Anu Komsu, Finnish première of G.Meyerbeer's L'etoile du Nord, Grand Opera, 2017, EUR 40,000

The National Gallery London, Lake Keitele: A Vision of Finland 15 November–4 February 2018, EUR 33,000

Junior Achievement Finland, Strengthening and expansion of operations in 2018, EUR 30,000

Suomenkielisen Kouluviestikarnevaalin Tukisäätiö, Kouluviestikarnevaali, EUR 30,000

Miia Lehtinen, MD, Karolinska Institutet, Stockholm, Sydäninfarktin hoito alkiooperäisillä sydämen kantasoluilla, EUR 25,000

The Reservist Band of Häme and Dragsvikin perinnesoittokunta, EUR 14,600

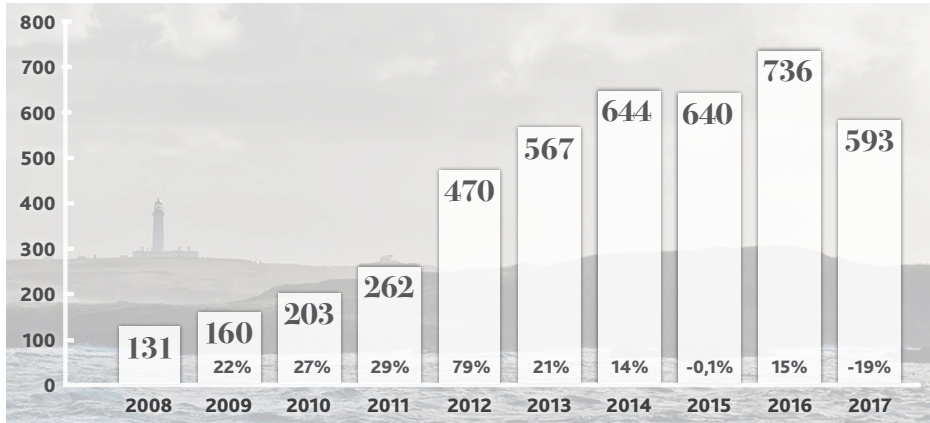
Youth Institute of Finland. J.H. Erkkö Literature Competition 2017, EUR 7,000.

Orimattilan Erkkö-lukio, Annual scholarships. EUR 4,900.

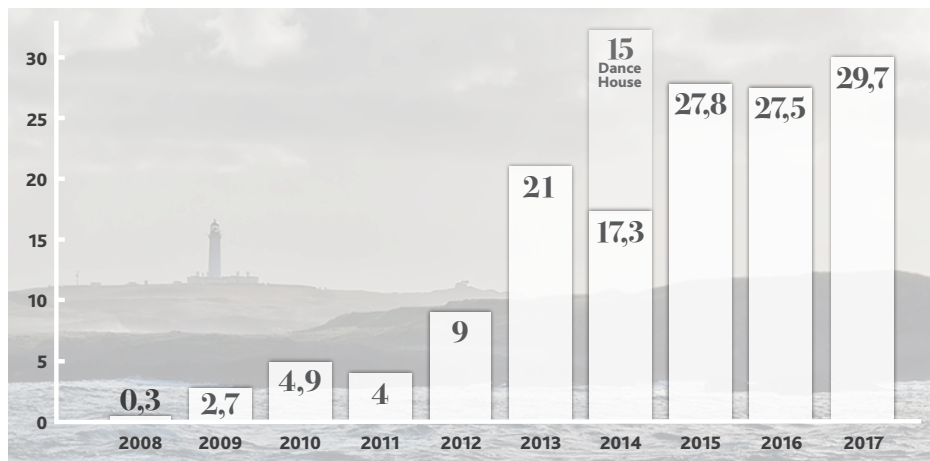


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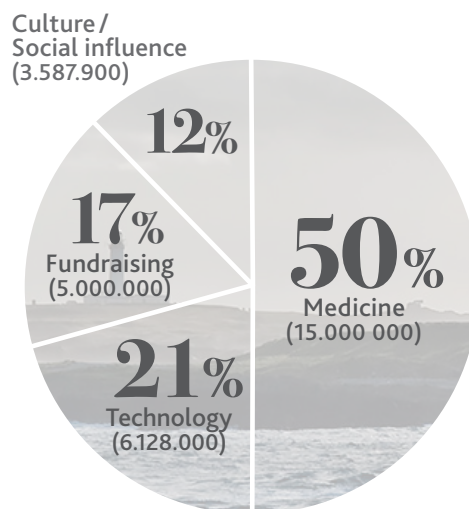
Grant applications processed in 2008-2017 (annual number and growth - %)



Grants 2008-2017 (M€)



Grants awarded in 2017 (euro)



The Jane and Aatos Erkkö Foundation group

Income statement

	1.1.2017–31.12.2017	1.1.2016–31.12.2016
ORDINARY ACTIVITIES		
Grants	-28 779 654,06	-41 969 700,00
Operating expenses		
Personnel expenses	-350 879,05	-335 561,41
Depreciation	0,00	-10 318 254,36
Depreciation	-2 148,82	-3 164,16
Other expenses	-170 196,94	-147 886,07
	-523 224,81	-10 804 866,00
DEFICIT ON ORDINARY ACTIVITIES	-29 302 878,87	-52 774 566,00
FUNDRAISING		
Fundraising income and expenses	448 173,42	-7 931,56
	448 173,42	-7 931,56
EXPENSE DEFICIT	-28 854 705,45	-52 782 497,56
INVESTMENT AND FUNDING ACTIVITIES		
Income		
Interest income	2 151,37	359,43
Dividend income	12 357 147,87	8 462 403,72
Rental income	30 000,00	36 700,00
Capital gains	3 578 593,94	13 181 501,52
Reversals of impairment	0,00	317 804,18
Reversals of impairment, investments in non-current assets	0,00	116 416 385,80
Other income	273 706,27	1 199 238,65
Income from Asipex Group	156 559 299,19	162 157 138,13
Total income	172 800 898,64	301 771 531,43
Expenses		
Interest expenses	-70,55	-54,90
Payments	-55 510,44	-54 408,90
Impairment	-2 630 737,48	-573 015,37
Other expenses	-1 892 051,58	-429 200,77
Asipex Group's expenses	-134 212 663,80	-143 811 947,04
	-138 791 033,85	-144 868 626,98
	34 009 864,79	156 902 904,45
SURPLUS	5 155 159,34	104 120 406,89
SURPLUS FOR THE PERIOD	5 155 159,34	104 120 406,89
SURPLUS/DEFICIT FOR THE PERIOD excluding unrealised changes in the value of investments (Sanoma Corporation) in non-current assets	5 155 159,34	-12 295 978,91

The Jane and Aatos Erkkö Foundation group

Balance sheet

ASSETS	31.12.2017	31.12.2016
NON-CURRENT ASSETS		
Intangible assets		
Intellectual property rights	18 457,76	18 576,59
Tangible assets	53 392,21	59 419,99
Investments	280 450 868,17	280 450 868,17
TOTAL NON-CURRENT ASSETS	280 522 718,14	280 528 864,75
CURRENT ASSETS		
Short-term receivables	254 429,84	1 018 541,78
Securities	492 916 280,25	529 027 378,95
Cash and cash equivalents	68 978 519,45	50 116 153,70
TOTAL CURRENT ASSETS	562 149 229,54	580 162 074,43
TOTAL ASSETS	842 671 947,68	860 690 939,18
LIABILITIES	31.12.2017	31.12.2016
EQUITY		
Basic capital	1 000 000,00	1 000 000,00
Reserve fund	8 052 051,86	8 052 051,86
Surplus from previous periods	760 786 390,23	685 787 236,26
Surplus for the period	5 155 159,34	104 120 406,89
TOTAL EQUITY	774 993 601,43	798 959 695,01
DEBT		
Short-term debt	67 678 346,25	61 731 244,17
TOTAL DEBT	67 678 346,25	61 731 244,17
TOTAL LIABILITIES	842 671 947,68	860 690 939,18