

The Year 2019 at Traficom



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A Year of Building

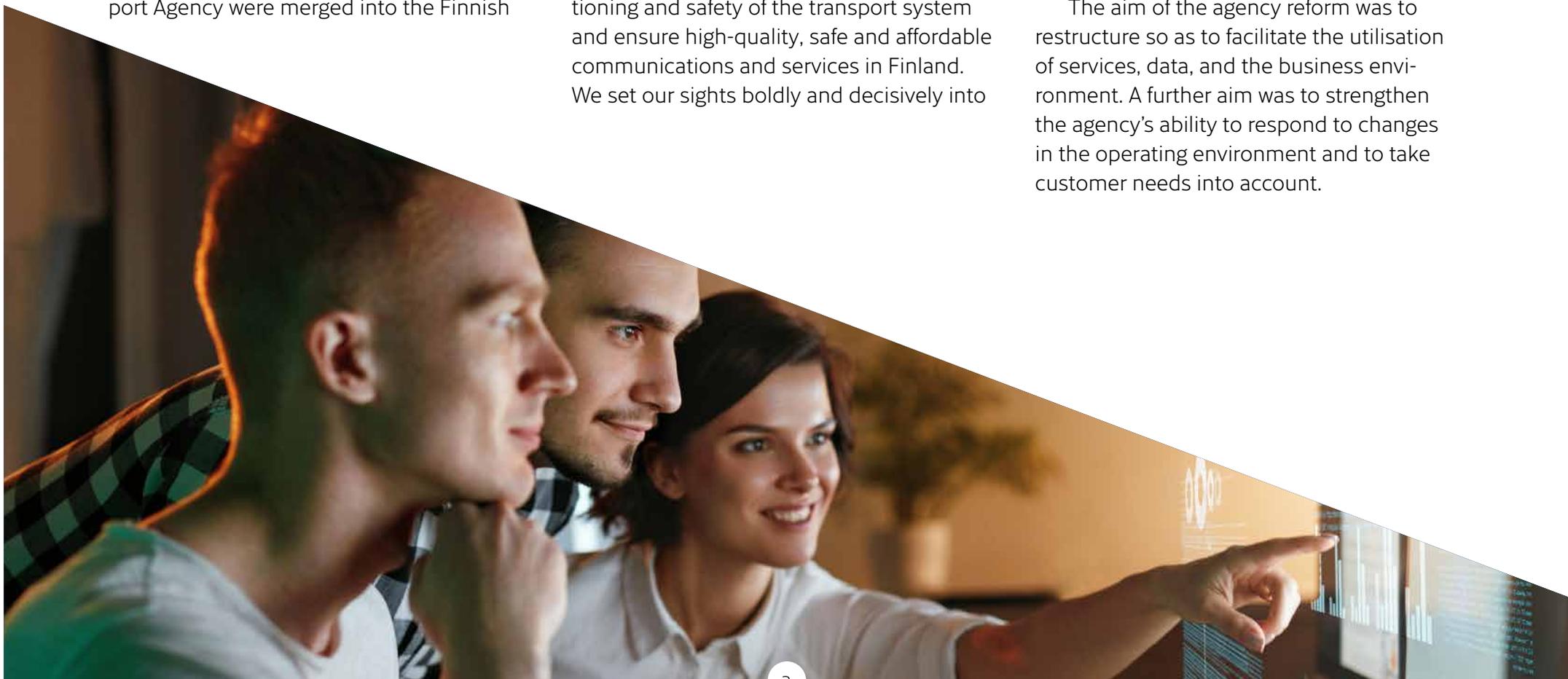
As part of reforming the structure of the administrative branch of the Ministry of Transport and Communications, the Finnish Communications Regulatory Authority, the Finnish Transport Safety Agency Trafi and certain functions of the Finnish Transport Agency were merged into the Finnish

Transport and Communications Agency Traficom on 1 January 2019.

The new Finnish Transport and Communications Agency Traficom is a responsible and dynamic expert body on transport and communications. We promote the functioning and safety of the transport system and ensure high-quality, safe and affordable communications and services in Finland. We set our sights boldly and decisively into

the future. We accelerate innovations and experiments in the digital society and support sustainable development to protect our living environments. Traficom is Finland's licensing, registration and supervisory authority in transport and communications.

The aim of the agency reform was to restructure so as to facilitate the utilisation of services, data, and the business environment. A further aim was to strengthen the agency's ability to respond to changes in the operating environment and to take customer needs into account.



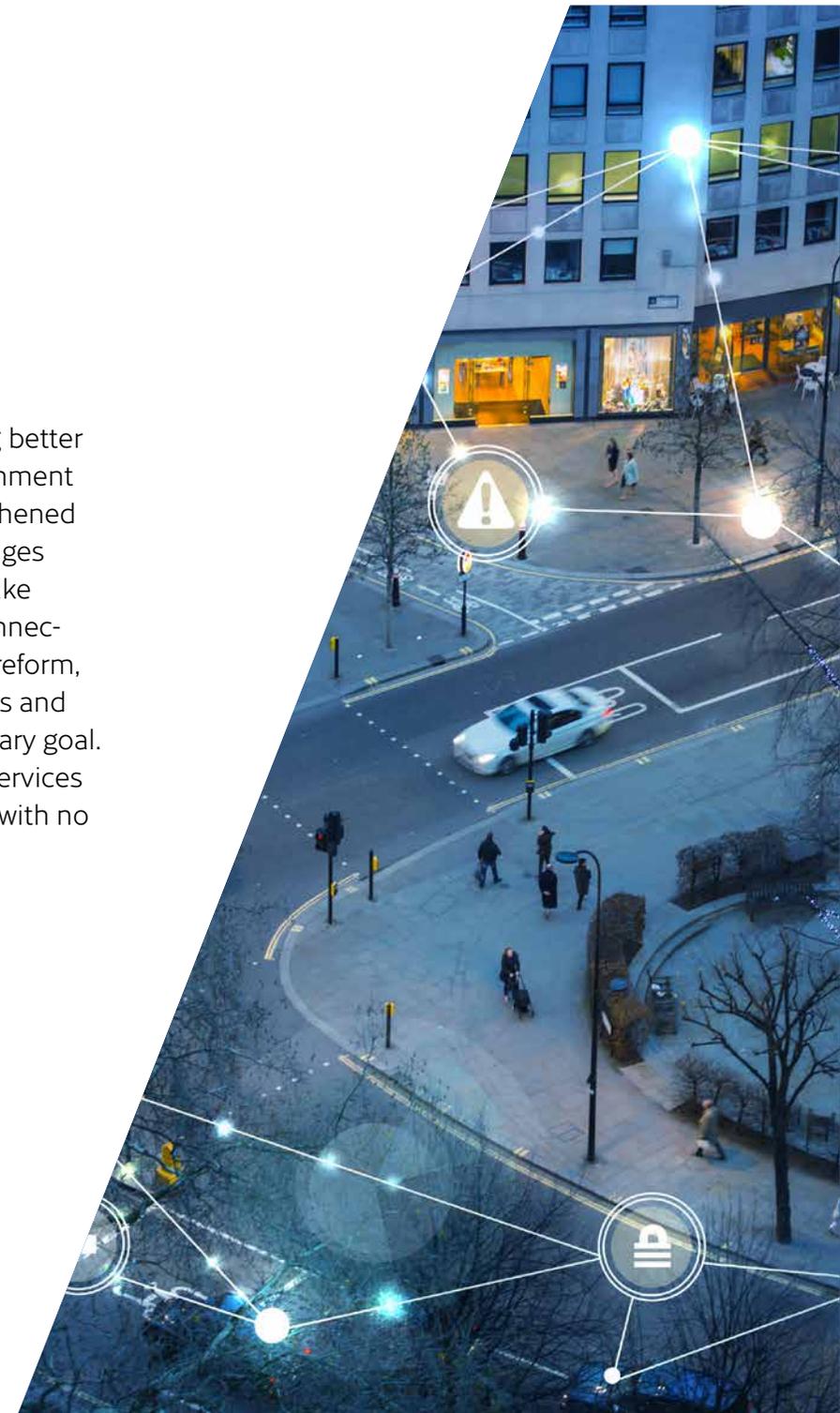
At the beginning of the year, we launched Traficom's operations, and built and developed our new, joint operating method in a systematic manner. To strengthen the operations of the new agency, we developed an operating strategy which we use to safeguard our vital environment, provide an opportunity for innovative services and ensure workable and secure connections. The focus areas we selected for the operating strategy include a sustainable environment, the best connections and an effective customer experience. Our activities put emphasis on trust and interaction, valuing expertise and taking care of wellbeing.

Our operating strategy at the agency level supports the group strategy of the administrative branch.

The focus areas of our operating strategy are: a sustainable environment, the best connections and an impressive customer experience.

Ensuring the continuity of operations in the reform

The agency reform aimed at making better use of services, the business environment and information. The reform strengthened our ability to better respond to changes in the operating environment and take customer needs into account. In connection with implementing the agency reform, ensuring the continuity of operations and during the change was set as a primary goal. The continuity of all functions and services was safeguarded during the reform, with no interruptions to service provision.



The activities of the former agencies and their services continued as planned during the change. Based on collected customer feedback, customer satisfaction levels were high despite the agency reform (result 4.0 for 2019). According to a stakeholder satisfaction survey, the stakeholders' assessment of our activities during 2019 was also good (3.7).

The Security function was created under the direct responsibility of the Director-General in an aim to continuously improve the agency's capacity and continuity. The task of this function is to develop the agency's safety culture, ensure that the entire agency complies with the set requirements, and to guide comprehensive risk management, information security and data protection at the agency.

The new organisation is founded on a capacity for renewal and a multifaceted approach

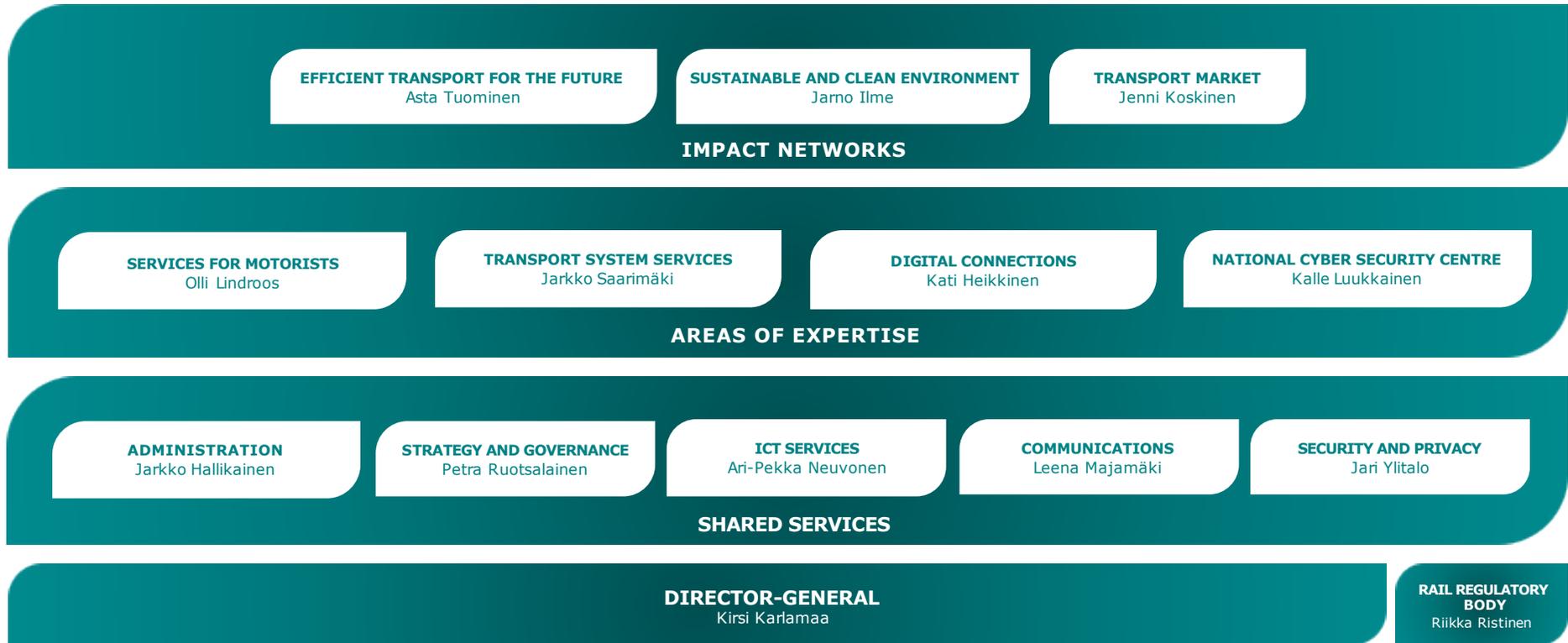
2019 was a year of building the new agency. Over the course of the year, we prepared a new organisational structure that created an agency that is not only capable of renewal and multi-perspective decision-making but also carries out its tasks in an effective and successful manner. Beginning on 1 January 2020, our organisation was restructured into

four competence areas and three impact networks.

During the year of construction, we have identified critical recruitment needs to increase competence and have taken environmental aspects into account in the agency's operating strategy and in the new organisation.



The Traficom organisation



The impact of our operations

In 2019, the preparation of a national transport system plan was launched under the leadership of the Ministry of Transport and Communications. Traficom plays a key role in this task in producing data to support decision-making and coordinating the overall situational picture. We also took several measures to open up the transport market. Our goal is to facilitate the effective launch and growth of the mobility services market and promote a well-functioning transport market, which successfully meets the needs of citizens across different areas of the country.

The 5G Momentum ecosystem, which was created in cooperation with the agencies in the administrative branch, has enabled the creation of new types of innovation and experimentation projects, created new types of networks and shared operating models. We organised the world's first 5G Hackathon to create a new way of verifying the development of information security in 5G technology.

Our network-like operating approach has created exceptionally extensive cooperation forums and a new way to collaborate between the authorities, business life and the world of research.



Opening the transport market

Extensive stakeholder cooperation that promotes dialogue is needed to maintain understanding of the transport market and to identify essential development needs. We also need to know how customers' mobility and consumption habits are changing.

During the year under review, we implemented several measures to open up the transport market. We made several administrative decisions on the opening of ticket and payment interfaces. We also expanded supervision related to aviation and new service providers as planned.

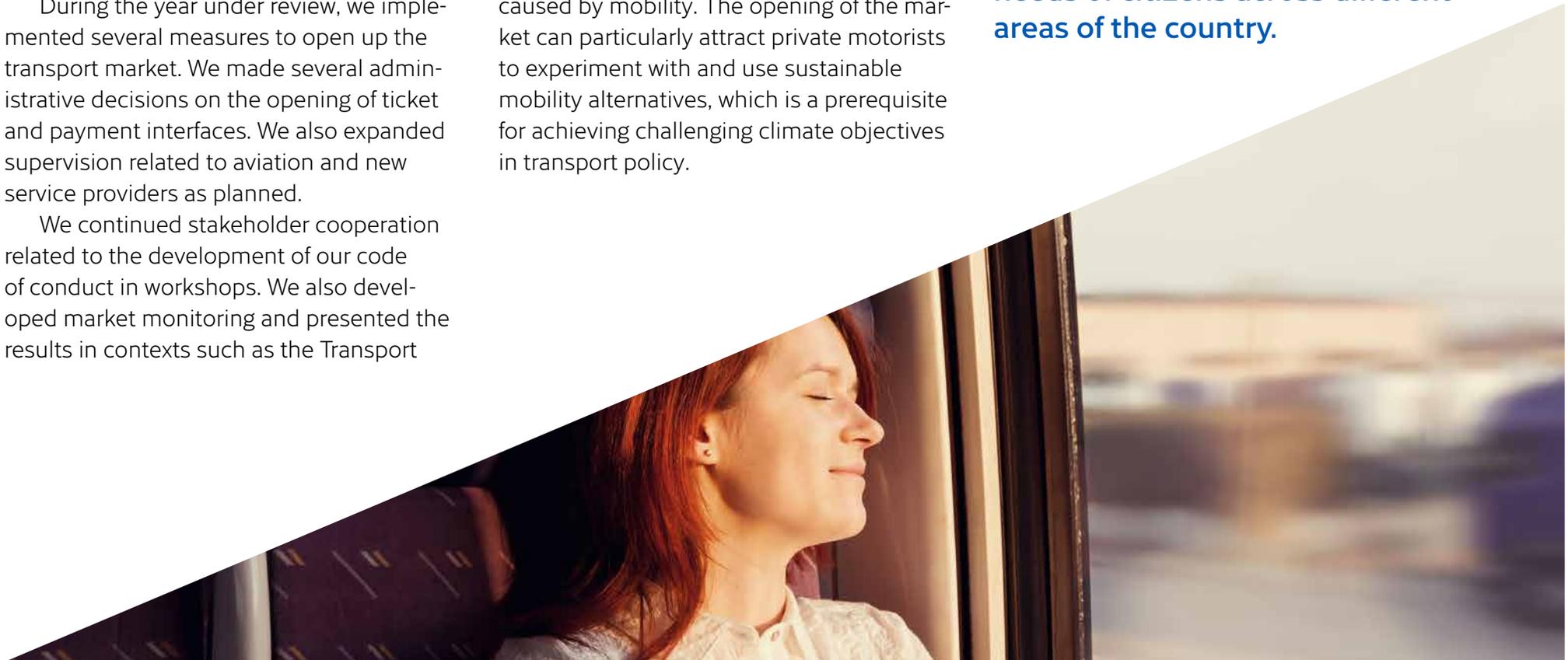
We continued stakeholder cooperation related to the development of our code of conduct in workshops. We also developed market monitoring and presented the results in contexts such as the Transport

Market Forum. In road traffic, we expanded monitoring to include shared cars.

By opening up the transport market, we support access to new mobility services based on digitalisation and shared use of vehicles. The development of mobility services improves citizens' everyday mobility and reduces the environmental damage caused by mobility. The opening of the market can particularly attract private motorists to experiment with and use sustainable mobility alternatives, which is a prerequisite for achieving challenging climate objectives in transport policy.



Our goal is to facilitate the effective launch and growth of the mobility services market and promote a well-functioning transport market, which successfully meets the needs of citizens across different areas of the country.



Preparing a national transport system plan

In 2019, the Ministry of Transport and Communications launched the preparation of the national transport system plan. The 12-year plan, which extends beyond government terms, seeks a long-term approach, predictability and an adequate level of funding for the development of the entire Finnish transport system. The plan affects the competitiveness and sustainability of the entire Finnish transport system, and it also plays a major role in the vitality and accessibility of the regions.

We coordinate the preparation and implementation of the national transport system plan and prepare strategical programmes, action plans and produce state

information. We participated actively in the preparatory work launched by the ministry and produced, for example, a description of the current state of the transport system and changes in the operating environment, and created a review model for the accessibility of national passenger transport. A national survey was conducted on the description of the current state of the transport system, and research will be supplemented based on the survey.

Traficom plays a strong role in preparing a 12-year national transport system plan.



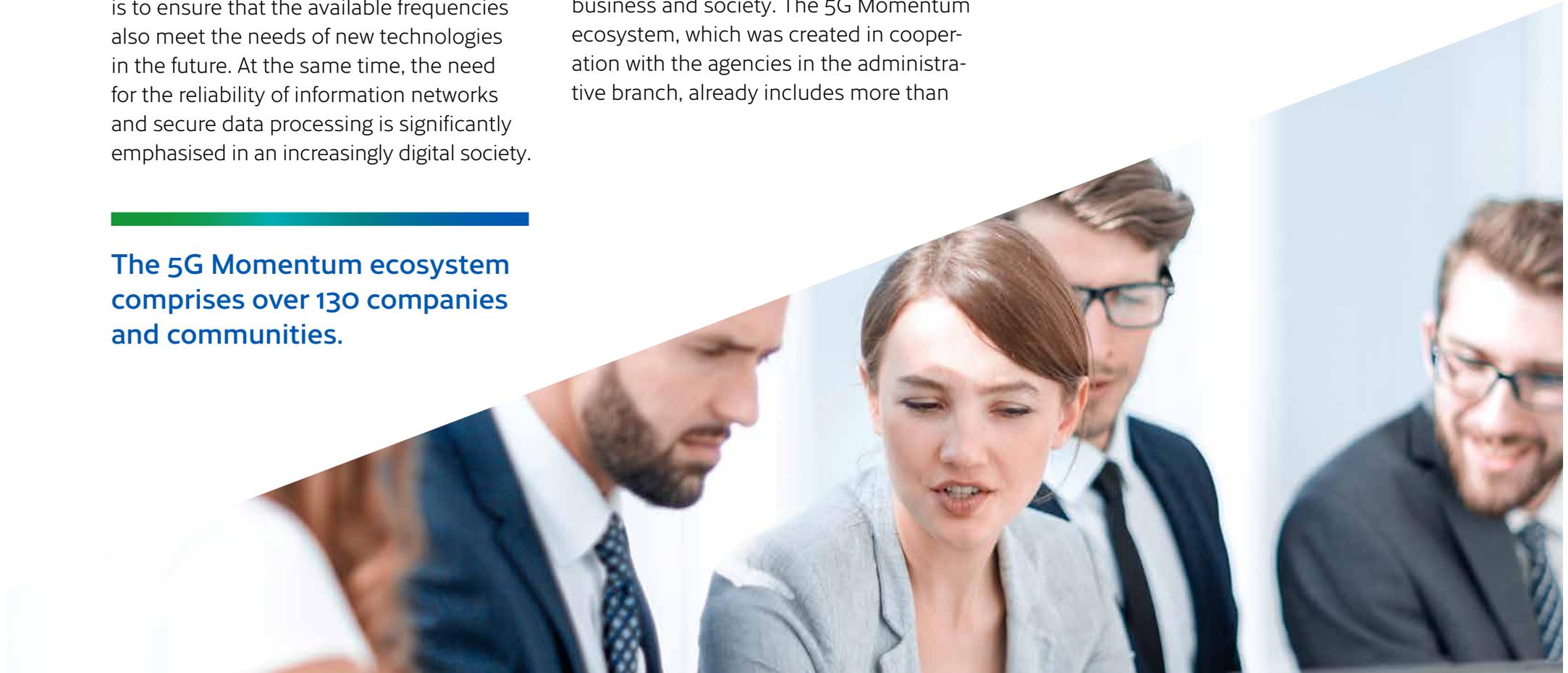
Promoting 5G and the 5G Momentum ecosystem

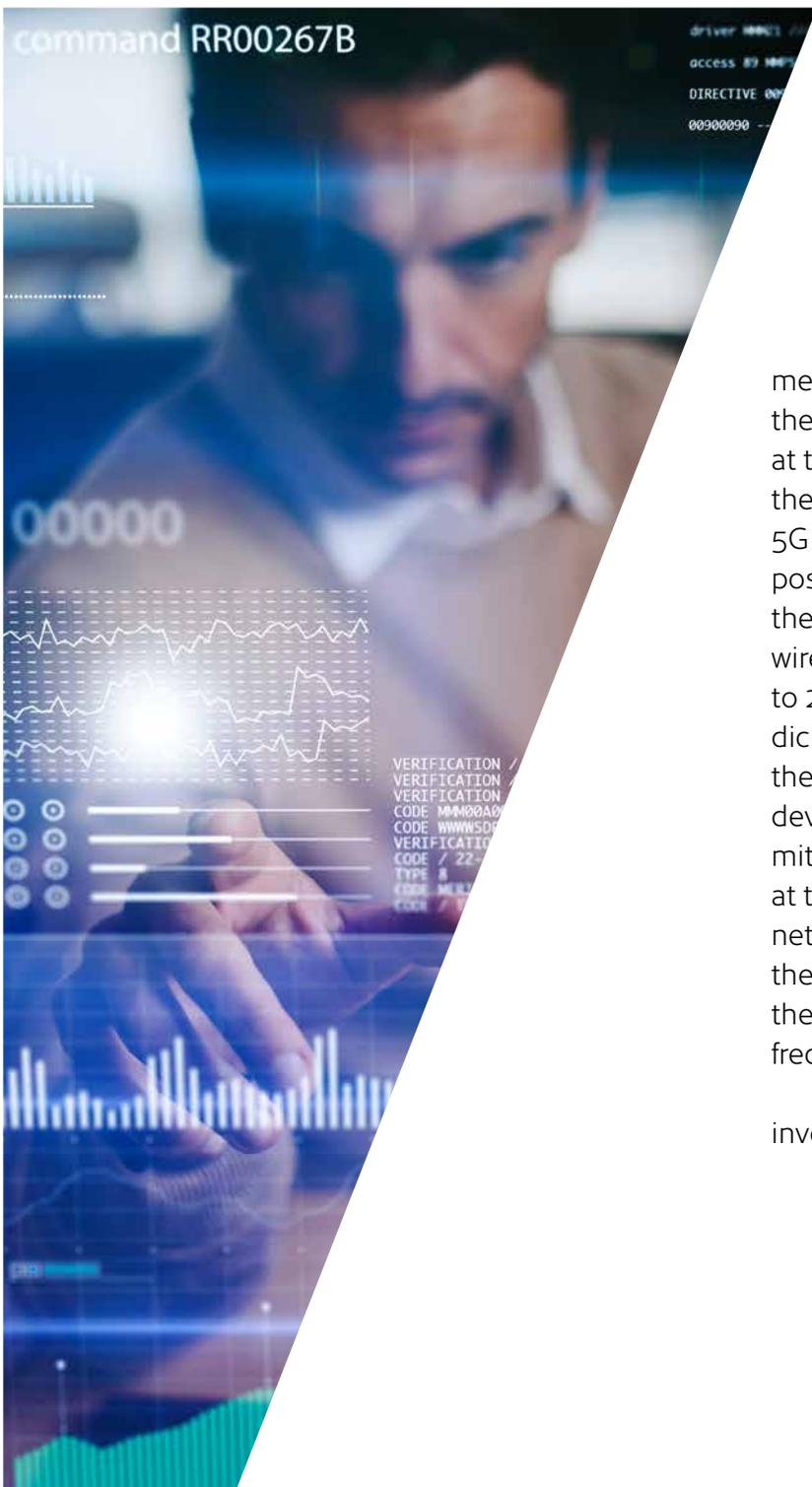
The rapid speed of technological change makes new types of 5G services and innovations available to consumers. Our task is to ensure that the available frequencies also meet the needs of new technologies in the future. At the same time, the need for the reliability of information networks and secure data processing is significantly emphasised in an increasingly digital society.

The 5G Momentum ecosystem comprises over 130 companies and communities.

Together with the agencies of the administrative branch of the Ministry of Transport and Communications and business and research organisations, we have adopted a strong role in raising awareness of 5G technology and highlighting its benefits to business and society. The 5G Momentum ecosystem, which was created in cooperation with the agencies in the administrative branch, already includes more than

130 companies and communities. This has enabled the creation of new types of innovation and experimental projects and formed new types of networks and joint operating models that would not have emerged without the facilitating impact of the authority.





We have continued the effective implementation of 5G technology by influencing the availability of new 5G frequency bands at the international level. We have prepared the introduction of the 26 GHz band in 5G so that frequency allocation will be possible during 2020. This almost triples the number of frequencies available for wireless broadband connections compared to 2019. According to a report by the Nordic Council of Ministers, Finland is ahead of the other Nordic and Baltic countries in 5G development. In 2019, we issued test permits for 20 5G experiments. Finland is also at the forefront in the implementation of 5G networks in international comparisons. At the beginning of 2019, Finland was among the first in the world to adopt the 5G 3.5 GHz frequencies.

We have carried out extensive technical investigations on 5G technology for a



national risk assessment. This work has been carried out in cooperation with telecommunications operators and equipment manufacturers. We organised the world's first 5G Hackathon that involved top hackers and cybersecurity professionals testing the cyber security of 5G technology and its applications in Oulu during the last weekend in November. The event offered a lot of new information and perspectives to both hackers as well as Ericsson, Nokia and the University of Oulu, which offered 5G-based solutions for testing.

Producing data related to the industry and consumer information

In October, we published a survey on citizens' satisfaction with traffic conditions and the level of mobility services. According to the survey, citizens are generally satisfied with the functioning of traffic and journeys. Public transport as well as cycling routes and conditions were the most common areas in which respondents wanted to see improvements when asked about mobility options and services available in their residential area.

As a background for the transport system planning, we compiled a report on the current state of the Finnish transport system. The report, compiled from a national perspective, charts the current status of the

transport system and contributes to providing information about changes in the operating environment.

A major reform of rail regulation, the fourth railway package, entered into force on 16 June 2019. The reform promotes the market access of new operators and reduces the administrative costs incurred to those involved in producing rail transport. The ultimate objective is to increase the operating conditions and competitiveness of environmentally friendly rail transport. As a result of the entry into force of the fourth railway package, national railway legislation was reformed.

We particularly strengthened consumer information with a security label introduced in November. The label ensures to the consumer that the basic features of the information security of the device are in order. In addition, active campaigning by the citizens made people interested in information security during the year. Our campaigns on social media, TV, and the radio reached over 2.4 million citizens.



Cybersecurity

The information security label raises information security awareness and promotes safe use among consumers.





The National Cyber Security Centre published criteria for assessing the security of cloud services and evaluating strong electronic identification solutions based on a mobile application. The objective of the criteria for cloud services is to ensure the security of information kept secret by the authorities in cloud services. It is also suitable for assessing the security of the cloud services critical to business used by companies. In turn, the assessment criteria for strong electronic identification solutions based on a mobile application are intended for strong electronic identification service providers and assessment bodies from which identification services obtain assessments. The objective of the assessment criteria is to ensure, among other things, the information security of mobile applications used in identification services and their compliance with statutory requirements. The assessment criteria have been published as part of the instructions for assessing an electronic identification service.

The National Cyber Security Centre also published cyber training instructions

to support organisations in planning and carrying out training.

We published a guide on the obligation to build internal networks for housing companies designing or implementing a major renovation project, such as a pipe renovation. The guide summarises the content of the obligation to build internal networks.

We published a summary of the 5G cyber security report to support risk management, preparedness and dialogue in both the public administration and the business world. Our aim has been to work actively in anticipation of the future in charting the risks related to 5G technology and increasing extensive knowledge of the importance of cyber security.

The Criteria to Assess the Information Security of Cloud Services (PiTuKri) aim to improve the security of confidential information processed in cloud services.

We also published various statistics related to the industry, including data on first registrations of passenger cars, data related to boating, and data on communications networks, subscriptions and services. We particularly aimed to produce versatile regional data on the latter. Examples of this included star ratings given to municipalities based on the availability, use and coverage of high-speed broadband connections, which stirred interest in issues concerning broadband connections at the local level in many places. We also published data on the development of the telecommunications market in the Nordic countries, and data on the development of the postal market.

We also carried out different campaigns aimed at consumers, such as the Engine of Your Life (promoting walking and cycling) and the Aja vaihtoehtoa (“Drive an Alternative”; promoting alternative car driving) campaigns. With our communications, we

supported the events organised by television companies, network operators and equipment retailers during the national TV Week used to promote the development of HD readiness in households.

We participated in the Fuel Price Comparison project that involved developing the harmonious reporting of the prices of alternative fuels with nine EU member states in the period 2019–2020. The aim of the project is to promote consumers’ opportunities for obtaining comparable data on the costs of different driving forces.





International cooperation

Traficom engages in close cooperation at both the European and global level. We act as Finland's representative in several bodies operating under the European Union together with the Ministry of Transport and Communications, influencing and advocating for issues under preparation in accordance with Finland's national objectives, in good cooperation with representatives of other member states.

During Finland's Presidency of the Council of the European Union, we influenced several different cooperation groups and helped the Ministry of Transport and Communications achieve the targets set for the Presidency.

During the year, we participated in several international cooperation forums.

We particularly pursued Finland's objectives for allocating new 5G frequency bands and fulfilling the conditions of use. In the area of maritime transport, we influenced environmental issues related to maritime shipping and enabling autonomous shipping. In the area of air transport, we promoted flight safety, particularly in cooperation with the European Union Aviation Safety Agency (EASA).

We also engage in close cooperation with Finland's neighbouring countries.

Cooperating with stakeholders and managing customer relationships

We contributed to influencing the transport and communications sector, and participated actively in national and international cooperation in the industry. We participate in public discussion and communicate about our decisions and policies in a transparent and regular manner. Listening to our stakeholders allows us to take into account the interests and views of industry operators and the users of transport and communications services.

During our first year of operation, we identified our key stakeholders and drew up a description of the stakeholders' different roles and interactions with Traficom.

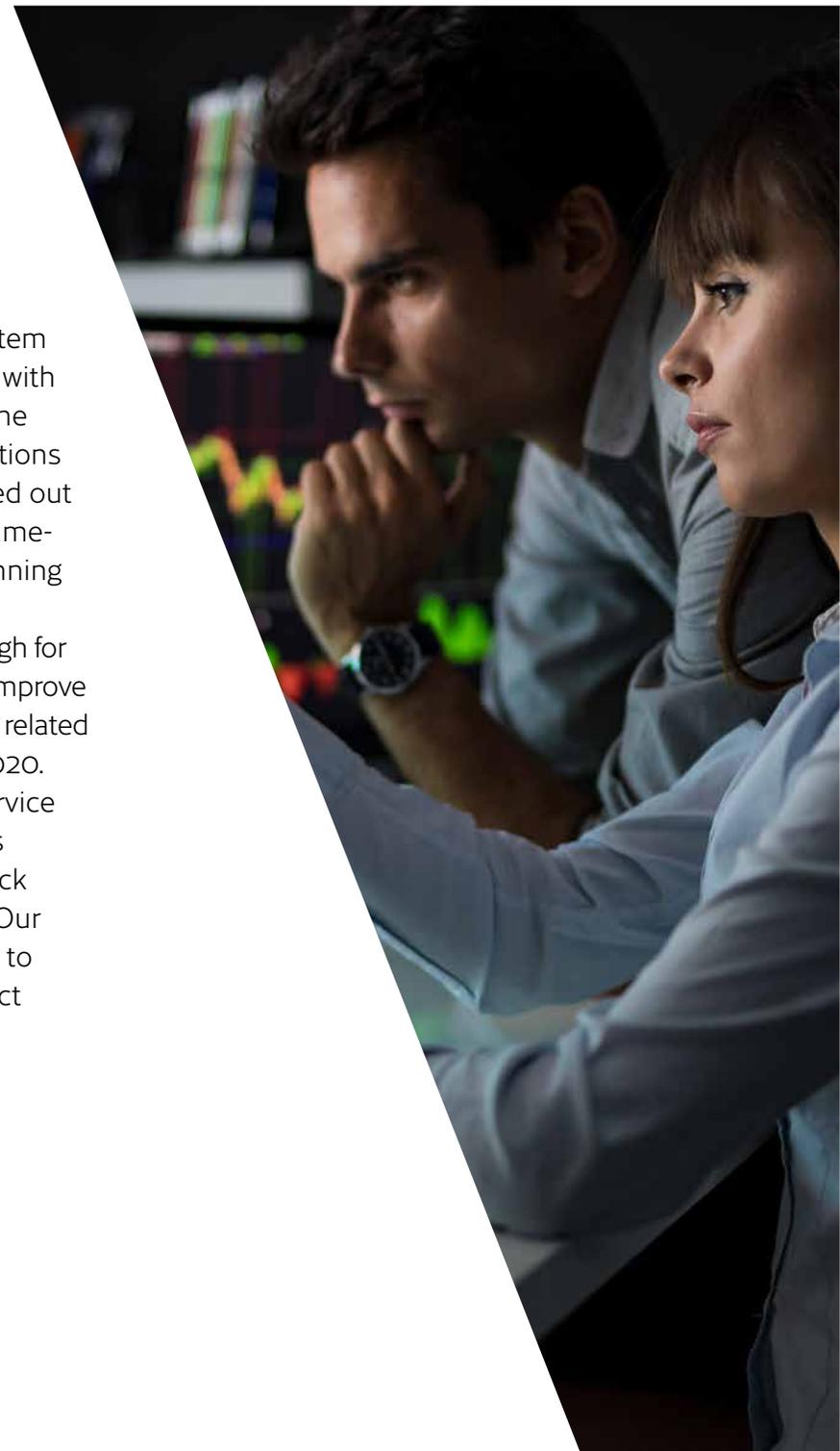
Stakeholder work on transport system planning was launched in accordance with the role of the agency. Together with the Ministry of Transport and Communications and other fields of operation, we carried out stakeholder cooperation within the framework of national transport system planning and regional transport system efforts.

Customer satisfaction levels were high for all customer service packages. We will improve the monitoring of customer satisfaction related to customer service packages during 2020.

We have given our customers a service promise that Traficom's switchboard is available on weekdays at 8–16:15 o'clock and answers calls within 45 seconds. Our customer services provide a response to questions sent using our online contact forms within five working days.

Our service promise:

The switchboard answers calls on weekdays at 8–16:15 o'clock within 45 seconds. Inquiries received via the internet receive a reply in five working days.



Personnel wellbeing at the core of activities

Our personnel are our most important resource, and highly competent employees are at the core of our activities. We value one another, and give each employee a chance to shine.

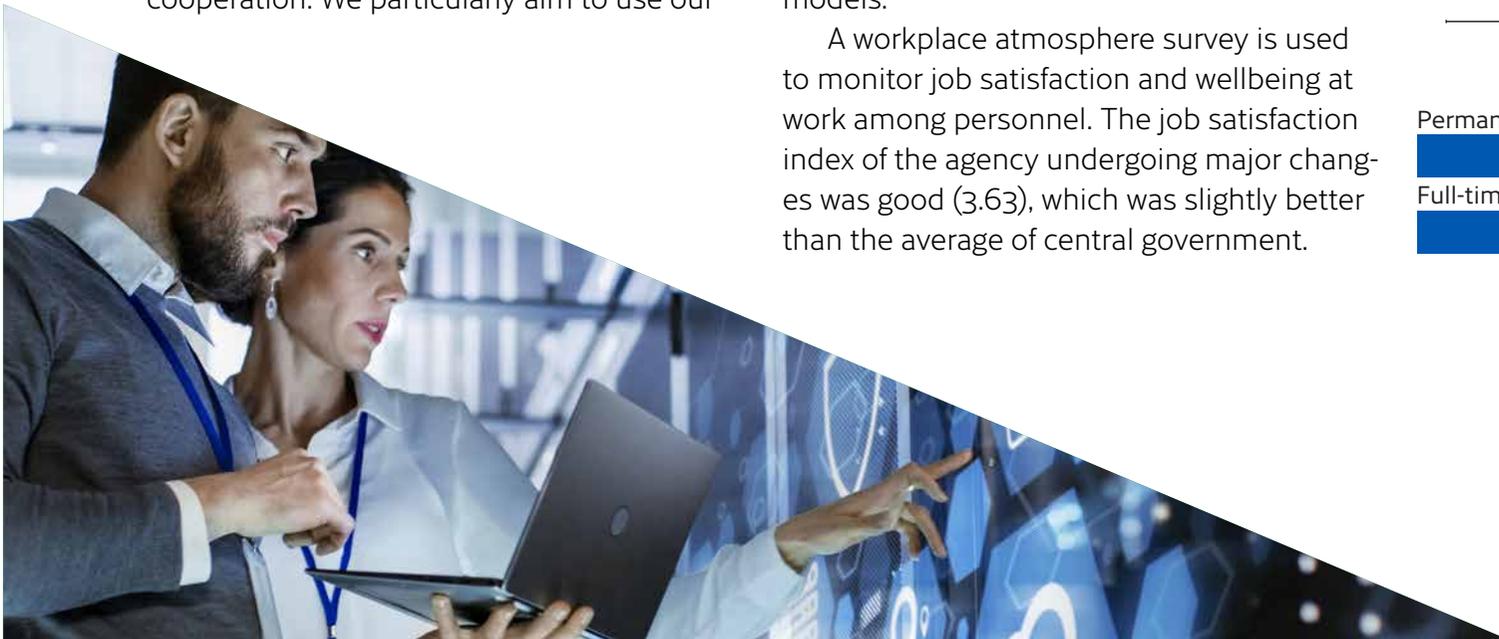
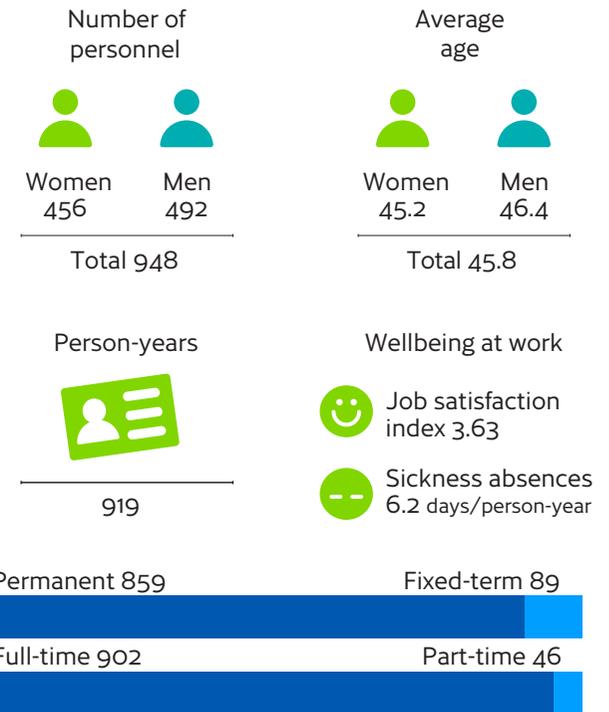
2019 was a year for the creation and further development of new operating models and practices. During the autumn and the end of the year, we focused on the planning and implementation of the agency's new organisation. As part of the organisation process, we also improved the sharing of information, responsibility, joint management and cooperation. We particularly aim to use our

new impact networks to manage the themes that cut across the entire agency.

We have invested in developing a working method that uses a coaching-like approach. During the past year, we have been training supervisors and personnel on the practices of the working method using coaching experiments and video materials, for instance. We have systematically developed joint operating models and involved our personnel in various ways in defining the agency's operating strategy and values as well as in planning the organisation and joint operating models.

A workplace atmosphere survey is used to monitor job satisfaction and wellbeing at work among personnel. The job satisfaction index of the agency undergoing major changes was good (3.63), which was slightly better than the average of central government.

Our personnel in numbers



Government aid and support

In 2019, EUR 654 million was spent of the appropriations available for government aid, support and other transfer costs.

EUR 7 million of the appropriation intended for infrastructure projects promoting walking and cycling and improving related conditions as well as other projects was spent on municipalities' discretionary government transfers.

A total of EUR 9 million of the appropriation for promoting road safety activities was paid in general grants for traffic safety agents and project grants for municipalities and non-profit organisations.

EUR 0.7 million was paid in purchase subsidies for electric cars and EUR 0.4 million in conversion subsidies for passenger cars converted to run on gas or ethanol. In addition, aid amounting to EUR 0.1 million was paid in relation to a previous scrapping premium campaign.

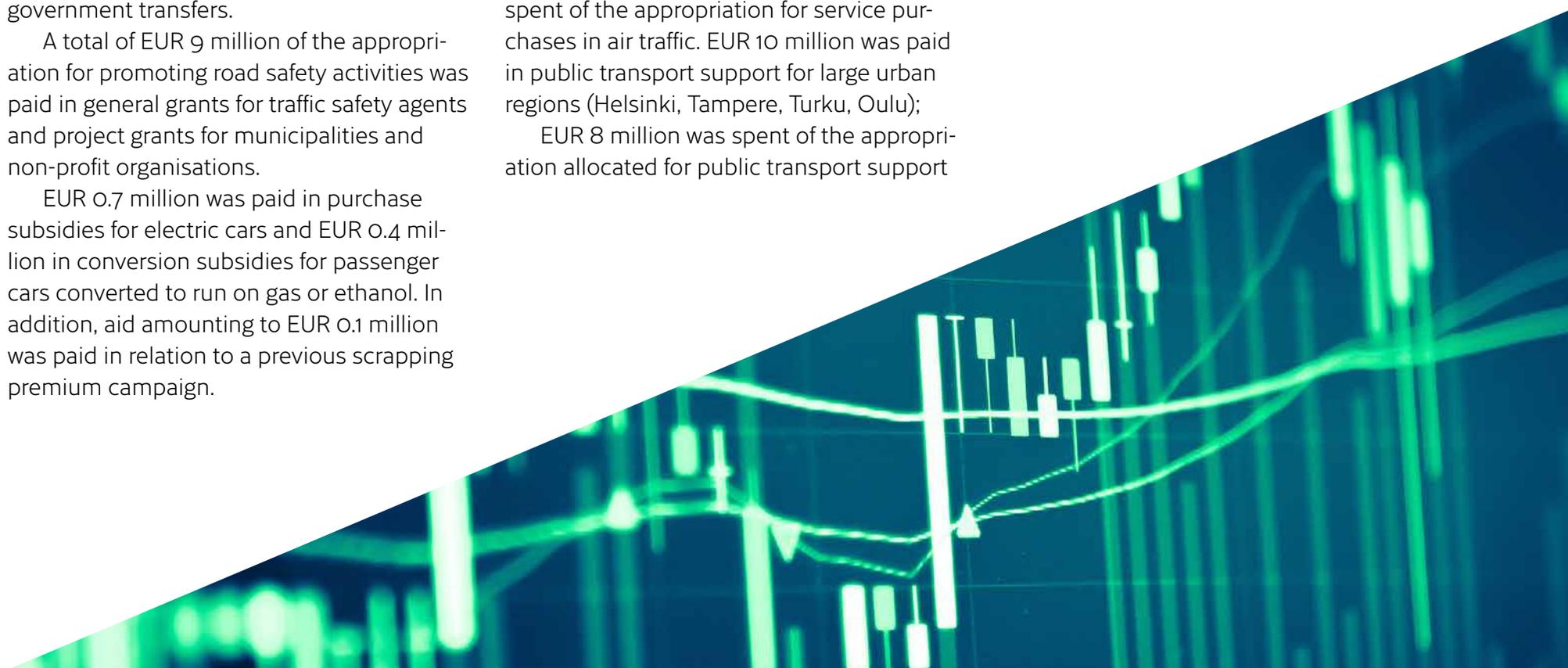
EUR 87 million in merchant shipping aid were paid to vessel owners or employers engaged in shipping in an aim to improve the competitiveness of vessels used in maritime transport.

A total of EUR 20 million was spent of the appropriation for purchasing and developing public transport services. EUR 1 million was spent of the appropriation for service purchases in air traffic. EUR 10 million was paid in public transport support for large urban regions (Helsinki, Tampere, Turku, Oulu);

EUR 8 million was spent of the appropriation allocated for public transport support

in medium-sized urban regions. EUR 1 million was paid in discretionary government transfers for mobility management.

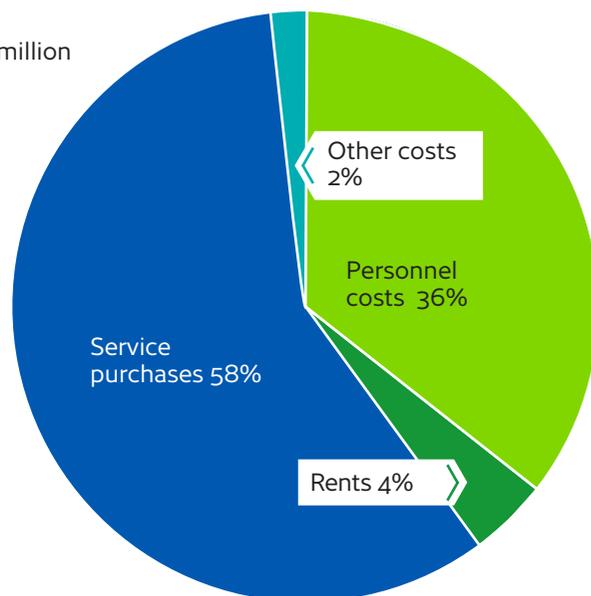
EUR 10 million in aid of the appropriation reserved for the implementation of the national broadband project was paid to related projects.



Traficom in numbers

Agency's expenditure outturn 2019

Total costs
EUR 199.8 million



The 2019 financial accounts includes information about the agency's performance targets, and the profits and losses and profitability of its operations.

The 2019 financial accounts of the Finnish Transport and Communications Agency 2019 is available at www.traficom.fi

Statistics on Traficom's services

<p>Data units transferred 802 million</p>	<p>Advice transactions 0.78 million</p>	<p>e-Service transactions 4.8 million</p>	<p>Data system users 32,300</p>
<p>Electronic nautical chart users 4,700</p>	<p>Printed nautical charts 16,000</p>	<p>Vehicles 5.1 million</p>	<p>Driving licences 3.76 million</p>
<p>Merchant vessels 1,124</p>	<p>Rolling stock 11,300</p>	<p>Final engineering plans 35</p>	<p>Aircraft 1,500</p>
<p>Maritime qualifications 9,500</p>	<p>Aviation licences 6,715</p>	<p>Railway qualifications 2,500</p>	<p>Examinations and certificates 83,000</p>
<p>Shipping aids and public transport grants 107 million</p>	<p>Domain names 0.48 million</p>	<p>Kilometres of broadband networks built 20,000</p>	<p>Radio licences 30,000</p>
<p>Vehicle registrations 5.14 million</p>	<p>Automatically processed information security incidents 85,000</p>	<p>CERT client cases 8,100</p>	<p>Total sea area 82 tkm²</p>

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Communications Agency Traficom**

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