

## Operational guidelines for Solidium

### 1. State's corporate holdings

According to the Government Resolution on State Ownership Policy, the State manages its corporate assets so as to maximise the overall financial and social benefit offered by such interests. The financial benefit generated by companies consists of a long-term increase in value and dividends. In its ownership steering activities, the State abides by the division of responsibilities and duties between the corporate bodies and owners, as provided in the Limited Liability Companies Act. Under said Act, the owners, boards of directors and members of executive management have their own responsibilities, obligations and rights. Additionally, activities are governed by the principles of good governance based on the then-current recommendations.

### 2. Owner's objectives

Solidium's operational guidelines are based on the following premises:

- Solidium is a Finnish 'anchor owner' which conducts its operations with due regard to national interests.
- The company is both entitled and duty-bound to develop its holdings while ensuring that all investments and exits are financially justified.
- Solidium must be capable of assuming responsibility for the supply of capital for its portfolio companies and take part in share issues or other financing arrangements in proportion to its shareholdings.

Solidium conducts its business on a commercial basis with all decisions made by the company's board of directors under its general charter. The board of directors is required to inform the owners as provided in these guidelines.

If the State finds it appropriate, for example under emergency conditions, to recapitalise companies of national importance or, in order to prevent hostile takeovers, to suggest such investments or assign such duties to Solidium that its board of directors does not consider warranted, the Minister responsible for ownership steering may call a general meeting of shareholders to pass a resolution based on the positions adopted by the Ministerial Committee on Economic Policy. If necessary, the owner will recapitalise the company.

Solidium is required to give due consideration for the financial return expected by the State, even under emergency conditions. To ensure that the dividend income received by Solidium is forwarded to the State as fully as possible, Solidium must be managed and administered cost-effectively.

### 3. Solidium's mission

Solidium is a wholly state-owned limited liability company which holds non-controlling interests primarily in listed companies headquartered in Finland. Even though Solidium focuses on listed companies, its policy also allows investments in companies preparing their initial public offering.

Solidium is expected, either alone or together with its partners, to ensure that the ownership of companies of national importance to Finland remains in Finnish hands to a sufficient degree. Solidium's mission is to contribute to the growth and development of its portfolio companies through active ownership by outperforming its benchmark companies.

Solidium may decrease or, if appropriate, increase its investment assets. However, Solidium aims for long-term ownership without pursuing speculative short-term gains. Companies in which Solidium holds non-controlling interests are primarily individual investments which do not necessarily, in the short term, constitute a well-thought-out investment portfolio from the risk-return standpoint. In the long term, however, due consideration is to be given to the risk-return ratio of the totality of the assets.

Solidium is a tool used by the State to increase and consolidate domestic ownership of listed companies. To this end, Solidium may restructure its holdings by acquiring interests in more companies so as to contribute to stability rather than gaining control. Accordingly, the objective is to acquire a minimum of 10 % and maximum 29.9 % of shares and votes.

Solidium is not directly involved in the operations of companies. Instead, all Solidium-owned companies must play a key role in the Finnish economy. Solidium's active ownership policy seeks to develop the companies to promote the economy, employment and corporate growth in general. Solidium takes into account the national interests while at the same time operating on market terms.

The majority of Solidium-owned companies are either highly or increasingly international in their operations. As a result, part of Solidium's investments and capital infusions may target activities being carried out outside Finland. In its own operations, Solidium, therefore, gives due consideration for the international frame of reference of its portfolio companies and, if necessary, participates in their international expansion using the means available to shareholders.

For example, by taking active part in the work of nomination committees along with other major shareholders, Solidium influences board appointments and other important aspects of the operations of its portfolio companies.

#### **4. Board of directors and its duties and powers**

Solidium and its governing bodies operate in accordance with the provisions of the Limited Liability Companies Act and the decision-making powers defined therein and in compliance with the then-current articles of association.

According to Solidium's articles of association, its board of directors must have a minimum of 3 and maximum of 8 members.

The chair of the board plays a key role in the company. It is essential that he or she possesses both extensive experience of the work of the chief executive officer in a listed company or similar environment and experience from board service.

Solidium's general operational guidelines can be defined in more detail by the decisions of the minister responsible for ownership steering. Solidium must comply with the general ownership policy guidelines adopted by the Government in its own operations and those of its portfolio companies, to the extent permitted by its interest in these companies.

Additionally, Solidium's conduct as a shareholder must meet the requirements of the national good governance guidelines. At all times, Solidium is to comply with the securities market regulations and best practices.

As Solidium's sole owner, the State may, at its discretion, call a meeting of shareholders in the circumstances defined in the Limited Liability Companies Act and Solidium's articles of association. Additionally, the State may take up for consideration a matter that normally falls under the general powers of the board of directors and, conversely, the board of directors may refer such a matter to the owner.

#### 4.1. Dividends and disbursement policy:

To ensure that the dividend income received by Solidium is forwarded to the State as fully as possible, Solidium must be managed and administered cost-effectively. The owner may also make decisions on disbursements that exceed or fall short of the number of dividends. As a rule, proceeds from the sale of shares are reinvested or used to consolidate existing holdings.

#### 4.2. Corporate Governance:

As a shareholder and to the extent permitted by its interests in the portfolio companies, Solidium is to comply with the guidelines specified in the state ownership policy and the statement on incentive rewards issued by the Cabinet Committee on Economic Policy.

#### 4.3. Capacity to borrow:

Financially, Solidium can operate more efficiently if its operations are partially based on investments funded by borrowed capital. Solidium's debt-to-equity ratio may not exceed 40%. If the debt-to-equity ratio exceeds 20% for any longer period of time, the board of directors must secure the owner's consent to this.