

# **Solidium's Governance and Steering System 1 June 2022**

## **1. Regulations guiding the operations**

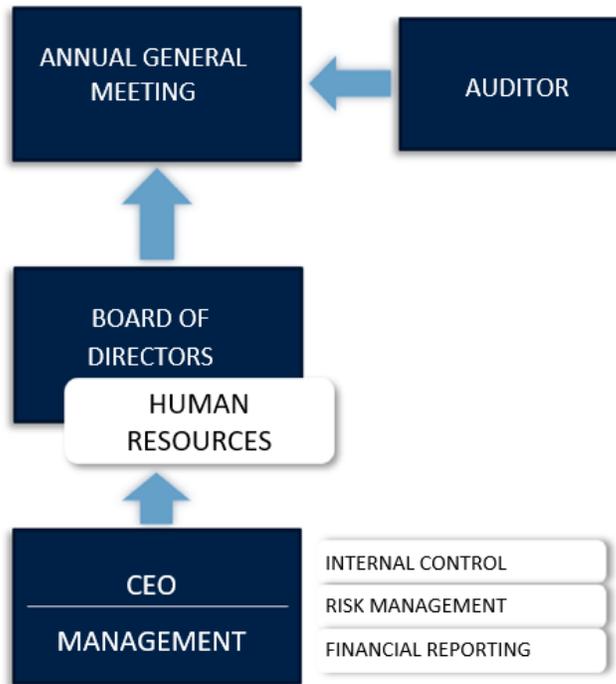
The basis of Solidium's governance rests on Solidium's mandate confirmed by the Cabinet Committee on Economic Policy and Solidium's articles of association. Solidium complies in its operations with the Finnish Limited Liability Companies Act, the Securities Markets Act and other legislation, the general principles of ownership steering confirmed by the Finnish Government, as well as the Corporate Governance Code for Finnish listed companies, as applicable.

## **2. Ownership and ownership steering**

Solidium Oy is a limited liability company wholly owned by the State of Finland. The Ownership Steering Department of the Prime Minister's Office is responsible for Solidium's ownership steering.

## **3. Bodies**

Solidium's bodies are the General Meeting, Board of Directors and CEO, the duties of whom are primarily determined on the basis of the Finnish Limited Liability Companies Act. The Annual General Meeting elects the Board of Directors and the auditors. The Board of Directors appoints the CEO, who is responsible for the day-to-day operative management of the company. The CEO is supported by the management team.



### 3.1 Annual General Meeting

The Annual General Meeting exercises the highest decision-making power at Solidium. The Annual General Meeting is held annually before the end of October.

In addition to the matters that belong to the General Meeting in accordance with the Limited Liability Companies Act, the General Meeting

- decides on the principles that the company must follow when disposing of its assets or acquiring new shares or other assets for the company, and determines the Board of Directors' authorisations concerning these;
- confirms the principles of sound corporate governance that the company must comply with when operating as a shareholder of listed companies; and
- decides on the company's reporting obligation and other communications to its owner.

### 3.2 Board of Directors

The Board of Directors is responsible for Solidium's governance and for organising the company's operations in accordance with the applicable laws and regulations as well as with the articles of association and the Board's rules of procedure. The Board of Directors is responsible for the company's strategic development and the steering and supervision of its business operations. It also decides on the company's key operating principles and follows up on their implementation. Solidium's Board of Directors makes the investment decisions for the company. Solidium's Board of Directors:

- assesses and supervises the compliance and functioning of the internal control principles and operating models in the company;
- regularly monitors the company's financial performance, the value development of the investments and the risks related to the company's operations; and
- makes decisions on reporting, procedures, as well as qualitative and quantitative indicators used to assess the effectiveness and profitability of the operations.

Solidium's Board of Directors consists of a minimum of three and a maximum of eight members. The Annual General Meeting elects the members of the Board of Directors, the chairperson of the Board and the vice chairperson. The term of the Board of Directors expires at the end of the next Annual General Meeting.

<b>Members of the Board of Directors 1 June 2022</b>				
<b>Board member</b>	<b>Member since</b>	<b>Year of birth</b>	<b>Education</b>	<b>Primary position</b>
Harri Sailas, Chairman of the Board of Directors	2016	1951	M.Sc. (Econ.)	Board professional

Aaro Cantell, Vice Chair	2016	1964	M.Sc. (Tech.)	Normet Group Oy, Chairman of the Board, entrepreneur
Timo Ahopelto	2017	1975	M.Sc. (Tech.)	Lifeline Ventures, founding partner
Jannica Fagerholm	2019	1961	M.Sc. (Economics and Business Administration)	Signe and Ane Gyllenberg Foundation, CEO
Jouko Karvinen	2021	1957	M.Sc. (Tech.)	Board professional
Marjo Miettinen	2016	1957	D.Sc. (Economics and Business Administration)	Ensto Oy, chairman of the Board of Directors
Jukka Ohtola	2021	1967	M. Sc. (Economics and Business Administration), CEFA	Prime Minister's Office, Ministerial Adviser
Laura Raitio	2019	1962	Lic.Sc. (Tech.)	Board professional

### 3.3 Human resources committee

The Board's human resources committee assists the Board by preparing personnel matters that are within the scope of the Board's authority. The committee is not an independent decision-making body, but the Board of Directors makes the decisions collectively within its authority. The key tasks of the human resources committee include the preparation of the remuneration of Solidium's CEO and personnel as well as successor planning. The human resources committee convenes at the invitation of the chairperson, as needed.

### 3.4. CEO and management team

The Board of Directors appoints the CEO, who reports on the company's operations regularly to the Board. The CEO manages the day-to-day administration of the company

in accordance with the instructions and orders issued by the Board. The company's day-to-day administration includes, in particular, the management and supervision of the company's business operations and the implementation of the decisions made by the Board.

The CEO presents to the Board the matters which require a decision. Such matters include, among other things, proposals made to the Board concerning Solidium's share purchases and divestments as well as reorganisations in Solidium's portfolio companies when they affect Solidium's position as a shareholder.

The company's management team includes the CEO, the investment directors and General Counsel. The management team assists the CEO in matters related to Solidium's operational management, investment operations, management of the holdings, and risk management.

<b>Members of the Board of Directors 1 June 2022</b>			
<b>Members of the Board</b>	<b>Responsibility area</b>	<b>Year of birth</b>	<b>Education</b>
Ulla Palmunen	Interim CEO (1 June – 1 August 2022), General Counsel	1974	LL. M.
Pauli Anttila	Investment Director	1984	M.Sc. (Economics and Business Administration)
Annareetta Lumme-Timonen	Investment Director	1967	M.Sc. (Eng.), D.Sc. (Tech.)
Petter Söderström	Investment Director	1976	M.Sc. (Economics and Business Administration)

## **4. Auditing**

According to Solidium's articles of association, the Annual General Meeting shall elect one auditor for auditing the company's accounting, financial statements and corporate governance, and the auditor shall be a firm of authorised public accountants certified by the Finland Chamber of Commerce. The term of the auditor expires at the end of the Annual General Meeting following the election. The company's auditor is KPMG Oy Ab, Authorised Public Accountants, with Marcus Tötterman as the principal auditor.

The external auditors assist the company's Board of Directors, CEO and management team in ensuring the functioning of internal control and, in particular, the accuracy of the financial information. The Board of Directors or CEO may regularly commission external evaluations of the adequacy of internal control or targeted internal audits.

## **5. Risk management**

The purpose of Solidium's risk management is to:

- identify the threats affecting the implementation of strategy or the efficiency and profitability of the company's operations, and
- support the achievement of the strategic goals by supervising that the risks are appropriately proportioned to the company's risk-bearing ability and that the continuity of operations has been sufficiently ensured.

The company's risk management process is the joint responsibility of Solidium's General Counsel, chairman of the Board, CEO and investment directors. Solidium does not have a separate internal audit and risk management organisation that is independent of the business operations.

The risk management process includes the monitoring of Solidium's objectives, ensuring the reliability of the information used for management, compliance with external and

internal regulations, as well as the identification and assessment of the key risks related to the operations. The risk management process defines, assesses and categorises Solidium's risks, monitors the realisation of the risk management procedures and prepares a risk map and a risk management report.

The key strategic and financial risks in Solidium's operations are share, interest rate, exchange rate and liquidity risks related to Solidium's investment operations. These risks may have significant impacts on the value of the shares owned by the company. Risks may also arise due to the selection of an incorrect strategy, inadequate management, or slow responses to changes in the operating environment.

The key operational risks are associated with deficiencies or errors in the functioning of internal processes or in the actions of individuals or systems, changes in key personnel or external events causing direct or indirect losses to the company.

## **6. Internal control**

Internal control is carried out through a number of different methods, such as management, organising the operations and the organisational culture, identifying and assessing risks, continuous supervision, reporting and communications, as well as follow-up and audits. Internal control procedures are applied to all operations of Solidium and cover all crucial processes and tasks. The scope and nature of the company's operations are taken into consideration when defining the procedures.

It is the personnel's obligation to report any concerns or suspected misconduct to Solidium's CEO or the chairman of the Board of Directors. Neglecting the reporting obligation is also a misconduct; on other words, it is the personnel's obligation to take action.

In addition, Solidium has in place a confidential reporting and case management system through which anonymous notifications can be submitted of suspected misconduct

related to Solidium's operations (a whistleblowing system). In addition to personnel and the Board of Directors, a notification of suspected misconduct can be submitted by any external stakeholder who suspects that there is non-compliant activity in Solidium's operations. The notifications of suspected misconduct are primarily processed by Solidium's General Counsel, who reports the cases to the CEO. Any cases concerning the CEO are reported to the company's Board of Directors. Cases of suspected misconduct by the General Counsel are processed by the company's CEO.

## **7. Compliance**

The company's General Counsel is responsible for the compliance function, serving as the Compliance Officer, who is tasked with monitoring the changes in legislation and regulations as well as, in accordance with good governance, with drawing up the internal policies, guidelines and ethical principles concerning the company's Board of Directors, management and personnel.

The General Counsel participates in the company's business operations, and taking the scope of the company's operations into account, the compliance function has not been separated from the company's business operations. The Compliance Officer reports to the CEO, and in matters concerning the CEO, they report to the chairman of the Board.

## **8. Remuneration**

In remuneration, Solidium adheres to the principles of the Government Resolution on State Ownership Policy (8 April 2020). The remuneration consists of a fixed monthly salary and a performance bonus, which is a maximum of 30 per cent of the fixed salary and is determined annually. Each financial year, Solidium publishes a Remuneration Statement on its website. The statement includes the company's procedure for making remuneration decisions, the principles of remuneration, as well as the remuneration paid to the members of the Board, CEO and management team.