



## OPERATIONAL GUIDELINES FOR SOLIDIUM

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### 1. State's corporate holdings

As an owner, the State seeks to maximise overall financial and social benefit and sustainable growth in the management of its assets. The financial benefit is generated through a long-term increase in value and dividends. In its ownership steering activities, the State abides by the division of responsibilities and duties between corporate bodies and owners in line with 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, their activities are governed by the principles of good governance based on the current recommendations for corporate governance and reporting.

### 2. Owner's objectives

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

- Solidium is a Finnish 'anchor owner' that conducts its operations with due regard for national interests.
- Solidium has both the right and the obligation to develop its holdings, and must ensure that its investments and exits are economically justifiable.
- Solidium must be prepared to assume responsibility for the supply of capital to its portfolio companies and to 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 based on its general competence. Solidium focuses primarily on minority shareholdings in listed companies, but its policy also allows investments in companies preparing their initial public offering, provided that the companies are deemed to be of national importance. The board of directors must inform the State of any significant changes in ownership or corporate restructuring.

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 must give due consideration to the financial revenue expected by the State, including 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 that holds non-controlling minority interests primarily in nationally important listed companies with headquarters and significant RDI activities based in Finland. Although Solidium focuses mainly on minority shareholdings in listed companies, its policy also allows investments in companies preparing their initial public offering if those companies are expected to be of national importance in the future.

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 so that they outperform their 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 that do not necessarily constitute a well-thought-out investment portfolio from a risk-return standpoint in the short term. In the long term, however, consideration should be given to the risk-return ratio of the assets as a whole.

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 with the aim of improving stability rather than gaining control. Accordingly, the objective is to acquire a minimum of 10 per cent and a maximum of 29.9 per cent of shares and votes.

Solidium is not directly involved in the operations of companies, but all Solidium-owned companies must play a key role in the Finnish economy. Through its active ownership policy, Solidium seeks to develop its companies in a way that has a positive impact on the economy, employment and corporate growth. Solidium takes into account national interests while at the same time operating on market terms.

Most Solidium-owned companies are either highly international or becoming increasingly international in their operations. This means that some of Solidium's investments and capital infusions may target activities taking place outside Finland. In its own operations, Solidium therefore takes into account the international frame of reference of its portfolio companies and, if necessary, participates in their international expansion using the means available to shareholders.

Solidium influences board appointments and other important aspects of the operations of its portfolio companies by taking an active part in the work of nomination committees along with other major shareholders. Solidium also proposes its own representatives for nomination to the boards 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 laid down therein and in compliance with the articles of association in force at the time.

According to Solidium's articles of association, its board of directors must have no fewer than three and no more than eight members.

The chair of the board plays a key role in the company. As such, the chair must have extensive experience working as chief executive officer of a listed company or similar, along with experience serving on a board.

Solidium's general operational guidelines may be specified in more detail by decisions of the minister responsible for ownership steering. Solidium must comply with the general ownership policy principles 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 guidelines on good governance (especially the Corporate Governance Code). Solidium must comply with the securities market regulations and best practices at all times.

As Solidium's sole owner, the State may, at its discretion, call a meeting of shareholders in the situations 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**

The dividend income received by Solidium must be forwarded to the State as fully as possible. The owner may also decide on disbursements that exceed or fall short of the amount of dividends. The State aims to ensure the predictability of disbursements over the long term.

#### **4.2 Proceeds from the sale of shares**

As a rule, Solidium can use the proceeds from the sale of shares to invest in new shares either by increasing existing shareholdings or by investing in new companies.

#### **4.3 Ownership policy**

As an owner, Solidium must comply with the policies of the Government Resolution on State Ownership Policy to the extent permitted by its interest.

#### **4.4 Capacity to borrow**

From a financial standpoint, 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 per cent. The board of directors must secure the owner's consent if the debt-to-equity ratio exceeds 20 per cent for any longer period of time.