



REPORT OF THE SOLIDIUM WORKING GROUP

1. Objective and approach of the working group

On 26 February 2015, Sirpa Paatero, the minister responsible for state ownership steering, appointed a civil service working group to assess the operating practices of Solidium Oy, a 'special assignment company' with a specific state-defined mission, in order to develop its ways of working and address obvious failures and shortcomings. Originally, the term of the working group was 26 February–30 April 2015 but was subsequently extended to 15 May 2015.

The working group was tasked to assess – from the point of view of the state's interests in its capacity as the owner – the strengths and weaknesses of Solidium's current operating practices and identify areas where improvements were called for. In accordance with its mandate, the working group assessed Solidium's development, *inter alia*, from the following perspectives:

- investments held and related dividend yields, the Finnish capital markets and other national interests (including the structure of the economy);
- operational strategies pursued by Solidium-held companies and the appropriate level of ownership supportive of such strategies;
- its position in relation to the Ownership Steering Department and decision making by the Government;
- appropriate use of resources; and
- ensuring Solidium Oy's operational capabilities and access to capital in the future.

The working group was chaired by Eero Heliövaara, Director General of the Ownership Steering Department in the Prime Minister's Office. The members of the working group were Juha Majanen, Deputy Director General of Budget Department at Ministry of Finance; Petri Peltonen, Director General, Ministry of Employment and the Economy; Jarmo Väisänen, Senior Financial Counsellor, Prime Minister's Office; and Petri Vihervuori, Senior Financial Counsellor, Prime Minister's Office, who also served as secretary to the working group.

The working group focused on assessing the guidelines and regulations issued by the state as well as international reference data and Nordic benchmark companies in relation to Solidium's operations. Additionally, the working group ordered an analysis of the development of Solidium's portfolio from eQ Plc and conducted informal analytic discussions with a range of experts representing the various stakeholder groups. The work was carried out by the members as part of their regular duties without any special compensation.

2. Ownership through a limited liability company

Structurally, the Solidium-type limited liability company model has proved to be a practical solution as a form of ownership in managing the state's corporate assets. To some extent, the objectives originally established for this framework (see Annex) have been achieved with a fair degree of success. Solidium has been able to respond quickly to changes both in the companies owned and in the marketplace. When the capital tied up in one company is released, the money can be used for new investment objects. The company's access to debt financing has further improved its capacity to react quickly. If preferred, this framework also permits active portfolio management through relatively flexible decision making.

A logical and pragmatic owner allows the company it invests in to increase its value as efficiently as possible. State ownership must not become a burden for the companies owned. For example, an inconsistent state-owner could scare away international investors, which would have a negative impact on the shareholder value of the companies involved. Optimally, a Solidium-type framework guarantees a favourable value formation through responsible ownership with a high standard of management ethics in respect of the companies held in the portfolio. The limited liability company model, under which the state holds interest in listed companies through Solidium, has proved its flexibility by permitting efficient and timely decision making and implementation.

Proposal 1: *In the view of the working group, Solidium, as a wholly state-owned special assignment company, provides a sound and functional framework for managing the state's holdings in listed companies. The working group proposes that Solidium's guidelines are updated and submitted for approval to the Cabinet Committee on Economic Policy to achieve greater consistency with the objectives established for state-owned companies on the basis of the proposals for action presented by the working group.*

Section 5 of this report proposes a number of changes to Solidium's administrative structure; section 6 ways of increasing its influence in the companies owned; while section 7 provides recommendations for more efficient utilisation of its resources.

3. Performance and success of Solidium's holdings

The working group ordered an impartial analysis of the performance of Solidium's investment portfolio. The analysis shows that the company has not achieved great success in managing its portfolio. Among other things, the analysis compared the return on the investments to benchmark indexes, assessed the significance and success of specific decisions, and compared each company with select benchmark companies.

During the six-years covered by the analysis up to 31 March 2015, Solidium's portfolio yielded an average return of 17.2 per cent per year. Over the same period, the NASDAQ OMX Helsinki Cap index gave an annual return of 17.5 per cent. The portfolio has followed the index surprisingly closely even though it is not identical to the index in composition. However, comparison to the benchmark index is not a relevant approach because Solidium's holdings do not constitute a carefully thought-out portfolio structure. Instead, it consists of significant individual investments with no interdependencies.

According to its declared policy, Solidium is an active owner; in practice, however, the company has not wielded any influence on the operations of companies such as Sampo plc. Without Sampo, the annual return on the portfolio would have been 12.9 per cent. This may be regarded as poor return relative to both the benchmark companies and overall market developments.

Interestingly, Solidium has only made 26 investment decisions in respect of the portfolio companies over a period of six years, which includes the deals made in response to the Government's divestment decisions. Consequently, the impact of the investment decision on the return generated by the portfolio has been fairly limited. The return on a passive portfolio involving hardly any active investment decisions is more or less at the same level as the real return of Solidium's portfolio. The highest relative return was earned when Solidium, by the order of the state, divested its holdings in TeliaSonera AB at the right time using convertible bonds. Of course, when the level of returns are assessed, due consideration must be given to the general framework for investing defined by the state and decision making on portfolio management. The guidelines governing Solidium's operations are fairly restrictive.

Solidium has announced that it is an active owner in the companies in which it holds interests. A company-specific analysis can be used to rate Solidium's performance as an owner in contributing to the shareholder value of the companies owned. A comparison of each of the 14 companies in the portfolio during the six-year monitoring period with the benchmark companies engaged in the same line of business shows that only Sampo plc and Metso Corporation (subsequently split into Metso Corporation and Valmet Corporation) of the Solidium-held companies outperformed their peers. All the other 12 companies, with an aggregate market capitalisation of EUR 3 billion, fell behind their benchmarks by a wide margin. Of this, TeliaSonera accounts for more than 50 per cent. In the two companies that outperformed the competition – Sampo and Metso – the principal shareholder was a party other than Solidium. Consequently, the

impact of Solidium's activities on the companies in which it held interests remained weak.

The working group also singled out a few individual failures during the six-year period.

- The biggest financial loss was incurred as a result of the Inoxum deal by Outokumpu Corporation in 2012, after which Outokumpu's share price digressed from its benchmark group permanently.
- The investments made in Talvivaara plc in 2011 and 2013 totalling some EUR 150 million have been written off. Solidium held that its operating model prevented it from participating in the company's management in 2013 it became the principal shareholder in the company.
- Despite its significant stake in StoraEnso Plc, Solidium has lost its position as the controlling shareholder in the company.
- Solidium has made ill-timed purchases of shares in Outotec Oyj, a company engaged in a highly cyclic line of business.

Proposal 2: *The analysis shows that Solidium has not fully achieved its objectives in terms of increasing the value of its investment portfolio and promoting the success of the companies it holds interests in. Solidium's operating model needs to be reconsidered.*

4. Revenues earned for the state by Solidium

Throughout its history, Solidium has contributed a total of EUR 4.1 billion to the state which, in practice, has been used to cover budget expenditure. The obligation to contribute consists of two parts: dividends to be passed on to the state directly and specific decisions on the return of capital made by the Government. As a result, Solidium has sold large interests in TeliaSonera and Sampo, the two companies paying a significant percentage of the total dividends received by Solidium. Since the dividends are passed on to the state, Solidium's annual dividend expectations have fallen from the EUR 400 million during 2011–2013 to the current EUR 300 million level consistent with the present-day composition of the portfolio.

More specifically, the working group wishes to point out that the obligation to pay large amounts of capital to the state undermines Solidium's ability to act as a major owner in the marketplace.

Proposal 3: *The working group finds that it is of primary importance to Solidium to be able to act predictably in the interest of the efficient management of state assets and long-term increase in the value of the target companies. When the objective for the disbursements to be made to the state is established, due consideration must be given to capital reserves and other circumstances central to Solidium's role as an active owner, which may also lead to the conclusion that no obligation to make disbursements should be imposed. The imposition of an automatic, fixed obligation may easily result in ill-timed divestments of shares.*

The working group proposes that the obligation to make disbursements would only apply to the dividends received by Solidium. By contrast, sales proceeds would only be disbursed when duly justified from the state-owner's point of view with due regard to Solidium's mission as an active shareholder referred to above. At present, the foreseen dividends amount to around EUR 300 million per year.

Solidium's capacity for action must be maintained at a level that permits new investments, the expansion of existing holdings, participation in the financing arrangements of the companies involved, and the adoption of any measures necessary to defend current holdings. In the working group's view, Solidium's existing EUR 7.8 billion shareholdings make it possible to ensure long-term Finnish ownership in companies of national importance.

5. Solidium's position in state-level decision making

The state's decision making system and powers in ownership steering matters is clear-cut. Parliament, the Government plenary session, the Cabinet Committee on Economic Policy, the Minister responsible for Ownership Steering, and the civil service form a definite decision-making framework. Ownership steering in respect of state majority-owned and associated companies is exercised by the Ownership Steering Department in the Prime Minister's Office. Solidium constitutes a clear exception to this system. The Chair of Solidium's Board discusses issues with the minister responsible for ownership steering and Solidium's CEO and other management with the government officials in the Ownership Steering Department. As the company has established a highly independent operating model, there is a risk that some of the information may not be up to date and available to all the parties involved. The existing framework, which calls for excellent inter-personal communications and two-way dissemination of information, and has not worked in an optimum fashion in reality.

The officials in the Ownership Steering Departments are accountable for their management of Solidium's affairs to the political decision makers. Additionally, the officials present issues related to the companies in Solidium's portfolio to political decision makers insofar as the issues are not within the purview of Solidium's Board of Directors.

In the case of complex issues, such as Outokumpu, Talvivaara and the Rautaruukki-SSAB merger, ownership arrangements have also been addressed by the Cabinet Committee on Economic Policy in 2013 and 2014. Political decision makers have repeatedly indicated that they have been compelled to assume responsibility for tough issues even though decision-making powers have been delegated to Solidium's Board. The Cabinet Committee on Economic Policy should be better informed of Solidium's affairs.

Proposal 4: *In the view of the working group, Solidium's administrative model and reporting relations should be clarified. At the same time, steps should be*

taken to ensure that the reporting provides sufficient information to the state on the performance of the companies in Solidium's portfolio, and the impact and cost-efficiency of Solidium's actions. The working group finds it vitally important that a clear majority of the members of the board are professionals with solid business experience. The working group proposes that the Chair of the Board be a person independent of the owner and that only the Deputy Chair and no more than one of the other members are government officials representing the state.

The Chair and Deputy Chair would serve as presiding officers reporting on Solidium's affairs directly to the minister responsible for ownership steering. The Board would have 5–7 members.

When Solidium or the companies in which it holds interests are discussed by the Cabinet Committee on Economic Policy as provided in the new guidelines governing Solidium's operations, the issues to be addressed will be presented by the minister. Serving as an expert is a government official from the Ownership Steering Department who is not a member of the Board.

The Chair of the Boards is a key individual in Solidium's management whose position will be reassessed by the owner on an annual basis. The Cabinet Committee on Economic Policy will regularly update the guidelines for Solidium's operations at the beginning of its term. At the same time, the suitability of the Chair, Deputy Chair and members for their positions will be evaluated in the light of requirements presented in the guidelines. The working group finds it important that the Chair of the Board has experience from working in the top executive management of a listed company, preferably as a Chief Executive Officer; and that he or she possesses solid experience from the workings of a board of directors, preferably at a listed company. Experience from serving as a chair of the board would be an additional asset.

In the selection of the other members of Solidium's Board of Directors, due consideration should be given to the requirement that the persons involved are capable of representing Solidium on the nomination committees of the various companies as well as potentially serving as members on the boards of companies of national importance. Additionally, the working group argues that greater expertise should be required of Solidium relating to the prospects, strategy and management of the companies in which it owns shares.

6. Solidium's ability to generate added value in the target companies

Often, Solidium's operating model has been compared to its Swedish counterparts such as AB Industrierården and Investor AB. However, the operations of these two companies differ significantly from Solidium both in terms of the level of activity and engagement in the operations of the companies owned. Solidium's approach is essen-

tially more passive and so complicated that Solidium's representatives are not in a position to be involved in the administration of the companies.

In reality, Solidium's existing operating model is awkward. Through its significant holdings, Solidium is an 'anchor owner', sometimes even the biggest shareholder in the company, which also means that it is tied to its holdings. Unlike ordinary institutional investors, the option to sell shares is not really available to Solidium. At the same time, it is not actively involved in the administration of the target companies, either.

To date, Solidium's main and practically only way of wielding influence has been the involvement in the work of the nomination committees. While influencing the composition of the boards of directors is an important part of sound shareholder control, it is not necessarily enough. While meetings between the members of top management are also important, their impact is often relatively limited.

Proposal 5: *The working group holds that the exercise of active influence by Solidium in respect of the target companies should be considerably intensified as compared to the situation today. If necessary, Solidium's Board and its executive management should divide the seats on the nomination committees between them. Solidium's Board should, at its meetings, adopt a more active approach to addressing the board appointments and remuneration at all the companies in which Solidium holds interests.*

The working group urges Solidium to assume a substantially more active role as an owner. Future board appointees and executives should also have the ability to engage in high-level board service at the target companies. This represents a major departure from the existing operating model. Consequently, the working group proposes that the operating model be updated and adopted gradually, starting with a single company on an experimental basis.

Engagement in the boards of directors of the target companies may be unidirectional or bidirectional. Unidirectional engagement means that those serving on the boards are given access to market and other analyses generated by Solidium's organisation. Bidirectional engagement refers to the operating model applied by Solidium's Swedish benchmark companies, under which the information obtained by a member of the board is discussed by Solidium's management. They will then formulate a position on the issues being addressed in addition to the procedure foreseen under the unidirectional model. The working group recommends the adoption of the unidirectional model.

7. Solidium's resources and efficiency

Solidium's way of working and limited business model have led to a situation where the organisation's skills and resources are not fully exploited from the owner's point of view. Just analysing the non-controlling holdings in 12 companies and sparring with the executive management fail to make full use of Solidium's qualified personnel. One

new company has been added to Solidium's portfolio every two years. It should be borne in mind, however, that over its six years of operation Solidium has been called upon to analyse numerous projects that have not been implemented nor come to public attention.

During its existence, the company has carried out 26 transactions to buy or sell shares. This may be considered a low number. Solidium's fixed annual operating costs are approximately EUR 5 million. In addition, the company has paid a little shy of EUR 1 million per year for various studies carried out by consultants. On top this come the brokerage and consultancy fees for the transactions that are included in the transaction costs and not recognised as expenditure in the income statement. These expenses clearly exceed the market level. The working group strongly recommends that these services are put out to open tender to invite more affordable offers. While the cost may not appear that significant considering the total assets under management, it should be assessed in terms of impact, or what value added has been achieved through these outlays. As it is, what little value has been generated so far does not justify the cost.

Cost-efficiency can be improved either by adjusting the resources allocated to the activities or by doing more with the existing resources. When Solidium was established, it was assumed that the personnel to be recruited would, as a rule, be able and qualified to carry out the necessary studies and analyses required for the projects. This has not been accomplished as expected.

Proposal 6: *Solidium possesses solid experience in the analysis of listed companies. Therefore, it would be advisable to transfer all the other state holdings in listed companies to Solidium, which would improve its resource efficiency. Consequently, the state's holdings in listed companies of strategic interest, i.e., Fortum Corporation, Finnair Plc and Neste Corporation, could be reassigned to Solidium which would assume ownership steering responsibility for them.*

The efficiency of the management of the state's corporate assets could be improved if the work carried out by the Ownership Steering Department and Solidium's analysis organisation were more closely coordinated. This could be accomplished by redefining Solidium's mission accordingly or by revising job descriptions. To intensify cooperation, it may not be necessary to transfer the state's assets to Solidium.

8. National importance of Solidium's portfolio

The guidelines for Solidium's operations issued in 2011 specify that holdings in companies involving national interest are to be assigned to Solidium's portfolio. Last year, Solidium's Board of Directors analysed the company's holdings from this perspective. The new guidelines to be issued for Solidium by the Cabinet Committee on Economic Policy later this year will identify the companies of special national interest. Typically, they are companies of great importance to society or companies possessing

such key expertise and patents or otherwise essential to securing access to vital resources or the functioning of society or the economy as to justify long-term Finnish ownership. One of Solidium's objectives is to ensure that the head offices of these companies remain in Finland.

Solidium's portfolio also includes companies with solid financial performance and capable of providing a steady dividend yield to the owners. Even if these companies involve no special national interests, they serve as an excellent liquidity reserve should Solidium need to buy shares in large quantities or infuse capital.

The working group finds that since these companies are listed, there is a risk that discussions of national interest in public reports may affect the share prices. For this reason, it is inadvisable to present any evaluation of national interest in this context.

Proposal 7: *Solidium should seek to attain the position of a controlling shareholder in companies involving national interests. Almost invariably, this means an effort to achieve the position of the largest shareholder. At many of the companies, Solidium holds an interest slightly exceeding 10 per cent of the share capital. Typically, a controlling position calls for a 5–20 per cent stake in the company. Efforts should be made to acquire this level of control at companies of national interest.*

The working group proposes that the Cabinet Committee on Economic Policy identifies the companies falling into the category of companies of national importance. At the same time, the Cabinet Committee is urged to define the extent to which the holdings in these companies are to be addressed by the Committee. The working group finds that participation in corporate management should be expanded in proportion to growing national significance.

PROPOSALS FOR ACTION

Proposal 1: *In the view of the working group, Solidium, as a wholly state-owned special assignment company, provides a sound and functional framework for managing the state's holdings in listed companies. The working group proposes that Solidium's guidelines are updated and submitted for approval to the Cabinet Committee on Economic Policy to achieve greater consistency with the objectives established for state-owned companies on the basis of the proposals for action presented by the working group.*

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The efficiency of the management of the state's corporate assets could be improved if the work carried out by the Ownership Steering Department and Solidium's analysis organisation were more closely coordinated. This could be accomplished by redefining Solidium's mission accordingly or by revising job descriptions. To intensify cooperation, it may not be necessary to transfer the state's assets to Solidium.

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The working group proposes that the Cabinet Committee on Economic Policy identifies the companies falling into the category of companies of national importance. At the same time, the Cabinet Committee is urged to define the extent to which the holdings in these companies are to be addressed by the Committee. The working group finds that participation in corporate management should be expanded in proportion to growing national significance.

ANNEX

1. Background for the management of the state's corporate assets

1.1. Ownership structure

The state's corporate assets are divided into holdings in companies operating on a commercial basis and special assignment companies entrusted with a specific state-defined mission. Ownership steering in respect of commercial companies is segregated from regulatory supervision with business-related decision making being exercised by the in-house corporate organs. The companies operate on the same terms as their competitors so as not to distort competition. Based on the owner interests involved, commercial companies are subdivided into companies of strategic interest and companies of financial interest.

Special assignment companies have a specific state-defined mission or enjoy an exemption by virtue of which they do not operate on commercial terms and are not governed by commercial considerations in a competitive environment. Even so, the companies' finances must be on a sound footing.

Ownership steering in respect of state-owned companies operating on market terms is exercised by the Ownership Steering Department in the Prime Minister's Office under the minister responsible for ownership steering. Ownership steering in respect of special assignment companies is exercised by the ministry or minister responsible for the company concerned.

At end of 2014, the state held shares in a total of 63 companies of which 23 are special assignment companies and 40 operating on a commercial basis. Of the 40 commercial companies, ownership steering is exercised by the Ownership Steering Department in the Prime Minister's Office in respect of 24 companies, by the Ministry of Finance in respect of 1 company, and by Solidium in respect of 12 companies in which the state holds non-controlling interests. Of the special assignment companies, the Prime Minister's Office is responsible for the ownership steering of 18 companies and the ministries for the rest.

1.2. Decision making on ownership issues

The highest decision-making powers in the context of state ownership steering are exercised by Parliament, which defines the levels of ownership in the individual companies and allocates the appropriations for this purpose out of the Government budget. Decisions on the purchase and sale of shares are made and the general principles for ownership steering determined by the Government plenary session. The decisions are based on the recommendations of the Cabinet Committee on Economic Policy. Acting on behalf of the state in matters related to ownership steering is the responsible minister who is accountable for such steering to the Government and Parliament.

Aside from the ownership steering of the companies under its direct responsibility, the Ownership Steering Department in the Prime Minister's Office is also responsible for the preparation of ownership steering policies and the coordination of related practices. Each ministry is responsible for ownership steering in respect of the companies within their purview.

1.3. Guidelines and regulations regarding state holdings

The main piece of legislation regulating the exercise of government control in state-owned companies is the State Shareholdings and Ownership Steering Act (1368/2007). The Act applies to decision making relating to state shareholdings and ownership steering in respect of state-owned companies. The Act defines the powers of the Government and Parliament when decisions are made to acquire or relinquish state control. In addition, the Act clarifies the division of powers between the Government plenary session and the respective ministry responsible for ownership steering. Moreover, the Act sets out more detailed provisions concerning the sale of shares and restructuring of the ownership base.

Aside from the State Shareholdings and Ownership Steering Act, the management of the state's corporate assets is governed by Government resolutions on the state's ownership policies. The Government may also take other decisions regarding the policies and ownership steering in general.

Also, the Cabinet Committee on Economic Policy may issue statements related to this subject matter, which include the instructions on executive remuneration and statements on Solidium's objectives and policies. Moreover, the ministry responsible for outlining the ownership policies and steering – currently the Prime Minister's Office – may give recommendations and specify practices and procedures.

2. Solidium as part of the management of the state's corporate assets

2.1. Objectives of Solidium's establishment

The idea of using the holding company model for managing the state's corporate holdings was first raised in discussions conducted at and around the change of the millennium. In 2008, the conclusion was made that the state needed an off-budget national instrument in its toolkit. Above all, this need arose from the state's holdings in listed companies because decision making subject to budget control is not fast enough to keep up with the stock markets. A holding company with its own board of directors managing non-controlling interests in listed companies responded to this need.

As far the non-controlling interests in listed companies are concerned, there was broad consensus that ownership steering should partly be segregated from political decision making. Under law, the shareholders in listed companies are to have equal access to information on the company with control based on the number of shares held. It was felt, therefore, that a holding company with its own board of directors would be best

placed to pursue the objectives of the state as a minority shareholder in listed companies.

2.2. Organisation of Solidium's activities

At Solidium, the highest decision-making powers are exercised by the meeting of shareholders. The duties of the Board of Directors are determined by the provisions of the Limited Liability Companies Act and the company's articles of association. The company organisation includes the Chief Executive Officer, General Counsel and three Investment Directors who form the company's management team. Additionally, there is an Investment Manager, three analysts and three assistants. Accordingly, the total number of staff is 12. Seven investment professionals monitor 12 portfolio companies with one Investment Director and one analyst assigned to each company.

2.3. Restrictions imposed by the guidelines for Solidium's operations

A fairly precise framework was defined for Solidium's operations right from the beginning. When the company was founded, the governance system was determined so as to enable the Government and the Cabinet Committee on Economic Policy to specify the framework for activities. As part of this model, the company engages in an on-going dialogue with the minister responsible for ownership steering. Solidium's Board of Directors makes independent decisions on the actions to be taken following preparation under the CEO's supervision.

On a general level, the governance model is still the same, but was defined in more detail on 22 December 2011 when the Cabinet Committee on Economic Policy determined the division of duties between Solidium's owner and the Board of Directors and the powers of the Board. Accordingly, Solidium was to play a key role as a state-owned holding company in pursuing a long-term ownership policy and ensuring the capacity for flexible response. Steps are taken to enhance the composition of Solidium's share portfolio. The revenue from the sale of shares is also used for generating new growth.

The company invests in Finnish listed companies aiming at a sufficient degree of control without, however, delisting them. Even though the company focuses on listed companies, its policy also allows investments in companies preparing their initial public offering.

The guidelines issued by the Cabinet Committee on Economic Policy state that the Board of Directors is authorised to buy substantial lots of shares in companies deemed to be of national significance. This refers to the company's field of activity and relative position in the field; the financial arguments for and the social impact of the investment; and the timing of the investment.

National significance, as defined in Solidium's investment policy, differs from the strategic interests associated with state-owned non-listed companies in that the latter are defined by the ministry with regulatory responsibility. The difference with regard to the

definition of a special assignment company lies in that these companies have a specific state-defined mission to accomplish.

According to the guidelines, Solidium should aim at a minimum stake of 10 per cent and a maximum stake of 15–20 per cent. Solidium is both authorised and obligated to develop its share portfolio, engage in the provision of capital to the target companies and participate in share issues in proportion to its then-current holdings. All these decisions need to be made on sound financial grounds. Solidium's mission is to serve as an important non-controlling owner in companies that are of national importance to Finland.

In respect of these five companies, Solidium is obligated to consult the Cabinet Committee on Economic Policy if its stake falls below 10 per cent. Additionally, the Cabinet Committee on Economic Policy is to be informed in advance of any plans to reduce Solidium's holdings or voting rights in a given company by a minimum of 10 percentage points as a result of corporate restructuring, share issue or other situations requiring decision making, and the reasons for such changes. The same applies if Solidium initiates a process resulting in the relinquishment of all its holdings in a given company.

Furthermore, the Cabinet Committee on Economic Policy ordered that the dividends received from the target companies are to be forwarded to the state and that Solidium was to contribute EUR 400 million of capital reserves to the state during 2011-2015. The variation range for indebtedness was set at 20–40 per cent of the value of the portfolio. Additionally, it was declared that Solidium was not an economic or industrial policy actor and that it was to make its investments on a sound financial basis.

As far as the hands-on ownership steering was concerned, the Cabinet Committee on Economic Policy reaffirmed that the responsible minister was to engage in a regular dialogue with Solidium's Chair of the Board and the government officials with the CEO and key individuals in order to ensure that the company and the owner share a sufficiently consistent view of the position and operations of the company.