



# Corporate Governance Statement 2023

Dare to grow.

**Tesi**

## Tesi

- We work for the success of Finnish startups and growth companies
- We develop and serve the Finnish venture capital and private equity market
- We invest in venture capital and private equity funds, and also directly in startups and growth companies
- We operate on market terms, as a minority owner
- We advance sustainability both in venture capital and private equity industry and in companies
- Our goal is to maximise our positive social impact through our operations
- We offer information and experience to companies, investors and policymakers
- We are an investment company 100% owned by the Finnish state

# Annual Report 2023

Tesi's (Finnish Industry Investment Ltd) Annual Report comprises four sections. All sections of the Annual Report are available in Finnish and English and can be downloaded from our website [tesi.fi](https://www.tesi.fi).

- **Business Overview:**  
Strategy, value creation, investment operations and sustainability
- **Financial Review:**  
Board of Directors' report and Financial Statements
- **Corporate Governance Statement:**  
Corporate governance, internal control, and risk management systems
- **Remuneration Report:**  
Remuneration principles, remuneration of the Board of Directors and CEO



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Tesi's Annual Report 2023 comprises four sections. This is the Corporate Governance Statement, which covers corporate governance, internal control and risk management systems.

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# Introduction

Tesi's (Finnish Industry Investment Ltd) Corporate Governance Statement is prepared in all applicable respects in compliance with the Corporate Governance Code for Finnish Listed Companies compiled by Finland's Securities Market Association. The Corporate Governance Statement is available on the company's website: [www.tesi.fi](http://www.tesi.fi).

Tesi's corporate governance is managed in accordance with Finland's Limited Liability Companies Act and the Act on State-Owned Company Suomen Teollisuussijoitus Oy. Tesi complies with all applicable recommendations of the [Corporate Governance Code](#) for Finnish Listed Companies, in addition to existing legislation and the provisions of the company's Articles of Association. Our goal is transparency, international comparability and the promotion of good corporate governance practices in line with the Code, as well as the harmonisation of information-related procedures. Confidentiality is a priority in venture capital and private equity investment, while good corpo-

rate governance is of special importance in internal activities.

Tesi deviates from the recommendations of the Corporate Governance Code only in cases where they are not appropriate to a wholly state-owned, unlisted company. Tesi has an Impartiality Instruction on the impartial and ethical behaviour of personnel, and a Related Party Policy approved by the Board of Directors in December 2023.

**” Tesi complies with all applicable recommendations of the Corporate Governance Code for Finnish Listed Companies, in addition to existing legislation and the provisions of the company's Articles of Association.**

## Ownership and ownership steering

The Finnish state owns Tesi's entire capital stock. The Ministry of Economic Affairs and Employment is responsible for the ownership steering and industrial policy guidance of the company.

**” The Finnish state owns Tesi's entire capital stock. The Ministry of Economic Affairs and Employment is responsible for the ownership steering.**

## Annual General Meeting

The Annual General Meeting is held at the company's place of domicile by the end of May each year on a date specified by the Board of Directors. The Annual General Meeting elects the Chair, Vice Chair and members of the Board of Directors, appoints the auditor, ratifies the financial statements, decides on the remuneration of the company's Board members and releases the Board members and the CEO from personal liability. The Annual General Meeting was held on 22 March 2023.

## Board of Directors

Tesi's Board of Directors is responsible for the administration and the proper organisation of the operations of the company in accordance with the applicable legislation and legislative instruments (special law and associated decrees), the Articles of Association and the Board's rules of procedure.

The task of the Board of Directors is to promote the company's best interests. The Board must manage the company professionally and according to sound business practices. The Board of Directors addresses issues with broad implications and of an unusual nature with respect to the scope and nature of the company's business activities.

The Board of Directors is responsible for the strategic development of the company as well as for guiding and supervising its business operations. The Board of Directors also decides the company's main operating principles and monitors implementation of them.

As a rule, the Board of Directors makes the company's investment decisions and appoints the CEO and Management Team members. The Board also evaluates and develops its work each year.

The Board of Directors convened 15 times during 2023, and attendance was 97%.

The Board of Directors comprises the Chair of the

Board as well as at least four and at most seven other members of the Board. The Board of Directors annually assesses the independence of its members and notifies which of them are independent of the company and which independent of the shareholder.

Finland's Ministry of Ministry of Economic Affairs and Employment is responsible for the ownership steering of the company and for the proposal to be made to the Annual General Meeting concerning the composition of the Board of Directors. Equal opportunity aspects for state-owned companies are addressed when electing Board members. In 2023, altogether 43% of Board members were women (43% in 2022).

The Annual General Meeting elects the members, the Chair and the Vice Chair of the Board of Directors. Their term of office ends at the close of the next Annual General Meeting. During 2023 the members of the Board of Directors were Jacob af Forselles, Riku Huttunen, Mia Folkesson, Anniina Heinonen, Minna Helppi, Pauli Kariniemi (until 22 March), Timo Leino, and Jaakko Weuro (as from 22 March).

**” The Chair of Tesi's Board of Directors is Jacob af Forselles.**



## BOARD MEMBERS 31 DECEMBER 2023

### Jacob af Forselles

- Chief Strategy Officer, Konecranes Plc
- Board Chair
- MSc (Econ), LL.M., born 1973
- Board member since 2021
- Independent of the company and of the owner



### Anniina Heinonen

- Managing Director, Payments, Wolt
- Board member
- MSc (Econ), born 1981
- Board member since 2020
- Independent of the company and of the owner



### Jaakko Weuro

- Head of Unit, Financial Markets Department, Ministry of Finance\*
- Board member
- LL.M., born 1980
- Board member since 2023
- Independent of the company



### Riku Huttunen

- Director General of the Energy Department, Ministry of Economic Affairs and Employment
- Vice Chair
- M.Pol.Sc. (Econ), born 1966
- Board member since 2020
- Independent of the company



### Minna Helppi

- Senior Vice President, Group Finance, Andritz Group
- Board member
- MBA, born 1967
- Board member since 2020
- Independent of the company and of the owner



### Mia Folkesson

- CEO, Impactly Group Ltd
- Board member
- MSc (Econ), born 1980
- Board member since 2021
- Independent of the company and of the owner



### Timo Leino

- Board Chair, Linnea Capital Ltd
- Board member
- LL.M., born 1957
- Board member since 2022
- Independent of the company and of the owner



\* Director General, Financial Stability Authority, Ministry of Finance as of 1 January 2024

## BOARD OF DIRECTORS' AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Board of Directors comprises at least two Board members. The Board of Directors elects from amongst its members the committee chair and committee members for one year at a time. The members of the committee must be independent of the company and at least one member independent of the owner. At least one member of the Audit and Risk Committee must have sufficient expertise in financial matters and applicable experience in accounting principles and financial statements. The Audit and Risk Committee may, if necessary, use third-party specialists and it has the right to examine all information regarding the company.

The Board of Directors has confirmed written rules of procedure for the committee. These rules specify the main duties and principles of operation of the committee. The duties of the Audit Committee mainly involve addressing matters relating to the company's financial reporting and monitoring as well as to its risk and compliance reporting and monitoring, in addition to preparations for auditing and internal auditing. During 2023 the members were Minna Helppi (Chair), Anniina Heinonen, Pauli Kariniemi (until 22 March) and Jaakko Weuro (as from 22 March). The Audit and Risk Committee convened six times during the year.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises no more than four members of the Board of Directors. The Board of Directors elects from amongst its members the committee Chair and committee members for one year at a time. The members of the committee must be independent of the company. The Board of Directors has confirmed written rules of procedure for the committee. These rules specify the main duties and principles of operation of the committee. The duties of the Remuneration Committee include preparation of matters relating to remuneration of management personnel and to the company's remuneration systems. During 2023 the members of the Remuneration Committee were Riku Huttunen (Chair), Jacob af Forselles, Mia Folkesson, and Timo Leino. The Remuneration Committee convened five times during 2023.

**” The duties of the Audit and Risk Committee mainly involve addressing matters relating to the company's financial reporting and monitoring as well as to its risk and compliance reporting and monitoring, in addition to preparations for auditing and internal auditing.**

## Attendance at meetings of the Board and committees

		ATTENDANCE AT BOARD MEETINGS	ATTENDANCE AT AUDIT AND RISK COMMITTEE	ATTENDANCE AT REMUNERATION COMMITTEE
Jacob af Forselles	as from 1 January 2023	15/15	not a member	4/5
Riku Huttunen	as from 1 January 2023	14/15	not a member	4/5
Mia Folkesson	as from 1 January 2023	15/15	not a member	5/5
Timo Leino	as from 1 January 2023	14/15	not a member	5/5
Minna Helppi	as from 1 January 2023	14/15	6/6	not a member
Anniina Heinonen	as from 1 January 2023	15/15	6/6	not a member
Pauli Kariniemi	until 22 March 2023	3/3	1/1	not a member
Jaakko Weuro	as from 22 March 2023	12/12	4/5	not a member

# Advisory Board

Tesi Advisory Board advises the Board of Directors and promotes the company's public relations. The Board of Directors appoints the members for a term of office of the same length as their own. The Advisory Board comprises 12–16 members and it is convened by the Board of Directors. The Advisory Board does not have independent decision-making authority regarding the company or to third parties and does not have any responsibilities under commercial law.

During 2023 the Advisory Board convened two times: once before the Parliamentary Elections in spring and once in December.

Tesi Advisory Board's new composition was appointed in Tesi's Board meeting on 28 September 2023. During the first half of 2023, the members of the Advisory Board were Juha Rantanen (Chair), Mari Holopainen, Nina Kopola, Ari Korhonen, Veli-Matti Mattila, Pirita Mikkanen, Lauri Muranen, Riitta Mäkinen, Arto Pirttilahti, Matti Putkonen, Tommi Toivola, and Ben Zyskowicz.

” **The Advisory Board advises the Board of Directors and promotes the company's public relations.**

## MEMBERS OF ADVISORY BOARD

### 31 DECEMBER 2023

- **Jacob af Forselles**, Chair (Chief Strategy Officer, Konecranes; Chair, Tesi's Board of Directors)
- **Arno Aho**, CEO (Finance Finland)
- **Pauli Heikkilä**, CEO (Finnvera)
- **Inka Hopsu**, Member of Parliament (The Greens)
- **Anne Horttanainen**, CEO (Finnish Venture Capital Association FVCA)
- **Jyri Häkämies**, CEO (Confederation of Finnish Industries)
- **Antti Kaikkonen**, Member of Parliament (Centre Party)
- **Aki Kangasharju**, CEO (ETLA Economic Research)
- **Nina Kopola**, CEO (Business Finland)
- **Riitta Mäkinen**, Member of Parliament (Social Democratic Party)
- **Riikka Pakarinen**, CEO (Finnish Startup Community)
- **Matti Putkonen** (Finns Party)
- **Reima Rytsölä**, CEO (Solidium)
- **Minna Vanhala-Harmanen**, CEO (The Finnish Family Firms Association)
- **Antti Vasara**, CEO (VTT Technical Research Centre of Finland)
- **Ben Zyskowicz**, Member of Parliament (National Coalition Party)

## CEO and Management Team

Tesi's CEO is Pia Santavirta, from 1 January 2023. The Board of Directors appoints the CEO of the company, who reports regularly to the Board of Directors on the company's operations.

The CEO is in charge of the day-to-day management of the company in accordance with the instructions and orders issued by the Board of Directors and in compliance with legal requirements. The company's day-to-day management includes managing and monitoring business operations, entering into contracts, and ensuring that decisions made by the Board of Directors are executed.

The CEO may take actions that have broad implications and are of an unusual nature with respect to the scope and nature of the company's business activities only if the Board of Directors has authorised the CEO to do so, or if waiting for a Board decision would be essentially detrimental to the company's operations. In the latter case, notification of the measures proposed

or taken must be given to the Board of Directors without undue delay.

Tesi's Management Team implements the company's strategy and prepares investment proposals for the company's Board of Directors. The Management Team comprises the CEO and the team leaders of the various functions. The Management Team convened 44 times during 2023. The Management Team comprised Pia Santavirta, Susanna Aaltonen, Henri Hakamo, Jussi Hattula, Gösta Holmqvist, Matias Kaila, Anna Kilpi (until 30 April), Juha Lehtola, and Hanne Stenman (as from 19 April).

**” Tesi's Chief Executive Officer is Pia Santavirta, from 1 January 2023.**



## MANAGEMENT TEAM 31.12.2023

### Pia Santavirta

- CEO
- LL.M., born 1976



### Jussi Hattula

- Director, Growth & Industrial Investments
- MSc (Tech), born 1968



### Juha Lehtola

- Director, Venture Capital Investments
- MSc (Tech), born 1976



### Susanna Aaltonen

- Director, Communications
- MSc (Econ), (B.Soc.Sc.), born 1970



### Gösta Holmqvist

- CFO
- MSc (Econ), born 1959



### Hanne Stenman

- General Counsel (as from 19 April)
- LL.M., born 1986



### Henri Hakamo

- Chief Strategy and Research Officer
- MSc (Econ), born 1986



### Matias Kaila

- Director, Fund Investments
- MSc (Econ), born 1982



# Internal control, risk management, and compliance

## INTERNAL CONTROL

Tesi's corporate culture and corporate governance systems create the foundation for internal control and risk management. Tesi's Management Team, Audit Committee and Board of Directors are responsible for arranging the company's internal control, risk management and reporting, while internal control is implemented by the whole organisation. Each supervisor is responsible for the effectiveness of internal control within his or her sphere of competence.

Internal control supports the achievement of Tesi's strategy and assures management that the company's operations are efficient and profitable, that the identification, measurement and management of risks are implemented in all activities, that financial reporting and other financial data are reliable, and that external regulations and other rules applicable to operations are followed.

Tesi's corporate culture and Tesi personnel's high degree of professionalism combined with Tesi's risk management policy, Code of Conduct, internal instructions and the monitoring of these instructions together form the basis of the company's internal control environment. Operations are based on predefined and planned procedures and the methods for approving and adjusting them, as well as on other controls.

## RISK MANAGEMENT

Tesi's operations are governed by a special law and a government decree relating to it, which define the company's main principles for risk-taking. Tesi's mission is to promote the development of Finland's private equity and venture capital market as well as the growth and internationalisation of Finnish companies. The company's operations therefore involve bearing higher than usual risks in certain geographic areas and specific sectors. The company's investment activities must nevertheless be managed as a whole in a way that ensures investments are adequately diversified and that does not legally jeopardise the primary obligation for profitable operation over the long term.

Tesi has a risk management policy, confirmed by the Board of Directors. The policy sets out the principles for risk management, specifies risk definitions and risk classifications and also defines the main roles and divisions of responsibilities as well as the monitoring and reporting procedures. The goal for risk management is to ensure that risks borne by the company are commensurate with its risk-bearing capability. The aim is to ensure that the risks attached to the company's business operations are identified and assessed, that the company responds to those risks, and that they are

managed and monitored.

Risk management applies the Three Lines of Defence model, wherein the executive and risk-taking function is separated from the independent oversight function.

Tesi's main risks are related to private equity and venture capital investments, and to financial securities. Both involve various investment risks, including business risks attached to venture capital and private equity investments, liquidity risks, financing risks, credit risks, foreign exchange risks, interest rate risks, and other investment risks.

The risks related to each private equity and/or venture capital investment are mitigated by predictive generation of the deal flow, careful analysis in the screening phase, participating through board work in the business development of portfolio companies, proactive interaction with General Partners and positive action in the exit stage. In order to reduce risks, investments are deconcentrated to different allocation classes, different industries, and also distributed geographically, while taking into account the company's social mission.

Managing financing risks ensures that the company always has adequate financing available for its busi-

ness operations (unpaid investment commitments).

The company's liquidity and cash flows are continuously monitored. When preparing new investments, the effect of the investments on liquidity and financial position is taken into account. Most of the company's cash flows and investments are denominated in euros. Investments in financial securities are diversified and made at the selected risk level in compliance with the investment policy confirmed by the company's Board of Directors. The market volatility of financial securities is monitored regularly and counterparty risk is managed by selecting partners carefully.

Other risks to which Tesi is exposed include strategic risks, operational risks, and ESG risks. Strategic risks are identified as risks related to the company's mandate (i.e. right to exist), risks related to special tasks, and political and market dominance risks, as well as to risks related to achievement of the company's strategy. Operational risks include cyber risks, data security and system risks, personal risks, outsourcing risks, misconduct risks and legal risks. ESG risks are both internal and external, and if realised will have an impact at both the strategic and operational level.

## COMPLIANCE

Tesi's operations are regulated by: i) a separate Act of Parliament and decree, ii) targeted recapitalisations as decided by the Finnish Parliament, iii) an annual circular setting targets and issued by the Ministry of Economic Affairs and Employment, iv) resolutions by the Ownership Steering department (Prime Minister's Office). In addition to Finnish legislation, and the instructions and policy guidance we receive from ownership steering, we comply with good corporate governance principles and we also conform to international norms and agreements on employee rights and the environment. Furthermore, we require no less of the companies and funds in which we invest.

Compliance with legislation is ensured mainly in two

ways: i) Pertinent laws and amendments to them are communicated to personnel by providing more detailed internal instructions on the relevant subject; ii) in conjunction with each new direct investment a comprehensive legal due diligence is conducted that ensures that the investment does not entail any legal risks or, at least, that the risks are known and managed.

A compliance report is submitted to the Board of Directors every six months. It contains monitoring of decision-making, a review of legislative initiatives of importance to Tesi, and reporting on compliance risks and data protection anomalies. A whistleblowing channel has been in place since 2020 for reporting any suspected misconduct or non-compliant behaviour.



## Auditing and internal control

The Annual General Meeting elects Tesi's auditor. During fiscal year 2023 the company's auditor was KPMG Ltd, chartered accountants. The lead auditor was **Marcus Töttermann**, CPA. Auditing fees in 2023 amounted to EUR 54,509. In addition, EUR 27,707 were paid to the auditing company for other services during fiscal year 2023.

The company's internal control is an independent and autonomous precautionary function aimed at examining and assessing the company's management and governance processes as well as the effectiveness and impact of the management and governance processes from the risk perspective.

Tesi's internal control during the year was arranged as a service procurement from third-party service provider BDO. The observed matters in the internal control were management of operative risks as well as the effectiveness and compliance of risk policies. The final report stated that, as a whole, management of operative risks are implemented appropriately and no major defects were observed in managing operative risks nor new major risks, in general.

## Related party transactions

Tesi has an **Impartiality Instruction** approved by the Board of Directors containing guidelines for the impartial and ethical behaviour of its personnel. In addition, a **Related Party Policy** was approved by the Board of Directors in December 2023.

In compliance with good governance, any persons handling a matter must be independent and unbiased in respect of all aspects of the matters they handle. A person disqualified for this reason may not be involved in any preparation or decision-making concerning the matter that disqualifies them. There must, however, be a particular reason that trust is in jeopardy. For example, a normal customer relationship or acquaintanceship with an involved party does not constitute grounds for disqualification.

The Impartiality Instruction sets out the grounds for disqualification according to Finland's Administrative Procedure Act, which also covers related parties. To avoid disqualification, Tesi personnel may not acquire direct or indirect ownership of any of Tesi's investees

or investment projects. This prohibition does not apply to shares, holdings or other securities issued in the manner referred to in Finland's Securities Markets Act (746/2012), although special attention must be paid to insider regulations with regard to them.

Employees are responsible for providing a list of the investments they directly or indirectly own and which are listed on the balance sheet of either Tesi or its subsidiaries. This disclosure requirement also applies to shares, holdings or other securities issued in the manner referred to in Finland's Securities Markets Act (746/2012).

**” To avoid disqualification, Tesi personnel may not acquire direct or indirect ownership of any of Tesi's investees or investment projects.**

# Insider administration

Tesi's Board of Directors approves and confirms the main principles concerning insider issues and the instructions for insider issues. The CEO supervises and is responsible for the principles confirmed by the Board of Directors and for compliance with the instructions. Tesi has an insider officer appointed by the CEO, and an insider register clerk appointed by the insider officer.

The purpose of Tesi's Insider Instruction is to promote public trust in Tesi's investment activities. Proper instructions also increase the knowledge of company personnel and other persons working within the company's sphere of interest, so that regulations are not unwittingly contravened. The Insider Instruction applies to all persons in Tesi's service and holding positions of trust in Tesi.

The instruction is based on Finland's Securities Markets Act and on the instructions and regulations supplementing it. Although Tesi is not itself a listed company, it often handles information classified as insider knowledge. Therefore, it is important to define procedures ensuring that people working in the company are aware of their insider status, and that they know how to manage insider information and the trading

limitations for those with insider information.

The shares and other financial instruments of a listed company that is a Tesi investee can be bought and sold under the provisions of the Insider Instruction only by requesting permission in advance from Tesi's insider officer. The purpose of this procedure is to ensure that insider regulations are not unwittingly contravened and that there can be no cause at all to suspect contravention of insider regulations.

A person in Tesi's employ must notify the insider officer without delay if in the course of performing his or her duty receives notification from a listed company that he or she has been entered in the listed company's insider register.

**” The shares and other financial instruments of a listed company that is a Tesi investee can be bought and sold under the provisions of the Insider Instruction only by requesting permission in advance from Tesi's insider officer.**



# Tesi

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