

Unofficial English translation of the Act on Keva

Act on Keva (66/2016)

(in force as from 1 January 2017)

Adopted on 29 January 2016 (66/2016)

Amended on 21 December 2016 (1261/2016) – will enter into force on 1 January 2017

Amended on 24 May 2017 (292/2017) - will enter into force on 26 May 2017

Amended on 12 April 2019 (541/2019) – will enter into force on 1 May 2019; however, section 25 a on 1 January 2020

Amended 17 May 2019 (692/2019) – will enter into force on 10 June 2019

Amended 11 June 2020 (455/2020) – will enter into force on 1 January 2021

Amended 26 June 2020 (513/2020) – will enter into force on 1 July 2020; however, sections 3 and 4 as from 1 January 2020

Amended 26 June 2020 (514/2020) – will enter into force on 1 January 2021

The following is enacted by decision of Parliament:

Chapter 1

Scope of application and member bodies of Keva

Section 1

Scope of application

This Act lays provisions for the pensions institution by the name of Keva. Keva is a pensions institution under public law administered by its member bodies and it is domiciled in Helsinki.

Section 2

Duties of Keva

Keva is tasked with attending to:

1) the implementation of pension cover as provided in the Public Sector Pensions Act (81/2016) for the personnel of local government, the State, the Evangelical Lutheran Church and the Social Insurance Institution, activities related to reducing the risk of incapacity for work of local government, State and Evangelical Lutheran Church personnel, as well as the other duties laid down in this Act; (541/2019)

2) the financing of the pension cover of the personnel in the employ of its member bodies with the exception of financing to which the Act on the Financing of State Pension Cover (67/2016) shall apply; and

3) collecting the pension contributions provided for in section 2, subsection 1 of the Act on the Financing of State Pension Cover and in section 3, subsection 1 of the Act on the Financing of Evangelical Lutheran Church Pension Cover (68/2016).

Keva shall attend to its duties referred to in subsection 1, paragraph 2 in a manner which safeguards the benefits belonging to pension cover.

Keva may provide pension administration services and the support services necessary for the management of these on a contractual basis also to groups of customers outside the scope of application of the Public Sector Pensions Act if the services do not involve the exercise of public authority.

Section 3

Member bodies of Keva

Municipalities and joint municipal authorities as well as Keva and the Municipal Guarantee Board are member bodies of Keva.

The following are entitled to become member bodies of Keva:

- 1) an association whose membership only comprises member bodies mentioned in subsection 1 or associations formed thereby;
 - 2) a limited liability company wherein the company's entire stock is held by member bodies mentioned in subsection 1 or by associations, foundations or cooperatives that have become member bodies of Keva or by limited liability companies mentioned in this paragraph which have become member bodies of Keva;
 - 3) a cooperative whose members comprise only member bodies mentioned in subsection 1 or paragraph 2 of this subsection;
 - 4) a limited liability company, foundation or cooperative in which control within the meaning of chapter 1, section 5 of the Accounting Act (1336/1997) is exercised by one or more of the member bodies mentioned in subsection 1 and which is used to help provide services required in the fulfilment of the statutory duties of municipalities and functions directly in service of these;
 - 5) a limited liability company, foundation or cooperative in which control within the meaning of chapter 1, section 5 of the Accounting Act (1336/1997) is exercised by one or more of the member bodies mentioned in subsection 1 and in which the majority of employees were in the employ of a member body of Keva immediately prior to the establishment of the limited liability company, foundation or cooperative.
- (26.6.2020/513)

An association, limited liability company, foundation and cooperative which has become a member body shall notify Keva of any changes in its circumstances due to which it no longer meets the requirements provided for in subsection 2. (26.6.2020/513)

A university of applied sciences formed as a limited liability company, as referred to in the Act on Universities of Applied Sciences (932/2014), which is a member body of Keva on 1 April 2017, has the right to stay as Keva's member body until the end of year 2025 regardless of the changes in the ownership of the company. (292/2017)

Section 4 (26.6.2020/513)

Becoming a member body and expiry of membership

An association, limited liability company, foundation and cooperative shall, on application, be accepted as a member body of Keva if it meets the requirements provided for in section 3, subsection 2.

Should it be established that the association, limited liability company, foundation or cooperative that has become a member body no longer meets the requirements for membership provided for in section 3, subsection 2, Keva shall, having heard the member body concerned, find the membership to have expired. A member body may also resign membership. A member body shall notify of resignation no later than three months prior to expiry of membership.

Section 5

Bankruptcy of a member body

If an association, a limited liability company or a foundation that has become a member body is declared bankrupt, the bankruptcy estate can continue as a member body of Keva with the same rights and obligations as the other member bodies. Payment of the contributions provided for below in section 19 for the duration of a bankruptcy estate's membership shall be paid by the bankruptcy estate. The bankruptcy estate may withdraw from membership in Keva as laid down in section 4, subsection 2.

Chapter 2

Supervision

Section 6

General supervision

The general supervision of Keva is the task of the Ministry of Finance.

The Ministry of Finance may, for special reasons, order a special audit of Keva's administration and accounts.

The Ministry of Finance shall appoint for a term of no more than six accounting periods at a time an auditor who is tasked with auditing the accounting and other documentation of Keva to ensure that the calculations referred to in section 24 presented by Keva on the sum required to pay State pensions, Evangelical Lutheran Church pensions and Social Insurance Institution pensions and on the indemnification of Keva's costs provide a true and fair view. Furthermore, the auditor is tasked with auditing the accounting and other documentation of Keva to ensure that Keva has collected State and Church employer pension contributions as provided in section 2, subsection 1 of the Act on the Financing of State Pension Cover and in section 3, subsection 2 of the Act on the Financing of Evangelical Lutheran Church Pension Cover as well as employee pension contributions as provided in section 168, subsection 2 of the Public Sector Pensions Act and that the correct amount of pension contributions, as well as transition charges and Unemployment Insurance Fund contribution have been paid to the State Pension Fund and that the correct amount of pension contributions and Unemployment Insurance Fund contribution have been paid to the Evangelical Lutheran Church. The auditor shall be either a KHT auditor [Authorised Public Accountant] or a JHT auditor [Chartered Public Finance Auditor] approved by Auditor Oversight. The provisions of the Auditing Act (1141/2015) shall apply to the audit. (26.6.2020/513)

Section 7

Supervision of financial planning and investment activities

The financial planning of Keva and the investment of Keva's funds are supervised by the Financial Supervisory Authority. Section 18 and 24 of the Act on the Financial Supervisory Authority (878/2008) apply to the Financial Supervisory Authority's right to information and inspection. The Financial Supervisory Authority shall annually submit a report on its supervision activities to the Ministry of Finance.

Chapter 3

Administration

Section 8 (26.6.2020/513)

General corporate governance requirements

The Board of Directors and the chief executive officer shall manage Keva professionally taking into consideration the purpose of the pensions institution's operations as well as in accordance with the principles of good corporate governance.

Keva shall take appropriate measures to ensure the continuity and regularity of its operations in all situations and to this end shall have a continuity plan adopted by the Board of Directors. Additionally, Keva shall have written operating principles adopted by the Board of Directors on the pensions institution's internal control, risk management system and the organisation of internal audit.

The Board of Directors shall regularly evaluate the administrative and management system, written operating principles and continuity plan.

Section 8a (26.6.2020/513)

Councillors

Keva shall have 30 Councillors, each of whom shall have a personal deputy. Councillors and their deputies shall be of good repute. The Ministry of Finance shall appoint the Councillors for four years at a time.

Six Councillors and as many deputies shall be appointed from among the persons put forward by the principal contracting organisations referred to in the municipal main agreement. Four Councillors and as many deputies shall be appointed from among persons put forward by Local Authority Employers. The twenty other Councillors and deputies shall be appointed from among persons put forward by the central organisation for Finland's municipalities so that municipalities, joint municipal authorities and different parts of the country are fairly represented by the Councillors. The share of votes received by the various

groups in municipal elections in accordance with the principle of proportionality provided for in the Elections Act (714/1998) shall be taken into account in the appointment of municipal and joint municipal authority Councillors and deputies.

Councillors shall be responsible for:

- 1) supervising Keva's administration and operations;
- 2) electing the members and deputy members of the Board of Directors and the auditor;
- 3) deciding the grounds for the remuneration and other emoluments to be paid to elected officials;
- 4) considering the financial statements and auditor's report and deciding on the adoption of the financial statements, the discharge from liability to the Board of Directors and other accountable persons, and any other steps warranted;
- 5) deciding on the payment contributions of member bodies in compliance with section 19;
- 6) adopting the budget for the following year to be followed as the general directions of the management of finances, and an operational and financial plan for three or more years.

Section 8b (26.6.2020/513)

Decision-making in the meeting of the Councillors

Meetings of Councillors shall be quorate when the chairperson or the deputy chairperson and at least half of the other Councillors are present at the meeting.

If the Councillors are unanimous on a matter or if a counter-proposal is not supported, the chairperson shall declare the decision. Otherwise the decision shall be the opinion supported by the majority. In the event of a tie, the decision shall be the opinion supported by the chairperson. In elections, the person or persons receiving the most votes shall be elected. In the event of a tie, the decision shall be made by lot.

In meetings of Councillors, matters shall be decided following presentation by the Board of Directors.

In meetings of Councillors, members of the Board of Directors and the chief executive officer shall have the right to be present and to speak. The Councillors may decide on the right of other persons to be present and to speak.

Minutes shall be taken at meetings of Councillors. The Councillors present, the proposals submitted and decisions taken and the voting held shall be recorded in the minutes. The minutes shall be certified by the secretary to the meeting and shall be scrutinised and signed by the chairperson and at least two persons present at and elected by the meeting for that purpose.

Section 8c (26.6.2020/513)

Election Committee

The Election Committee prepares a proposal for the Councillors for the remuneration of elected officials and for the appointment of the Board of Directors.

The members of the Election Committee shall be Keva Councillors. The Election Committee shall have a chairperson and a deputy chairperson. The composition, election and activities of the Election Committee shall be determined in more detail in the rules of procedure of the Election Committee adopted by the Councillors.

Section 9 (26.6.2020/513)

Board of Directors

The Board of Directors shall manage and develop Keva's operations and supervise Keva's interests. Keva Councillors shall elect the Board of Directors for a term of office of two years at a time. However, the term of office of the Board of Directors shall continue until the subsequent Board of Directors has been elected. The Board of Directors shall be convened by the chairperson or by the chief executive officer.

The Board of Directors shall have eleven members, each of whom shall have a personal deputy. Three members and their deputies shall be elected from among persons put forward by the principal contracting organisations referred to in the municipal main agreement. Two members and their deputies shall be elected from among the persons put forward by Local Authority Employers. Six members and their deputies shall be elected from the persons put forward by the central organisation for Finland's municipalities. The Councillors shall appoint one ordinary member as chairperson and one as deputy chairperson.

Members of the Board of Directors shall be persons of good repute who possess good expertise in earnings-related pension activities. The Board of Directors shall also possess good expertise in investment activities.

The Board of Directors' responsibilities shall include:

- 1) adopting the strategy guiding Keva's operations;
- 2) deciding Keva's supplementary pension rule;
- 3) preparing Keva's annual report and financial statements each year;
- 4) adopting Keva's administrative and management system and attending to other organisation and governance of Keva's operations;
- 5) adopting for a year at a time the plan concerning the investment of pension assets;
- 6) attending to the organisation of Keva's internal control and risk management;
- 7) adopting the authorisations concerning the signing of Keva's agreements and commitments;
- 8) hiring and removing the chief executive officer or relocating him or her to other duties if he or she has lost the confidence of the Board of Directors;
- 9) deciding on the eligibility criteria of Keva's officeholders other than those referred to in section 14;
- 10) deciding on matters of a principled or otherwise important nature other than those referred to in paragraphs 1-9;

Keva Councillors may dismiss the Board of Directors in mid-term should one or more of its members have lost the confidence of the Councillors. In such a case, the Councillors shall elect a new Board of Directors for its remaining term of office.

A matter concerning dismissal of the Board of Directors shall become pending if at least one thirds of the Councillors submit a written proposal to the chairperson of the Councillors. The chairperson shall immediately convene an extraordinary meeting of Councillors at which the Councillors may decide to set up a temporary committee to prepare for the dismissal of the Board of Directors.

Section 9a (26.6.2020/513)

Decision-making in the Board of Directors

Matters within the remit of the Board of Directors may be decided in ordinary meetings or in the following taking place in an electronic operating environment:

- 1) a meeting (*electronic meeting*); or
- 2) a procedure prior to a meeting (*electronic decision-making procedure*).

The Board of Directors shall be quorate when at least half of its members are present. If both the chairperson and deputy chairperson are absent or disqualified, the Board of Directors shall elect a temporary chairperson for the meeting or to consider the matter.

The decision shall be the opinion supported by the majority. In the event of a tie, the decision shall be the opinion supported by the chairperson. In elections, the person or persons receiving the most votes shall be elected. In the event of a tie, the decision shall be made by lot.

In meetings of the Board of Directors, matters shall be decided following presentation by the chief executive officer. If the matter concerns the chief executive officer, the presenting officer shall be the chairperson of the Board of Directors.

In meetings of the Board of Directors, the chairperson and deputy chairperson of the Councillors and the chief executive officer shall have the right to be present and to speak. The Board of Directors may decide on the right of other persons to be present and to speak.

Minutes shall be taken in meetings of the Board of Directors. The Board members present, the proposals submitted and decisions taken and the voting held shall be recorded in the minutes. The minutes shall be certified by the secretary to the meeting and shall be scrutinised and signed by the chairperson and at least two members present at and elected by the meeting for that purpose.

Section 9b (26.6.2020/513)

Electronic meeting and electronic decision-making procedure

A requirement for electronic meetings is that those declared present can see and hear each other on a comparable basis.

The matters to be considered in an electronic decision-making procedure shall be itemised in the notice of the meeting and mention shall be made of the time by which the matter may be considered in the electronic decision-making procedure. The consideration of the matter shall be completed when all members of the Board of Directors have expressed their view on the matter and the deadline for consideration has expired. A matter shall be transferred for consideration at a meeting if one or more members so require or have not expressed their view.

The minutes of decisions made in an electronic decision-making procedure may be scrutinised before the meeting.

The electronic meeting and electronic decision-making procedure must ensure information security and that confidential information is not accessible to third parties.

Section 9c (26.6.2020/513)

Board of Directors' Audit and Risk Management Committee

The Board of Directors shall appoint from among its members an Audit and Risk Management Committee, who shall be tasked with overseeing the adequacy and appropriateness of financial reporting, internal control, internal audit and risk management. The Committee shall consider the plans and reports of the risk management, internal audit and compliance function. In addition, the Committee shall prepare the proposal for the election and fees of the auditor for Keva Councillors and shall oversee the preparation of the financial statements and statutory audit.

The Audit and Risk Management Committee shall have at least three Board members. More detailed provisions about the activities of the Committee shall be given in the Audit and Risk Management Committee's rules of procedure adopted by the Board of Directors.

Section 10 (17.5.2019/692)

Ownership steering principles

The Board of Directors of Keva shall adopt the principles to be observed in the exercise of the rights arising to Keva from its holdings in other corporations (*ownership steering principles*). These principles shall also encompass an assessment of the memberships held by the chief executive officer and employees of Keva on the governing bodies of other corporations or foundations, taking into account the interests of Keva.

The ownership steering principles shall, with regard to such investee corporations referred to in subsection 1 whose shares are traded on a regulated market in the European Economic Area, describe at a general level:

- 1) how ownership steering is related to the investment strategy:

- 2) the procedures to monitor the activities of the investee corporations in matters of relevance to the investment strategy,
- 3) the procedures to exercise voting rights and other shareholder rights in investee corporations,
- 4) how Keva shall engage in dialogue with investee corporations, their other shareholders and stakeholders.

Keva shall publish the ownership steering principles free of charge on its website.

Keva shall publish free of charge on its website the information referred to in subsection 2 and with regard to it an annual report on the implementation of the ownership steering principles. If, however, Keva fails, in part or in full, to include in its ownership steering principles the information referred to in subsection 2, or to publish this information or the report on the implementation of the ownership steering principles, Keva shall disclose the reasons for such failure.

Section 11

Register of positions of trust

Keva shall maintain and keep up to date a public register of the memberships held by the members of its Board of Directors and its chief executive officer on the boards of directors, supervisory boards and equivalent bodies of other corporations or foundations of economic or social significance, with the exception of memberships on the boards of directors of limited liability housing companies.

The register referred to above in subsection 1 shall also contain information about the memberships on the boards of directors, supervisory boards or equivalent bodies of other corporations or foundations held as part of their job duties by other senior management in the employ of Keva and by persons making or preparing investment decisions on behalf of Keva, with the exception of memberships on the boards of directors of limited liability housing companies.

Section 12

Conflicts of interest policy

Keva shall have in place a written conflicts of interest policy approved by its Board of Directors which lays down the procedures to be observed in the identification and prevention of conflicts of interest.

Section 13

Transactions with management and their related parties

The decision on a significant transaction concerning Keva shall be made by its Board of Directors when the other party in the transaction is:

- 1) Keva Councillor or a member of Keva 's Board of Directors, its chief executive officer, auditor or an employee of its auditing firm who has primary responsibility for the audit; (26.6.2020/513)
- 2) a member of Keva's senior management who has the authority to make decisions concerning the organisation of the operations of Keva;
- 3) the spouse or partner within the meaning of the Act on Registered Partnerships (950/2001) of a person referred to in paragraphs 1 and 2, a person under the guardianship of a person referred to in paragraphs 1 and 2, or the common-law spouse of a person referred to in paragraphs 1 and 2 with whom the cohabitation has lasted at least one year.

Keva shall maintain and keep up to date a public register of the transactions referred to in subsection 1, the parties to the transactions, and the key terms and conditions of the transactions. The administration of this register shall be arranged in a reliable manner. The data entered in the register shall be maintained for a period of five years from entry. The personal identity code and address of a natural person and the name of a person referred to in subsection 1, paragraph 3 shall not be made public, however.

The provisions of subsections 1 and 2 shall also apply to transactions concluded between Keva and a party other than a person referred to in subsection 1 when the apparent purpose of the arrangement has been to circumvent the provisions laid down in subsections 1 and 2.

Section 14 (26.6.2020/513) Chief executive officer

Keva shall have a chief executive officer appointed by the Board of Directors. The chief executive officer shall have a deputy to whom the provisions concerning the chief executive officer of this Act shall apply. The qualification requirements for the position of chief executive officer and deputy chief executive officer shall be a higher university degree, the broad range of experience required by the position, and proven leadership and management skills.

The chief executive officer shall be responsible for the implementation of Keva's duties under section 2 and shall attend to the daily administration in accordance with the instructions and orders issued by the Board of Directors. The chief executive officer shall be responsible for ensuring that accounting complies with the law and that asset management is organised in a reliable manner. The chief executive officer shall provide the Board of Directors and its members with the information needed to attend to the duties of the Board of Directors.

The chief executive officer may, taking into account the scope and nature of Keva's operations, initiate unusual or far-reaching actions only if he or she has been duly authorised by the Board of Directors or where waiting for the Board of Directors' decision would cause significant harm to operations. In the latter case, information shall be given to the Board of Directors as soon as possible.

A director's contract may be made with the chief executive officer. Keva may decide to pay the chief executive officer severance pay.

Section 15 Officeholders at Keva

Keva's duties in which public authority is exercised shall be carried out by officeholders in a public service employment relationship. The Act on Municipal Officeholders (304/2003) shall apply to officeholders at Keva.

Section 16 Elected officials

The provisions concerning criminal liability for acts in office shall apply to the elected officials of Keva when carrying out the duties referred to in this Act. The provisions governing liability for damages are laid down in the Tort Liability Act (412/1974).

Should the post of an elected official become vacant in mid-term, a successor to replace the official shall be appointed or elected for the remaining term of office.

Section 17 (26.6.2020/513) Rules of procedure

Repealed by Act 26.6.2020/513.

Section 18 State advisory committee on disability and rehabilitation

The State advisory committee on disability and rehabilitation which is tasked with monitoring and directing work capacity assessment and vocational rehabilitation shall be based at Keva.

The advisory committee shall consist of a chairman and five other members. The members shall be appointed by the Ministry of Finance for a term of four years at a time. One of the members shall represent the Ministry of Finance, one Keva and one the State Treasury. Three of the members shall be

appointed from among persons put forward by the most representative central organisations of State officeholders and employees. The Ministry of Finance shall select one member to serve as Chairman.

Chapter 4 Financing

Section 19 (26.6.2020/513) Payment contributions of member bodies

The expenses of Keva incurred from managing the pension cover of the personnel of member bodies shall be shared by member bodies each financial year. The share of costs decided by Keva Councillors shall be divided on a pro rata basis to the total earnings as referred to in section 85 of the Public Sector Pensions Act of persons in the employ of Keva's member bodies. The Councillors may also decide to divide some of the costs in proportion to the total pensions or pension parts paid on the basis of member body service accrued from service in the member bodies.

Furthermore, a member body undertakes to pay to Keva the percentage excesses for the various types of pension defined on the grounds verified by the Councillors.

A member body may be charged for its payment contributions in advance during the financial year.

Keva Councillors shall provide more detailed instructions on the grounds of paying the payments referred to in subsections 1 and 2.

Section 20 (1261/2016) Collection of payment and limitation of payments receivable

Keva must levy any pension contribution based on this Act to be paid within five years from the beginning of the following year after the due date of the final payment. A payment prescribed under this Act, together with any annual penalty interest on arrears accruing thereon as calculated in accordance with the interest rate referred to in section 4, subsection 1 of the Interest Act (633/1982) are directly eligible for enforceable proceedings. Collection of such receivables is provided for under the Act on the Enforcement of the Collection of Taxes and Tax-like Charges (706/2007). In addition, the collection of amounts outstanding is provided for under the Act on the Debt Collection (513/1999).

The right to a refund of any pension contribution made without cause shall be extinguished after five years from the beginning of the following year after the due date of the final payment unless limitation has been discontinued prior to that time. A new discontinuation period of five (5) years begins from the date limitation was discontinued. Limitation is discontinued as provided for in section 10 or 11 of the Act on the Limitation of Debts (728/2003).

Section 21 (26.6.2020/513) Pension liability fund

Keva may have a pension liability fund with which to balance pension expenses of Keva's member bodies. Transfers to the pension liability fund are made in accordance with Keva's adopted financial statements and are included in the expenses referred to in section 19, subsection 1.

Assets of the pension liability fund shall be invested securely and profitably, ensuring that they can be readily cashed and are spread over a diverse portfolio. Keva's Board of Directors shall decide on investment of the assets and may assign its authority to the officeholders and employees of Keva in the manner as provided in Keva's administrative and management system.

Section 22 (26.6.2020) Investment advisory committee

Repealed by Act 26.6.2020/513.

Section 23

Supervision fee and certain other fees

Provisions on the supervision fee are laid down in the Act on the Supervision Fee of the Financial Supervisory Authority (879/2008).

The expenses referred to in section 19, subsection 1 above shall also include a supervision fee, a legal administrative fee prescribed pursuant to section 16 of the Employee Pensions Appeal Board Act (677/2005) and share of costs and service fee relating to activities prescribed pursuant to section 5 of the Act on the Finnish Centre for Pensions (397/2006).

A member body undertakes to pay the payment contributions in accordance with the grounds adopted by Keva Councillors for the total sum of pay of those employees for whom supplementary pension cover as referred to in section 8 of the Public Sector Pensions Act (81/2016) is arranged. (26.6.2020/513)

Section 24

Payment of the pension expenditure of the State, the Evangelical Lutheran Church and the Social Insurance Institution and compensation of Keva's costs

The State, the Central Church Fund and the Social Insurance Institution shall pay to Keva in advance the sum required to pay pension benefits. If the actual amount of costs is higher or lower than the estimated amount, the difference shall be accounted for in arrears as an adjustment item.

The State Pension Fund shall pay to Keva compensation for performing the duties related to pension cover accruing from State service. Compensation shall be paid to Keva also by the Social Insurance Institution for managing the pension cover of its employees and by the Central Church Fund for persons employed by the Evangelical Lutheran Church. The Ministry of Finance confirms the amount of the compensation in euros to be paid by the State Pension Fund, the Central Church Fund and the Social Insurance Institution to Keva as an advance payment. Keva shall submit to the Ministry of Finance a calculation of the amount of compensation. The amount of the compensation shall be calculated in a manner corresponding to the cost price referred to in section 6 of the Act on Criteria for Charges Payable to the State (150/1992). The compensation shall be paid monthly in equal instalments based on an advance estimate of the amount of the costs for the year in question. If the actual amount of costs is higher or lower than the estimated amount, the difference shall be accounted for in arrears as an adjustment item.

The Ministry of Finance, the Central Church Fund and the Social Insurance Institution shall evaluate at five-year intervals the achievement of the objectives imposed to the cost-effectiveness and quality of pension management. To this end, Keva shall provide said bodies with adequate information.

Further provisions on the transfer of funds required to pay the pensions of employees of the State, the Evangelical Lutheran Church and the Social Insurance Institution and on the compensation of costs to Keva are issued by a Government Decree.

Chapter 5

Risk management, internal control and internal audit

Section 25

Risk management

Keva shall have in place a risk management system that is adequate with regard to the nature and scope of its activities. The risk management system shall comprise the ongoing identification, monitoring, control and reporting of the risks and the combined effects of risks to which Keva is exposed.

Risk management shall cover the following sectors:

- 1) investments;
- 2) liquidity;
- 3) concentration risks; and

4) operational risks.

Keva shall have in place a risk management function which shall be independent of the risk-taking functions.

Section 25a (541/2019)

Risk assessment

As part of strategic decision-making and risk management, Keva's Board of Directors and management shall carry out a risk assessment in which are assessed:

- 1) the impact of substantial risks on Keva's operations;
- 2) those measures that are relevant to manage the risks that have arisen in the assessment.

The risk assessment must be regularly updated and updated without delay in the event of any significant changes in the risks.

Keva shall submit a summary of the risk assessment and the conclusions drawn from it to the Ministry of Finance for supervision in accordance with Section 6 and to the Financial Supervisory Authority for supervision in accordance with Section 7 of this Act. The summary submitted to the Ministry of Finance and to the Supervisory Authority shall include at least the results of the risk assessment, a description of the methods used and the most important assumptions.

Section 26

Internal control

Keva shall have in place internal control covering its accounting, administration, investment activities and other key functions. Internal control also includes ensuring appropriate reporting at all organisational levels of Keva.

Internal control shall include a compliance function, which shall also evaluate the adequacy of any action taken in Keva to prevent and remedy any possibly appeared compliance defects.

Section 27

Internal audit

Keva shall have in place an internal audit which evaluates the adequacy and efficacy of internal control and other administration.

The internal audit shall be independent of Keva's operational activities.

The findings and recommendations for action of the internal audit shall be reported at least once annually to the Board of Directors and the chief executive officer, who shall decide on the action to be taken in consequence of the findings and recommendations. The internal audit is also tasked with ensuring that such action is in fact taken.

Section 28

Duty to submit declaration of insider holding

An insider of Keva shall disclose to the insider register of Keva referred to below in section 30 information on shares traded in Finland in a regulated market or in a multilateral trading system as well as financial instruments whose value is determined on the basis of such shares (*declaration of insider holding*).

An insider of Keva means:

- 1) the chairperson and deputy chairperson of Keva Councillors, the members and deputy members of Keva's Board of Directors, the chief executive officer and his or her deputy and Keva's auditor and an employee of an audit firm who has primary responsibility for Keva's audit; (26.6.2020/513)

2) another employee of Keva who has an opportunity to influence decisions on investing Keva's funds or who otherwise has regular access to insider information concerning such shares or financial instruments.

Section 29

Declaration of insider holding

The declaration of insider holding shall be submitted within fourteen days of the appointment of the insider to a position referred to in section 28, subsection 2.

The declaration of insider holding shall mention:

- 1) any person under the guardianship of the insider;
- 2) any corporation or foundation in which the insider or the person under guardianship referred to in paragraph 1 exercises direct or indirect control;
- 3) the holdings of the insider and the person under guardianship referred to in paragraph 1 and the corporation or foundation referred to in paragraph 2 of shares traded in Finland in a regulated market or in a multilateral trading system as well as of financial instruments whose value is determined on the basis of such shares.

During his or her tenure in position, the insider shall within seven days disclose to Keva:

- 1) acquisitions and disposals of the shares and financial instruments referred to in subsection 2, paragraph 3 when the change in holding amounts to 5,000 euro at least;
- 2) any other changes in the information referred to in this section.

The duty to disclose does not apply to information referred to above in subsection 2, paragraphs 2 and 3, inasmuch as the information concerns a limited liability housing company, a limited liability joint-stock property company within the meaning of Chapter 28, section 2 of the Limited Liability Housing Companies Act (1599/2009), an ideological or economic association, or a non-profit organisation. Information on an organisation which engages in regular trading in financial instruments shall be disclosed, however.

The declaration of insider holdings shall give the details required to identify the person, corporation or foundation concerned and the details of the shares and other financial instruments.

When the shares or financial instruments referred to in subsection 2, paragraph 3 have been entered in the book-entry securities system, Keva can put in place an arrangement whereby the information is obtained from the book-entry securities system. In such a case, no separate declaration of insider holdings is required.

Section 30

Insider register

Keva shall maintain a register of declarations of insider holdings (*insider register*) indicating for each insider the shares and financial instruments held by the insider, the person under guardianship referred to in section 29, subsection 2, paragraph 1 and the corporation or foundation referred to in section 29, subsection 2, paragraph 2, as well as an itemisation of all acquisitions and disposals thereof.

When the shares and financial instruments referred to in section 29, subsection 2, paragraph 3 have been entered in the book-entry securities system, Keva's insider register may in this respect be constituted with information available from the book-entry securities system.

The administration of the insider register shall be organised in a reliable manner. The data entered in the register shall be retained for a period of five years from entry. Anyone shall have the right to obtain extracts and copies from the register against compensation equal to costs. The personal identity code and address of a natural person and the name of a natural person who is not an insider shall not be made public, however.

Section 31

Supervision of declarations of insider holdings and the insider register

Compliance with the provisions in sections 28–30 concerning declarations of insider holding and insider register shall be supervised by the Financial Supervisory Authority. The provisions in section 7 concerning the supervision of the financial planning of Keva and the investment of Keva's funds shall apply to the supervision of declarations of insider holdings and the insider register.

Chapter 6 Appeal

Section 32 (26.6.2020/513) Appeal procedure

A party concerned and a member body may appeal against a decision issued by Keva in matters other than those concerning pension right. Appeal to an administrative court is provided for in the Act on Judicial Procedure in Administrative Matters (808/2019).

Section 33 Service of decisions

A decision shall be served on the parties concerned by means of regular service, on which the provisions are laid down in section 59 of the Administrative Procedure Act (434/2003) and in section 19 of the Act on Electronic Services and Communication in the Public Sector (13/2003).

The minutes of meetings of Keva Councillors and Board of Directors inclusive of instructions for appeal shall be made available for review in a public information network subsequent to scrutinisation subject to the provisions concerning confidentiality. When a matter is confidential in its entirety, only a mention of the consideration of the matter shall be published in the minutes. Only the personal details essential to information shall be published in the minutes. Any personal details included in the minutes shall be removed from the information network upon expiration of the appeal period. (26.6.2020/513)

A member body shall be deemed to have been served with a decision of Keva Councillors or Board of Directors within seven days of the minutes having been made available for public review in the manner laid down in subsection 2. (26.6.2020/513)

Chapter 7 Miscellaneous provisions

Section 34 Derogation from disqualification

The provisions of section 28, subsection 1, paragraphs 4 and 5 of the Administrative Procedure Act notwithstanding, an elected official, officeholder and employee of Keva may deal with a matter that concerns a member body of Keva or a person in the employ of a member body or another person under pension cover as provided in the Public Sector Pensions Act.

Section 35 (26.6.2020/513) Audit and financial statements

This Act and the Accounting Act lay down provisions for Keva's audit. Chapter 5 of the Accounting Act shall not apply to Keva's audit.

The term of office of the auditor or the total duration of successive terms of office may be a maximum of six years. Following the maximum period, Keva's auditor may take part in Keva's audit again at the earliest two years after the end of the audit engagement. If an audit firm has been elected as the auditor, this subsection shall apply only to the auditor who has primary responsibility for the audit.

Keva's auditor and the audit firm's auditor with primary responsibility for performing Keva's audit may not accept a position as a member of the Board of Directors, Councillor or chief executive officer of Keva or of an organisation in the same group as Keva until at least two years have elapsed since the end of the audit engagement. Auditor Oversight shall order a quality inspection of Keva's auditor at least every third year.

Keva shall have at least one auditor. At least one auditor and deputy auditor shall be either a KHT auditor [Authorised Public Accountant] or a JHT auditor [Chartered Public Finance Auditor] or an audit firm whose primary auditor is a KHT or JHT auditor.

The term of office of Keva's auditor shall end and the term of office of the new auditor shall begin at the close of the meeting of the Councillors deciding on the election of a new auditor unless otherwise decided when electing the new auditor. The meeting of the Councillors may not decide that the term of office of the auditor shall continue indefinitely.

Keva shall prepare its financial statements for each calendar year. The provisions of the Accounting Act shall apply to the preparation of the financial statements as appropriate.

Section 36 Cooperation

Keva may agree on cooperation and indemnification of the costs arising therefrom with the Finnish Centre for Pensions and other pensions and insurance institutions.

Section 37 Entry into force

This Act enters into force on 1 January 2017.

The provisions of section 4, subsection 2 notwithstanding, limited liability companies which have become member bodies of Keva before 1 January 2007 retain their membership when control within the meaning of Chapter 1, section 5 of the Accounting Act in the limited liability company is exercised by one or more member body mentioned in section 3, subsection 1.

Section 38 Transitional provisions concerning the term of the Council and the Board of Directors

Section 8, subsection 2 of this Act concerning the term of office of the Council shall first be applied to the Council appointed in 2017. The term of office of the Council in office at the time of entry into force of this Act shall continue until the end of August 2017.

The term of office of the Board of Directors in office at the time of entry into force of this Act shall continue until the subsequent Board of Directors has been elected by the Council to be appointed in 2017.