

An unofficial English translation of the Act on Keva in force as of 1 January 2025

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

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

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

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

Amended on 29 October 2020 (742/2020) - will enter into force on 1 December 2021

Amended on 29 June 2021 (632/2021) – will enter into force on 1 July 2021; however, sections 19 and 19a- 19c will enter into force on 1 January 2023

Amended on 3 March 2023 (293/2023) – will enter into force on 1 April 2023

Amended on 21 December 2023 (1291/2023) – will enter into force on 1 January 2024

Amended on 18 October 2024 (555/2024) – will enter into force on 1 January 2025

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, wellbeing services counties, joint county authorities for wellbeing services, the State, the Evangelical Lutheran Church, the Social Insurance Institution and the Bank of Finland, and activities related to reducing the risk of incapacity for work, as well as the other duties laid down in this Act; (632/2021)

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, wellbeing services counties, joint county authorities for wellbeing services, Keva, the Municipal Guarantee Board and Local Government and County Employers KT are member bodies of Keva. (632/2021)

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 or wellbeing services counties 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. (632/2021)

(513/2020)

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. (513/2020)

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 2035 regardless of the changes in the ownership of the company. (293/2023)

Section 4 (513/2020)

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 (555/2024)

Supervision

The Finnish Supervisory Authority supervises Keva's compliance with this Act and other relevant legislation on earnings-related pension insurance activities and associated good practices. The task of the Financial Supervisory Authority is in particular to supervise that Keva's activities are organised in a

manner which safeguards the benefits belonging to pension cover and that Keva's management and control systems are adequate and reliable.

By way of derogation from the provisions of subsection 1 above, the supervisory task of the Financial Supervisory Authority shall not, however, include the activities referred to in section 24.

The Finnish Supervisory Authority may, for special reasons, order a special audit of Keva's administration and accounts.

Section 7 (555/2024)

Auditor appointed by the Ministry of Finance and special audit

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 on the sum required to pay State, Evangelical Lutheran Church pensions, Social Insurance Institution and Bank of Finland 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:

- 1) Keva has collected State and Church employer pension contributions in accordance with section 2, subsection 1 of the Act on the Financing of State Pension Cover and in accordance with section 14, subsection 3 of the Act on the Evangelical Lutheran Church Pension Fund (656/2023) and employee pension contributions in accordance with section 168, subsection 2 of the Public Sector Pensions Act;
- 2) the correct amount of pension contributions, as well as transition charges and the contribution to the costs of earnings-related pensions of the Employment Fund have been paid to the State Pension Fund;
- 3) the correct amount of pension contributions and the contribution to the costs of earnings-related pensions of the Employment Fund 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.

The Ministry of Finance may, for special reasons, order a special audit of Keva's accounts related to the activities referred to in section 24.

Chapter 3

ADMINISTRATION

Section 8 (513/2020)

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, sound and prudent business principles as well as in accordance with the principles of good corporate governance. (555/2024)

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 (513/2020)

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 most representative national negotiating organisations representing municipal and wellbeing services county employees. Four Councillors and as many deputies shall be appointed from among persons put forward by Local Government and County Employers KT. The twenty other Councillors and deputies shall

be appointed from among persons put forward by the central organisation for Finland's municipalities and the wellbeing services counties together so that municipalities, joint municipal authorities, wellbeing services counties and different parts of the country are fairly represented by the Councillors. The share of votes received by the various groups in municipal elections and wellbeing services county 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, joint municipal authority, wellbeing services county and joint county authority for wellbeing services Councillors and deputies. (293/2023)

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 (513/2020)

Decision-making in the meeting of the Councillors

Meetings of Councillors may be organised either as an ordinary meeting or take place in an electronic operating environment. (555/2024)

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 (555/2024)

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.

Meetings of the Election Committee are organised either as an ordinary meeting or take place in an electronic operating environment.

The members of the Election Committee shall be Keva Councillors. The Election Committee shall have a chairperson and a deputy chairperson. The personal deputy Councillor of a member of the Election Committee acts as deputy of the person elected to the Committee. 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 (513/2020)

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 the persons put forward by the most representative national negotiating organisations representing municipal and wellbeing services county employees. Two members and their deputies shall be elected from among the persons put forward by Local Government and County Employers KT. Six members and their deputies shall be elected from the persons put forward by the central organisation for Finland's municipalities and the wellbeing services counties together. The Councillors shall appoint one ordinary member as chairperson and one as deputy chairperson. (293/2023)

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.

That provided in this Act concerning a member of the Board of Directors shall likewise apply to a deputy member. (555/2024)

Section 9a (513/2020)

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; or
 - 2) a procedure prior to a meeting.
- (555/2024)

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 repealed by Act 555/2024.

Section 9c (513/2020)

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 (692/2019)

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 10a (555/2024)

Electronic meeting and electronic decision-making procedure

An electronic meeting referred to in section 8b subsection 1, 8c subsection 2 or section 9a, subsection 1 paragraph 1 above may be held using such videoconferencing or other appropriate means of communication that allows:

- 1) the chairperson and secretary of the meeting to reliably verify the participants in the meeting;
- 2) the chairperson to be able to conduct the meeting in the manner provided in sections 8b, 8c and 9a; and
- 3) the participants in the meeting to follow the progress of the meeting and participate in the consideration of matters.

The matters to be considered in an electronic decision-making procedure referred to in section 9a, subsection 1 paragraph 2 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 even one member so requires or has 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 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 (513/2020)

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 of good repute and shall have a good knowledge of earnings-related pension insurance activities, investment activities and business management. The chief executive officer may not be a Keva Councillor or a member of the Board of Directors or a responsible mathematician referred to in section 34a. (555/2024)

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 14a (555/2024)

Specific qualification requirements for management

Neither a legal person, a minor, nor a person who has been appointed a guardian, whose capacity to act has been restricted or who is bankrupt may be a member of the Board of Directors or the chief executive officer. The impact of a business prohibition on eligibility is provided by the Act on Business Prohibitions (1059/1985).

At least half of the members of the Board of Directors and the chief executive officer shall have a place of residence in the European Economic Area, unless the Finnish Supervisory Authority grants an exception to this. Such an exception may be granted where this does not jeopardise the effective supervision of Keva or the management of Keva's activities in accordance with sound and prudent business principles.

Neither a member of the Board of Directors nor the chief executive officer may be a member of the Supervisory Board of Board of Directors of an earnings-related pension insurance company.

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 (555/2024)

Duty to notify changes concerning members of the Board of Directors and the chief executive officer to the Financial Supervisory Authority

Keva shall notify without delay changes concerning members of the Board of Directors and the chief executive officer to the Financial Supervisory Authority. The notification shall include a statement to the effect that members of the Board of Directors and the chief executive officer meet the requirements set out in sections 9, 14 and 14a.

Section 18 repealed by Act 555/2024.

Chapter 4

FINANCING

Section 19 (632/2021)

Payments 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 in compliance with sections 19a – 19c. The Ministry of Finance, at Keva's proposal, confirms the total amount of the balancing payment referred to in section 19c.

Keva shall decide the bases for calculating the pension contributions collected from member bodies and the amounts of the balancing payment. Keva shall provide more detailed instructions on the grounds of paying the payments.

The pension contribution of member bodies referred to in sections 19a and 19b must in aggregate be on average on the same level as the average earnings-related pension contribution under the Employees Pensions Act (395/2006).

A member body may be charged in advance the payments provided in sections 19a – 19c.

Section 19a (632/2021)

Pension contribution based on earnings

The decision concerning the amount of pension contribution based on earnings for each member body shall be made on the basis of the total earnings as referred to in sections 85 and 86 of the Public Sector Pensions Act of persons in the employ of the member body.

Section 19b (632/2021)

Disability pension contribution

The decision concerning the amount of disability pension contribution shall be made taking into account both the member body's total earnings referred to in sections 85 and 86 of the Public Sector Pensions Act and the actual disability pension and rehabilitation allowance reimbursement expense or either of these.

Section 19c (632/2021)

Balancing payment

The balancing payment shall cover long-term pension expenses in addition to the pension contribution provided in sections 19a and 19b. The balancing payment shall be paid by wellbeing services counties and municipalities.

The balancing payment shall be divided between the wellbeing services counties and municipalities on a pro rata basis to the share of earnings referred to sections 85 and 86 of the Public Sector Pensions Act when this Act enters into force. In calculating this division, the earnings of wellbeing service counties are calculated as the earnings of the personnel who transfer to wellbeing services counties under the Act on Wellbeing Services Counties (611/2021) and the Act on the Implementation of the Reform of Health, Social and Rescue Services and on the Entry into Force of Related Legislation (616/2021). In addition, the earnings of the wellbeing services counties are those earnings referred to in sections 85 and 86 of the Public Sector Pensions Act that employees have in a company providing health and social services whose shares are transferred from the municipality or joint municipal authority to the wellbeing services county upon the establishment of the wellbeing services county. The earnings of the municipalities are the earnings referred to in sections 85 and 86 of the Public Sector Pensions Act of the personnel remaining in the municipalities, joint municipal authorities, companies, foundations, associations and cooperatives.

The share of the wellbeing services counties shall be divided between the wellbeing services counties under the Act on the Funding of Wellbeing Services Counties (617/2021) on a pro rata basis to central government funding. The share of the municipalities shall be divided between the municipalities on a pro rata basis to the tax funding in the most recently adopted financial statements by the municipality for each year. The tax-based financing of municipalities means municipal tax, real estate tax and corporation tax revenues received by the municipality as well as central government transfers to municipalities made to the municipality under the Act on Central Government Transfers to Local Government for Basic Public Services (1704/2009), the Act on the Financing of Education and Culture (1705/2009) and the Act on Liberal Adult Education (632/1998). However, the discretionary increase in the central government transfer under section 30 of the Act on Central Government Transfers to Local Government for Basic Public Services shall not be taken into account when calculating the municipality's share.

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 (513/2020)

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 Repealed by Act 513/2020.

Section 23

Supervision fee and certain other fees

Provisions on the supervision fee are laid down in the Act on the Supervision Fees of the Financial Supervisory Authority (1291/2023).

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 (455/2020)

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

The State, the Church Pension Fund, the Social Insurance Institution and the Bank of Finland 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 and the Bank of Finland for managing the pension cover of its employees and by the Church Pension 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 Church Pension Fund, the Social Insurance Institution and the Bank of Finland 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 Church Pension Fund, the Social Insurance Institution and the Bank of Finland shall evaluate annually 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. (555/2024)

Further provisions on the transfer of funds required to pay the pensions of employees of the State, the Evangelical Lutheran Church, the Social Insurance Institution and the Bank of Finland 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 Financial Supervisory Authority. The summary shall include at least the results of the risk assessment, a description of the methods used and the most important assumptions. (555/2024)

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 repealed by Act 555/2024.

Chapter 6

APPEAL

Section 32 (513/2020)

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. (513/2020)

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. (513/2020)

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 34a (555/2024)

Responsible mathematician

Keva shall have a responsible mathematician whose task is to ensure that the actuarial methods applied by Keva are appropriate and that the bases for contribution referred to in section 19 meet the requirements of this act.

The responsible mathematician shall submit to the Board of Directors an annual assessment that the duty referred to in section 2, subsection 1, paragraph 2 has been managed in the manner required in subsection 2 of the said section.

Chapter 31, sections 5-7, 7a, 7b, 8 and 9 of the Insurance Companies Act (521/2008) shall apply to the qualification requirements and the confirmation of the qualification of the responsible mathematician, as well as to the disciplinary sanctions. Notification of the hiring and dismissal of a responsible mathematician shall be made to the Financial Supervisory Authority.

Section 35 (513/2020)

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 36a (555/2024)

Power of the Financial Supervisory Authority to issue regulations

The Financial Supervisory Authority may issue further regulations on:

- 1) the notifications referred to in section 17;
- 2) the organisation of internal control and risk management;
- 3) the content of and manner in which declarations of insider holdings are submitted;
- 4) the content of the insider register and manner in which information is entered in the register;
- 5) activities related to reducing the risk of incapacity for work of the personnel of local government, wellbeing services counties, joint county authorities for wellbeing services, the State, the Evangelical Lutheran Church, the Social Insurance Institution and the Bank of Finland.

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.