

Ylva's Ownership Strategy 2020–2024

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12 Usage and function of the Ownership Strategy

13 This document determines the owner's will regarding the direction of Ylva's business
14 operations. The policies of the Ownership Strategy create a framework within which the
15 business strategies of Ylva must be drafted. The Ownership Strategy defines the indicators
16 that show the owner's will to advance the positive development of these areas of business.
17 This document is public and meant for all members of the Student Union. Based on a
18 statement drafted by the Supervisory Board, the Representative Council assesses the
19 implementation of the Ownership Strategy annually in connection with discussing the
20 financial statement.

21 1. Basis for business operations

22 1.1. Vision

23 The financial independence Ylva produces by 2025 ensures that HYY's members can be
24 happy and active during their studies.

25 1.2. Mission

26 Ylva conducts responsible business operations by building a vibrant and sustainable city and
27 producing services for the University community.

28 1.3. General operating principles

29 Ylva's business operations are guided by the values of the Student Union of the University of
30 Helsinki as well as the Ownership Strategy and its general operating principles.

31 As a pioneer of responsibility, Ylva is building a more just and sustainable society. All areas
32 of business in Ylva are managed and developed in an ecologically, socially and financially
33 sustainable manner. Ylva recognises its role as a domestic and societally significant
34 operator, and in this role, actively promotes the development of responsible business
35 operations in Finland. Ylva is also committed to the 1.5-degree goal set in the Paris Climate
36 Agreement.

37 **Ylva conducts renewing, profitable business operations that benefit students.**

- 38 - Ylva ensures the sustainable, long-term appreciation of the Student Union's assets.
- 39 - The competitiveness of Ylva's business operations is based on its ability to renew
40 itself and act as a pioneer in its line of business, especially in issues related to
41 responsibility.
- 42 - Ylva understands the Student Union's long history as well as Ylva's role in financing
43 the operations.

44 **Environmental wellbeing is not just a by-product – Ylva's operations aim at improving 45 the state of the environment.**

- 46 - Taking sustainable development goals and biodiversity into account is central to all
47 Ylva's operations and acquisitions.
- 48 - Ylva strives to move to completely carbon-neutral energy usage.
- 49 - Ylva looks after the Student Union's buildings and works of art with cultural-historical
50 value.

- 51 - Ylva carries out its construction and renovation projects with high architectural quality
52 and special attention to the cityscape.
53 - In all its projects, Ylva takes the relevant sustainability effects of the project's life
54 cycle into account and strives to minimise them.
55 - Ylva calculates the carbon footprint of its activities and strives to minimise it.

56 **Ylva's operations help build an equal and inclusive society.**

- 57 - Ylva is a responsible employer and promotes equality and inclusivity in its work
58 community and all its activities.
59 - Ylva cooperates with responsibly operating partners, takes the responsibility of its
60 subcontractor chains into account and strives to actively develop the responsibility of
61 the value chains in their entirety.
62 - Ylva is a proud and responsible taxpayer and does not conduct aggressive tax
63 planning.

64 **Ylva sees transparency as active interaction with a broad group of different interest
65 groups.**

- 66 - As a societally significant operator, Ylva conducts transparent communication about
67 its business operations and their goals to its owners, customers and the interest
68 groups of its business operations.
69 - Customers and employees are listened to.
70 - Services and communication to the Student Union's members are provided
71 trilingually.

72 **1.4. Ownership administration**

73 In ownership administration and decision-making processes, the goal is to ensure that the
74 owner's voice is heard while still retaining the ability for sufficiently quick and flexible
75 decision-making that is required in business. HYY's Administrative Regulation, Part V, has
76 stipulations on the bodies of ownership administration, their tasks and their interrelations.
77 Special consideration is given to ensuring that student decision-makers receive information
78 trilingually and are committed to the decision-making processes.

79 The Ownership Strategy is the supreme document determining the owner's will. Each
80 Representative Council approves the document once during its term. The Ownership
81 Strategy stipulates matters such as Ylva's main financial and other long-term goals for
82 business operations, investments and risk-taking as well as the fundamental acceptability,
83 basic duties and values of business operations. The Supervisory Board prepares the
84 Ownership Strategy for the Representative Council's approval in cooperation with HYY's
85 Board after hearing Ylva's management. In addition to this, the Supervisory Board interprets
86 the document in relation to current issues if necessary. The Supervisory Board has an
87 important role in ensuring that information flows between Ylva's management and the
88 Representative Council.

89 **Special issues concerning operating finances**

90 Ylva discusses potential changes to premises used by operating finances well in advance
91 with the Financial Committee. The Financial Committee is informed of the up-to-date
92 situation with premises that are in use and that may come into use. The Medium-term
93 Financial Plan includes more detailed policies on processes related to the premises of
94 operating finances.

95 2. Goals and indicators of Ylva's group

96 Areas of business are managed and developed as financially independent units to allow
97 them to increase the value of their business. The objectives of different areas of business
98 are defined, based on their basic function, in Ylva's business strategy and, if necessary, in
99 separate business plans made specifically for certain areas of business.

100 **Special principles concerning real estate business and investment activities**

101 Ylva commits itself to comply with the UN's Global Compact principles when making rental
102 agreements. New rental agreements and agreements that are extended through contract
103 and require an assessment of their responsibility are brought to the Supervisory Board for
104 processing.

105 When choosing investment targets and new tenants, lines of business to be avoided are the
106 weapons and tobacco industries, gambling and companies that produce and refine fossil fuels.
107 A maximum of 5% of our portfolio may be invested in companies whose portfolios may include
108 activities in the aforementioned lines of business. However, no investment target's main line
109 of business may be on any of the aforementioned branches. In securities investment activities,
110 we require stockbrokers to adhere to the UN's Principles for Responsible Investment (PRI).

111 2.1. Real estate business

112 **Basis**

113 The stability, long-term nature and predictability of real estate business make it possible to
114 develop the entire business on a long-term basis. Real estate business produces Ylva with its
115 main cash flow and secures sufficient distribution of profits to the owner in the long term. To
116 achieve the goal of securing financial independence by 2025, the major projects of Grand
117 Hansa and Lyyra have been begun and will be taken forward during the strategy period.
118 Through the recent property development of the Kaivopiha and Domus areas, the renovation
119 backlog of properties has been significantly decreased.

120 **Objective**

121 The objective is to maintain and increase commercial properties' operational profitability and
122 property profits during the strategy period. The aim during the strategy period is to complete
123 the projects that have already been started in an appropriate manner.

124 **Measures**

125 New property investments may be diversified into different forms of investment. HYY's
126 property finances may invest in new properties if their location enables a long-term increase
127 in value and their profit levels and synergy benefits increase the profitability of real estate
128 business. While the major projects of Grand Hansa and Lyyra are under way, it is crucial to
129 pay attention to the total risk level of real estate business. In potential new projects as well as
130 projects that are currently under way, entering various partnerships and parting with certain
131 assets may be considered if it would help advance the projects and either increase total assets
132 or control risks. Besides financial investments, the profitability of properties is developed with
133 the active selection of tenants. If possible, environmental certificates are sought for properties
134 HYY owns either entirely or jointly. As a property owner, Ylva commits to carbon-neutral
135 energy use by 2025 in accordance with its Net Zero Carbon commitment. Student housing
136 activities are continued in Domus Academica. Economic responsibility is enforced in real
137 estate business by ensuring sufficient renovation and maintenance investments in properties

138 and taking their wear into account. The responsibility of real estate business is promoted by
139 favouring environmentally friendly solutions, such as ecological construction, and by investing
140 in energy efficiency in construction and renovations.

141 **Indicators**

142 The development of market values and profits in relation to general market development as
143 well as occupancy rate. The realisation of the responsibility principles of real estate business,
144 the Net Zero Carbon goal, the operative carbon emissions of properties in relation to gross
145 area, emission reductions in accordance with the carbon budget, renovation backlog in
146 properties.

147 **2.2. Investment activities**

148 **Basis**

149 The aim of Ylva's investment activities is to balance the risk of property investments and act
150 as a bumper for other assets. Funds are invested in a responsible, productive and secure
151 long-term manner that takes the group's total risk level at a given time into account. When
152 determining the risk and profit levels of investment activities, special consideration is given on
153 managing the risks of Ylva as a whole.

154 **Objective**

155 The objective of investment activities is to retain and diversify the Student Union's assets.
156 Especially when the risk level is otherwise higher, liquid investment options in the stock
157 portfolio are emphasised. While major property investment projects are still under way,
158 taking significant risks in other investment activities is avoided.

159 **Measures**

160 Investment activities may be expanded outside the stock portfolio, into various private equity
161 funds, venture capital investments or plots, for instance. The starting point for increasing
162 investment activities is that Ylva may make additional investments if other business operations
163 produce excess cash flow that can be invested. During this strategy period, the investment
164 strategy approved by Ylva's Board of Directors acts as the basis for investment activities.
165 Operative management may execute the investment strategy within the risk and investment
166 framework approved by the Representative Council. The profit target for investment activities
167 is set in proportion with the investment strategy and allocation set by Ylva's Board of Directors
168 that is in effect at a given time. Individual non-liquid investments are assessed in terms of risk
169 diversification and profit in comparison to the entire asset portfolio. Within the limits set by the
170 Ownership Strategy and the risk and investment framework, Ylva makes allocation decisions
171 on the stock portfolio that help increase the value of assets and to preserve assets in all market
172 conditions.

173 **Indicators**

174 For activities with either higher risks or less liquidity, a higher level of profits is required. The
175 main indicator to follow is the profit of investments in relation to the benchmark index. Market
176 conditions are also taken into account when assessing profits. Ylva reports the profits of
177 investment activities annually in its result. In addition to this, the implementation of the
178 responsibility principles of investment activities is monitored.

179 2.3. Restaurant activities

180 **Basis**

181 The primary task of student restaurants is to ensure the availability of student lunches and the
182 best possible price–quality ratio in a profitable, long-term manner. By offering responsible and
183 ethical choices, we help change Finnish food norms and promote both the mitigation of climate
184 change and public health. Student restaurant activities are important to the Student Union for
185 several reasons, such as reaching the membership and all-round, responsibly produced
186 student meals. To keep hold of students’ decision-making power and opportunities to influence
187 matters, it is important to retain the student restaurant activities as part of Ylva’s business
188 operations even if they do not always reach their profit targets. However, the restaurant
189 business cannot cause a loss in the long term, causing excessive risks for the objectives and
190 possibilities of Ylva’s distribution of profits as a whole. Student restaurants offer high-quality,
191 affordable and responsible meals and cafeteria products while taking special diets into
192 consideration. The principles of quality, Finnishness and responsibility are important not only
193 in student restaurants but also for this line of business in general and its brand in particular.

194 **Objective**

195 The objective of student meals is to offer competitively priced food with better quality and
196 customer satisfaction than those of competitors. The objective of student restaurants is a level
197 of financial profitability that allows development investments to be covered by their own profits.
198 During the strategy period, the profitability of the business operations must be developed and
199 the entire line of business spurred on in responsibility issues. The company’s student
200 ownership and responsible acquisition policies must be visible to customers.

201 **Measures**

202 Customer satisfaction and feedback form the cornerstone of developing the business
203 operations, and both are monitored closely. Finnish ingredients and ingredients with
204 responsibility certification are favoured in student restaurants. It is also crucial to ensure the
205 availability of meals that follow the recommended principles of student meal programmes in
206 higher education as well as promote vegetarian and vegan meals. Vegetarian and vegan
207 meals are promoted because of their generally smaller carbon and water footprint. The market
208 value of student restaurants is based on their strong market position in the higher education
209 sector. The long-term development of activities requires securing this market position. The
210 visibility of student ownership and the company’s responsible acquisition policies to customers
211 must be promoted with goal-oriented customer communication and responsibility certificates.
212 Favourable development in the profitability of lunch restaurants is maintained by developing
213 UniCafe’s image as a credible restaurant business outside the University community as well
214 as in it. When developing restaurant activities, jointly-owned restaurants and companies as
215 well as corporate transactions may be considered, but the Student Union must retain a
216 controlling position in all significant arrangements.

217 **Indicators**

218 Customer satisfaction, share of certified and Finnish ingredients, share of vegetarian and
219 vegan meals among purchased meals, yearly emission reductions in line with the carbon
220 budget.

221 3. Profit targets and distribution of profits

222 The profit target for Ylva's business activities is a total return on capital that is better than the
223 average return on the market, taking into account both the operative cash flow and the
224 change in net assets. Ylva's long-term goal is to improve its profit level so that its distribution
225 of profits can ensure the independence of the Student Union's operations from other funding
226 sources. Another long-term objective is that the distribution of profits could be raised to a
227 level of at least 4 million euros after the strategy period in 2025. During the strategy period,
228 the goal is to keep the distribution of profits steady or increase it moderately every year.
229 However, any increases must be made in a way that does not endanger Ylva's ability to take
230 care of its liquidity, manage its loans or invest in retaining its future competitiveness.

231 **Basis for the distribution of profits**

232 Operative cash flow is used as the basis for the distribution of profits. Operative cash flow
233 shows the cash flow of business operations after the direct expenses and financing costs of
234 the business operations. Operative cash flow must also to cover expenses such as loan
235 instalments and necessary maintenance investments. During the strategy period, the basic
236 goal for the distribution of profits is a range of 20–50% of operative cash flow. On the other
237 hand, there are major investment projects under way during the strategy period, and these
238 may cause greater than normal fluctuation in the annual business result. The distribution of
239 profits should thus be assessed over a time frame of several years, and deviations from the
240 basis for the distribution of profits may occur despite the poor result of a single financial
241 period if Ylva's net assets or the bumpers it has accumulated during previous years make
242 this possible. When assessing the decision on the distribution of profits, care must always be
243 taken to ensure that the distribution of profits does not endanger or violate Ylva's financing
244 agreements or endanger Ylva's liquidity or its chances of otherwise taking care of its
245 liabilities and obligations.

246 **Equity ratio**

247 During the strategy period, Ylva's equity ratio must remain over 50%, calculated in market
248 values. The equity ratio is reviewed annually, and the equity ratio calculated in market values
249 is reported at least once a year in connection with the confirmed financial statement, based
250 on the situation at the end of each financial period. If the equity ratio calculated in market
251 values decreases or is in immediate danger of decreasing under the 50% goal, the Student
252 Union's finance director has the duty to make the Representative Council aware of the
253 matter and propose a plan to fix the situation within 60 days. However, with major
254 investments occurring during the strategy period, Ylva must ensure its liquidity in such a way
255 that it is able to cover its liabilities and obligations in all situations. With this in mind, securing
256 liquidity may conflict with the 50% goal for equity ratio in the short term after HYY's Board
257 makes a decision on the matter.

258 **Contingency fund of operating finances**

259 The purpose of the contingency fund of the Student Union's operating finances is to secure
260 the Student Union's operational funding for the following year. The contingency fund is
261 accumulated with the owner's annual decision on the distribution of profits, made in
262 connection with processing Ylva's financial statement and based on the confirmed financial
263 statement and profits.