

FINANCE AND ASSET MANAGEMENT POLICY 2017

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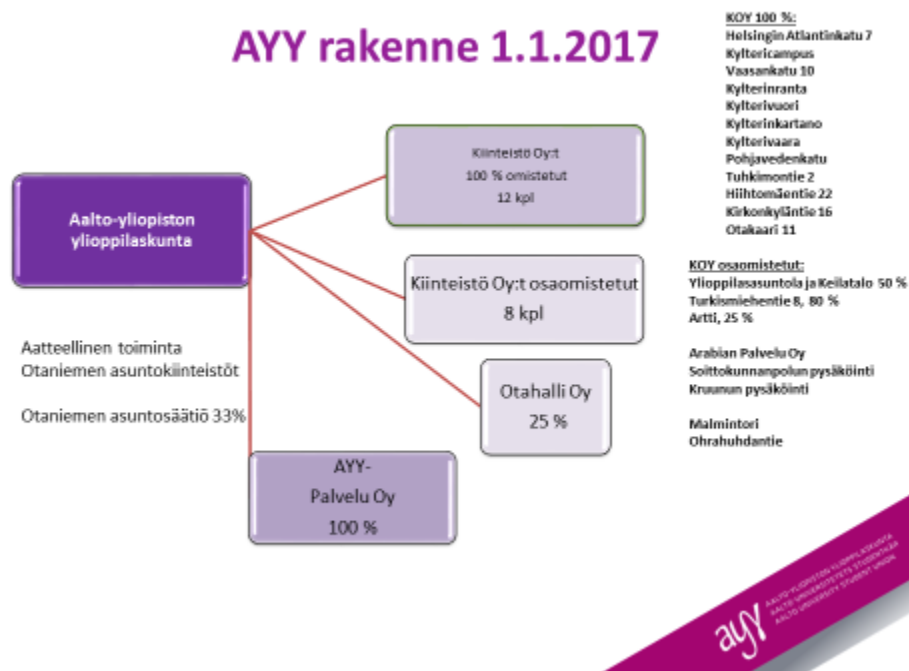
1. BACKGROUND

THE STRUCTURE OF THE STUDENT UNION OF AALTO UNIVERSITY

The Student Union of Aalto University, which began its operations on 1.1.2010, is a service and advocacy organisation for around 15,000 members. The Student Union is a self-governing public community whose status is defined in the Student Union Decree. The members of AYY are all the members of Aalto University who are doing an undergraduate or graduate degree at Aalto University.

The actual operations of the Student Union include property operations as a fundamental part in addition to association operations. The majority of the operations and holdings are structurally directly within the Student Union. In addition to this, the Student Union has both fully-owned and partly-owned companies in its group.

The figure below shows the structure of the operations and holdings of the Student Union.



DECISION-MAKING POWER

The Council exercises the highest decision-making power of the Student Union. The Board and Financial Committee elected by the Council use the decision-making, management and implementation power. The task of the Council is also to elect and discharge the Financial Director of the Student Union. The Council also selects the audit agency.

The tasks of the Council that relate to finance include, according to the regulations of AYY:

- to approve the objectives, guidelines and plans of the operations, finances and asset management of the Student Union
- to decide on the Student Union's annual budget estimate and additional budget estimate
- to deal with the reports on the finances of the Student Union provided by the Board and decide on the measures that they result in
- to decide on the confirmation of financial statements and the granting of exoneration from liability to the Board and other accountable parties
- to decide on the annual membership fee
- to decide on significant financial projects, which means the purchasing, selling or mortgaging of properties and the commencement of building projects or a significant commitment of the assets of the Student Union

The administrative and financial guidelines define the responsibilities of financial management amongst different operators in more detail.

THE FINANCIAL COMMITTEE

The Financial Committee is a specialist body that provides advice. The Financial Committee has 10 members, including the Chair. The Council elects the Financial Committee, following the proposal of the Board, for two years and, following the proposal of the Board, the Chair for one year at a time. The task of the Financial Committee is to support the Board in matters that relate to the management of the assets of the Student Union.

Two sections are also formed from the members of the Financial Committee: the Investment Section, which prepares investment decision proposals for the Financial Committee, and the Property Section, which prepares decisions related to properties.

2. THE ASSETS OF THE STUDENT UNION

THE STRUCTURE OF THE ASSETS

The assets of the Student Union consist of properties; residential and investment properties, office properties and ideological properties, as well as other investment assets such as money market and share investments.

The residential property assets are the most significant part of the assets of the Student Union. The residential properties are located in the Espoo and Helsinki areas. The residential properties have a total of around 84,000 square metres of floor area. The Student Union sets the objectives for property ownership in the separate property policy appendix.

DEBTS

The Student Union and property company have debts that are directed at the properties. The debts are long-term loans from different financing institutions, mostly subsidised by ARA (The Housing Finance and Development Centre of Finland).

3. THE MAIN PRINCIPLES OF ASSET MANAGEMENT

The following general main principles have been laid down for asset management, which have been approved by the Council:

THE OBJECTIVES OF THE SAFEGUARDING OF INVESTMENT ASSETS

The aim of the management of the investment assets of the Student Union is to ensure the financial requisites for ideological operations.

The assets must be managed in a professional way so that the preservation of the real value of the assets is ensured in the long term.

THE OBJECTIVES OF RESIDENTIAL PROPERTY OPERATIONS

The ownership and good management of residential properties is one of the core tasks of the operations of the Student Union.

The objective of housing operations is to offer housing to all the members of the Student Union who want it, with a short waiting time.

The objective set for the residential property assets is to obtain a return for the assets that ensures a stable rent level for students regardless of the repair needs of the properties. In order to ensure the aforementioned objectives, the earnings from residential property operations shall be kept within residential property operations.

SOLVENCY

The objective of the Student Union is to be a debtless operator, however so that loan capital is used when necessary to finance residential properties.

ACCOUNTABILITY

The Student Union pays attention to accountability in investment and property operations. In investment operations, human rights and the environment must be respected.

4. THE MONITORING OF ASSETS

The responsibility for the monitoring and reporting of assets rests with the Financial Director, who reports regularly to the Financial Committee, Board and Council.

THE STRUCTURE OF REPORTING

The structure of the assets and the changes that have occurred in them are reported so that property assets and investment assets are reported on separately.

The reporting of investment assets consists of the following:

- the market value of the assets by asset class
- the change in market value during the inspection period
- the allocation of the whole portfolio vs. the target allocation
- asset class-specific reporting of earnings in relation to the benchmark indices defined for them
- the risk reporting of the investment portfolio

REPORTING RESPONSIBILITIES

The Financial Director reports on the earnings from assets and the structure of the assets, as well as their value, to the Investment Section of the Financial Committee and the Financial Committee in every meeting. After this, the value and earnings of the assets are reported on quarterly to the Board and Council of the Student Union.