

Matti Vuoria

Evaluator Report of the State's Ownership Policy

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State Shareholdings Unit



MINISTRY OF
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Aleksanterinkatu 4

P.O. Box 32

Tel. +358 9 16001

FIN-00170 Helsinki
FINLAND

FIN-00023 GOVERNMENT
Helsinki FINLAND

Telefax +358 9 1606 3666

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Authors Matti Vuoria	Date February 2004	
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Title Evaluator Report of the State's Ownership Policy		
Abstract The report deals with the bases, operating environment and implementation method of the State's shareholding policy. The rapporteur proposes the following: <ol style="list-style-type: none">1. setting up of a high-level expert working group in order to deepen the discussion on shareholding policy and to organise communication between business life and public administration,2. revision of shareholding policy legislation so that it would better take account of both the requirements set by company and securities market law and appropriate organisation of the power of decision between Parliament and the Government,3. renunciation of supervisory boards in all publicly listed companies in which the State is a major shareholder,4. clarification of the principles and limitation of liability regarding the board memberships of civil servants to ensure that the civil servant's position in relation to legislation on civil servants and company law are in harmony with each other,5. unexceptional observance of the corporate governance recommendation of the Stock Exchange and business life in state-owned companies and the State's associated companies, as well as adoption of the operating methods based on the recommendation when organising the State's ownership steering,6. centralisation of the State's ownership steering and ensuring resources for it, and7. further development of the outlines concerning remuneration of executives and personnel. On the basis of his propositions, the rapporteur has drawn up a draft in accordance with his mission for a Government decision-in-principle on the State's shareholding policy.		
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Letter of Delivery

To the Ministry of Trade and Industry

The Ministry of Trade and Industry appointed me evaluator of the State's ownership policy on 7 August 2003 and assigned me:

- 1) to prepare a proposal for the revision of the Government decision-in-principle concerning the goals and principles of the State's ownership policy; and
- 2) to make proposals to clarify decision-making related to the State's ownership policy.

The general goal for evaluation set by the Ministry was to further harmonise the procedures of the State's ownership policy and thus make the ownership policy more predictable and transparent.

While carrying out my tasks, I have discussed issues related to the ownership steering of companies with the State's shareholder interest with several individuals and authorities responsible for the State's ownership steering. I have tried to coordinate my evaluation with the ongoing work of the State's working group on ownership steering. I travelled to Paris in November to acquaint myself with the current state of the evaluation of corporate governance in state-owned companies carried out by the OECD Secretariat. I would like to thank docent Pekka Timonen, Chief Counsellor, for his help and good cooperation.

Having completed my task, I wish to present the Ministry of Trade and Industry with my proposal.

Helsinki, 18 December 2003

Matti Vuoria

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1 Starting point for evaluation

The procedures for the State's corporate ownership were revised twice in the 1990s. The latest Government decision-in-principle on the State's ownership was made in 1999. The companies' operating environment and especially their ownership steering and governance methods have since undergone significant development internationally and nationally, which justifies the revision of the Government decision-in-principle.

While ownership of corporate assets is not one of the State's main tasks, corporate assets constitute a significant part of our national assets.

In recent years, the Finnish Government has taken a rather pragmatic approach to corporate ownership and to its own ownership in general compared, especially, to the situation in our Nordic neighbours, Sweden and Norway. This approach allowed companies with the State's shareholder interest in industry and financial markets to actively participate in the structural reorganisation of the markets in the 1990s. The reorganisation increasingly includes either direct or indirect cross-border operations and has often included significant changes in the amount and/or share of State ownership. These measures have often increased and sometimes safeguarded shareholder value.

The business environment of companies with the State's shareholder interest operating on market terms is developing fast, and competition keeps increasing. An increasing share of the operations, markets and even production of these companies is located outside Finland. Foreign ownership is vital to the success and development of companies with the State's shareholder interest. The limitations on the development of Finnish capital markets cannot and should not restrict the development, growth and value increase of companies with the State's shareholder interest. However, owing to the volume restrictions on our capital markets, State participation in company ownership in Finland is justified and will continue to be needed in some form in the future, too. As a result, the State's ownership policy and ownership steering should be of high quality, predictable and transparent also by international standards and based on the best corporate governance practices.

On the markets, a high level of State ownership is usually considered an encumbrance to the value formation of publicly listed companies. A pragmatic, proactive State ownership policy that is sensitive to and efficiently utilises market conditions may become a nationally significant competitive factor and markedly improve the value formation prerequisites of companies partly owned by the State.

This requires that the principles of ownership policy be clearly communicated to the markets.

Discussions on the State's ownership often maintain that the State is a weak owner. In my view, this opinion is not without grounds if weakness refers to unclear wishes of the owner, conflicting expectations related to the role of the State's ownership and slow decision-making. However, the situation typical of the past decades in which no counterforce to the executives of state-owned companies could be found through ownership steering, even when required, has gradually improved thanks to the increasingly efficient company administration procedures. The improved efficiency of company administration and the emphasis on the responsibility of the Board of Directors have also played an important role in this respect. The State has boosted its ownership while supporting the role of Boards. Issues related to the State's ownership policy give rise to strong emotions in the public. As there are a number of participants, the lure of publicity sometimes seems to get the upper hand. The farther away decision-making is, the easier it seems to be to comment on topics and preconceptions. The confusing discussions about Supervisory Boards that continue year after year may be the best example of this. It sometimes seems that company shareholders have often been saved from big financial losses by the difficulty of foreign investors to follow the discussion conducted in Finland.

The ongoing discussion and work in the USA and Europe on developing the administration of publicly listed companies offers a good opportunity and increasingly better prerequisites for clarifying and developing the administration of companies with the State's shareholder interest as well as the responsibilities of the different organs of such companies.

The Ministry of Trade and Industry has entrusted me with the task of preparing a proposal for a Government decision-in-principle on the State's ownership that targets authorities instead of the companies or their organs. I wish to emphasise a number of core principles that my proposals are based on. In my opinion, those principles have an essential impact on the kind of ownership policy that company shareholders can conduct in publicly listed companies or companies with multiple owners. These principles often seem to receive little or no attention in discussions on the State's ownership steering and its restrictions.

There is a deeply rooted misconception that the degree to which companies with the State's shareholder interest operate on market terms would be somehow inversely proportional to the State's ownership share. This is not the case. Market-based operations do not depend on the owner or ownership but only on the question of whether the company operates in a competitive environment and follows economic

principles. The degree to which operations are based on market terms is important when evaluating the State's ownership steering and its organisation. With this in mind, listing a company is crucial to market-oriented and market-based operations as it eliminates the owner's non-market-based procedures and demands. I understand the wish to develop a variety of company categorisations and definitions for the State's ownership steering but, in terms of the securities markets and stock investment, a public listing restricts the company from executing other than special assignments related to competition or the markets.

The entry of just one minority shareholder changes the nature of a limited liability company. It is important to understand, as well as accept, that the operations of market-based, publicly listed companies with the State's shareholder interest comply with the Finnish Companies Act and the Securities Market Act irrespective of their ownership and that the companies are liable to ensure shareholder equality in all of their operations. The ownership steering by the State in its capacity as shareholder should take place through company organs and in the forms and within the limits set out in Finnish company legislation. Such steering must be as transparent and open as possible. The State's ownership steering shall take place through decision-making in the company organs and by influencing the composition of the organs. The State in its capacity as shareholder provides concrete ownership steering at Shareholders' Meetings.

In view of functional ownership steering and the companies themselves, it is important to ensure a good flow of information between the owner-appointed representatives and their support associations, but this shall always take place within the framework of legislation and in compliance with the Companies Act and the Securities Market Act. One of the core principles of the Companies Act is that all shareholders have equal right to information. The State in its capacity as shareholder must have access to information, and communication with company organs and executives shall be close and as unrestricted as in the case of any other owner. Communication to owners should be handled by the same persons in companies (usually the Chairman of the Board or the Managing Director) to ensure the principle of shareholder equality and compliance with insider regulations. It is equally important that communication from the owner's direction takes place through the owner-appointed representative and not, for example, through a Board member.

The State has long tried to separate the goals of the State's industrial policy and the ownership of individual companies. This is necessary to maintain and ensure confidence in the State and companies, as well as international trust in Finland and its securities markets. The goal is not to bow to the market forces but to ensure

Finnish well-being. In conjunction with and as a result of the listing of state-owned companies, the State has explicitly and implicitly pledged to comply with the same principles as other company owners. The work distribution between the owners, Board of Directors and company executives as determined in the Companies Act has become clearer in Finland as well, and the State has lately aimed to clarify its policies. The roles of the Board of Directors and Managing Director are also clearer.

It is unfortunate that certain individual cases have clouded the image of the State's ownership steering and the management and administrative practices of companies with the State's shareholder interest. The decision-making of listed companies shall be clear and understandable, as well as open as appropriate. The publication of the companies' own decision-making and of other issues related to their operations shall always be carried out by the companies' responsible management or decision-making organs (i.e., the Managing Director or Chairman of the Board). There is a great risk that the personal opinions and goals publicly expressed by company owners will be confused with the decision-making of the companies. While the decision-making concerning the State's ownership policy belongs to the authorities, the business-related decision-making in the organs of limited companies is neither an official or political activity.

From the point of view of the State's ownership steering, it is of crucial importance that the mutual roles of the Finnish Government and Parliament are clear. The country's main governmental organ, Parliament, is responsible for legislation and the company-specific content, and implementation of the ownership policy is the responsibility of the Council of State. In addition to general legislation, Parliament also makes decisions on the State's company-specific ownership limits. I will return to the development of legislation on the State's ownership in my detailed proposals. It is unfortunate if the economic appropriateness of structural reorganisations of individual publicly listed companies is determined by Parliament. It is even more unfortunate if the case is handled as a subsequent consideration by Parliament related to conditional structural reorganisations.

The ultimate interpretation of valid legislation is often handled as subsequent consideration in court, which it should not be as it is comparable to the enacting of laws. One of the core criteria of market-based operations is the companies' ability to carry out reorganisations quickly and proactively. Companies in which the State sees no justification for market-based operations should not be listed on the stock exchange.

In its latest guidelines on ownership steering, the State has emphasised the steering and supervision responsibility of the Boards of Directors as well as their responsibility towards shareholders. Despite this, differences in the administrative systems of companies still create uncertainty as to authority relations. This is also true of the practices of different Ministries. These problems are often emphasised in rapidly changing situations related to company structures, ownership or acquisitions. This may result in unnecessary tension between the State and company organs, as well as in significant financial losses. The requirement of external reliability of the steering system and related insider regulations call for increasingly clear responsibility relations.

Although the emphasis of my task as evaluator is on issues related to publicly listed state-owned companies and companies with the State's shareholder interest, I believe more attention should be paid to the efficiency and ownership steering of companies handling special State assignments as well as of state enterprises. The ownership steering of such organisations shall also distinguish between regulatory and operational interests, as well as aim at operational efficiency. Special assignments should not lead to exemptions in terms of operational efficiency. There is no point even in evaluating the appropriateness of the State's role in poorly managed units. I am convinced that state enterprises as well as companies handling special State assignments greatly benefit from impulses and views concerning board and steering group work that come from the business world outside administration.

It is in the interest of publicly listed companies with the State's shareholder interest as well as of other companies that the owner-appointed representatives in company organs are as competent and experienced as possible for these tasks. The State should aim to ensure that the individuals it appoints for Board duties are the best possible candidates. In the past years the State has positively supported the internationalisation and the versatility also in terms of gender distribution of Board compositions, as well as the opportunities of other owners to influence the compositions. I will return to the position of state officials in the organs of listed companies later in this report.

The State should continue to actively participate in the revision and development of the administrative procedures and policies and the ownership steering of Finnish companies towards internationally recognised corporate governance methods.

Some listed companies partly owned by the State still have Supervisory Boards. The tasks and authority of Supervisory Boards differ by company. Granting Supervisory Boards authority restricts the tasks of Shareholders' Meetings and

decreases the shareholders' opportunities to use their shareholder rights in compliance with the Companies Act. After the State, based on the statement of Parliament's Constitutional Law Committee, adopted in the early 1990s the principle that the parliamentary factions of parties represented in Parliament appoint their representatives to the Supervisory Boards of state-owned companies, the relative support of Parliamentary parties has become the core criteria for the composition of Supervisory Boards.

The development of companies' business operations has considerably weakened the ability of Supervisory Boards to take responsibility for supervising company operations. Supervisory Boards have come under increased criticism in the past few years both at the Shareholders' Meetings of publicly listed companies and in public in general. The status and responsibilities of Supervisory Boards are felt to be unclear, and the expectations set for them can be very conflicting. Even speeches in favour of the Supervisory Board system have rarely brought up the legal responsibilities of Supervisory Boards. Instead, the main advantage of the system has been considered to be that of ensuring communication between the companies and their main interest groups. In terms of the State's ownership steering, Supervisory Boards have not been seen to replace the communication channels between companies and the parties administering their ownership on the State's behalf.

According to the new Corporate Governance recommendations for listed companies prepared by the Central Chamber of Commerce, HEX Plc and the Confederation of Finnish Industry and Employers, which will take effect on 1 July 2004, the authority of Supervisory Boards in listed companies shall be restricted to supervising administration and providing instructions, while the Shareholders' Meeting shall elect the Board members and the Board shall appoint the Managing Director.

This means that the articles of association of publicly listed companies with the State's shareholder interest should be modified and harmonised at the Shareholders' Meetings this spring, at the latest, so that the Supervisory Boards' tasks related to company law are transferred to the Shareholders' Meetings and Boards of Directors. This would change the tasks of Supervisory Boards into advisory board operations, which would not include binding decision-making or authorisation leading to responsibility under company law.

I believe that the Supervisory Board system should be abolished in all publicly listed companies with the State's shareholder interest.

If the State wishes to retain such a discussion and information forum in some company, the Supervisory Board should be changed into an advisory board and freed from its statutory tasks. Completing the system reform at this spring's Shareholders' Meetings would clarify the administrative policies and responsibilities of companies.

The bonus and incentive systems of publicly listed companies, as well as share ownership, have aroused much public interest. In the past months, discussion on these issues has been clearly more animated than the discussion on the future of Finnish industry. The State, as well as some private institutions, have presented their own recommendations or policies for the guidelines of these systems.

The development of bonus and incentive schemes of publicly listed companies with the State's shareholder interest is already handled by bonus committees appointed within Boards of Directors as recommended by the Ministry of Trade and Industry. Companies need their shareholders to trust the companies' operations concerning bonus and incentive systems. Recent international examples show the extent of damage that excesses in these questions can cause.

It should be kept in mind, however, that the basis for development of bonus and incentive systems in recent years has been to support the value formation of companies and commit their key personnel. These goals do not call for lax rewarding that is not based on performance.

I will return to the bonus policies of publicly listed companies, the committee systems of Boards of Directors and the improvement of the transparency of Board member election in my detailed proposals.

2 Detailed proposals

2.1 Establishment of a high-level expert group on the State's ownership policy

The State has considerable ownership in companies whose fields of business are witnessing crucial structural development in Europe and globally. Already nearly three fourths of the production of industrial enterprises with a Finnish background (legal domicile in Finland) is estimated to take place outside Finland. From this point of view, the future success of our industry requires active participation in structural development. This calls for first-class strategic analyses of different lines of business and a profound understanding of structural development when preparing the State's policies and decision-making in its capacity as shareholder. The performance of the State in its capacity as shareholder should not be measured only on the basis of actual structural reorganisations and transactions but also by ensuring that existing or new opportunities are not left unused.

I will present proposals for organising the administration of the State's shareholder policy from this point of view later in this report.

Finland has achieved excellent results in innovation system development by creating flexible forums for political decision-makers and experts. The discussions have been used as the basis for creating a uniform and, if required, quick decision-making process. A good example of this is the Science and Technology Policy Council of Finland chaired by the Prime Minister.

I propose setting up a Group of Experts outside the administration of the State's ownership policy and independent of any related decisions to discuss on a regular basis the basic principles of the State's ownership policy and the background to the structural development of, alternatives to and possibilities for sectors that are of crucial importance to our country. The High Level Group would be chaired by the Prime Minister and its invited members would include independent experts from economic life and industry, as well as from the financial and capital markets.

It would be essential for the Minister of Finance and the Council of State's member or members responsible for industrial policy and administration of the State's ownership policy to participate in the Group's work.

Discussions held in such a Group would make it easier to:

1. avoid the economic risks and losses that the State may face due to quick and unexpected structural reorganisations;
2. avoid risks related to hostile company takeovers; and
3. improve the conditions for correctly timed initiatives to realise corporate restructuring arrangements or acquisitions.

At the request of the Group's Council of State members or Expert members, the Expert Group could conduct confidential discussions on the development in different sectors and within companies with the State's shareholder interest. The Group's activities should be informal and advisory in nature. Although the composition of the Expert Group would naturally be public, it would not be expedient to draft public minutes or reports of its meetings.

2.2 Review of the legislation on the State's ownership policy

The Act on the State's exercise of its partnership authority in certain limited-liability companies engaging in economic activities (Finnish Statute Book 740/1991) provides the legislative basis for the State's ownership policy. The Act has become obsolete in several respects. It was enacted prior to the expansion and stock listing of state-owned industrial companies in the 1990s. The Act deals with the State's exercise of its shareholding power in both publicly listed and private companies, but, due to its obsolescence, it is difficult to apply in many respects.

The provisions of the Act are very poorly applicable to current corporate restructuring arrangements and their financing policies. The Chancellor of Justice has pointed out the need to clarify the Act.

Problematic issues in the Act include the definition of a state-owned company, which makes no mention of the significance of public listing. According to Section 2 of the Act, a state-owned company is a limited liability company in which the State has authority based on its direct shareholding. In my view, publicly listed companies in which the State has a significant minority share or authority based on its direct shareholding would be better described by calling them companies with the State's shareholder interest. The term state-owned company should only be used of companies that are fully owned by the State.

The core provisions of the Act are Sections 4 and 5 that specify the limits of Parliament's and the Government's authority concerning share transfer. According to Section 5, the Government must get Parliament's consent if share transfer will result in the State giving up qualified majority (2/3), majority (1/2) or blocking minority (1/3) in the company.

As I have pointed out previously, the nature of a state-owned company changes radically when the company applies for public listing. According to current legislation, this does not require Parliament's consent; instead, the decision is made by the Government. However, from the point of view of the markets and other shareholders, a stock listing is an irreversible signal of the State pledging to honour the principle of shareholder equality and to ensure the status of minority shareholders as well as openness.

In my view, changing the limits of the share of ownership that require Parliament's authorisation should be considered. Instead of the current limits, the Government's authorisation for share transfer should be applied for if the State surrenders 100% of ownership (company is listed) or a majority (50%). However, the following draft for a Government decision-in-principle is naturally based on valid legislation and the limits provided in it.

According to Section 4 of the Act, state-owned shares may not be transferred at a price lower than the current price. However, neither the Act nor its commentary defines the current price. The current price of a listed company is determined on the stock exchange and that of an unlisted company is based on established valuation methods, such as the productive value, net worth and cash flow statements. The provisions of the Act should be revised in this respect.

In recent years, companies with the State's shareholder interest have been involved in a number of mergers and splits. The Act does not provide for such situations. As a result, it has been necessary to request the interpretation of the Chancellor of Justice when applying regulations concerning Parliament's authority to these situations. The Act should also be revised in this respect by clearly defining how the authority concerning ownership limits applies to mergers and splits.

Apparently for political reasons, the Government has not wished to wield all of the authority granted to it in Section 6 of the Act; instead, in the past years several cases that concern the State's ownership and come under the Government's authority have been given to Parliament. This has resulted in Parliament issuing statements on questions that, according to the Act on the State's exercise of its partnership authority in certain limited-liability companies engaging in economic activities,

come under the sphere of Government responsibility. The executive power of the Government has thus been transferred to Parliament. I wish to point out that in addition to political repercussions these procedures also have an economic dimension. In publicly listed companies, this economic dimension presents itself as changes in the companies' shareholder base and share quotations. Managing all the resolutions made in Parliament's committee debates over the years may become very strenuous for the administration responsible for the State's ownership steering. Listed companies, in particular, find these statements problematic in terms of decision-making and communication: the organs of a listed company cannot accept orders or direct instructions from a single owner, and the company must always be able to justify its decisions as benefiting the company and all of its shareholders.

I find it of utmost importance to further clarify the relations between Parliament and the Government. Revising the Act on the State's exercise of its partnership authority in certain limited-liability companies engaging in economic activities would provide good opportunities for this. I understand the pressure on Parliament to steer major companies. Instructions and related responsibility must, however, go hand in hand. Parliament is not financially responsible for the companies' value formation, which is primarily the concern of the companies' management and organs and, ultimately, the Government. The Government reports on ownership policy to Parliament and is thus also responsible for ownership steering. If the pressure on Parliament to politically steer the operations of a particular company cannot be channelled to administration carried out within the Government, the company in question should not be listed on the stock exchange.

2.3 State representation in Boards of Directors

The State has actively participated in the development of corporate governance policies in Finnish limited companies and required companies with the State's shareholder interest to comply with these policies. Statements issued by the State have emphasised the central role held by the Board of Directors in terms of ownership steering of both publicly listed and fully owned companies.

The new Corporate Governance recommendation for listed companies includes many important principles for the State in its capacity as shareholder, such as the requirement that the majority of Board members in a listed company shall be independent of the company, in addition to which two of the majority members must be independent of significant shareholders (Corporate Governance recommendation No. 17).

The State has actively participated in the Board activities of companies with the State's shareholder interest, as well as in the development of Board activities in terms of Board composition. The position of state officials on the Boards of listed companies is a complex issue involving many aspects related to State administration and the companies themselves. The Chancellor of Justice has repeatedly treated the issue in its own statement in the light of the incapacity provisions of the Administrative Procedure Act.

As a substantial shareholder of many companies listed on the Helsinki Stock Exchange, the State should be provided with the possibility to ensure an effective representation on company organs. Consequently, state officials must also be allowed as Board members in companies with the State's shareholder interest. When serving as members of the Board of Directors, state officials follow in all respects the same principles as any other members of the Board. In this respect, having officials on the Board of Directors is justified from the companies' point of view if the officials provide the company with added value based on their knowledge and skills.

From the companies' point of view, the problems related to the officials' Board membership should be solved by the State not setting such obligations or restrictions on the activities of the officials appointed to Boards that in any way prevent the officials from acting in the company's benefit. When working on the Board of Directors of a listed company, an official ceases to be an official. If this were considered impossible within the framework of legislation concerning state officials, the issue must be solved through statutes or by selecting representatives that enjoy the State's confidence and are not state officials.

State-appointed Board members must be able to operate on the same terms as any other person on a company's Board of Directors. The legal and financial responsibility of state-appointed representatives in relation to companies or all of their owners cannot be restricted in any way.

The State's regulatory tasks and ownership steering must be kept clearly separated. Although the working group dealing with the State's ownership steering will make its own proposal for the administrative positioning of ownership steering, I find it necessary to present my own view as a separate proposal later in this report. A state official with overall responsibility for the regulation of companies in a certain line of business or for the promotion of corporate activities is not a credible actor on the Board of Directors of an individual company. Such an official would be disqualified when dealing with issues related to the target company as well as its competitors. When working on a company Board, a state official cannot operate as

a special messenger of the company or of the State in its capacity as shareholder, but only according to the same principles and responsibilities as any Board member. Although the normative background for the disqualification of state officials differs from the provisions of the Companies Act, the disqualification conditions and conflicts of interest concerning state officials do not, in practice, differ much from those of representatives of private companies. Officials do not enjoy any special status in this respect either. Conflicts of interest and disqualification conditions must be identified and companies must treat them openly.

2.4 Application of the Recommendation for Corporate Governance of Listed Companies in companies with the State's shareholder interest

The new Recommendation for Corporate Governance published by HEX Plc. will clearly enhance the development of corporate governance procedures of companies listed in Finland in line with the best international standards. The purpose of the recommendation is to harmonize the current practices of listed companies, to increase transparency and to harmonize the information disseminated to investors and shareholders.

The recommendation includes instructions on the core principles applied to the Shareholders' Meeting, Supervisory Board, Board of Directors and its committees, Managing Director and other members of management. The recommendation also provides guidelines on the information published about internal control, risk management and internal auditing, insider administration, audit of the accounts and communication, as well as the principles applied in these fields. The recommendation contains 57 individual instructions.

Listed companies with the State's shareholder interest should comply with the new Recommendation for Corporate Governance as of its entry into force on 1 July 2004. The goal should be for unlisted companies to also comply with the recommendation to the extent possible.

In practice, the most important instructions in the recommendation are those dealing with the companies' Board of Directors and the independence of Board members.

The recommendation will result in a significant improvement of the transparency of Board election procedures in listed companies. The future preparation of Board

elections will more clearly take place in the companies. The recommendation assumes that Board committees are formed from Board members. The main task of appointment committees of companies is to prepare proposals on Board members presented to the Shareholders' Meeting. The Board's internal preparation is not automatically the best solution in companies that have big, active and known owners, as it is the owners' confidence that the Board must always enjoy. The composition of the committee may therefore prove to be problematic in terms of revising the Board composition and changing its members. For this reason, it is important that the unit responsible for the State's ownership steering ensure that in a company in which the State has a significant shareholder interest, the appointment committees hear the State's representatives as well as other significant owners when preparing proposals on Board composition and on individual Board members.

The Board of Directors of a listed company and its bonus committee are responsible for preparing proposals on the incentive systems for the company's management and personnel. I find it important that the Shareholders' Meeting be informed about such systems also in cases where legislation or the content of the systems does not require the Shareholders' Meeting to decide on them. The unit responsible for the State's ownership steering shall ensure that in a company in which the State has a significant shareholder interest, the State representatives be heard when preparing proposals on incentive systems.

2.5 Development and resources of the administration of the State's ownership steering

As stated earlier, the content and implementation of the State's ownership policy should form a true national competitive factor.

When evaluating the development options for the administration of the State's ownership steering, it is vital to ensure that the companies' ownership steering is more clearly separated from industrial regulation and other official activities. This separation should concern all parties responsible for administrative preparation, decision-making and policy-making. It is necessary in all the State's ownership steering in companies operating on market terms. A clear separation of regulatory tasks from ownership steering would reinforce external credibility in administration and create conditions for enhancing the transparency and operations of the State's ownership steering. State administration must increasingly come to terms with the fact that the operations in different fields of administration have conflicting goals. As concerns companies operating on market terms, the State's

ownership steering should be aimed at achieving as good a performance as possible for the companies concerned. The ownership steering of companies accomplishing special State assignments should, also in the future, be entrusted to the ministries responsible for the administration of the sector concerned.

The State has some minor stakes in many Finnish listed companies as well as in private companies. Combining such ownership in a limited liability company owned by the State could be an appropriate option. Ownership would then be administered purely from the investors' point of view. It would be justified to entrust, with flexible authority, the administrative responsibility of such a company to the Government's ownership steering unit. The company could buy and sell shares as allowed by its assets and would answer to its owner through the result of its investing activities. Solidium Oy, operating in the administrative field of the Ministry of Finance, could be one such company. The company could also actively participate in developing the securities operations and liquidity of the national real estate markets and consequently in improving market operations.

The State's ownership policy and steering is expected to be open, predictable and consistent. The current distributed ownership steering does not fulfil these criteria in terms of predictability and consistency. The procedures of different Ministries differ from one another at least on some issues. Collecting the personnel resources of the State's ownership steering in a single unit could significantly enhance the efficiency and unity of ownership steering. I consider the benefits of centralising ownership steering to be so obvious that centralisation should be implemented as soon as possible. For the separation of ownership steering and regulation to be credible, ownership steering should be located sufficiently far from the Ministries responsible for the regulation of different sectors or industrial policy. In order to ensure the independence of ownership steering, it should not in my opinion under any condition be handled below Ministry level. The officials in the ownership steering unit must be able to themselves present issues, for example, to the Cabinet Committee on Economic Policy.

Successful accomplishment of ownership steering duties requires that the personnel of the ownership steering unit have solid expertise and experience. In addition to quality-related qualifications, the personnel of the unit should also have external credibility to be able to act effectively vis-à-vis companies, political decision-makers, investors and the market. The officials responsible for ownership steering tasks should not only be loyal to their employer but also exhibit sufficient independence. This means that the wages of such officials must be proportionate to the wage level of their operating environment. The appropriate comparison group in this case is not the general body of Government officials but rather the

management level of companies with the State's shareholder interest. Experience as a state official may provide a good background for ownership steering duties, but it should not be the only requirement. To ensure that the State can recruit the best possible individuals to handle duties related to the ownership steering of companies operating on market terms, the wages of the individuals should be based on market terms. If the people responsible for the State's ownership steering in different Ministries were located in a new centralised Government unit, centralisation would not cause an imminent need for a considerable personnel increase. The ownership steering unit must have sufficient resources to enable it to use the best possible experts.

The success of the State's ownership policy and ownership steering calls for highly developed skills and knowledge from the people in charge. In addition to skills, the people responsible for ownership policy must know how to communicate efficiently in both international and national contexts. Ensuring these skills is critical to the nation.

According to the report provided to me, the administration responsible for the State's ownership steering complies with the insider regulations of the Securities Market Act and the Financial Supervision Authority, where appropriate. The administration responsible for ownership steering leads to both permanent and project-specific insider groups. Although I have, in principle, taken a positive approach to state officials working on the Boards of companies with the State's shareholder interest, the position of officials in the ownership steering unit and the unit's external credibility call for more detailed evaluation of and guidelines for insider and disqualification issues. Such an evaluation should be carried out without delay due to its central role in the organisation and structure of the ownership steering unit. One important issue remains: the ownership steering unit's approach to the ownerships it administers. Should the operations be Group-based or company-specific? This question may be of considerable significance when defining ownership interest in individual cases. In my opinion, the approach for listed companies should be company-specific and aim at increasing the companies and their value. In this respect, the choices made play a central role in the organisation of the ownership steering unit.

2.6 Rewarding and incentive systems of company executives and staff

In addition to the State, a number of other Finnish owners have published their policies on the corporate governance principles of listed companies that they

consider to be good. These owners apply the principles in the decision-making that takes place in the companies' Shareholders' Meetings. The companies' Boards of Directors and executives also comply with these policies in their own operations. Current governance guidelines of different owner institutions deal widely with the rewarding and incentive systems of the management and staff. The new Recommendation for Corporate Governance published by HEX Plc. will steer the development of rewarding and incentive systems adopted by companies, especially as concerns Board remuneration.

In recent public debate, the most criticised issue has been the option systems used as incentives for company executives. It is good to subject these systems to critical examination. Studies carried out in Finland show that the terms of the option systems applied by state-owned companies and companies with the State's shareholder interest as regards redemption prices have been stricter and of longer duration than those applied by other listed companies.

Options also involve problems, such as the dilution of share ownership. As a result, many companies have developed new types of share-based incentive systems. The State is, at least indirectly, a significant capital investor in start-up businesses where options will continue to be virtually the only way to commit risk-oriented professionals to aim at raising the company's value. Therefore, options should not be removed from the potential incentive systems of companies with the State's shareholder interest.

It is justified that the State draws up its own basic guidelines on bonus and incentive systems to be applied by publicly listed companies with the State's shareholder interest. It is in the interest of the State that listed companies with the State's shareholder interest apply competitive bonus and incentive systems and encourage and involve the persons concerned. However, there must be no room for excesses in such systems.

Company-specific preparations and decision-making concerning the systems takes place in company organs, and decision-making in Shareholders' Meetings takes place jointly with other owners to ensure that all owner groups are heard.

3 Proposal for a Government decision-in-principle on the State's corporate ownership policies

I propose that the Government make a resolution with the following content concerning the guidelines for the State's ownership policy:

The Government has last provided guidelines on the goals of the ownership policy concerning the State's corporate ownership in its 1999 resolution. The operating environment of ownership policy has thereafter undergone significant changes in many respects. Industrial structures have developed, international operations are now more important to Finnish companies and companies efficiently use financing offered by international capital markets. Most of the changes are purely based on competition in the market economy. The national discussion concerning the State's ownership policy and the international evaluation carried out by OECD have contributed to the revision of the goals and principles of the State's ownership policy. The revision work has also dealt with the fact that some of the previous principles and their expression dated back to the 1980s when the capital management of companies was still in the hands of owners and the significance of the State's corporate ownership, as well as the operating environment of ownership steering, were essentially different from current conditions.

The State is an owner in very different types of companies. While some of the companies carry out special assignments closely related to State administration, most are involved in purely market-based business. A company operates on market terms if it carries out business in even a partly competitive operating environment and aims for profit in its operations. The ownership steering of such companies must be kept separate from regulation and official duties to ensure that the companies' economy and operations are transparent and that the owner does not disturb the markets in the companies' operating environment. The first and most important general principle of ownership policy states that regulatory duties and ownership steering shall be effectively separated so that, for companies operating on market terms, the State's shareholder duties shall be accomplished in an independent and consistent manner so that they are clearly separated from regulatory tasks. Special assignments shall be efficiently implemented, but the administration and reporting of companies carrying out such assignments shall be organised according to the general principles followed by companies operating on market terms.

Some of the companies with market-based operations are publicly listed. This means that the securities markets and the related regulation must be taken into consideration when dealing with ownership steering and ownership arrangements. Another point to keep in mind is that the entry of just one minority shareholder in a limited liability company essentially changes the basis for ownership steering. If a company has other shareholders apart from the State, the equality of owners and creditor protection prevent the company from being saddled with costs or obligations serving the interests of a single owner. The second general principle states that the State in its capacity as shareholder shall act in accordance with the Finnish Companies Act and the Securities Market Act, exercise its shareholder power through Shareholders' Meetings and not require or demand exemptions or rights that other shareholders do not have.

Parliament's and the Government's authority related to the State's ownership is regulated by the Act on the State's exercise of its partnership authority in certain limited-liability companies engaging in economic activities (Finnish Statute Book 740/1991). The Act lays down provisions regarding in particular the surrender of share ownership by the State, questions related to ownership arrangements, administration of share ownership and the bases for the State's exercise of its capacity as shareholder. The Act provides a clear distribution of authority between Parliament and the Government, but the principles are not always adhered to in practice. In addition, the provisions of the Act applied to restructuring procedures have proved obsolete, and they do not enable the use of the alternatives offered by the Companies Act and capital markets. The provision on the transfer price should also be revised to more clearly emphasise the primary nature of price formation on the securities markets. The third general principle states that the roles of Parliament and the Government shall be specified in accordance with the legislation on State-owned companies, so that Parliament decides on State shareholdings within the limits that are relevant with respect to the Companies Act (a qualified majority of two thirds, a simple majority or a blocking minority of one third) and the Government implements possible ownership arrangements case by case in the best and most appropriate manner.

This resolution takes into consideration the differences between companies as explained above, as well as the discussions on ownership policy in autumn 2002, in which the previous resolution caused doubt as to the nature and target group of the principles. The resolution clearly targets the authorities responsible for ownership policy, not companies. The fourth general principle states that there shall be a clear division of labour between the shareholders in a company and the company executives: the decision-making relating to shareholder policy is the responsibility

of the State, and the decision-making on business operations falls under the mandate of company organs.

Based on the grounds discussed above, the Government has today decided to make the following resolution on the goals and principles of the State's ownership policy, the matter having been considered by the Cabinet Committee on Economic Policy and the Cabinet Finance Committee.

3.1 Significance of state-owned companies and associated companies

The State's corporate assets are an important part of the national resources, although corporate ownership is not one of the State's core duties. The State aims at as good as possible an overall economic and social result in the management of these assets.

There are a total of 36 significant companies under the State's authority (state-owned companies) (Appendix 1). The number of the State's associated companies, in which the State is a considerable minority shareholder (minimum 10%), totals 14. The State is also a shareholder, either directly or indirectly, in several other companies. All in all, including the subsidiaries and sub-groups of state-owned companies and associated companies, the number of commercial companies rises to over 1,000 and exceeds 2,000 if real estate companies are also included in the figure. A significant part of the corporations consists of foreign companies.

As of the beginning of the last decade, the State has privatised several companies either in full or by retaining a minority share in the company. New state-owned companies have been established when operations previously part of the State administration have been transferred to commercial enterprises and these have then been incorporated. State-owned companies and associated companies have been involved in various national and international restructuring operations that have resulted in essential changes in the target and share of the State's ownership.

In 2002, state-owned companies and associated companies employed some 200,000 people. Most of the personnel worked for associated companies. The number of personnel in state-owned companies has continued to decrease, with companies being fully or partly privatised.

3.2 Companies entrusted with special State assignments and companies operating on market terms

Some state-owned companies are entrusted with special State assignments. In such companies, the State in its capacity as shareholder has primary social goals, although the general goal is to achieve profitable operations. Some companies come under the provisions of a special enactment that provides standards for the State's company-specific ownership policy and ownership steering.

Owing to the social goals set for the companies entrusted with special assignments, these companies must remain under the sole ownership of the State or at least under the State's authority. In these companies, the goals of the State's ownership are based on as good as possible an overall social and economic result. This is evaluated on the basis of the way in which and how efficiently the company carries out the assignments and achieves the goals set by the Ministry in charge of the administration of the field in question, that is, how the company fulfils its social service assignment.

Most of the state-owned companies and associated companies operate on market terms. This means that the companies' operating procedures, capital structure and target profits must be comparable with those of other companies operating in the same field. Strategic interests and goals related, for example, to maintaining and securing the infrastructure or to providing basic services, as laid down by the State in its capacity as shareholder, may also apply to companies operating on market terms, but they still operate according to clear business principles. The goal of ownership steering in such companies is to achieve the best possible overall economic result. This is evaluated on the basis of profitability and long-term increase of shareholder value. Ownership is evaluated on the basis of the State's strategic interests and the maintenance of the authority needed to ensure these interests. When giving up ownership, whether fully or partially, attention is paid to sales revenue but also to the effects on the companies' operating conditions.

Both companies entrusted with special State assignments and companies operating on market terms must aim at economically profitable operations. If the State is the sole owner of a company dealing with special assignments, the company's social service duty can be taken into consideration when setting goals for profitability. If such a company has other owners, departing from normal profitability goals is only possible if based on jointly agreed conditions.

Companies operating on market terms always have normal goals for profitability and competitiveness. If other goals are set for a market-based state-owned

company, all owners must agree on them and any additional expenses caused to the company shall be compensated based on decisions made beforehand. The State must, however, adopt an approach that does not distort competition and that honours the obligations resulting from Finland's membership in the EU.

When deciding on the State's general support measures, companies operating on market terms shall be treated in the same way as other comparable companies. Market-based companies are granted state guarantees on the same terms applied to other companies, and they do not enjoy a special status or privileges. The State is not liable for the companies' debts or other obligations unless separate guarantee agreements have been made to this effect. When deciding on the financing and guarantee arrangements of companies entrusted with special State assignments, attention is paid to the companies' obligations and to the financing needs caused by these to the company, as well as to the obligations resulting from Finland's EU membership.

Corporate expansion through acquisitions and establishment of subsidiaries is part of normal business operations, and decisions related to this are made in the companies. Communication between the owner and the company in companies solely owned by the State shall be arranged so that the unit responsible for ownership steering receives advance information about significant decisions affecting the field and strategy. In companies with other owners, this is ensured in the framework of normal communication between the management and the main owners by the Chairman of the Board and the Managing Director assuming primary responsibility for contacts to the owners and the authorities responsible for ownership steering. When evaluating restructuring arrangements and changes in the sector of companies entrusted with a special State assignment, attention must be paid to not endanger the implementation of special assignments.

3.3 Starting point for ownership steering

The primary goal of the State's ownership policy and ownership steering is to develop the companies and support long-term increase of shareholder value. The main elements are open and consistent shareholder behaviour, proposing of responsible and skilled members for the Boards of Directors of companies, the shareholder's inputs into the management resources of companies and into the commitment of the management, as well as considerations of the interests of all the shareholders and other interest groups. The owner's main tools include independent preparation of owner strategy and development of corporate governance.

The State in its capacity as shareholder participates in business-related decision-making in Shareholders' Meetings. The company's result is the responsibility of company executives and organs, which make the decisions concerning operations within the framework of the Companies Act and the Articles of Association.

In companies entrusted with special State assignments, the State's role as shareholder differs from that in companies operating on market terms.

In companies handling special assignments, the State is an active shareholder that determines the content of the assignment and its significance to the goals set for the company. The company management and organs draw up the company's business strategy. Coordinating the business strategy and special assignment calls for cooperation between the responsible Ministry and the company management and organs. The responsible Ministry decides on the target profit and other goals, following the recommendations of the Cabinet Committee on Economic Policy as required.

The basis for ownership steering in companies operating on market terms is shareholder equality: the State does not require or accept any exemptions, and the ministries do not intervene in the decision-making of the Boards of Directors and executives of the companies. Ownership steering is based on strategic monitoring and preparations, based on which the State makes statements on strategic and economic issues related to the company, as needed. The company's Board of Directors and executives inquire about the main owners' opinions in advance at least if the activities planned in the company require the use of company shares as means of payment or any other company arrangement that is decided at the Shareholders' Meeting. In practice, discussions are held with the main owners whenever dealing with essential strategic questions and restructuring arrangements, even if the power of decision were held by the Board of Directors. In this case, the representatives of the responsible Ministry hold discussions with the company management and Chairman of the Board. Correspondingly, the State in its capacity as shareholder should inform the company's Board of Directors about its plans.

The general goal when arranging company management and decision-making is to develop and maintain corporate governance. The State in its capacity as shareholder supports high-quality and open reporting about the company's finances and operations. The companies are expected to be familiar with and implement Finnish and international corporate governance recommendations. Corporate governance procedures include ensuring personnel representation and

sufficient influence in the company's organs at least as provided in the Act on Personnel Representation. The starting point is that the representative or representatives of the personnel are appointed to the company's Supervisory Board or Board of Directors, unless their access to information and the presence of their representative(s) should, on good grounds, be arranged in another way, for example, due to reasons related to the company's business operations or ownership structure.

In terms of ownership steering, the company's main decision-making organ is the Board of Directors, whose members are experts independent of the company. When naming candidates for Board membership, the main considerations are their experience and expertise, as well as cooperation skills and versatile knowledge. Supervisory Boards are only justified in companies entrusted with special assignments. The duties and power of decision of Supervisory Boards shall be determined in a way that takes into consideration the special assignment carried out by the company or the strategic interest related to the company. In publicly listed companies, the duties of Supervisory Boards shall comply with national corporate governance principles and the guidelines and recommendations of the Helsinki Stock Exchange.

The main basis for ownership steering is to ensure the companies' competitiveness to the extent that the owner can influence it. This also applies to salaries and rewarding systems. The State shall support arrangements that provide the company with the opportunity to compete for skilled and committed managers and other personnel. The rewarding systems of management shall take into account the goals resulting from the long-term nature of the State's ownership and the sufficiently long individual periods of commitment necessary for such goals. Rewarding should be based on motivating and rewarding the entire personnel through personnel funds or other methods. Incentives in companies entrusted with special State assignments should be designed to take into consideration the significance of both the goals related to the special assignment and the business goals in the company in question.

3.4 Goals of the State's ownership set for company operations

The State's ownership policy is based on the increase of shareholder value that takes into consideration all interested parties. Integrating the company's profitability and growth targets require, however, that the statutory obligations be

handled in an exemplary manner. The personnel's position shall be taken into consideration and the operations shall be environmentally responsible.

The companies' personnel policy is based on the best corporate governance practices, compliance with agreements made and active development of the policy. The State in its capacity as shareholder is disposed to promote the creation of new jobs and values long-term personnel policy that emphasises the continuance of employment relationships and the employees' skills capital. In companies solely owned by the State, communication between the owner and the company shall be implemented so that the owner has advance knowledge of any actions that have a considerable impact on the personnel.

The companies' environmental policy aims at responsible activities based on compliance with legislation and international agreements and on honouring well-justified expectations of different interested parties. The State in its capacity as shareholder is disposed to promote arrangements with which the companies aim to coordinate productive, economic and environmental goals in a way that promotes the companies' competitiveness.

The companies' dividend policies have great importance for the State. The State values predictive dividend policies that take into account shareholder interest and are based on an even flow of dividends that is comparable to the flow of dividends in the sector. The State's dividend expectations are evaluated on an annual basis jointly with company management, taking into consideration the company's self-sufficiency needs and development opportunities.

3.5 Changes in ownership base and ownership arrangements

Decisions related to changes in the companies' ownership base are made according to the authorisation determined by Parliament. The technical problems related to the implementation of ownership arrangements are eliminated by revising the Act on State-owned Companies.

Companies entrusted with special State assignments shall remain in the sole ownership of the State or under State authority. Expanding the ownership base of such companies can be considered mainly if the special assignment loses all or part of its importance or if the participation of other owners or an increase in the share of ownership are expected to make the management of the assignment more efficient.

Companies operating on market terms can be divided into two groups in terms of the change to the ownership base: companies in which the State mainly has an investor interest and companies in which the State has a strategic interest related to ownership. If the company's main interest is that of an investor, the State can give up its ownership fully or partly, and the maintenance of the company's majority ownership or blocking minority as stated in the Companies Act ceases to have significance. If the State has a special strategic interest in a company, a significant State ownership may be justified.

The starting point for ownership arrangements is achieving the best possible overall economic result. The main criterion is the sales price of the company or its shares. The overall estimate is also influenced by efforts to ensure the sector-specific operating conditions and competitiveness of the national industry and economy and to maintain skills, and by the effects that the measures have on competition and employment.

Ownership arrangements and the sales of shares aim to ensure as stable an ownership base as possible. The possibility for national institutions and small investors, as well as company personnel to become shareholders and participate in the sales of shares is promoted in conjunction with share sales.

3.6 Arranging ownership steering

The State's ownership policy shall be open, predictable and consistent. To promote this, the ownership steering of state-owned companies operating on market terms and of associated companies shall be concentrated in a single unit that operates independently and is free from regulatory or other official duties related to the companies or their sectors. Ownership steering shall be harmonised more efficiently. Centralisation ensures the consistency and uniform practices of ownership steering. The ownership steering unit shall be credibly separated from regulatory duties. Companies entrusted with special State assignments will continue to be administered by Ministries responsible for official duties, except in questions related to ownership arrangements.

State-owned companies operating on market terms, as well as associated companies, must follow the same rules and conditions as their competitors. They must be in the same position as other companies, and the State shall not award them benefits that are not available to others. If the State sets special obligations to companies operating partially on market terms, the compensation for such obligations must be public and based on cost correlation. These reasons also

support the clear separation of ownership steering from sector-specific regulatory duties.

The distribution of tasks between the unit responsible for ownership steering and the Cabinet Committee on Economic Policy in decisions related to ownership steering is based on the fact that important decisions related to the State's ownership policy or the implementation of ownership steering need to be handled in the Cabinet Committee on Economic Policy.

The State in its capacity as shareholder actively participates in the formation and evaluation of the companies' Boards of Directors. For individual companies, the State's representative in owner-related issues is a person other than the state official serving as a Board member. The starting point for ownership steering is direct State representation on the Boards of companies that are solely owned by the State, in which the State is a majority owner or in which the State is a minority owner with actual authority. The arrangement of representation shall comply with the disqualification regulations of the Administrative Procedure Act.

The state officials' work on the Boards is arranged so that Board membership does not endanger the efficient and independent management of ownership steering duties. A state official serving as a Board member does not participate in the preparations and decision-making related to the State's ownership steering.

In his or her capacity as Board member, a state official represents the company and all its shareholders and is not allowed to act on the basis of the State's shareholder interests. A state official serving as a Board member works in compliance with the Companies Act, the Securities Market Act and related guidelines, as well as other civil law legislation concerning the company. In the case of a publicly listed company, communication between a Board member and the officials handling ownership steering tasks must comply with the restrictions that the possession of insider information sets on the decision-making related to ownership policy.

Appendix 1

STATE-OWNED COMPANIES AND ASSOCIATED COMPANIES

State-owned companies (35)

Alko Inc	regulated by separate statute
Altia Corporation	
Asset Management Company Arsenal Oyj	in liquidation
Boreal Plant Breeding Ltd	
CSC-Tieteellinen laskenta Oy	
Edita Plc	
Finland Post Corporation	
Finn Cereal Ltd	
Finnair Plc	listed company
Finnish Export Credit Ltd	
Finnish Fund for Industrial Cooperation Ltd (Finnfund)	regulated by separate statute
Finnish Industry Investment Ltd	regulated by separate statute
Finnvera Plc	regulated by separate statute
Fortum Corporation	listed company
Hansel Ltd	regulated by separate statute
Haus Finnish Institute of Public Management Ltd	
Kapiteeli Ltd	
Kemijoki Oy	
Kemira Oyj	listed company
Mint of Finland Ltd	
Motiva Oy	
Patria Industries Oyj	
Raskone Oy	
Santapark Ltd	
Silta Oy	
Solidium Oy	
Suomen Erillisverkot Oy	

Suomenlinnan liikenne Oy	
Tietokarhu Oy	
Vapo Oy	
Veikkaus Oy	
VPU Pukutehdas Oy	
VR-Group Ltd	
Yleisradio Oy	regulated by separate statute
Yrityspankki Skop Oyj	in liquidation

The State's associated companies (15)

Ekokem Oy	
Engel Group Ltd	
Fingrid Oyj	
Finnish Aviation Academy	
Gasum Oy	
Metso Corporation	listed company
OM – HEX Abp	listed company
Outokumpu Oyj	listed company
Rautaruukki Oyj	listed company
Sampo Plc	listed company
Sponda Plc	listed company
Stora Enso Oyj	listed company
Suomen Hevosopisto Oy	
Suomen Siemensperunakeskus Oy	
TeliaSonera Ab	listed company



KAUPPA- JA
TEOLLISUUSMINISTERIÖ

Käyntiosoite

Aleksanterinkatu 4
00170 HELSINKI

Postiosoite

PL 32
00023 VALTIONEUVOSTO

Puhelin (09) 16001
Telekopio (09) 1606 3666

Julkaisusarjan nimi ja tunnus

Tutkimuksia ja raportteja
3/2004

Tekijät (toimielimestä: nimi, puheenjohtaja, sihteeri) Matti Vuoria		Julkaisu-aika Helmikuu 2004
		Toimeksiantaja(t) Kauppa- ja teollisuusministeriö
		Toimielimen asettamispäivä 7.8.2003
Julkaisun nimi Valtion omistajapolitiikan selvitysmiesraportti		
Tiivistelmä Raportissa tarkastellaan valtion omistajapolitiikan lähtökohtia, toimintaympäristöä ja toteutustapaa. Selvitysmies ehdottaa: <ol style="list-style-type: none">1. korkean tason asiantuntijatyöryhmän asettamista omistajapoliittisen keskustelun syventämiseksi sekä elinkeinoelämän ja hallinnon välisen yhteydenpidon järjestämiseksi,2. omistajapolitiikkaa koskevan lainsäädännön tarkistamista siten, että se ottaa nykyistä paremmin huomioon sekä osakeyhtiö- ja arvopaperimarkkinalainsäädännön asettamat vaatimukset että eduskunnan ja valtioneuvoston välisen päätösvallan jaon tarkoituksenmukaisen järjestämisen,3. hallintoneuvostoista luopumista kaikissa julkisesti noteeratuissa yhtiöissä, joissa valtio on merkittävä omistaja,4. valtion virkamiesten hallitusjäsenyyksiin liittyvien periaatteiden ja vastuunjaon selkeyttämistä siten, että virkamiehen virkamiesoikeudellinen ja yhtiöoikeudellinen asema ovat sopusoinnussa keskenään,5. pörssin ja elinkeinoelämän corporate governance –suositusten poikkeuksetonta noudattamista valtionyhtiöissä ja valtion osakkuusyhtiöissä sekä siihen perustuvien toimintatapojen omaksumista valtion omistajaohjausta järjestettäessä,6. valtion omistajaohjauksen keskittämistä ja sen resurssien varmistamista, sekä7. johdon ja henkilöstön palkitsemista koskevien linjausten edelleen kehittämistä. Ehdotustensa pohjalta selvitysmies on laatinut toimeksiantonsa mukaisen luonnoksen omistajapolitiikkaa koskevaksi valtioneuvoston periaatepäätökseksi.		
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