

THE GOVERNMENT'S RESOLUTION ON OWNERSHIP POLICY

31 MAY 2007

Annex 1.

Cooperation between the PMO's Ownership Steering Department and Ministries in the ownership steering of companies that are strategically important for the State

Ownership steering was centralised in the Ownership Steering Department of the Prime Minister's Office on 1 May 2007. Among the companies operating on market terms, however, there are a number in which the State has a strategic interest. Strategic interests are, for example, basic or universal service tasks, infrastructure functions or tasks significant in terms of security of supply. State ownership alone does not constitute a strategic interest; the issue always concerns tasks and functions that are significant in terms of the State's basic tasks and the handling thereof.

The starting point is that the State's strategic interests are handled by ownership steering means, not by regulation. In ownership steering, regular cooperation between the Ownership Steering Department and the main Ministry in terms of the strategic interest is required to ensure that the Ownership Steering Department takes the strategic interest sufficiently into consideration in its ownership steering measures.

The Prime Minister's Office exercises the State's power of ownership in a company in accordance with guidelines and recommendations approved by the Cabinet Committee on Economic Policy. The Prime Minister's Office:

- Is responsible for steering and guidelines directed at the company's operations.
- Nominates the State's candidates to the company's Board of Directors and prepares other matters connected with the owner's decision-making at Shareholders' Meetings.
- Is responsible for monitoring the company between Shareholders' Meetings as well as communication with the Board of Directors and executive management.
- Ensures that the company adheres to the ownership steering policies, while at the same time taking into consideration the company-specific characteristics arising from the strategic interest.

In the case of some companies, the strategic interests are such that their content and significance must be assessed not only in terms of ownership strategy but also from the perspective of the development the sector in question and official tasks. For such assessments, small working groups, which shall meet at least once a year, shall be established. The members of the working groups shall include 1–2 representatives of the Ownership Steering Department and 1–2 representatives of the main Ministry in terms of the strategic interest. Working group members shall also act as contact individuals in matters relating to the company and its ownership steering.

The working group shall assess annually the nature of the strategic interest that the state has in the company and how it shall be taken into consideration in the ownership steering of the company and in the owner's recommendations. The Ownership Steering Department shall implement the required measures, taking into consideration factors relating to the company (publicly listed or unlisted), the nature of its business (exemptions or special obligations / operating freely and competitively) and the State's ownership share. Any divergent views shall be referred to the Cabinet Committee on Economic Policy for consideration.

The significance of the strategic interest shall be evident primarily in decision-making relating to the State's ownership share and ownership strategy. The starting point shall be that the State's strategic interests shall be endangered no more by the State owner's own measures (share sales and restructuring) than by the decisions of the company's organs (company acquisitions, restructuring of operations, reshaping of strategy etc.)

- In some companies this calls for the State remaining the only owner, for example in a company that has a special status in some business area as a result of the basic service tasks or universal service obligation set for the company. The clearest examples of such companies are Motiva Oy and VR-Group Ltd.
- In most companies the strategic interests do not call for the State's sole ownership but for an ownership share and influence through which the fulfilment of the strategic interests can be promoted and any endangerment of the interests prevented. The State is the majority owner in three listed companies – Finnair Plc, Fortum Corporation and Neste Oil Corporation – which are strategically important. In addition, an industrial minority shareholding has been acquired in some strategically important companies, for example Patria Oyj and Vapo Oy. In certain strategically important companies, the State is still the sole owner, however; one example is Itella Corporation.

Appendix: Strategic important companies and Ministries responsible for strategic interests

Ministry of Trade and Industry
 Fortum Corporation
 Neste Oil Corporation
 Gasum Oy
 Fingrid Oyj
 Vapo Oy
 Motiva Oy

Ministry of Transport and Communications
 Finnair Plc

Raskone Oy
Itella Oyj
VR Group Ltd

Ministry of Agriculture and Forestry
Boreal Kasvinjalostus Oy
Siemenperunakeskus Oy
Suomen Viljava Oy

Ministry of Defence
Patria Oyj

Ministry of Finance
Rahapaja Oy
Tietokarhu Oy

Ministry of the Environment
Ekokem Oy