

THE GOVERNMENT'S RESOLUTION ON OWNERSHIP POLICY 31 MAY 2007

Annex 2.

The role of the PMO's Ownership Steering Department in the ownership steering of companies entrusted with special assignments.

Ownership steering of companies operating on market terms was centralised in the Ownership Steering Department of the Prime Minister's Office on 1 May 2007. Ownership steering of companies entrusted with a special State assignment still remains in the Ministries responsible for the special assignments in question. To ensure sufficient consistency of ownership steering and the financial expertise required in ownership steering, cooperation between the Ownership Steering Department and the responsible Ministry shall be arranged according to the following principles:

The responsible Ministry:

- Exercises the State's power of ownership in a company in accordance with guidelines and recommendations approved by the Cabinet Committee on Economic Policy.

To this end, the responsible Ministry:

- Is responsible for steering and guidelines directed at the company's operations.
- Determines the company's special assignments and, based on that, the requirements set for the company.
- Determines the costs arising to the company from the special assignments, makes the necessary proposals for appropriations to be allocated for them, and is responsible for the use of the appropriations and related monitoring.
- Monitors and assesses the handling of the special assignment and its cost-effectiveness.
- 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 special assignment.

The Ownership Steering Department:

- Monitors the implementation of the general principles of the State's ownership policy and corporate governance practices and, as required, assists the responsible Ministry in matters relating to the exercise of power of ownership.

To this end, the Ownership Steering Department:

- Monitors the company's financial state and related reporting.
- Monitors and assesses the company's administration and reporting and nominates a state official responsible for this who acts as a contact person with the responsible Ministry.
- Makes, at the request of the responsible Ministry, proposals for board members from outside the state administration who will represent special expertise connected with the company's field of business and operations.
- Nominates, at the request of the responsible Ministry, a state official to membership of the Board of Directors of the company.
- Participates, at the request of the responsible Ministry, in the preparation of matters for Shareholders' Meetings, the assessment of possible remuneration schemes, and other matters connected with ownership steering.
- Coordinates cooperation between the responsible Ministries in matters connected with ownership steering, and prepares general guidelines and policies relating to the ownership steering of companies entrusted with special assignments. These guidelines and policies are referred to the Cabinet Committee on Economic Policy for consideration, after the responsible Ministries have presented their views on them.

The professional handling of ownership steering requires that the responsible Ministry has either a unit responsible for it, a group assembled from within the Ministry, or a nominated state official who is responsible for preparation, monitoring and communication connected with ownership steering. The Ownership Steering Department shall nominate either by Ministry or by company one or two State officials to attend to auxiliary tasks that are the Department's responsibility as well as communication with the responsible Ministry.

Joint working groups of the responsible Ministry and Ownership Steering Department shall be established for the ownership steering of special assignment companies. The intention shall be for these working groups to meet twice per year, but also more often, if necessary. The members of the working groups shall include 1–2 representatives of the responsible Ministry and 1–2 representatives of the Ownership Steering Department. The working groups shall pay particular attention to the following matters:

- The specification of the company's special assignment or special status and its significance in terms of ownership steering.
- Any changes in the special assignment or special status and their significance in terms of ownership steering (should be assessed at intervals of 2–3 years).
- The cost-effectiveness of handling the special assignment.
- The composition and need to reconstitute the company's Board of Directors.
- A review of whether remuneration schemes are up to date and appropriate.

Appendix: Special assignment companies and the Ministries responsible for their ownership steering

Ministry of Trade and Industry

Finnvera Oyj
Suomen Teollisuussijoitus Oy

Ministry of Transport and Communications

The Finnish Broadcasting Company ¹

Ministry of Education

CSC Tieteellinen Laskenta Oy
Equine College
Finnish Aviation Academy
Suomenlinnan Liikenne Oy
Veikkaus Oy

Ministry of the Interior

Suomen Erillisverkot Oy

Ministry of Social Affairs and Health

Alko Oy

Ministry for Foreign Affairs

Finnfund / Teollisen yhteistyön rahasto Oy

Ministry of Finance

Hansel Oy
Arsenal Oyj²
Yrityspankki SKOP Oyj³

Prime Minister's Office

Solidium Oy

¹ The role of Parliament is taken into consideration in practical ownership steering

² In liquidation, ownership steering clearly deviates from normal

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