

Translation from Finnish

Legally binding only in Finnish and Swedish

Ministry of Economic Affairs and Employment, Finland

Act on the Innovation Funding Centre Business Finland and the Limited Liability Company Called Business Finland

(1146/2017)

By decision of Parliament, the following is enacted:

Section 1

Funding centre, company and the Business Finland entity comprised of them

The Innovation Funding Centre Business Finland (*funding centre*), which implements economic and innovation policy, falls within the mandate of the Ministry of Economic Affairs and Employment. The Ministry of Economic Affairs and Employment supervises and controls the operations of the funding centre.

The funding centre controls a limited liability company called Business Finland (*company*), which is wholly owned by the state. The decision-making powers and corporate governance of the company holdings are governed by the State Shareholdings and Ownership Steering Act (1368/2007).

The funding centre and company comprise an operational entity, and they are managed using a joint strategy.

The funding centre shall also govern Tekes Pääomasijoitus Oy.

Section 2

Objective of operations

The general objective of the operations of the entity comprising the funding centre and the company is to help businesses to renew and develop with the means provided by technology and innovations, promote international networking and enhance the quality of working life.

Furthermore, the objective of operations is to increase added value, strengthen the growth and

international competitiveness of the economy, increase exports and foreign investments and investment of capital in Finland as well tourism to Finland and, in the long term, improve productivity and create employment opportunities and wellbeing.

Section 3

Duties of the funding centre

It is the duty of the funding centre to promote:

- 1) the development of innovations, new technology and business;
- 2) successful innovation and testing environments and innovation capability;
- 3) research, development and innovation activity and extensive utilisation of its results in business, working life and other areas of society;
- 4) internationalisation and increasing exports of Finnish companies and research, as well as companies' expertise relating to international business operations;
- 5) foreign investment and capital investments in Finland;
- 6) growth and development of tourism to Finland from abroad;
- 7) development of start-up phase venture capital market.

The funding centre will also act as a state aid authority relating to business, energy and environmental policy subsidies.

Moreover, the funding centre will take care of tasks relating to the design, reports, experiments and follow-up of industrial and innovation policy that the Ministry of Economic Affairs and Employment allocates to it in its performance guidance or that are separately assigned to it under government decree.

Further provisions on the funding centre's tasks referred to in this section are issued by government decree.

Section 4

Competitive tendering on behalf of small and medium-sized enterprises

The funding centre may organise competitive bidding in accordance with the Act on Public Procurement and Concession Contracts (1397/2016) on behalf of small and medium-sized

enterprises that receive funding for research, development or innovation activity from the funding centre in accordance with the Act on Discretionary Government Transfers (688/2001).

A small or medium-sized enterprise that has received more than one half of the value of the procurement for research, development or innovation activity from the funding centre may choose a supplier that the funding centre has tendered on behalf of the enterprise to implement the procurement.

Small and medium-sized enterprise refers to small and medium-sized enterprises referred to in the Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises.

Section 5

Management of the funding centre

The funding centre and the entity comprised of the funding centre and the company will be managed, supervised and developed by a Director General. The Director General is appointed by the government. The Director General is responsible for the performance of operations and achievement of objectives towards the Ministry of Economic Affairs and Employment.

The Director General ratifies the rules of procedure of the funding centre. The Director General's authority may be transferred to a person employed by the funding centre by the rules of procedure.

The Director General decides on the ownership steering of the limited liabilities administered by the funding centre mentioned in section 1 referred to in the State Shareholdings and Ownership Steering Act.

Section 6

Board of Directors of the funding centre

The funding centre shall have a Board of Directors appointed by the government for a term of two years at a time. The government appoints the chairman and vice-chairman of the Board of Directors.

The Board of Directors shall comprise a minimum of five and maximum of ten people familiar with the funding centre's field of activity, one of them representing the Ministry of Economic Affairs and Employment.

A person employed by the funding centre or the company may not be appointed as a member of the Board of Directors.

The Director General acts as the referendary of the Board of Directors. The Director General has the right to attend and speak at the meetings of the Board of Directors.

The personnel of the funding centre elects a representative from among its number to the Board of Directors, and this representative shall have the right to attend and speak at the meetings of the Board of Directors, with the exception of appointment-related matters.

Section 7

Duties of the Board of Directors

The Board of Directors controls, monitors and supervises the operations of the Business Finland entity and decides on the general guidelines of operations, taking into consideration the objectives set by the Ministry of Economic Affairs and Employment and the principles and guidelines of ownership steering.

The Board of Directors decides on granting funding for enterprises' and organisations' projects included in the area of the funding centre's duties within the granting limits imposed in the state budget. Further provisions on the principles of granting funding may be issued by government decree.

Provisions on the composition of the Board of Directors, other duties of the Board of Directors, transfer of authority to the Director General and decision-making may be issued by government decree.

Section 8

Business Finland advisory boards

The funding centre may establish Business Finland advisory boards to monitor the operations of the funding centre, company and entity comprised of them.

Section 9

Terms of service of personnel working outside of Finland

The provisions of the Act on Compensation of Foreign Representation (596/2006) or what is agreed under the State Civil Servants' Collective Bargaining Act (664/1970) apply to the remuneration of funding centre personnel working outside of Finland, compensation of foreign representation, working hours, annual holiday and leaves of absence.

Section 10

Further provisions on the governance of the funding centre

Provisions on the organisation, governance, granting leave of absence to a civil servant and substitution, as well as representation of the state in courts of law and government offices are issued by government decree.

Section 11

Duties of the company

It is the duty of the company to promote:

- 1) the ability of enterprises to develop and commercially utilise innovations and new technology and the emergence of new innovative enterprises and business functions;
- 2) research and development activity that supports the reformation of economic life;
- 3) cooperation between companies and between and public entities and research organisations;
- 4) internationalisation and increasing exports of Finnish companies and research, as well as companies' expertise relating to international business operations;
- 5) foreign investment and capital investments in Finland;
- 6) growth and development of tourism to Finland from abroad.

Further provisions on the duties of the company may be issued by government decree.

Section 12

Company's financial activities

The objective of the company's operations is not to generate profit. Any profit made by the company will be used in full for activities pursuant to the company's duties.

Section 13

Service agreement between the funding centre and company

The funding centre and company shall annually conclude a service agreement specifying the measures based on the company's statutory duties and the compensation annually paid to it for them. A plan for the operations of the funding centre and company covering the next four-year period shall be attached to the service agreement.

Section 14

Funding decisions

The funding centre acts as a state aid authority and makes decision on granting, amending and paying discretionary government transfers referred to in the Act on Discretionary Government Transfers, as well as loan decisions referred to in the Act on State Lending and State Guarantees (449/1988). Further provisions on the decisions are issued by government decree.

In addition to the funding centre, also the company may make decisions on granting, amending and paying discretionary government transfers referred to in the Act on Discretionary Government Transfers with de minimis terms whose value does not exceed EUR 100,000. Further provisions on the procedure and the assignment of the officials of companies taking part in the decision-making and referendary are issued by government decree.

The funding centre controls and supervises the company's funding operations. The company supervises the use of discretionary government transfers it has granted.

The funding centre decides on the clawback, suspension of payment, termination of payment and audit of the recipients of discretionary government transfers granted by the funding centre and company.

The provisions on criminal liability for acts in office apply to a person in the company's service when carrying out the public administrative duties specified in this Act.

Section 15

Appeal on a decision by the funding centre and company's decision in a matter concerning discretionary government transfers

A party not content with a decision by the funding centre and company's decision in a matter concerning discretionary government transfers may appeal it to the funding centre. A decision on an appeal may be challenged by way of appeal as laid down in the Administrative Judicial Procedure Act (586/1996). A decision by an Administrative Court may be challenged by way of appeal only if the Supreme Administrative Court grants leave to appeal.

Section 16

Supervision of the company and disclosure of information

The funding centre supervises the operations of the company and may audit the company's activities relating to discretionary government transfers to the extent necessary.

Notwithstanding secrecy provisions, the company shall provide the Ministry and funding centre with the requested information required for controlling and supervising the company. The company has the right to obtain the information required for carrying out the duties referred to in this Act from the Ministry and funding centre notwithstanding secrecy provisions.

Provisions on the disclosure of information for providing enterprise services are laid down in the Act on the Customer Data System for Enterprise Services (293/2017).

Section 17

Entry into force

This Act enters into force on 1 January 2018.

This Act repeals:

- 1) the Act on the Finnish Funding Agency for Innovation Tekes (717/2008);
- 2) the Act on the Limited Liability Company Called Finpro Oy (1446/2015).

Tekes (the Finnish Funding Agency for Innovation) referred to in the Act mentioned in subsection 2, paragraph 1 above, changes into the Innovation Funding Centre Business Finland referred to in this Act, and Finpro Oy referred to in paragraph 2 changes into Business Finland Oy.

Section 18

Transitional provisions

Part of the personnel of Tekes (the Finnish Funding Agency for Innovation) will transfer to the service of the company when the Act enters into force. The provisions of sections 5e and 5f of the State Civil Servants Act (750/1994) and chapter 1, section 10 of the Employment Contracts Act (55/2001) on the assignment of business are applied to the transfer. The personnel to be transferred will be specified in the documents on the assignment of business. The funding centre decides on the personnel to be transferred and the timing of their transfer.

When personnel in public office or public-service relationship referred to in subsection 1 are transferred to the company, the public offices expire and public-service relationships discontinue without termination at a date to be determined once the Act has entered into force. All transferred personnel will enter an employment relationship with the company as of said date. The expiry of public offices and discontinuation of public-service relationships do not require consent. The employment relationship-based positions and the personnel in them transferred to the company will enter an employment relationship with the company as of said date. Fixed-term personnel in public office or public-service relationship will enter fixed-term employment relationships with the company for the period of their terms. The change in the nature of the service relationship will not have effects on the continuity of the service relationship. If a position is devolved to the company after the date specified in subsection 1, the provisions of the State Civil Servants Act and Employment Contracts Act on the assignment of business shall be applied to the transfer until the end of 2020.

The rights and obligations arising from public-service relationships in force at the time of assignment will devolve to the company as laid down in section 5f of the State Civil Servants Act. However, this does not apply to rights and obligations arising specifically from public-service relationship and are not characteristic of an employment relationship.

The funding centre and company will be jointly liable for receivables arising from employment or other public-service relationship that have fallen due prior to the assignment. However, the funding centre is liable for a receivable that has fallen due prior to the assignment to the assignee, unless otherwise agreed.

The company is liable to comply with the provisions of the collective agreement in force at the time of the assignment as laid down in section 5 of the Collective Agreements Act (436/1946).

The personnel will transfer to the company with the euro-denominated salary at the time of the assignment.