

**BUSINESS  
FINLAND**

# **GUIDELINES ON AFFILIATIONS**

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# 1 GENERAL BASIS AND PRINCIPLES FOR AFFILIATION GUIDELINES

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Business Finland consists of Innovation Funding Agency Business Finland, a state authority, and Business Finland Oy, a wholly state-owned special-purpose company. In these guidelines, the above-mentioned actors are jointly referred to as Business Finland.

This document describes the key guidelines for managing affiliations in Business Finland. The guidelines apply, in principle, to the entire Business Finland staff, unless otherwise specified. Each staff member is responsible for compliance with the guidelines. In addition, the guidelines apply to members of the Boards of Directors of Business Finland Oy. Business Finland monitors compliance with the guidelines.

The guidelines defined in this document are intended to ensure confidence in the fairness, neutrality and independence of Business Finland's operations and to promote the transparency of operations. Business Finland must ensure that public confidence in the integrity and accuracy of operations and the stability of decisions is maintained. Decisions must be based on facts that are objectively and appropriately evaluated.

## 2 AFFILIATIONS

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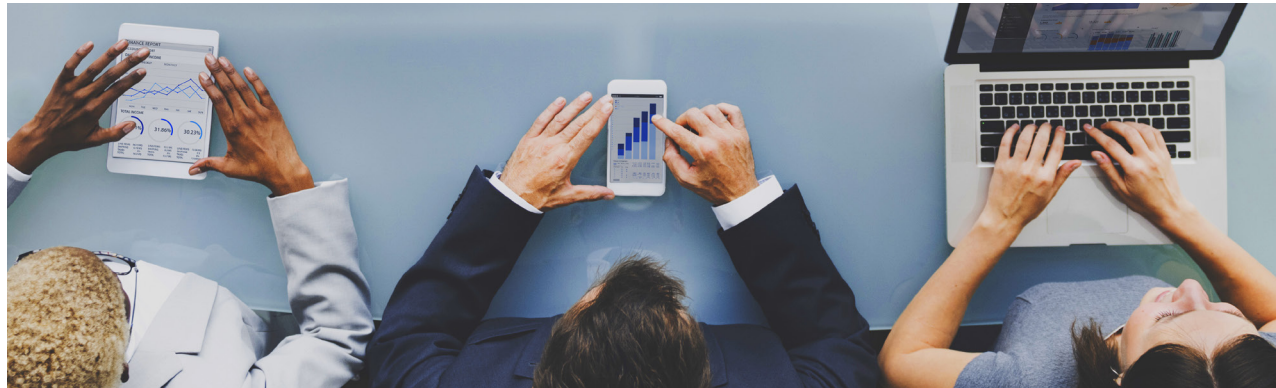
Persons responsible for the tasks defined in Sections 3 and 11 of the Act on Innovation Funding Agency Business Finland and the limited liability company named Business Finland (1146/2017) shall disclose all their affiliations..

### 2.1 POSITIONS OF TRUST AND DUTIES

The persons in Innovation Funding Agency Business Finland and Business Finland Oy responsible for the tasks defined in Sections 3 and 11 of the afore-mentioned Act (1146/2017) may not serve as members of a Board of Directors or equivalent body, or as directors or officers in any profit-making community outside Business Finland. In addition, memberships in the Boards of Directors of foundations are evaluated on a case-by-case basis.

It is possible to make a derogation from this guideline in the following situations:

- if the person is hired into Business Finland for a fixed period to a specific, precisely defined project;
- the person is a Board member in a company which has not been in business for the past two years;
- the company exists to maintain the person's own professional skills, and the company's operations are not related to the operations or clients of Business Finland;
- the company exists for the person's own investments (holding company); or
- a particularly weighty and well-founded reason equivalent to the above-mentioned situations.



Participation in ordinary association or other general-interest activities is generally not subject to restrictions. This includes, for example, memberships in the Boards of non-profit organizations or housing companies. Consent to affiliations cannot be given if the person becomes disqualified in his/her main duties more than occasionally or temporarily.

All positions of trust and duties must be disclosed in accordance with the procedure on secondary activities (discussed in more detail in chapter 4), and situations open to interpretation will be evaluated on a case-by-case basis.

## 2.2 HOLDINGS

Staff holdings are possible, but they must be disclosed (disclosure is discussed in chapter 3). When a person carries out the duties defined in Sections 3 and 11 of the Act on Innovation Funding Agency Business Finland and

the limited liability company named Business Finland (1146/2017), he/she must exclude him/herself if he/she is disqualified under the Administrative Procedure Act (disqualification is discussed in chapter 5).

## 2.3 AFFILIATION REGISTER

The affiliations of Business Finland staff are appropriately managed in the affiliation register. The affiliation register can prevent situations where confidence in decision-making might be endangered. The disclosure of affiliations seeks to secure confidence in the independence and neutrality of operations.

## 3 DISCLOSURE OF AFFILIATIONS

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Persons carrying out the tasks defined in Sections 3 and 11 of the Act on Innovation Funding Agency Business Finland and the limited liability company named Business Finland (1146/2017), as well as members of the Boards of Business Finland Oy, are subject to the obligation to disclose affiliations.

Affiliations to be disclosed are the following:

- managerial positions in companies or other organizations (memberships in Boards or equivalent bodies, or operational management positions)
- Board memberships in registered associations or foundations
- any other secondary activities (the procedure on secondary activities is discussed in more detail in chapter 4)
- holdings in non-listed companies, organizations and foundations
- holdings in holding companies
- holding company's holdings in non-listed companies

In the case of professional investors, the following affiliations must also be disclosed:

- publicly traded shares and securities entitling thereto, as well as contracts and commitments to acquire or dispose of publicly traded securities
- mutual fund units and ETFs (listed funds)
- holding company's holdings in publicly traded securities

There is no obligation to disclose the amounts of holdings, nor does ownership information constitute public information for disclosure under the Act on the Openness of Government Activities.

All affiliations must be disclosed. You must also indicate if you have no affiliations to disclose.



A person must also indicate if there are no affiliations to disclose. Even if there are no affiliations to disclose, a person is nevertheless obliged to comply with the grounds for disqualification of the Administrative Procedure Act (disqualification is discussed in chapter 5). The obligation to disclose affiliations can be temporarily terminated, for example, in the case of family leave or similar reasons, if the person concerned will not have access to client information during his/her leave. The obligation to disclose affiliations ends when the employment relationship expires or any other fact underlying the obligation to disclose (e.g. Board membership) ends.

## 4 SECONDARY ACTIVITIES

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Secondary activities are posts as well as paid work and tasks which a person has the right to refuse. Professions, businesses and stores are also counted as secondary activities. Various positions of trust and governance duties in companies and communities can also constitute secondary activities.

Secondary activities can cause affiliations that can undermine confidence in decision-making or the neutrality of preparing a matter. Staff are not permitted to accept such secondary activities or to pursue a profession, business or store that may be detrimental to the performance of a person's duties in Business Finland or which could endanger the person's neutrality. In secondary activities, a person must refrain from any activity that conflicts with the duties performed by him/her at Business Finland or the practices of Business Finland.

A secondary employment notice or an application for a secondary employment permit must be made for all secondary activities. A secondary employment notice is made if working hours are not used for the second-

ary activities, and a permit for secondary employment is applied if working hours are used for the secondary activities. The application for a secondary employment permit must include information on the income from the secondary activities. However, at Business Finland, the starting point is that secondary activities where working hours are used would not be accepted.

Duties that Business Finland or a government authority, with the consent of Business Finland, has appointed a person to, are not counted as secondary activities. Also, those positions of trust that a person cannot refuse are not counted as secondary activities.

A permit for a secondary employment may be granted for a fixed period or it may be limited. A previously granted secondary employment permit may also be revoked if issues affecting approval of the permit arise.



## 5 DISQUALIFICATION

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The grounds for disqualification of the Administrative Procedure Act apply to the staff and Board members of the Business Finland entity, regardless of their duties. A person is disqualified from acting if he/she is in a position that could endanger his/her neutrality in the matter at hand.

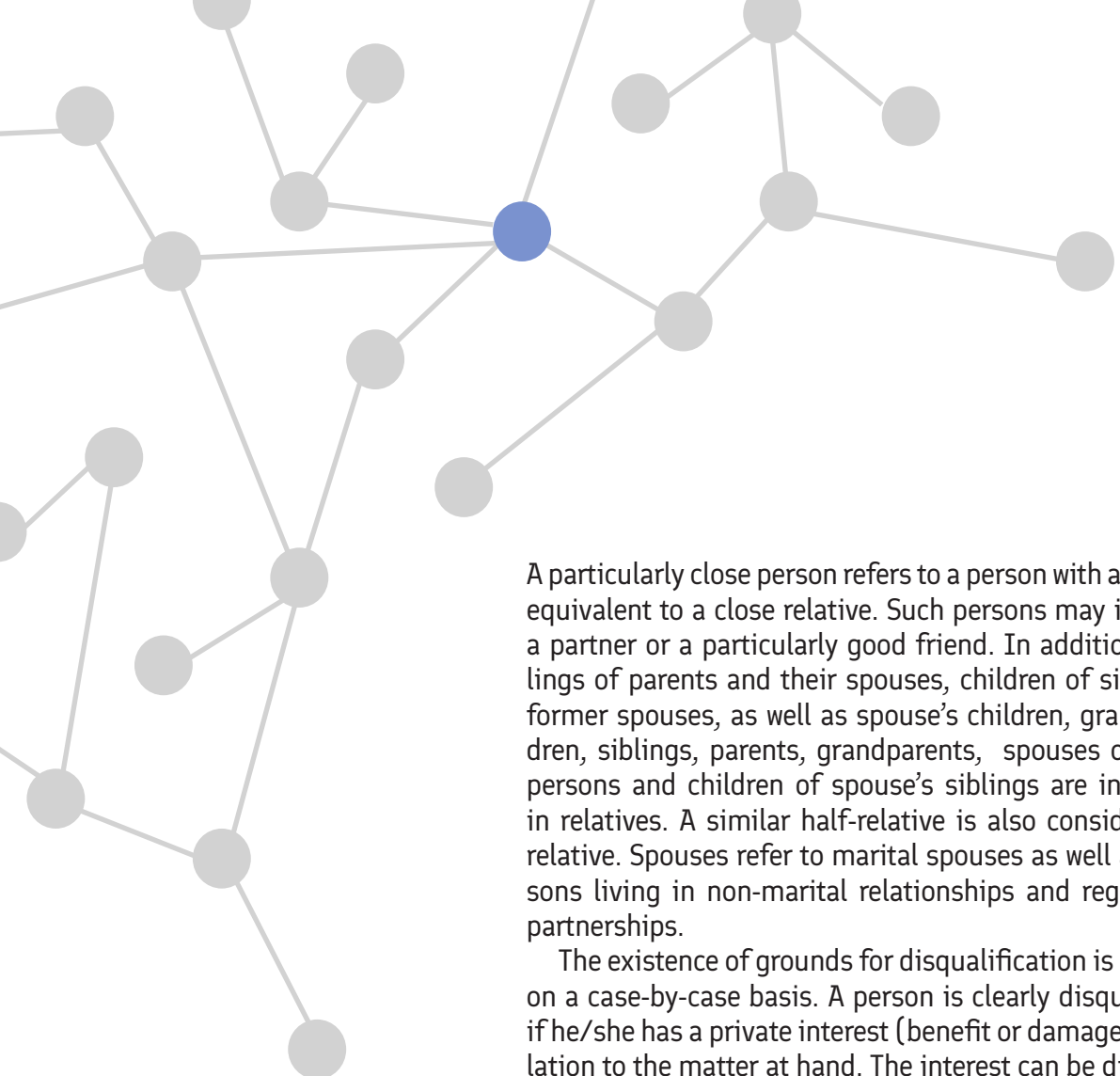
According to Section 28 of the Administrative Procedure Act, an official is disqualified:

1. if he/she or his/her relative is a party (disqualification as a party);
2. if he/she or his/her relative advises or represents a party or a person for whom there is a special benefit or damage to be expected from the decision on the matter (disqualification due to advice and representation);
3. if there is a special benefit or damage to be expected from the decision on the matter to him/her or to his/her relative (disqualification due to conflict of interest);
4. if he/she is employed by or has an assignment relationship with a party or a person for whom there

is a special benefit or damage to be expected from the decision on the matter (disqualification due to employment and assignment);

5. if he/she or his/her relative is a member of the Board of Directors, Supervisory Board or an equivalent body or the managing director or in an equivalent position in a community, foundation, state-owned company or public body that is a party or for whom there is a special benefit or damage to be expected from the decision on the matter (disqualification due to community);
6. if he/she or his/her relative is a member of the Board of an agency or institution or a comparable body, and the matter is related to the control or supervision of the agency or institution (disqualification due to control and supervision) OR
7. if confidence in his/her neutrality is endangered for another specific reason (other specific reason).

Relatives refer to spouses, children, grandchildren, siblings, parents, grandparents and any other particularly close persons, as well as the spouses of such persons.



A particularly close person refers to a person with a status equivalent to a close relative. Such persons may include a partner or a particularly good friend. In addition, siblings of parents and their spouses, children of siblings, former spouses, as well as spouse's children, grandchildren, siblings, parents, grandparents, spouses of such persons and children of spouse's siblings are included in relatives. A similar half-relative is also considered a relative. Spouses refer to marital spouses as well as persons living in non-marital relationships and registered partnerships.

The existence of grounds for disqualification is settled on a case-by-case basis. A person is clearly disqualified if he/she has a private interest (benefit or damage) in relation to the matter at hand. The interest can be direct or indirect. As a rule, a person is disqualified if the matter leads to benefit or damage to him/her or his/her relatives. A person is also disqualified from acting whenever operations do not appear neutral from an external perspective.

People working in the Business Finland entity must constantly consider any situations of disqualification in

their work. In such situations, people must refrain from decision-making, preparing, defending and presenting in the matter (relating both to the preparation of funding decisions and to other statutory duties of Business Finland). Observing disqualification in operations is important because disqualification may lead to the decision being revoked. In order to secure the reliability of operations, disqualification must be taken into account even if it would not affect or could affect the processing of the matter or the decision on the matter. If a person is disqualified, he/she may not process the matter or be present when it is processed. When processing a request for a review, the person making the funding decision is disqualified and cannot participate in the processing of the adjustment decision.

People working in the Business Finland entity must primarily decide themselves whether grounds for disqualification in the matter at hand exist. If a person employed by Business Finland has a justified reason to assume that someone is disqualified, he/she is obliged to bring the matter up with that person or the person's supervisor.



Also, if a person has a justified reason to assume that someone has acted in violation of the grounds for disqualification provided in the Administrative Procedure Act, he/she may report it anonymously via the whistleblower channel.

At Business Finland, a person is disqualified from dealing with matters of his/her former employer for 12 months after commencing his/her employment. This practice aims to ensure objective processing of matters and equal treatment of clients.

Disqualification is, in principle, assessed according to the current processing situation of the matter. However, a previous situation with grounds for disqualification may lead to disqualification, even if the situation has already expired when processing of the matter begins. On a case-by-case basis, consideration must be given to the whole and to the factors that affect confidence in the neutrality of operations.

The grounds for disqualification must also be taken into account in all Business Finland purchases. For purchases, it is necessary to assess whether the possible funding decision will cause a conflict of interest. In this case, it must be ensured that the funding decision is not affected by any decisions made in procurement and the procurement decision is not affected by funding decisions. In addition, for each purchase, it must be ensured that all service providers are treated equally and that individual service providers are not favored because of personal interests.

## 6 ENTRY INTO FORCE AND UPDATING OF THE GUIDELINES ON AFFILIATIONS

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The guidelines on affiliations were approved by the Board of Directors on October 24, 2018. The Board of Business Finland Oy will approve the guidelines after this decision.

The staff must have arranged matters related to their affiliations as required by the guidelines no later than the end of 2019. The guidelines on affiliations will be complemented by more detailed instructions, reviewed regularly and updated as necessary.



# DISQUALIFICATION (CONFUSION OR CONFLICT OF INTERESTS)

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## GROUNDINGS FOR DISQUALIFICATION

Disqualification is assessed on a case-by-case basis.

Subjective neutrality implies that the personal goals or affiliations of the decision-maker, the rapporteur or the person implementing a service must not affect the processing of the matter or the implementation of the service.

Objective neutrality emphasizes public confidence in the processing of the matter and the objectivity and independence of decision-making.

Below is a description of situations in which disqualification in the matter at hand must be considered. The examples can be supplemented if necessary.

### 1. DISQUALIFICATION AS A PARTY

**A person employed by Business Finland is disqualified if he/she or his/her relative is a party to the matter at hand.**

Such a situation may arise, for example, if the person is party to a funding application or his/her relative is a client of Business Finland.

### 2. DISQUALIFICATION DUE TO CONFLICT OF INTEREST

**A person employed by Business Finland is disqualified if there is any special benefit or damage to him/her or his/her relative to be expected from the decision on the matter.**

Situations where such a disqualification may arise:

- A relative of the person employed by Business Finland owns the company applying for funding or a competing company;
- A relative of the person employed by Business Finland owns a subcontractor of the company applying for funding;
- The person employed by Business Finland owns shares or is otherwise a funder in the company applying for funding or its subcontractors.

In the practice of the Administrative Procedure Act, it is considered that an official will not become disqualified if he/she owns shares of a listed company or a non-dominant share (less than 20%) of another company. Disqualification must, however, always be assessed

on a case-by-case basis. It is possible that, even if this criterion does not justify an automatic disqualification due to ownership, the situation may be objectively and externally assessed as causing disqualification.

In order to ensure the neutrality of Business Finland, it is desirable for a person employed by Business Finland not to own shares of a non-listed company that is a client of Business Finland. Likewise, it is desirable for a person employed by Business Finland not to engage in such stock trading that could be regarded as a professional activity.

In the case of disqualification due to conflict of interest, it requires that the benefit or damage is of a special nature, i.e. financially significant or otherwise relevant. The benefit may be more than financial and the damage may also be materialized as a disadvantage.

### **3. DISQUALIFICATION AS AN ADVISER (ADVICE AND REPRESENTATION)**

**A person employed by Business Finland is disqualified if he/she or his/her relative advises or represents a party or a person for whom there is a special benefit or damage to be expected from the decision on the matter.**

This ground for disqualification could be evaluated in Business Finland's business if advising clients was considered to have changed into a consultancy relationship.

Mentoring a client and challenging their business

ideas are not, however, an activity to this end.

A person employed by Business Finland cannot be involved in processing the matter if his/her spouse or other relative acts as an advisor to the client of Business Finland.

If a person employed by Business Finland became an advisor in a company, he/she would probably become disqualified in his/her own work.

### **4. DISQUALIFICATION DUE TO EMPLOYMENT (EMPLOYMENT AND ASSIGNMENT)**

**A person employed by Business Finland is disqualified if he/she is employed by or has an assignment relationship to a party or a person for whom there is a special benefit or damage to be expected from the decision on the matter.**

In accordance with the guidelines on affiliations, such situations should not, in principle, arise in Business Finland. In addition, the provisions on secondary activities in principle preclude the creation of such situations, as no one is allowed to become disqualified in his/her position in Business Finland due to secondary activities.

A situation in which such a point could become applicable could be, for example, a situation in which a person employed by Business Finland would act as a secondary hourly tutor at a university faculty, institution or equivalent unit, and that unit/institution would apply for research funding.

## 5. DISQUALIFICATION DUE TO COMMUNITY

**A person employed by Business Finland is disqualified if he/she or his/her relative is a member of the Board of Directors or an equivalent body or the managing director or in an equivalent position in a community, foundation or public body that is a party or for whom there is a special benefit or damage to be expected from the decision on the matter.**

Based on the guidelines on affiliations, a person employed by Business Finland who performs the duties provided for in Sections 3 and 11 of the BF Act cannot act in a position referred to in this section, with certain exceptions. More specifically in the guidelines on affiliations.

A person employed by Business Finland must refrain from processing the matter of a community, foundation or public body if his/her spouse or other relative works in a position described in this section.

## 6. DISQUALIFICATION DUE TO SUPERVISION AND CONTROL

Disqualification due to supervision and control affects Business Finland primarily in corporate governance duties. Thus, for example, persons at the funding center involved in the corporate governance Business Oy cannot act as members of the Board of Business Finland Oy.

The disqualification of members of the Board of a limited liability company is evaluated based on the provisions of the Companies Act.

## 7. GENERAL CLAUSE: ENDANGERMENT OF NEUTRALITY FOR ANOTHER SPECIFIC REASON

**A person employed by Business Finland is disqualified if confidence in his/her neutrality for another specific reason is endangered.**

The starting point for the application of the general clause of disqualification is that the specific reason is similar in significance to the grounds for disqualification set out in sections 1 to 6 above. Thus, for example, the mere distrust of an external person towards a person employed by Business Finland is not yet grounds for disqualification under the general clause, but there must be a concrete reason for the endangerment of trust.

Based on the general clause, disqualification does not arise solely on the basis of a normal customer relationship or friendship.

Situations that require consideration include those in which a person employed by Business Finland would be a member in the internal committees, task forces or equivalent groups of an organization applying for funding. Especially in situations where the group has had an opportunity to influence, for example, the application for funding.

Also, situations in which a person employed by Business Finland has a particularly close relationship of friendship, cooperation or controversy or a strong loyalty to a client of Business Finland, which may be due to, for example, common financial interests, can cause disqualification.

Refer to the guidelines on affiliation for further details on the participation in the processing of a former employer's matters.

Other situations that may give rise to disqualification:

- plenty of secondary activities,
- abundant hospitality, financial benefits or expensive gifts received from a party.
  - This may also lead to the fulfillment of the criteria for a bribery offense, so the ground should not be realized under normal circumstances.
- specific financial or other interests;
- public enmity or friendship;
- close friendship, exceptionally strong emotional bond;
- ongoing litigation in a court to which a person employed by Business Finland or his immediate family is a party with a client of Business Finland or whose final decision was taken less than three years ago;

- second-degree disqualification, which means that a person employed by Business Finland has earlier participated in the processing of the matter in another authority;
  - This does not refer to the internal processes of Business Finland, although funding projects, for example, are dealt with in a number of decision-making forums.
- joint scientific or other publishing activities with a client (e.g. CEO, owner) of Business Finland if the publication was done less than three years ago;
- the disqualification caused by a supervisory relationship, in which the disqualification is caused by the disqualification of the supervisor in the same matter,

Confidence in a person's activities is not endangered solely by the fact that the person is a member of various associations, non-governmental organizations, trade unions, parties, etc. However, if a person belongs to an association that requires strong mutual loyalty from its members, it is advisable to abstain from processing a matter to which a member of the same association is a party.

Neutrality is also not endangered by opinions expressed in the public.



# BUSINESS FINLAND

Business Finland is an accelerator of global growth. We create new growth by helping businesses go global and by supporting and funding innovations. Our top experts and the latest research data enable companies to seize market opportunities and turn them into success stories.

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