

Helsinki

Helsinki City Group Governance Principles

Approved on 10 December 2025



The logo for Helsinki, featuring the word "Helsinki" in a bold, black, sans-serif font, enclosed within a black outline that resembles a speech bubble or a stylized map boundary.

Helsinki

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1. Introduction

Helsinki City Group is made up of the City of Helsinki and its subsidiaries. As the parent organisation, the City of Helsinki is responsible for City Group governance and determining the services the City Group provides. The point of departure is that the City of Helsinki has a strategic interest in owning the subsidiaries. The subsidiaries complement the city's own service production by helping to meet the city's objectives, in particular in terms of economic policy, urban development and sports and culture, and the performance of support functions required by the City Group. Helsinki City Group also includes subsidiaries that operate in the market economy. The City of Helsinki has a vested financial and/or strategic interest in owning these subsidiaries. These subsidiaries are also used for tasks the City of Helsinki performs in cooperation with external organisations.

These Helsinki City Group Governance Principles create a framework for ownership steering of the subsidiaries that belong to the City Group and, where applicable, also to associated entities and joint municipal enterprises, with the aim of effective implementation of the City of Helsinki's set objectives.

The Helsinki City Group Governance Principles are intended to support the City of Helsinki's City Group management and ownership steering with uniform instructions and operating principles that promote the best interests of the City Group as a whole. With this in mind, the Helsinki City Group Governance Principles aim to create uniform procedures for the management of the City Group's subsidiaries, in addition to ensuring the transparency of operations and the free exchange of information.

2. Definitions

2.1. Helsinki City Group and its subsidiaries

The Helsinki City Group is comprised of the City of Helsinki and its subsidiaries.

Subsidiaries are corporate entities in which the City of Helsinki has a controlling interest, in accordance with the Finnish Accounting Act. Foundations in which the City of Helsinki has a controlling interest are also equated with subsidiaries.

2.2. Associated entities

An associated entity is a corporate entity in which, in accordance with the Accounting Act, the City of Helsinki, alone or together with one or more of its subsidiaries, or, alternatively, one of its subsidiaries alone or together with other city subsidiaries, holds between 20% and 50% of the votes that the shares or interests in the entity confer, or in which the city has a significant influence on how the business operations or financing are managed.

2.3. Joint municipal authorities

For purposes of these Helsinki City Group Governance Guidelines, a joint municipal authority is a joint municipal authority in which the City of Helsinki is a member municipality.

2.4. City Group governance

City Group governance means the implementation of ownership governance and the requisite organisation of the monitoring and control of Helsinki City Group finances and operations (Helsinki City Group governance) in accordance with the applicable decisions and regulations.

2.5. Ownership governance

In accordance with the Finnish Municipalities Act, ownership governance refers to the measures with which the city as owner or as member city contributes to the administration and operation of corporate entities. These measures can be related to founding agreements, investments, articles of association, other agreements, personnel appointments, issuing instructions to people representing the city in different corporate entities, and other aspects of exercising the city's control.

Neither the City of Helsinki's operating assistance or general assistance to a subsidiary and related governance, nor the City of Helsinki's possible cooperation with a subsidiary based on an agreement or procurement and the related contractual and/or client governance are included in ownership governance.

2.6. Helsinki City Group management

Helsinki City Group management consists of:

- the City Council
- the City Board
- the Helsinki City Group Sub-committee of the City Board
- the mayor and deputy mayors, and
- the city manager.

The duties of the Helsinki City Group management and its distribution of powers is laid down in the Municipalities Act and established in the city's administrative charter.

2.7. Corporate entity, board of directors and managing director

A corporate entity refers to limited liability companies, housing companies and foundations. Board of directors refers to the board of an association in accordance with the definition above, but also other corresponding administrative and operative bodies that wield powers comparable to the board. Managing director refers to, in addition to managing director as defined in the Finnish Limited Liability Companies and Foundations Acts, people who perform equivalent tasks, regardless of title.

3. Application and binding nature of the Helsinki City Group Governance Principles

The Helsinki City Group Governance Principles apply to subsidiaries belonging to the City Group, unless otherwise provided for by legislation applicable to the entity, the articles of association, statutes or a shareholders' agreement. Guidelines on how to comply with the Helsinki City Group Governance Principles are laid down in either an articles of association provision on City Group governance of Helsinki subsidiaries or in the foundation statutes, unless there is a specific reason to deviate from this.

If an individual instruction in the Helsinki City Group Governance Principles conflicts with provisions that apply to the subsidiary, such as legislation on businesses or accounting or other binding legislation, the applicable legislation takes precedent. Subsidiary management must immediately notify the City Executive Office's City Group Governance Unit of any such inconsistencies in writing.

The Helsinki City Group Governance Principles and the obligation to comply with them does not change the legal position or responsibilities of the subsidiary boards or managing directors.

The City of Helsinki governs the subgroups of its subsidiaries via their parent corporate entities. The subsidiaries are in accordance with this obliged to ensure that their subsidiaries (subgroups) comply with the City of Helsinki's ownership governance and other instructions to the extent that they are appropriate for the subgroup.

In addition, the City Group Governance Principles and its provisions on subsidiaries apply to the governance of associated entities and municipal entities that are important for the City Group's finances and operations to the extent that this is possible and justified, taking into account the City of Helsinki's ownership share, controlling influence, share of voting rights or share of share capital. City of Helsinki representatives in the city's associated entities should, where possible, strive to ensure that the provisions of the City Group Governance Principles are also implemented in the associated entities.

These principles do not apply to the governance of the City of Helsinki's public authorities, administrative divisions or municipal enterprises.

Together with the City Group management, the City Executive Office also carries out City Group governance, preparing matters for the City Group management to consider and monitoring and controlling attending decisions. The City Executive Office may also issue more specific instructions for observing these principles and their content. The City Executive Office's City Group Governance Unit coordinates the preparation of City Group governance.

4. Ownership policy

The ownership policy sets out the framework for Helsinki City Group management and ownership governance.

The City of Helsinki's ownership policy is established in the City Strategy approved for each City Council term, in other possible decisions on ownership policy, and in the city's ownership principles and other provisions on ownership and governance found here in the Helsinki City Group Governance Principles. The city's ownership policy is also set out in the objectives and principles included in the City Board-approved ownership strategies of the individual subsidiaries. The city's ownership policy specifies the type of ownership the City of Helsinki will acquire and own, and the tasks and projects in which the city will participate as an owner and investor in order to achieve its objectives.

In order to promote the city's ownership policy objectives, provisions related to the objectives can be included in the subsidiary entities' articles of association, statutes and the equivalent. When drafting these provisions, the best interests of the Helsinki City Group as an entirety and the legislation applicable to the subsidiary in question must be considered.

City Group governance unifies the management and administrative practices of the subsidiaries and ensures that internal control and risk management are carried out accordingly.

In its City Group governance, the City of Helsinki follows the division of tasks and responsibilities between the entities' administrative bodies and institutions and the owners in accordance with the laws governing the various entities.

5. City of Helsinki ownership premise

City of Helsinki ownership of an entity is premised on delivering a clear benefit for the Helsinki City Group and residents of the city. City ownership is by nature strategic, as it can be used to achieve a long-term financial and/or operational benefit.

Ownership is not a basic function of the city, and for this reason, city ownership must be premised on supporting and serving the provision of services, city finances or the general policy objectives of the City Strategy and the city's social, business, sports and cultural activities. Ownership can also promote the implementation of the city's environmental and biodiversity priorities. For this reason, the City of Helsinki must have a purpose and a goal that is founded in the city's mission or strategy before it can act as a founder, owner or member of an entity. This purpose and goal set by the city for the subsidiary are determined in the subsidiaries' individual ownership strategies.

The City of Helsinki is a long-term, robust and goal-oriented owner. The city promotes its subsidiaries' long-term owner value growth potential and cost-effective operations, while remaining mindful of the provisions on competition neutrality. Subsidiaries' operations must be profitable, which means that their total income and expenditures plus investments must be in balance during the agreed-upon review period.

The City of Helsinki strives to promote equality between different genders and language groups in its City Group governance.

The city's ownership governance is open and goal-oriented, furthering long-term, consistent and predictable solutions that cement the subsidiaries to the city's strategic management and operations. It is also essential that the City of Helsinki's strategic ownership policies ensure the overall effectiveness of the subsidiaries and efficiently realise the overall interests of the Helsinki City Group.

The City of Helsinki requires the subsidiaries to:

- carry out their legislative obligations in an exemplary manner,
- implement the city's objectives and policies in accordance with their ownership strategies while also ensuring the effectiveness and cost-efficiency of their operations,
- be responsible employers, and
- act in an ecologically, socially and financially sustainable manner.

6. Key objectives of the Helsinki City Group governance

The objective of the City of Helsinki's Helsinki City Group governance is to ensure that subsidiaries under its purview to conduct their operations in compliance with the owner's wishes and objectives set out in the ownership strategies and the Helsinki City Strategy, and in line with the overall best interests of the Helsinki City Group.

Group governance supports the long-term growth of owner value and ensures that the board and operational management of each subsidiary develop the entity's operations in accordance with the set objectives and the overall best interests of the City Group. The boards of the subsidiaries determine the operating strategy and goals of their entities, on the basis of their specific ownership strategy.

7. Owner value

The strategic goals set by the City of Helsinki for its subsidiaries' operations, development and operational performance reflect the owner value that the city expects from its holdings. The city's owner value must develop favourably and be safeguarded.

The favourable development of owner value is assessed based on the subsidiary's ownership strategy and its objectives, with consideration for the operational impact, quality, cost-effectiveness, profitability and profit distribution, as well as owner value appreciation and its effective use.

8. City Strategy

The Finnish Municipalities Act states that each municipality must have a strategy in which the council decides on the long-term goals of the municipality's operations and finances. Among other things, the strategy must also take into account ownership policy. The City of Helsinki draws up a new City Strategy for each City Council term.

The City Strategy aims to strengthen the governance of overall operations and closely link strategic and financial planning. The city strategy is executed and monitored primarily through the city's budget.

The board of each subsidiary must discuss any references to the subsidiaries in the currently valid Helsinki City Strategy, and both compare them with their individual ownership strategies and take them into consideration in the subsidiary's operations.

9. Entity-specific ownership strategies

The City Board approves an ownership strategy for each individual subsidiary that contains guidelines regarding the city's ownership, strategic intent and administration for each subsidiary and, if necessary, its subgroups. Ownership strategies also set ownership strategy-compliant goals for the subsidiaries, in line with the Helsinki City Group Governance Principles.

The subsidiaries' ownership strategies create framework conditions for city ownership and long-term, predictable and systematic ownership governance.

The individual ownership strategies reflect the city's commitment as owner, setting medium-term developmental goals and other policies for the subsidiaries that aim to support the favourable development of the owner value created by the city's ownership of the subsidiary.

Ownership strategies steer the subsidiaries' long-term operations and support the work of the entities' boards and management.

Ownership strategies are updated as needed when the entity's situation and/or operating environment goes through a substantial change and in line with the priorities of the currently valid City Strategy.

Ownership strategies are prepared by the City Executive Office's City Group Governance Unit, in cooperation with the relevant division and subsidiary.

10. Good governance and management in the Helsinki City Group

A separate guide is drawn up that details the Helsinki City Group's good governance and management practices, which is approved by the City Board's City Group Sub-committee. The Guide to Good Governance and Management include the principles of good governance and management between the City of Helsinki and its subsidiaries and within the subsidiaries themselves, as well as the procedures corresponding to them.

The Guide to Good Governance and Management clarifies these Helsinki City Group Governance Principles and standardises the governance and management procedures of subsidiaries belonging to the Helsinki City Group, helping to ensure that the city's assets are managed appropriately, reliably and efficiently to safeguard the overall best interests of the Helsinki City Group.

11. Direct ownership control and the binding nature of these principles

A central component of the city's direct ownership control is to issue operational guidelines that represent the city's position on issues being addressed to the city's representatives in different corporate entities and foundations.

In accordance with the administrative charter, the City Board's City Group Subcommittee issues operational instructions on issues that are financially significant or have far-reaching impact. For other issues, the operational instructions are issued by the mayor or the deputy mayor of the relevant division. In addition, the City Manager and the City Executive Office issue ownership steering-type guidelines to the subsidiaries as necessary.

Operational instructions for the HUS Group hospital network are issued by the City Board, in accordance with legislation on wellbeing services counties.

The guidelines must be issued in writing.

Subsidiaries and persons active in their management must comply with the operational instructions and ownership steering of the City Group executive management and the City Executive Office. People representing the City of Helsinki in the subsidiaries must also act in accordance with the ownership policy goals set out in the Helsinki City Strategy as well as the guidelines set out in the subsidiary's ownership strategy.

As owner, the City of Helsinki requires that the subsidiaries comply with the Helsinki City Group Governance Principles and the set operational instructions and ownership steering, provided for in the administrative charter. If this is not the case, the city will take measures to change the composition of the subsidiary's board.

12. Classification of subsidiaries

For the purposes of ownership steering and the monitoring and reporting of subsidiaries' operations and finances, the City of Helsinki's subsidiaries are classified into the following groups:

- Strategically-significant profit-seeking subsidiaries
- Strategically-significant non-profit subsidiaries
- Subsidiary foundations
- Other subsidiaries

The strategic significance of the subsidiaries (excluding foundations, which are classified separately due to their type of association) and their classification into different groups is assessed comprehensively according to the following criteria:

- The scope of the subsidiary's financial operations, taking into account the definition of large and medium-sized enterprises found in, among others, the Finnish Accounting Act. For example,
 - mutual real estate companies with one or two properties and parking firms are in principle classified as other subsidiaries.
- The strategic significance of the subsidiary with regard to, for example,
 - the importance of the subsidiary for the city's service production
 - the extent to which, on the basis of its ownership strategy, the subsidiary implements the city's strategic priorities.
- The subsidiary's long-term financing base, with regard to, for example,
 - Any annual grant or service agreement-based compensation from the city, in relation to the entity's own income, independent of the city
 - Any role the city may play in financing the entity's investments or other activities.

The City Board decides on the classification of the subsidiaries as part of its subsidiary-specific ownership strategies. For reporting and ownership control purposes, the City Executive Office's City Group Governance Unit may divide the subsidiaries into appropriate groups (by division, for example) despite this classification, if necessary.

The city's ownership steering can be adapted to conform with different operating principles and methods for the different groups of subsidiaries. For example, subsidiaries in different groups and/or subgroups may be subject to varying obligations with regard to reporting, information, internal control and risk management, and the subsidiaries may also follow different types of personnel policies. The obligations of the subsidiaries may also differ with regard to, for example, the scope of their activities or the size of their operational income or personnel. The form a foundation takes is also a special characteristic that must be taken into account in ownership steering and the monitoring of operations and finances.

When the steering of a division is shared between the mayor and a deputy mayor, any strategically-significant profit-seeking subsidiaries belong under the mayor's purview. Subsidiaries in other groups are steered by either the mayor or deputy mayor, depending on how the affiliation has been determined in the subsidiary-specific ownership strategy, based on the subsidiary's main task and sector.

13. Subsidiaries as part of the Helsinki City Group

Group governance includes regular review and assessment of the status of its subsidiaries as part of the Helsinki City Group.

In terms of governance, operations and the monitoring of finances, the subsidiary foundations constitute a separate group, which takes into account the special characteristics of the form the foundation takes and the independent status of the foundation and its board.

For strategically-significant for-profit subsidiaries, the assessment is rooted in the strategic and operational significance of the subsidiary for the city. The ownership strategies of these subsidiaries and the goals set in them are in general based on the best possible financial results for the subsidiary or the other financial or strategic benefits that the operations bring to the city.

The city's strategically-significant for-profit subsidiaries comply with operating principles that are comparable to other companies operating in the same sector, so that the city's ownership does not distort competition. In the same way, provisions on competition neutrality must be taken into account when determining the targets on returns for the subsidiaries. In principle, the City of Helsinki does not finance for-profit subsidiaries that are strategically significant, unless there is a justified reason to deviate from this in individual cases. The City of Helsinki's ownership may not lead a strategically-significant for-profit subsidiary to attain a competitive advantage or disadvantage.

For subsidiaries other than this, the City of Helsinki primarily has goals and specific tasks related to service production or other activities. These subsidiaries' primary function is to supplement or support the Helsinki City Group's service production objectives and other set targets in a cost-efficient, high-quality and economically viable manner.

All in all, the guidelines and objectives in the subsidiary-specific ownership strategies for these subsidiaries are founded on producing the best possible overall impact.

14. City of Helsinki ownership and/or controlling interest in the entities

The City of Helsinki's participation in an entity as a founder, shareholder, member or exerciser of some other form of controlling interest should have a purpose rooted in the City Strategy and its priorities. The purpose of the entity's operations and the city's objectives for participation are examined from the City Group's perspective whenever an entity is established, shares are purchased or a controlling interest is acquired, and also later during the period of ownership and/or exercise of controlling interest, to ensure that the entity is serving the City of Helsinki's goals. The basis for City of Helsinki ownership of the subsidiaries (the entity's mission, development guidelines and objectives) is set out in the subsidiary's ownership strategy which is approved in connection with the establishment of and/or the city's acquisition of a controlling interest in the subsidiary. The ownership strategy for each subsidiary sets out the City of Helsinki's objectives for ownership of the subsidiary and, if necessary, the prerequisites for relinquishing ownership.

To promote the structural development and successful management of the Helsinki City Group, any move to establish a new subsidiary should first be assessed to see whether the operations of an existing subsidiary can be possibly expanded instead, avoiding the creation of a new limited company. Operations are organised as a foundation only if taking that form promotes the implementation of the City of Helsinki's set objectives.

Decisions to establish a company and the city's approval of the requisite documents (for example, the shareholders' agreement) are made in accordance with the administrative regulations.

The City of Helsinki's articles of association template and/or statutes are used in the establishment of a subsidiary, unless there is a justified reason to deviate from their provisions in individual cases.

The City of Helsinki endeavours to relinquish ownership of and/or controlling interest in an entity if it no longer serves the purpose or objective of the City Strategy or goals. From the City of Helsinki's perspective, relinquishing ownership and/or controlling interest must also be justifiable economically. Special attention must be paid to the consequences for the staff and end users of the services offered by the entity when ownership and/or controlling interest is relinquished.

15. Human resources policy in the subsidiaries

The City of Helsinki's subsidiaries are responsible employers with good management that safeguards the quality of working life and the occupational wellbeing of their staff. The management of the Helsinki City Group and its subsidiaries must take into account the best interests of the Helsinki City Group as a whole. There must be no unfair competition for staff within the group.

The City of Helsinki's subsidiaries belong to an employer union, and their operations comply with a collective labour agreement in their sector, unless it is a subsidiary with no employees. The terms and conditions of the employees' employment relationships are determined in accordance with the collective agreement.

The City of Helsinki's subsidiaries are members of the public sector pension agency Keva unless there is a special reason to deviate from this in an individual subsidiary.

The city's strategically-significant for-profit subsidiaries may follow a human resources policy that corresponds to the practice elsewhere in the sector and among competitors but must also take into account the city's subsidiaries' obligation to act responsibly in their HR policy. The employees' job security is determined in accordance with Finnish labour legislation and the collective agreement the subsidiary applies, based on its operations.

Each of the City of Helsinki's other subsidiaries and subsidiary foundations must, where applicable, comply with the City of Helsinki's HR policy practices and guidelines. When it comes to employees' job security, the aim is to safeguard the employment relationship of permanent employees in situations in which there are legal production-related or financial grounds for layoffs or dismissals, provided that the employees are prepared to move to other positions that match their skills and experience.

16. Subsidiaries' obligation to request the city's stand on certain measures

16.1. The City of Helsinki's stand, according to the Helsinki City Group Governance Principles.

The subsidiaries must, in accordance with the Municipalities Act, request the City of Helsinki's stand on significant measures determined in the Helsinki City Group Governance Principles before making final decisions or implementing these decisions. The obligation to request the city's stand lies with the subsidiary's board and managing director.

The obligation to request the city's stand does not apply to situations in which the city itself is participating in the decision-making, for example, when the city and a subsidiary enter into a service agreement.

16.2. Matters and measures that require the city's stand

City of Helsinki subsidiaries must ask the city's stand on the following matters and measures:

- significant deviations from the guidelines and objectives set out in the subsidiary's ownership strategy;
- significant changes to the subsidiary's operational principles;
- an investment, project or disposal of assets or financing, corporate or contractual arrangement that is significant in relation to the scope of the subsidiary's operations, or not business-related or otherwise unusual;
- matters associated with the appointment, dismissal or remuneration of the managing director, and matters associated collective agreements and remuneration systems that significantly deviate from the city's practice.

In addition, subsidiary foundations and all other subsidiaries that are for-profit and strategically significant must request the city's stand before making decisions on significant HR policy measures (for example, layoffs).

16.3. Requesting the city's stand

The obligation to request the City of Helsinki's stand on an issue is intended to promote the best interests of the Helsinki City Group as a whole by ensuring a functional exchange of information between the subsidiary and the city that takes into account the city's ownership strategy policies in the subsidiaries' significant decisions. It is therefore appropriate that the subsidiary's management contacts the City Executive Office's City Group Governance Unit well in advance in any matter requiring the city's opinion, so that the city can offer its stand in a timeframe that is appropriate for the subsidiary's operations.

The subsidiary's managing director or board chair must however contact the City Executive Office and request the city's stand no later than the time when the board is scheduled to deliberate a decision on the matter.

The party issuing the city's stand is determined on a case-by-case basis, dependent on the matter's financial significance, general impact and other corresponding circumstances. The City Board's City Group Sub-committee decided the city's stand on matters that are financially significant and have a wide-ranging general impact for the Helsinki City Group. In other matters, the city's stand can be issued by the mayor, relevant deputy mayor, city manager or the City Executive Office's City Group Governance Unit. The City of Helsinki's stand can also be decided in a decision reached by the shareholders or in an annual general meeting.

16.4. Impact of the city's stand on the status of the subsidiary

Requesting the City of Helsinki's stand on a matter does not change the legal status or responsibilities of the subsidiary's management. The request does not shift internal decision-making responsibility from the subsidiary to the City Group management or the City Executive Office, nor does it transfer the responsibility established in legislation applicable to the subsidiary from the subsidiary's board or acting management. The request also creates no joint legal responsibility between the subsidiary and the city. For this reason, the City of Helsinki's official stand is issued only after the subsidiary's board has first formulated its own reasoned position and intent on the matter, based on the entity's finances, operations and ownership strategy. Even if the city's stand on a matter has been obtained, the board and executive management of the subsidiary always bear due responsibility for the decisions that they make and the management of the subsidiary.

17. Board selection, composition and remuneration

An essential City of Helsinki ownership steering measure is the selection of professionally qualified members for its subsidiaries' board of directors.

The City Board's City Group Sub-committee decides on the appointment of the city's representatives on the entities' boards. As a rule, board members of subgroups whose parent companies are city subsidiaries are selected from among the parent company's board, management or other key personnel.

The key competencies and qualifications that are expected of the subsidiaries' board members as a collective are determined in the City Board-approved ownership strategies.

In accordance with the Finnish Municipalities Act, the board of each subsidiary must also collectively possess sufficient financial and business expertise and knowledge of administrative practices and the law, as required by the entity's business sector. The composition of the board must also take into account expertise required by the nature, scope and developmental phase of the entity's business in the areas of finances, management and strategic planning, as well as liability, digitalisation, marketing and communications and customer relationships.

The board members of the City of Helsinki's subsidiaries must be selected in such a way that, regardless of their background, they have diverse and mutually complementary competencies and experience with the requirements laid down in the Finnish Municipalities Act and the subsidiary's ownership strategy. The person proposing a board member candidate should state the specific Municipalities Act or ownership strategy competency requirements that the candidate meets.

Board members should in principle be independent. When appointing board members to the subsidiaries, special consideration must be given to the impact of any potential conflicts of interest on the operations of the entity and its board. In the case of strategically-significant for-profit entities, the selection of board members must be made in accordance with the requirements that correspond to market practice and in a manner that strengthens the share and role of independent board members.

Board members are expected to assume responsibility for and commit to the work of the board, which in particular requires training in board work and maintenance of the necessary skills and experience. Board members must also be selected in a manner that ensures an appropriate turnover of members.

The board's collective expertise ensures the favourable development of the city's owner value, a sufficient level of internal control and risk management in the subsidiary, and the board's ability to steer and support the subsidiary's managing director in achieving the set goals, securing long-term financial sustainability and developing the subsidiary.

For strategically-significant for-profit subsidiaries, a shareholder nomination committee may be established to prepare for the appointment of the board members. The committee's task is to prepare proposals regarding both board members who meet the set criteria and proposals for the remuneration they will be paid. Nomination committees are not required for the preparation of board member proposals to the city's other subsidiaries.

The intention is that the number of board members in the subsidiary boards is appropriate for efficient and productive work. For this reason, a minimum of three (3) and maximum of five (5) members will be selected to the city's subsidiary boards, unless there is a specific reason to deviate from this number in individual cases.

The board's term of office in strategically-significant for-profit subsidiaries is one (1) year unless there is a special reason to deviate from this in an individual subsidiary. In other subsidiaries, the board's term is two (2) years, unless there is a special reason to deviate from this in an individual subsidiary. The board term in subsidiary foundations is two (2) years unless there is a special reason to deviate from this in an individual subsidiary foundation.

Board members must regularly and sufficiently maintain and develop their competence in matters associated with the entity's operations (financial management, knowledge of the industry) and board work. In support of this, the Helsinki City Group arranges the necessary training in board work for the board members, and people appointed to the subsidiary's boards must participate in this training (or its equivalent).

The remuneration of subsidiary board members is based on a decision regarding the financial benefits of elected officials. The remuneration category of subsidiary board members is determined in the subsidiary's ownership strategy. The Helsinki City Board may decide to deviate from the general remuneration criteria for individual subsidiaries. When deviating from established board remuneration norms, the amount should primarily be gauged by the entity's size, the sector to which it belongs and how demanding the work on the board will be.

18. Setting goals for the subsidiary

The City of Helsinki sets medium-term goals for its subsidiaries in its individual subsidiary ownership strategies.

Key indicators determined in the ownership strategy help the city monitor how well the subsidiaries are progressing towards their medium-term goals.

The City of Helsinki, as owner, does not, as a rule, set the annual target goals for the key indicators, as this is the task and responsibility of the boards. Helsinki City Group management and the City Executive Office support the subsidiaries in achieving the set goals and can set more specific annual targets or limit values for the set goals and key indicators in the ownership strategy.

The Helsinki City Council generally sets the ownership strategy goals and key indicators for its strategically-significant subsidiaries in the budget.

Successful achievement of the goals determined in the ownership strategies is assessed as part of the annual monitoring of the subsidiaries' finances and operations. The City Executive Office can provide the subsidiaries with more detailed guidance related to the goals, if necessary.

19. Monitoring and reporting

The City of Helsinki monitors and supervises the operations and finances of its subsidiaries via its Helsinki City Group governance. The purpose of the monitoring, supervision and reporting is to provide the City Group management and the City Executive Office with the conditions required to manage and monitor the City Group's operations, monitor the achievement of the goals and key indicators set for each subsidiary, and develop owner value, as well as to assess the subsidiaries' status as part of the City Group. If the said goals and key indicators are not developing in the desired direction, the subsidiary must submit a plan with measures to correct the situation to the City Group Governance Unit.

Monitoring and reporting also ensures that the City of Helsinki's elected officials receive information on the operations and finances of the subsidiaries.

The subsidiaries report to the City of Helsinki about the development of their operations and finances, the attending risks, and the extent to which they have met their objectives, in accordance with the instructions provided by the City Executive Office's City Group Governance Unit. Figures and information presented in the report should in principle be comparable to previous years.

Significant changes to the subsidiaries' operations, finances and/or external operating environment should be reported without delay to the City Executive Office's City Group Governance Unit. The subsidiary must also prepare and present a plan for future and/or substitute measures to address the said issue and/or a timetable for drawing up such a plan.

In order to draw up the City Group's financial statements and assess the City of Helsinki's financial position, the subsidiaries must also submit the necessary information to the City of Helsinki in the manner specified by the City Executive Office and/or the Financial Management Services municipal enterprise, according to a separately provided timetable. In connection with the City Group's financial statements, the subsidiaries must also report to the City Council on the achievement of the ownership strategy goals set in the budget.

The Helsinki City Board's City Group Sub-committee monitors the operations and results of the subsidiaries based on reports on the entities drawn up at set intervals by the City Executive Office. If necessary, the Sub-committee assesses the overall need for the subsidiary's operations and its status within the City Group.

The boards and managing directors of the subsidiaries must submit the necessary information on their operations to the City Board City Group Sub-committee, the mayor, the relevant deputy mayor and the City Executive Office, taking into account the equality of shareholders, in accordance with the Finnish Limited Liabilities Companies Act. Trade secrets and other confidential matters are handled in confidentiality, in accordance with the provisions of Finland's Act on the Openness of Government Activities.

20. Helsinki City Group Audit

The Audit Board approves a plan for organising the audit of the City of Helsinki's subsidiaries and appoints candidates to be auditors, unless for a special reason it has granted the right to appoint the candidates to the board chair. The audit firm appointed to handle the City of Helsinki's audit will also act as the auditor for the subsidiaries, unless it is deemed justified to appoint a different auditing firm due to the number of subsidiaries or other reasons related to the audit.

Subsidiaries shall provide the Audit Board and the Audit Office with the information requested by them in order to perform their duties. The Audit Board may, if necessary, summon a member of a City Group subsidiary or an employee of the subsidiary to be questioned during one of its meetings.

The Helsinki City Group management may, if necessary, commission a special audit of the subsidiary's management and accounting for a certain period of time or with regard to a certain measure or event, as laws on such entities allow.

The city's auditor has the right, notwithstanding confidentiality provisions, to obtain information and documents from Helsinki City Group subsidiaries, if they are considered necessary to carry out the audit assignment. Subsidiaries and their auditors are obliged to submit the information that is required for the City Group financial statements to the city's auditors.

21. Internal audit

The City of Helsinki's internal audit assesses how internal control and risk management functions in the Helsinki City Group. The internal audit produces data and an objective view on the state of good administrative and management practices and makes recommendations on how internal control and risk management can be developed.

The scope of the internal audit is the operations of the city to the extent determined in Section 6(2) of Finland's Municipalities Act. The internal audit has the right to audit the subsidiaries and subsidiary foundations on behalf of the City Manager. The internal audit has the right to obtain from the subsidiary board and managing director access to all the information, documents and user rights deemed necessary to perform the task without delay.

22. Internal control, risk management and contract management in subsidiaries

Internal control refers to internal procedures and practices that ensure the legality and efficiency of operations.

Risk assessment refers to systematic and proactive measures for identifying, analysing and managing the threats and opportunities related to operations.

Contract management refers to the management methods by which goals are set, governance is implemented and the overall scope of applicable contracts is monitored.

Subsidiaries must comply with the City Council-approved principles that are in force for internal control and risk assessment. With regard to contract management, all strategically-significant subsidiaries and subsidiary foundations must comply with the City Council-approved guidelines for contract management that are in force. Other subsidiaries may utilise the contract management guidelines as applicable.

The internal control and risk management of the subsidiaries is described in the Guidelines on good governance and management practices, for which the subsidiary's board and managing director are responsible. Subsidiaries can comply with the City Council-approved guidelines on internal control and risk management in the Helsinki City Group as applicable.

The boards of all strategically-significant subsidiaries and subsidiary foundations must approve the descriptions of internal control, risk management and contract management, in which the key objectives, operating principles and procedures, and division of responsibilities for internal control, risk management and contract management are presented.

In accordance with City Executive Office instructions, the subsidiaries present an annual report on internal control, risk management and contract management that assesses how the entity's internal control, risk management and contract management has been organised, provides information on any shortcomings or development needs identified during the audit, and includes an assessment of the most significant risks. The subsidiary's board reviews and approves the report in accordance with City Executive Office instructions.

23. Planning the finances and investments of subsidiaries

When drawing up their annual budget, subsidiaries must take the goals set out in the subsidiary's ownership strategy into account. In addition, the subsidiary must draw up a long-term (5-10-year) ownership strategy-based financial, financing and investment plan based on the ownership strategy, unless there is a special reason not to in individual cases.

When planning investments, the board and management of the subsidiary must fulfil due diligence and prepare the appropriate preliminary calculations and investigations, as well as risk assessments, so that the necessity of the investments and their financial and operational benefit can be sufficiently confirmed before the investment decisions are made. Investment-related calculations must take into account the effects said investments will have on the subsidiary's operating finances and cash flow.

24. Readiness and preparedness

Finland's Emergency Powers Act obliges municipalities to be prepared to perform their duties also in the event of disruptions and emergencies. Preparedness refers to activities that ensure the smoothest possible performance of tasks and the necessary out-of-the-ordinary measures required during disruptions or emergencies. Such measures include preparedness planning, continuity management, provision of the necessary resources, and emergency training and exercises. Readiness is the result of preparedness, a state in which an entity is prepared for different threats.

The Helsinki City Group emergency preparedness guidelines describe the shared principles and minimum levels of preparedness as well as their application in different components of the City Group. At the time these principles were approved, the city's subsidiaries to which the emergency preparedness guidelines applied were the energy company Helen, the Port of Helsinki, Metropolitan Area Transport, Seure Personnel Services and DigiHelsinki. Other subsidiaries can utilise the emergency preparedness guidelines where applicable.

25. Procurement in the subsidiaries

If the subsidiary is a contracting entity, in accordance with the Finnish Public Procurement Act, its board must monitor that the entity complies with the Public Procurement Act and other applicable regulations in its procurement.

In their operations, subsidiaries must also comply with all applicable Helsinki City Group procurement principles in all their activities and promote the objectives thereof in accordance with legislation applicable to the subsidiary. In order to combat the grey economy, subsidiaries must comply with the City Group's Instructions for combating the grey economy, especially those that detail the contracting entity's obligations. Among other things, the subsidiary must ensure that the supplier complies with its obligations regarding terms under labour and tax law, in accordance with the Finnish Act on the Contractor's Obligations and Liability when Work is Contracted Out.

The board must also monitor that the entity carries out its public procurements in a manner that is as economic and systematic as possible as well as in a manner that is as expedient as possible as a whole, taking into account the sustainability perspective. In accordance with the procurement principles, the procurements must be efficient, responsible and climate smart.

If the purpose of the subsidiary is to act as an affiliated entity of the city, in accordance with the Public Procurement Act, then it must ensure that it meets the conditions for affiliated entity status. Affiliated entity status places restrictions on, for example, the number of sales the entity can have to parties other than those exercising control over it.

26. Helsinki City Group's internal support services for subsidiaries

The City of Helsinki's subsidiaries may use Helsinki City Group's internal support services when appropriate, within the framework of regulations governing competition neutrality and state aid. This means, among other things, that the support services are priced on a market-based basis.

Each subsidiary must determine for itself its use of the City Group's internal support services, on the basis of its own operations. All subsidiaries are however obliged to join the City Group's accounting system. The Helsinki City Group's management and the City Executive Office may, if necessary, instruct subsidiaries to use other internal support services in order to reach an appropriate solution that benefits the City Group as a whole.

A City Group bank is in use within the Helsinki City Group, as part of its internal support services. City Group banking refers to the overall entity formed by Group-wide tendered bank services (group account) and the financial services organised by the City Executive Office (fixed-term deposits, loan and guarantee matters and guidance). The group account is used for managing the city's own funds and as a repository for the cash assets of the affiliated subsidiaries. City Group banking aims to harmonize the Group's financing activities in such a way that they constitute a cost-effective and functional whole.

Subsidiaries must join the Helsinki City Group's accounting system, in accordance with the City Executive Office's instructions. A credit limit may be added to a City Group bank account, if necessary, that can be used, for instance, to provide short-term financing for working capital, but this option applies in principle only to subsidiaries that are not for-profit or strategically significant.

27. Principles of balance sheet management and investment activity in subsidiaries

Balance sheet management refers to the overall management of financial balance sheet items, in which the subsidiary's various financial balance sheet risks and their impact on the subsidiary's income, expenses and operations are examined.

Balance sheet risks are divided into six groups: liquidity, investment, financing, interest rate, price and credit risks.

Investment activities refer to investments of subsidiary assets in interest-bearing receivables on the money and capital markets outside the Helsinki City Group banking system.

City of Helsinki subsidiaries agree to comply with the City Board-approved balance sheet management principles that are in force. The city's subsidiaries also agree to follow a low risk profile with regards to its liquidity, investment, financing, interest rate, price and credit risks. The primary objective of risk management is to avoid and reduce risk-related losses and the risk of loss.

Subsidiaries should not actively take risks in their financing and investment activities to increase income or reduce expenses, as they should rather avoid and minimize risks. Subsidiaries' investments should also, if necessary, be able to be realised before the set date to cover unexpected cash needs, unless there is a special reason to deviate from this in individual cases.

28. Securing the right of City Group management and the city's elected officials to access information on subsidiaries

The Mayor, Deputy Mayors and the City Manager each have the right to receive all the information they need on the subsidiaries and their operations, when access is based on City Group governance tasks, in accordance with the administrative regulations and the obligations arising from legislation and agreements. This right to information applies to all information on the City of Helsinki's subsidiaries, provided there is no statutory obstacle to the disclosure of this information. This right to information can be made manifest by, for example, arranging regular meetings with the subsidiary management.

The Municipalities Act also grants the city's other elected officials the right to access information on the operations of City of Helsinki-owned subsidiaries, as considered necessary for the performance of their duties and confidentiality provisions do not say otherwise. This right to information is extended by provisions in the articles of association or statutes to also apply to information held by the subsidiaries themselves, unless otherwise provided for by the principle of equal treatment of shareholders or other equivalent reason.

A request for information is submitted to the City Executive Office's City Group Governance Unit, if it concerns information held by the city. A request based on provisions on the right to information in the subsidiary's articles of association or statutes should be submitted directly to the subsidiary in question.

Elected officials may not disclose information they have received access via their right to information, as the information is only intended for them personally, for the purpose of performing their representative duties.

29. Ethical principles and sustainability

Subsidiaries must comply with the City of Helsinki's applicable ethical principles and the city's instructions on the receipt of financial benefits.

Subsidiaries may not provide direct or indirect support to political activities.

In addition, subsidiaries must, in all their activities, comply with the applicable responsibility and sustainability regulations, fulfil their requisite reporting obligations, and promote the City of Helsinki's sustainability goals, for example, regarding emissions reductions, increased biodiversity and the promotion of the circular economy, as well as the city's principles of equality, non-discrimination and human rights, in accordance with the key priorities of the city's current City Strategy and Environmental Protection Targets.

30. Communications

The City of Helsinki is obliged, in accordance with the Municipalities Act, to inform its residents, users of its services, organisations and other entities about its activities. This obligation to provide information applies to the activities of the entire Helsinki City Group, its cooperation with other cities and municipalities, and other activities associated with ownership, agreements or financing.

Because the obligation to provide information applies to all of the activities of the entire City Group, it is essential that each of the subsidiaries also maintain an active and open stream of communications. Subsidiaries must pro-actively, with due consideration of possible language or accessibility requirements, provide sufficient information to the public about their services, operations and finances, among other things. Subsidiaries must also use their communications to facilitate and promote the comparability of the cost-effectiveness and quality of their operations, both over time and in relation to other similar entities.

Subsidiaries are also obliged to inform the Helsinki City Group management and the City Executive Office's City Group Governance Unit separately before a significant announcement is made public. The subsidiary's board chair and managing director are responsible for fulfilling this obligation to inform.

31. List of the instructions, guidelines and principles referred to in the Helsinki City Group Governance Principles

- Procurement principles (formerly Procurement Strategy / currently being updated) (in Finnish)
- City of Helsinki's contract management instructions (City Board 15 April 2024, Section 223) (in Finnish)
[CC310E8C-B96C-CCD5-8FA4-8E7F70D00004.pdf](#)
- Ethical principles of the City of Helsinki (City Board 28 October 2019, Section 722)
[Ethical principles | City of Helsinki](#)
- Helsinki City Group instructions on combating the grey economy (City Manager 12 October 2018, Section 205) (in Finnish)
[B0D01B33-E51A-C9ED-8FD9-66578EB00000.pdf](#)
- Helsinki City Group internal control and risk management principles (City Council 1 November 2023, Section 250 / to be updated) (in Finnish)
[B0D01B33-E51A-C9ED-8FD9-66578EB00000.pdf](#)
- Good governance and management in the Helsinki City Group (currently being updated) (in Finnish)
[Hyvä hallinto- ja johtamistapa kaupunkikonsernissa](#)
- Guide to Helsinki City Group internal control and risk management (City Board 13 January 2020, Section 12 / to be updated) (in Finnish)
[6723C50E-27A3-C4FA-970F-6EC67BA00000.pdf](#)
- Principles of balance sheet management (City Board 14 May 2018, Section 338 / currently being updated) (in Finnish)
[Perusasiakirja \(ns. yleinen asiakirjapohja\)](#)
- Instructions on the receipt of financial benefits from external sources (City Manager 14 February 2024, Section 18) (in Finnish)
[7C06E020-21CC-C631-967C-8DA1A4F00000.pdf](#)
- Environmental Protection Targets (available to upload)

The logo for Helsinki, featuring the word "Helsinki" in a bold, black, sans-serif font, enclosed within a black outline of a speech bubble or a similar shape with a pointed bottom.

Helsinki

Helsingin kaupunki
City Finances and Planning/City Group Governance

PO Box 20, 00099 City of Helsinki

Exchange: +358 9 310 1691

konserni@hel.fi

hel.fi