

# Fortum's Annual Report 2014

*Fortum is an energy company highly committed to sustainability. We strive to respond to the needs of our customers by generating, selling and distributing low-carbon electricity and heat and by offering energy-sector expert services.*

## 40 Related party transactions

### 40.1 The Finnish State and companies owned by the Finnish State

At the end of 2014, the Finnish State owned 50.76% of the Company's shares. The Finnish Parliament has authorised the Government to reduce the Finnish State's holding in Fortum Corporation to no less than 50.1% of the share capital and voting rights.

[See The Fortum share and shareholders section of the Operating and financial review for further information on Fortum shareholders.](#)

All transactions between Fortum and other companies owned by the Finnish State are on arms length basis. In the ordinary course of business Fortum engages in transactions on commercial terms with associated companies and other related parties, which are on same terms as they would be for third parties, except for some associates as discussed later in this note.

In November 2014 Fortum sold its 31 %-shareholding in the Finnish natural gas company Gasum Oy to the Finnish State.

[See further information on the disposal in note 8 Acquisitions and disposals](#)

### 40.2 Board of Directors and Fortum Executive Management Team

The key management personnel of the Fortum Group are the members of Fortum Executive Management Team and the Board of Directors. Fortum has not been involved in any material transactions with members of the Board of Directors or Fortum Executive Management Team. No loans exist to any member of the Board of Directors or Fortum Executive Management Team at 31 December 2014. The total compensation (including pension benefits and social costs) for the key management personnel for 2014 was EUR 9 million (2013: 8).

[See Note 12 Employee benefits for further information on the Board of Directors and Fortum Executive Management Team remuneration and shareholdings.](#)

### 40.3 Associated companies and joint ventures

Fortum owns shareholdings in associated companies and joint ventures which in turn own hydro and nuclear power plants. Under the consortium agreements, each owner is entitled to electricity in proportion to its share of ownership or other agreements. Each owner is liable for an equivalent portion of costs regardless of output. These associated companies are not profit making, since the owners purchase electricity at production cost including interest costs and production taxes, which generally is lower than market price.

[For further information on transactions and balances with associated companies and joint ventures, see Note 20 Participations in associated companies and joint ventures.](#)

### 40.4 Pension fund

The Fortum pension funds in Finland and Sweden are stand-alone legal entities which manage pension assets related to the part of the pension coverage in Sweden and Finland. The assets in the pension fund in Finland include Fortum shares representing 0.03% (2013: 0.03%) of the company's outstanding shares. Real estate and premises owned by the Finnish pension fund have been leased to Fortum. Fortum has not paid contributions to the pension funds in 2014 nor in 2013. Real estate mortgages have also been given for loans from Fortum's pension fund for EUR 41 million (2013: 41).