

# 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.*

## Risk management framework and objectives

Involvement in the power and heat business exposes Fortum to several types of risks. The main sources of risk in the Nordic business are electricity prices and volumes, which in turn are affected by the weather in the Nordic region, the development of the global commodity markets and availability of power production. The Russian business is exposed to risks related to fuel, electricity and capacity prices and volumes, which are to a large extent subject to regulation, although the market is developing.

Fortum is continuously developing its risk management capabilities to cope with

prevailing market conditions, developing operations and an ever changing business environment. In the operational risk management area, the focus has been on further enhancing the framework for internal controls, compliance risk management and business continuity management. There is continuous improvement in market and credit risk modelling in order to cope with an increasingly global and volatile market. Also the new market entries like India add complexity and risk in operations. Therefore new practices for country and partner assessments have been created and

processes implemented. These processes also include sustainability and human rights impact assessment.

### **Risk management objective**

The objective of risk management within Fortum is to support the creation of the corporate strategy, enable the strategy execution, support the achievement of agreed financial targets and avoid unwanted operational events.