

Corporate Governance Statement

Corporate governance at Fortum is based Finnish laws, the company's Articles of Association and the Finnish Corporate Governance Code 2010. The Corporate Governance Statement is issued separately from the Operating and financial review, and it has been reviewed by the Audit and Risk Committee of Fortum's Board of Directors.

Fortum prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Finnish Securities Markets Act as well as the appropriate Financial Supervision Authority's regulations and guidelines and NASDAQ OMX Helsinki Ltd's rules. The company's Operating

and financial review and the parent company financial statements are prepared in accordance with the Finnish Companies Act, Accounting Act, Securities Market Act and the opinions and guidelines of the Finnish Accounting Board. The auditor's report covers the Operating and financial review, consolidated financial statements and the

parent company financial statements. The Finnish Corporate Governance Code 2010 is available on the website of the Securities Markets Association (www.cgfinland.fi).

Governing bodies of Fortum

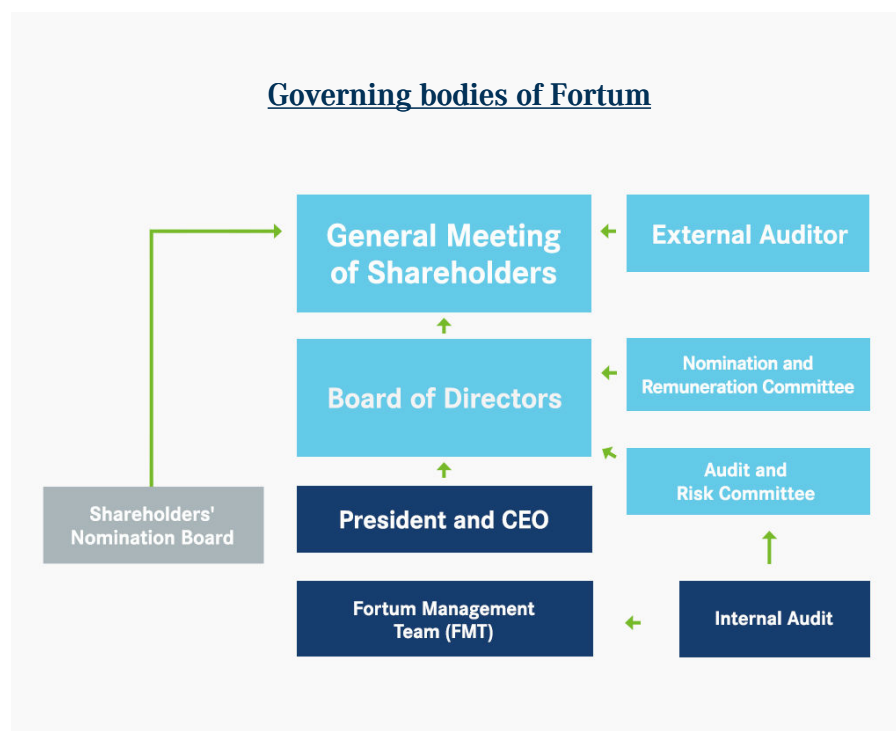
The decision-making bodies managing and overseeing the Group's administration and operations are the General Meeting of Shareholders, the Board of Directors with its two Committees, the Audit and Risk Committee and the Nomination and Remuneration Committee, and the President and CEO, supported by the Fortum Management Team.

The General Meeting of Shareholders is the highest decision-making body of Fortum making resolutions in matters designated in the Companies Act. The Board of Directors is responsible for the company's strategic development and for supervising and steering the company's business and management. The President and CEO, supported by the Fortum Management Team, has the operational responsibility at the Group level and is in charge of the day-to-day management of the Group, and at the division level, the operational responsibility is held by the division head, supported by the division's management team.

In addition, Fortum has an informal Advisory Council consisting of representatives of

Fortum's stakeholder groups as invited by the Board of Directors. The Advisory Council aims

to advance Fortum's businesses by facilitating dialogue and exchange of views



between Fortum and its stakeholders. During 2013, the Advisory Council consisted of 13

representatives of Fortum's stakeholder groups and three employee representatives.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body of Fortum. Every shareholder has the right to attend the General Meeting and exercise his/her power of decision in matters belonging to the General Meeting by law. Each share entitles to one vote. A shareholder who is present at the General Meeting of Shareholders also has the right to request information with respect to the matters to be considered at the meeting.

Decisions at the General Meetings of Shareholders are primarily made by a simple majority of votes. Examples of such decisions are the following: resolutions on the adoption

of the financial statements, payment of dividends, discharging from liability of the members of the Board of Directors and the President and CEO, appointment of the Board of Directors and the external auditors and decision on their remuneration.

In accordance with the Articles of Association and the Companies Act, a notice to convene the General Meeting of Shareholders is issued by the Board of Directors. The notice is delivered no more than three months and no less than three weeks before the General Meeting of Shareholders by publishing the notice in two newspapers chosen by the Board of Directors. However, the notice shall

be delivered at least nine days before the record date of the General Meeting of Shareholders.

The Annual General Meeting of Shareholders is to be held once a year, at the latest in June. An Extraordinary General Meeting of Shareholders shall be held whenever the Board of Directors finds it necessary or when it is required by law to convene such a meeting.

The duties of the Annual General Meeting include:

- Adoption of the parent company financial statements and consolidated financial statements
- Resolution on the use of the profit shown on the balance sheet and the payment of dividend
- Resolution on the discharge from liability of the members of the Board of Directors and the President and CEO
- Resolution on the number of members of the Board of Directors
- Resolution on the remuneration of the members of the Board of Directors
- Election of the chairman, deputy chairman and members of the Board of Directors
- Resolution on the remuneration of the external auditor
- Election of the external auditor

The Board of Directors

The Board of Directors is responsible for the company's strategic development and for supervising and steering the company's business and management. Further, under the Articles of Association and in line with the Companies Act, the Board of Directors represents the company and is responsible for the proper arrangement of the control of the company's accounts and finances.

The Board of Directors comprises five to eight members who are elected at the Annual General Meeting for a one-year term of office, which expires at the end of the first Annual General Meeting following the election. The Annual General Meeting also elects the Chairman and the Deputy Chairman of the Board of Directors. Under the Articles of Association, a person who has reached the age of 68 cannot be elected to the Board of Directors.

The Board of Directors convenes according to a previously agreed schedule to discuss specified themes and other issues whenever considered necessary. The Chairman of the Board of Directors prepares the agenda for the Board of Directors meeting based on the proposal by the President and CEO. The members of the Board of Directors have a right to suggest specific matters and have them included on the agenda. More than half of the members must be present at the meeting to constitute a quorum. The decision of the Board of Directors shall be made by a simple majority. The Board of Directors has approved a written charter for its work, the main content of which is disclosed herein, including the duties of the Board of Directors.

The President and CEO, the Chief Financial Officer and the General Counsel, as secretary to the Board of Directors, attend the Board meetings on a regular basis. Other Fortum

Management Team members and senior executives attend as required.

As part of its duties, the Board of Directors conducts an annual self-assessment in order to further develop its work. In addition, the Board of Directors annually evaluates which of the directors are independent of the company and its significant shareholders.

Board of Directors in 2013

Until the Annual General Meeting held on 9 April 2013, the Board of Directors comprised the following seven members: Chairman Sari Baldauf, Deputy Chairman Christian Ramm-Schmidt, Minoo Akhtarzand, Heinz-Werner Binzel, Ilona Ervasti-Vaintola, Kim Ignatius and Joshua Larson. The Annual General Meeting on 9 April 2013 re-elected them to the Board of Directors until the end of the Annual General Meeting in 2014.

In 2013, the Chairman, the Deputy Chairman and the members of the Board of Directors were all independent non-executive directors and also independent from the company's significant shareholders. Three members, including the Chairman, are female. During 2013, the Board of Directors met 11 times and the attendance rate of its members was 100%.

The main focus areas of the Board of Directors during 2013 consisted of in-depth

reviews of the economic environment and the energy sector, further development of the company's strategy, including assessment of the future alternatives of the electricity distribution business, update of the dividend policy, setting and implementing interim arrangements during the sick leave of the President and CEO, a leadership audit and review of succession plans as well as of further audit and review of various operations like IT and sustainability, among others.

Based on the self-assessment conducted during the previous year, the processes related to the sharing of the meeting material were improved during 2013. In addition, the Board of Directors set certain focus areas and amended certain processes in an effort to further enhance the efficiency of the board work.

Fortum's Board of Directors on 31 December 2013

Name	Born	Education	Occupation	Attendance in the Board meetings	Attendance in the Board Committee meetings
Chairman Ms. Sari Baldauf	1955	MSc (Econ.)	Non-executive chairman	11/11	Nomination and Remuneration Committee, 4/4
Deputy Chairman Mr. Christian Ramm-Schmidt	1946	BSc (Econ.)	Senior Partner of Merasco Capital Ltd. Non-executive director	11/11	Nomination and Remuneration Committee, 3/3 Audit and Risk Committee, 1/1
Ms. Minoo Akhtarzand	1956	Civil Engineer, Electrical engineering	Governor in the County of Jönköping Non-executive director	11/11	Nomination and Remuneration Committee, 4/4
Mr. Heinz-Werner Binzel	1954	Economics and electrical engineering degree	Independent consultant Non-executive director	11/11	Audit and Risk Committee, 6/6
Ms. Ilona Ervasti-Vaintola	1951	LL.M, Trained on the bench	Non-executive director	11/11	Nomination and Remuneration Committee, 4/4
Mr. Kim Ignatius	1956	BSc (Econ)	CFO of Sanoma Corporation Non-executive director	11/11	Audit and Risk Committee, 6/6
Mr. Joshua Larson	1966	Master of International Affairs, Bachelor in Russian language	Private investor and consultant Non-executive director	11/11	Audit and Risk Committee, 6/6

The duties of the Board of Directors include:

- Responsibility for the administration and the proper organisation of the operations of the company
- Strategic development and steering of the company's business and fields of activity
- Ensuring that the business complies with the relevant rules and regulations and the company's Articles of Association
- Ensuring that the accounting and financial administration are arranged appropriately
- Appointing and dismissing the President and CEO
- Confirming the Group's organisational structure at the top management level, and appointing and dismissing the members of the Fortum Management Team
- Reviewing the main risks and providing instructions concerning the risks
- Confirming the Group's business plan on an annual basis
- Setting and follow-up of company and management performance targets
- Approving the interim reports, consolidated financial statements, operating and financial review and parent company financial statements
- Defining the dividend policy
- Deciding on major investments, divestments and business arrangements
- Confirming Group policies and principles, such as the Group Risk Policy
- Confirming the company's ethical values and operating principles, including sustainability, and overseeing their implementation
- Reviewing the Group's sustainability performance and report

The Board Committees

The committees of the Board of Directors are the Audit and Risk Committee and the Nomination and Remuneration Committee.

The committees assist the Board of Directors by preparing and reviewing in more detail matters falling within the competence of the Board of Directors.

The Board of Directors appoints members of the Audit and Risk Committee and the Nomination and Remuneration Committee from among its members. Each committee shall have at least three members. The members shall have the expertise and experience required by the duties of the respective committee.

Members are appointed for a one-year term of office, which expires at the end of the first Annual General Meeting following the election. All the members of the Board of Directors have the right to attend the committee meetings. The Chairman of the committee reports on the committee work to the Board of Directors regularly after each meeting and, in addition, the committee meeting materials and minutes are available to all members of the Board of Directors. The Board of Directors has approved written charters for the committees which are updated on a regular basis upon need.

The Audit and Risk Committee

The Audit and Risk Committee assists the Board of Directors in matters relating to financial reporting, risks and control, in accordance with the tasks specified for audit committees in the Finnish Corporate Governance Code 2010. The Audit and Risk Committee oversees the financial reporting process and monitors the efficiency of the internal controls and risk management within the Group. The committee has a written charter in which its duties have been defined.

Pursuant to the Finnish Corporate Governance Code 2010, the members of the Audit and Risk Committee shall have the qualifications necessary to perform the responsibilities of the committee and at least one of the members shall have expertise specifically in accounting, bookkeeping or auditing. The members shall be independent of the company and at least one member shall be independent of the company's significant shareholders.

The external auditors, Chief Financial Officer, Head of Internal Audit, Corporate Controller and General Counsel, as secretary to the committee, attend the committee meetings on a regular basis. Other senior executives attend to the meetings as invited by the committee.

The Audit and Risk Committee reports on its work to the Board of Directors regularly after each meeting. The Audit and Risk Committee annually reviews its charter, approves the internal audit charter and the internal audit plan and carries out an annual self-assessment of its work. As regards the external auditor, the committee reviews the audit plan and meets the external auditor regularly to discuss the audit plan, audit reports and findings. In addition, the committee evaluates the independence as well as monitors the performance of the external auditors.

Audit and Risk Committee in 2013

After the Annual General Meeting on 9 April 2013, the Board of Directors elected from amongst its members itself Kim Ignatius as the Chairman and Joshua Larson and Heinz-Werner Binzel as members to the Audit and Risk Committee. Until the Annual General Meeting on 9 April 2013, the committee comprised of Kim Ignatius as the Chairman and Joshua Larson, Heinz-Werner Binzel and Christian Ramm-Schmidt as members.

In 2013, the members were all independent of the company and its significant shareholders. The Audit and Risk Committee met six times in 2013 and the attendance rate was 100%.

The duties of the Audit and Risk Committee include:

- Monitoring the financial position of the company
- Supervising the financial reporting process
- Monitoring the reporting process of financial statements
- Communicating with the external auditor and reviewing the reports that the auditor prepares for the committee
- Monitoring the statutory audit of the financial statements and consolidated financial statements
- Holding annual private meetings with the external and internal auditors
- Preparing through the Board of Directors the proposal on the election of the external auditor for shareholders to consider and for resolution at the annual General Meeting
- Evaluating the independence of the external auditor
- Approving the operating instructions for internal audit
- Reviewing the charter, plans and reports of the internal audit function
- Monitoring the efficiency of the company's internal control, internal audit, and risk management systems
- Reviewing the description of the main features of the internal control and risk management systems in relation to the financial reporting process, which is included in the company's Corporate Governance Statement
- Annually reviewing the Group Risk Policy and risk exposures
- Reviewing reports on legal disputes and proceedings
- Reviewing the Corporate Governance Statement

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board of Directors in issues related to nomination and remuneration of the company's management. The committee has a written charter in which its duties have been defined.

Pursuant to the Finnish Corporate Governance Code 2010, the members of a remuneration committee shall be independent of the company. The President and CEO or other executives of the company may not be appointed as members of the committee.

The regular participants at the committee meetings are the President and CEO, Senior Vice President, Corporate Human Resources, and General Counsel as Secretary to the Committee.

The Nomination and Remuneration Committee reports on its work to the Board of Directors regularly after each meeting. The Nomination and Remuneration Committee annually conducts a self-evaluation of its work.

The Nomination and Remuneration Committee in 2013

After the Annual General Meeting on 9 April 2013, the Board of Directors elected from

amongst its members Sari Baldauf as the Chairman and Minoo Akhtarzand, Ilona Ervasti-Vaintola and Christian Ramm-Schmidt as members of the Nomination and Remuneration Committee. Until the Annual General Meeting on 9 April 2013, the committee comprised Sari Baldauf as the Chairman and Minoo Akhtarzand and Ilona Ervasti-Vaintola as members.

In 2013, the members were all independent of the company and its significant shareholders. The committee met four times during 2013 and the attendance rate was 100%.

The duties of the Nomination and Remuneration Committee include:

- Preparing for the Board of Directors recommendations on the pay structures and the bonus and incentive systems of the Group and its management
- Monitoring the functioning of the bonus systems to ensure that the management bonus systems advance the achievement of the company's objectives and are based on personal performance
- Evaluating the performance and the remuneration of the President and CEO and of the executives reporting directly to the President and CEO
- Preparing nomination and remuneration issues and proposals to the Board of Directors concerning the President and CEO as well as the management reporting directly to the President and CEO
- Assisting of the Board of Directors in reporting on remuneration at the Annual General Meeting, as necessary
- Reviewing and preparing succession plans for the President and CEO and the management directly reporting to the President and CEO
- Monitoring, planning and promoting competence development in the Group based on strategic target setting

Shareholders' Nomination Board

The Annual General Meeting on 9 April 2013 established a permanent Shareholders' Nomination Board, in accordance with the proposal of the Board of Directors. During the 9 years prior to the Annual General Meeting on 9 April 2013, the Shareholders' Nomination Board had been appointed annually in accordance with the proposal of the majority shareholder, the State of Finland.

The purpose and task of the Shareholders' Nomination Board is to prepare and present to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, a proposal on the following matters: proposal on the remuneration, number and members of the Board of Directors. In addition, the task of the Shareholders' Nomination Board is to seek candidates as potential board members.

The Shareholders' Nomination Board consists of four members, three of which shall be appointed by the company's three largest shareholders, who shall appoint one member each. The Chairman of the Board of Directors serves as the fourth member. The members shall be nominated annually and their term of office shall end when new members are nominated to replace them.

Fortum's three largest shareholders, that are entitled to appoint members to the Shareholders' Nomination Board, shall be determined on the basis of the registered holdings as of the first working day in September in the year concerned. The Shareholders' Nomination Board shall forward its proposals for the Annual General Meeting to the Board of Directors by 31 January each year.

Nomination Board ahead of Annual General Meeting 2014

In September 2013, the following persons were appointed to the Shareholders' Nomination Board: Eero Heliövaara, Director General of the Government Ownership Steering Department, Prime Minister's Office; Harri Sailas, President and CEO, Ilmarinen Mutual Pension Insurance Company; and Liisa Hyssälä, Director General, Social Insurance Institution of Finland, KELA. In addition, the Chairman of the Board of Directors Sari Baldauf was a member of the Shareholders' Nomination Board.

The Shareholders' Nomination Board has decided to propose to the Annual General Meeting 2014, which will be held on 8 April 2014, that the fees to be paid to the

members of the Board of Directors remain unchanged compared to 2013 and are for 2014 as follows: for the Chairman, EUR 75,000 per year; for the Deputy Chairman, EUR 57,000 per year; and for each member, EUR 40,000 per year, as well as for the Chairman of the Audit and Risk Committee EUR 57,000 per year if he or she is not at the same time acting as Chairman or Deputy Chairman. In addition, for each Board and Board Committee meeting a fee of EUR 600 is proposed. For Board members living outside Finland in Europe, the fee for each meeting is proposed to be doubled and for Board members living outside Europe, the fee for each meeting is proposed to be tripled.

In addition, the Shareholders' Nomination Board has decided to propose to the Annual General Meeting 2014 that the Board of Directors comprises eight (8) members and that the following persons be elected to the Board of Directors for a term ending at the end of the Annual General Meeting 2015: Ms Sari Baldauf (as Chairman), Mr Kim Ignatius (as Deputy Chairman), Ms Minoo Akhtarzand, Mr Heinz-Werner Binzel, Ms Ilona Ervasti-Vaintola and Mr Christian Ramm-Schmidt as well as new members Mr Petteri Taalas and Mr Jyrki Talvitie.

President and CEO

The President and CEO holds the position of Managing Director under the Companies Act and is the Chairman of the Fortum Management Team. The President and CEO is in charge of the day-to-day management of the Group in accordance with the Companies Act and with instructions and orders issued by the Board of Directors. Under the Companies Act, the President and CEO is responsible for that the accounts of the

company comply with the applicable laws and that its financial affairs have been arranged in a reliable manner.

Tapio Kuula has served as the President and CEO since May 2009. In March 2013, Mr. Kuula was diagnosed with a condition requiring medical treatment after which he started a sick leave. Chief Financial Officer Markus Rauramo assumed responsibility for

the duties of the President and CEO during the sick leave. President and CEO Mr. Kuula returned to work in November 2013.

The performance of the President and CEO is evaluated by the Board of Directors. The evaluation is based on objective criteria that include the performance of the company and the achievement of targets set by the Board of Directors in advance.

Fortum Management Team and operational organisation

The President and CEO is supported by the Fortum Management Team. The Fortum Management Team assists the President and CEO in setting the strategic and sustainability targets within the framework approved by the Board of Directors, preparing the Group's business plans, and deciding on investments, mergers, acquisitions and divestments within its authorisation.

Financial results are monitored in the monthly reporting and reviewed monthly by the Fortum Management Team. Quarterly Performance Review meetings with the Fortum Management Team and the divisions' management are embedded in the Fortum Performance Management process.

Each member of the Fortum Management Team is responsible for the day-to-day operations and the implementation of operational decisions in their respective organisations. The Fortum Management Team meets on a monthly basis. On 31 December 2013, the Fortum Management Team consisted of nine members, including the President and CEO to whom the members

of the Management Team report. Two of the members were female.

Fortum's four divisions are:

- Power Division, focusing on power generation, power trading and power capacity development as well as on expert services for power producers.
- Heat Division focusing on combined heat and power generation, district heating and cooling activities as well as on business-to-business heating solutions.
- Russia Division focusing on power and heat generation and sales in Russia. It includes OAO Fortum and Fortum's 25% holding in TGC-1.
- Electricity Solutions and Distribution Division focusing on Fortum's electricity sales and distribution activities; it consists of two business areas: Distribution and Electricity Sales.

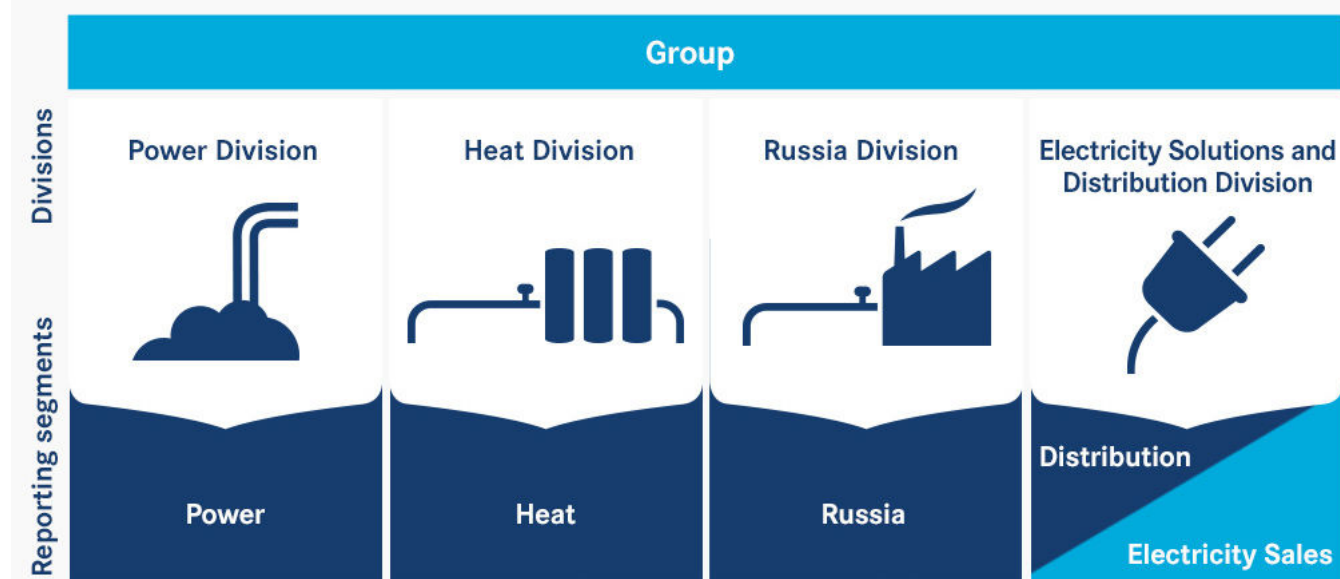
Fortum's Staff functions are Finance, Human Resources, IT and Business Process Management, R&D and Innovation, Communications, Corporate Relations, Strategy and M&A and Sustainability.

The Fortum Management Team on 31 December 2013

- Tapio Kuula, President and CEO, Chairman of the Fortum Management Team
Born 1957, MSc (Eng), MSc (Econ)
- Helena Aatinen, Senior Vice President, Corporate Communications
Born 1959, MSc (Econ)
- Alexander Chuvayev, Executive Vice President, Russia Division
Born 1960, MSc (Eng)

- Mikael Frisk, Senior Vice President, Corporate Human Resources
Born 1961, MSc (Econ)
- Timo Karttinen, Executive Vice President, Electricity Solutions and Distribution Division
Born 1965, MSc (Eng)
- Per Langer, Executive Vice President, Heat Division
Born 1969, MSc (Econ)
- Markus Rauramo, Chief Financial Officer
Born 1968, MSc (Econ and Pol. Hist.)
- Matti Ruotsala, Executive Vice President, Power Division
Born 1956, MSc (Eng)
- Kaarina Ståhlberg, General Counsel
Born 1966, LL.M. (Helsinki), LL.M. (Columbia University, New York)

Fortum's financial reporting structure 31 December 2013



Changes in the business structure as of 1 March 2014

In February, Fortum announced that it will renew its business structure as of 1 March 2014. The target of the reorganisation is to strengthen Fortum's capability to execute the company's strategy in the fast developing operating environment. Fortum will report its 2014 first quarter financial results according to the new structure.

The new structure will consist of four reporting segments and staff functions. The four segments are Heat, Electricity Sales and Solutions, Power and Technology, Russia and Distribution. The staff functions are Finance, Strategy, Mergers and Acquisitions, Legal, Human Resources and IT, Communications and Corporate Relations.

Matti Ruotsala is appointed Chief Operating Officer (COO) and will act as deputy to the CEO. Fortum's new CFO will be Timo Karttinen, who will also head the Distribution Division. Markus Rauramo will continue in a

new role as Executive Vice President, Heat, Electricity Sales and Solutions, Per Langer as Executive Vice President, Hydro Power and Technology and Alexander Chuvayev as Executive Vice President, Russia.

New Executive Management members are Tiina Tuomela, Executive Vice President, Nuclear and Thermal Power; Kari Kautinen, Senior Vice President, Strategy, Mergers and Acquisitions and Esa Hyvärinen, Senior Vice President, Corporate Relations.

Internal control and risk management systems in relation to financial reporting

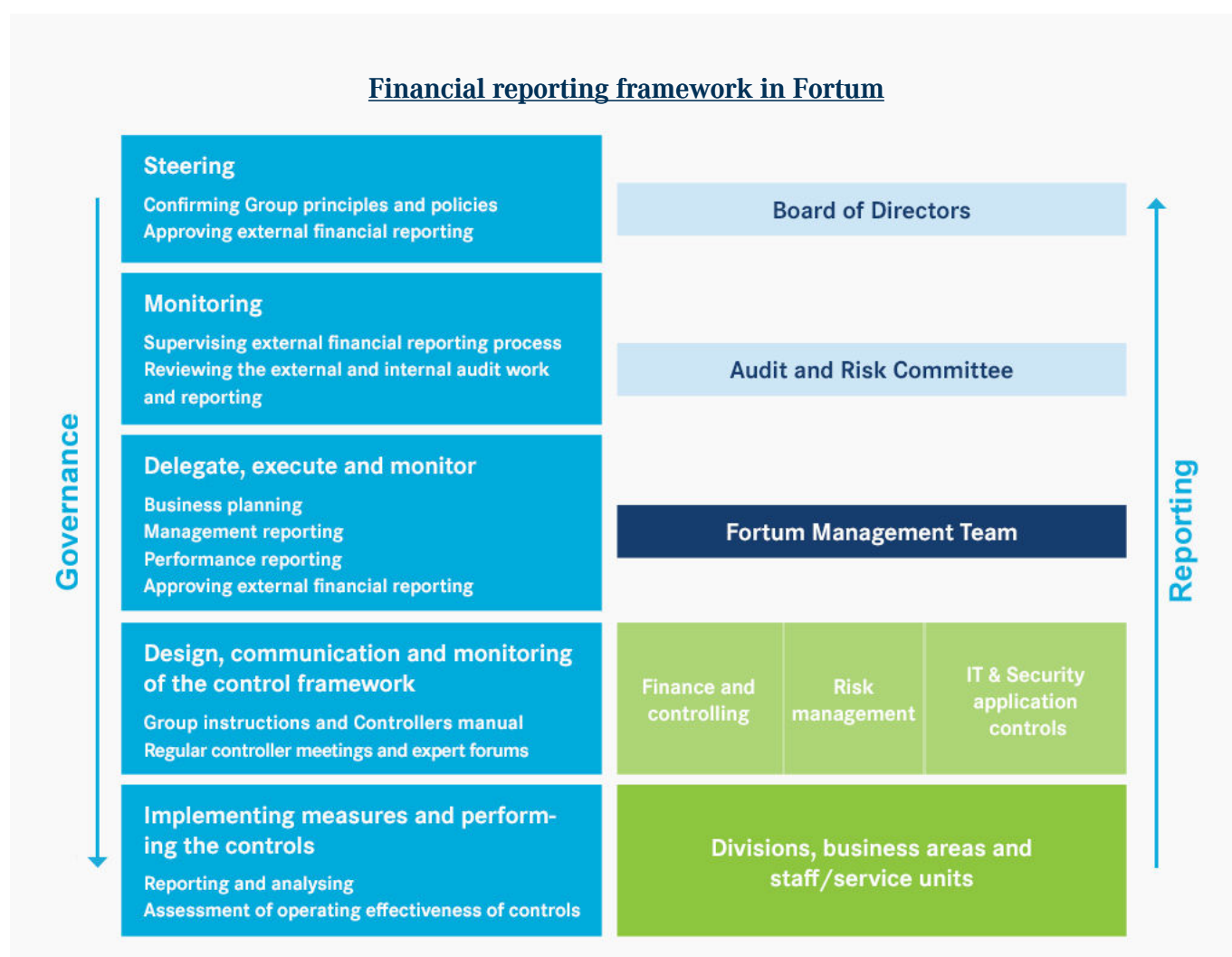
The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations.

Overview of risk management

Fortum's Board of Directors approves the Group Risk Policy that sets the Group's objective, principles and division of responsibilities for risk management activities and also for the financial reporting process. The financial reporting process is embedded in the internal control framework, and the process-level internal control structure has

been created using a risk-based approach. Fortum's internal control framework includes the main elements from the framework introduced by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Financial reporting framework in Fortum



Internal control framework

Control environment

Fortum's internal control framework supports the execution of the strategy and ensures regulatory compliance and reliability of the financial reporting. The internal control framework consists of Group-level policies and processes as well as business and support process-level controls.

Corporate Risk Management is responsible for reporting risk exposures and maintaining the company's risk management framework.

Corporate Accounting and Control is responsible for the overall control structure of the financial performance management process. The control process is based on Group policies, instructions and guidelines relating to financial reporting. The Controllers Manual contains financial reporting instructions. This manual is regularly reviewed and updated. The Core Finance Process Owner supports the finance organisation in ensuring a uniform way of working and

monitoring the performance of the processes within the Finance function.

Fortum's organisation is decentralised, and a substantial degree of authority and responsibility is delegated to the divisions in form of control responsibilities. This applies also to the financial reporting. Some areas, such as commodity market risk control are centralised.

Risk assessment

Risks related to financial reporting are identified and analysed annually as part of the risk management process. Risks are reported regularly in connection with the planning process and the follow-up of actions and improvements is integrated in operational

management. The control risk assessment has been the basis for creating the process-level internal control framework and the same applies to the control points to prevent errors in the financial reporting process. Cross-divisional teams by process area update this

framework regularly. This assessment includes risks related to potential fraud and other irregularities, as well as to risks of loss or misappropriation of assets.

Control activities

Control activities are applied in the business processes and, from a financial reporting perspective, they ensure that potential errors or deviations are prevented, discovered and corrected. In financial reporting, the Controllers Manual sets the standards.

The Corporate Accounting and Control unit defines the design of the control points and the internal controls covering the end-to-end financial reporting process. Responsibilities

are assigned for the controls and also for ensuring their operating effectiveness. Fortum's processes include controls regarding the initiation, approval, recording and accounting of financial transactions. A standardised way of working is also ensured by Fortum's financial shared service center, which performs controls for the recognition, measurement and disclosure of financial information. The financial shared service

centre has been ISO 9001:2008 certified since 2011.

All divisions have their own finance function ensuring that relevant analyses of the business performance are done, such as volumes, revenues, costs, working capital, asset base, risks and investments. These analyses are reviewed at different levels of the Group and ultimately by the Board of Directors.

Information and communication of policies, instructions and processes

The Controllers Manual includes the Fortum Accounting manual, Investment manual and reporting instructions and other policies relating to financial reporting. The monthly

Core Controllers' meetings, headed by the Corporate Controller, steer the development projects within Finance and receive updates from different expert forums within Finance.

The Regular Accounting Network Forum meetings are used to inform the finance community about upcoming changes in IFRS, new accounting policies and other changes.

Monitoring and follow-up

Financial results are followed up in the monthly reporting and reviewed monthly by the Fortum Management Team. Quarterly Performance Review meetings with the Fortum Management Team and the divisions' management are embedded in the Fortum Performance Management process.

As part of the Fortum internal control framework, all divisions assess the effectiveness of the controls they are responsible for. Division- and corporate-level controller teams are responsible for assessing the financial reporting process, and Corporate Risk Management reviews these control assessments regularly and reports to the management and to the Audit and Risk

Committee on an annual basis. Internal control design and operating effectiveness are also assessed by Corporate Internal Audit. Audit results, including corrective actions and status, are regularly reported to the management and to the Audit and Risk Committee.

Fortum performance management process



Auditing

Internal Audit

Fortum's Corporate Internal Audit is responsible for assessing and assuring the adequacy and effectiveness of internal controls in the company. Furthermore, it evaluates the effectiveness and adequacy of the business processes and risk management, compliance with laws,

regulations and internal rules and instructions. The Standards for the Professional Practice of Internal Audit form the basis for the work of Internal Audit.

External Audit

The company has one external auditor, which shall be an audit firm certified by the Central

Chamber of Commerce. The external auditor is elected by the Annual General Meeting for a term of office that expires at the end of the first Annual General Meeting following the election. Fortum's Annual General Meeting on 9 April 2013 elected Authorised Public Accountant Deloitte & Touche Oy as the company's external auditor, with Authorised Public Accountant Jukka Vattulainen having the principal responsibility.

Compliance Management and Code of Conduct

Fortum's Code of Conduct is rooted in the shared corporate values: Accountability, Creativity, Respect and Honesty, which form the ethical basis for all work at Fortum. Fortum's updated Code of Conduct was implemented in the spring of 2012 (originally launched in 2007) and is published in ten languages. The Code of Conduct has been approved by the Board of Directors.

Prevention of corruption is one of the Code of Conduct's focus areas. Compliance risks such as corruption, are managed as part of Fortum's operational risk management framework and control procedures in all Fortum's operating countries. Fortum has procedures to ensure the prevention, oversight, reporting and enforcement based on the requirements prescribed in international legislation. The review of

compliance risks assessment is periodic and documented, with the Fortum Management Team having oversight of the process. A systematic compliance risk assessment is included in the business plans, and follow-up is a part of the business performance review. Line management regularly reports on the compliance activities to the Fortum Management Team and further to the Audit and Risk Committee.

Fortum employees are encouraged to report suspected misconduct to their own supervisors, to other management or, if necessary, directly to internal audit. Additionally, Fortum employees and partners can report suspicions of misconduct confidentially via an electronic-channel. The report can be submitted in several languages and anonymously if necessary.

The Code of Conduct and compliance topics and instructions are communicated through internal and external communication channels. The communication is made applying the tone of the top management principle. For instance, separate anti-corruption training events for division management teams and other specific groups have been arranged by Legal department and, in addition, Fortum has provided training to its employees and directors through a specific Code of Conduct eLearning tool. Conducting the eLearning is also a part of the induction programme of new Fortum employees.