



# ENGAGING WITH PEOPLE

- Serving customers
- Personnel – promoting employee wellbeing

## Serving customers

**Essential parts of Fortum's customer service are products and services that respond to customer needs, securing the electricity and heat supply, solutions for the future energy system and regular assessments of customer satisfaction. In 2011, Fortum continued to develop its offering for customers, but also suffered from a severe storm that damaged the electricity network and caused power outages for many customers in Finland.**

For many years, Fortum has built a relationship of trust with its customers. Customer satisfaction and meeting customer expectations are high on Fortum's agenda. In order to meet customer expectations, Fortum assesses customer feedback regularly and involves customers in the development of existing and entirely new products and services.

Customer satisfaction is monitored regularly during the year. Monitoring is done by general customer satisfaction surveys and process specific measurements. Surveys are standardized and executed in all countries where Fortum has customers enabling benchmarking between countries and business areas. Large amount of customer transactions enables continuous monitoring of satisfaction in main customer processes. Fortum also regularly tests development ideas by discussing them at customer advisory councils in Finland and at one-off customer meetings in other countries.

### Climate-benign products to electricity customers

Since 2009, Fortum has only offered CO<sub>2</sub>-free electricity for its household customers in Finland and Sweden. More and more private customers and companies are demanding that the electricity they buy comes with a guarantee of origin, i.e., information about how the electricity is produced. All electricity sold by Fortum is guaranteed by the European Guarantee of Origin certificate. In Sweden, some products are certificated also by Bra Miljöval and in Finland by SLL Ekoenergia.

In Finland, all Fortum's private customers automatically receive 100% hydropower or 100% wind power. The electricity sold to small and medium size business customers is a mix of nuclear power and electricity from renewable sources: bio-, wind and hydropower. In Sweden, customers can choose between electricity produced with nuclear, hydro or wind power. Customers in Norway are offered the CO<sub>2</sub>-free product produced with 100% renewable energy.

**100** % HYDRO OR WIND POWER FOR CUSTOMERS

In Finland, all Fortum's household customers automatically receive 100% hydropower or 100% wind power.

In Finland, Fortum established electricity sales and advice points in three cities in 2011. The sales points provide customers with advice on finding a power agreement suitable for their purposes.

### Reliable electricity supply becoming increasingly important

Fortum owns, operates and develops regional and local electricity networks and supplies electricity to a total of 1.6 million customers in Finland, Sweden and Norway. The total length of the company's network is 156,000 km, which is almost four times the circumference of the earth.

Continuous investments are made to renew, maintain and further improve network reliability. In 2011, EUR 289 million was invested in new power lines, isolating overhead lines, underground cables and automation of critical parts of the grid, i.e., a step towards a smarter grid with fewer and shorter outages.

The severe storms at the end of 2011, and one of the strongest in 30 years in Finland, damaged Fortum's network and caused power outages for many customers, and thus put additional focus on a more weather-proof network. The reliability of Fortum's grids is high. For a number of years, the reliability trend was positive

## Case:

## December storms devastated the electricity grid in Finland

The storm on 26 December 2011, one of the strongest in 30 years in Finland, and the smaller storm on the following day caused major damage to Fortum's electricity distribution grid in Finland. Fortum had prepared for the storm by quadrupling the number of service technicians on duty. However, the conditions exceeded the forecasts. At the worst point, more than 190,000 Fortum customers in Finland were simultaneously without electricity. In addition to Finland, the storms caused some power outages and damage also in Sweden.

Since the storm, Fortum has carefully analysed its operations and has mapped the areas requiring improvement. For example, the implementation of a text messaging service and developments in the IT systems were identified as essential. Fortum is also setting a long-term target to cut the number of power outages in half and to double the number of customers currently within the scope of weather-proof distribution. This will be done by accelerat-

ing underground cabling and moving aerial lines from the forest to the roadside. The weather reliability of the distribution network also can be improved by better management of adjacent forests and with grid automation.



and reached 99.98%. The strong storms affected the reliability significantly and the figure decreased to 99.90% for 2011. As a result, the average interruption duration per customer increased by 5-fold. Fortum will increase investments in a more weather-proof network and has set a target to cut the number of power outages in half. The aim is also to double the number of customers currently within the scope of weather-proof distribution by 2020.

### Installation of smart meters to electricity distribution customers

Smart meters offer better control of electricity usage and thus are a step towards smarter energy consumption. In Finland, approximately 580,000 customers will receive new meters before the end of 2013. In 2011, the rollout of smart metering to network customers in Finland proceeded according to plan; by the end of 2011, 160,000 customers had received meters. The new Finnish legislation on hourly meter reading will become effective on 1 January 2014. In Sweden, bringing smart metering to customers was completed in 2009. The installation of new meters in Norway will begin in 2013; altogether 100,000 customers in Fortum's network area will be connected to the system by 2015. The regulation on hourly meter reading in Norway will come into effect on 1 January 2017.

The advantage of smart meters is that a large number of customers can now see their actual monthly household electricity

consumption data via the internet. The benefits of the new system also include invoicing based on actual electricity consumption, better control over electricity usage and a platform for new services.

### Towards smarter grids

An increased share of renewable energy, distributed energy systems and demands for energy efficiency are all part of the future society and put new demands on the grid. Smart meters and smart grids will change the electricity market in the years ahead. Smart grids enable customers to produce some of the electricity they use, e.g., through their own solar panels, and to sell their excess electricity to the grid.

Fortum is actively developing the solutions for sustainable urban living. Fortum's focus in building the future smart grid has especially been on electricity grid development, distributed energy systems and smart-home solutions. Read more on Fortum's smart grid related research and development activities on page 66.

Energy storage solutions are being developed in the Fortum Flexible Energy research project. One example of such solutions is the integration of the electric vehicle charging infrastructure into the energy system to enable the use of car batteries as energy storage units. Another storage solution is to store heat or cold in large reservoirs until it is needed. It is therefore possible to heat a city on a cold winter day using the heat produced on a sunny summer day.

The progress towards smarter grids also enables electricity retail companies to offer their customers completely new services. In addition to installing smart meters for customers, Fortum has launched in-home displays in Sweden, in 2010, and in Finland to enable customers to track their own consumption in real time. The users receive direct feedback on energy efficiency in both monetary and consumption (kWh) terms.

### Electrification of transportation

One step towards smarter consumption of electricity is the electrification of transportation. Transportation is a major source of emissions in urban societies, and switching to electric vehicles reduces carbon dioxide emissions significantly. Fortum is preparing for the mainstreaming of electric vehicles by designing the charging station network and payment system. Fortum has more than 100 public charging stations in Scandinavia. In 2011, the company continued the development of solutions for electric vehicles and introduced a new turnkey concept that provides recharging services of electric vehicles for companies and municipalities in Finland, Sweden and Norway. Fortum's concept takes care of the whole process: installation of the charging poles, electricity, maintenance and outage service.

### Serving heat customers

Fortum's heat customers are businesses, municipal and private consumers. The company has about 1,400 km of district heat network in Finland, about 2,400 km in Sweden, about 860 km in Poland, about 280 km in the Baltic countries and about 480 km in Russia. The reliability of the district heat networks is being improved by repairing anomalies found in conjunction with scheduled maintenance and by investing in new capacity when needed. When carrying out repairs that may cause interruptions, the aim is to schedule them outside the heating season. All of Fortum's district heat customers in Finland have been within the sphere of the smart meters since the beginning of 2010. With smart meters, the meter data is received in real time and the monitoring of heat consumption is more efficient.

In the autumn 2011, Fortum launched new products for district heating customers in Sweden and Finland; customers can now choose between different types of products instead of only one. Fortum provides assistance with the choice and also offers energy advice to help customers improve their energy efficiency. The company has also developed a Fortum climate neutral product for its Finnish and Swedish district heating customers. The idea behind the Fortum climate neutral product is to offset the greenhouse gas emissions of district heating, in the same way that

airline companies offer their customers an opportunity to offset the greenhouse gas emissions of aviation.

Fortum is also actively developing its heating services for customers in Russia by modernising the Chelyabinsk and Tyumen heating systems. In November 2011, Fortum commenced operations of stage one of the ambitious district heating project, the Chelyabinsk Heat Ring. The project will increase the efficiency of the heat supply in this city of one million residents in the southern Urals area by some 30%. The project also changes the way heat is delivered to homes and businesses across the city; the heat will be supplied via an encircling pipeline rather than a radial one. Fortum also installed an automated metering system in Tyumen to improve the monitoring of the trunk and district heat networks.

### Smart heating and cooling solutions

Fortum is the owner and operator of the biggest district cooling network in the world. In Stockholm the district cooling network supplies more than 400 business customers with around 440 gigawatt-hours (GWh) of cooling energy. Fortum has an installed capacity of 300 megawatts (MW), and all of its cooling is CO<sub>2</sub>-free. Most of the cooling is generated by free cooling from the sea waters around Stockholm.

Fortum is also the first utility in Finland to develop cooling solutions for industry. For example, the new, eco-

friendly server centres and their cooling solutions are examples of smart cooling solutions; heat generated by the servers is utilised in district heating. In the new solution, the consumption of fossil fuels can be reduced by an amount equal to about 15,000 tonnes of CO<sub>2</sub> emissions per year. Local environmental impacts are also reduced with the decreased NO<sub>x</sub>, SO<sub>2</sub> and particle emissions. The solution will completely eliminate the adverse effects of the server centres' waste heat previously released into the environment.

## Personnel – promoting employee well-being

**Fortum believes that good leadership is fundamental to employee well-being, commitment and performance, and that it is essential in supporting the strategic goals of the company. At the year-end 2011, approximately 10,800 employees worked at Fortum.**

Fortum's goal is to be a preferred employer that engages competent employees at all levels. In 2011, an average of 11,010 employees (2010: 11,156) worked at Fortum. The biggest number of employees was in Russia, 4,432 employees on average. Subcontractor employees worked at Fortum sites for a total of approximately 1,769,000 days during the year. Some 1,230 (2010: 1,052) employees joined Fortum in 2011.

### Leading Performance and Growth supports an open and engaging work environment

Fortum believes that performance and growth can be improved by having an open and engaging work environment, where all employees feel empowered and willing to take responsibility. In 2011, Fortum continued the Leading Performance and Growth (LPG) initiative, which aims to improve the company's performance and growth by increasing employees' involvement in implementing the strategy, by developing business planning and by strengthening leadership and organisational culture.

During 2011, the LPG initiative focused on increasing the understanding of Fortum's key behaviours: challenge, co-create, coach and celebrate. Events were organised through out the company to reflect on what the key behaviours mean to us in our daily work. In Russia, more than 65 workshops were conducted covering over 3,000 employees. In the workshops, employees had the opportunity to discuss key behaviours and their involvement in the strategy. Fortum employees also had the opportunity to discuss the initiative with senior management at the Fortum Dialogue personnel events.

A development programme called Leadership Impact, targeting all Fortum managers, was launched in 2011. It provides leaders with an opportunity to deepen the understanding and skills that are needed to support and drive the LPG initiative. In 2011, over 200 top-level managers started the programme, and it will continue in 2012.

The key behaviours were incorporated in the business planning process more widely in 2011 by creating more opportunities for challenging and co-creation

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## % WOMEN IN THE MANAGEMENT

Women account for 34% of Fortum's management team members at the Group and division level.

between the units and teams. In addition, the work has begun to integrate the content and findings of the LPG initiative in existing processes, practices and tools – for example in recruitment, onboarding and employee development processes.

### Sensor survey measures the implementation of the strategy and key behaviours

At the beginning of 2011, a team development tool called Sensor was introduced at Fortum. Sensor includes a survey conducted twice a year to help the teams recognise and discuss their own development areas.

During the second Sensor round, 4,227 Fortum employees gave feedback to their team by answering the Sensor on-line questions. The results indicate improvement in how coaching and challenging are used to improve performance as well as how success is celebrated in different teams.

The Fortum-wide employee survey – Fortum Sound – focusing on measuring employee engagement was last conducted in 2009. During 2010–2011, Fortum has prioritised team development through Sensor. The next Fortum Sound survey will be conducted in autumn 2012.

## PERSONNEL BY DIVISION, 31 DEC.

	2011	2010	2009
Power	1,847	1,819	3,063
Heat	2,504	2,394	2,246
Russia	4,379	4,294	4,090
ESD	1,417	1,487	1,699
Other operations	633	591	515
<b>Total</b>	<b>10,780</b>	<b>10,585</b>	<b>11,613</b>

## PERSONNEL STATISTICS FROM 2011, BY COUNTRY OF OPERATION

	Finland	Sweden	Russia	Estonia	Poland	Norway	Other
Personnel at year-end	2,683	2,040	4,376	331	859	139	352
Personnel, average	2,689	2,076	4,432	336	1,009	137	331
Number of new employment relationships	172	157	775	14	31	9	72
Number of employment relationships ended <sup>(1)</sup>	114	250	694	34	322	6	7
Departure turnover, %	4.2	12.3	15.9	10.3	37.5	4.3	2
Personnel expenses, 1,000 euros	209,462	180,786	79,752	7,426	20,945	13,620	16,620
Personnel expenses per person, 1,000 euros	77.9	87.1	18.0	22.1	20.8	99.2	50.2

<sup>1)</sup> Includes operations sold and outsourced operations

## Case:

## Control room is the human core of a power plant

As a part of Fortum's ForCARE well-being programme, Fortum conducted a research and conceptualisation project, Fortum Core, in 2010–2011 in cooperation with Aalto University.

The purpose of Fortum Core is to provide a control room working environment that supports the operators' well-being, situation awareness and is overall inspiring, hence leading to operational excellence, the highest profitability and a longer lifetime of the power plant. The control room is seen as the human core of a power plant.

The concept is based on research done with operators of three control rooms in three power plants in Finland, Sweden and Estonia. Studies have shown that people who enjoy their work environment are usually more productive. The project has resulted in a user's manual and concrete guides on how to plan a new control room when building a power plant or how to improve existing ones.

The Fortum Core control room is a combination of different zones for different activities. These activities are part of the daily routines of all people involved in the use of the control room. In addition to the operators' main working point, the Fortum Core control room has, for example, an area for eating, an area for activating tasks and an area that visitors can access without disturbing the operators.

The Core concept will be used within the Heat Division's large combined heat and power (CHP) investment programme and parts of the concept will be used in the existing power plants. Under the umbrella of the Core project, there are also other initiatives that promote the well-being, motivation and performance of personnel working at power plants.



## Competent personnel a prerequisite for success

Fortum aims to create attractive career and development opportunities for individuals to continuously grow their professional skills and know-how. Personnel development is supported through annual performance and development reviews in which all Fortum employees are in scope, personnel training and internal job rotation.

During the first half of 2011, Fortum conducted two different types of leadership training programmes, Fortum Manager and Fortum Expert. The Fortum Manager training programme is designed for all supervisors in need of basic skills related to daily management. The Fortum Expert programme is tailored to the experts' needs in managerial, communication and collaboration skills. In addition to Finland and Sweden, Fortum Master courses, aimed for all Fortum's managers, were organised also in the Baltic countries and Poland. In 2011, a total of 347 participants attended in the courses, and the number of Fortum Master training days totalled 38.

Fortum Forerunner is a trainee programme meant for recent university graduates. During the 18-month-long programme, trainees have the opportunity to work at variable assignments in different business environments and to get acquainted with Fortum's operations and the energy industry. The current trainee programme started in January

2011, and the trainees are from Finland, Sweden, Russia, Poland and Latvia.

## Employer image developed continuously

A strong employer image is extremely important for attracting new and retaining current employees. In 2011, Fortum was ranked among the top ten ideal employers in Finland. Among technical students, Fortum ranked the eighth most ideal employer in Finland (2010: 6th) and 26th in Sweden (2010: 34th).

An important activity for enhancing employer image internally and externally is the Fortum Ambassador Network. Fortum Ambassadors work at, for example, fairs, events and seminars to enhance Fortum's positive employer image and to give students concrete examples of different career opportunities at Fortum. The Fortum Ambassador Network includes 130 employees from different divisions and professions in Estonia, Finland, Sweden and Poland.

## Occupational health and safety focus on prevention

Fortum's target is to ensure a safe workplace for employees and service providers. Fortum continuously invests in the well-being and safety of its employees and contractors at its sites.

In 2011, an average of 2,700 (2010: 2,700) employees in Finland were within the sphere of Fortum's occupational

### STAKEHOLDER VIEW:

**ANNA ANDERSSON,**  
Marketing Assistant,  
Heat Scandinavia, Sweden



I think that when it comes to all our key behaviours combined, they all point to a single point: to promote togetherness. We need to work across borders – borders between countries, over units as well as in our own office buildings. Together we are a strong organisation, a real melting pot of amazing ideas for the future.

health care. About 80% (2010: 75%) of them used the company's own occupational health care services and about 20% (2010: 25%) used contracted health clinics. The total costs of Fortum's own occupational health care in Finland were about EUR 1.2 million (2010: 1.1 million). The occupational health care costs per person, calculated from the share paid by Fortum, were EUR 560 (2010: 501) in Finland, and EUR 92 (2010: 99) in Sweden. Preventive activities accounted for 39% (2010: 36%) of occupational health care visits in Fin-

land. Prevention was also the focus of all the occupational health care activities in Sweden.

Fortum covers all Swedish, Norwegian, Polish and German employees' occupational health care as required by law. In Russia, employees are within the sphere of a medical expenses insurance plan and can use private medical services. Also each production plant in Russia has a healthcare station with nursing-level first-aid services.

Fortum's employees in Finland have the option to join the Enerkemmi insurance

fund. The fund offers benefits in accordance with the Finnish Health Insurance Act and additional benefits in accordance with its own regulations. Over 90% of Fortum's Finnish employees participate in the fund. Other countries do not have a similar practice in place.

### ForCARE programme promotes well-being

ForCARE, Fortum's well-being model, is a common denominator for all the activities that Fortum does to promote the well-being of its employees. The programme goals are to promote safety, support employees' capacity to work throughout their career and contribute to the functionality of work communities at Fortum. Promoting well-being benefits all parties: employees, the employer and the surrounding society.

The ForCARE programme started in Finland in 2010 and was rolled out to Sweden and Norway in 2011. The aim is to implement it in all countries of operation. It will be customised according to each country's legislation in collaboration with local occupational health organisations, the HR department and management.

In Finland, Fortum launched a three-year, work well-being programme with Varma Mutual Pension Insurance Company. During 2011, focus areas of the programme were mapped by interviewing supervisors as well as other personnel. These include aging, challenges of

shift work, including nutrition, sleep and recovery, as well as the challenges of mobile work.

### Preventive occupational health care adds to work years

Fortum encourages employees to remain in the working world. In 2011, a total of 151 employees retired from Fortum. The figure includes age-related, early and disability retirement. In 2011, Fortum had 773 (2010: 758) employees over the age of 60.

### Proactive safety measures

In Fortum's Power Division, the positive trend in the development of safety indicators came to a halt in 2010 and the goals for safe operations were not met. The Division started to tackle the negative trend in spring 2010 by organising team discussions at every workplace in order to get ideas for safety development at everyone's own workplace. In 2011, Power Division launched a change programme called "365 safe days". Safety development is the responsibility of all employees and the programme enjoyed the full support of the Division's management team right from the start. One of the major tools for change has been training. A safety refreshment training focusing on safe behaviour and targetting the whole Power Division's personnel was started. Feedback from the organisation has been good.

### STAKEHOLDER VIEW:

**NATALIA SMORYAKOVA,**  
Sustainability Manager,  
OAO Fortum, Russia

Fortum as a company offers me diverse opportunities; at Fortum I can exploit my knowledge and experience to its full extent. The year 2011 was remarkable for me: we implemented an environmental management system at OAO Fortum and passed the first phase of certification for ISO 14001 in December. The way I see it, the certification opens the possibility for positive change for Fortum personnel in Russia: people will learn to look at and manage all operations through the prism of sustainability. This same approach applies to safety. The voice of our employees is extremely important when accomplishing our development projects.



## STAKEHOLDER VIEW:

**KATARINA VON TROIL,**  
Vice President,  
Corporate Talent Development



The Leading Performance and Growth journey has continued during 2011 focusing on increasing the understanding of our strategy and key behaviors. The Sensor team development tool has been used to deepen the discussion within the teams and to develop our leaders to act as role models on this change journey.

Examples of the division's own incidents were regarded useful, awareness increasing and applicable for own work. The training also encouraged people to think about safety at home and in their free-time. The training will continue in 2012. In addition to training, the emphasis was on implementing the agreed measures and procedures.

As a whole, 2011 turned out to be a very good safety year for the division. Almost all the environmental, health and safety (EHS) targets included in the Power Division's business plan for 2011 were achieved. The injury frequency for own employees was the best ever at the yearly level (LWIF 0.9) and as a three-year rolling average. There were no licence non-conformities, INES-rated (the International Nuclear Event Scale) nuclear safety incidents or market conduct incidents. The total number of fires, leaks and other environmental incidents in the Power Division was three; the target was to stay below ten. However, the contractor injury frequency was clearly above the target, and in 2012 it will be one of the focus areas in the Power Division.

Fortum's Heat Division introduced a new, proactive safety index measurement covering safety walks by managers, safety inspections, the use of protective equipment and work permit management in Sweden. In Finland, the division

developed a common safety induction tool, carried out a systematic assessment of safety management at power plants, established an expert network to drive an aligned approach to safety improvements and started behavioural-based safety training at the Joensuu combined heat and power (CHP) plant.

In Poland, one of the major activities was the integration of the Zabrze and Bytom CHP plants. A comprehensive integration plan was defined with the main actions focusing on safety training, reporting and investigation, personal protective equipment, contractor safety, management safety walks and high-risk work procedures. The performance of the plants significantly improved: the number of lost work days dropped from 144 in 2010 to 12 in 2011. Fortum's target is to improve the overall environmental, health and safety management of Zabrze and Bytom and to certify the operations in accordance with the ISO 14001 environmental management system and the OHSAS 18001 health and safety management system by 2013. In the Baltic countries, the Heat Division focused on the safe operation of the new units, safety at construction sites and development of the EHS management process.

In the Electricity Solutions and Distribution Division, the main focus was on improving contractor safety. An e-learn-

ing package was developed, the contractor auditing process was improved and safety elements were emphasised in the contracts.

In the Russia Division, the implementation of the EHS action plan continued. Extensive efforts to improve contractor safety included training the managers of 28 companies. In addition, preparations for OHSAS 18001 certification, effective communication via the intranet and safety boards were a focus. Elimination of the asbestos risk is one of the goals of the EHS action plan in Russia. About 340 tonnes of asbestos were removed during the year, and improvements in the procedures for handling and removing asbestos were implemented. An external assessment of asbestos handling was carried out in 2011. 

## Case:

### Grangemouth CHP plant – a history of zero accidents

Fortum's combined heat and power (CHP) plant in Grangemouth, Scotland, has had no work-related accidents for 10 years, i.e., since the beginning of its commercial use. Grangemouth is the workplace of 23 Fortum employees.

In addition, the power plant's availability is high: 98.6% on average. The power plant provides Ineos (former BP) with approximately half of its yearly demand for steam.

For Grangemouth's customers, reliability and high availability are key. The close partnership with Ineos in near-miss reporting, effective use of risk assessment, continuous development of environment as well as health and safety processes and practices are behind the good performance. Risk assessments are usually made together with the client in order to maintain high availability at all times.

In 2011, Grangemouth's personnel received Fortum's own Safety Award for their safe and reliable operations. Fortum's Safety Award is granted yearly to one person and one team, who have showed commitment to safety and contributed to developing a safer work environment at Fortum. The team in Grangemouth has set up several practices to prevent accidents: work permits, strict requirements for wearing safety equipment and striving towards a non-accusatory work environment, among other things.

Grangemouth's good performance has been noticed in the United Kingdom as well. Since 2006, it has received several awards from the Royal Society for the Prevention of Accidents.

