

Metso's risk profile 2013



Category	Examples	Risk profile	Guidelines and principles	Responsibility		
Strategic risks						
Business development risks	Brand and values. New markets and business opportunities. Mergers and acquisitions. Competence, resources. Balance sheet related risks. Natural resources, raw material and energy supply. Life cycle of products and production facilities. Global outsourcing, partners. Tax strategies. Customer reputation. Supplier reputation. Ownership structure.		Metso's strategy and business plans, brand development and protection programs, mergers and acquisition process, patents and intellectual property rights, intellectual property policy, Metso's values and Code of Conduct, principles of sponsorship, accounting principles, risk management policy.	Business Management, Group Strategy function, Human Resources function, Legal Affairs function, Finance function, Treasury function, Internal Audit, Communications function, Investor Relations function, Business Intelligence, Technology Management function.		
Business environment risks	Cycles in the global economy and customer industries. Depression and economic expansion.					
Market risks	Changes in customers and customer demand. Customer mergers and acquisitions. Changes in customer product management, product requirements and environmental factors. Competition. Business intelligence and competitor analyses.					
Technology risks	Technology vision, R&D capability and future competence requirements. Management of intellectual property rights.					
Political, economic, cultural and legislative development	Global political development, political unrest, terrorism, wars. Cultural and religious factors. Financial and environmental legislation.					
Global climate, environmental and other phenomena	Changes within regional climate. Epidemics.					
Financial risks						
Liquidity	Short-term liquidity, availability and cost of financing. Credit ratings.		Group treasury policy, internal controls.	Business Management, Treasury function, Finance function, Legal Affairs function.		
Interest rate risks	Changes in market interest rates and interest margins influencing financing costs, returns on financial investments and valuation of derivative contracts.					
Currency risks	Exchange rate fluctuations affecting the prices of raw materials and production of commodities purchased in non-domestic currencies. Exchange rate fluctuations affecting the prices of end products for export and cost competitiveness of the products. Currency risks related to equity of subsidiaries outside the euro zone.					
Credit and counterpart risks	Credit risks pertaining to trade activities. Counterparty liquidity and reliability.					
Pension assets and liabilities	Pension assets and liabilities management related risks. Defined benefits and defined contributions.					
Operational risks						
Organisation and management related risks	Organizational effectiveness, key persons, competence, resources and management. Recruiting. Rotation of personnel. Innovation capability.		Corporate governance, internal controls, information security principles, production guidelines, business interruption risk analyses, treasury policy, project activity safety guidelines, safety manuals, contractual guidelines, Code of Conduct, guidelines on preventing misconduct, guidelines on compliance with antitrust legislation, Group insurance program, crisis management instructions.	Business Management, HR organization, Production Management, Risk Management organization, Internal Audit, IT function, Sales Management function, Legal Affairs function.		
Information security risks	Data management. Confidentiality, integrity, availability, authenticity, non-repudiation and accountability of data and information.					
Production-, process and productivity risks	Production, sales, marketing, inventory, innovation, delivery and process risks. Environmental risk management, customer relationship work, efficiency and follow-up issues.					
Business interruption risks	Production chain management. Supply chain management, outsourcing, dependency and logistics risks. Resilience and agility.					
Profitability risks	Profitability assessments and quotation calculation risks.					
Project activity risks	Risks related to delivery schedules and payment terms, project teams and suppliers.					
Contract and liability risks	Quality, contract and payment terms. Product technology risks and product safety. Product liability risks.					
Crisis situations	Crisis management capability, operational capacity, emergency services and effective collaboration.					
Illegal acts	Fraud, misconduct and crimes.					
Hazard risks						
Occupational health and safety related risks	Work-related illness, accidents and occupational well-being-related risks.				Occupational health and safety guidelines, certification principles, travel safety guidelines, rescue plans, premises security guidelines, Group insurance program.	Business Management, HR, Occupational health and safety organization, Risk Management organization, Environmental function, crisis and incident management teams, Real Estate Management organization.
Personnel security risks	Kidnapping, theft, violence and murder.					
Environmental risks	Leak, spill and explosion.					
Fire, other disasters	Fire, explosion and traffic/cargo accident.					
Natural events	Storm, drought, wild fire, flood, earthquake, mudslide, tsunami, volcanic eruptions etc.					
Premises security risks	Break-in, theft, arson and vandalism.					