

SUSTAINABILITY REPORT 2012

Outotec



CONTENTS

Outotec and sustainability	1
Outotec in brief	2
Highlights in 2012	3
Our approach	4
CEO's message to stakeholders	4
Strategy	6
Materiality assessment	8
Management approach	10
Long-term targets and sustainability agenda 2020	12
Our way of working	13
Employees	13
R&D and innovation	20
Values and Code of Conduct	21
Governance and sustainability	24
Interaction with stakeholders	26
Commitment to external initiatives	31
Our impact	33
Metals and sustainability	34
Renewable and alternative energy	35
Expert view – Technologies with low ecological impact	37
Industry drivers	39
Risks and opportunities	40
Impact of our products and services	43
Ecological footprint of our operations	45
Economic impact	48
Impact of our supply chain	50
About the report	52
Report scope and profile	52
Data collection	52
Sustainability targets	53
Independent assurance report	56
Global Reporting Initiative Index and UN Global Compact	58
Contact information	62

OUTOTEC AND SUSTAINABILITY

Our approach to sustainability is defined in our mission, strategy, values, corporate responsibility policy, and management system documents. 'Sustainable use of Earth's natural resources' is the purpose for the company's existence and mission we work to achieve. We intend to incorporate sustainability into all aspects of our operations, from our own business processes to the solutions we develop for our customers.

Our strategic intent is to be the leading provider of sustainable minerals and metals processing solutions and to become an innovative provider of sustainable energy and water processing solutions. Our core value is 'committed to sustainability', comprising the social, economic and environmental elements of sustainability.

Because of the nature of our business, our most significant contribu-

tion to abating climate change is made through providing sustainable technologies and services to our customers, enabling them to run environmentally sound, profitable and socially acceptable businesses. In that way, with our innovative solutions, we create shared value for our stakeholders as well as society at large.

Outotec has existed as an independent company since 2006. We published our first annual sustainability report in 2010 to improve our performance and transparency in all aspects of sustainability. This report is our third, and it describes the company's performance in 2012 and sets targets for 2013 and beyond. The reporting complies with the accounting standards and voluntary reporting guidelines issued by the Global Reporting Initiative (GRI).



Outotec in brief

With a mission of 'Sustainable use of Earth's natural resources', Outotec provides leading technologies and services to its customers, guaranteeing the best return on the customer's investment with minimal ecological impact. The benefits of this approach include conferring the license to operate, maximizing recovery, and reducing emissions as well as energy and water consumption. The majority of Outotec's customers operate in the minerals and metals industries, and increasingly in the renewable and alternative energy sector, chemical industry and industrial water treatment.

Innovative research at Outotec's 18 in-house R&D and competence centers and continuous development work with customers has made us the leading developer of technology in the minerals processing and metallurgical industry. Outotec has a strong market position across the entire value chain from ore to metal and, in addition to in-house research and development, we intend to strengthen our technology leadership also through acquisitions.

In 2012, Outotec acquired four companies: Backfill Specialists Pty Ltd, a technical consulting and engineering company specialized in mine backfilling solutions; TME Group, a mining services company providing grinding mill relining and mineral processing plant maintenance services; Demil Manutenção Industrial Ltda, providing industrial maintenance services for iron ore agglomeration plants; and Numcore Ltd,

a technology company that develops and markets innovative online process control solutions based on 3D imaging.

Outotec's most significant impact on sustainability occurs indirectly through our customers' operations. At present, these organizations are confronted with the dilemma created by the growing need for metals and the environmental impact of their production. As a result, Outotec's customers are increasingly looking to improve their energy efficiency and to reduce CO₂ and other emissions, as well as water consumption. We believe that with modern technologies and life cycle solutions, metals and materials can be produced sustainably.

Outotec, headquartered in Finland, has global operations, employees in 25 countries and sales to over 80 countries.

Outotec has been listed on the NASDAQ OMX Helsinki since October 2006.

[Read more about our financial performance in Outotec Financial Statements 2012.](#)

[Read more about Outotec's legal entities in Financial Statements 2012, p. 59 and associated companies, p. 40.](#)

Outotec has four business areas:

Non-ferrous Solutions

- Providing technology solutions for the processing of copper, nickel, zinc, lead, gold, silver, and platinum group metals at all stages in the value chain from ore to metal.

Ferrous Solutions

- Providing technology solutions for the processing of iron ores and other ferriferous materials in the entire value chain from ore to metal.

Energy, Light Metals and Environmental Solutions

- Providing technology solutions for sulfuric acid production, off-gas handling, alumina refining, roasting, calcination, biomass processing and other renewable energy production, oil shale and oil sands processing, as well as for industrial water treatment.

Services

- Providing life cycle services to Outotec's customers in all business areas.

Summary of key figures	2012	2011	2010
Sales, EUR million	2,087.4	1,385.6	969.6
Reported operating profit, EUR million	184.3	111.9	41.6
Research and development expenses, EUR million	41.6	33.5	28.5
Priority applications, pcs	70	41	50
National patents granted, pcs	286	326	287
Number of employees on average	4,456	3,516	3,151
Wages and salaries, EUR million	362.6	284.4	224.4
Total greenhouse gas emissions, tonnes of CO ₂ /EUR 1 million sales	15.2	18.8	25.0
Greenhouse gas emissions avoided through the use of Outotec technologies, thousand tonnes of CO ₂ -e	4,600	4,800	4,200
Total energy consumption, TJ	164.9	141.5	150.0

Highlights in 2012

JANUARY

Employee survey 2011 results showed that Outotec's job satisfaction index was slightly below the global norm, and our engagement index was at the global expert norm level



MARCH

Minna Aila assumed overall responsibility for sustainability as an Executive Board member



MAY

Outotec agreed to deliver Emission Optimized Sintering process for BPSL in India

SEPTEMBER

Outotec's seminar in Indonesia focused on sustainable use of natural resources

Employee Share Savings Plan launched

NOVEMBER

Outotec agreed to deliver advanced renewable energy solution to Switzerland

Outotec's sustainability report awarded Readers' Choice in Finland

Outotec agreed to deliver a renewable energy solution for a biomass power plant in Turkey

New Outotec Hazardous Substances Policy implemented

2012



FEBRUARY

Outotec's project team built a pre-school during the Kalagadi Sinter Plant project in South Africa

Technology and Plant Safety Management meeting was held to create unified global practices

APRIL

Sustainability Report 2011 published

Outotec supported Mongolian students' metallurgy studies in Finland



JULY

Emirates Aluminium named Outotec their best Environment, Health & Safety contractor



OCTOBER

Outotec acquired Backfill Specialists in Australia to expand its sustainable tailings treatment business

Outotec recognized in Carbon Disclosure Leadership Index

New company values launched



DECEMBER

Code of Conduct approved by the Board of Directors

New Donations Policy approved by the Board of Directors

Outotec delivered the first-of-its-kind minipilot concentrator to the University of Oulu in Finland

Outotec agreed to deliver environmental solutions for Namibia Custom Smelters

Improved rating in BBBEE certificate in South Africa

Outotec awarded maximum amount of awards in the Codelco Mina Ministro Hales project in Chile

OUR APPROACH

CEO's message to stakeholders

2012 was a very special year for Outotec. We passed our 2 billion euro sales target milestone almost three years ahead of plan. This year was also significant in terms of sustainability. Our customers' priorities towards the environmental and social dimensions of sustainability strengthened in their decision-making. We also worked hard on making our values an integral part of everything we do. I am very proud of the way our people have started to judge dilemmas by simply asking: "Is this sustainable?"

In this third sustainability report we can also report progress in many other areas. We have adopted a comprehensive Code of Conduct and further developed our governance. We now have an Executive Board member with overall responsibility for sustain-

ability. We are also introducing new long-term targets for our sustainability work. This report provides the details of our progress, and I hope that its contents and the aims we have set for ourselves will ably demonstrate our commitment to sustainability and corporate responsibility as well as the shared value we create for our stakeholders and the society.

The best return on a customer's investment with minimized ecological impact

Outotec's most significant impact on sustainability occurs indirectly through our customers' operations. 'Sustainable use of Earth's natural resources' is the mission we've worked toward achieving, in cooperation with our customers. We want to promise them the

"We have advanced our sustainability agenda and defined long-term targets for our sustainability work."



best return on their investment with minimized ecological impact.

Our customers are increasingly confronted with the dilemma that exists between the growing need for metals and the environmental impact of their production. We believe that this dilemma can be addressed. In fact, its solution is a vital part of our strategy – we see it as our role in the industrial ecosystem: building sustainable success stories together with our customers.

By employing eco-efficient solutions, it is possible to reduce the environmental impact of the industry and simultaneously increase wellbeing. Of the megatrends facing the mining and metals sector, we consider sustainability the most important, and we see evidence of this not only in mature markets but also in those in the developing stages. In a world of rapidly diminishing natural resources there is an increasing demand for more advanced, energy-efficient technologies and recycling solutions.

We address these challenges by providing our customers with sustainable technologies to maximize the recovery of valuable metals and minerals whilst consuming less energy and fewer natural resources at reduced operational cost. Our technologies – whether relating to minerals and metals processing, water, energy, or biomass – reduce the environmental effects of a number of industrial operations worldwide. We also live up to our values by creating

leading technologies – the majority of our proprietary technologies are classified as BATs (Best Available Techniques) by the EU.

Active R&D is the cornerstone, yet we understand that solving these highly complex issues also necessitates collaboration. For example, thanks to our recent work with PE International we are now able to provide a new perspective on life cycle analysis. Our joint solution uses fact-based environmental impact information to generate product and process modeling simulations and scenarios for sustainable production.

All this means that while doing good business, we can also create shared value and contribute to our customers' social license to operate. In fact, as much as 89 percent of our order intake in 2012 represented environmental goods and services under the OECD definition.

Improving our own performance and reporting systems

In line with our commitment to sustainability, in 2012 we continued our efforts to establish policies and processes to improve our performance, data collection, and measurement systems. One of these initiatives was the harmonization of our environmental and quality management systems in order to create an integrated system for quality, environmental, health and safety management. Several steps towards a world-class integrated QEHS management were taken during the year.

Although we made progress in certain areas, for example by installing new video conferencing facilities, we were not able to reduce our greenhouse gas emissions, partly due to our strong business growth, which required frequent air travel to project sites and customer meetings.

We have, however, been able to improve the gender balance in our leadership. By the time this report is published, we will have three women in our Executive Board (there were none at the end of 2011), and there is also a proposal for the Annual General Meeting to elect another woman to the Board of Directors.

We achieved public recognition for our sustainability work in 2012. For example, Outotec ranked 12th in The Global 100 list of the world's most sustainable companies. The list is compiled by the Corporate Knights media and investment research company, which has screened all global mid and large cap listed companies for the ranking. We will continue to lend our support to the United Nations Global Compact and are committed to its ten principles and other such causes, pushing for good use of the Earth's resources for generations to come.

Pertti Korhonen
President & CEO, Outotec

“Around 89 percent of our order intake in 2012 represented Environmental Goods and Services under the OECD classification.”

Strategy

Outotec's most significant impact on the environment occurs indirectly through our customers' operations. Our strategy is to provide sustainable life cycle solutions which fully utilize Outotec's technology and service expertise, while guaranteeing performance and lifelong benefits to our customers. These benefits include the license to operate, reduced energy and water consumption, high recovery, and minimized emissions. We want to enable the best return on the customer's investment with the least ecological impact.

In the area of minerals and metals processing, Outotec has been an industry leader, developing innovative technologies for nearly a century. This expertise has since been successfully applied to many other industries. We are continuously strengthening our

technology portfolio for the entire value chain – from ore to metals – through our own research and development as well as by acquisitions. We actively seek new applications for our technologies. Rising energy costs and stringent legislation have guided users to seek out energy efficient solutions for many years. In addition, water is an increasingly scarce resource and its efficient use, along with recycling and purification processes, is a goal of steadily mounting importance. The energy and industrial water treatment industries offer significant growth opportunities for Outotec while boasting high synergy potential and manageable risks.

We also aim to further strengthen our presence in emerging markets and improve our cost-competitiveness and scalability. This strategy provides the direction for Outotec's sustainability work.

“We strive to become the undisputed global leader in sustainable minerals and metals processing solutions and to firmly establish our presence in the energy and water businesses.”



In addition to the pressure to improve production efficiency in terms of environmental sustainability, the financial impact of sustainability in the metals and minerals industry is also of growing relevance. Goldman Sachs estimates that, assuming a working emissions trading scheme is in place with carbon pricing at USD 60/ton of CO₂, 15 percent of the total cash flow of global companies will be transferred from companies with high emissions to those with low emissions. This trend will be particularly visible in carbon intensive industries, such as those of Outotec's customers. While this poses a significant threat to these customers, it also provides immense possibilities for Outotec to successfully market its technologies.

In light of the trends mentioned above, Outotec's strategic goal is to become a company with strong global market presence and integrated operations. Outotec strives to develop a solid company culture based on common values, and to improve its cost-competitiveness and scalability. A strong brand and reputation will pave the way for Outotec to become the undisputed global leader in sustainable minerals and metals processing solutions, and to firmly establish a presence in the energy and industrial water treatment businesses.

Sustainability approach in mergers and acquisitions

Acquisitions support Outotec's long-term strategy. We take environmental, economic and social aspects into consideration when assessing potential acquisition targets. For example, the acquisition of Backfill Specialists in 2012 strengthened Outotec's portfolio of environmental solutions. Backfill Specialists is a technical consulting and engineering company specialized in mine backfilling solutions in Australia. Combining the expertise of both companies in paste technology, we can offer comprehensive tailings treatment solutions to the mining industry worldwide, for both landfill and backfill solutions.

Outotec also carries out environmental due diligence if there are environmental considerations in relation to the acquisition. Sustainability issues are carefully considered when deciding upon business integration and future business plans.

When assessing potential acquisitions we use the following indicators among others:

- Energy efficiency of technologies
- Efficiency of water usage
- Environmental soundness of technologies
- The level of environmental responsibility of the acquisition
- How the target company respects employee well-being, local health and safety systems, local bargaining agreements, and human rights in general
- Ethical standards
- International norms

“The delivery of gas cleaning, sulfuric acid and effluent treatment technologies for Namibia Custom Smelters is a good example of Outotec's sustainable solutions, as it reduces the emissions of the smelter and considerably improves the working and living conditions around it. Namibia Custom Smelters will have a world-class process plant that will meet the World Bank's environmental standards.”

Materiality assessment

Outotec’s most important sustainability issues were discussed and defined in a management workshop in December 2011 facilitated by an external partner. The participants included the CEO and heads of shared functions, as well as representatives from each business area. Sustainability trends and stakeholder feedback were taken into account when evaluating the most important sustainability issues and, subsequently, the chosen GRI indicators.

Through discussion and by defining Outotec’s ambition level, the following aspects of sustainability were selected as most material to Outotec:

- Sustainable products and solutions for customers
- Preferred employer
- Community involvement and charity work
- Improving sustainability of our own operations
- Responsible supply chain
- Technology and plant safety
- Globally integrated QEHS system
- Human rights and labor rights

The ambition level for each material issue was defined and a dedicated person responsible for developing performance was nominated. Relevant sustainability-related key performance indicators (KPIs) were chosen based on the workshop results.

The materiality assessment revealed that development and improvement of

the company’s technology solutions is clearly the most important sustainability issue for Outotec. The significance of providing eco-efficient solutions is underlined by comparing the amount of CO₂ emissions annually avoided through the use of Outotec’s goods and services (4,600,000 tonnes CO₂-e) and the amount of greenhouse gas emissions from Outotec’s own operations (31,755 tonnes CO₂-e).

To become a preferred employer was regarded as highly important for Outotec’s future success. Community involvement and charity work including employee engagement were identified as areas for further development.

Improving the sustainability of Outotec’s operations, supply chain management, and technology and plant safety management were also identified as important targets to meet the expectations of customers, employees and other stakeholders.

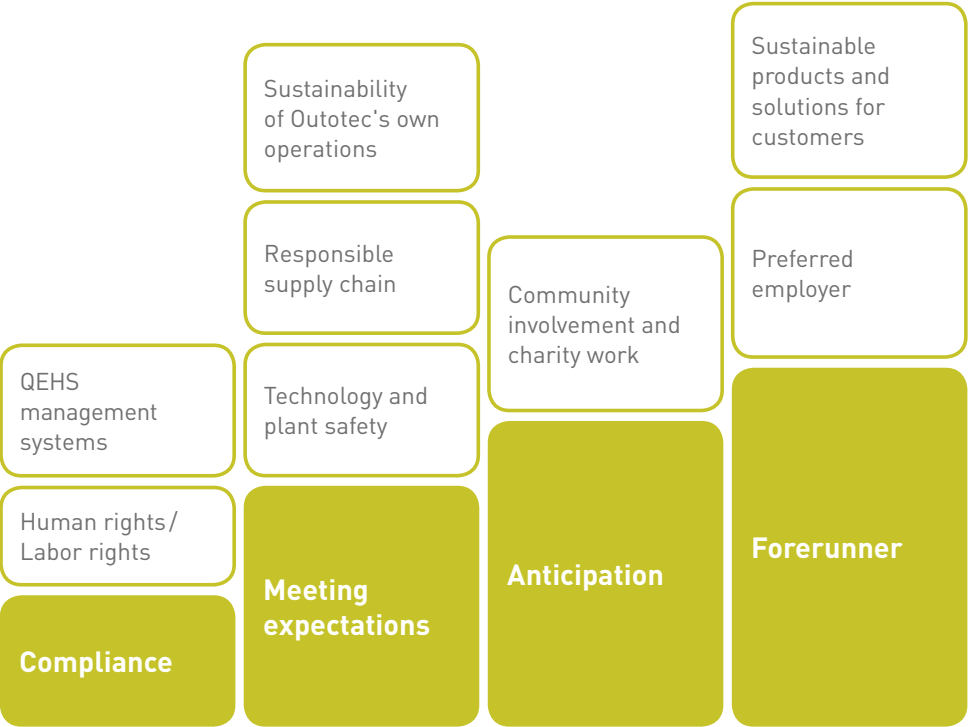
Continuous development of Outotec’s management systems ranks high on the company’s sustainability agenda. In order to operate as a globally integrated company, to grow the business, and to enhance productivity and quality, Outotec is in the process of creating a globally integrated system for quality, environmental health, and safety management.

In 2012, we adopted a comprehensive Code of Conduct which provides our people with ethical guidance on many issues. The Code covers a wide

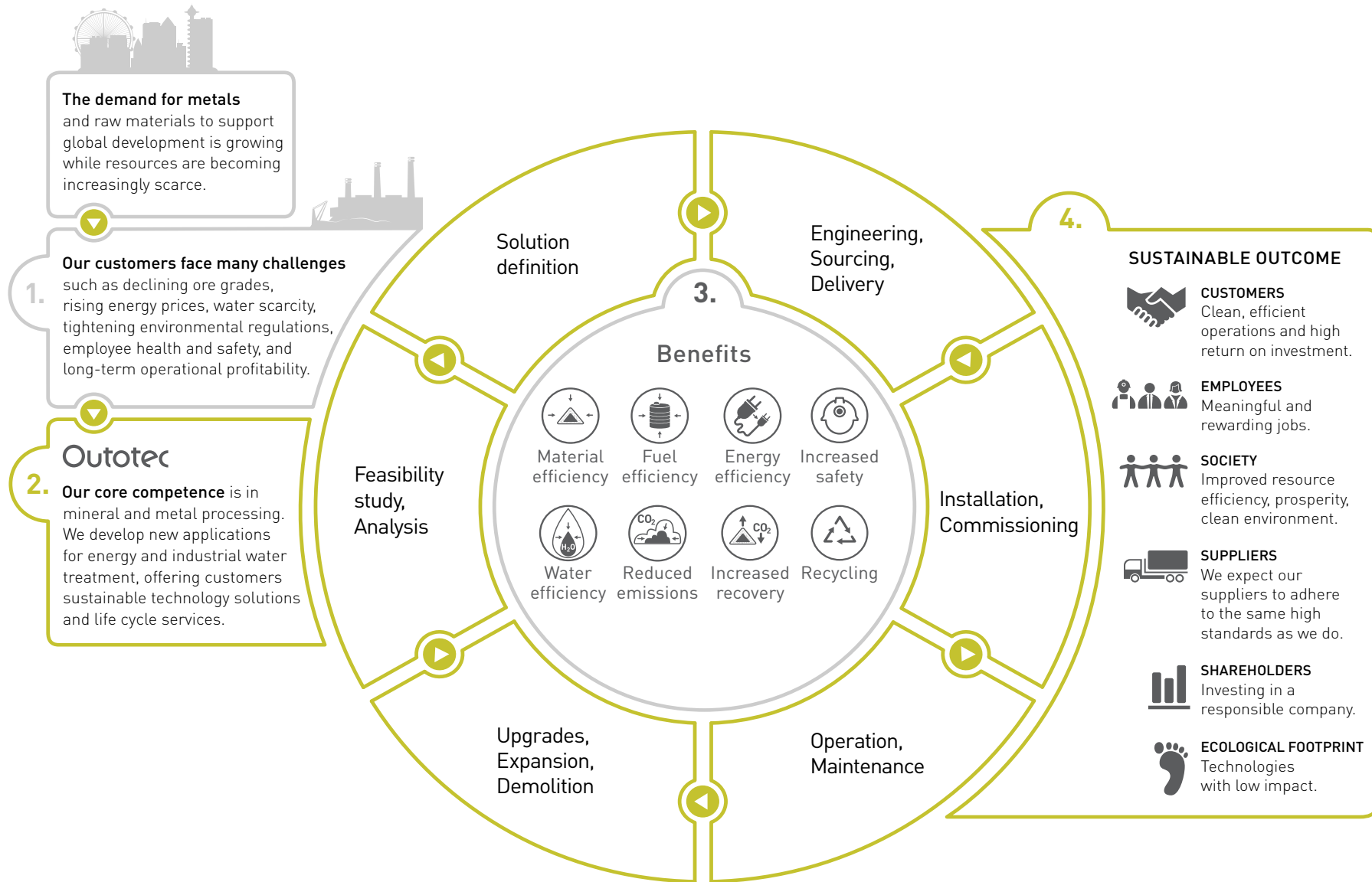
range of issues from internal ways of working to relations with different stakeholders. In many of these areas we have separate, more detailed policies in place.

Corresponding to these concerns and ambition levels, the appropriate GRI indicators were chosen and targets for improvement determined.

Outotec’s most material aspects



We enable sustainable use of Earth's natural resources



Management approach

Economic responsibility

As a listed company, Outotec is committed to increasing shareholder value. The company delivers on this commitment by developing and maintaining competitive and profitable operations based on ethical business practices. Outotec constantly applies principles of good corporate governance and transparent accounting.

Outotec's operations have economic impact upon the local, national, and global communities in which the company operates. We contribute to community well-being through paying taxes in the countries where we operate and through direct and indirect employment, as well as other forms of community involvement. The world's industrial production is increasingly concentrated in Asia to serve the area's rapidly growing large local markets and to supply world markets as a manufacturing powerhouse. Thus, the majority of new metals production capacity is being constructed in the developing markets. Outotec is strengthening its presence and local operations, and it aims to support sustainable development in these markets.

An essential part of Outotec's growth strategy is to complement the company's technology portfolio of sustainable products and services through acquisitions. In 2012, the acquisition of Backfill Specialists strengthened Outotec's offerings for sustainable tailings treatment at mine sites.

Environmental responsibility

Although improving the sustainability of Outotec's operations is an important target for the company, the development and delivery of energy-efficient and environmentally sound solutions for its customers has far more significance for Outotec in terms of environmental responsibility. We intend to further increase the share of environmental goods and services in our offerings.

The major impact of Outotec on the environment is indirect and unfolds through our customers. Our primary sustainability challenge is therefore to help minimize any negative effects our customers' operations may have. This includes assisting them with reducing their impact on the surrounding environment and aiding them in the reuse and recycling of resources involved in their processes.

We aim to reduce the environmental impact of our own operations and improve our performance on all fronts. We therefore follow our greenhouse gas emissions, energy consumption, water consumption, paper use, and waste generation. When selecting new office premises, the environmental criteria are taken into account. For example, the new Outotec facilities in Espoo, Finland, are being built taking into account the LEED® requirements (LEED = Leadership in Energy and Environmental Design).

In line with our Donation Policy, we support initiatives that enhance sustainable development. In recent years,

we have actively participated in Baltic Sea Action Group's program for rehabilitation of the Baltic Sea.

Read more in our impact, p. 33.

Social responsibility

Society

Outotec contributes to community well-being. In addition to paying taxes and providing jobs directly and indirectly, we maintain close cooperation with educational institutions and participate in local initiatives to increase welfare in the countries where we operate.

According to our new Donations Policy adopted in 2012, we can engage in two types of activities. Firstly, we can give donations to global charitable projects that aim to improve sustainable development and/or quality of life. Outotec does not give donations to individuals, political parties or pressure groups, religious organizations or any organizations showing or encouraging any type of prejudice (for example racial, sexual or religious).

Secondly, we have a Community Agenda, which is aimed at supporting local projects in connection with major solution deliveries to our customers. These community projects are based on the needs of the local community in a project delivery location, and they are defined in a dialogue with the local community. We aim at completing the community pro-

jects jointly with our customer, with joint financing. The projects are also selected taking Outotec's own know-how into account and by utilizing it to the furthest possible extent. Furthermore, we want to integrate voluntary work into community projects – both during and off working hours. All Community Agenda projects must bring measurable benefits to the local community.

Human rights and labor practices

Outotec is committed to treating people with dignity. Every individual is equally entitled to enjoy human rights, fair treatment, respect and common courtesy without discrimination and regardless of their ethnic origin, nationality, religion, political views, sex, sexual orientation or age. We follow the principle of equal opportunities, and employees are selected and treated on the basis of their abilities and merits. We do not tolerate any form of harassment, including sexual harassment and other behavior that can be considered offensive, intimidating, discriminating or insulting.

We do not provide goods or services that we know will be used to carry out human rights abuses and we support the realization of basic human rights globally. We will not use any form of compulsory, forced or child labor and we expect the same from our agents, suppliers, contractors and other business partners. We work towards effective abolition of the use of compulsory, forced or child labor globally.

As an international company with a global presence, Outotec values diversity and different cultures at the workplace. We are committed to a working environment with mutual trust and respect, and where everyone feels responsible for the performance and good reputation of Outotec. Outotec maintains continuous communications with employees through information and consultation procedures. Regular briefings and interactive events are organized for personnel regarding the company's financial situation, targets, and successes. In addition, various influencing and discussion channels are used, including online questionnaires, intranet, Outotec Round-Table, and meetings with employee representatives. Outotec respects the freedom of association and the right to collective bargaining.

Competent and motivated people are essential to Outotec's success. Therefore, the company provides continuous training and competence development. The most important responsibility of Outotec's leaders and managers is to help and support our people in personal and professional growth. We nurture a corporate culture, in which people can flourish and be creative. We encourage each other to work together and interact across organizational and national borders.

Innovation is encouraged at Outotec, as our technologies are key assets to our business. Outotec has established a Reward Program for compensating employee innovations. This program was reviewed in 2012 with upgraded rewards.

Outotec is committed to protecting and utilizing the best know-how with regard to occupational health and safety,

and to always providing its personnel a healthy and safe working environment.

In Outotec's customer projects, local subcontractors are also required to be trained specialists. Therefore the risk profile regarding human rights violations is relatively low. Based on our Supplier Policy, we will continue to develop our supply chain management and supplier selection procedures further.

Product responsibility

As a leading provider of technology, Outotec ensures that all the plants, equipment, and services engineered and delivered by the company are reliable and safe through their life cycle. Outotec's products meet with all relevant health and safety laws and regulations as well as safety-related industrial standards. We also organize seminars for our customers to share our views and expertise on the sustainable use of natural resources.

Outotec has a Technology and Plant Safety management process to ensure that all products engineered and delivered by the company worldwide are reliable and meet all applied safety standards during all phases of the life cycle.

We provide information to our customers about the impacts of our products and services (e.g. their energy consumption, emissions, metal recovery, and water usage) and safety information according to industry standards. In industrial processes, safety is an integrated part of the operational manuals we provide.

To get feedback and information on our customers' expectations, we carry out customer satisfaction surveys and conduct case study interviews. Outotec

offers its customers various services and expertise to maintain their plants, which even extend to operating and maintaining the plant on the customer's behalf. This way, we receive continuous direct feedback of the performance of our products.

Towards a globally integrated QEHS system

Outotec is committed to acting responsibly, utilizing the best know-how available in the areas of quality, environment, and occupational health and safety. Outotec's QEHS policy addresses issues from a general perspective, leaving specific details to be elaborated and applied as required. It is each employee's responsibility to ensure that their actions and behaviors comply with this policy.

In order to enable business growth, enhance productivity, secure quality, and ensure compliance with legal requirements Outotec operates as one globally integrated company. Therefore, our management systems for quality, environmental health and safety (QEHS) are being unified. The 'One Outotec' QEHS management system is based on the ISO 9001, ISO 14001 and OHSAS 18001 standards and it defines the procedures, working instructions and templates that are to be used in global business processes.

Several steps towards a world class integrated QEHS management were taken in 2012. Outotec operations in six additional countries achieved their ISO 9001 quality certification. Furthermore, Outotec operations in five countries achieved multi-site ISO 9001 quality certificates. After these achievements and certificates, the integrated QEHS management

system covers most of Outotec's operations in 28 locations and 14 countries.

Outotec's Hazardous Substances Policy was published to ensure that all Outotec technology deliveries are adequately designed, manufactured, installed and commissioned to control hazardous substances. As a minimum requirement for all activities, Outotec is using the chemical specific regulations of the World Health Organization (WHO) and the International Labor Organization (ILO) regulations, including the International Chemical Safety Cards (ICSC).

In 2012 Outotec established a new QEHS portal to share quality, environmental, health and safety information globally. The QEHS portal includes global procedures, instructions, standards and forms. In addition, Outotec's global QEHS team assessed and developed the QEHS process flow charts. A complete set of QEHS modules including process flow charts is now available for Outotec employees in the portal.

Our target is to establish modern management systems to cover all Outotec locations, introduce the key performance indicators and data collection by 2013, and ultimately achieve the new QEHS management system certification in 2013.

The challenge is to integrate our business requirements into one system while keeping the existing certificates valid during the implementation of the new system.

Read more about health and safety, p. 17.

Long-term targets and Sustainability Agenda 2020

In our previous reports we have published annual targets which steer our sustainability agenda. For 2013 we have decided to divide those targets into two categories: key targets and supporting targets. The prioritization is done based on our materiality analysis. We have also clearly improved the measurability of our targets.

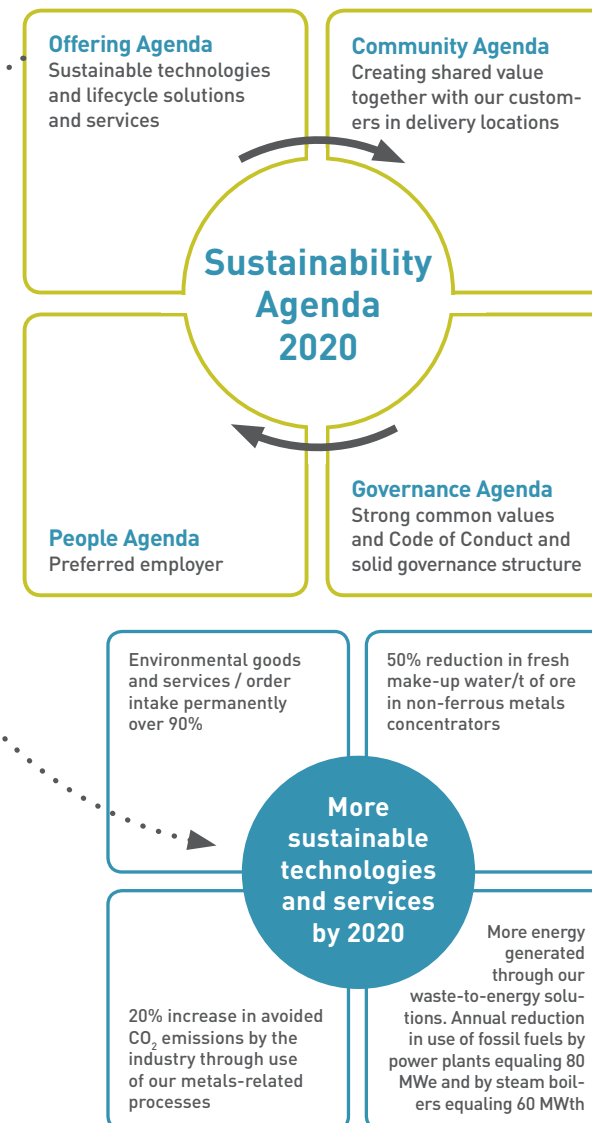
A major improvement in target-setting is that we have decided to add long-term targets up to the year 2020 to complement our annual targets. The first long-term target – 'More sustainable technologies and services by 2020' – relates to our Offering Agenda and it comprises four elements:

- To keep the share of environmental goods and services (EGS) in our order intake permanently above 90 percent. This means that we always seek to sell our latest technology (BAT) to customers.

- 20 percent increase in the amount of avoided CO₂ emissions by the industry through the use of our metals related processes by 2020.
- To generate more energy through our waste-to-energy solutions. The targeted annual reduction in the use of fossil fuels is comparable to 80 MWe power plants and 60 MWth steam boilers as an average.
- 50 percent reduction in fresh make-up water per one tonne of ore in non-ferrous metal concentrators. This is a clear task for technology development and new innovations.

The base line year for the long-term technology related targets is 2012. The second long-term target will be formulated during 2013 on People Agenda, which is the other area considered as most relevant to our business.

Outotec Sustainability Agenda 2020 – driving sustainability as a core element of our brand



OUR WAY OF WORKING

Employees

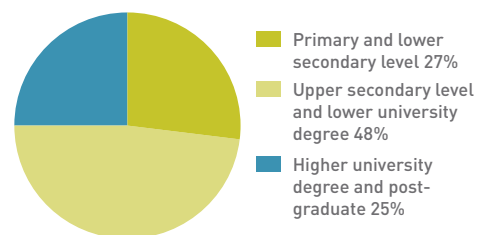
At the end of 2012, Outotec had a total of 4,805 employees. Temporary personnel accounted for about 9 percent of this total. In addition to its own employees, Outotec had approximately 660 full-time equivalent contracted professionals working in project execution and services.

Nearly half of Outotec's employees are based in Europe; however, Outotec also has operations and employees in all the continents.

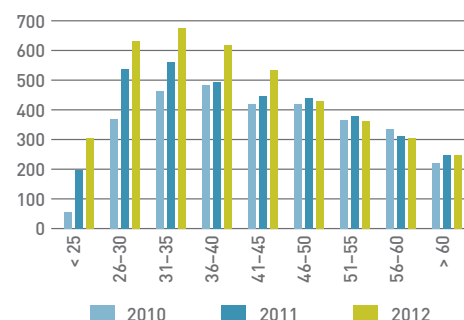
Lowest employee turnover in Europe

During 2012, Outotec's employee turnover remained lowest in Europe.

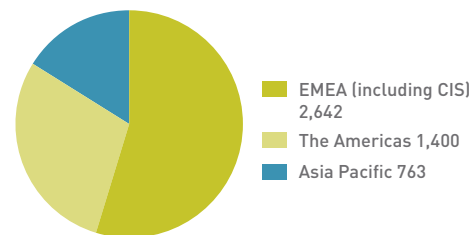
Educational background



Personnel by age range



Personnel by region



Employees	2012	2011	2010	GRI indicator
Number of employees at year end	4,805	3,883	3,130	LA1
Number of employees on average	4,456	3,516	3,151	LA1
Temporary, % of the total number	9	9	8	LA1
Number of full-time equivalent contracted professionals	660	620	328	LA1
Share of women in employees, %*	19.2	20	20	LA2
Share of women in management, %**	15.7	14	11	LA2, LA13
Wages and salaries paid, EUR million	362.6	284.4	224.4	EC1
Average age of employees	40.7	40.7	41.3	LA2

* 2012: n = 4,721 (coverage: 98%)

** 2012: n = 695 (employees in management based on Outotec grading)

Personnel by region	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
EMEA (including CIS)	2,642	2,327	1,945
The Americas	1,400	972	759
Asia Pacific	763	584	426
Total	4,805	3,883	3,130

Competence development

Competent and motivated employees are essential to Outotec's success. Therefore, the company provides continuous training and competence development as well as a healthy and safe working environment for its personnel.

We continued to have a key focus in Outotec on learning, in line with the 70/20/10 concept, so that 70 percent of Outotec's emphasis is on on-the-job learning, 20 percent on learning from others, and 10 percent on formal training programs. In 2012 we emphasized collaboration in teams and leadership in general. Over 300 employees participated in our sales master class program. We invested almost EUR 1.5 million in leadership, coaching, sales and mentoring programs.

Our newly-revised employee engagement survey, taking place in 2013, will capture all of these new concepts in questions relating to how our leaders behave in line with company values and how our leaders direct their people. There will be focused questions about listening, communicating and coaching. The survey will also include several new factors relating to satisfaction regarding the development opportunities offered to our employees. We will start to measure both the engagement and the success of how we help our people learn and develop as we progress over the next few years.

On-the-job learning

Job rotation continued to be high on the agenda and it will become part of

a more pro-active intervention aligned to our talent cycle process in 2013. Outotec's new employees participated in various customer projects to attain practical experience. To enable lifelong learning and uniqueness of knowledge in certain areas of expertise, we encourage our experienced specialists to share their knowledge and to train successors.

Learning from others

Mentoring is also used to transfer tacit knowledge from more experienced specialists to newcomers or less experienced employees. We implemented a mentoring program in Brazil and extended our O'Mentor program to include 30 more people in Finland. We continue to expand the context and principles of mentoring in 2013. We are set to launch 'train the trainer' program in Sweden, India and North America to help them raise awareness and plan to prepare for their own key mentoring programs in 2014.

Active coaching for the Executive Board and senior leaders continued on individual and team levels all over the world. The use of diagnostic tools such as EQ-i Emotional Intelligence & MBTI assessments still had a part to play, and in 2013 we will review the overall concept for these tools to ensure we focus on the right returns.

In addition, monthly leadership reflections and learning went out collectively to a set community of over 100 leaders for refreshing ideas on concepts for leadership.

Employee turnover rate	2012	2012	2011	2011	2010	GRI indicator
	#	%	#	%		
by age group						
<25	22	8	15	8	n/a	LA2
26-30	54	9	40	7		
31-35	62	10	43	8		
36-40	50	9	29	6		
41-45	44	9	23	5		
46-50	24	6	20	5		
51-55	38	12	7	2		
56-60	23	8	18	6		
>60	47	21	9	4		
Total*	364	10	204	6		
by gender						
Women	102	11.3	45	6.1	n/a	LA2
Men	310	8.1	195	6.5		
by region						
Finland	69	5	51	4	n/a	LA2
Germany	32	6	16	3		
Rest of Europe	28	10	12	4		
The Americas	174	12	83	9		
Australia	46	9	18	5		
Rest of the world	63	11	60	13		

* The reason for the difference in the total number in the category 'employee turnover rate by age group' is restricted data of age from one reporting unit.

Personnel survey, %	2012	2011	2010
Employee satisfaction	n/a	65.6	63.7
Survey coverage	n/a	79.4	74.6

Training programs

All global onboarding activities were upgraded in 2012 to support Outotec's high growth rate. The process was clarified and communicated, together with a global onboarding plan template supporting line managers. Two global onboarding events were arranged with recorded webcasts where our senior executives gave an overview of our strategy, operations and values. We also developed self-study materials such as technology inductions and 'a basics of mineral processing' webcast to be globally available for our employees.

After a two-year establishment that focused on internal technology and product training, a new concept and platform for learning, Outotec Learning Point, was finalized for global launch in early 2013. The aim with Learning Point has been to establish concepts, processes and roles needed for systematic competence transfer across Outotec organizations. The range of basic training courses already covers most of Outotec's process equipment for different target audiences. In the first phase training courses are targeted for Outotec employees and in the second phase for customers and sub-contractors. The Learning Point environment was designed and piloted with 650 users. During 2012 39 standardized product training courses altogether were delivered globally. Learning Point will continue to grow, becoming an overall learning platform for Outotec which could eventually cover all elements of self learning.

In 2013 e-learning materials linked to health and safety, legal compliance

and other processes and tools will be piloted internally.

The second group of 48 senior leaders from different parts of the world participated in Future Leaders workshops in Abu Dhabi and India to help understand the cultural impact and needs in areas where our business growth is high. The workshops focused on strategy, adaptive leadership, networking within the matrix organization and enhanced coaching principles to help with team and individual performance. On-going learning groups practicing coaching and projects covering major strategic topics will contribute to the 2020 strategic planning process with active Executive Board sponsorship.

We also launched a more focused program relating to value selling and customer segmentation by partnering with IMD in Switzerland. As part of the program, 48 of our leaders were challenged to help evaluate the right targets for set customer markets. This work continues in 2013.

Since December 2011, we have included organizational cultural workshops and analysis in the integration plans of acquisitions. The aim is to better understand the similarities and differences between the organizational cultures of the buyer and the seller. In 2012 four of these workshops were organized to minimize the symptoms of culture clash, such as increased employee stress, reduced productivity and increased labor turnover.

In addition, there were some local leadership development programs and coaching as well as safety, language, and ICT trainings.

Training	2012	2011	2010	GRI indicator
All types of vocational training and instruction			n/a	LA10
Number of employees	2,990	1,288		
Hours	60,184	32,948		
Paid educational leave provided by Outotec for its employees			n/a	LA10
Number of employees	563	318		
Hours	21,506	4,240		
Training or education pursued externally and paid for in whole or in part by Outotec			n/a	LA10
Number of employees	2,277	1,237		
Hours	28,187	16,569		
Training on specific topics such as health and safety			n/a	LA10
Hours	49,700	9,955		
Training on human right issues		n/a	n/a	LA10
Number of employees	3,019			
Hours	1,509			

In 2012, training hours increased significantly from 2011 because of the large number of new employees who needed support with onboarding, change in organizational culture and improved reporting.

Human rights issues were discussed as part of the workshops organized to discuss Outotec's values. During 2011 we held workshops in all our locations globally, and there was also an online dialogue about our values. The results of this journey were launched in June 2012. We started the full-scale global roll-out in October. All Executive Board members were assigned to local workshops where the values were explained

and a local dialogue was launched. 63 percent of Outotec's personnel participated in local workshops.

Outotec held a seminar in St. Petersburg where topics like prevention of heart diseases, for example, first aid when extremely high or extremely low blood pressure, first aid when fainting etc. and some other occupational health issues (necessity of avoidance of sedentary lifestyle) were discussed.

Through a Medical Alerts and Travel Security Online service provided by International SOS Security Advisors all Outotec employees are informed about diseases and other health, safety and security issues.

Performance development dialogues

Over 95 percent of Outotec employees had performance development dialogues (PDD) in 2012. Personal development plans were added to PDD mid-reviews to ensure systematic performance and competence development as well as a strong leadership mechanism. In 2013 we will focus on embedding our values into the PDD process to align them with set behaviors and to measure 'how' employees achieve their targets, as well as 'what' they achieve against performance targets.

Labor practices

Outotec Round-Table discussed strategy and internal development

Outotec Round-Table is a discussion forum for personnel representatives and management on matters concerning the whole company. It is based on the European Works Council directive 94/95 EU, Article 6 and it covers all employees in the EU countries as well as in Norway and Switzerland. The Outotec Round-Table was held twice in 2012.

Topics discussed included strategy, acquisitions, rewarding, organizational change, and internal development programs. 23 personnel representatives participated in the meetings.

Rewarding

Outotec's Board of Directors believe that an effective compensation policy plays an essential part in the company's future success. It is also in shareholders' interests to have competent and motivated employees working in line with Outotec's targets and strategy. For a technology company such as Outotec, it is very important to be able to recruit and retain world-class professionals, as they are a key asset that help to create the company's intellectual property.

Fair and motivating compensation is achieved through pay that is in line with the requirements of the job and the performance and competences of the employee.

All Outotec employees are covered by an annual bonus system to encour-



Coverage of the benefits provided by Outotec

Benefit	Full time employees covered (%)	Temporary employees covered (%)	GRI indicator
Life insurance	30	10	LA3
Health care	80	50	LA3
Disability/invalidity coverage	90	40	LA3
Maternity/paternity leave	90	40	LA3
Retirement provision	45	30	LA3

2012: n = 3,670 (coverage = 76%)

age performance and personal development. The bonus is only paid to those employees who have been employed by the company for at least six months during the accounting period, or if a person has been hired during the accounting period, the minimum employment time is four months. In addition, the employee needs to be employed by Outotec at the time of bonus payment.

In 2012 Outotec launched an employee share savings plan for the company's employees globally. The first savings period commenced in January 2013. Altogether 1,513 employees in 22 countries (approximately 34% of the employees eligible to participate) save a proportion of their salary to buy Outotec shares. In return, Outotec will reward the participants with free shares in the future. The participation rate is over 50 percent in Finland, Sweden and five other countries. Participation in the share savings plan is entirely voluntary.

In addition, 146 key employees were part of the company's share based incentive program in 2012.

Outotec has several pension plans in various countries. The plans are mainly classified as defined contribution pension plans. In Germany, we use defined benefit pension plans. Other post-employment benefits relate to retirement medical arrangements in Germany.

Read more about employee benefits in Outotec Financial Statements 2012, p. 29.

Other labor practices

54 percent of employees are covered by collective bargaining agreements. Binding collective agreements are followed in each country where they are applicable to Outotec employees.

The minimum notice periods regarding significant operational changes depend on locations and national legislation, and therefore differ significantly. Notice periods range from 2 to 8 weeks up to one year.

Health and safety topics are not covered in formal agreements with trade unions. Health and safety issues are covered by statutory regulations in different laws, and there is therefore no need for separate agreements.

Health and safety

The main focus in the area of quality, environmental health and safety (QEHS) is to harmonize QEHS-management systems and to create common procedures, instructions and tools for all Outotec locations. The target for health and safety is that all main locations are working and will be certified according to the OHSAS 18001 management system before the end of 2013.

Outotec has a medical and security services agreement with the global service provider International SOS to ensure the security and well-being of its employees. This service covers all Outotec employees and service providers for emergencies that occur during business trips, through providing global medical and security assistance 24/7.

Health and safety	2012	2011	2010	GRI indicator
Non-fatal injury arising from or in the course of work	26	48	n/a	LA7
Fatal injury arising from or in the course of work	0	0	n/a	LA7
Lost time injury rate (LTIR) (number/200,000 working hours)	0.40	1.62	n/a	LA7
Occupational diseases	0	0	n/a	LA7
Occupational disease rate (number/200,000 working hours)	0	0	n/a	LA7
Lost days because of an occupational accident or disease	285	408	n/a	LA7
Lost day rate (number/200,000 working hours)	4.35	13.76	n/a	LA7
Absentee rate (%)	1.96	2.61	n/a	LA7

2012: n = 5,873 (own employees and subcontractors on site)

Targets related to health and safety

Target for 2012	Performance in 2012	Target for 2013	GRI indicator
Technology and plant safety: implement technology and plant safety management (TPSM) in all locations with engineering activities.	Target was achieved. TPSM has been introduced in all locations involved in project implementation and engineering.	TPSM is included in all major new technology and plant delivery contracts globally.	PR1
Long term target: zero harm= zero fatalities+ zero incidents+ zero property damages for Outotec and our partners.			



Case: Emirates Aluminium awarded Outotec as its best EHS contractor

Outotec's project team received the certificate and trophy for the best environment, health & safety (EHS) contractor from Emirates Aluminium in July 2012 in Abu Dhabi, United Arab Emirates. Outotec's team is building a green anode plant and anode rodding shop at Emirates Aluminium's aluminum smelter. Steve Stewart, EHS Manager and Michel Saby, Site Project Manager received the award during a ceremony at Emirates Aluminium's headquarters. "We have made numerous proactive initiatives on site to ensure that positive safety culture will be maintained throughout the assignment", explained Steve Stewart, Outotec's EHS Manager. There were 16 contractors competing for the Best EHS Contractor award.

Gender balance and age structure

Because of the master data system introduced in 2011, we are able to report detailed information of the share of females and age structure in each employee category. The low share of women may reflect the typically high share of men in the history of the mining and metallurgical industry.

There were no reported incidents of any type of discrimination in 2012.

Procedures for local hiring

When Outotec starts a new operation in a country, normally an expatriate is sent to take care of integration of the new operation. However, the target is that senior management of the local operation is hired locally. Currently Outotec has an office or operating entity in 25 countries and a local manager in 78 percent of them. Outotec has a harmonized hiring process that allows taking into account local procedures.

Employee categories, gender balance and age structure	2012	2011	2010	GRI indicator
Total number of employees in each employee category*			n/a	LA13
Senior management	126	135		
Middle management	429	496		
Specialists	2,074	1,959		
Blue-collar workers	842	516		
Senior management (%)**			n/a	LA13
Women	10	11		
Men	90	89		
< 30 years old	0	0		
30–50 years	61	68		
> 50 years old	39	32		
Middle management (%)**			n/a	LA13
Women	19	12		
Men	81	88		
< 30 years old	4	3		
30–50 years	69	68		
> 50 years old	27	29		
Specialists (%)**			n/a	LA13
Women	24	27		
Men	76	73		
< 30 years old	15	21		
30–50 years	61	57		
> 50 years old	24	22		
Blue-collar workers (%)**			n/a	LA13
Women	3	4		
Men	97	96		
< 30 years old	31	22		
30–50 years	49	49		
> 50 years old	20	29		
Board of Directors (%)			n/a	LA13
Women	14	14		
Men	86	86		
< 30 years old	0	0		
30–50 years	29	29		
> 50 years old	71	71		

* Grading of all employees not completed yet (n = 3,471; coverage = 72%)

** Data coverage 80% because of local restriction of data reporting

Targets related to employees

Target for 2012	Performance in 2012	Target for 2013	GRI indicator
<p>Further improve the employer image to become a preferred employer: increase the use and develop the content of social media channels (such as Facebook, LinkedIn, Twitter, XING).</p> <p>Survey on employer image using social media participants.</p>	<p>Target was achieved. Social media channels were actively developed with more content creators globally. Global employee value proposition was created based on new hire survey, internal workshops and interviews.</p> <p>In April, survey was made of 400 recently-hired employees from all over the world. The data was then used to build an employee value proposition.</p>	<p>Further develop the employer image:</p> <ul style="list-style-type: none"> • Localized employee value proposition in 5 key countries. • 20% increase in number of followers in social media. • Localized content in social media. (KEY TARGET) 	
<p>Finalize and publish the refined set of Outotec values and integrate them into the management system.</p> <p>Publish the new Code of Conduct and the related e-learning platform.</p> <p>Continue ethical dialogue in internal social media with all employees and in the Management Forum.</p>	<p>Target was partially achieved. Our values framework, published and communicated to employees in 2012, was built around 'committed to sustainability' as the core value.</p> <p>The new Code of Conduct was created. The implementation and related e-learning platform was postponed to 2013.</p>	<p>Code of Conduct implementation:</p> <ul style="list-style-type: none"> • E-learning solution created and 80% of personnel trained. (KEY TARGET) 	S03
<p>90–95% of employees have their performance development dialogue (PDD) using the new tool.</p> <p>Develop the tool to include individual development.</p>	<p>Target was achieved. Over 95% of employees used the new PDD tool for defining their targets, and a personal development plan function was developed in the tool.</p>	<p>Performance development dialogues:</p> <ul style="list-style-type: none"> • All employees have had PDDs according to defined policy. 	LA12
<p>Study the possibilities to increase the sustainability of our own operations, for example telecommuting, i.e. remote working from home (social and environmental impact).</p>	<p>Target was achieved. Our values framework, published in 2012, was built around 'committed to sustainability' as the core value. In addition to video conferencing, sustainability also guided decisions on our new Espoo premises (our biggest office) are being built in full consideration of LEED® (LEED = Leadership in Energy and Environmental Design) requirements.</p>	<p>Improving life balance and sustainable leadership:</p> <ul style="list-style-type: none"> • Global guidelines for remote working and flexible working time to be published. • Sustainable leadership implemented through performance evaluation concept and leadership training. 	EN18, LA11
<p>Technology and plant safety: take technology and plant safety management (TPSM) into use in all locations with engineering activities.</p> <p>Long term target: zero harm= zero fatalities + zero incidents + zero property damages for Outotec and our partners.</p>	<p>Target was achieved. TPSM has been introduced in all locations involved in project implementation and engineering.</p>	<p>Technology and Plant Safety Management:</p> <ul style="list-style-type: none"> • TPSM is included in all major new technology and plant delivery contracts globally. 	PR1
<p>Define and implement the HC Master Data related processes. Develop the HC Master Data system and HC reporting further.</p>	<p>Target was partially achieved. Quality of data in the HC Master data system was improved through closely followed training of local Human Capital personnel globally. HC reporting was further developed based on Master Data, but because of matrix organization, further needs were identified and a project to fulfill those needs was started in late 2012.</p>		LA1–13

Read more about Outotec's interaction with stakeholders, p. 26.

R&D and innovation

Outotec's success is based on a strong portfolio of world-class technologies, robust expertise and innovative personnel. To stay at the forefront of sustainable solutions, we continuously improve and develop our proprietary technologies. We will further strengthen our portfolio of sustainable solutions for the entire value chain from ore to metals and complement our in-house R&D with acquisitions and partnerships.

We cooperate with universities, research institutes, and customers in R&D. Outotec has 630 patent families, over 5,740 national patents and applications, and over 70 trademarks. Key areas of expertise are physical separation, metallurgy of solid-state materials, chemistry including pyro- and hydrometallurgy, as well as gas-handling technologies. We have 18 competence centers and in-house research centers, state-of-the-art laboratories, and test facilities, which have enabled dozens of Outotec technologies to become best available techniques (BAT) and industry standards. Outotec also has extensive knowledge of material technology, plant and equipment engineering, equipment and process automation, and the implementation of large international projects.

Outotec actively strives to explore new applications for its technologies. Among other sectors, energy and industrial water treatment in particular offer significant and attractive growth opportunities. Both of these sectors require solutions for utilizing raw materials in an efficient and environmentally sound way. For some time now, energy costs and stringent legislation have led users to seek out energy-efficient

technologies. Water is also an increasingly scarce resource, and its efficient use, along with recycling and purification processes, is a goal of steadily mounting importance in the customer industry.

The growth opportunities offered by energy and industrial water treatment are attractive as they show high synergy potential and manageable risks. Outotec's energy and environmental solutions business includes offerings for bioenergy, water, improved heat recovery, and applications for oil shale and oil sands. Naturally, all of the company's business areas focus on energy and water efficiency, emission reductions and waste management in their product development. In addition to in-house R&D, Outotec develops sustainable solutions in partnership with other companies. For example, by utilizing its expertise in solid-water separation technologies, Outotec cooperates with Kemira to improve the oil recovery and water efficiency of oil sands extraction.

Targets related to R&D

An essential part of Outotec's strategy is to complement the company's technology portfolio of sustainable products and services through acquisitions. In R&D, Outotec focuses on technology development to increase resource efficiency by, for example, reducing energy and water consumption and the environmental impact of the company's products and services. We plan to keep the percentage of environmental goods and services (EGS) in our order intake on the level of 85–95 percent through product development and acquiring sustainable technologies, and above 90 percent as the long-term target.

Target for 2012	Performance in 2012	Target for 2013	GRI indicator
Increase the percentage of environmental goods and services (EGS) in order intake. Long-term target is to reach a level of 80–90%.	Target was achieved. 89% of order intake classified as EGS.	EGS % of order intake: maintain the percentage of EGS in order intake on the level of 85–95% and above 90% as the long-term target. (KEY TARGET)	EN6
Increase the investment in R&D in line with business growth.	Target was partially achieved. R&D expenditure was EUR 41.6 million, representing 24% growth from 2011. However, because of the strong business growth in 2012, the share of R&D of sales was 2.0%, which is lower than in 2011 (2.4%).	Done, sustained as normal business practice.	EN6, EN26
Continue growth through acquisitions to complement Outotec's technology portfolio.	Target was achieved. Outotec made four acquisitions in 2012. The acquisition of Backfill Specialists brought new solutions for sustainable tailings treatment into Outotec's portfolio.	Sustainable acquisitions: continue growth through sustainable acquisitions based on M&A target assessment criteria. More than 50% of acquisitions must increase sustainability offering or improve sustainability agenda.	EC1

R&D and innovation	2012	2011	2010	GRI indicator
R&D expenditure, EUR million	41.6	33.5	28.5	EN6, EN26
R&D expenditure, % of sales	2.0	2.4	2.9	EN6
R&D grants, EUR million	1.8	2.1	1.3	EC4
Amount of new patent applications filed	70	41	50	
New national or regional patents granted	286	326	287	
Amount of patent families	630	583	565	
Proportion of environmental goods and services in order intake, %	89	87	72	EN6

Values and Code of Conduct

In 2011, a dialogue with employees was started concerning Outotec's values and Code of Conduct with the purpose of discussing and redefining them. Approximately 60 percent of employees participated in workshops and also gave their input in an online questionnaire. After thorough analysis of the workshop results and on-line feedback, we redefined our values for 2012. At the core is our commitment to sustainability. For us, sustainability means a good balance between social, economic and environmental responsibility. We want to behave in a sustainable manner in all our relationships, whether internal or external. As we are growing larger and more multicultural as an organization, we must ensure that we not only rely on manuals and policies, but on a strong ethical culture built on our common values. We want to encourage everyone at Outotec to consider their actions through one simple question: "Is this sustainable?"

In addition to our core value of sustainability, we have three very important value statements:

- 1) Creating leading technologies: this means creating technology breakthroughs and leading the way, seeing change and complexity as opportunity, leveraging our expertise, encouraging innovation and rethinking as well as leading in sustainable technology.
- 2) Building success together: this means pursuing our mission, building long-term sustainable customer and supplier relationships, trust and respect, celebrating success together, taking care of life balance, leveraging diversity, and acting with courage.
- 3) Aspiring for excellence: this means continuous improvement every day, setting the bar high, challenging the status quo, growing and renewing ourselves as individuals, staying humble and adaptive to learn, finding out what good looks like and flourishing in what we do.

Watch the Outotec journey.

Watch the CEO talking about values.

Read more about our corporate responsibility policy at www.outotec.com/sustainability

Outotec values



Targets regarding values and Code of Conduct

Target for 2012	Performance in 2012	Target for 2013	GRI indicator
Finalize and publish the refined set of Outotec values and integrate them into the management system.	Target was partially achieved. Our values framework, published and communicated to employees in 2012, was built around 'committed to sustainability' as the core value.	Code of Conduct implementation: e-learning solution created and 80% of personnel trained. [KEY TARGET]	S03, HR3
Publish the new Code of Conduct and a related e-learning platform.	The new Code of Conduct was created. The implementation and related e-learning platform was postponed to 2013.		
Continue ethical dialogue in internal social media with all employees and in the Management Forum.	Ethical dialogue was not conducted due to the postponement.		

These values were launched to the top management for final review in our Management Forum in June 2012. We started the full-scale global roll-out in October. All Executive Board members were committed to local workshops where the values were explained and a local dialogue was launched. Almost all Outotec locations were covered by the end of 2012, and the rest will be covered during 2013. The first deployment phase concentrated on our mission and the core value. The second phase starting in 2013 will concentrate on the other three values.

Building on our values, in 2012 we adopted a comprehensive Code of Conduct which gives our people ethical guidance in many issues. The code covers a wide range of issues from internal ways of working to relations with different stakeholders. The first section covers human rights, integrity in the working community, health & safety, employee development and innovations, privacy as well as intellectual property issues. The second section deals with compliance, reporting and regulations, conflicts of interests and insider rules. The third section looks at dealing with our business partners and gives guidance on gifts and entertainment, dealing with suppliers, fair competition practices and actions against money laundering. The fourth section concentrates on relations with communities and governments, and defines the principles in those relations, anti-corruption, donations and environmental responsibility.

In many of the areas covered by the Code of Conduct, we have separate,

more detailed policies in place. The code also provides for a method for raising concerns. The implementation of the code will start in 2013 with training and a help-line to be established.



Committed to the Global Compact initiative

Outotec has signed the United Nations Global Compact initiative and committed to its principles of human rights, environment, labor, and anti-corruption. By joining the Global Compact initiative in 2010 Outotec has expressed its intent to further advance sustainability and social responsibility principles in its business practices.

Compliance with regulations and laws

Outotec endorses ethical business practices and complies with national and international laws and regulations. In 2012, Outotec did not encounter any competition law related suspicions. Outotec did neither have to pay any fines and was not exposed to any non-monetary sanctions for non-compliance with laws and regulations. Nor did any issues emerge concerning the rights of indigenous people.

Outotec detected one case, where an employee was suspected of abuse of organizational position where minor corruption was also involved. Further an external person was suspected of sending intentionally falsified VAT invoices to Outotec, said behavior entailing tax liability.

Our products comply with industrial health and safety standards and

UN Global Compact's ten principles		Outotec
Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> • Values • Corporate Responsibility Policy • Quality, Environmental Health and Safety (QEHS) Policy • Local health and safety systems • Employee training and development • Collective bargaining agreements
Principle 2:	Businesses should make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> • Corporate Responsibility Policy • Values • Supplier Policy
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> • 54% of employees covered by collective bargaining agreements
Principle 4:	Businesses should uphold the elimination of all forms of forced and compulsory labor	<ul style="list-style-type: none"> • Corporate Responsibility Policy • Supplier Policy
Principle 5:	Businesses should uphold the effective abolition of child labor	<ul style="list-style-type: none"> • Corporate Responsibility Policy • Supplier Policy
Principle 6:	Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> • Corporate Responsibility Policy
Principle 7:	Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> • R&D, technology development to improve process solutions environmental performance, comply with all relevant environmental legislation, risk management (materials used, products, processes) • QEHS management systems • Risk management system • Technology Policy
Principle 8:	Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> • R&D, technology development • Energy-efficiency agreements in Finland • QEHS systems • Outotec products and services comply fully with local environmental laws and regulations
Principle 9:	Businesses should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> • BAT offerings, sustainability KPIs in Outotec solutions • Outotec mission and vision • Sustainability features in product design
Principle 10:	Businesses should work against corruption in all its forms, including extortion & bribery	<ul style="list-style-type: none"> • Corporate Responsibility Policy • Anti-Money Laundering Policy

regulations. We provide extensive product information for customers in the form of user manuals and technical descriptions. No non-compliance concerning the provision and use of products and services has been reported to Outotec.

In 2012, Outotec's subsidiary in South Africa improved its Broad-Based Black Economic Empowerment (BBBEE) rating from Level 6 to Level 5 contributor, which means that Outotec customers can recognize 80 percent of their spend on Outotec products as BBBEE Preferential Procurement. BBBEE program has been initiated by the South African government to distribute wealth across as broad a spectrum of South African society as possible. Outotec launched a program to improve its scorecard and become compliant to industry expectations in this regard in 2011.

Internal control and audit

Internal control and audit are a fundamental part of Outotec's corporate governance and management systems. Outotec's internal audit system monitors that the company's operations are efficiently managed and profitable, risk management is at sufficient level and the information provided for external and internal purposes is accurate. The internal audit function reports administratively to the CFO, but in matters

related to the internal audit reports directly to the board's audit committee and the CEO. The Audit Committee approves the annual and long-term internal audit plans. Audit findings, recommendations and management corrective actions are reported regularly to the Audit Committee.

Internal auditing helps Outotec to comply with good corporate governance and gives management an independent perspective in considering and reviewing the company's operations. The function brings a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

Outotec's internal and external audit processes take into account eventual corruption suspicions and fraudulent acts. Legal seminars are held throughout the organization on a regular basis to train employees in its anti-corruption policies and procedures for the purpose of preventing misconduct and crimes.

In 2012, Outotec defined a new Internal Audit Policy to specify the guidelines to be followed in internal auditing. In addition, a process with related documents was published on the intranet and communicated to employees. Two extensive audits were conducted, one in the human capital function and its processes, and the other in compliance and fraud risk management.



Governance and sustainability

Outotec follows the Finnish Corporate Governance Code (available at www.cgfinland.fi) issued by the Securities Market Association in June 2010 and adopted by the NASDAQ OMX Helsinki stock exchange. Outotec complies with the regulations and recommendations issued by NASDAQ OMX Helsinki. The Corporate Governance Code is based on self-regulation and complements statutory procedures. Outotec's Corporate Governance Statement 2012 has been prepared in accordance with the recommendations of the Finnish Corporate Governance Code and related instructions issued by the Securities Markets Association.

At Outotec, the Executive Board is responsible for our Sustainability Agenda. The Executive Board approves the sustainability strategy, targets and reporting. The Senior Vice President for Communications and Corporate Responsibility, a member of the Executive Board, has the overall responsibility for coordination and development. The responsibility for issues related to the sustainability of our products and services lies with the Technology and Product Board chaired by the CEO. Decisions made, actions, and commitments are reported to the Board of Directors. Sustainability is integrated into all relevant organizational functions, such as human capital, supply, legal, health and safety etc. In addition, there is a working group that meets several times a year.

Monetary incentives related to sustainability

Employees working with sustainability and environmental issues have personal targets set in their annual bonus plans. This mainly pertains to environmental and sustainability managers. Inventors working with new, patentable solutions also receive monetary rewards for their inventions. Furthermore, Outotec rewards all employees for making proposals that improve the sustainability of the company's internal processes.

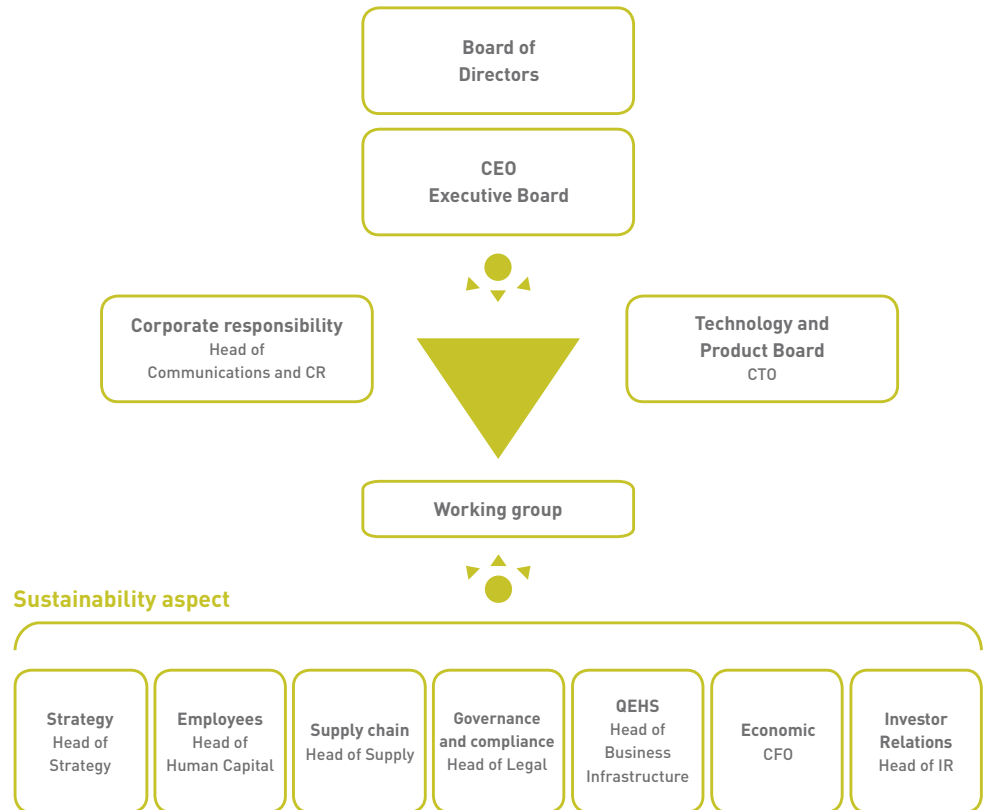
The company's research center in Pori, Finland applies a reward system based on balanced scorecard indicators. The majority of Outotec's technology development projects focus on raw material and energy efficiency improvements and thus CO₂ and other emission reductions. Water efficiency is also often a driver for Outotec's research, and customers expect Outotec to develop new technologies that result in energy and cost savings.

Board work

The Board of Directors of Outotec consists of seven members, six of which are independent. Tapani Järvinen, who was the former CEO of the company until the end of 2009, is defined as dependent because of his employment relationship. One of the board members is female.

In 2012, the Board of Directors met 13 times. The average attendance of

Decision making in sustainability issues



members at board meetings was 96 percent. The Board of Directors assesses its performance annually. The annual evaluation regarding 2012 was conducted by an external advisor.

The remuneration of board members is described in Outotec's Financial Statements 2012, p. 10. There is no linkage between the compensation for board members and Outotec's social or environmental performance.

The Board of Directors has a human capital committee, consisting of four members, to ensure that all human capital related topics – such as ethics and values, resourcing strategy, competence and performance management, and compensation arrangements – support the strategic aims of the business and enable the recruitment, development, motivation, and retention of key personnel while complying with the requirements of regulatory and governance bodies and satisfying the expectations of shareholders. The human capital committee met five times in 2012 with average attendance of 95 percent.

In 2012, Outotec's Annual General Meeting decided to establish a nomination board. Its duties include search,

preparation and presentation of member candidates for the Board of Directors, as well as Board of Directors' remuneration matters. The nomination board consists of representatives of the three largest shareholders of Outotec, plus the Chairman and Vice Chairman of the Board of Directors. It also prepares proposals for the election and remuneration of the members of the Board of Directors to the Annual General Meeting.

The board has an audit committee consisting of four board members, who are independent of the company. This committee's task is to review in greater detail than is possible for the board as a whole the auditing work, the internal controls, the scope of internal and external audits, invoicing by the auditors, the company's financial policies, and other procedures for managing company-specific risks. In addition, the audit committee prepares recommendations to the General Meeting of Shareholders concerning the election and fees of the auditors for the company. In 2012, the audit committee met four times and the average attendance of members in these meetings was 92 percent.

Read more about Outotec's Corporate Governance Statement 2012 at www.outotec.com/cg

Target for 2012	Performance in 2012	Target for 2013	GRI indicator
Finalize and publish the refined set of Outotec values and integrate them into the management system.	Target was partially achieved. Our values framework, published and communicated to employees in 2012, was built around 'committed to sustainability' as the core value.	Code of Conduct implementation: e-learning solution created and 80% of personnel trained. (KEY TARGET)	S03, HR3
Publish the new Code of Conduct and the related e-learning platform.	The new Code of Conduct was published. The implementation and related e-learning platform was postponed to 2013.		
Continue ethical dialogue in internal social media with all employees and in the Management Forum.			
Improve the system for sustainability KPIs collection.	Target was partially achieved. GRI indicator collection improved in 2012. A validation check for all business units was integrated in the reporting tool that highlights changes over 20% compared to the previous years and asks for verification of the data controller. This is yet another step in improving data quality.	Improve sustainability governance model: strengthen sustainability focus on all levels and improve integration throughout the organization.	
Include the relevant sustainability KPIs in core business and shared function processes.	The work with including sustainability KPIs in core business processes did not progress as rapidly as planned, and the work continues in 2013.		
Refine the supplier assessment process further covering sustainability aspects and deploy globally.	Target was achieved. The supplier assessment process has been defined and officially released. A pilot study was carried out with a Chinese supplier.	Suppliers: 300 major suppliers have committed to new Supplier Policy.	EC6, HR2

Interaction with stakeholders

Outotec's most important stakeholders are customers, current and future employees, suppliers, shareholders, and the scientific community. These key stakeholders have been prioritized in the sustainability working group. In addition, we cooperate with media as well as public and non-governmental organizations. Outotec has dedicated functions to deal with its key stakeholders in an open and continuous dialogue and to enhance transparency.

Customers

Outotec's customers include companies using natural resources as their raw material, such as mineral and metal processing companies as well as producers of industrial minerals, fertilizers, sulfuric acid and energy. We have long relationships with the majority of our customers. As a provider of tailored technological solutions and services, we continuously interact with our customers on various levels during the lifetime of their investment or plant. Personal discussions and site visits are always needed in Outotec's business. We have joint R&D projects with customers in order to develop the best possible solution for their specific needs.

In addition to regular business contacts, we organize seminars, users' meetings, training, and workshops for customers. To get feedback and information on customers' expectations, we conduct customer satisfaction surveys and case study interviews. Furthermore, it is industry practice that the experts of both producers and technology suppliers exchange information and experiences and meet frequently at technical conferences and trade shows around the world.

Sustainability expectations

Outotec studied its customers' sustainability targets and the requirements they set for their suppliers in 2011. The study included 195 companies and was based on publicly available information. According to the study, the most reported targets were on energy consumption, greenhouse gases (emissions), water use, waste management, and safety performance. The requirement for suppliers was often the supplier's code of conduct, and occasionally customers expect suppliers to follow their own code of conduct. Other requirements Outotec's customers set for their suppliers were linked to human right issues and sustainability.



Case: Global conference for ferroalloy producers in South Africa

Outotec organized the 7th global Steel Belt Sintering conference for its license holders in Pretoria, South Africa in October 2012. Outotec has organized this conference every second year since 2000. A total of 57 people attended the Pretoria conference representing 11 ferroalloy plants using Outotec Steel Belt Sintering (SBS) technology in South Africa, Brazil, Kazakhstan and China. The theme of the conference was "Back to Basics". Besides technical papers, the conference was a workshop between producers and Outotec. The idea was to provide a common floor for SBS technology users to exchange experiences and ideas regarding the operation of their ferroalloy plants. For Outotec, the users' conference is an opportunity to present the latest developments in the SBS process. The participants also visited Xstrata's Wonderkop chromite pelletizing plant near Rustenburg.

In addition, Outotec studied the sustainability expectations of twelve major metals producers based on their sustainability reports. As expected, the main challenges were related to energy efficiency, GHG emissions reductions, GHG emissions trading, other emissions into the air, water efficiency, water protection, waste management, efficient use of resources, environmental protection, biodiversity, and health and safety. Because of the mature nature of the sampling group, many of the planned actions were targeted towards the improvement of existing operations. For the companies studied, it is of utmost importance that sustainability not only ensures their license to operate but also improves their profitability. For instance, energy efficiency, reduced CO₂ emissions, and efficient resource use are essential factors for improved cost effectiveness.

Outotec's customers are very well aware of their sustainability aspects and publish this information in their sustainability reports and web pages. Often environmental legislation drives their activities to improve sustainability performance (e.g. emission reductions, land use, safety). However, customers are increasingly realizing the potential to improve profitability by energy-, water-, and resource-efficient processes.

In 2012, Outotec did not carry out further research on its customers' sustainability expectations.

Awards in customer work

During the implementation of Codelco's Mina Ministro Hales project in Chile, Outotec's site manager Ino Dralle was awarded with the "Site Manager 2012" recognition for his excellence and leadership by Codelco's HSE Council "Consejo Amplio de Sustentabilidad

nº12". Competing with over 90 companies, Outotec achieved this annual award thanks to its confidence, accomplishments, sustainability and environmental management results. Outotec's team on site included 43 professionals supervising the activities of 1,600 workers. In the Mina Ministro Hales project Outotec is delivering five plants: a roasting plant, a gas cleaning plant, a sulfuric acid plant, an effluent treatment plant and a copper concentrate filtration plant. The work for this project worth over 150 million euros, started in November 2011. Outotec has also achieved a total of up to two million hours without lost time accidents (LTA) in the project.

Current and future employees

Outotec's aim is to be an open and equal work community. The company culture encourages everyone to discuss and develop Outotec's operations. Regular briefing and interactive events are organized for personnel regarding the company's financial situation, targets, and successes. In addition, various channels are used for discussion and influence, such as the intranet, Outotec Round-Table, and meetings with employee representatives. A new interactive intranet was launched at the end of 2012 to enable interactive communication and information sharing globally.

Outotec's Young Professionals network had its first full operating year in 2012 in Finland and it will be expanded globally in the future. The network is meant for young or young-at-heart Outotec employees to ease networking across business units, improve professional pride, and share career experiences across the organization. The target is to create a pool of young, active, and energetic people for fairs, career infos, customer events, student visits, photo shoots, summer trainee mentoring, and round table discussions. The network arranges activities with a positive atmosphere: lunch dates and after-work activities such as game evenings, sports, and picnics. During 2012, the network, for example, visited a limestone mine museum, played beach volley and Finnish baseball, and discussed how the working week could be redesigned.

Based on web surveys, students and persons looking for job is one of the

largest visitor groups at www.outotec.com, therefore we developed the Careers section on our website in 2012. We also increased the use of social media in employer branding and as channels to interact with potential employees. The number of Outotec followers in Facebook nearly doubled from about 1,000 likes in January to 1,900+ likes in December. The number of Twitter followers grew even faster from about 270 followers to over 700 followers in 2012.

Read more about our employees, p. 13.

Watch an interview with Outotec employee Aditi Basu of Kolkata, India.

Students

We have identified students and future employees as an important stakeholder group with an increasing interest in sustainability and our performance as a responsible employer.

To increase recognition and to strengthen its employer image, Outotec has actively sought different forms of collaboration with university students. We organize visits, internships, cooperative work on research, topics and supervision of diploma theses, field trips to production plants, and lectures on various topical issues. Many graduate students have contributed to the development of Outotec's technologies through their M.Sc. and post-graduate research.

As part of the cooperation program Outotec established with the Ministry of Minerals Resources and Energy of



Case: study program for Mongolian students

Munkhtuya Ganbat was one of the students who took part in a study program financed by Outotec. She had attained a B.Sc. in minerals processing and was doing her M.Sc. at the Erdenet Institute while also working as a research engineer at Erdenet Mining Corporation. According to Ganbat, she became interested in the discipline because the mining sector is developing very quickly in Mongolia and there are currently many opportunities. In Finland her overall experience was very good and she managed to learn many new things, although the fast pace of studying surprised her at first. The most memorable aspect for her was when the group traveled for two weeks around Finland and visited places such as the Pyhäsalmi mine, Talvivaara's processing plant, and Outotec's Pori research center. During the final seminar of the study program her topic was "Copper production and its environmental impact".

Mongolia (MME) in 2011, Outotec sent four Aalto University professors to give lectures at the universities of Darhan, Erdenet and Ulan Bator in February 2012. The cooperation was deepened when Outotec brought a group of Mon-

golian students to Finland in April to study minerals engineering and metallurgy for their master's theses. The study program comprised three months of intensive training at Aalto University and was financed by Outotec.

Investors

Investors are increasingly interested in Outotec's corporate responsibility and sustainable technologies. In 2012, we had some sustainability-specific dialogues with major investors.

In addition to Finnish law, EU directives, Corporate Governance, and stock exchange rules and regulations, Outotec's IR policy is based on self-regulation, which is embodied, for the most part, in Outotec's Corporate Governance and Disclosure Policy.

Diverse shareholder base

Outotec's investor base is widely spread geographically and the company's free float is close to 100 percent. Some 46 percent (Dec 2012) of the company's shares are held outside Finland and the largest three shareholders account for some 20 percent of the shares. There are numerous requests for information from the capital markets regarding the company's business operations, financial performance, corporate governance and environmental and social issues. The aim in communicating with the capital market is to ensure that the market has a true and fair view of the company's financial position, operations, and future prospects in order to make investment decisions. 22 analysts conducted research on Outotec.

At the end of 2012, Outotec had 15,312 shareholders. Shares held in 16 nominee registers accounted for 44.4 percent and Finnish households held roughly 10.7 percent of all Outotec shares.

Continuous dialogue

Outotec's IR team has a continuous dialogue with investors and analysts and

meets them on a regular basis at quarterly reporting events, investor meetings, road shows, industry seminars, and annual general meetings.

In addition to interim and annual financial reviews, the CEO's Q&A sessions continued to be an important channel to maintain a dialogue in between the interim reviews and to comply with fair disclosure. These live webcasts aim to give further clarity on information made public earlier. In order to serve the capital market efficiently, to ensure equal access to company-related information, and to comply with disclosure requirements, the live webcasts are recorded and available on demand for future reference.

As part of the annual Capital Markets Day, webcasted live from Hamburg, Outotec's management shed more light on company strategy, business operations, and long-term plans, as well as newly introduced technologies and customer cases. Participants were also given the opportunity to visit Outotec's customer Aurubis.

In 2012, Outotec had 16 road-show days, 50 group meetings, 15 conferences, 44 teleconferences, 133 one-on-one meetings at Outotec's head office, two IRO sales team briefings and four private investor seminars. As part of the 2012 IR strategy, Outotec targeted investors in the area of clean technology, SRI and energy, and met with 22 funds.

Outotec published a quarterly IR Highlights bulletin, which is an information collage of published orders, news and events during the quarter.

Good reputation amongst investors

In 2012, Outotec was ranked 10th best company in a survey made by Pohjoisranta Burson-Marsteller and Arvopaperi magazine for evaluating the reputation of 70 listed companies in Finland during the year. Outotec's reputation was ranked 8th best in 2011. Outotec's CEO Pertti Korhonen was ranked 7th on the list of most reputable CEOs in the same survey.

The survey has six different dimensions to measure reputation, using factors related to corporate culture and leadership, financial excellence, public image, products and services, social responsibility, and operational dynamics.

Read more about shares and shareholders in Outotec's Financial Statements 2012, p. 75.

Watch an interview with one of our largest shareholders, Solidium in Finland.

Read more about Outotec as an investment target at www.outotec.com/Investors

Sustainability indexes

The Global 100
RobecoSAM 2013
STOXX® Global ESG Leaders

CARBON DISCLOSURE PROJECT



Suppliers

Outotec's supply chain includes thousands of suppliers globally. These represent (but are not limited to) assembly workshops, component manufacturers, distributors, logistics services providers and construction and engineering companies.

Supplier selection is of key importance in Outotec's business. Outotec gives performance guarantees for the plants and processes it deliver to its customers. Naturally, Outotec is responsible for the equipment and materials supplied as well as engineering, construction and service work provided by its suppliers and subcontractors. Outotec is determined to further develop long-term relationships with selected suppliers, as well as establishing global, common procedures for supplier qualification, quality assurance, continuous monitoring and joint continuous improvement of processes and practices.

Outotec has two policies serving as the basis for collaboration with suppliers. Supply Policy is the umbrella policy, covering all the key elements around supply, namely how supply activities in the company shall be steered, from the strategic to the operational level, how supply quality shall be built, and a code of conduct for all people involved in supply-related activities. The Supplier Policy is publicly available and all Outotec suppliers are to comply with it. This policy defines the high-level requirements for Outotec suppliers. The policy sets principles on elements like ethical conduct,

compliance of laws and regulations, environment, health and safety, labor, intellectual property and improper benefits.

Read more about the Impact of our supply chain, p. 50.

Watch an interview with one of Outotec's suppliers, Teknikum in Finland.

Scientific community

In 2012, Outotec continued its cooperation in the development of environmentally sound technologies with various organizations. As an expert in the European Union's technical working group and in an environmental working group of the Federation of Finnish Technology Industries, many Outotec representatives participate in the updating of the BREF on non-ferrous metals, a reference document which defines best available techniques (BAT). In addition, Outotec has been involved with the work of the International Copper Association's Health, Environment and Sustainable Development Steering Committee, European Technology Platform – Sustainable Minerals Resources High Level Group, among other organizations.

In addition, one of Outotec's experts is a lead author and editor of a document on recycling technology under the auspices of Dr. Ernst von Weizsaecker, the co-chair of the UNEP resource panel.

The Tapani Järvinen Environmental Technology Fund, established in 2010

at the Aalto University School of Science and Technology to promote the research of environmental technology, granted a scholarship in 2012 to Professor Mika Sillanpää of the Lappeenranta University of Technology for his dedication to environmental technologies. The basic capital for the fund was donated by Outotec.

Based on the Cooperation Agreement with the Ministry of Minerals Resources and Energy of Mongolia, Outotec and Aalto University organized a training course in Finland for Mongolian Bachelor of Science graduates and professors in minerals engineering and metallurgy.

Outotec also began active cooperation with the Central South University (CSU), a comprehensive and nationally key university under the direct administration of China's Ministry of Education. Outotec's sustainability expert, Professor Markus Reuter was awarded with the visiting professorship by the university. He gave a public lecture titled "Metals – Enablers of Sustainability", which received very positive feedback and a warm response from students, including a very interesting discussion. Outotec's team also visited the laboratories of the Mineral Concentrating, Metallurgical Processing, Material Science and Chemical Schools.

Local communities

Outotec aims to be a good corporate citizen in countries where we operate. In 2012, Outotec cooperated with its customer and partners in South Africa to build a pre-school in conjunction with the Kalagadi Sinter Plant Project. Outo-



A new school building was needed in Tswelelopele. By the time of our team's first visit to the village, 96 children aged between 2 and 6 years had to share two little shacks, without running water, toilet facilities or shade. The kindergarten receives very little financial support due to limited resources. The main building of the new pre-school provides room for 100 children with 200 m² of classrooms and 100 m² for a kitchen, an office, storage and an isolation room.

tec sponsored the building of and actually did the construction work for a decent learning environment for the children of Magojaneng West, in Hotazel Kuruman. In addition to building the Tswelelopele pre-school, our project team participated in building the playgrounds and providing learning tools to stimulate learning.

In addition, Outotec supported UNICEF's Schools for Asia program, the World Wildlife Fund's Living Amazon program as well as the Baltic Sea Action Group's initiatives for rehabilitation of the Baltic Sea.

Read more about Outotec's commitment to external initiatives, p. 31.

Read more about Outotec's study program for Mongolian students, p. 28.

Watch a video of the Tswelelopele pre-school opening.

Commitment to external initiatives



The United Nations Global Compact initiative

Since 2010 Outotec has been committed to the United Nations Global Compact initiative and its principles of human rights, environment, labor and anti-corruption.

CARBON DISCLOSURE PROJECT

Carbon Disclosure Project

Outotec reports its greenhouse gas emissions, emissions reduction targets, and the risks and opportunities associated with climate change to the Carbon Disclosure Project (CDP). Since 2009 Outotec has been included in the Carbon Disclosure Leadership Index for Nordic countries.



MILLENNIUM
TECHNOLOGY
PRIZE

Sponsorship of the Millennium Technology Prize

In 2012, Outotec continued its sponsorship of the Millennium Technology Prize.



**NSERC
CRSNG**

Research program to foster sustainable water use

Since 2010, Outotec has participated in a five-year industrial research program of the University of Alberta intended to foster sustainable water use in Canadian oil sands extraction.



**CLEANTECH
FINLAND**

Cleantech Finland®

Since its inception, Outotec has been involved in developing the Cleantech Finland® brand together with Finpro.



Commitment to rehabilitating the Baltic Sea

Outotec contributed EUR 40,000 to the Baltic Sea Action Group's initiatives to improve the state of the Baltic Sea.



Finnish Business and Society

Outotec is a member of Finnish Business & Society which promotes financially, socially, and ecologically sustainable business in Finland and is a member of CSR Europe, the CSR 360 Global Partner Network, and the Global Reporting Initiative.

Technology Industries of Finland Centennial Foundation Fund for the Association of Finnish Steel and Metal Producers

Outotec is one of the five founding members of this foundation, which aims to give EUR 300,000 annually in grants and scholarships to students and university research groups. In 2012, the fund awarded EUR 290,100 in grants.

Principal international stakeholder organizations

Organization	Interest area	Outotec's engagement
International Copper Association	Increase the awareness and usage of copper by communicating the unique attributes that make this sustainable element an essential contributor to our lives	Member, member of Environment Program Advisory Committee
International Zinc Association	Improvement of zinc production methods	Member
International Chromium Association	Promote sustainable ferrochrome production	Member
International Committee on Ferro Alloys	Promote the holding of International Ferro Alloy Congresses to retain the established high technical standard of the industry	Member
European Association of Metals, Eurometaux	Non-ferrous metals industry in Europe	Member of Executive Committee as of 2013
Federation of European Mineral Programs	Support international education and research	Member
Finnish Environmental Cluster for China (FECC)	Increase the awareness of Finnish environmental solutions in China	Member, consultation
European Industrial Research Management Association	R&D method management and development	Member of the board
Finnish Business and Society	Promote financially, socially and ecologically sustainable business in Finland	Member
Cleantech Finland	Promote clean technologies	Member since 2009
Baltic Sea Action Group	Improve the state of the Baltic Sea	Member since 2009
EU IPPC Bureau TWG evaluating the reference values for BAT on non-ferrous metals	Ensure in cooperation with the Finnish non-ferrous metals industry that the technologies and emission values relating to them are realistic and reachable	An Outotec employee has been a member since 2007
Excellence Finland	Promote sustainable excellence and competitiveness in Finland	Member
Federation of Finnish Technology Industries	Ensure that the Finnish technology industry has the preconditions for success in the global marketplace	Member of Technology & Business Working Group, member of Association of Finnish Steel and Metal Producers, member of Environmental Working Groups
Carbon Disclosure Project	Greenhouse gas emissions reduction	Reporting since 2009
United Nations Global Compact	Business sustainability guidelines	Participant since 2010
Global Reporting Initiative		Outotec sustainability reporting since 2010 according to GRI guidelines
European Technology Platform on Sustainable Mineral Resources	Address the future technological and social challenges in the European minerals industry	High Level Group participant since 2005
Finnish Metals and Engineering Competence Cluster (FIMECC)	Boost cooperation between companies and research institutes	Deputy member of the board
Cluster for Energy and Environment (CLEEN)	Facilitate and coordinate world class industry-driven research in the field of energy and the environment	Vice Chair of the board

OUR IMPACT

Resource-based industries have great potential to assist the economic development of the communities in which they operate. The mining industry has, for example, aided the development of several areas in the United States, Canada, and Australia, as well as helped Chile to emerge as South America's most successful economy. Unfortunately, there are also many challenges, such as corruption, that countries face when attempting to translate their wealth of natural resources into economic prosperity.



Metals and sustainability

Though metals and minerals, once extracted, have a very long usage life cycle and are often close to 100 percent recyclable, their production is often linked to negative impact on the environment as well as on society. As a provider of technologies and services for these industries, we see our role as an essential contributor to change for the better. As part of the varied solutions we offer, we aim to address the main sustainability challenges facing our customers.

Urban mining

The challenges of metals recycling, also known as urban mining, are products which are complicated and short-lived, as well as materials in which metals are not found in their pure form. For example, the lead used in car batteries can be easily and efficiently recycled, but when a phone that has been used for a few years accidentally ends up as scrap iron, the valuable metals it contains, such as gold and silver, are lost forever. They can end up being used in road construction together with scrap iron slag.

Quite often the economy, technology and ecological sustainability are at odds with one another. The aim is to utilize everything, but the more easily reclaimable valuable metals come first. Making new metal from existing metal is energy efficient, but not entirely problem-free: processing also

involves emissions, lead, dust and the release of dioxins, if the process lacks proper planning. Solving the challenges of recycling requires an open mind and a combination of various processes. These matters are also being developed at Outotec, where the sustainable use of natural resources steers all of the company's operations. However, these recycling solutions represent a very small amount of Outotec's sales and thus Outotec's impact in this respect is small.

The intermediate industrial products in different types of slag and deposits still hold recycling potential that has not yet been fully exploited.

Recycling alone is not the answer to the increasing use of metals, which has skyrocketed in just a few decades – the answer is to make more of it. An important sustainability task is to ensure that these valuable products do not go to waste, but instead allow them to be used by future generations.

Energy-intensive industry

Historically, the mining and metals sectors have been heavy consumers of energy. Energy is often the most significant cost in the processes of Outotec's customer industries. Energy accounts for around 70 percent of costs in aluminum production, and the energy consumption of concentrators attached to mines amount to approximately 50 percent of total operating costs. The

total energy consumption in a process from bauxite to metal products through the electrolysis of aluminum oxide (Al_2O_3), which must first be mined from bauxite ore and then refined using the Bayer process, is approximately 18,000 kWh per tonne of metal.

Producing aluminum from recycled scrap requires only five percent of the energy used to make virgin aluminum. The recycling process involves simply re-melting of the metal and uses only about 10 percent of the equipment that an aluminum processing facility employs [source: The Aluminum Association].

Water scarcity

In many mining regions such as Chile and Australia, the quality and quantity of water pose problems, as companies' water demands can result in conflicts with local communities that depend on the same resources. Furthermore, mining and mineral work is often carried out in parts of the world that are rich in natural resources, yet particularly environmentally sensitive.

Outotec offers, for example, paste plant technology for mineral concentrators and effluent treatment solutions. The company is developing water treatment solutions for the industry as one of its strategic focus areas. However, the proportion of these solutions in our sales is still relatively small.

Renewable and alternative energy

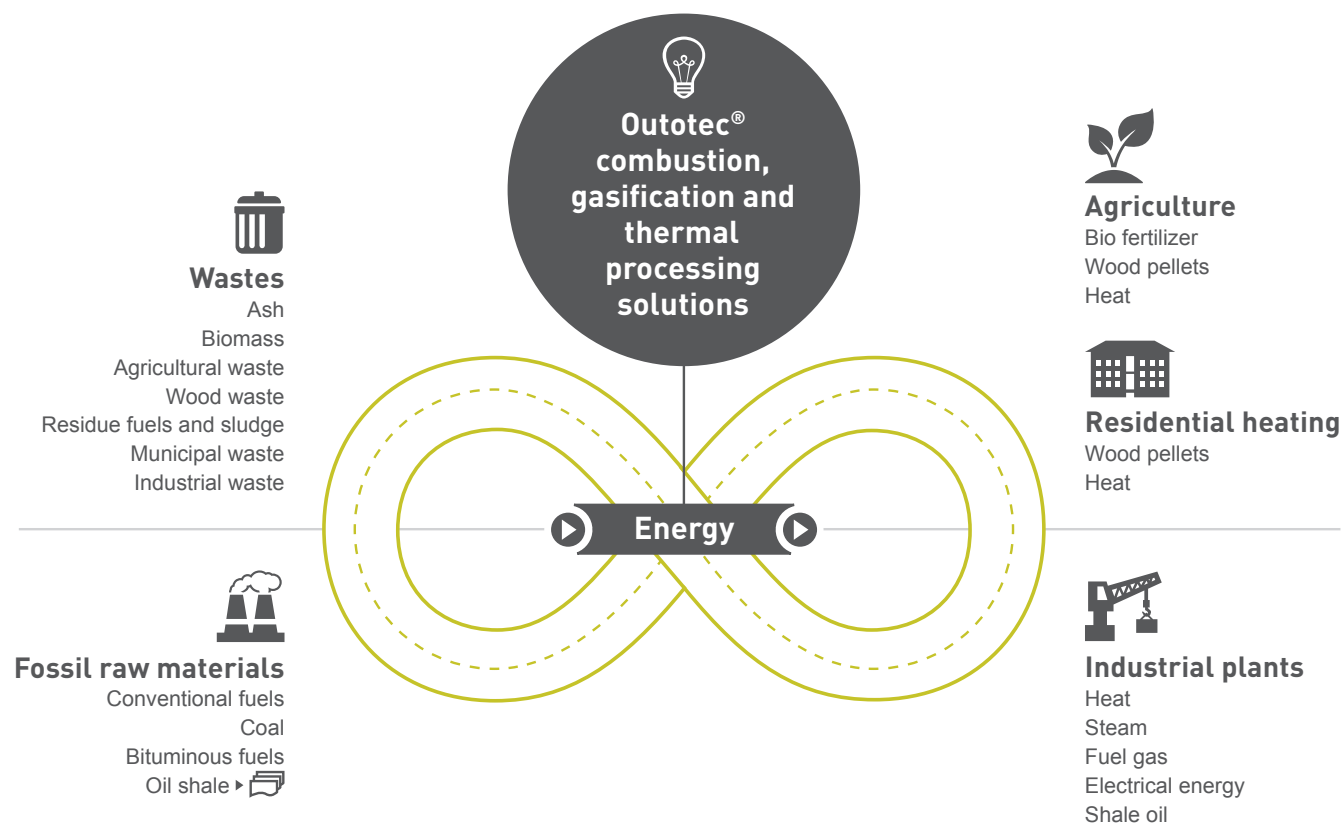
To abate climate change, substituting fossil energy sources with renewable ones is crucial. For example, in the St. Petersburg region in Russia alone, more than twenty million chickens, pigs and cattle annually produce over 600,000 tonnes of nutrient-rich litter and manure. This waste biomass is a source of energy and nutrients if appropriately managed. Nutrient run-off from large-scale animal farms has become among the main threats of pollution for the sea and for groundwater reservoirs. In addition, harmful atmospheric emissions are derived from improperly-managed manure.

Sewage sludge – when adequately processed – comprises another important source of phosphorus and energy.

The acquisition of Energy Products of Idaho at the end of 2011 significantly improved Outotec's capabilities to offer biomass and waste-to-energy systems that can treat over 200 different biomass fuels and fuel mixes – from waste wood up to biomass sludge such as lignin sludge from bio-ethanol production.

In addition, Outotec has developed an efficient technical solution to exploit the energy and nutrient potential of a certain part of farmyard waste and sewage sludge. The solution combines Outotec's fluidized-bed-based biomass incineration technology and the ASH DEC process to recover phosphate from the ash that remains as a by-product

Outotec solutions for alternative and renewable energy



when incinerating municipal sewage sludge, manure and chicken litter and residues.

With energy prices constantly climbing and conventional natural resources shrinking, unconventional fossil fuel

sources such as oil shale or oil sand are being developed. Outotec has expertise in oil extraction from oil shale and similar hydrocarbon-containing materials with energy-efficient and environmentally neutral processes.

Outotec's role as an enabler

As a technology company without our own production, we consider ourselves to have a vital indirect role in supporting our customers in reducing the environmental footprint of their operations. We ceaselessly develop technologies that ensure sustainable use of natural resources and keep our global society as healthy as possible. This includes assisting customers with reducing their impact on the surrounding environment and aiding them in the reuse and recycling of resources involved in their processes. Reduced energy and water consumption as well as effective use of raw materials not only reduce environmental impact but also improve profitability.

Watch an interview with the China Non-ferrous Metals Industry Association.



Case: building a framework for sustainable mining and metals processing in Indonesia

Indonesia is a steadily growing economy with great natural resources. Outotec hosted a seminar in Jakarta, Indonesia in 2012 focusing on implementation of a framework for sustainability in the Indonesian mining and metal processing industries. The seminar was organized jointly with the Finnish Ministry of Environment, the Republic of Indonesia and supported by the Ministry of Energy and Mineral Resources, the Indonesian Mining Association and PERHAPI, the Association of Indonesian Mining Professionals. The purpose of the seminar was to start a dialogue with Indonesian ministries about legislative developments as well as to share information and experiences regarding sustainable technologies and sustainable mining and metals production.

State Secretary Ms Katariina Poskiparta, of Finland's Ministry of Environment noted: "I am happy to see that through very practical collaboration between businesses and authorities we can reach environmentally sound solutions to the challenges we face today."

Outotec presented sustainable solutions and environmental considerations in mineral and metal processing as well as the trends of environmental legislation in Europe to the audience consisting of customers, co-operation partners, ministries, industry associations and academics.

Expert view

Technologies with low ecological impact

Hard evidence

As consumers, we are increasingly keen to know the ecological footprint of the goods we use. We demand tighter environmental legislation, forcing industries to cut emissions, including CO₂. But our need to conserve the planet's limited resources conflicts with our demand to produce more metals and goods to consume.

The scarcity of natural resources provokes industries to find alternative resource-efficient ways to do more with less – and of course to comply with legislation. How can the metals and minerals processing industry find the necessary balance? If you drill deep enough with the right tools, the answers lie in the process flow sheet, incorporating the complex systems that link industry and consumer. In this continuous search, Outotec is leading the way.

Drawing on real industry data

Life cycle analyses (LCA) have been conducted for years, but even the best LCA databases are often based on industry averages. Can these truly reflect the resource-efficient processes that Outotec designs and delivers? Not necessarily.

At the end of 2011, Outotec and pioneering sustainability consulting company PE International agreed to combine GaBi software with Outotec's HSC Sim software, which is used for all

process design at Outotec. The aim was to provide life cycle analysis that could take account of the industry's complex processes and systems, extending right down to the end-consumer level.

Outotec experts are enthusiastic about the results; the beauty of the new system is the fact-based data that determines the ecological footprint of many of Outotec's Best Available Technique (BAT) processes – calibrated with real industrial data rather than the averages used in the past.

The new interface allows users to develop product and process modeling simulations and scenarios from an LCA perspective, including all environmental impact information. Remarkably, this will facilitate finding and recognizing the BATs from several process alternatives.

GaBi's country-specific data makes it possible to estimate the impact Outotec's technologies will have in the location where a given plant is operated. In the near future, the new footprint calculations will be used alongside this data to find solutions that comply with local legislation.

Fueling R&D and legislation

Using the newly combined system, businesses are now able to plan their operations and make material and process decisions based on the sus-



Outotec's sustainability experts Harald Huppe, Markus Reuter and Ilkka Kojo collaborate in developing scientifically solid proof of the sustainability of our technologies. They also identify the company's actions related to sustainability, calculate the carbon footprint and the emissions avoided through the use of Outotec's technology solutions as well as monitor the progress of Outotec's actions to mitigate climate change.

tainability and life cycle information of current and future metal manufacturing scenarios and their environmental impacts.

This also represents valuable data for legislators. Until now, emission levels have been merely political decisions, as realistic, well-simulated values were not available.

Outotec can use the data to visualize the entire value chain – the big picture – starting from the mine site and ending at the final product: cathode copper, for example.

This flow sheet objectively illustrates which part of the process emissions come from: concentrator, smelter, electrolysis or acid plant. The data enables the process industry to carefully examine the entire flow sheet and all the emissions, and act accordingly. At Outotec, the new analysis possibilities steer process design, but also R&D, enabling constant development towards the optimal arrangement of technologies.

The wider perspective may also reveal that a certain sub-process – perhaps one

not noted for its sustainability – has an important place in the technology portfolio, somehow helping to lower the overall emission level or footprint. Sometimes the small things play a vital part in the larger process.

The tool also indicates the viable economical and technological limits involved. Surprisingly, in terms of emissions, there are ultimate levels under which you simply should not go. This is not only for economical reasons, but due to the fact that drastically reducing certain emissions may lead to an increase from some other source.

Connecting disciplines

Outotec now has a tool to provide proofs to regulators for evaluation. The newly combined software embodies what sustainability is ultimately all about: communication and dialogue. To benefit the environment, the solution of complex issues requires connecting disciplines, sharing ideas and making decisions based on what is technically and economically possible.

HSC Sim

Outotec's HSC Chemistry software is designed for various process simulation and modeling applications. HSC Sim is a process simulator based on 24 calculation modules and 12 extensive databases. The resultant process models provide initial data for process design, engineering and automation at Outotec.

GaBi

PE International's GaBi is a product sustainability solution with a powerful engine to support life cycle assessment, costing, reporting and social responsibility.

Read more at
www.outotec.com/hsc
www.gabi-software.com

Industry drivers

Outotec believes that the increasing awareness of sustainability is the most important megatrend driving industries today. This trend can be seen not only in developed economies but also in emerging and developing markets.

Much of global development can be attributed to metals and minerals. However, society is confronted by a dilemma: the need for metals is growing, while there is a great concern over the environmental impact of producing them. As a technology company, we at Outotec believe that this dilemma can be resolved.

Decision-makers have realized that the current exploitation of nature cannot continue. Increasing energy consumption, criticism against nuclear power plants, pollution, and lack of clean water are growing issues that need to be addressed. At the same time, employee health and safety requirements are increasing. All of the aforementioned developments stimulate increased investment into sustainable solutions, a trend that we believe will continue to gather strength over time.

The companies producing minerals, metals, and materials face many challenges and require the social license to operate. We have identified six trends that act as drivers of sustainable development. These contribute to an increased demand for new technology, presenting great opportunities for Outotec's technologies and solutions.

Read more about metals and sustainability, p. 34.

Industry drivers

- 1. Ore grades are declining and the demand for metals is increasing.** In order to meet the demand, more ore needs to be processed with more advanced technology.
- 2. Making metals requires a lot of energy, and energy costs are constantly climbing.** More energy-efficient processes are needed.
- 3. Mining and metallurgical industries are major emitters of CO₂ and eco-toxic substances.** Cleaner solutions must be developed.
- 4. Water availability and pollution are critical issues.** Advanced solutions for water cleaning, conservation, and recycling are needed.
- 5. Peak oil is approaching.** Oil is expected to run out by 2050 with current production rates. Alternative energy sources are needed.
- 6. The need for recycling is growing, thus requiring new technologies for turning scrap and waste into products.**



Risks and opportunities

Outotec's business environment is affected by the fact that while developed economies are stagnating, emerging countries keep growing fast. This accelerates urbanization, the growth of the middle class, and the use of natural resources. The exhaustion of natural resources and the emergence of a new energy paradigm, in which oil is expected to run out by 2050 and nuclear power is being abandoned by many countries, necessitate more eco-efficient use of resources and materials. Awareness is increasing in environmental, social, and economic sustainability all over the world.

From an environmental, social, and governance perspective, Outotec's greatest risks and opportunities unfold through our customers.

Outotec follows up on environmental legislation, competitors' technologies, and best available techniques, as well as continuously develops its technology and service portfolio.

The risks and opportunities discussed below bear a strong link to sustainability. While risks can represent threats or uncertainties, they may also include some opportunities.

Risks and opportunities with a strong link to sustainability

We continuously look for new business opportunities to address the challenges that our customers are facing. These challenges include improving energy efficiency, reducing CO₂ and other emissions, improving the recovery of

metals, and employing greater efficiency in the utilization of raw materials in general. We also assess the water consumption in our customers' processes and our own operations.

We aim to capitalize on these opportunities and introduce technology improvements or develop new technologies that mitigate climate change and promote sustainability. By successfully implementing our technologies and solutions to address customer challenges, Outotec's references increase, which also enhances competitiveness.

While climate change presents Outotec with attractive business opportunities, some risks may affect Outotec's customers and therefore, indirectly, affect Outotec. International, national, regional, or state regulation on emissions may present risks, and excessively strict limits on emissions can threaten the operations and existence of some customers. Furthermore, cap-and-trade schemes may force our clients to move operations into areas with less stringent regulations, and in some cases excessively strict regulation may lead to plant closure. High energy prices, which may be an instigating factor of cap-and-trade schemes, also compromise our customer's competitiveness.

Outotec's technologies and life cycle services are designed to improve the efficiency of customers' processes and therefore help them address these risks. They help customers to reduce emissions into the air, water, and soil,

and thus help them control the financial implications of regulatory risk. For instance, energy savings, which lead to reduced carbon emissions, make customers less vulnerable to fuel and energy taxes and regulation. These include international, national, regional, or state regulation on emissions, carbon taxes, and cap-and-trade schemes.

Outotec's operation and maintenance services further help customers to reduce their operational risks and environmental impact. Utilizing our process know-how, we can create the best strategy for operation and maintenance, and we can even actually operate the plant with optimal raw materials usage and concentrate production for the customer. Expanding this business provides new business opportunities for Outotec. However, operating customers' processing plants also involves risks for Outotec.

Using Outotec technologies and services, customers can reduce their exposure to emissions- and energy-related regulatory risks. Regulatory opportunities can help Outotec grow its business because inefficient mining and metallurgical processes need to be replaced with new technologies. Outotec's solutions, for instance, help cushion customers against carbon taxes and secure their competitiveness. Furthermore, with carbon trade mechanisms, customers utilizing Outotec's technologies may have the opportunity to turn CO₂ savings into profit and obtain emission reduction credits (ERC).

In the future, a premium may be placed on clean production, but strictly speaking, the main benefits are maintaining license to operate, lower operational costs, and improved recovery.

Many growth opportunities are seen in the energy sector and in industrial water treatment. New opportunities in environmental technologies, such as materials recycling, renewable energy solutions, waste management and industrial water treatment, are steadily increasing. In order to be less dependent on the cycles of the mining and metals industries, Outotec has begun to pursue opportunities to deliver its technologies to other industries with high technological synergies.

Risk management

Within Outotec, risk management is an integral part of the company's management system and internal control framework. It is seamlessly linked to business operations to identify the risks and opportunities in a systematic way. It covers all parts of the organization from strategic to operational risks. The Board of Directors is responsible for the company's risk management procedures and for ensuring that risks are taken into account in strategic planning and business operations.

In 2012, the company's risk management principles, definitions, processes and responsibilities were renewed and documented under the Outotec Enterprise Risk Management Policy. The

policy acts as an umbrella for all risk management activities within Outotec. Outotec's project risk identification and management (PRIMA) process, financial risk management activities, QEHS systems, Internal Audit Policy and Corporate Responsibility Policy form integral parts of enterprise risk management. The Enterprise Risk Management Policy's procedures will become company-wide effective in 2013.

Read more about Outotec's risks and risk management at www.outotec.com/investors and in the Corporate Governance Statement 2012.

Outotec sustainability drivers, opportunities and risks

Sustainability driver	Opportunity for Outotec	Risk for the customer and/or Outotec
Ore grades are declining, ores are more complex and more difficult to process.		
The average copper ore grade is 0.8%, which is 20% less than ten years ago, and it is forecasted to fall further to 0.65% by 2020. To produce one tonne of copper requires 125 more tonnes of ore to be milled, which also results in an increased amount of tailings and the consumption of energy and water.	Outotec's vast knowledge of mineralogy and process technologies, as well as comprehensive R&D facilities, enable the company to develop new process solutions for low-grade and complex ores. Outotec's technologies enable efficient ore processing and higher yield thanks to advanced process control. There are increased business opportunities when customers replace inefficient processes with new technologies and energy- and water-efficient solutions.	If Outotec fails to develop new technologies or keep its portfolio competitive, it may lose market share. Customers' operations require sufficient amounts of water, coal, fossil fuels, rock, and mineral resources. Any changes related to the availability or the price of these commodities has financial implications. The operational costs (energy and water) may become too high for customers and they may need to close down some operations, which could also reduce Outotec's business.
Making metals is energy-intensive and energy costs are constantly climbing.		
Mineral and metal processing is very energy-intensive. The GHG emissions in this industry are mainly related to energy use. Roughly 7% (2008) of the world's energy is used by the metals sector and this will increase due to falling ore grades. Grinding mills alone take up 10% of Australia's total energy consumption.	Several Outotec technologies are rated BATs by the EU thanks to their energy-efficiency and low CO ₂ emissions. Outotec designs sealed processes that utilize the energy contained within raw materials. Through Outotec's technology solutions, the impact of carbon taxes upon our customers are cushioned and their competitiveness secured.	Price changes prompted by resource scarcity, energy shortages, and changes in consumer attitude imply high financial risks for our customers and subsequently for Outotec. If in consumers' point of view the CO ₂ footprint of plastic is smaller than that of aluminum or copper, they might change attitudes and buying habits, which would put our customers' and Outotec's business at risk.

Sustainability driver	Opportunity for Outotec	Risk for the customer and/or Outotec
Cleaner solutions need to be developed.		
Sulfur - being a constituent in many ores - is released as sulfur dioxide (SO ₂) in smelting and refining. The metals industry annually emits millions of tonnes of SO ₂ , with the largest amounts in Peru, Chile, Russia and Australia. SO ₂ emissions have a significant local impact. Fine particulate matter emissions to air cause health problems. Heavy metals in hazardous dusts and fumes can cause occupational exposure. Eco-toxic substances from metallurgical operations impact air quality, water, and soil.	Outotec's sustainable technologies including efficient sulfur capture, gas cleaning and sealed processes guarantee the license to operate far into the future and make it easier for producers to get financing for their investments. Outotec is continuously working to develop its technologies further and to develop innovations, and therefore the company is well positioned competitively.	Overly strict laws and regulation can result in unprofitable operation, and the customer may lose its license to operate. If Outotec fails to provide competitive solutions for the customer, it may lose business.
Availability of water and water pollution.		
Availability of water is becoming a critical issue at many mine sites. When ore grades decline by 20%, water consumption increases respectively. For example, processing one tonne of ore requires 3,500 liters of water, one tonne of nickel 377,000 liters of water (in a hydrometallurgical process), and one tonne of gold 252 million liters of water. Furthermore, mining and metals extraction can impact upon nature due to discharges of contaminated water.	Outotec has technologies which lead to significant reductions in fresh water consumption, recycling of process water, and decreased water loss. The company is also developing new applications for industrial effluent treatment and cooperating with Kemira in developing solutions for water-intensive industrial applications.	Customers who have operations in areas of drought may be forced to close down their operations, which may reduce Outotec's business. If Outotec fails to develop new water-efficient applications, it may not be able to grow its business.
Peak oil is approaching.		
Global energy demand is expected to increase by 44% in the next two decades (EIA, 2009). With the current rate of production, the industry estimates that conventional oil reserves will be exhausted in 40 years. The demand for alternative and renewable energy is increasing.	Outotec has technologies which enable environmentally sustainable use of oil shale, oil sand, and biomass as new alternative energy sources, and the company is developing new applications with other companies, universities, and research institutes. Outotec has acquired Energy Products of Idaho and can expand its renewable energy technology business globally.	Overly high energy prices due to carbon taxation and emission trading schemes can cause our clients to lose their competitiveness and cease to operate. If environmental regulation tightens to the degree that oil shale and oil sand processing will not be allowed, Outotec may lose business. There is also a risk that the development of new technologies will not succeed.
The need for recycling is increasing.		
Metals are almost 100% recyclable, and this potential is not fully taken advantage of. Product lifetime is becoming shorter, and thus the need for recycling is growing. Manufacturing new products from recycled metal consumes much less energy than from virgin metal. There is also a need for recycling of process water and turning waste into new products.	Outotec can grow its business by selling solutions for the production of metals from secondary materials, such as electronic waste, metallic scrap, cabling, and battery paste/scrap. Outotec's technologies are used for the recovery of metals from residues, fume dusts, and waste stockpiles at production sites. They utilize raw materials efficiently, reducing the amount of emissions, residues, and waste.	If the industry does not succeed in organizing the recycling of scrap and waste properly, opportunities for Outotec may be reduced.

Impact of our products and services

Outotec develops and delivers solutions which utilize natural resources and raw materials efficiently, reduce energy and water consumption, produce less waste and emissions, and minimize the plant's lifetime operating costs. Through our vast experience and in-house R&D centers, we have the ability to tailor processes for different raw materials, test and scale up, and develop new processes for complex raw materials. We have a strong portfolio of world-class technologies for the entire value chain of processing ore to refined metals. Each of Outotec's technological developments has the potential to reduce the environmental impact of a large number of industrial operations worldwide.

However, even if customers are using Outotec's best available technologies in mineral and metal processing, or if customers also have less sustainable technologies and operational practices in use, at the same time, Outotec may indirectly be involved in environmental damage, contamination of soil or water, or public health effects through its customers' operations. Because industry investments have a lifetime of decades, Outotec also provides machinery, spare parts and services to old industrial plants that may, despite modern initiatives, have a significant negative impact on the environment and human health.

To minimize the industry's negative impact, Outotec offers solutions

for sustainable mine backfilling and tailings treatment, modernization, and long-term operation and maintenance services.

According to Outotec's self-assessment, as much as 89 percent of our 2012 order intake qualifies as environmental goods and services (EGS) under OECD definitions. This means that these products and services measure, prevent, limit, minimize or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems. These include cleaner technologies that reduce environmental risk and minimize pollution and use of resources. EGS represent pollution management, resource management and, especially in Outotec's case, cleaner technologies.

For example, Outotec's sulfuric acid plant, when used to produce acid from a smelter, is clearly EGS technology, but in the case of an acid plant burning elemental sulfur, it is defined as 'maybe EGS' and the final category depends on the latest features of acid production technology being used in the particular project.

4.6 million tonnes of CO₂ avoided

In metallurgical processing, energy is the most significant cost item and the main reason for CO₂ emissions. Outotec designs sealed processes that utilize the energy contained within raw materials. The annual emissions avoided by the metallurgical industry through use of five

Outotec technologies (ferrochrome process, cogeneration added to ferrochrome process, copper flash smelting, alumina calcination, and ceramic filters) amounted to 4.6 million tonnes of CO₂ equivalency (CO₂-e) in 2012. In addition, Outotec's new CO filter enables the use of process gas in direct electricity generation.

The smaller amount of emissions avoided through Outotec technologies in 2012 compared to 2011 indicates that some operations based on less sustainable technologies have been shut down and the base line in the industry in general has improved.

Overall, the adoption of best practice technologies in iron and steel, aluminum, and non-ferrous metals production worldwide would reduce CO₂ emissions annually by 280–460 million tonnes (IEA 2007; Tracking Industrial Energy Efficiency and CO₂ Emissions).

Significant impact on a plant's sustainability can be achieved through life cycle services and technological improvements. Outotec offers its customers various services and expertise to maintain the plant, and can even operate and maintain the plant on the customer's behalf, guaranteeing that it will run smoothly, safely, and efficiently at all times.

Through hundreds of successful projects, we have made a significant global impact by creating new revenue streams, reducing our customers' carbon footprints, and increasing well-being in local communities.

Read more about our technologies and Best Available Techniques (BAT) rated products at www.outotec.com/About-us

“Does our product reduce the need for resources or energy? Does our technology reduce negative environmental impacts?”

Product safety

As a leading technology provider, Outotec has a technology and plant safety management process to ensure that all products engineered and delivered by the company worldwide are reliable and meet all applied safety standards during each phase of the life cycle. The equipment delivered by Outotec fulfills the safety-related industrial standards such as ISO 12100, IEC 62061 for the safety of machinery and all required European directives such as:

- 1997/23/EG
- 2009/105/EG
- 2006/42/EG
- 94/9/EG (ATEX)
- 2004/108/EG
- 2006/95/EG
- IEC 61508, IEC 61511 for process plants.

Detection of hazards such as explosion, fire, and lightning followed by examination of HAZOP according to IEC 61882 and SIL-Allocation Assessments are mandatory at Outotec.

We provide information to our customers about the impact of our products and services (e.g. their energy consumption, emissions, metal recovery, and water usage) and safety information according to industry standards. In industrial processes, safety is an integrated part of our operational manuals. Outotec manuals cover the entire life cycle of the delivery, follow the new IEC 82079-1 standard, and contain information on transport, installation, operation, maintenance and decommissioning. In addition, maintenance as a service package is offered to customers.

We also provide training services to our customers, including safety training.

Read more about industry drivers, p. 39.



Ecological footprint of our operations

Outotec operates globally, mainly in offices which are located in 25 countries. In addition, our operations include two research centers in Finland and Germany, two manufacturing workshops in Finland, assembly shops in Canada, China, and the USA, a ceramic plate production plant in Finland, and several warehouses. However, the majority of Outotec's manufacturing is outsourced.

The bulk of Outotec's operations involve engineering and business management, the environmental impact of which is relatively small and is managed through the use of unit-specific environmental and quality management systems. In addition, at our workshop in Turula and Lappeenranta and at our Pori research center, we are committed to the Federation of Finnish Technology Industries' energy efficiency program. From these manufacturing and R&D activities no spills were reported in 2012.

Due to our strong business growth and increased number of personnel in 2012, our total energy consumption increased from 2011.

In 2012, Outotec made four acquisitions (Numcore, Demil Manutenção, TME Group and Backfill Specialists) that contributed to an increase of scope 1 and 2 greenhouse gas (GHG) emissions. Due to strongly increased business activities and personnel, scope 3 GHG emissions from air travel rose in 2012. However, the relative emissions (CO₂/EUR 1 million sales) decreased.

GHG emissions from air travel are the biggest single source of Outotec's emissions. Therefore, 25 new video conferencing systems were installed in 2011 to reduce air travel. In 2012, the amount of video conferencing facilities was further increased to 31. In addition to video conferencing, Sametime and Skype are used for internal meetings (there are no user statistics on our use of Sametime and Skype).

Flights to visit customers are an integral part of Outotec's business, by which means Outotec contributes indirectly to avoiding emissions through the use of its technology solutions and services. The positive impact of Outotec's business travels can be best illustrated by comparing our annual greenhouse gas emissions in 2012 (31,755 tonnes CO₂-e) with emissions avoided through our goods and services (4,600,000 tonnes CO₂-e). The smaller amount of emissions avoided through Outotec technologies in 2012 compared to 2011 indicates that some operations based on less sustainable technologies have been shut down and the base line in the industry in general has improved.

Outotec has paid attention to the use of responsible air carriers and hotels. 90 percent of the flights used by Outotec employees are operated by Finnair, Lufthansa and other Star Alliance members. For instance, Lufthansa and Finnair use relatively new fleets. When Outotec makes agreements with hotels, the hotels that have a social responsibility policy and system in place are preferred.

Energy consumption, TJ	2012	2011	2010	GRI indicator
Direct energy consumption:	38.2	22.2	25.6	EN3
Propane gas	15.7	8.7	9.8	
Light fuel oil	0.6	0.5	0.5	
Coal, coke, semi coke	2.0	0.4	1.0	
Natural gas	13.0	6.7	8.2	
Diesel and gasoline	6.9	5.9	6.1	
Indirect energy consumption:	126.7	119.3	124.4	EN4
Electricity* (incl. cooling)	72.9	67.0	67.6	
District heating	52.6	50.3	53.4	
Steam	1.2	2.0	3.4	
Total energy consumption	164.9	141.5	150.0	EN3, EN4

* MWh converted to TJ: 20,244 MWh (2012), 18,605 MWh (2011), 18,770 MWh (2010)

Greenhouse gas emissions, tonnes of CO ₂ -e	2012	2011	2010	GRI indicator
Scope 1 emissions (own fuel combustion, company cars)	4,190	2,841	2,993	EN16
Scope 2 emissions (purchased heat and electricity)	9,409	8,323	10,212	EN16
Scope 3 emissions (air travel and commuting)	18,156	14,861	11,049	EN17
Flight emissions, tonnes of CO ₂ /EUR 1 million sales	7.6	9.5	9.9	EN17 (NEW)
Total greenhouse gas emissions, tonnes of CO ₂ /EUR 1 million sales	15.2	18.8	25.0	EN16
Total greenhouse gas emissions	31,755	26,025	24,254	EN16
Greenhouse gas emissions avoided through use of Outotec technologies	4,600,000	4,800,000	4,200,000	EN18

Materials used, tonnes	2012	2011	2010	GRI indicator
Paper	131.3	90.8	100.1	EN1
Steel	6,946.9	n/a	n/a	EN1 (NEW)
Ceramics	300	n/a	n/a	EN1 (NEW)
Cardboard packaging	9.9	6.6	5.7	EN1 (NEW)
Plastic packaging	2.0	0.5	0.5	EN1 (NEW)
Metal packaging	1.5	0.4	0.2	EN1 (NEW)
Wood packaging	986.2	371.4	236.9	EN1 (NEW)

Data on steel consumption in Outotec workshops was included in environmental data reporting in 2012. Energy Products of Idaho, which was acquired by Outotec at the end of 2011, is not included in the steel consumption figure.

Outotec Ceramics unit in Turku manufactures high tech ceramics for Outotec filters and it used 300 tonnes of ceramics in 2012.

Outotec workshops in Lappeenranta, Turula (since 2012) and Turku annually report the amount of packaging they use to the Environmental Register of Packaging PYR Ltd.

Waste, tonnes	2012	2011	2010	GRI indicator
Waste recycled	2,311.5	1,949.7	1,480.3	EN22
Landfill waste and incinerated waste	1,682.4	1,086.5	678.3	EN22
Hazardous waste	28.6	23.5	27.3	EN22, EN24
Total waste	4,022.5	3,059.7	2,185.9	EN22
Paper recycled	164.4	98.3	96.3	EN22

A small amount of hazardous waste is formed in the final surface treatment of filter presses in the Lappeenranta works. In addition, oily waste from lubricants used in the Turula works is hazardous. The hazardous waste is sent for treatment to local hazardous waste treatment facilities.

Water consumption, m³/year	2012	2011	2010	GRI indicator
Total water withdrawal	69,300	55,997	43,774	EN8
River water for cooling	20,727	23,457	7,695	EN8 (NEW)

Water is purchased locally from municipal water suppliers, and waste water is sent to municipal waste water systems. Because our workshops are mainly assembly shops, no process water is discharged. Outotec Research Center Pori uses river water for cooling purposes in their test facilities. After use, the water is channeled back to the river.

We follow water consumption at our premises, and one finding was that in one location the water consumption was 10 times higher than the average consumption per employee. The investigation revealed that there was a leakage, and when it was repaired, consumption returned to average.

Energy consumption and emissions in Finnish units (Research Center Pori, Turula and Lappeenranta works)	2012	2011	2010	GRI indicator
Energy consumption, TJ	44.7	40.3	44.5	EN3, EN4
Energy saved due to efficiency improvements, TJ (compared to base year)	3.2	7.6	3.4	EN5, EN7
Emissions, tonnes CO ₂ -e	3,010	2,703	2,983	EN16

In 2012, Outotec's Lappeenranta site was included in the Federation of Finnish Technology Industries' energy efficiency agreements. However, due to increased production activities this unit was not able to reduce energy consumption in comparison to the base year.

Company cars in Finland	2012	2011	2010	GRI indicator
Company car emissions, g CO ₂ -e/km	149	162	178	EN16
Reduction from 2008, %	22	15	7	
Company car emissions, tonnes of CO ₂ -e	720.1	564.2	562.2	EN16

In the course of data quality improvement, a data gap was revealed in reporting of annual driven kilometers. Therefore, future reporting on company cars in gram CO₂ emission per km driven will follow car manufactures' reported CO₂ emissions. Previously reported g CO₂-e/km figures were re-calculated.

In 2012 Outotec updated its company car policy. With the new policy, employees are incentivized when they take a car with less than 120 g/km CO₂ emissions. This is one reason why g CO₂-e/km decreased in 2012 compared to the previous year. The increase of total emissions is due to a significant increase of personnel and company cars used.

Volatile organic compounds (VOCs) emissions from paint shops	2012	2011	2010	GRI indicator
VOCs emissions, t	10.3	n/a	n/a	EN20 (NEW)

Due to improvements in Outotec's environmental data reporting, the company is now able to calculate volatile organic compound (VOC) emissions from its paint shops. VOC emissions are calculated based on annual paint consumption.

Local unit-specific targets

In addition to the common company-wide targets, we have local or unit-specific targets for the energy efficiency of operations. Outotec Research Center Pori and the Turula works in Finland are committed to the Federation of Finnish Technology Industries' energy efficiency agreements 2008–2016 and plan to save 9 percent in energy consumption compared to the base-line year, 2006. Outotec's Lappeenranta site was included in these agreements in 2012, showing its commitment to reducing energy consumption. Actions taken to achieve the targeted savings in 2012 include the replacing of old flue gas purification systems with new ones and a new heat recovery system in the machinery room at Turula.

Outotec's target in Finland is to reduce company cars' g/km CO₂ emissions by 18 percent in 2013 compared with the base year 2008. Both the commitment to the energy efficiency agreements and company cars target are voluntary.

Read more about Outotec's management approach, p. 10.

Targets related to environmental performance

Targets for 2012	Performance in 2012	Targets for 2013	GRI indicator
Increase the percentage of environmental goods and services (EGS) in order intake. The long-term target is to reach a level of 80–90%.	Target was achieved. 89% of order intake classified as EGS.	EGS % of order intake: maintain the percentage of EGS in order intake on the level of 85–95% and above 90% as a long-term target. (KEY TARGET)	EN6
		CO ₂ emissions avoided: over 5% annual increase in the amount of avoided CO ₂ emissions through the use of Outotec's metal-related technologies and solutions. (NEW KEY TARGET)	EN18
Develop all needed EHS Modules (14001 and 18001) and implement them in all locations. Preparations for global certification. ISO 9001 Certification for 6 new countries. ISO 14001 and OHSAS 18001 certification of one additional location.	Target was partially achieved. The environmental modules were implemented in 75% of our locations, and H&S modules in 85%. Six new countries were certified with ISO 9001. The planned OHSAS 18001 and ISO 14001 certification for offices in Alsdorf, Germany and Utrecht, the Netherlands was postponed to the first quarter of 2013.	Management systems: EHS module implementation continues to cover all locations in 2013. ISO 14001 and OHSAS 18001 certification for 18 new locations. (NEW TARGET)	
Double the use of video-conferencing facilities from 2011 level.	The target was almost reached. The use of video-conferencing increased by 93%. Six new video-conferencing facilities were installed, and the total number was increased to 31. In addition to video-conferencing, Sametime and Skype were also used. However, we do not have any use statistics for those.	Reduction in CO ₂ emissions in traveling: 5% decrease in tonnes of CO ₂ flight emissions per million EUR sales annually through increased virtual meetings, etc.	EN18

Economic impact

Through solid financial performance, Outotec benefits all company stakeholders. Profitable business enables growth and development of the business as well as the prosperity of owners and employees. Through providing sustainable solutions to our customers, we create jobs and wealth locally in countries where we operate or where our customers' projects are located.

Strong profitable growth continued in 2012

2012 was an important milestone for Outotec. Despite the sluggish world econo-

my, the demand for Outotec's technologies and services remained solid. Our customers' investment decisions were increasingly driven by environmental and energy-efficiency factors. For the first time, Outotec sales exceeded two billion euros. Two thirds of these sales came from emerging markets. Profitability improved strongly, in line with our long-term targets. We achieved the financial targets that we had set for 2012.

Financial targets

Outotec's long-term financial targets to ensure continuous profitable growth are

- To achieve average annual sales growth of 10–20 percent.
- To grow the sales of our services to an annual level of EUR 1 billion by the end of 2017.
- Annual operating profit margin from business operations is targeted to be on average at 10 percent over the cycle, excluding one-time costs and purchase price allocations of acquired businesses.
- To maintain strong balance sheet to provide operational flexibility and enable acquisitions.

Added value for stakeholders

Generation of added value

+ Customers

Sales EUR 2,087.4 million

- Suppliers

Cost of goods, materials and services purchased
EUR 1,515.9 million

= EUR 571.5 million

Added value



Outotec

Distribution of added value

Employees

Wages and salaries
EUR 362.6 million

Public sector

Direct taxes
EUR 64.6 million

Creditors

Interest on debt and borrowings
EUR 9.2 million

Shareholders

Dividends EUR 38.9 million

Tax expenses

Outotec is operating globally and aims to manage its tax liability in a responsible and sustainable manner. This implies that Outotec companies pay the amount of tax legally due in the territory in which the liability arises and observe all applicable rules and regulations in all of the territories in which Outotec operates. Outotec builds its tax-planning activities on the network of operative companies.

Outotec pays taxes to 26 governments in countries where the company either has its own operations or customer projects. Our tax rate and taxes paid in a certain year vary according to large projects under implementation or completed in that particular year and the legislation of the country in which the project is located.

Our income tax expenses in 2012 totaled EUR 51.9 million (2011: EUR 34.0 million). These expenses include taxes paid on the basis of local tax legislation, tax adjustments from previous years, and the effect of annual change in deferred taxes. The direct taxes (current taxes in Outotec's Consolidated Financial Statements) were EUR 64.6 million in 2012 (2011: EUR 33.4 million), out of which EUR 44.0 million (2011: EUR 28.8 million), came from outside Finland. The most significant countries in terms of current tax expenses in 2012 were Germany, Finland, Chile and Australia, whereas in 2011 the respective countries were Chile, Australia, Finland and Germany.

Dividends

The value of Outotec's share rose 16.4 percent on the NASDAQ OMX Helsinki

in 2012, and the closing price at the end of the year was EUR 42.37 (Dec 31, 2011: EUR 36.40). At the same time, the NASDAQ OMX Helsinki portfolio index, OMX Helsinki CAP, rose by approximately 10 percent.

Outotec's market capitalization at year-end was EUR 1,940 million (Dec 31, 2011: EUR 1,666 million).

Outotec's target as defined in the company's dividend policy is to distribute as dividends at least 40 percent of annual net income of the preceding financial year per share.

Profitability from business operations improved in 2012. Earnings per share were EUR 2.82 (2011: EUR 1.75). The Board of Directors proposes for the Annual General Meeting that a dividend of EUR 1.20 per share be paid out for 2012. This is a total of EUR 54.9 million

(dividends paid for 2011: EUR 38.9 million), and it will be paid to shareholders in April 2013.

Donations

Outotec's donations to charitable causes in 2012 totaled EUR 94,000. They focused on projects that aim to improve sustainable development and/or human life in locations where Outotec operates. The largest individual donation, EUR 40,000, was made to Baltic Sea Action Group to enhance the rehabilitation of the Baltic Sea.

Read more about our financial performance in Outotec Financial Statements 2012.



Impact of our supply chain

Outotec's supply chain includes thousands of suppliers globally. These represent (but are not limited to) assembly workshops, component manufacturers, distributors, logistics services providers, and construction and engineering companies.

The majority of purchasing (approximately 62%) takes place in the EMEA region (Europe, Middle East, Africa).

Global supply chain management has been defined as a key strategic pillar for Outotec, therefore supply is a strategic function and a highly prioritized development area. The supply function builds and manages Outotec's supplier base through sourcing category management. Furthermore, it leads and develops sourcing activities for customer deliveries, executed by locally-based purchasing.

Outotec's supply chain management covers both its own operations and suppliers', as agreed. In 2012, Outotec spent approximately EUR 1,150 million on customer-deliveries-related purchasing.

Approximately 10 percent of Outotec's manufacturing and assembly takes place in the company's three manufacturing workshops in Finland and in three assembly shops located in China, USA and Canada. Some 90 percent of manufacturing is sourced from external suppliers.

Our manufacturing/assembly shops

Outotec operates three manufacturing workshops in Finland and assembly shops located in China, USA and Canada. These moderately sized operations all have local quality, health, and safety systems in place, and they manage proper sorting and further handling of their wastes. No considerable risk related to the use of child, forced, or compulsory labor has been identified.

Sustainability aspects in supply chain

Outotec's Supplier Policy covers ethical conduct, compliance with laws and regulations, environmental, health and safety performance, labor relations (e.g. no child or forced labor), respecting intellectual property, improper benefits, conflicts of interest, and management of sub-suppliers. Outotec expects its suppliers to comply with this policy in their dealings with Outotec, their own employees, suppliers, and with other third parties. Competitive suppliers are expected to continuously improve their capability to provide Outotec with reliable, cost-effective, innovative services and goods. Furthermore, they are expected to ensure compliance with Outotec policy, identify deviations, manage corrective actions, provide transparency of these actions and communicate in a systematic manner.

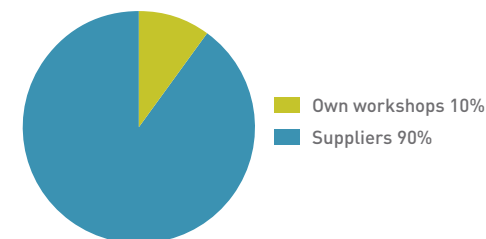
In Outotec's customer projects, locally-sourced sub-contractors' employees need to be well-educated specialists. Therefore the risk profile regarding affront/violation of human rights is relatively low.

However, more emphasis will be placed on supplier selection procedures in the future to improve our supply chain management and thus also our sustainability performance. The supplier assessment and approval process was refined and released in 2012. In 2013, all new supplier qualifications are to be done by applying this process.

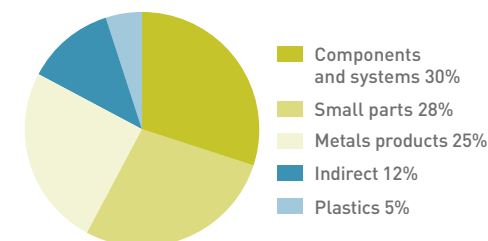
The development and deployment of the new supply practices continued in 2012. Training on supply chain sustainability was provided globally for purchasing office heads, who then provided the same training to their procurement staff in all units. 96 percent of Outotec's procurement staff participated in this training.

There was another workshop organized in 2012, focusing on risk mapping of the supply chain. Outotec's sustainability specialists facilitated the workshop and the supply team, led by Outotec's Senior Vice President Supply, identified sustainability risks in the supply chain. The identified sustainability risks were placed in a matrix based on their likelihood of occurrence and severity of consequences to Outotec's

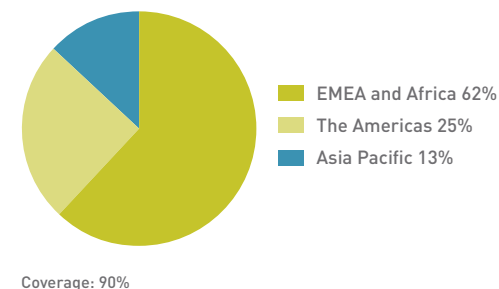
Manufacturing



Supply spend by category



Location of major suppliers



business. As an outcome of this risk assessment, the following risks were deemed to be most relevant:

- Bribery and kickbacks
- Occupational safety
- Protecting information
- Reporting misconduct
- With regard to environmental issues, material toxicity and chemicals ranked highest.

Outotec also set a target for 2013 that 300 of major suppliers have committed to Outotec's new supplier policy.

Safety in field operations

Safety is an important aspect of Outotec's field operations at customer sites. Outotec's project manager is responsible for the company and its sub-contractors' site activities and follows the management of environmental issues, safety, systematic practices, and cleanliness. All Outotec's project and service specialists follow the customer's safety regulations on site. From the occupational safety standpoint, the greatest risks are associated with work assignments

in countries that have little awareness of safety issues and a weak occupational safety culture. In these countries, Outotec employees are instructed to follow the company's own occupational safety principles.

Outotec's technology and plant safety management process is mandatory in all Outotec entities. By following the technology and plant safety management process as well as the HAZOP and SIL methods (internationally-known methods to analyze risks for personnel and environment within process plants), we ensure that we deliver a safe product which causes no harm to human beings or the environment.

Outotec provides training in occupational safety for employees whose work involves or will involve participating in installation, commissioning, maintenance, or general site operations related to plants, equipment, or services delivered by Outotec to its customers. The objective of the training is to teach employees hazard recognition and methods of preventive action and to improve practical collaboration between the customer and supplier organizations on shared sites.

Targets regarding supplier activities

Target for 2012	Performance in 2012	Target for 2013	GRI indicator
Refine the supplier assessment process further covering sustainability aspects and deploy it globally.	Target was achieved. The supplier assessment process has been defined and officially released. A pilot study was carried out with a Chinese supplier.	Suppliers: 300 of major suppliers have committed to new Supplier Policy.	EC6, HR2

Read more about our interaction with suppliers, p. 29.

ABOUT THE REPORT

Report scope and profile Data collection

This report covers the company's sustainability performance for the 2012 calendar year. In upcoming years, performance and targets will be reported annually on the company's website. Outotec's sustainability reporting is prepared according to the Global Reporting Initiative (GRI) G3.1 sustainability reporting guidelines and the UN Global Compact principles. If you are interested in specific issues relating to corporate responsibility, we recommend that you check the GRI and UN Global Compact reporting index, where all the indicators regarding responsibility practices are listed together with links to the pages on which they are addressed.

Outotec reports on the core indicators of most relevance to its operations, solutions, and stakeholders. The selected core indicators are of importance at the corporate level and are based on those proposed by the GRI guidelines.

We report on our own operations but do not include delivery projects, use of the technology, or our supply chain. The report boundary includes all our major operations. Our aim is to expand information collection and include site operations, construction, and commissioning work carried out at our customers' sites.

Outotec introduced its environmental data reporting system in 2009. The data on environmental performance is based on Outotec's financial reporting system, 'Hyperion Financial Management' (HFM), where each business unit reports its environmental figures. After data collection, the reported figures were retrieved from the HFM system and Microsoft Excel was deployed to carry out calculations. In 2012, Outotec acquired Backfill Specialists (October 2012), TME Group (August 2012), Demil (June 2012), and Numcore (March 2012). These new businesses are included in the environmental data reported.

For collection of social performance data, a global master data system based on SAP HCM (Human Capital Management) was applied. It includes accurate data of employees and covers all major business units. The system was introduced in 2010 and has been further developed since. In addition, Outotec has a global health and safety reporting system for setting and following common health and safety targets in all Outotec operations. It also provides qualified metrics. This report includes the health and safety data that covers Outotec globally.

In 2012, a validation check for all business units was integrated in the reporting tool that highlights changes of

over 20 percent compared to the previous years and asks for verification of the data controller. This is yet another step in improving data quality. Outotec also continues to report on GRI B+ level. The developments concerning the new G4 guidelines are closely followed.

The data reported does not cover all Outotec employees yet, which is an area that needs further improvement.

Performance data on environmental aspects of sustainability have been collected from major business units for electricity, heating, owned or leased company cars, flight emissions, water, paper, recycled waste, and landfill waste. In addition, the combustion of fuels in company-owned combustion sources (scope 1 emissions) and hazardous waste occurring in Outotec's research centers, equipment manufacture workshops, and ceramic plate production plant are included in the report. The sources of owned fuel combustion are identified through separate environmental data reports provided on an annual basis. When required, e-mail correspondence was used to collect the information from the various business units.

Environmental data was available for Outotec's most important and largest business units. The smallest offices were not able to report environmental data, because they are located in larger office premises together with other

companies. They pay a monthly lump sum to the office providers, and therefore it is not possible to identify electricity, heat, or water consumption. For this group, an average number was calculated based on the available data.

Economic performance data is based on data collection through ERP systems and Outotec's management reporting system, HFM. The figures used in Outotec's Consolidated Financial Statements have been prepared according to the IFRS (International Financial Reporting Standard). In addition, some data has been collected manually from MS Excel spreadsheets.

We have applied GRI's "Guidance on Defining Report Content" when preparing the report.

Outotec's most important sustainability issues were discussed and defined in a management workshop facilitated by an external partner at the end of 2011. Sustainability trends and feedback from stakeholders were taken into account when evaluating the most important sustainability issues and, subsequently, the chosen GRI indicators. Identifying the material aspects created the basis for sustainability management and defining the report's content. The content of this report was reviewed and approved by Outotec Executive Board in March 2013. We have identified our investors, customers, current and future employees, and suppliers as the main users of this report.

Sustainability targets

The materiality assessment and the CO₂ emissions avoided through Outotec's technology solutions clearly illustrate where Outotec can achieve the most positive impact on sustainability – namely through improvements in its technologies to enable customers to reduce the environmental impact of their operations. Besides efforts in R&D and providing customers with process solutions, technologies, and services, Outotec also strives to improve the economic, environmental, and social performance of its own operations. By joining the corporate responsibility UN Global Compact initiative, Outotec has expressed its intent

to further advance sustainability and the principles of social responsibility in its business practices.

In our previous reports we have published annual targets which steer our sustainability agenda. For 2013, we have decided to divide those targets into two categories: key targets and supporting targets. This prioritization is done based on our materiality analysis. We have also clearly improved the measurability of our targets.

New long-term targets

A major improvement in target-setting is that we have decided to add long-term targets up to the year 2020 to

complement our annual targets. The first long-term target – More sustainable technologies and services by 2020 – relates to our Offering Agenda and it comprises four elements:

- To keep the share of environmental goods and services (EGS) in our order intake permanently above 90 percent. This means that we will always seek to sell our latest technology (BAT) to customers.
- 20 percent increase in the amount of avoided CO₂ emissions by the industry through the use of our metals-related processes by 2020.
- To generate more energy through our waste-to-energy solutions. The

targeted annual reduction in the use of fossil fuels is comparable to 80 MWe power plants and 60 MWth steam boilers as an average.

- 50 percent reduction in fresh make-up water per one tonne of ore in non-ferrous metals concentrators. This is a clear task for technology development and new innovations.

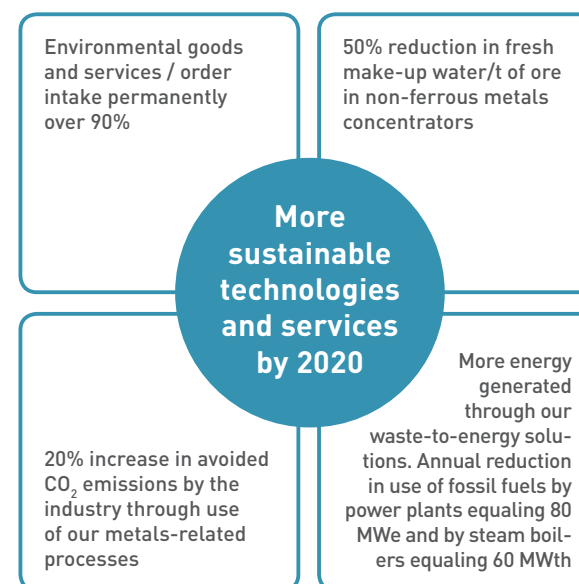
The base line year for these long-term technology-related targets is 2012.

The second long-term target will be formulated during 2013 regarding our People Agenda, which is the other area considered most relevant to our business.

Key targets for 2013

Key Target for 2013		GRI indicator
Economic and governance	Code of Conduct implementation: e-learning solution created and 80% of personnel trained.	S03, HR3
Environmental	EGS % of order intake: maintain the percentage of EGS in order intake on the level of 85–95% and over 90% as the long-term target.	EN6
	CO ₂ emissions avoided: over 5% annual increase in the amount of avoided CO ₂ emissions through the use of Outotec's metals-related technologies and solutions.	EN18
Social	Further develop the employer image: localized employee value proposition in five key countries. 20% increase in number of followers in social media. Localized content in social media.	

Targets for 2020



Other targets for 2013

	Target for 2012	Performance in 2012	Target for 2013	GRI indicator
Economic and governance	Continue growth through acquisitions.	Target was achieved. Outotec made four acquisitions in 2012. The acquisition of Backfill Specialists brought new solutions for sustainable tailings treatment into Outotec's portfolio.	Sustainable acquisitions: continue growth through sustainable acquisitions based on M&A target assessment criteria. More than 50% of acquisitions must increase sustainability offering or improve sustainability agenda.	EC1
	Improve the system for sustainability KPIs collection. Include the relevant sustainability KPIs in core business and shared function processes.	Target was partially achieved. GRI indicator collection improved in 2012. A validation check for all business units was integrated in the reporting tool that highlights changes over 20% compared to the previous years and asks for verification of the data controller. This is yet another step in improving data quality. The work with including sustainability KPIs in core business processes did not progress as rapidly as planned, and the work continues in 2013.	Improve sustainability governance model: strengthen sustainability focus on all levels and improve integration throughout the organization.	
	Refine the supplier assessment process further covering sustainability aspects and deploy globally.	Target was achieved. The supplier assessment process has been defined and officially released. A pilot study was carried out with a Chinese supplier.	Suppliers: 300 of major suppliers have committed to new Supplier policy/code	EC6, HR2
	Continue sustainability assessments in acquisitions.	Target was achieved. In all four acquisitions made in 2012 the sustainability was assessed.	Done, sustained as normal business practice.	
	Continue reporting based on GRI 3.0, long-term target is to follow the GRI 3.1 guidelines.	Target was achieved. Outotec decided to continue to report on GRI B+ level. The development concerning the new G4 guidelines are being closely followed.	Done, sustained as normal practice.	
Environmental	Develop all needed EHS Modules (14001 and 18001) and implement them in all locations. Preparations for global certification. ISO 9001 certification for 6 new countries. ISO 14001 and OHSAS 18001 certification of one additional location.	Target was partially achieved. The environmental modules were implemented in 75% of our locations and H&S modules in 85%. Six new countries were certified with ISO 9001. The planned OHSAS 18001 and ISO 14001 certification for offices in Alsdorf, Germany and Utrecht, the Netherlands was postponed to the first quarter of 2013.	Management systems: EHS module implementation continues to cover all locations in 2013. ISO 14001 and OHSAS 18001 certification for 18 new locations.	
	Double the use of video conferencing facilities from 2011 level.	The target was almost reached. The use of video-conferencing increased by 93%. Six new video-conferencing facilities were installed, and the total number was increased to 31. In addition to video-conferencing, Sametime and Skype were also used. However, we do not have any use statistics for those.	Reduction in CO ₂ emissions in traveling: 5% decrease in tonnes of CO ₂ flight emissions per million EUR sales annually through increased virtual ways of working.	EN18
	Increase the investments in R&D in line with business growth.	Target was partially achieved. R&D expenditure was EUR 41.6 million, representing 24% growth from 2011. However, because of strong business growth in 2012, the share of R&D of sales was 2.0%, which is lower than in 2011 (2.4%).	Done, sustained as normal business practice.	EN26

Social	Target for 2012	Performance in 2012	Target for 2013	GRI indicator
	<p>90–95% of employees have their performance development dialogue (PDD) using the new tool.</p> <p>Develop the tool to include individual development.</p>	<p>Target was achieved. Over 95% of employees used the new PDD tool for defining their targets, and Personal development plan function was developed in the tool.</p>	<p>Performance development dialogues: all employees have had PDDs according to defined policy.</p>	LA12
	<p>Study the possibilities to increase the sustainability of our own operations, for example telecommuting, i.e. remote working from home (social and environmental impacts).</p>	<p>Target was achieved. Our values framework, published in 2012, was built around 'committed to sustainability' as the core value. In addition to video conferencing, sustainability also guided decisions on our new Espoo premises (our biggest office) are being built in full consideration of LEED® (LEED = Leadership in Energy and Environmental Design) requirements.</p>	<p>Improving life balance and sustainable leadership: global guidelines for remote working and flexible working time to be published. Sustainable leadership implemented through performance evaluation concept and leadership training.</p>	EN18, LA11
	<p>Technology and plant safety: take technology and plant safety management (TPSM) into use in all locations with engineering activities.</p> <p>Long term target: zero harm= zero fatalities +zero incidents +zero property damages for Outotec and our partners</p>	<p>Target was achieved. TPSM has been introduced in all locations involved in project implementation and engineering.</p>	<p>Technology and plant safety management: TPSM is included in all major new technology and plant delivery contracts globally.</p>	PR1
	<p>Define and implement the HC Master Data related processes.</p> <p>Develop the HC Master Data system and HC reporting further.</p>	<p>Target was partially achieved. Quality of data in the HC Master data system was improved through closely followed training of local Human Capital personnel with close follow up globally. HC reporting was further developed based on Master Data, but because of matrix organization, further needs were identified and project to fulfill those needs was started in late 2012.</p>		LA1–13

INDEPENDENT ASSURANCE REPORT

To the Management of Outotec Oyj

Insinööritoimisto Ecobio Oy (hereafter Ecobio) has been commissioned by Outotec Oyj (hereafter Outotec) to perform a limited third party assurance engagement regarding the content of Outotec's Sustainability Report for 2012.

Outotec's Responsibility

Outotec was responsible for the collection, preparation and presentation of the information in the Sustainability Report (hereafter Sustainability Information) according to the Sustainability Reporting Guidelines (version 3.0) set up by the Global Reporting Initiative (GRI). Ecobio, as an independent assessor was not involved in the preparation of any Sustainability Information, apart from the Independent Assurance. The Management of Outotec has approved the information provided in the Sustainability Report.

Practitioner's Responsibility

Ecobio's responsibility was to present a conclusion on the Sustainability Information subject to the assurance performed by Ecobio.

The scope of work included assurance of completeness and correctness of information presented by Outotec in the Sustainability Report 2012. The assurance engagement was limited to the non-financial performance data disclosed in the Sustainability Report for the reporting period of January 1st 2012 to December 31st 2012.

The Sustainability Information assured covered the Standard Disclosures, including the reported Environmental and Social Performance Indicators. In addition, the level of the consistency of the Economic Performance Indicators reported was checked against the GRI G3 Sustainability Reporting Guidelines.

Ecobio disclaims any liability or responsibility for any third party decision based upon this assurance report.

Methodology

Ecobio based the assurance process on the following guidelines and standards: the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines 3.0, the International Standard on Assurance Engagements 3000 (ISAE3000) and Outotec's internal reporting guidelines. The assurance process was performed utilizing Ecobio's internally developed GRI assurance tool, covering the principles, standard disclosures and indicators of the GRI G3 Guidelines. All Standard Disclosures were assessed individually.

Concerning limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained. This assurance engagement was conducted from February to March 2013. The assurance process included:

- Interviewing employees responsible for data collection and reporting at Outotec's group level.
- Evaluating procedures for gathering, analyzing, and aggregating quantitative data for the Sustainability

Report 2012 as well as performing cross-checks on a sample basis concerning the reported sustainability data.

- Checking the internal guidelines of the data collection.
- Checking the sufficiency of the documentation of the data gathering process.
- Checking the consistency of the Sustainability Report 2012 compared to the GRI G3 Sustainability Reporting Guidelines.

Conclusions

Based on the work described in this report, nothing has come to our attention that would cause us to believe that the information presented in Outotec's Sustainability Report 2012 is not fairly stated, in all material respects, or that it would not comply with the Reporting Criteria stated before.

Outotec claims that an Application Level of B+ is achieved. We assessed the scope of Sustainability Information provided by Outotec for each Standard Disclosure and evaluated that an Application Level of B+ is achieved.

Observations and Recommendations

Based on our limited assurance engagement we provide the following observations and recommendations related to GRI Sustainability Reporting principles. These observations and recommendations do not affect the conclusions presented earlier.

- In general, the report is comprehensive, well-structured and claims are reported in a reasonable fashion.
- Due to improved data gathering processes, Outotec has been able to extend the number of indicators reported (from “not reported” to “partly reported” two indicators and from “partly reported” to “fully reported” four indicators). It is, however, recommended for future reporting periods to further improve the accuracy and completeness of the data provided.
- We recommend the boundary of the report to be expanded in future reporting periods to include, where possible, project execution as well as site and supplier performance. By including project execution and supplier performance in the report the sustainability context and completeness of future reports will be enhanced.
- To improve transparency, it is recommended for Outotec to further develop reporting on possible failures in the report content. By including failures the balance of future reports will be enhanced.
- To improve consistency in data gathering and compilation, it is recommended to further elaborate the documentation of the work processes and the internal guidelines for data gathering to take into account all aspects of the report content. By improving the documentation the accuracy and completeness of future reports will be enhanced.

Practitioner's Independence and qualifications

Ecobio is an independent consulting company that specializes in environmental, health and safety management with over 20 years of history. Ecobio provides corporate sustainability and environmental consultancy services, combined with training, modelling, research and planning, for companies in the infrastructure, industry and service sectors. Ecobio's assurers are skilled and experienced within non-financial assurance and has good knowledge of industry related sustainability issues.

As an independent consultancy, Ecobio has no financial dependencies on Outotec beyond the scope of this engagement. Ecobio has conducted this assurance independently, and there has been no conflict of interest.

Helsinki, 21st of March 2013
Insinööritoimisto Ecobio Oy



Sanna Perkiö
President

Thomas Andersson
Senior Consultant



GLOBAL REPORTING INITIATIVE INDEX AND UN GLOBAL COMPACT

Based on its own assessment, Outotec has self-declared this report to be compliant with the GRI application level B+. The application level has been checked by a third party, Ecobio Ltd.

	GRI Content	Reference page	Reported	Global Compact principles
	Standard Disclosure			
1	Strategy and analysis			
1.1	CEO's statement	CEO's message to stakeholders, p. 4	Fully	
1.2	Key impacts, risks, and opportunities	Materiality assessment, p. 8 Risks and opportunities, p. 40 Sustainability targets, p. 53	Fully	
2	Organizational profile			
2.1	Name of the organization	Outotec in brief, p. 2	Fully	
2.2	Primary brands, products, and/or services	Outotec in brief, p. 2	Fully	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Outotec in brief, p. 2	Fully	
2.4	Location of organization's headquarters	Outotec in brief, p. 2	Fully	
2.5	Number of countries where the organization operates	Outotec in brief, p. 2	Fully	
2.6	Nature of ownership and legal form	Outotec in brief, p. 2	Fully	
2.7	Markets served	Outotec in brief, p. 2	Fully	
2.8	Scale of the reporting organization	Outotec in brief, p. 2	Fully	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Outotec in brief, p. 2	Fully	
2.10	Awards received in the reporting period	Highlights 2012, p. 3 Customers, p. 27	Fully	
3	Report parameters			
3.1–3.4	Report profile	Report scope and profile, p. 52 Contact information, p. 62	Fully	
3.5	Process for defining report content	Materiality assessment, p. 8 Interaction with stakeholders, p. 26	Fully	
3.6	Boundary of the report	Report scope and profile, p. 52 Data collection, p. 52	Fully	
3.7	State any specific limitations on the scope or boundary of the report	Report scope and profile, p. 52	Fully	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	Report scope and profile, p. 52 Data collection, p. 52	Fully	
3.9	Data measurement techniques and the bases of calculations	Data collection, p. 52	Fully	

	GRI Content	Reference page	Reported	Global Compact principles
3.10	Explanation of re-statements	Outotec in brief, p. 2	Fully	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods	Outotec in brief, p. 2 Data collection, p. 52	Fully	
3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index and UN Global Compact, p. 58	Fully	
3.13	Assurance	Independent assurance, p. 56	Fully	
4	Governance, commitments, and engagement			
4.1–4.10	Governance	Governance and sustainability, p. 24 Risks and opportunities, p. 40	Fully	1–10
4.11–4.13	Commitments to external initiatives	Commitment to external initiatives, p. 31 Risks and opportunities, p. 40	Fully	1–10
4.14–4.17	Stakeholder engagement	Employees, p. 13 Interaction with stakeholders, p. 26	Fully	
ECONOMIC PERFORMANCE INDICATORS				
	Management approach to economic responsibility	Management approach, p. 10 Economic impact, p. 48	Fully	1,4,6,7
EC1	Direct economic value generated and distributed	Economic impact, p. 48	Fully	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Risks and opportunities, p. 40	Fully	7
EC3	Employee benefit obligations	Rewarding, p. 16	Partly	
EC4	Significant financial assistance received from government	R&D and innovation, p. 20	Fully	
EC6	Spending on local suppliers	Supply chain, p. 50	Partly	
EC7	Procedures for local hiring	Labor practices, p. 16	Fully	6
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	Commitment to external initiatives, p. 31	Fully	
EC9	Understanding and describing significant indirect economic impacts	Economic impact, p. 48 Management approach, p. 10	Partly	
ENVIRONMENTAL PERFORMANCE INDICATORS				
	Management approach to environmental responsibility	Management approach, p. 10 Ecological footprint, p. 45	Fully	7,8,9
EN1	Materials used	Ecological footprint, p. 45	Partly	8
EN3–5	Energy consumption and energy saved	Ecological footprint, p. 45	Fully	8,9
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	R&D and innovation, p. 20	Partly	8,9
EN7	Initiatives to reduce indirect energy consumption and the reductions achieved	Ecological footprint, p. 45	Partly	8,9
EN8	Water withdrawal	Ecological footprint, p. 45	Fully	8
EN11	Location and size of land holdings in areas of high biodiversity		Not relevant	8
EN12	Description of significant impact of activities, products, and services on biodiversity		Not reported	8
EN16–17	Greenhouse gas emissions	Ecological footprint, p. 45	Fully	8
EN18	Initiatives to reduce greenhouse gas emissions	Ecological footprint, p. 45	Fully	7,8,9

	GRI Content	Reference page	Reported	Global Compact principles
EN19	Emissions of ozone-depleting substances by weight		Not relevant	8
EN20	NOx, SOx, and other significant air emissions	Ecological footprint, p. 45	Partly (NEW)	8
EN21	Water discharge		Not relevant	8
EN22	Waste by type and disposal method	Ecological footprint, p. 45	Fully	8
EN23	Total number and volume of significant spills		Not relevant	8
EN24	Hazardous waste	Ecological footprint, p. 45	Fully	8
EN26	Initiatives to mitigate environmental impacts of products	R&D and innovation, p. 20	Partly	7,8,9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		Not reported	8,9
EN28	Compliance with environmental laws	Values and Code of Conduct, p. 21	Fully	8
SOCIAL PERFORMANCE INDICATORS				
Labor practices and decent work				
	Management approach to labor practices and decent work	Management approach, p. 10 Labor practices, p. 16	Fully	1,3,6
LA1	Total workforce by employment type, employment contract, and region	Employees, p. 13	Fully	
LA2	Total number and rate of employee turnover by age group, gender, and region	Employees, p. 13	Fully	6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Rewarding, p. 16	Fully	
LA4	Percentage of employees covered by collective bargaining agreements	Rewarding, p. 16	Fully	1,3
LA5	Minimum notice period(s) regarding significant operational changes	Labor practices, p. 16	Partly	3
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region	Health and safety, p. 17	Fully	1
LA8	Education, training and prevention programs regarding serious diseases	Training programs, p. 15	Partly (NEW)	1
LA9	Health and safety topics covered in formal agreements with trade unions	Health and safety, p. 17	Partly	1
LA10	Average hours of training per year per employee category	Competence development , p. 14	Partly	
LA11	Programs for skills management and lifelong learning	Competence development , p. 14	Fully	
LA12	Percentage of employees receiving regular performance and career development reviews	Competence development , p. 14	Fully	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Employees, p. 13	Fully	1,6
LA14	Ratio of basic salary of men to women by employee category		Not reported	1,6
Human rights				
	Management approach to human rights	Management approach, p. 10 Values and Code of Conduct, p. 21	Fully	1,2,3,4,5,6
HR1	Investment agreements with human rights clauses or that have undergone human rights screening		Not reported	1,2,3,4,5,6
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Sustainability aspects in supply chain, p. 50	Partly	1,2,3,4,5,6
HR3	Employee training on policies and procedures concerning human rights relevant to operations	Management approach, p. 10 Employees, p. 13	Fully	1,2,3,4,5,6

	GRI Content	Reference page	Reported	Global Compact principles
HR4	Total number of incidents of discrimination and actions taken	Labor practices, p. 16	Fully	1,2,6
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk		Not reported	1,2,3
HR6	Operations identified as having significant risk for incidents of child labor	Sustainability aspects in supply chain, p. 50	Fully	1,2,5
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor	Sustainability aspects in supply chain, p. 50	Fully	1,2,4
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Values and Code of Conduct, p. 21	Fully	1,2
	Society			
	Management approach to society	Management approach, p. 10 Employees, p. 13	Fully	10
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	Commitment to external initiatives, p. 31 Sustainability aspects in supply chain, p. 50	Fully	
S02	Percentage and total number of business units analyzed for risks related to corruption	Values and Code of Conduct, p. 21	Partly	10
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Values and Code of Conduct, p. 21	Partly	10
S04	Actions taken in response to incidents of corruption	Values and Code of Conduct, p. 21	Fully	10
S05	Public policy positions and participation in public policy development	Principal international stakeholder organizations, p. 32	Fully	1–10
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions	Economic impact, p. 48	Fully	10
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Values and Code of Conduct, p. 21	Fully	
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Values and Code of Conduct, p. 21	Fully	
	Product responsibility			
	Management approach to product responsibility	Management approach, p. 10 Impact of our products and services, p. 43	Fully	1–8
PR1	Health and safety impacts of products and services	Impact of our products and services, p. 43	Fully	1
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	Values and Code of Conduct, p. 21	Fully	1
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information	Impact of our products and services, p. 43	Partly	8
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	Values and Code of Conduct, p. 21	Fully	8
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Customers, p. 26	Fully	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications		Not reported	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Values and Code of Conduct, p. 21	Fully	

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