

OUTOTEC CORPORATE
GOVERNANCE STATEMENT

2012

Outotec

OUTOTEC'S CORPORATE GOVERNANCE STATEMENT 2012

The ultimate responsibility for the management and operations of Outotec lies with the governing bodies of the parent company, Outotec Oyj, registered and existing under the laws of Finland. These bodies are the General Meeting of Shareholders, the Board of Directors and the President and Chief Executive Officer (CEO). Further, the Executive Board, operating under the authority of the CEO, has been formed for the efficient management of the company.

OUTOTEC'S GOVERNING BODIES



The governance principles applicable to the company are a combination of the laws of Finland, the Articles of Association approved by the General Meeting of Shareholders and Corporate Governance Policy approved by the Board of Directors.

Outotec follows the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association Helsinki in June 2010. The

Corporate Governance Code is based on company's self-regulation and it complements the statutory procedures.

The aim of the Code is to harmonize practices of the Finnish listed companies' corporate governance as well as the information given to shareholders and other investors. It will also improve the transparency of the administration bodies and that the Finnish listed companies apply the corporate governance practices

of high international standard. The Code is available on the Securities Market Association homepage at www.cgfinland.fi.

Outotec's Corporate Governance Statement has been given separately from the financial statements and it is available on Outotec's web site at www.outotec.com. In addition, Outotec's Corporate Governance Policy in its entirety is published and maintained on Outotec's web site.

Self-regulatory Framework

Outotec has introduced the Outotec Management System for the purpose of ensuring the due functioning of its operational model. Outotec Management System became effective on February 2011 upon the Board of Directors decision. Outotec Management System defines governance, management principles, operational model, roles, responsibilities and authorities within Outotec. Outotec Management System documentation is based on European Foundation for Quality Management (EFQM) management system and processes framework criteria. Documentation defines compatibility and fulfillment of Outotec systems against such standards as ISO 9001:2000 for Quality Management and ISO 14001 for Environmental Management.

Outotec Management System is based on the following general principles and guidance:

- One company principle
- Governance and decision-making
- Mission, strategic intent and vision
- Strategy
- Organization
- Corporate-wide policies, processes, information, applications and quality

Outotec policies constitute a vital part of the Management System. Corporate responsibility policy comprises Outotec's code of conduct, anti-money laundering policy prohibits questionable vendor and customer arrangements, competition compliance policy removes obstacles from free and fair trade practices, disclosure policy provides for timely and accurate investor communication. In addition Outotec has numerous other policies regulating its ways of working and governance.

General Meeting of Shareholders

In accordance with the Finnish Companies Act, the General Meeting of Shareholders is the highest decision-making body of the company. The Act provides for that certain important decisions, such as amendments to the Articles of Association, approval of the financial statements, increasing or decreasing share capital, decisions on dividends, and the election of the Board of Directors and the auditors are the exclusive domain of the General Meeting of Shareholders.

Nomination Board

The Annual General Meeting on March 23, 2012 decided to establish a Nomination Board. Its duties consist of search, preparation and presentation of Board member candidates, and related remuneration matters.

The Nomination Board consists of the three biggest shareholders having most voting rights and being registered on October 1, 2012 on the shareholders' register maintained by Euroclear Finland Ltd, and the Chairman and Vice Chairman of the Board of Directors. In the event a shareholder does not want to exercise his right to appoint a member to the Nomination Board, the appointment right will pass to the next largest shareholder registered in the shareholders' register, who otherwise would have no right to appoint.

The Nomination Board shall be convened by the Chairman of the Board of Directors and the Nomination Board elects amongst its members its chairman. The Shareholders Nomination Board composition was Kari Järvinen (Solidium Oy), Harri Sailas (Keskinäinen Eläkevakuutusyhtiö Ilmarinen), Chaim (Poju) Zabłudowicz (Tamares Nordic Investments BV.), Carl-Gustaf Bergström and Karri Kaitue.

Board of Directors

According to the Articles of Association of the company, the Board of Directors shall consist of no fewer than five (5) and no more than eight (8) members. The General Meeting of Shareholders elects the Chairman, and other members of the Board of Directors. Vice Chairman is elected by the Board amongst the Members of the Board.

The Board's Composition:

Carl-Gustaf Bergström, B.Sc. (Econ.)
b. 1945, Finnish citizen
Chairman of the Board of Directors and Human Capital Committee as of 2010
Board member since 2006,
re-elected in 2012
Independent of the company and owner
Retired from Cargotec Corporation in 2006

Karri Kaitue, LL. Lic.
b. 1964, Finnish citizen
Vice Chairman of the Board of Directors as of 2006
Board member since 2006,
re-elected in 2012
Member of the Human Capital Committee as of 2010
Independent of the company and owner
Deputy CEO of Outokumpu Oyj until 2011

Hannu Linnoinen, B.Sc. (Econ.), LL.M.
b. 1957, Finnish citizen
Board member since 2006,
re-elected in 2012
Chairman of the Audit Committee as of 2006
Independent of the company and owner
Senior Executive Vice President and Chief Financial Officer of SRV Group Plc

Eija Ailasmaa, M. Pol. Sc, Graduate of the Sanoma School of Journalism
b. 1950, Finnish citizen
Board member since 2010,
re-elected in 2012

Member of the Human Capital Committee as of 2012

Independent of the company and owner
Retired from Sanoma Media B.V. in 2011

Tapani Järvinen, M.Sc. (Eng.),
Lic.Sc. (Tech.)

b. 1946, Finnish citizen
Board member since 2010,
re-elected in 2012

Member of the Human Capital Committee as of 2010

Not independent of the company and owner

Retired from Outotec Oyj in 2009

Timo Ritakallio, LL.M., MBA

b. 1962, Finnish citizen
Board member since 2011,
re-elected in 2012

Member of the Audit Committee as of 2011

Independent of the company and owner
Deputy CEO of Ilmarinen Mutual Pension Insurance Company

Chaim (Poju) Zabłudowicz, B.A. (Economics and International Relations)

b. 1953, Finnish citizen
Board member since March 23, 2012,
Member of the Audit Committee as of 2012

Independent of the company and owner
Chairman and CEO of Tamares Group

Anssi Soila, M.Sc. (Eng.), B.Sc. (Econ.)

b. 1949, Finnish citizen
Board member since 2006 until 2012
Member of the Audit Committee until 2012

Independent of the company and owner
Retired from Kone Oyj in 1999

Duties of the Board

The general objective of the Board of Directors is to direct the company's business and strategies in a manner that se-

cures a significant and sustained increase in the value of the company for its shareholders. To this end, the members of the Board are expected to act as a resource and to offer their expertise and experience for the benefit of the company.

The Board of Directors acts within the remit of the powers and responsibilities provided under the Finnish Companies Act and other applicable legislation. According to the Companies Act, the Board has general authority to decide and act on all matters not reserved by law or under the provisions of the Articles of Association to other corporate governing bodies. Further, the Board is responsible for the organization of the company's management and operations, and it has the duty at all times to act in the best interests of the company.

The Board of Directors has in its Charter further specified its duties as a whole, the duties of individual members and the Chairman of the Board and the Board's methods of working at a practical level.

In the field of directing the company's business and strategies the Board of Directors shall decide on the basic strategies of the Outotec Group (the "Group") and monitor their implementation, decide on the authority frames for capital expenditure for the Group and monitor their implementation, decide on major business acquisitions and divestments as well as on any other major and strategically significant investments, decide on all individual major sales contracts and all contracts that represent an exceptional risk position taking into account the size of the Group. The Board of Directors shall further decide on any major financing arrangements by any Group company, or which are organized by way of public offerings, or which are otherwise out of the Group's normal course of business.

In the field of organizing the Company's management and operations the

Board of Directors appoints and dismisses the Chief Executive Officer (the "CEO"), his/her possible deputy and the other members of the Executive Board and decide on their terms of service, including incentive schemes, monitor issues relating to top management resources, decides on any significant changes in the business organization of the Group, defines the company's ethical values and modes of activity, ensures that policies outlining the principles of corporate governance are in place, ensures that policies outlining the principles of managing the company's insider issues are in place, ensures that other policies, as the Board may consider appropriate, concerning issues within the Board's duties and authorities are in place.

In the field of preparing issues for the General Meeting of Shareholders for resolution the Board of Directors establishes a corporate policy for dividend distribution and makes proposals regarding dividend distribution to the General Meeting of Shareholders, and makes proposals to the General Meeting of Shareholders concerning other decisions within the authority of the General Meeting of Shareholders.

In the field of financial control and risk management the Board of Directors discusses and approves the interim reports and annual accounts, monitors issues pertaining to significant risks and risk management activities related to Group operations, and ensures that adequate policies for risk management are in place.

One objective of Outotec's Board of Directors is to have both genders represented when proposing candidates for future compositions.

In 2012, the Board of Directors met 13 times. The attendance of members at Board meetings was the following (95.6%):

Participation in 2012

Meetings

Bergström Carl-Gustaf	13/13
Kaitue Karri	13/13
Ailasmaa Eija	13/13
Järvinen Tapani	13/13
Linnoinen Hannu	13/13
Ritakallio Timo	13/13
Soila Anssi	3/3
Zabludowicz Chaim (Poju)	6/10

Evaluation of Board's work

The Board conducts an annual evaluation of its operations and working methods. The purpose of this evaluation is to establish how the Board has executed its tasks during the year and to act as a basis when assessing how the Board functions.

Board's Committees

The Board's Committees practical ways of working shall be further defined in their Charters approved by the Board. The Board of Directors may appoint additional committees from among its members and prescribe their agendas. All Board Committees shall report on their work to the Board of Directors. The Board Committees shall act as preparatory bodies for the Board of Directors and shall not have an authority to take decisions on matters that fall within the Board's authority unless specifically so authorized by the Board.

Audit Committee

The Board has established an Audit Committee consisting of three Board members, who are independent of the company. The Audit 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 shall prepare recommendations to the General Meeting of Shareholders concerning the election and fees of the auditors for the company. The Audit Committee's operation procedures have been specified further in the Board Audit Committee Charter, approved by the Board.

The Audit Committee members were Hannu Linnoinen (Chairman), Eija Ailasmaa (until 23.3.2012), Timo Ritakallio, Anssi Soila (until 23.3.2012) and Chaim (Poju) Zabludowicz (as of 23.3.2012), all having appropriate education and experience in corporate finance. In 2012, the Audit Committee met 4 times.

The attendance of members in Audit Committee meetings was the following (92.3%):

Board member participation in 2012	Meetings
Ailasmaa Eija	1/1
Linnoinen Hannu	4/4
Ritakallio Timo	4/4
Soila Anssi	1/1
Zabludowicz Chaim (Poju)	2/3

Human Capital Committee

The Board has established in November 2010 a Human Capital Committee consisting of three members. The Human Capital Committee shall, in addition to the customary duties belonging to remuneration committees, assume a strong role in duties pertaining to human capital policies and processes.

The Human Capital Committee members are Carl-Gustaf Bergström (Chairman), Karri Kaitue, Eija Ailasmaa (as of March 23, 2012) and Tapani Järvinen. The Human Capital Committee convened 5 times during 2012.

The attendance of members in Human Capital Committee meetings was the following (95%):

Board member

participation in 2012	Meetings
Bergström Carl-Gustaf	5/5
Kaitue Karri	5/5
Ailasmaa Eija	4/4
Järvinen Tapani	4/5

Chief Executive Officer (CEO) and his/her duties and responsibilities

The CEO is responsible for managing and controlling the company's business and day-to-day operations with the aim of securing significant, sustained increase in the value of the company for its shareholders.

The CEO prepares matters for decision by the Board of Directors, develops the Group in line with the targets agreed upon with the Board of Directors and ensures proper implementation of the decisions of the Board of Directors. It is further the duty of the CEO to ensure that the company's operations are in compliance with the laws and regulations applicable at the time. The CEO may have a deputy who will attend to the duties of the CEO in the event that the CEO is prevented from doing so him/herself. The CEO shall make his/her most important decisions in Executive Board meetings and such decisions shall be recorded in the minutes of these meetings. On June 4, 2009, the Board of Directors of Outotec appointed Mr. Pertti Korhonen, born 1961, M. Sc. (Eng) as the new President and Chief Executive Officer of Outotec Oyj. Mr. Korhonen joined Outotec on September 1, 2009, served as Chief Operating Officer as of October 1, 2009 and has assumed the duties of CEO as of on January 1, 2010. In 2012 no Deputy to CEO was appointed.

Executive Board

The Executive Board consists of the CEO, his/her deputy (if one has been appoint-

ed), the Chief Financial Officer and the Executive Vice Presidents and Senior Vice Presidents responsible for the business areas and functions. The role of the Executive Board is to manage the Group's business as a whole. The Executive Board members have extensive authorities in their individual areas of responsibilities and have the duty to develop the Group's operations in line with the targets set by the Board of Directors and the CEO. Executive Board meetings are convened by the CEO from time to time.

Outotec Executive Board

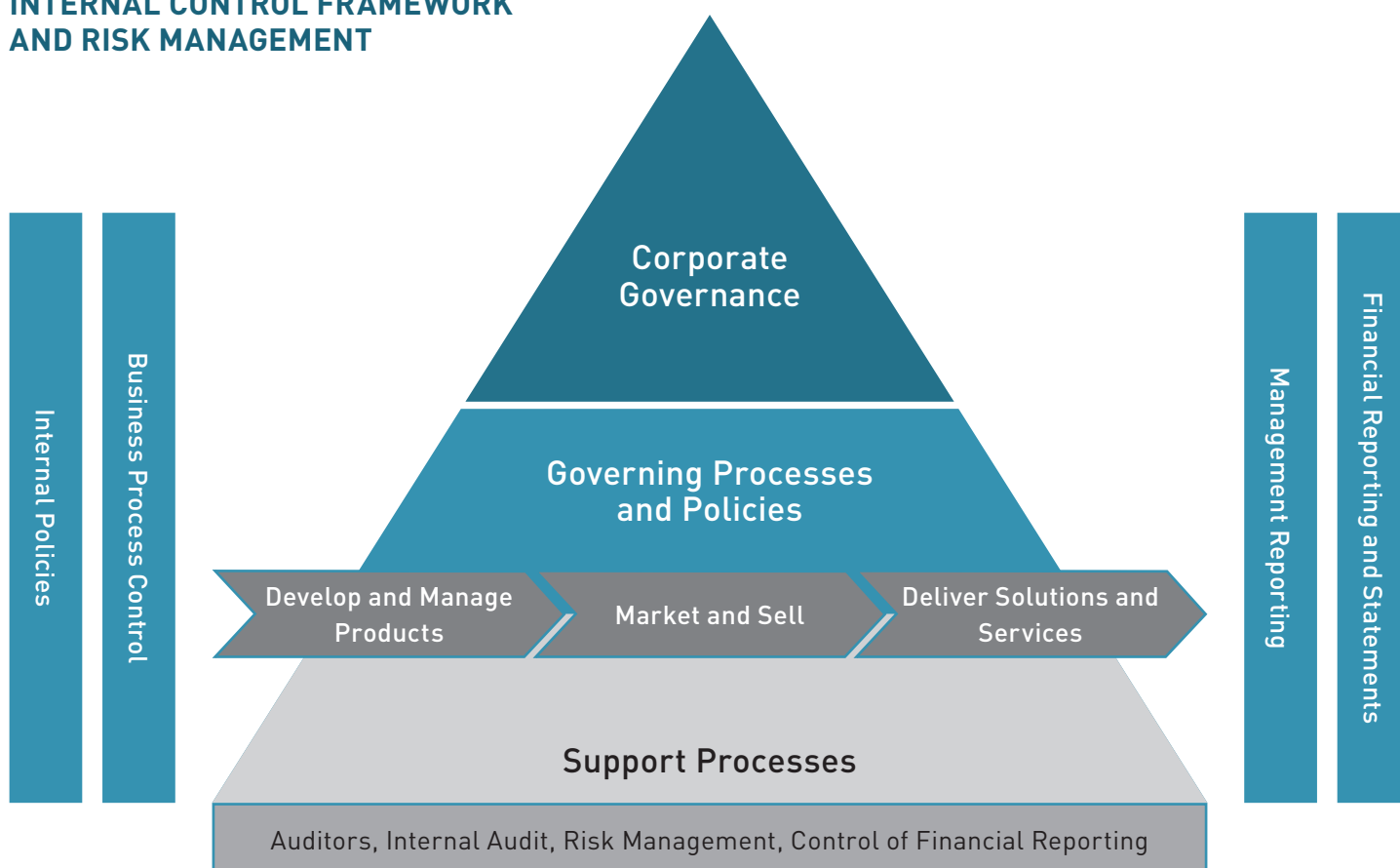
Pertti Korhonen, President and CEO
 Mikko Puolakka, Chief Financial Officer
 Jari Rosendal, President, Non-ferrous Solutions business area
 Pekka Erkkilä, President, Ferrous Solutions business area
 Peter Weber, President, Energy, Light Metals and Environmental Solutions business area
 Kalle Härkki, President, Services business area

Robin Lindahl, Executive Vice President - Market Operations
 Michael Frei, Senior Vice President - Supply
 Kari Knuutila, Chief Technology Officer
 Tapio Niskanen, Senior Vice President - Business Infrastructure
 Ari Jokilaakso, Senior Vice President - Human Capital
 Mika Saariaho, Chief Strategy Officer
 Minna Aila, Senior Vice President, Communications and Corporate Responsibility (as of March 1, 2012)

Control Systems

The general governance principles and Outotec's self-regulatory framework provide the basis for Outotec's operations. In order to ensure the proper functioning of the governance model Outotec Oyj's Board of Directors has defined the principles for Outotec's internal control.

INTERNAL CONTROL FRAMEWORK AND RISK MANAGEMENT



Internal Audit

Internal audit is a fundamental part of Outotec's corporate governance and management systems. Internal audit assists the Board of Directors in supervising and controlling the company. The role of internal audit activity is to monitor that the company's operations are efficiently managed and profitable, risk management is at sufficient level and the provided information for external and internal purposes is accurate. The internal audit system also verifies that the defined principles, policies and instructions are followed and internal audit assist in the investigation of suspected fraudulent activities within the organisation.

Internal audit is designed to add value and improve Outotec's operations by acting as an independent, objective assurance and consulting service. Internal audit help Outotec to support a good organizational governance, give an independent perspective for management in considering and reviewing company operations, and accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

The company's Internal Audit function reports administratively to the Chief Financial Officer but in matters related to the internal audit 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.

In 2012, two extensive audits were conducted, one in human capital function and processes, and the other in compliance and fraud risk management. In addition internal controls' auditing activities were related to Treasury man-

agement and Inventory management. Furthermore, follow-up audits were carried out in order to verify the implementation of the corrective actions from past audits.

Risk Management

Risk management is an integral part of Outotec management system and internal control framework. It aims at assessing the risks in a systematic way in order to facilitate profound planning and decision making process. Risk management covers all parts of the organization and captures risks from strategic to operational risks. Risk management supports the management and the Board of Directors to ensure that the company can execute its strategy effectively.

Outotec operates in accordance with its risk management policy, which specifies the objectives, approaches and areas of responsibility of risk management. Outotec's risk management includes Group level and project-specific risk management processes, which all increase the reliability of financial reporting.

Outotec's Board of Directors oversees and approves Outotec Risk Management Policy and the related processes. The policy defines the objectives, principles, operating procedures, organisation and responsibilities of risk management and the reporting and follow-up procedures. Board's Audit Committee is responsible for reviewing the risk assessments and reports to the Board. The Audit Committee also oversees how the management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Outotec. The CEO and the Executive Board are responsible for defining and implementing risk management processes and for ensuring

that risks are taken into account in the company strategy planning and operative business. Business Areas, Market Areas and functions are responsible for achieving their strategic targets and for mitigating and managing all their risks with support from risk management, contract management and internal audit function.

Risk management and operational control is coordinated by the Corporate Finance & Control function headed by the Chief Financial Officer. Functionally risk management has direct access to the Executive Board, the CEO, the Audit Committee and the Board of Directors.

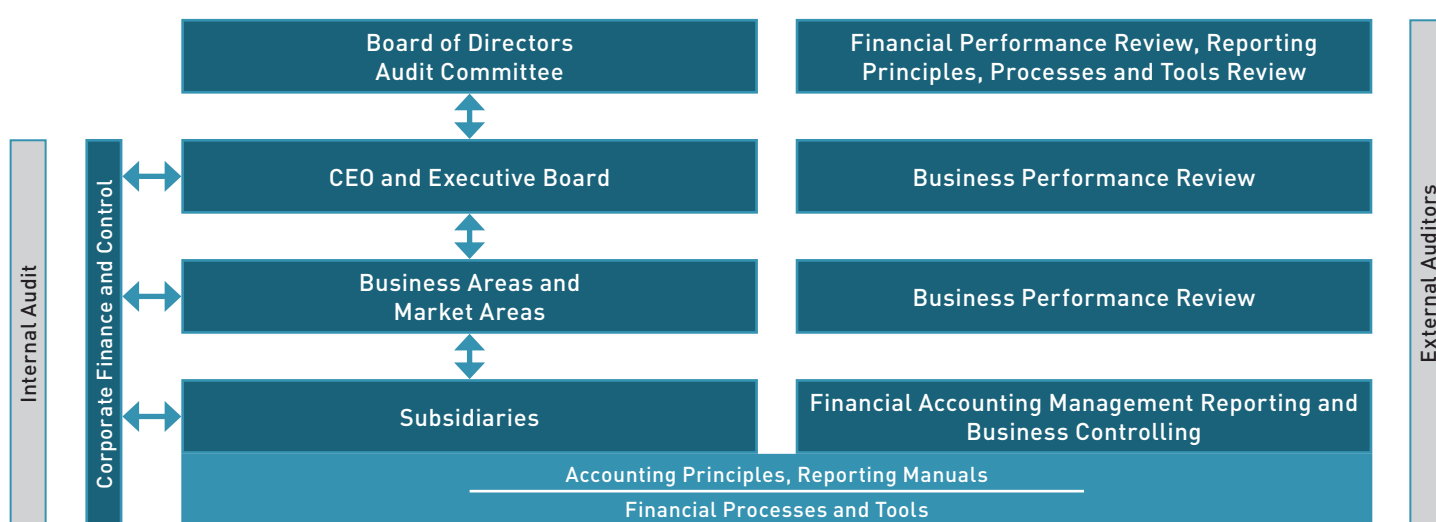
Risks are assessed regularly and reported to the CEO and the Executive Board, the Audit Committee and the Board of Directors on risk identification and risk management measures. The main risks related to Outotec are strategic, operational and project and finance risks, which may affect significantly Outotec's reported financial information. Most significant risks and uncertainties related to Outotec's business are described in the Board of Director's report. Financial risks are described in the notes to financial statements and operational and project risks according to Project Risk Identification and Management (PRIMA) process are described in the company's web site.

In 2012 the 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 PRIMA process, financial risk management activities, QEHS systems, Internal audit policy and Corporate responsibility policy form an integral part of the Enterprise Risk Management. The implementation of the Enterprise Risk Management procedures within whole Outotec will come effective in 2013.

Internal Control Related to Financial Reporting

Internal control in the framework of financial reporting aims at providing assurance that the financial reporting is reliable and in line with the generally accepted accounting principles, applicable laws and regulations as well as internal reporting principles. The financial reporting framework in Outotec is based on Group wide instructions, financial processes and common reporting platform. This framework is supported by Outotec's values, honesty and high ethical standards as well as frequent training and information exchange through meetings where information about financial processes is shared.

OUTOTEC FINANCIAL REPORTING CONTROLS



The Board of Directors bears the overall responsibility for the internal control over financial reporting. Financial performance is reviewed by the Board. The Board has appointed an Audit Committee, which in addition to other tasks monitors on regular basis also the financial reporting principles and accuracy of financial reporting. The CEO and the Executive board as well as the the management teams in Business Areas and Market Areas conduct a monthly review of the historical financial performance and business outlook. Central part of the review is the financial performance of each individual delivery project. Controlling functions in subsidiaries are responsible for ensuring that the business transactions are reported according to Group accounting principles. The external auditor and Internal Audit function perform regular checks on the financial

reporting and report directly to the Audit Committee and the CEO. The corporate wide financial management and control is coordinated by the Corporate Finance & Control function headed by the Chief Financial Officer. The operational responsibility for internal controls lies in subsidiaries, Business Areas, Market Areas and corporate shared functions.

The Corporate Finance & Control function maintains common instructions for financial reporting, acts as process owner for financial processes and controls centrally the reporting platforms. The application and interpretation of accounting standards for the Group wide purposes is done by the Corporate Finance & Control and those principles are documented in the Outotec Accounting Policies and reporting manual. Accounting Policies are implemented by the network of controllers in

Business Areas, Market Areas and shared functions. Outotec's internal and external financial reporting is done by using one common reporting system to ensure that internal and external reporting is based on the same information. Changes in accounting system master data are managed centrally to ensure data integrity. Automatic interfaces between different systems are applied when reasonable. User rights for the financial IT systems and segregation of duties as well as consistent and well documented processes are an important part of the internal control.

Outotec's monthly financial review process forms a key control mechanism when measuring the effectiveness of operations and the development of the company versus the set financial targets. Monthly reporting includes detailed analysis of deviations between actual results,

budget, previous year and latest forecast. In addition to the financial information the reporting covers also other key performance indicators for measuring the operational performance of Outotec Group, Business Areas and Market Areas as well as cost development of corporate shared functions. As project deliveries represent majority of Outotec's sales, project risk management and project control are the key processes for providing information for financial control and reporting.

Financial performance and outlook are reviewed on monthly basis on all organizational levels. Special emphasis is put on the review of project related contractual risks, project provisions and financial performance. Project related financial performance and risks are reviewed also by the Audit Committee on quarterly basis. Controllers participate in evaluating the performance as well as in planning activities. Controllers' responsibility is also to ensure that the reporting follows corporate guidelines and time schedules.

During year 2012 special emphasis was put on reviewing the financial accounting manual, all key financial processes as well as starting the implementation of new management reporting system to increase the transparency over matrix organization. The first pilot for the harmonized ERP system was implemented in three subsidiaries and roll-outs will continue over the next few years.

Auditors

The company has one auditor which shall be an auditing firm authorised by the Central Chamber of Commerce. The auditor is elected by the Annual General Meeting to audit the accounts for the ongoing financial year and its duties cease at the close of the subsequent Annual General Meeting. The parent company, Outotec Oyj is responsible for selecting the external audit firm. The audit firm performs an annu-

al audit of the accounting records for each financial year, the annual accounts and the corporate governance of the company. The audit of the company also includes an examination of the consolidated annual accounts for the company, as well as the relationships between Group companies. This calls for cooperation between the auditor of the company and the auditors of the other group companies world-wide. In the scope of the audit, it is taken into account that the company has its own separate internal audit function. On closing of the annual accounts, the external auditor submits the statutory auditor's report to the company's shareholders, and it also regularly reports the findings to the Board of Directors' Audit Committee. An auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

In 2012, the company paid a fee of EUR 679,000 (2011: 858,000) for the auditing services. Additionally, the company paid EUR 886,000 (2011: 880,000) for non-auditing related consultation.

In the Annual General Meeting on March 23, 2012 Public Accountants PricewaterhouseCoopers Oy, was elected as the company's auditor.

Remuneration

The Board of Directors wants to underline the importance of human capital development and management for a high technology company such as Outotec with world-class knowledge and expertise. The Human Capital Committee is charged with duties relating to human capital policies and procedures, employee benefit plans and compensation as well as remuneration of the CEO and other executives. The Human Capital Committee will also prepare matters pertaining to the appointment of the CEO and his/her possible deputy and other ex-

ecutives as well as the identification of their successors. Depending on the employee's position, total compensation may consist of base salary, annual cash bonus, long-term share based incentive plan and Outotec Management Oy (for Executive Board members only).

At Outotec, incentive bonuses are determined on the basis of attainment of the company's financial targets, as well as targets set for the employees or departments concerned. Personal targets form at most one third of one's total incentive bonus. As a general rule, the total bonus percentage ranges from 10 to 60 percent of the employee's annual salary, depending on the position of the employee. The incentive bonus program covers almost all personnel of Outotec. In addition, the Board of Directors may decide to set some project related bonuses.

Outotec's Board of Directors decided on April 23, 2010 to adopt a share-based Incentive Program for the company's key personnel. The Program comprises three earning periods: calendar years 2010, 2011 and 2012. The Board of Directors determines the amount of the maximum reward for each individual, the earning criteria and the targets established for them separately on an annual basis. The maximum value of the rewards of the whole Incentive Program 2010-2012 equals to approximately 1,000,000 shares, including the cash payment to cover income taxes. Full details of the Executive Board members' remunerations can be found on Outotec's web site and Financial Statements 2012 on page 31.

Outotec's Board of Directors decided on September 25, 2012, to launch an employee share savings plan for Outotec employees globally. The plan has commenced from January 1, 2013, with the first savings period being one calendar year. The following savings periods are subject to a separate Board decision. Approximately 34% of employees in 22 countries have signed up.