

OUTOTEC CORPORATE
GOVERNANCE STATEMENT

2010

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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.

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, and which replaces the recommendation given in 2008. 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 a 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 report and it is available on Outotec's website at www.outotec.com. In addition, Outotec's Corporate Governance Policy in its entirety is published and maintained on Outotec's website at www.outotec.com/cg.

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. Full details of the Board of Directors are published at www.outotec.com/cg.

The Board's composition:

Carl-Gustaf Bergström, M.Sc. (Econ.)

b. 1945, Finnish citizen

Chairman of the Board of Directors

Board member since 2006, re-elected

March 18, 2010

Independent of the company and owner

Retired from Cargotec Corporation

2006

Hannu Linnoinen, M.Sc. (Econ.), LL.M.

b. 1957, Finnish citizen

Board member since 2006, re-elected

March 18, 2010

Chairman of the Audit Committee

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, elected

March 18, 2010

Member of the Audit Committee

Independent of the company and owner

CEO of Sanoma Magazines B.V.

Karri Kaitue, LL. Lic.

b. 1964, Finnish citizen

Vice Chairman of the Board of Directors

Board member since 2006, re-elected

March 18, 2010

Independent of the company and owner

Deputy CEO of Outokumpu Oyj and Vice

Chairman of the Outokumpu Group

Executive Committee

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

b. 1949, Finnish citizen

Board member since 2006, re-elected

March 18, 2010

Member of the Audit Committee

Independent of the company and owner

Retired from Kone Oyj 1999

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

b. 1946, Finnish citizen

Board member since 2010, elected

March 18, 2010

Not independent of the company and owner

Retired from Outotec Oyj in 2009

Board member participation in 2010	Board meeting	Audit Committee meeting
Bergström Carl-Gustaf, chairman*	14/14	1/1
Kaitue Karri, vice chairman	14/14	
Ailasmaa Eija	11/11	3/3
Linnoinen Hannu	14/14	4/4
Järvinen Tapani	11/11	
Soila Anssi	14/14	3/3
Virrankoski Risto**	3/3	

*] Chairman of the Board of Directors as of 18.3.2010

**] Chairman of the Board of Directors until 18.3.2010

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 secures 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 the Charter of the Board of Directors further specified the duties of the Board as a whole, the duties of individual mem-

bers and the Chairman of the Board and the Board's methods of working at a practical level.

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

In 2010, the Board of Directors met 14 times. The average attendance of members at Board meetings was 100%. The fees paid to the Board of Directors in 2010 totaled EUR 288,000. The Board of Directors assesses its performance annually by conducting an internal self-evaluation.

Audit committee

The Board has established an audit committee consisting of three Board members, who are independent of the company. The 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 committee shall prepare recommendations to the General Meeting

of Shareholders concerning the election and fees of the auditors for the company. The committee's operation procedures have been specified further in the Board Audit Committee Charter, approved by the Board.

The Audit Committee members are Hannu Linnoinen (Chairman), Eija Ailasmaa and Anssi Soila, all having appropriate education and experience in corporate finance. In 2010, the Audit Committee met 4 times and all members were present.

Human Capital committee

The Board 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 and Tapani Järvinen. The Human Capital committee did not convene during 2010.

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 share holders.

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- or 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, 47, 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.

The full details of the CEO and executive board are published on www.outotec.com/cg.

DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL SYSTEMS PERTAINING TO THE FINANCIAL REPORTING

Internal control

Internal control is a fundamental part of Outotec's corporate governance system. Internal control can be defined a set of processes designed to provide reasonable assurance on achievement of company's objectives in areas of effectiveness and efficiency of processes and economic use of resources, reliability of financial reporting information and compliance with external rules and regulations as well as internal policies and procedures.

The Board Audit Committee's task is to review the auditing work, internal controls, and the scope of internal and external audits, the company's financial policies and other procedures for managing the company's risks. The committee reports to the Board of Directors.

The framework of internal control

Outotec's internal control is done on all level in the Group and financial reporting is managed with common methods in all units of the Group. The purpose of internal control is to assure the efficiency of the processes, the reliability of financial reporting and the compliance of laws and regulations as well as internal instructions. The International Financial Reporting Standards (IFRS) are followed in the whole Group and the Chief Financial Officer of Outotec together with the Group financial department maintains com-

mon instructions for planning and internal control. These instructions and training held by Group financial department for Group companies' financial personnel support the reaching reliability objectives that have been set for the Group's financial reporting. Outotec Group's internal and external financial reporting is done by using one group accounting system to ensure that internal and external reporting is based on the same information. User rights for the financial IT systems and segregation of duties as well as consistent and well documented processes are important part of the internal control.

Operating principles of internal control

In addition to Outotec's Board of Directors and its Audit Committee, the Executive Board as well as management teams of each business area form the general bodies for internal control.

Amongst others, the Board of Directors deals monthly financial reports, business development related issues, strategic and operative planning and follow up, as well as investments and acquisitions. The Group's Executive Board deals mainly with operative planning and issues related to control and development of operations. Management teams of each business area deal with planning and control of operations of its own area.

The reliability of financial reporting requires that financial and accounting processes are sufficiently controlled. The Group's financial department

performs many different control activities to ensure that the Group companies follow the harmonized accounting principles and those possible errors and differences in financial reporting are found and corrected. The control activities include for instance reconciliation of single accounts and analysis made during the reporting process.

Internal audit

The company has an Internal Audit function, which reports administratively to the Chief Financial Officer but presents the internal audit reports directly to the Board's Audit Committee. Internal audit is designed to add value and improve Outotec's operations by acting as an independent, objective assurance and consulting service.

Internal audit helps Outotec to comply with good corporate 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 purpose of the function is to assist the Board of Directors in supervising and controlling the company. For this purpose, the internal auditor identifies and monitors the most important operational risks of the company, ensures the functionality and fit of the internal control mechanisms of the company and produces reliable information for the Board of Directors and its Audit Committee.

Risk management

The risk management is an important part of internal control and refers to the recognition, assessment, measurement, limiting and monitoring of risks involved in or essentially related to the business. Outotec's risk management policy defines general risk management principles and risk management framework. Outotec's risk management processes include Group level risk management processes and project-specific risk review and project risk management, which all increase the reliability of financial reporting.

The persons responsible for Outotec's risk management report regularly to the Group Executive Board, Audit Committee and Board of Directors on risk identification and risk management measures. The main risks related to Outotec are operative project and finance risks as well as risks related to changes in currency exchange rates, which may affect significantly Outotec's reported financial results.

Audit

The parent company is responsible for selecting the audit firm. The audit firm performs an annual 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 worldwide.