

2017

**CORPORATE
GOVERNANCE
STATEMENT**

OUTOTEC'S CORPORATE GOVERNANCE STATEMENT 2017

INTRODUCTION

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 governing 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. During 2017, Outotec followed the Finnish Corporate Governance Code ("Code") for listed companies issued by the Securities Market Association in 2015. The Corporate Governance Code is based on listed companies' 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 aims also to improve the transparency of the governing 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. In addition, Outotec abides by all guidelines and instructions issued by the Financial Supervision Authority, Nasdaq Helsinki Ltd and the Finland Chamber of Commerce, e.g. in the field of insider management, own shares, communications and takeovers.

Outotec's Corporate Governance Statement has been prepared in accordance with the Corporate Governance reporting requirements of the Finnish Corporate Governance Code and related instructions issued by the Securities Markets Association. Outotec's Corporate Governance Statement has been given separately from the financial statements. Outotec does not deviate from any of the Code's recommendations. In addition, Outotec's Corporate Governance Policy in its entirety is published and maintained on Outotec's website at www.outotec.com.

CORPORATE GOVERNANCE AT OUTOTEC

SELF-REGULATORY FRAMEWORK

Outotec has introduced the Outotec Operating Model for the purpose of ensuring the proper functioning and compliance. Outotec Management System became effective on February 2011 upon approval by the Board of Directors. It was revised in 2017 and re-named as Outotec Operating Model. Outotec Operating Model defines governance, management principles, operational model, roles, responsibilities and authorities within Outotec. Outotec Operating Model 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's operating model describes how Outotec operates across business processes, organization and competences in order to accomplish its mission, and it includes:

- Mission, vision and strategy
- Values, Code of Conduct and ethics
- Governance and policies
- Organization and people
- Business processes and QEHS (Quality, Environment, Health and Safety)
- Information Architecture and Applications

Outotec policies constitute a vital part of the Management System. In December 2012 Outotec's Board of Directors approved Outotec's Code of Conduct, which was revised in 2017. The Code of Conduct comprises the values that Outotec's way of working is based on, and sets out the company's basic rules on human rights, anti-corruption issues, occupational health and safety matters, insider rules, respecting laws and regulations, as well as free and fair trade practices.

Outotec has a Compliance Helpline globally which enables anyone to raise their concerns or seek advice in matters related to compliance to the knowledge of Chief Compliance Officer. Outotec provides on-going mandatory training to its employees regarding the Code of Conduct and other compliance issues.

GENERAL MEETING OF SHAREHOLDERS

In accordance with the Finnish Companies Act, the Annual General Meeting of Shareholders (AGM) is the highest decision-making body of Outotec Oyj. The Act provides 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, the election of the Board of Directors and election of the auditor of the company are the exclusive domain of the AGM.

The Board of Directors has the authority to convene the AGM. The Board of Directors may decide to convene the AGM on its own initiative but has an obligation to convene an Extraordinary General Meeting in the event that either the company's auditor or shareholders holding at least ten (10) percent of all the shares in the company so request. The AGM convenes once a year and is held on May 31 each year at the latest.

In order to participate in the AGM, a shareholder must inform the company before the end of the registration period stated in the invitation to the AGM, which cannot be earlier than ten days before the AGM and must not fall on a Sunday, Saturday or a public holiday. Additionally, what is stated in the Finnish Companies Act concerning entitlement to participate in the AGM must be taken into consideration after the company's shares have been entered into the book-entry securities system. In addition to the company's domicile Espoo, the AGM may be held in Helsinki or Vantaa.

Under the Companies Act, each shareholder has the right to have a matter included on

the agenda of a AGM, provided that a written request to that effect has been presented to the Board of Directors in sufficient time before a notice of meeting for the AGM is issued.

SHAREHOLDERS' NOMINATION BOARD

The AGM decided on March 26, 2013 to establish a permanent Shareholders' Nomination Board composed of shareholders or their representatives and of the Chairman of the Board of Directors for the purpose of preparing and presenting the election of the members of the Board of Directors and proposals for their remuneration to be submitted for the AGM as well as successor planning of the members of the Board of Directors.

The tasks of the Nomination Board consist of:

1. Preparation and presentation to the AGM of matters pertaining to the remuneration of the members of the Board of Directors;
2. Preparation and presentation to the AGM of matters pertaining to the number of the members of the Board of Directors in accordance with the Articles of Association;
3. Preparation and presentation to the AGM of matters pertaining to the appointment of the members of the Board of Directors and its Chairman and Vice Chairman; and
4. Successor planning for the members of the Board of Directors.

The Nomination Board shall consist of four (4) members. Three of the members shall represent the three shareholders who on October 1 (the "Value Day") preceding the AGM represent the largest number of the votes of all shares in the company. The Chairman of the

Board of Directors shall be the fourth member of the Nomination Board.

The largest shareholders are determined on the basis of their shareholdings registered in the company's shareholders' register held by Euroclear Finland Ltd. In the event that a shareholder who according to the Securities Markets Act has an obligation to take such ownership into account when making notifications regarding changes in ownership (shareholder subject to flagging notification), notifies the Chairman of the Board of Directors thereof in writing at the latest on the Value Day, the shareholding of such shareholder divided between two or more funds or group companies shall be counted as one. In the event that a shareholder does not wish to use his/her right to appoint a member to the Shareholders' Nomination Board, the right to appoint shall be transferred to the next largest shareholder in the company's shareholders' register, who would otherwise not have a right to appoint.

The Chairman of the Board of Directors convenes the first meeting of the Nomination Board and the representative of the largest shareholder shall be the Chairman of the Nomination Board unless otherwise decided by the Nomination Board. The Nomination Board shall submit its proposals to the Board of Directors at the latest on February 15, preceding the AGM. For the full Charter of the Nomination Board, see <http://new.outotec.com/globalassets/company/about-outotec/corporate-governance/charter-of-the-nomination-board-2015.pdf>.

The composition of the Shareholders' Nomination Board appointed in October 1,

2017 was **Antti Mäkinen**, Managing Director (Solidium Oy), **Pekka Pajamo**, Senior Vice-President, Finance (Varma Mutual Pension Insurance Company), **Mikko Mursula**, Chief Investment Officer (Ilmarinen Mutual Pension Insurance Company) and **Matti Alahuhta** (Chairman of the Board of Directors of Outotec Oyj).

In 2017, the Nomination Board met or had teleconference meetings six times. The attendance of members was 100%.

Participation in 2017	Meetings of the Nomination Board
Kari Järvinen (until May 2, 2017)	2/6
Pekka Pajamo	6/6
Mikko Mursula	6/6
Matti Alahuhta	6/6
Antti Mäkinen (as of May 2, 2017)	4/6

BOARD OF DIRECTORS

According to the Articles of Association, Outotec's Board of Directors shall consist of no fewer than five (5) and no more than ten (10) members. The General Meeting of Shareholders elects the Chairman, Vice Chairman and other members of the Board of Directors.

The Board's composition

Matti Alahuhta

Chairman of the Board of Directors
D.Sc.(Tech.)
b. 1952, Finnish citizen
Board member and chairman since 2013, chairman of the Human Capital Committee
Independent of the company and owner
President and CEO of KONE Corporation until 2014
Positions of trust: Chairman of the Board of Directors of DevCo Partners; member of the Board of Directors of KONE Corporation, ABB Group, and AB Volvo
Outotec shareholding and share-based rights on 31.12.2017: 156,877 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Timo Ritakallio

Vice Chairman of the Board of Directors
D.Sc. (Tech.), LL.M., MBA
b. 1962, Finnish citizen
Board member since 2011, member of the Audit and Risk Committee
Independent of the company and owner

President and CEO of Ilmarinen Mutual Pension Insurance Company
Positions of trust: Chairman of The Finnish Olympic Committee; Vice Chairman of the Board of Directors of the Finnish Pensions Alliance TELA and Securities Market Association; Member of the Board of Directors of the Federation of Finnish Financial Services (Finance Finland, FFI)
Outotec shareholding and share-based rights on 31.12.2017: 22,481 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Eija Ailasmaa

M. Pol. Sc, Graduate of the Sanoma School of Journalism
b. 1950, Finnish citizen
Board member since 2010, member of the Human Capital Committee
Independent of the company, not independent of owner
President and CEO of Sanoma Media B.V. until 2011
Positions of trust: Vice Chairman of the Board of Directors of Solidium Oy; Member of the Board of Directors of Huhtamäki Oyj
Outotec shareholding and share-based rights on 31.12.2017: 13,331 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Klaus Cawén

LL.M. Columbia University, LL.M. University of Helsinki
b. 1957, Finnish citizen
Board member since 2015, member of the Audit and Risk Committee
Independent of the company and owner
Executive Vice President of KONE Corporation
Positions of trust: Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company, Member of the Board of Directors of Oy Karl Fazer Ab, Toshiba Elevator and Building Systems Corporation, and East Office of Finnish Industries Ltd
Outotec shareholding and share-based rights on 31.12.2017: 10,797 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Anja Korhonen

M.Sc. (Economics)
b. 1953, Finnish citizen
Board member since 2013, chairman of the Audit and Risk Committee
Independent of the company and owner
Senior Vice President, Corporate Controller of Nokia Corporation until 2011
Positions of trust: Member of the Board of Directors of Oriola Oyj
Outotec shareholding and share-based rights on 31.12.2017: 14,781 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Patrik Nolåker

B.Sc., Business Administration & Economics, MBA

b. 1963, Swedish citizen

Board member since 2016

Independent of the company and owner Group CEO of DYWIDAG Systems International until 2016

Positions of trust: Member of the Board of AQ Group, Systemair AB and Dywidag-Systems International S.a.r.l.

Outotec shareholding and share-based rights on 31.12.2017: 6,281 shares (and 4,000 nominee registered shares).

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Ian W. Pearce

B.Sc., University of the Witwatersrand, South Africa

b. 1957, Canadian citizen

Board member since 2015, member of the Audit and Risk Committee

Independent of the company and owner Founding Partner of X2 Resources Partners LP Inc. until 2017

Positions of trust: Chairman of the Board of Directors of MineSense Technologies Ltd. (Canada); Newgold (Canada) and Nevsun Resources Ltd (Canada)

Outotec shareholding and share-based rights on 31.12.2017: 8,797 shares

Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Changes in Board composition in 2017**Poju Zabłudowicz**

B.A. (Economics and International Relations)

b. 1953, Finnish citizen

Board member since 2012 until March 30, 2017, member of the Human Capital Committee until March 30, 2017

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

Duties of the Board

The general objective of the Board of Directors is to direct Outotec's business and strategies in a manner that secures a significant and sustained increase in the value of the company for its shareholders. 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 of Directors 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 Outotec's management and operations, and it has the duty at all times to act in the best interests of the company.

The Charter of the Board of Directors further specifies the duties of the Board of Directors as a whole, the duties of individual members and the Chairman of the Board, as well as the Board's methods of working in practice. For

the full Charter of the Board of Directors, see http://new.outotec.com/globalassets/company/about-outotec/corporate-governance/board-charter-_25.7.2016.pdf.

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

In the field of organizing the Outotec'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 decides on their terms of service, including incentive schemes and successor planning, monitors issues relating to top management resources, decides on any significant changes in Outotec's business organization, defines Outotec's ethical values and modes of activity, ensures that policies outlining the principles of corporate governance and the principles of managing the Outotec Oyj's insider issues are in place, as well as ensures that other policies, as the Board of Directors may consider appropriate,

concerning issues within the Board of Director's duties and authorities are in place.

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

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

In 2017, the special focus areas of the Board of Directors have been the company's strategy, the challenges in market environment and project risk management.

Evaluation of Board's work

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

Principles on Diversity of the Board

The Board of Directors has defined its principles on diversity in 2016. The factors to be taken into account when deciding a composition of the Board of the Directors are the following: The Board of Directors as a whole shall possess the necessary knowledge and experience on the business, social and cultural conditions in the most significant markets to Outotec's business; the Board of the Directors should have a fair and balanced combination of professional experience, skills, gender, nationality, knowledge, and variety of opinions and backgrounds considering Outotec's current and future needs. Outotec's long-term objective is to have a fair and balanced representation of both genders in the Board.

In addition, the members of the Board of Directors shall jointly have sufficiently diverse professional and educational background; strong industry knowledge; strategy development and implementation skills; balanced geographical and nationality background; knowledge on macroeconomics and international economics; experience in company leadership in various development phases; sufficient and fair diverse age and gender distribution; an appropriate balance of decision-making capability, skills and experience; other personal capabilities such as innovation and constructive questioning; and sufficient time available for Board work.

Regarding the diversity objectives, the Nomination Board shall identify, evaluate, and recommend candidates for the Board; the Nomination Boards' preparatory work aims,

above all, to ensure that the diversity principles are followed when nominating the Board of Directors, and that the Board functions well as a whole, and that the competence profile of Board of Directors supports Outotec's existing and future businesses and is consistent with Outotec's strategic goals.

The Nomination Board prepares a proposal for the AGM. The proposal to the AGM regarding the Board composition shall always be ultimately decided based on the qualification and competence which each candidate would bring to the Board.

The diversity objectives and progress in achieving the objectives shall be addressed as part of the Nomination Board's proposal for AGM. The Nomination Board's proposal to the AGM did not include any new Board members in 2017. Out of the seven members of the Board of Directors elected at the AGM 2017, two are female and five male, and the members of the Board represented three different nationalities.

In 2017, the Board of Directors met or had teleconference meetings 23 times. The average attendance of members at Board meetings was 99%. Fees paid to the Board of Directors in 2017 totaled EUR 423,627.

Participation in 2017	Meetings of the Board of Directors
Alahuhta Matti	23/23
Ritakallio Timo	22/23
Ailasmaa Eija	23/23
Cawén Klaus	23/23
Korhonen Anja	23/23
Nolåker Patrik	23/23
Pearce Ian W.	21/23
Zabludowicz Poju (until March 30, 2017)	5/23

The Committees of the Board of Directors

The practical ways of working of the Board's Committees shall be further defined in their Charters approved by the Board of Directors. The Board of Directors may appoint additional committees from among its members and prescribe their agendas. All Board Committees shall report 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 of Director's authority unless specifically so authorized by the Board of Directors.

Audit and Risk Committee

The Board has established an Audit and Risk Committee consisting of four Board members, who are independent of the company. The Audit and Risk Committee's task is to monitor the reporting process of financial statements and to supervise the financial reporting process. The Audit and Risk Committee also monitors the efficiency of Outotec's internal control mechanisms as well as risk management systems.

In addition, the Audit and Risk Committee monitors the statutory audit of the financial statements and consolidated financial statements, and evaluates the independence of the statutory auditor or audit firm, particularly the provision of non-auditing services to the company.

In addition, the committee shall prepare recommendations to the AGM concerning the election and fees of the company's auditor. The committee's operation procedures have been specified further in the Board's Audit and Risk Committee Charter, approved by the Board of Directors. For the full Charter of the Audit and Risk Committee, see <http://new.outotec.com/globalassets/company/about-outotec/corporate-governance/board-audit-and-risk-committee-charter.pdf>.

The Board's assembly meeting on March 30, 2017 elected Ms Anja Korhonen (Chairman), Mr Klaus Cawén, Mr Ian W. Pearce, and Mr Timo Ritakallio, all having appropriate education and experience in corporate finance as members of the Audit and Risk Committee.

In 2017, Outotec's Audit and Risk Committee focused especially on Outotec's financing position as well as on project related risk reviews and changes in IFRS Standards. The Audit and Risk Committee also covered evolving risk areas such as Cyber Security and matters related to General Data Protection Regulation.

In 2017, the Audit and Risk Committee met five times.

The attendance of members in Audit and Risk Committee meetings was the following (100%):

Participation in 2017	Meetings of the Audit and Risk Committee
Korhonen Anja	5/5
Cawén Klaus	5/5
Pearce Ian W.	5/5
Ritakallio Timo	5/5

Human Capital Committee

The Board has established in November 2010 a Human Capital Committee, which consisted of three members in 2017. The Human Capital Committee in addition to the customary duties, assumed a strong focus to duties pertaining to human resources policies and processes.

The Human Capital Committee is charged with duties relating to 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 executives as well as the identification of their successors.

The Human Capital Committee operation procedures have been further specified in the Human Capital Committee Charter, approved by the Board. For the full Charter of the Human Capital Committee, see <https://www.outotec.com/globalassets/company/about-outotec/corporate-governance/charter-of-the-board-hc-committee.pdf>.

The Board elected in its assembly meeting on March 30, 2017 Mr Matti Alahuhta (Chairman), Ms Eija Ailasmaa and Mr Patrik

Nolåker as members of the Human Capital Committee.

In 2017, the Human Capital Committee met seven times. The attendance of members in Human Capital Committee meetings was the following (96%):

Participation in 2017	Meetings of Human Capital Committee
Alahuhta Matti	7/7
Ailasmaa Eija	7/7
Nolåker Patrik (as of March 30, 2017)	4/7
Zabludowicz Poju (until March 30, 2017)	2/7

DUTIES AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER (CEO)

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 Outotec in line with the targets agreed upon with the Board of Directors and ensures proper implementation of the Board's decisions.

It is further the duty of the CEO to ensure that Outotec'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 the Executive Board meetings, and such decisions shall be recorded in the minutes of these meetings.

On June 22, 2016, the Board of Directors of Outotec Oyj appointed Mr **Markku Teräsvasara**, B.Sc. Civil engineering, born in 1965, as the President and Chief Executive Officer of Outotec Oyj. He assumed the duties of CEO as of October 1, 2016. The Company has not appointed a deputy to the CEO.

EXECUTIVE BOARD

The Executive Board consists of the CEO, his/her deputy (if one has been appointed), the Chief Financial Officer and the Executive Vice Presidents and Senior Vice Presidents responsible for the Business Units and Corporate Functions. The role of the Executive Board is to manage Outotec's business as a whole. The Executive Board members have extensive authorities in their individual areas of responsibility and have the duty to develop Outotec's operations in line with the targets set by the Board of Directors and the CEO. Executive Board meetings are convened by the CEO on a regular basis and all decisions made are recorded in minutes of the Executive Board. The Executive Board has no statutory role determined by law or by the Articles of Association, however it plays a significant role in Outotec's management.

In 2017, the Executive Board's special focus areas have been Outotec's strategy work, the business steering in challenging market environment and clarifying operational model.

OUTOTEC EXECUTIVE BOARD

Markku Teräsvasara

Chairman of the Executive Board
President and CEO
B.Sc. Civil engineering
b. 1965, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 5,243 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Gustav Kildén

Senior Vice President, Strategic Customers and Business Development (since September 1, 2017)
B.Sc. (Mechanical Engineering & Energy Technology)
b. 1971, Swedish citizen

Outotec shareholding and share-based rights on 31.12.2017: 1,426 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Kalle Härkki

Executive Vice President, President of Metals, Energy & Water Business Unit
D.Sc. (Tech.)
b. 1969, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 89,182 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Kimmo Kontola

Executive Vice President, President of Minerals Processing Business Unit (since January 1, 2017)

MBA, B.Sc. (Chemical Eng.)

b. 1962, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 10,346 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Tomas Hakala

Executive Vice President, President of Services Business Unit (since November 13, 2017)

B.Sc. Production Economics

b. 1968, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 0 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Jari Älgars

Chief Financial Officer

M.Sc. (Econ.)

b. 1964, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 28,683 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Kaisa Aalto-Luoto

Senior Vice President, Human Resources and Communications

M.Sc. (Econ.)

b. 1979, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 3,884 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Nina Kiviranta

General Counsel, Senior Vice President Legal and Contract Management, Corporate Responsibility

Master of Laws, trained on the bench

b. 1964, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 10,130 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Olli Nastamo

Senior Vice President, Operational Excellence (since April 1, 2017), Senior Vice President of Strategy, Marketing & Operational Excellence (until March 31, 2017)

M.Sc. (Engineering)

b. 1956, Finnish citizen

Outotec shareholding and share-based rights on 31.12.2017: 9,971 shares
Outotec shareholding and share-based rights of controlled corporations on 31.12.2017: 0 shares

Former Executive Board members with duties in 2017:**Adel El Hattab**

Executive Vice President, Strategic Customers and Business Development (since April 1, 2017 until August 31, 2017); Executive Vice President, Markets Unit (until March 31, 2017)

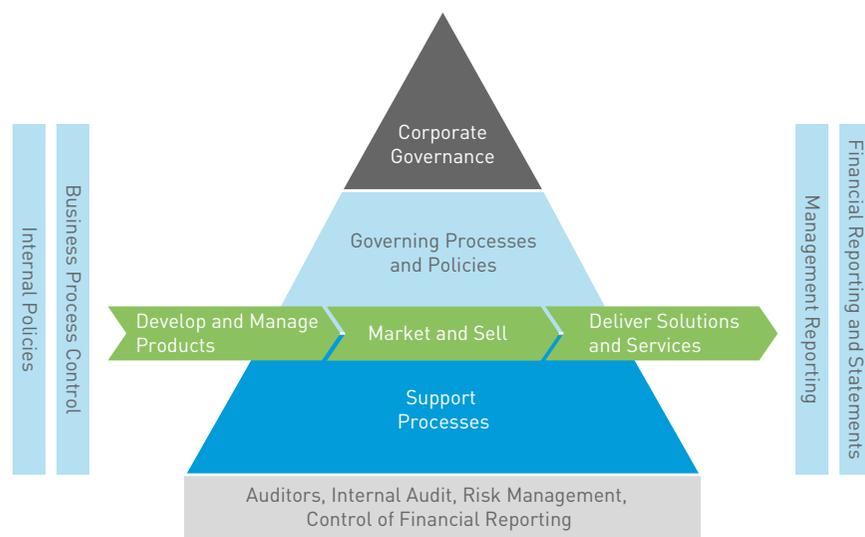
M. Sc. (Eng.), MBA

born in 1962, Finnish citizen

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 and risk management.

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 the company. The role of internal audit activity is to monitor that the company's operations are efficiently managed and risk management and internal controls are at sufficient level. The internal audit system also verifies that the defined principles, policies and instructions are followed and internal audit assists in the investigation of suspected fraudulent activities within the organization.

Internal audit is designed to add value and improve Outotec's operations by acting as an independent, objective assurance and audit function. Internal audit helps 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 Corporate Risk Management & Internal Audit function reports administratively to the Chief Financial Officer but in matters related to the internal audit directly to the Board's Audit and Risk Committee and the CEO. The Audit and Risk Committee approves the annual internal audit plan. Audit findings, recommendations and management corrective actions are reported regularly to the Executive Board and the Audit and Risk Committee.

In 2017, specific internal audits were conducted in following areas: in Market Area North and Central America both in Canada and the United States, and in Germany. The company wide process audit was conducted for order to cash process. Follow-up audits were done for Market Area Middle East and China.

RISK MANAGEMENT

Risk management is an integral part of Outotec's management system and internal control framework. It aims at assessing risks in a systematic way in order to facilitate 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 enterprise risk management policy, which acts as an umbrella for all risk management activities within Outotec.

Outotec's project risk management process, financial risk management activities, QEHS (Quality, Environment, Health and Safety) systems and internal audit form an integral part of the enterprise risk management. Outotec's risk management includes Group level and project-specific risk management processes.

Outotec's Board of Directors approved Outotec's enterprise risk management policy in February 25, 2013 and oversees this policy and the related processes. The policy defines the objectives, principles, operating procedures, organization and responsibilities

of risk management as well as the reporting and follow-up procedures. Board's Audit and Risk Committee is responsible for reviewing the risk assessments and reports to the Board. The Audit and Risk 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 Units and Corporate Functions are responsible for achieving their strategic targets and for mitigating and managing all risks related to their operations with support from risk management, contract management and internal audit function. Risk management and operational control is managed 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 and Risk Committee and the Board of Directors.

Strategic, operational and financial risks are assessed regularly and key risks and related risk management measures are reported regularly to the CEO, the Executive Board and the Audit and Risk Committee. Project related risks are identified and assessed in an end-to-end process from early sales phase until the end of project delivery with the objective to manage risks and opportunities in an integrated and transparent manner. The project risk tool covers also environmental

and social sustainability risks, as well as risks relating to regulatory changes in these areas. Sales proposals/projects undergo a comprehensive risk assessment covering identified risk areas and, on the basis of the analysis, appropriate follow-up actions are specified. The goal is to identify proposals that can be expected to strengthen Outotec's sales, operating profits, cash flow, basis for lifecycle service business and competitiveness, as well as the availability of resources and technology.

The main risks related to Outotec are strategic, technological and operational, as well as project and finance risks, which may affect significantly Outotec's reported financial information. The 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. Operational and project risks are described in Outotec's financial disclosures as well as on Outotec's website www.outotec.com/company/investors/outotec-as-an-investment/risks-related-to-operations/.

FINANCIAL REPORTING CONTROLS

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, harmonized 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's Audit and Risk Committee 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 management teams in

Business Units conduct a monthly review of the historical financial performance and business outlook as well as financial performance of key delivery projects. Controlling function in subsidiaries is responsible for ensuring that the business transactions are reported according to the Group accounting principles. Outotec's financial shared service center handles centrally most of Outotec's financial

transactions. The shared service center enables improved end-to-end control of the financial processes. The Internal Audit function performs regular checks on the financial reporting and reports directly to the Audit and Risk 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 Market Areas, Business Units, and Corporate Functions.

The Corporate Finance & Control function maintains general 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 Policy and reporting manual. Reporting principles are implemented by the network of controllers in Market Areas, Business Units, and Corporate Functions. Outotec's main enterprise resource planning system (ERP) is SAP, where majority of the financial transactions are recorded. In subsidiaries where SAP has not been implemented a local ERP is in use. The financial information is collected from the ERP systems to a common consolidation system to ensure standardized external and internal financial information. Automatic interfaces between financial transaction platforms and the consolidation systems are applied when reasonable. Internal management reporting is always matched with the external reporting in order to ensure that the internal and external reporting is based on the same information. Changes in accounting system master data are managed centrally to ensure data integrity. 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, Business Units, Market Areas as well as cost development of Corporate Functions. As project deliveries represent majority of Outotec's sales, project risk management and project controlling 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 and Risk 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.

AUDITORS

The company has one auditor which shall be an auditing firm authorized by the Finland Chamber of Commerce. The auditor is elected by the AGM to audit the accounts for the ongoing financial year and its duties cease at the closure of the subsequent AGM. 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 Outotec companies. This calls for cooperation between the auditor of Outotec Oyj and the auditors of the other Outotec 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 and Risk Committee. An auditor, in addition to fulfilling general competency requirements, must also comply with legal independence requirements guaranteeing the execution of an independent and reliable audit.

In 2017, the company paid a fee of EUR 0.9 million (2016: EUR 0.9 million) for the auditing services. Additionally, the company paid to the auditor EUR 0.4 million (2016: 0.4 million) for non-auditing related consultation.

In the Annual General Meeting on March 30, 2017, Public Accountants PricewaterhouseCoopers Oy was elected as the company's auditor. The auditor with principal responsibility is **APA Markku Katajisto**.

MANAGEMENT OF INSIDER ISSUES

The Board of Directors shall ensure that the company has proper policies governing the management of insider issues in place at all times. Such rules shall be in conformity with the European Union and Finnish laws and regulations and the Corporate Governance principles as well as the rules and guidelines of Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority (the FIN-FSA).

Outotec has determined in accordance with Market Abuse Regulation (MAR) that the members of the Board of Directors and Executive Board are the persons with the duty to publicly notify. In addition to persons with the duty to publicly notify, Outotec establishes separate project-specific insider lists for significant insider projects. An insider project refers to a specific arrangement, which is subject to confidential preparation, and, when realized, might have a significant effect on the prices of Outotec's financial instruments.

Each Outotec employee and Outotec insider is personally responsible for not violating the applicable laws and regulations on inside information, nor Outotec insider rules.

Outotec observes a 30 days' closed window prior to the publication of an interim report and financial statements. Outotec insiders, i.e. persons with the duty to publicly notify or employees working with interim reports and annual results, as well as any other persons so defined by the General Counsel, are prohibited from trading with Outotec financial instruments during the closed window.

REMUNERATION STATEMENT

THE DECISION-MAKING PROCESS ON REMUNERATION

Pursuant to the Companies Act, Outotec Oyj's shareholders determine the amount of remuneration for the members of the Board of Directors and for Committee work at the Annual General Meeting. The proposal for the remuneration is prepared by the Nomination Board in accordance with its Charter, see p. 3 for more details. For the full Charter of the Nomination Board, see <http://www.outotec.com/globalassets/company/about-outotec/corporate-governance/charter-of-the-nomination-board-2015.pdf>.

The remuneration of the President and CEO as well as of the Executive Board members is decided by the Board of Directors. The proposals for the remuneration are prepared by the Human Capital Committee of the Board of Directors, see p. 6 for more details. For the full Charter of the Human Capital Committee, see <https://www.outotec.com/globalassets/company/about-outotec/corporate-governance/charter-of-the-board-hc-committee.pdf>.

Outotec's Board of Directors has approved and Outotec has adopted a compensation policy covering the remuneration principles for its employees.

COMPENSATION POLICY

Outotec has adopted a compensation policy reflecting the following principles:

- The total compensation package should closely align the interests of Outotec, its shareholders, and all employees of Outotec

- A significant proportion of total compensation should be based on the company's operating performance in the short- and long-term, and on each employee's individual performance
- In order to attract and retain highly competent professionals, the total compensation package of employees with key competence and a high level of individual performance should be competitive compared to relevant labor market compensation

The total compensation may include the following components:

- 1) Base salary
- 2) Short-term incentives
 - Outotec's global annual bonus system; or
 - Project bonus; or
 - Sales Incentive
- 3) Long-term incentives
 - Share incentive plan, share options or comparable system for selected employees
 - Share saving plan or comparable for all personnel
- 4) Rewards for innovation
- 5) Compensation during foreign assignments
- 6) Ad-hoc rewarding for extraordinary achievements
- 7) Temporary increased responsibility allowance
- 8) Pension and life insurance benefits

The compensation policy was approved in November, 2011 and updated in December, 2016 by the Board of Directors.

Short-term incentives

At Outotec, annual bonuses are determined on the basis of attainment of the company's financial targets, as well as targets set for the employees or units concerned. Personal targets usually add up to one third of an individual's total annual bonus opportunities. As a general rule, the maximum bonus percentage ranges from 10 to 50 percent of the employee's annual salary, depending on the job grade or the position of the employee, and is 60 percent for the CEO. The annual bonus program covers almost all personnel of Outotec. Project bonus or sales incentive may be used instead of annual bonus in selected delivery projects or respectively for sales personnel. Board of Director's decided that bonuses were not paid from 2016.

Board of Directors decided to divide 2017 annual bonus plan to Q1/2017 and Q2-Q4/2017 bonus plans. Q1/2017 bonus plan was based on Outotec level bonus targets on adjusted EBIT, order intake and fixed costs. The Board of Directors approved the total achievement of 56.25% of the maximum result. The bonuses were paid in May and June 2017 with total costs of EUR 7.1 million. The results for Q2-Q4/2017 bonus plan will be approved and bonuses paid in 2018.

Long-term incentives

Share-based Incentive Program 2016-2018

Outotec's Board of Directors decided on February 29, 2016 to adopt a Share-based Incentive Program for the company's key personnel for years 2016-2018. The Board of Directors determines annually the maximum

number of allocated shares, the participants, the length of earning period (1-3 years), the amount of the maximum reward for each individual, the earning criteria and the targets established for them. A precondition for the Executive Board members for being eligible for the Share-based Incentive Program was that s/he also participates in Outotec's O'Share Employee Share Savings Plan.

Earning period 2017

The Board of Directors set targets for adjusted EBIT and free cash flow and decided on the participants for the program's 2017 earning period. There are 94 participants with a right to earn a maximum number of 649,125 Outotec shares and a cash payment that equals income taxes.

Earning period 2016

Outotec's Board of Directors decided that no shares were paid for the 2016 earning period, because the targets were not reached.

O'Share Employee Share Savings Plan

Outotec's Board of Directors decided on September 25, 2012, to launch the O'Share Employee Share Savings Plan for Outotec employees globally. The plan commenced from January 1, 2013, with the first savings period being one calendar year.

Outotec employees can save a portion of their salary for purchasing Outotec shares. To each participant in the savings period, Outotec pays one free share for two acquired shares after the designated holding period of approximately three years. Free shares are taxable income for the recipient and will

be paid partly in Outotec shares and partly in cash. The cash proportion is intended for covering taxes and tax-related payments.

On October 28, 2016 the Board of Directors decided to continue the plan also in 2017. The following savings periods are subject to a separate Board decision.

The total savings of employees have been capped to EUR 7 million in 2013 and EUR 6 million in 2014, 2015, 2016 and 2017. Globally approximately 34% of Outotec employees in 2013, 33% in 2014, 27% in 2015, 22% in 2016, 22% and 20% in 2017 are participating in Employee Share Savings Plan.

A total of 126,472 Outotec shares and cash portion to cover taxes and tax-related payments were paid to 1,223 participants on May 16, 2017 based on the 2014 savings period with a cost of approximately EUR 1.3 million, which is booked for the financial periods 2014–2017.

Remuneration for members of the Board of Directors

The Annual General Meeting 2017 confirmed the annual remunerations to the Board members as follows: Chairman EUR 72,000 and other Board members EUR 36,000 each, Vice Chairman and Chairman of the Audit and Risk Committee in addition EUR 12,000 each, and each Board member EUR 600 for attendance at each Board and Committee meeting as well as reimbursement for direct costs arising from Board work. 60% of the remuneration will be paid as cash and 40% as Outotec shares in amounts corresponding to EUR 28,800 for Chairman and EUR 14,400 for other Board members, and EUR 19,200 for Vice

Chairman and Chairman of the Audit and Risk Committee each.

Remuneration and service contract of the CEO

On December 31, 2017, the annual base salary of the CEO Markku Teräsvasara is EUR 630,000 including holiday pay and fringe benefits in accordance with Outotec policy. In addition to the base salary, the CEO is entitled to an annual bonus that is maximum 60% of his base salary. Annual targets for the bonus are related to the financial performance of the company and are decided annually by the Board of Directors.

The CEO participates in Outotec's Long-term share-based Incentive Program. From the earnings period 2017, the CEO is entitled to receive the maximum of 63,000 Outotec shares and a cash portion to cover taxes and tax-related payments. The payable amount depends on how the annual performance criteria set by the Board of Directors are met. The CEO is required to participate in O'Share Employee Share Savings Plan in order to be eligible for Long-term Share-based Incentive Program.

The CEO participates in the O'Share Employee Share Savings Plan. According to the terms of the plan he can receive one share (including taxes) for each two shares purchased with his savings. The maximum savings amount is 5% of the base salary.

The service contract of the CEO can be terminated by the company without notice period and by the CEO with 6 months notice period. If the company terminates the service contract, the CEO will be compensated with

a total severance pay corresponding to the base salary of 12 months payable as monthly instalments or lump sum payment. No such separate compensation will be paid if the company terminates the service contract because of the substantial breach of contract by the CEO, comparable to reasons mentioned in chapter 8 section 1 of the Employment Contracts Act.

Upon resignation by his own request and if the company decides to use the non-compete clause, the CEO is entitled to a compensation for the non-compete period. Compensation is equal to 6 months' base salary.

The contract shall expire without separate termination when the CEO retires. The CEO's earliest retirement age and pension benefits are determined by valid statutory Finnish pension legislation.

The service contract includes also a clause of covering reasonable relocations costs to Finland and temporary accommodation in the beginning the service.

Remuneration of the Executive Board Members

The Executive Board includes eight (8) members in addition to the CEO. On December 31, 2017, the annual base salaries of the Executive Board, excluding the CEO, are EUR 1,907,853 in total including holiday pay and fringe benefits in accordance with Outotec policy. In addition to the base salary, the Executive Board members are entitled to an annual bonus that is maximum 40–50% of the base salary depending on the role. Annual targets for the bonus are related to the

financial performance of the company and are decided annually by the Board of Directors.

The Executive Board members participate Outotec's Long-term share-based Incentive Program. From earnings period 2017, Executive Board members are entitled to receive maximum 168,000 Outotec shares and cash portion to cover taxes and tax-related payments. The payable amount depends on how the annual performance criteria set by the Board of Directors are met. The Executive Board members are required to participate to O'Share Employee Share Savings Plan to be eligible for Long-term share based Incentive Program.

The Executive Board members participate in O'Share Employee Share Savings Plan. According to the terms of the plan, an Executive Board member can receive one share (including taxes) for each two shares purchased with his/her savings. The maximum savings amount is 5% of the base salary.

The notice period for members of the Executive Board vary from 6 to 12 months depending on the terms of the service or employment agreement. The pension benefits of are based on statutory pension arrangements, which are enforced in the country that the person is employed.

The remuneration terms may also include a sign-in and/or retention bonus based on two-year restriction period, agreed reasonable relocations costs to Finland, or allowances and reasonable relocations costs for expatriates based on the Outotec global mobility policy.

Fees paid to the Board of Directors, EUR	2017	2016
Alahuhta Matti, Chairman	89,400	82,200
Ritakallio Timo, Vice Chairman	62,400	58,200
Ailasmaa Eija	52,800	45,600
Cawén Klaus	51,000	46,200
Korhonen Anja	63,000	58,200
Nolåker Patrik	50,400	40,800
Pearce Ian W.	49,227	45,618
Zabludowicz Poju (until March 30, 2017)	5,400	43,200

Remuneration paid to the CEO and Executive Board members in 2017, EUR	Wages	Benefits	Bonuses	Share-based benefits	Total
CEO Markku Teräsvasara ^{*1}	595,415	37,116	50,625	0	683,156
Other Executive Board ^{**1}	1,707,075	110,011	103,121	14,128	1,934,335

^{*1} Benefits include reasonable relocation costs related to the move from Sweden to Finland.

^{**1} Remuneration paid for the time when holding duties as Executive Board member.

^{**1} A member of Executive Board was assigned temporarily abroad in 2017. The benefits include compensation of costs related to these foreign assignments for example accommodation and car lease.

^{**1} Wages include compensation for unused vacation amounting to EUR 25,714.

Remuneration paid to the CEO and Executive Board members in 2016, EUR	Wages	Benefits	Bonuses	Share-based benefits	Total
CEO Pertti Korhonen (until June 22, 2016) ^{*1}	1,666,986	12,185	0	11,485	1,690,656
Acting CEO Jari Ålgars (from June 22 to October 1, 2016)	122,435	6,000	0	0	128,435
CEO Markku Teräsvasara (since October 1, 2016) ^{**1}	145,978	29,434	0	0	175,412
Other Executive Board ^{***1}	2,064,876	129,354	0	224,003	2,418,233

^{*1} Wages include salaries for notice period, compensation for unused vacation and severance payment amounting to EUR 1,397,817.60. Share-based benefits consist of Employee O'Share Share Savings Plan's Free Shares payment amounting to EUR 11,485.

^{**1} Benefits include reasonable relocation costs related to the move from Sweden to Finland.

^{**1} Remuneration paid for the time when holding duties as Executive Board member.

^{***1} Wages include salaries for notice period, compensation for unused vacation and severance payments amounting to EUR 554,504.17.

^{***1} Share-based benefits include payments based on employment agreement amounting to EUR 204,465.92.

^{***1} Two members of Executive Board were assigned temporarily abroad in 2016. The benefits include compensation of costs related to these foreign assignments, for example accommodation and car lease.