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**NON-FINANCIAL
INFORMATION STATEMENT**



This is Raute Corporation's non-financial statement for 2019, in accordance with Directive 2014/95/EU of the European Parliament and Council. The statement presents information concerning Raute Group's environmental, social and employee matters, respect for human rights, as well as anti-corruption and bribery. The statement covers the main risks related to the above-mentioned aspects and business operations, as well as responsibility management operating principles and practices, and results. The statement additionally presents non-financial key figures that are pertinent to the company's business operations.

1 BUSINESS MODEL DESCRIPTION

Raute is a technology and service company that operates worldwide in the wood processing value chain and participates in creating value for the world's forest assets.

Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood, LVL (Laminated Veneer Lumber) and sawn timber. Its technology offering covers the entire production process for veneer, plywood and LVL and special measurement equipment for sawn timber. As a supplier of mill-scale projects, Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in the Nastola area of Lahti, Finland. The company's other production plants are located in Kajaani, Finland, the Vancouver area of Canada, the Shanghai area of China and in Pullman, Washington, USA.

Raute Group's net sales in 2019 were EUR xxx million. In 2019, the company had an average of 784 employees. The Finland-based parent company Raute Corporation had net sales of EUR xxx million and an average of 521 employees in 2019.

2 GENERAL PRINCIPLES OF RESPONSIBILITY MANAGEMENT

Raute, a company with a family background, has operated for more than 110 years, which is a testament to the long-term and responsible development of the company's business.

Responsibility is one of the four values that guide Raute's operations. Raute aims to offer all of the company's employees a safe work environment and strives to systematically develop its products and services to be environmentally sound while also reducing the environmental impacts of its own operations. The Group abides by the principles of good corporate citizenship, taking into consideration nature and its protection, and how society as a whole operates, while respecting local cultures and valuing diversity.

The foundation for responsibility management is the company's values: customer success, achieving together, trust in people and responsibility.

Raute's Board of Directors has given the company a Code of Conduct which guides personnel to act responsibly in compliance with Raute's values. The company also requires responsibility from its co-operation partners. The Code of Conduct tells personnel and other stakeholders about Raute's requirements and expectations concerning responsible and ethical operations.

Together with employees, the company's management has determined for the company seven key responsibility topics that are addressed as an integral part of management reporting.

For responsibility matters other than those required for this statement, Raute's business operations have been addressed as an integrated part of Raute's regular reporting (Corporate Governance Statement according to the Securities Market Association's Finnish Corporate Governance Code, Remuneration Statement, and Report of the Board of Directors) and in the company's Annual Report.

Our key responsibility topics



We help our customers succeed
Lifetime partnership with customers



We continuously improve work safety
Health and safety



We highlight the eco-friendliness of wood products
Sustainable product and service solutions



We hunger for success
Competence development



We respect our principles
Sustainable supply chain and business ethics



We continuously reduce our environmental impacts
Environmentally efficient production



We are in this together
Stakeholder engagement and local communities

For Raute and Raute's close stakeholders, these responsibility topics are among the most important aspects related to sustainable development. The economic, social and environmental impacts of Raute's operations were analyzed to define the aspects, and the aim was to identify issues where Raute can best promote the principles of sustainable development.

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3 SUSTAINABILITY, PRODUCTS AND SERVICES

Raute delivers technology for the wood products industry, which uses renewable raw materials. Most of the wood products manufactured using Raute's machinery have a long life, and the carbon they store, combined with the replacement of a non-renewable material, have a positive impact on the achievement of climate targets. The glues and coatings used in plywood and LVL products contain oil-based ingredients, but they account for a relatively small share of the final product. The first solutions for manufacturing glue from wood-based raw materials have been published in the sector.

An increase in the use of sustainably produced wood to replace non-renewable materials, for example in construction, transportation and consumer products, is among the most important means of achieving climate targets. Demand for wood products industry technology will grow as attention increasingly turns to climate risks in the manufacturing and construction industries globally. With Raute's technology, Raute's customers can improve the resource efficiency and occupational safety of their own operations and increase the availability of renewable materials for use by different industries.

Principal risks

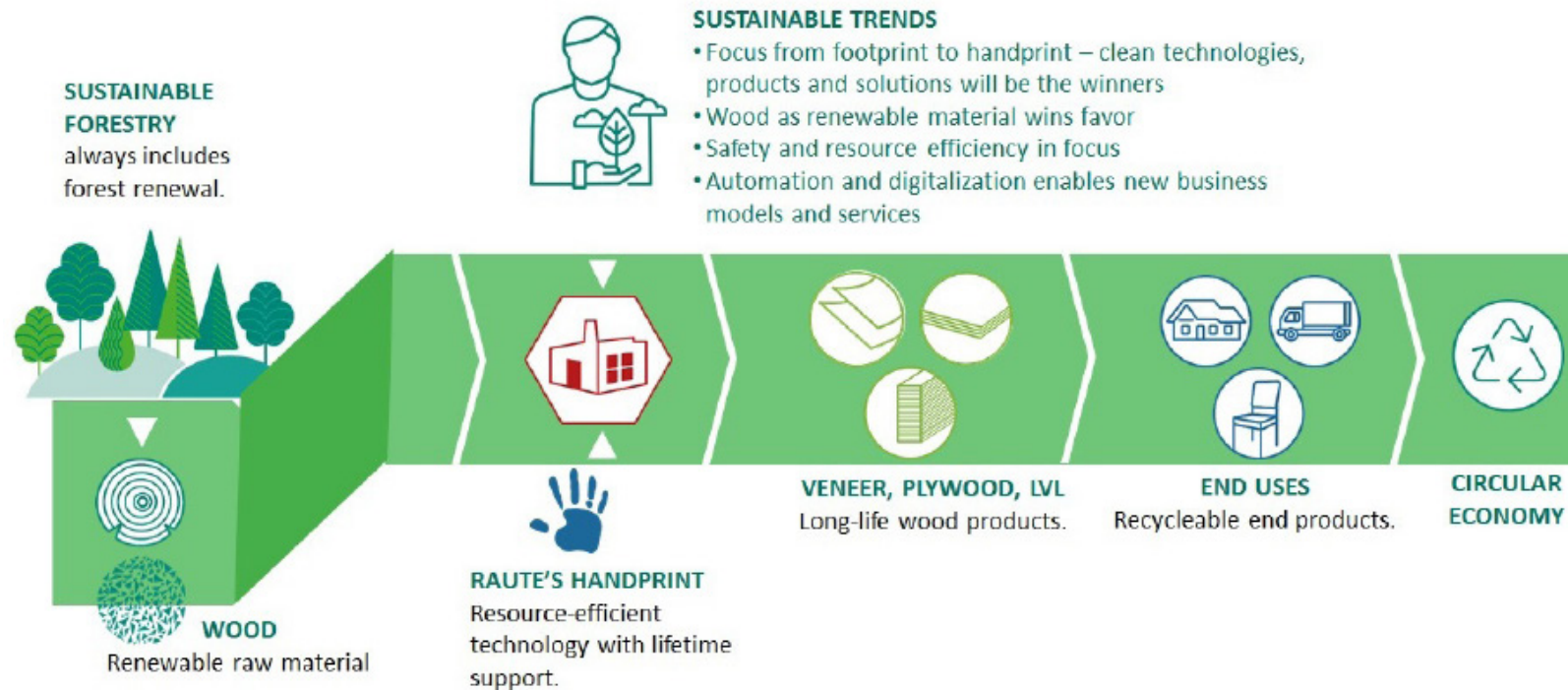
The principal risk related to Raute's deliveries is the risk of an accident during the installation and commissioning phase or during production use or maintenance of the equipment and machinery.

Goals

Raute's main goals are:

- in terms of product development, to improve the energy and raw material efficiency of machinery and equipment, and to reduce harmful environmental impacts
- to prevent all personal injury within Raute's sphere of influence during the installation and commissioning phase and during production use and maintenance.

Raute in wood processin value chain



Operating principles and procedures

Raute ensures that its products and services are safe to use as part of the delivery implementation process. Pressure piping is manufactured and tested in compliance with module D1 of the pressure equipment directive (PED). Raute offers its customers installation, installation supervision and commissioning services, as well as user training, and a fixed-term guarantee is granted for use in accordance with the instructions. Raute's main unit in Nastola has a quality management system certified according to ISO 9001:2015 and an environmental management system certified according to ISO 14001:2015. Other Raute units abide by the same key principles.

Raute's product development sustainability targets aim to, among other things, reduce the customer's raw material waste and additive needs, energy consumption and emissions. Special attention is given to occupational safety during the engineering phase of production lines. Also the increased efficiency of material use for its own products has been a goal of product development.

Three projects to improve environmental efficiency or safety were set as product development responsibility targets for 2019. The objectives of the projects are related to making more efficient use of wood raw material, increasing the efficiency of material use, and developing safety devices.

Outcomes

The execution rate for the 2019 targets concerning product and service development was 72 percent. Raute was not aware of any serious work-related accidents arising from the proper use of Raute's machinery and equipment in 2019.

A scheduled audit of Nastola's ISO 9001:2015 quality management system and ISO 14001:2015 environmental management was conducted. According to a customer satisfaction survey that was carried out, customers gave Raute's project activities an overall score of 4.0 and its maintenance services 4.3 out of a possible 5.0.

4 ENVIRONMENTAL MATTERS, OWN OPERATIONS

The direct environmental impacts of Raute's own operations are minimal. Raute's plants do not have their own power production facilities, nor do the processes consume large volumes of water. The main environmental aspects are related to waste management in plant areas and the safe management of chemicals. Even though the volumes of Raute's energy and water consumption are not significant in relation to Raute's business, the company monitors and strives to further increase the efficiency of its plants' and offices' energy use and water consumption.

Principal risks

Various oils, solvents and other chemicals are handled to some extent in Raute's production plants. A chemical leak or accident at a plant may contaminate the environment and lead to financial costs, harm the company's reputation and disrupt production at the plant. Raute's Nastola plant is located in a groundwater zone.

Operating principles and procedures

Raute manages the environmental risks linked to its operations through its quality and environmental management systems. Raute's main unit in Nastola has an ISO 9001:2015 certified quality management system and an ISO 14001:2015 certified environmental management system. At the Nastola plant, risks related to chemical safety have been identified, and the situation is assessed and monitored regularly. Large volumes of chemicals are not stored at the plant, and waste is disposed of appropriately. Other Raute units abide by the same key principles of the environmental and quality management systems where applicable.

The company aims to reduce the need for air travel by making use of information technology when arranging meetings and negotiations.

Goals

The main goals of environmental management in Raute's own operations are to:

- improve energy efficiency
- reduce waste volumes in relation to net sales.

Outcomes

The execution rate for measures concerning managing environmental matters at the Nastola unit in 2019 was 88 per cent. Nastola's ISO 9001:2015 quality management system and ISO 14001:2015 environmental management system will be recertified in connection with an external audit performed in 2022. The recertification is performed every three years.

In 2019, energy consumption per hour worked decreased 3 percent and consumption of water per person decreased 8 percent. Waste in relation to net sales rose 27 percent in Finland. The carbon dioxide emissions of our own operations in relation to net sales grew by 15 percent.

The energy, water and carbon dioxide emission data reported for 2019 cover all the company's production plants. Monitoring of waste and indirect (Scope 3) emissions has not yet reached a level sufficient for Group-wide reporting.

5 SOCIAL AND EMPLOYEE-RELATED MATTERS

Skilled employees that are committed to the company's targets are Raute's most important resource. Competence retention and development and ensuring the sufficiency of human resources are particularly important in a business where economic and investment cycles strongly affect demand. Raute aims to secure a safe work environment for the company's employees and contractors, in both its own business locations and during installation and commissioning work.

Principal risks

The principal risks pertaining to Raute's business operations relate to work-related accidents affecting employees or subcontractors, and to maintaining and developing employee satisfaction and commitment. Work-related accidents incur costs, make it difficult to manage deliveries and may affect the company's reputation and ability to secure skilled workforce for the company. Weakened employee satisfaction may lead to a higher turnover rate and weaken the company's intellectual capital.

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Goals

Raute's main goals are:

- a low number of absences due to work-related accidents (the target is to reach an LTIF1* of <10 by 2020). This goal was achieved in the Finnish operations in 2019.
- high employee satisfaction.

**Lost Time Injury Frequency (LTIF), i.e. the number of absences resulting from work-related accidents lasting at least one day for every million working hours*

Operating principles and procedures

Supervisory work, occupational safety and ergonomics are under continuous development. The continuity of operations is ensured by monitoring the development of the age structure, implementing systematic human resources management and investing in well-being at work. Work-related risks are managed by continuously developing occupational safety and by directing sufficient resources to acquiring safety equipment and training. An occupational health clinic for personnel operates in connection with Raute's Nastola production plant.

In occupational health and safety matters, local laws and the company's own occupational safety procedures are complied with, especially if the local OHS regulations of the country in question are insufficient. Preventive measures include an early intervention model and analysis of near-miss situations. Every accident and reported near-miss situation is analyzed and corrective measures are taken based on the analysis. Employee satisfaction is monitored regularly through personnel surveys. In Finland, Raute has an equality plan that is in compliance with the law and which is intended to promote equality, prevent discrimination and reinforce the legal rights of individuals who become the target of discrimination.

Outcomes

Raute's LTIF1 in 2019 improved clearly from the previous year and was 13.6 (2018: 23.7). There were 18 (2018: 31) accidents leading to at least one day of absence from work. No fatal accidents oc-

curred among Raute's own employees or subcontractors during Raute's operations. We can be satisfied with the development of the LTIF1 in 2019. Despite this, work continues and our target is still a clear decrease in the number of accidents within a short time frame.

In 2019, 91 percent of employees had successfully completed a course on occupational safety in the online learning environment, RauteACADEMY. In Finland, 160 safety observations were recorded during the year.

Raute has a safety supervisor and safety supervisor activities. The task of the designated department-specific safety supervisors is to observe and develop occupational safety in their own area. This has resulted in good and important observations to develop safety and eliminate hazards and it has made it possible to immediately address near misses.

An employee satisfaction survey was carried out in 2019 among the company's personnel. According to the results of the survey, personnel gave the employer a general score of 4.0/5.0. Ninety-three percent of personnel are very satisfied or quite satisfied with their workplace.

6 RESPECT FOR HUMAN RIGHTS

Raute supports and respects the principles of the UN's Universal Declaration of Human Rights and recognizes the fundamental rights at work as defined by the International Labor Organization (ILO), which include the freedom of association, the right to collective bargaining, the abolition of forced labor, and equal opportunities and treatment of employees.

Principal risks

It is possible that players who do not respect Raute's principles related to human rights or the basic rights of employees operate in Raute's international supply chain. Such cases may damage the company's reputation and interrupt the supply chain if the infraction is severe enough to warrant an end to the co-operation.

Raute has a separate Code of Conduct for suppliers.

Goals

Raute's main goal is:

- Raute's entire supply chain confirms that they operate in compliance with Raute's Code of Conduct concerning respecting human rights.

Operating principles and procedures

Suppliers and subcontractors are required to comply with the principles defined by Raute. Risks related to supply chains are managed by means of supplier audits and monitoring.

Outcomes

Raute was not aware of any breaches related to respect for human rights that took place in Raute's supply chain in 2019. In 2019, 86 percent of employees had successfully completed a course on values and the Code of Conduct in the online learning environment, RauteACADEMY.

7 ANTI-CORRUPTION AND ANTI-BRIBERY

Raute has zero tolerance for corruption, bribery and money laundering. Raute does not engage in any business involving corruption, bribery or money laundering.

Principal risks

The company is at risk of being part of a business chain that involves corruption, bribery or money laundering without its knowledge. The realization of these risks may result in legal consequences, and the company's reputation and financial position may suffer.

Goals

Raute's main goal is:

- Raute and Raute's entire supply chain operate in compliance with Raute's Code of Conduct pertaining to corruption, bribery and money laundering.

Operating principles and procedures

The risk of corruption, bribery and money laundering is controlled by monitoring compliance with the company's Code of Conduct and through relevant training. The risk of fraud the company is exposed to is managed through continuous monitoring and by developing the company's systems and procedures. The company

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has an internal procedure in place that allows Raute employees to report suspected breaches of the rules and regulations through an independent channel within the company (whistle-blowing).

Outcomes

In 2019, no breaches related to corruption, bribery or money laundering were detected in the company. In 2019, 86 percent of employees had successfully completed a course on values and the Code of Conduct in the online learning environment, RauteACADEMY.

8 KEY NON-FINANCIAL FIGURES

Key non-financial figures monitored at Raute for 2019 and the comparison year 2018 are presented in the tables on the following pages for the entire Group, unless stated otherwise.

The data presented in the key figure tables has not been verified by a third party.

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Personnel and work safety

Number of personnel at Dec. 31	2019	2018	2017	2016	2015
Finland	518	505	482	462	441
North America	135	147	117	83	76
China	76	75	73	77	106
Other countries	49	45	32	21	23
Total	778	772	704	643	646
Effective, on average, persons	755	748	661	631	614

Proportion of female employees of permanent staff	2019	2018	2017	2016
Executive management	13 %	13 %	19 %	14 %
Management	7 %	8 %	7 %	5 %
Office	18 %	17 %	16 %	16 %
Employees	3 %	2 %	2 %	1 %
Total	11 %	11 %	10 %	10 %

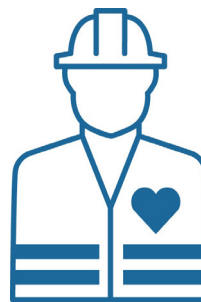
Employment contract types	2019	2018	2017	2016
Work time				
Full time	96 %	96 %	96 %	97 %
Part time	4 %	4 %	4 %	3 %
Contract				
Permanent	96 %	95 %	93 %	92 %
Temporary	4 %	5 %	7 %	8 %

Employee turnover ratio	2019	2018	2017	2016
Incoming employees turnover	20 %	25 %	28 %	17 %
Outgoing employees turnover	18 %	12 %	17 %	18 %
Average employee turnover	19 %	19 %	23 %	17 %

Permanent staff age structure	2019	2018	2017	2016
<30 years	20 %	20 %	19 %	19 %
31-40 years	25 %	26 %	25 %	27 %
41-50 years	26 %	24 %	25 %	23 %
51-60 years	22 %	24 %	25 %	26 %
> 60 years	7 %	5 %	6 %	6 %

Permanent staff education	2019	2018	2017	2016
Basic education	4 %	5 %	5 %	6 %
Vocational school	31 %	32 %	31 %	30 %
College	17 %	18 %	19 %	22 %
University of Applied Science	34 %	31 %	31 %	32 %
University	14 %	13 %	14 %	11 %

Training and mentoring	2019	2018	2017	2016
Training hours	29 226	22 227	24 577	24 050
Of which mentoring	3 536	4 013	4 974	6 295



WORK SAFETY

LTIF	2019	2018	2017	2016
Raute Finland	7,8	24,6	19,1	15,5
Raute total	13,6	23,7	23,3	28,1

Number of workplace injuries which lead to absence of at least one day / total work hours * 1000000

LTIF \geq 3	2019	2018	2017	2016
Raute Finland	5,6	16,8	14,3	14,2
Raute total	7,6	18,3	16,7	22,6

Number of workplace injuries which lead to absence of at least three days / total work hours * 1000000

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Lahti, February 13, 2020

Environment					
Energy*	2019	2018	2017	2016	2015
Total energy consumption, MWh	9 031	9 368	9 055	8 832	8 828
Fuels (Scope 1)	1 448	1 515	1 479	1 105	1 638
Electricity and district heat (Scope 2)	7 583	7 854	7 576	7 727	7 190
Energy consumption kWh/work hour	6,8	7,2	7,6	8,0	8,1
Emissions*		2018	2017	2016	2015
Total emissions (Scope 1-2), tCO ₂ e	2 358	2 475	2 006	1 953	1 890
Direct emissions (Scope 1), tCO ₂ e	301	324	313	236	342
Indirect emissions from electricity and district heat (Scope 2), tCO ₂ e	2 057	2 151	1 692	1 717	1 548
Carbon intensity tCO ₂ e/MEUR	15,6	13,7	13,5	17,3	14,8
Waste, Raute Finland, tonnes	2019	2018	2017	2016	2015
Metal chip and scrap	439	458	545	713	509
Cardboard and paper	20	19	17	20	16
Wood waste	310	293	197	287	224
Other energy waste	34	51	40	24	46
Hazardous waste	50	53	47	52	52
Other waste	32	36	50	40	25
Total waste	885	909	896	1 136	871
Total waste without recycled metal	446	451	350	423	362
Waste intensity t/MEUR (parent company)	3,7	3,0	2,7	4,3	3,2
Water	2019	2018	2017	2016	2015
Water consumption, m ³	6 568	8 543	8 214	13 230	16 889

*Refers to GHG-Protocol Scope 1-2 energy consumption and respective emissions. Scope 1 emissions cover fuels used in own operations. Scope 2 covers electricity and district heat consumed in own operations. Does not include energy included in rental agreements or small rented offices.



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