Annual Report 2011
Sustainability Summary

OUTOKUMPU

Outokumpu's Annual Report 2011 is published online at
www.outokumpu.com/annualreport2011

List of contents

OUR GROUP

Outokumpu is a leading global stainless steel company. The Group's products and solutions are used by customers worldwide across different industries.

Outokumpu's head office is located in Espoo, Finland and the Group employs approximately 8 000 people in more than 30 countries. Outokumpu has been listed on the NASDAQ OMX Helsinki Stock Exchange since 1988.

Outokumpu's main products are hot and cold rolled stainless steel sheets, plates and strips. They are used in numerous applications in the construction and transportation sectors, in an extensive range of industrial applications and in manufacturing consumer durables.

Thick, wide, individually-rolled quarto plates are used in the energy sector, in chemical transportation and desalination applications. The Group's stainless products are widely employed in the process industries to make pressure cylinders, tanks, thick-walled tubes, bridge structures and individual items of process equipment.

Long products, including bars, from which reinforcement bars are manufactured, are used in concrete reinforcement. Outokumpu's tubular products are mainly used in in the process industry, such as the oil refining and pulp and paper.

Being a fully-recyclable, maintenance-free and very strong and durable material, stainless steel is a key component in building a sustainable future.

Read more about our customers.

Outokumpu fact sheet

Sales 2011 (€ million)	**Personnel** (31 Dec 2011)	**Stainless steel deliveries 2011** (1 000 tonnes)
5 009	8 253	1 391

Main products

Hot and cold rolled stainless steel coil and sheet, quarto plate, thin strip, long and tubular products.

Grades

A full range of standard and high-alloyed austenitic grades, as well as duplex, ferritic and manganese grades.

Dimensions

- Cold rolled flat products in thicknesses ranging from 0.12 mm to 6.5 mm.
- White hot strip and hot rolled plate in a range of thicknesses and widths.
- A full range of tubular products from small diameter tubes to heavy walled pipes.

Customers

Distributors, re-rollers and further processors, tube makers, end-users and project customers in the construction, industrial, transportation and consumer durables sectors.

Typical customer sectors in which stainless steel products are used

- Architecture, building and construction
- Chemical, petrochemical and energy
- Transportation
- Catering and appliances
- Process industries and resource extraction
- Other demanding applications

Main production plants

Finland
- Tornio (a ferrochrome smelter, steel melting shop, hot and cold rolling mills)
- Kemi Chromite Mine

Sweden
- Avesta (steel melting shop, hot and cold rolling mills)
- Nyby (cold rolling mill)
- Kloster (cold rolling mill)
- Degerfors (hot rolling mill)

UK
- Sheffield (melt shop)

US
- New Castle (hot rolling mill)

Long products are manufactured in Sweden, the US and the UK.

Sales companies and service centres

A comprehensive network of sales companies in approximately 30 countries, service centers in 10 countries.

Qualities of stainless steel

Fully recyclable

Stainless steel is 100% recyclable, corrosion-resistant and durable. As the environmental impacts which result from its use are almost non-existent, stainless steel is an enabler of sustainable solutions when deployed in industrial or consumer applications.

Long lasting

Stainless steel's very high resistance to corrosion makes it a very long lasting material. The crown of the Chrysler Building in New York City, for example, is made of stainless steel and has required little or no maintenance since this skyscraper was completed more than 80 years ago. Chromium is the ingredient which gives stainless steel its corrosion resistance.

Aesthetic

Stainless steel can be supplied in a wide variety of surface finishes. Aesthetically pleasing, it is often selected by architects because it provides bright durable surfaces which remain clean, with subtle changes in the light they reflect. Stainless steel is often used in prestigious buildings and is also a major component in modern bridge construction.

High-strength

Stainless steel is renowned for its strong mechanical properties and good mechanical behaviour at high and low temperatures. As well as offering good resistance to heavy wear cycles, both friction and flexing, it has good formability and can be used in manufacturing complex shapes. Its mechanical behaviour at both high and low temperatures is excellent.

Low life-cycle costs

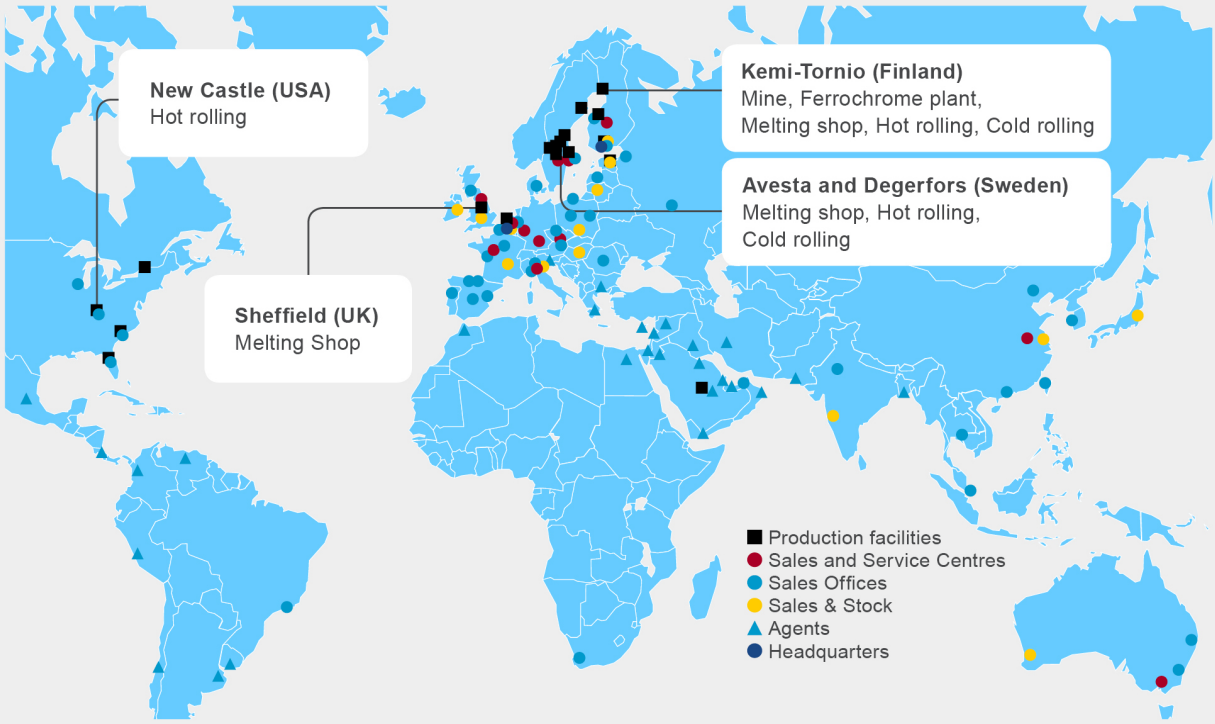
Life-cycle analysis aims at analysing a product's environmental impact in all phases of its life: manufacture, use, disposal or possible reuse. In overall terms, the properties of stainless steel offer users both lower life-cycle costs and reduced environmental impact. By focusing attention on life-cycle-oriented environmental management and conducting a number of life-cycle inventory studies, we have been able to identify the most efficient ways of reducing the life-cycle impact of the products Outokumpu manufactures.

OUR OPERATING ENVIRONMENT

Outokumpu's main production facilities are located in Finland, Sweden, the UK, the US and the Netherlands. Outokumpu's annual melting capacity totals 2.5 million tonnes and the Group's annual finished products capacity is 1.5–1.6 million tonnes for cold-rolled material and white-hot strip. Outokumpu also has annual production capacity totalling 0.3 million tonnes in long products and plate.

Outokumpu's Tornio site in Finland is one of the world's most cost-efficient and highly-integrated single-site stainless steel production facilities. Production at Tornio consists in the main of high-volume standard grades of stainless steel. At the Avesta site in Sweden, the focus is on special grades and products tailored to customers' specific requirements.

Outokumpu's global operations



CEO'S REVIEW

2011 was another difficult year for Outokumpu. It began in a quite promising manner, but demand for stainless weakened in the run up to summer because of increasing uncertainty in the global economy and a decline in the nickel price. In recent years, our industry has undergone fundamental change, with expanding capacity in Asia and increasing levels of imports from Asian manufacturers who are becoming serious contenders in European markets for stainless steel.

We took decisive action to change course and the first positive signs of changes in our business are now visible. They prove we are on the right track and I am confident that Outokumpu will once more be on top of the game. We're determined to turn these current difficulties into opportunities.

I began working as Outokumpu's CEO less than a year ago in April 2011. As I came from outside the steel industry, I have a lot to learn, but this also meant I have the benefit of being able to view things from a different perspective. Stainless steel is a fascinating business - truly global, truly cost competitive and also truly cutting-edge. The steels we are producing make the modern world. Outokumpu stainless steel will, for example, be supporting the new terminal at Ground Zero in New York, and our products make it possible for people all over the world to drink clean water. Every day, we are searching for new products that will support our customers' businesses.
Change is never easy. Almost always, it involves taking difficult decisions, interfering with familiar ways of working and sometimes even ways of thinking. A change at Outokumpu is needed. My top priority for 2012 is to inspire our people to work together towards our common goals.

Short term objectives and actions

In 2011, the top priority was turning the business around: improving cash flow, strengthening Outokumpu's balance sheet and improving profitability by addressing the issue of loss-making units. To strengthen the balance sheet we sold some non-core assets including the Group's entire 4% stake in the Talvivaara Mining Company and one fifth of Outokumpu's 20% stake in Talvivaara Sotkamo Ltd. We also divested the Group's holding in Tibnor AB, a Nordic distributor of steel and other metals. In September, we signed the final agreement with Tubinoxia, an Italian company, on a joint venture involving Outokumpu's tubular unit (OSTP). In December, we divested our rights to royalties from the Forrestania nickel and precious metals resource in Australia. A new EUR 750 million revolving credit facility was negotiated to secure the Group's liquidity, and restructuring actions taken during the year stabilised our gearing at the level of 82.5% by the year-end.

Several major cost-cutting programmes were launched in Outokumpu during 2011. A restructuring programme aimed at cost savings totalling EUR 30 million was launched in the spring and implemented during the year. New actions were initiated in the autumn. We intend to reduce our annual operational costs by EUR 100 million by the end of 2012. We also aim to reduce the Group's levels of working capital by EUR 250 million by mid-2013. Benefits of the programme are already visible as operating cash flow in the second half of 2011 was EUR 414 million positive.

We will enter 2012 with a new and more effective organisational structure and a new leadership team to drive the renewal of Outokumpu in 2012 and beyond.

We will enter 2012 with a new and more effective organisational structure and a new leadership team to drive the renewal of Outokumpu in 2012 and beyond.

The longer-term perspective

I am also driving change in Outokumpu's culture. Our mindset has to be customer orientation rather than a focus on production. Manufacturing processes and achieving exceptional quality are what we know and what we're great at, but the centre of attention is now our customers: listening to them, understanding and satisfying their needs and adding value to their businesses. On 1 January 2011, we implemented Net Promoter Score, a new harmonized customer satisfaction survey system which enables us to follow levels of customer satisfaction in real time. We expect this to be a valuable tool in the future. The second major change is to move from volume-based thinking to a focus on profitability - optimising production, pricing and our other operations in ways that yield profitable increases in market share, positive cash flow and solid returns on capital employed.

Outokumpu's three new Business Areas offer great future potential. Our Tornio site in Finland is one of the world's largest and most cost-efficient stainless steel mills and drives our business in high-volume standard grades. Specialty Stainless, the second pillar of our strategy, serves customers who set very high requirements on steel grade, shape,

thickness and surface finish. Thirdly, having our own ferrochrome production resource provides us with an unbeatable competitive advantage over our European competitors. Even though the EUR 440 million investment in doubling our ferrochrome production will be a burden on the Group's cash flow, especially in 2012, excellent returns are expected to follow already from 2014 onwards.

We continue to aim at increasing our sales of specialty grades, especially outside Europe. We have already taken the initial steps to strengthen our presence in APAC markets by establishing a new organisation and a service centre in China.

The low utilisation rates in our production units has been the primary cause of the Group's poor profitability in recent years. The announced business combination of Outokumpu and Inoxum, ThyssenKrupp's stainless steel unit, aims at increasing our profitability through increased utilisation rates. To find out more about the transaction, visit http://www.outokumpu.com/inoxum.

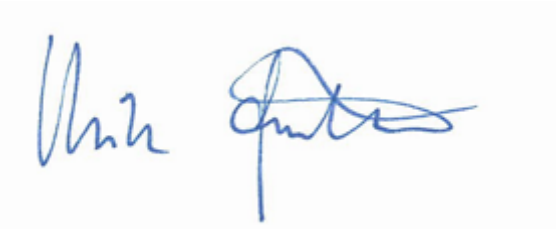
Conclusion

We have everything we need to turn Outokumpu into a profitable company: high-quality products, a strong brand, world-class R&D and talented people. To make it happen, our focus is now on customers and the decisive implementation of our change programmes.

I am truly proud of our world-class position in sustainability. One example is that Outokumpu's stainless steel production process uses as much recycled steel as possible - the recycled content of what we produce is some 90% compared to the industry average of 60%. For the fifth consecutive year, the Group features in the Dow Jones Sustainability Indexes. In the 2011 review, Outokumpu is one of the five best steel companies worldwide in the DJSI World Index.

I want to thank all Outokumpu employees for their hard work and dedication in 2011, and our shareholders, customers and other partners for their ongoing support. In the current business environment, the Board of Directors has proposed that no dividend be paid for 2011.

During 2012, the renewal of Outokumpu and actions to improve our profitability continue. The business combination with Inoxum will create a new Outokumpu – a new global leader in stainless steel.



Mika Seitovirta
CEO

HIGHLIGHTS AND GROUP KEY FIGURES OF 2011

Highlights 2011

Stainless steel market

- Stainless steel end use consumption increased by 4%
- End-use consumption of stainless steel grew by 8%
- The largest annual growth in consumption occurred in the Chemical, Petrochemical and Energy segments
- Long-term prospects for stainless steel demand remain robust – annual average global growth for 2011–2020 above 4% (CAGR)

Operations

- Actions taken to improve Outokumpu's cash flow, strengthen the balance sheet and address the most critical factors burdening profitability
- New organisation, effective as of 1 January 2012, announced in October 2011
- Ongoing investments: doubling of ferrochrome production capacity in Finland and increasing production capacity and capability of quarto plate in Sweden

Figures

5 009	260	1 391	82.5	5.6
Sales (€ million)	**Operating loss** (€ million)	**Deliveries** (1 000 tonnes)	**Gearing** (%)	**Injuries** (LTI/million hours worked)

Commitment

- International Stainless Steel Forum Sustainability award
- Decision to adopt the ISO 26000 standard; guidance on social responsibility
- Inclusion to Dow Jones World and Europe sustainability indexes
- Publication of Environmental product declarations (ECO EPD)
- Improved energy efficiency and reduced carbon profile
- Featured for the third time in the Carbon Disclosure Leadership Index

Group key figures

		2011	2010
Sales	€ million	**5 009**	4 229
Operating profit	€ million	**-260**	-83
EBITDA	€ million	**80**	172
Non-recurring items in operating profit	€ million	**-151**	-17
Profit before taxes	€ million	**-253**	-143
Non-recurring items in financial income and expenses	€ million	**216**	9
Net profit for the period	€ million	**-186**	-124
Capital employed on 31 Dec	€ million	**3 804**	4 213
Return on capital employed	%	**-6.5**	-2.1
Net cash generated from operating activities	€ million	**338**	-497
Capital expenditure	€ million	**255**	161
Net interest-bearing debt on 31 Dec	€ million	**1 720**	1 837
Equity-to-assets ratio	%	**39.8**	42.2

Debt-to-equity ratio	%	**82.5**	77.3
Earnings per share	€	**-0.99**	-0.68
Equity per share	€	**11.38**	13.05
Dividend per share	€	**-**[1)]	0.25
Share price on 31 Dec [2)]	€	**5.08**	13.88
Market capitalisation on 31 Dec [2)]	€ million	**930**	2 540
Stainless steel deliveries	1 000 tonnes	**1 391**	1 315
Stainless steel base price	€/tonne	**1 181**	1 252
Personnel on 31 Dec		**8 253**	8 431

[1)] The Board of Directors' proposal to the Annual General Meeting

[2)] Source: NASDAQ OMX Helsinki

Stainless steel deliveries

1 000 tonnes	**2011**	2010	2009
Cold rolled	**740**	698	545
White hot strip	**309**	312	263
Quarto plate	**106**	83	67
Tubular products	**48**	51	53
Long products	**60**	58	40
Semi-finished products	**129**	114	63
Total deliveries	**1 391**	1 315	1 030

FINANCIAL TARGETS AND DIVIDEND POLICY

Financial targets

Outokumpu's overall financial objective is to generate the maximum sustainable economic value added. In terms of growth, profitability and financial strength, Outokumpu's financial objectives, which correspond to the Group's vision, are as follows:

- To continue growing faster than the market
- A return on capital employed of more than 13% and always the best among peers
- Gearing of less than 75%

Dividend policy

In accordance with the Outokumpu Board of Directors' established dividend policy, the payout ratio over a business cycle should be at least one-third of the Group's profit for the period, with the aim of making stable annual payments to shareholders. In its annual dividend proposal, in addition to Outokumpu's financial results, the Board of Directors takes into consideration both investment and development needs.

For 2011, the Board of Directors is proposing to the Annual General Meeting that no dividend would be paid.

OUR MARKET POSITION

Stainless steel is a versatile and widely used material, playing a key role in many important areas of human life such as urbanisation, transportation and enabling the production and consumption of food, drink and energy. As a result, stainless steel consumption has been growing more rapidly than that of any other metal in recent decades.

Outokumpu is one of the world's leading stainless steel producers and is widely recognised for its product quality, excellence in both standard and special grades and as a global leader in research, development and technical support.

Global stainless steel production increased to 32.7 million tonnes in 2011 (according to CRU). Over the last 10 years, world stainless steel production has grown at an annual growth rate (CAGR) of 5.5%. In Europe, stainless steel production increased to 7.76 million tonnes, but has not yet fully recovered from the impacts of the financial crisis and returned to pre-crisis levels. Rapid growth in stainless steel production has occurred in China during the last 10 years, increasing from 0.9 million tonnes in 2001 to 13.2 million tonnes in 2011.

Outokumpu had a 22% share of stainless steel production in Europe and a 5% share globally in 2011.

Outokumpu had a 22% share of stainless steel production in Europe and a 5% share globally in 2011. The main markets for Outokumpu stainless steel sales were Europe (76% of sales in 2011), Asia (11%) and North and South America (10%).

Major stainless steel producers

Estimated slab capacity

million tons	**2011**	2014
Acerinox, Spain	**3,28**	3.28
ThyssenKrupp, Germany	**2,90**	3,90
Posco, South Korea	**2,88**	3,00
Aperam, Luxembourg	**2,78**	2,78
Yusco, Taiwan	**2,78**	2,78
TISCO, China	**2,60**	2,60
Outokumpu, Finland	**2,30**	2,30

Source: CRU

STAINLESS STEEL MARKET REVIEW

Demand for stainless steel was again heavily influenced by the economic environment in 2011. During the first part of the year, with the economic environment improving, confidence returning and raw material prices increasing, demand for stainless steel increased strongly.

Stainless steel end-use consumption increased by 9% in the first half of 2011 compared to the second half of 2010 and was up 4% year-on-year. The resurfacing of economic concerns due to the Eurozone crisis however, had a negative impact on industrial, manufacturing and consumer confidence in the second half of 2011. This led to a slowdown in stainless steel demand. End-use demand declined to 14.7 million tonnes in the second half of 2011 compared to 15.7 million tonnes during the first half. Overall though in 2011, end use consumption of stainless steel continued to recover from the 2009 slump, growing 7.6% year-on-year to a world record high of 30.7 million tonnes.

Stainless steel consumption has grown rapidly in China in recent years and this has been the main factor supporting global growth. Chinese stainless steel consumption climbed to 12.6 million tonnes in 2011, growing 11% year-on-year. Strong growth in consumption was also recorded in the Americas region, with a 9% gain to 2.91 million tonnes. Consumption volumes in the Americas however are still some way off the pre-crisis level of 3.38 million tonnes. In Europe end use consumption climbed 4% year-on-year to 5.99 million tonnes, but as in the case of the Americas, the consumption volume remains somewhat below the pre-crisis level of 6.49 million tonnes in 2007.

With demand in consumer-led industries growing fastest in 2010, it was the turn of the project and investment driven industries to grow faster in 2011. Growth in these segments though was still held back by continuing restrictions on the availability of project finance. In 2011, consumption in all end-use clusters was higher than in 2010, with the largest annual growth in consumption (in percentage terms) occurring in the Chemical, Petrochemical and Energy cluster at 11%, followed by Process and Resources at 9%. Architecture, Building & Construction (ABC) and Catering & Appliances both registered growth of 7% and Transportation grew by 6% year-on-year.

Growth in stainless steel consumption in the Chemical, Petrochemical and Energy cluster increased by 11% in 2011. Despite increasing uncertainty in the global markets, investment activity in the Chemical and Petrochemical industry was satisfactory and CAPEX increased again in 2011. Investment activity will continue in 2012 as projects take several years before completion.

Stainless steel consumption within the Process & Resources cluster increased by 9% in 2011. Within the Process and Resources area, the food processing industry registered high growth rates in the first half of 2011. In the second half, growth slowed somewhat. In the Pulp & Paper industry, the recovery continued in 2011 and will remain relatively strong in 2012.

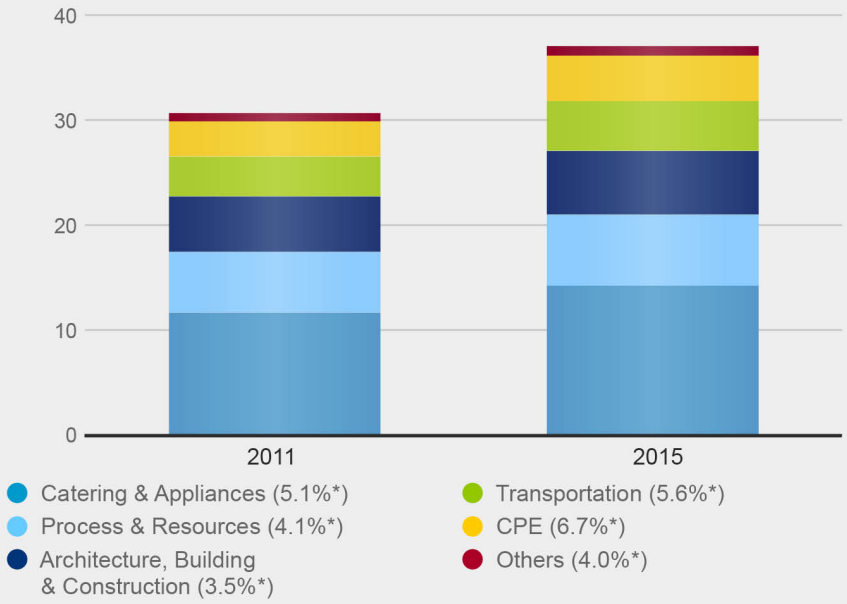
Global stainless steel consumption in the Architecture, Building & Construction cluster increased by 7%. The majority of this growth occurred in China where ABC consumption increased by 15% year-on-year. Growth was also positive in Europe and the Americas, but declined in the other Asia region.

Stainless steel used in Catering & Appliances increased by 7% globally in 2011. European stainless steel users in the premium segments experienced a successful year, but growth is expected to slow in 2012.

In the Transportation cluster, end-use consumption of stainless steel grew by 6% in 2011, following strong growth of 24% in 2010. Automotive experienced another good year globally in 2011. In Europe, light vehicle production increased substantially (driven by exports to non-European countries), but European car registrations declined.

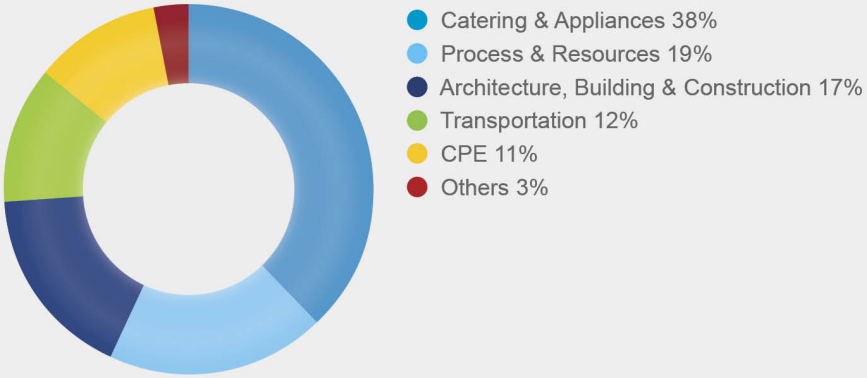
Long-term prospects for stainless steel demand remain robust. Key global megatrends in urbanisation, modernisation and increased mobility, combined with growing global demand for energy, food and water will ensure the continuing growth of stainless steel consumption in the future. SMR estimates indicate that the average annual growth in world-wide stainless steel consumption over the 2011–2020 period will be 4.2% (CAGR). As a leading producer of stainless steel, Outokumpu is well positioned to capitalise on the world's growing need for this material.

World stainless steel end-use demand outlook, million tonnes



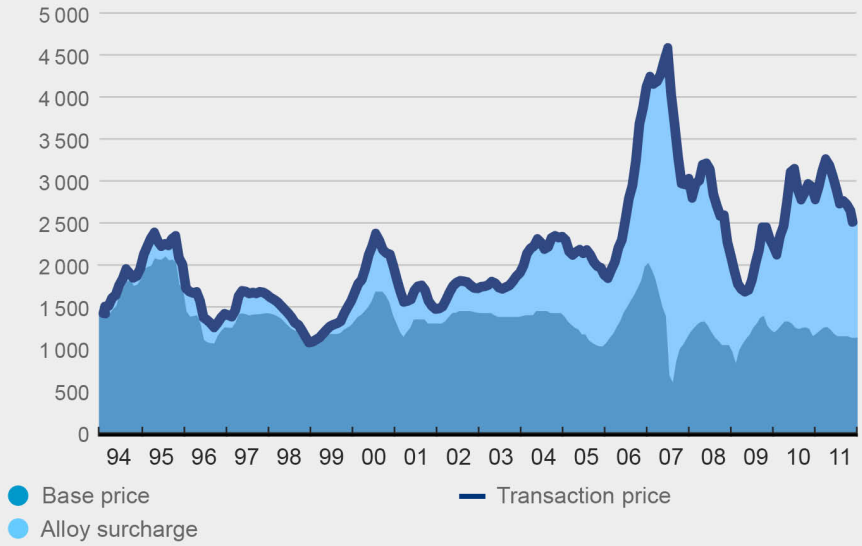
Source: SMR, all stainless steel finished products, January 2012.
* CAGR 2011–2015

End-uses of stainless steel



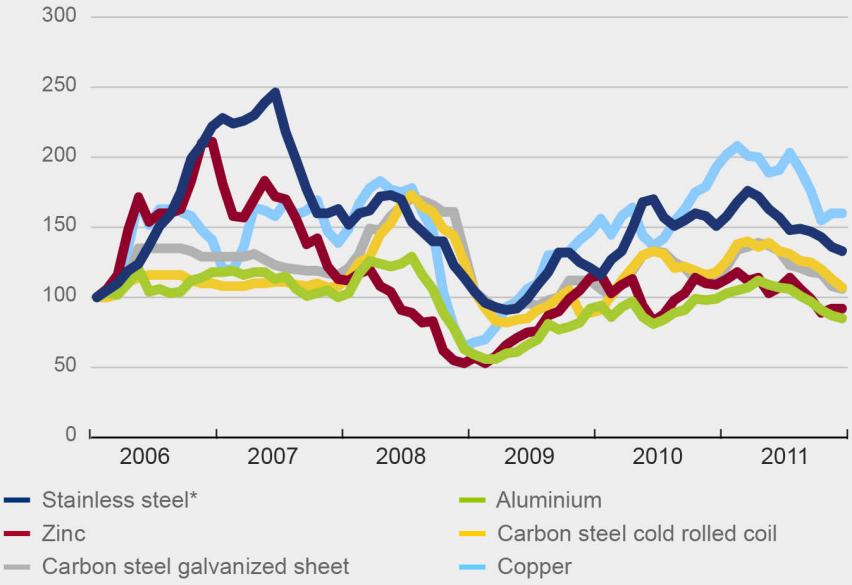
Source: SMR, all stainless steel finished products, January 2012.

Stainless steel price*, EUR/t



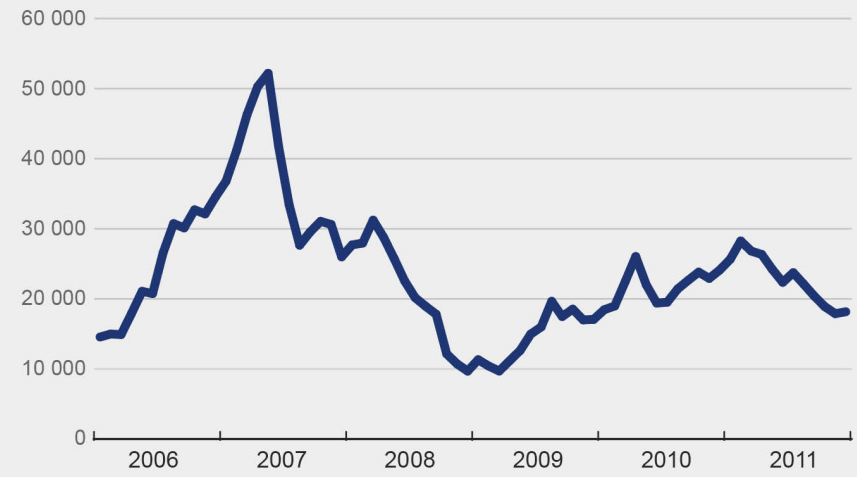
Source: CRU. Including December 2011.
* Stainless steel prices are for grade 1.4301

Market price comparison with competing materials, 2006=100



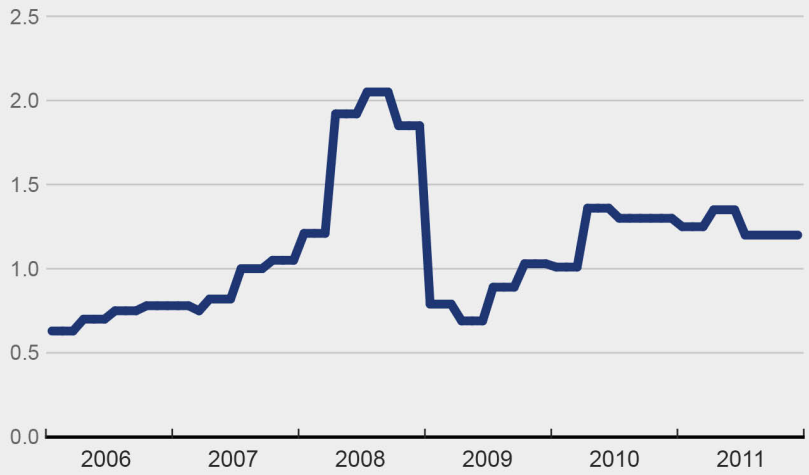
Source: CRU, LME and Metal Bulletin. Including December 2011.
* Stainless steel prices are for grade 1.4301

Nickel price, USD/t



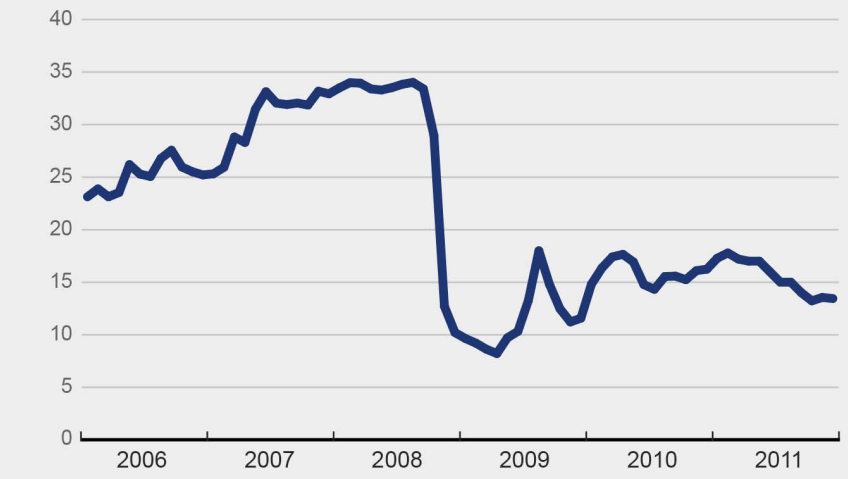
Source: LME, monthly average prices, including December 2011.

Ferrochrome price, USD/lb



Source: Quarterly contract prices agreed between South African ferrochrome producers and European buyers, including Q4/2011.

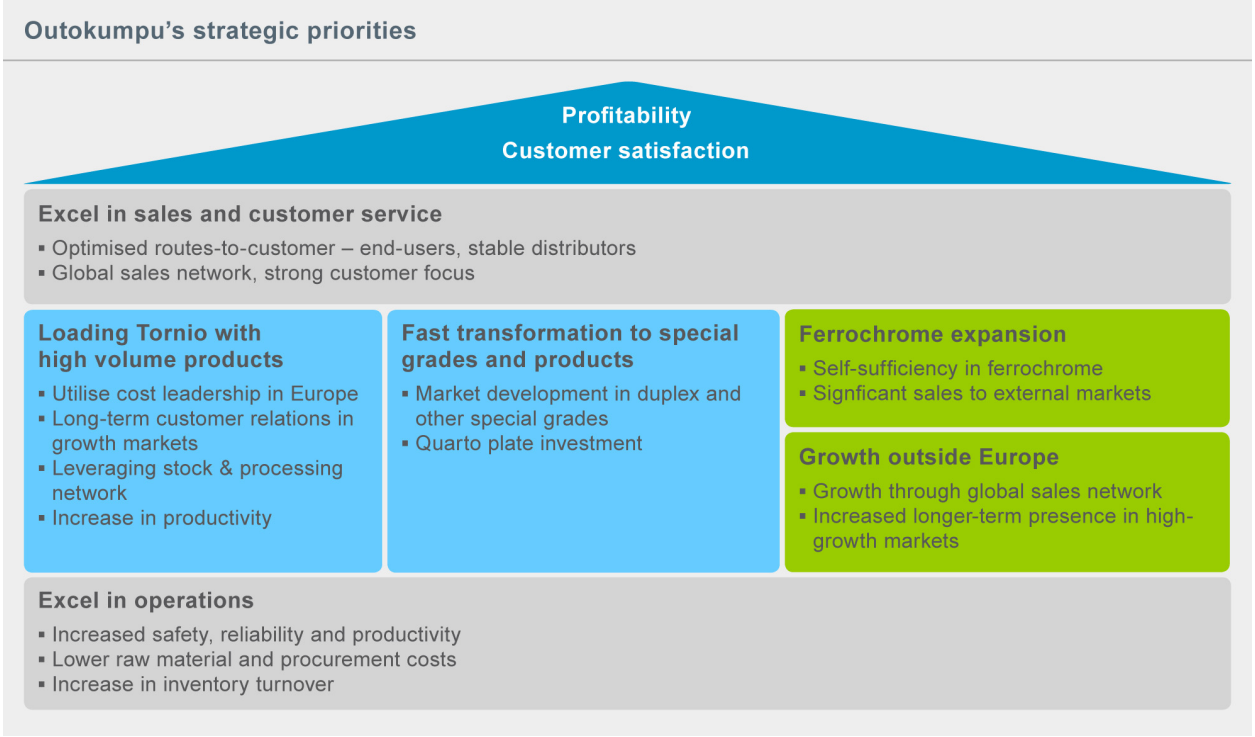
Molybdenum price, USD/lb



Source: LME, monthly average prices, including December 2011.

OUR STRATEGY

Outokumpu's strategic targets include improved profitability and cash flow, and higher levels of customer satisfaction. Key priorities include enhancing the Group's cost competitiveness in high-volume standard grades and achieving a fast transformation to increased share of sales of special grades and products. The Group also aims at increasing its sales outside Europe, especially in Asia.



Loading Tornio with high-volume products

Outokumpu has a strong position in the stainless steel sector. The Group's Tornio site, a fully-integrated production facility in northern Finland, is Outokumpu's largest site and its cost-efficiency makes the company a global leader in standard grades. Adequate capacity utilisation is a critical factor in achieving sustained profitability at Tornio. A close focus on high-volume products, utilising the plant's cost-leadership position in Europe and improved productivity are key areas in returning capacity utilisation to pre-financial-crisis levels.

Read more about Outokumpu's Tornio site

Fast transformation to special grades and products

Outokumpu also holds a leading position in the special grades and products sector and is widely recognised for the high quality of its product and process development. Increasing sales of special grades and products is a core element in the Group's strategy. Special grades and products offer high growth potential and provide customers with significant value. Outokumpu's efforts to develop the market for duplex and other special grades will be accelerated and co-operation with end-user and project customers will be intensified.

Read more about special grades

Excel in sales and customer service

Increasing end-user and project sales, building stable relations with key distributors and processors and further investing in sales skills and own global service network are critical for the transformation to special grades and products as well as for Tornio's capacity utilisation.

Excel in operations

Safe working conditions and reliable production schedules are clear indications of operational quality. Outokumpu will continue to focus on operational excellence and associated long-term improvements, which lead to reduced variability in production, cost savings in raw materials and procurement, lower inventory levels and the provision of safe and clean working environments.

Ferrochrome expansion

Outokumpu differs from its competitors in the stainless steel sector by having its own chromium mine and ferrochrome production facilities. The availability of an in-house source of ferrochrome, an important raw material in the stainless steel production process, yields unique cost savings in terms of raw materials, energy usage and logistics. The doubling of the ferrochrome production that is currently under way will provide the Group with an attractive growth business as Outokumpu will also become a significant supplier of ferrochrome to external markets.

Growth outside Europe

The most attractive growth markets in the stainless steel sector lie outside Europe, Outokumpu's traditional home market. The Group will continue to strengthen its global sales network and is aiming for increased sales in Asia, especially in China.

Fast implementation and follow-up

Outokumpu's short-term focus is on efficient and rapid strategy implementation, with progress being monitored using key strategic performance indicators. These are:

- safety (lost-time injuries)
- profitability (EBIT)
- customer satisfaction (Net-Promoter Score)
- working capital (turnover rates)
- delivery performance (% on-time deliveries)

Our Vision

Outokumpu's vision is to become the global leader in stainless steel. This requires us to have the best financial performance in the industry. Related targets are:

- Becoming the industry leader in terms of customer satisfaction
- Having the most-efficient and environmentally-friendly operations, and
- Being the most attractive employer.

Sustainability is a key element of our strategy and planning and is also an integral part of our business practices. Outokumpu is committed to achieving a leading position within sustainability through responsible business practices and by working in close cooperation with key stakeholders. We are a leader in sustainability within our sector.

REPORTING ON SUSTAINABLE DEVELOPMENT

Outokumpu produces stainless steel, a sustainable material, by using a sustainable production chain in a responsible manner.

As the Group's corporate responsibility principles cover all aspects of Outokumpu's operations and strategy and are also integrated into the way that we conduct our business, our view is that all related issues should be reported in an integrated manner. Outokumpu reporting reflects the view that all of the Group's operations – and our dialogue with stakeholders – must be based on ethical and sustainable business practices, since these provide the basis for our long-term competitiveness.

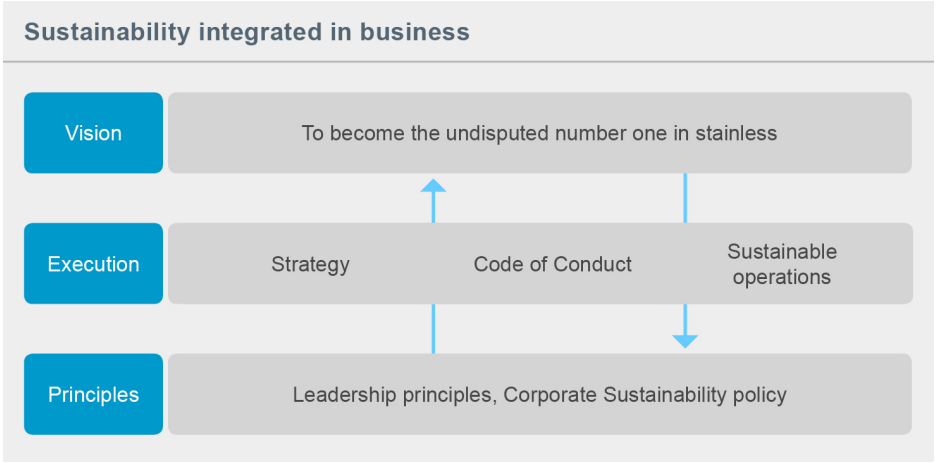
This is the third year that Outokumpu's reporting is presented in a fully integrated form. The report presents the Group's relevant and material sustainability issues. Issues on Sustainable Development and Corporate responsibility requirements are reported openly and transparently following the Global Reporting Initiative GRI G3 guidelines.

This year, to better satisfy stakeholders information needs, a separate Sustainability summary has been created, which includes only the sustainability sections in the Annual Report. As required by the ownership guidelines published in 2011 by the Finnish government, a separate responsibility report is a prerequisite for some fully and partially state-owned companies (although not a directly binding requirement for Outokumpu).

Outokumpu's Annual Report also meets other requirements within sustainability reporting. In 2011, Outokumpu decided to adopt the ISO 26000 "*Guidance on social responsibility*" -standard. The Group is a signatory to the UN Global Compact. Outokumpu also follows International Chamber of Commerce policies by utilising ISO-based management systems in connection with issues relating to Environment, Health and Safety and Quality management. Read more about the Group's social responsibility.

The Group has also signed the Sustainable Development Charter published by the World Steel Association and the International Stainless Steel Forum. Together with the Group's internal policies and practices these frameworks have requirements for external reporting, which have been taken into account in this Annual Report.

Outokumpu's sustainability has been confirmed by an external assurance provider. This report includes a separate GRI and UN Global Compact reporting index, where all the indicators regarding responsibility practices are listed together with links to the pages on which they are addressed.

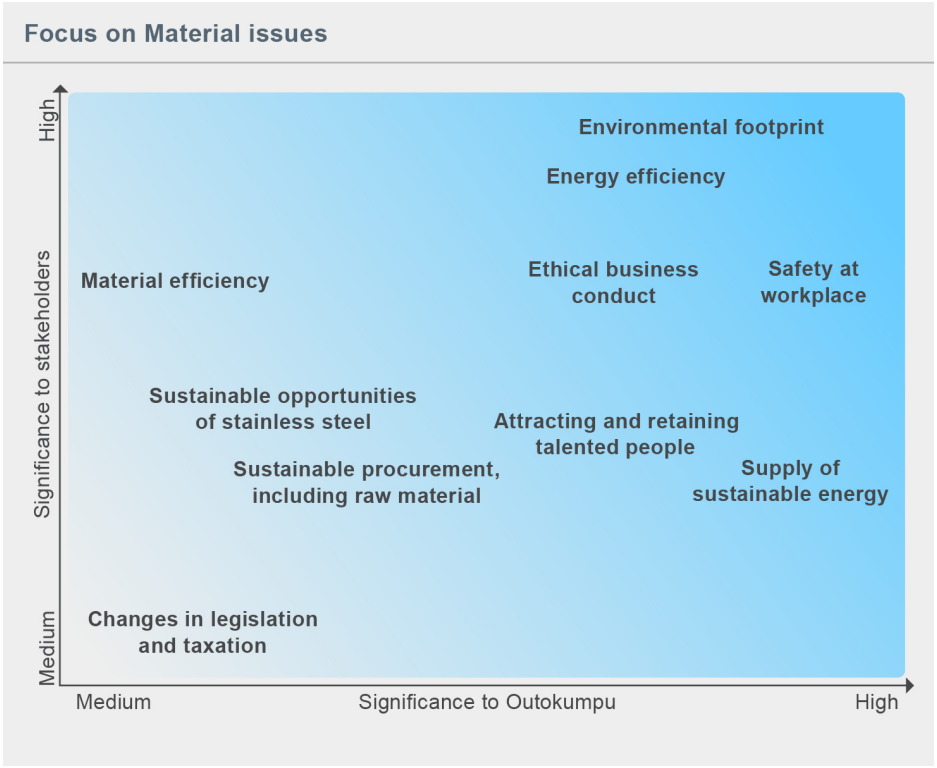


Focus on Material issues

To ensure that limited resources are allocated in the most efficient manner, Outokumpu analysed the most material sustainability issues in late 2010. The results of this analysis, which identified both internal and external issues most relevant to the Group, formed a natural basis for sustainability-related actions and developments in 2011.

The results of the materiality analysis, issues with high significance for both Outokumpu and the Group's stakeholders, were mostly those which have been on Outokumpu's sustainability agenda also during earlier years. This confirms that we are working with the correct issues and that further improvements are still needed. The analysis process has helped the Group to initiate new actions and programmes in an optimal manner. During 2011, Outokumpu took action in connection with all issues identified as having material significance and related developments are detailed in this report.

The Outokumpu Board of Directors reviewed the sustainability analysis and related actions at its December 2011 meeting, and also approved the Group policy on sustainable development and corporate responsibility. The Board monitors Outokumpu's corporate responsibility performance at least once each year based on a report submitted by the CEO. This arrangement ensures that sustainability issues are an integral element in Outokumpu operations from the lowest to the highest levels.



Below you can find direct links to sections in the report covering specified material issues:

- Material efficiency (Our impact on the environment, Material efficiency)
- Outokumpu's environmental footprint (Sustainable stainless, Life-cycle analysis)
- Ethical business conduct (Outokumpu and society)
- Safety (Safe working environment, Safety)
- Renewable energy sources (Our impact on the environment, Climate change)
- Attracting and retaining talented individuals (Outokumpu and society, Current and future employees)
- Sustainable applications and opportunities for stainless steel (Sustainable stainless)
- Sustainable procurement (Our impact on the environment, Sustainable Supply Chain) and (Changes in legislation and taxation).

GRI & UN Global Compact

We have self-declared our reporting to be Application Level B+ of the GRI G3 Guidelines. PricewaterhouseCoopers Oy has checked our reporting and has confirmed it to be Application Level B+.

GRI Index

Global Compact principles		GRI Content	Included	Section(s)	Comment
		1. Strategy and Analysis			
	1.1	CEO's statement	Yes	CEO's review	
	1.2	Key impacts, risks and opportunities	Yes	Stainless steel market review Climate change risks Risks and stakeholders	
		2. Organizational Profile			
	2.1	Name of the organization	Yes	Corporate Governance in 2011	
	2.2	Primary brands, products and services	Yes	Our Group	
	2.3	Operational structure	Yes	Business divisions in 2011	
	2.4	Location of organization's headquarters	Yes	Our Group	
	2.5	Number of countries and location of operations	Yes	Our operating environment	
	2.6	Nature of ownership and legal form	Yes	Corporate Governance in 2011	
	2.7	Markets served	Yes	Our Group	
	2.8	Scale of the reporting organization	Yes	Highlights and key figures of 2011	
	2.9	Significant changes regarding size, structure or ownership	Yes	Business divisions in 2011	
	2.10	Awards received in the reporting period	Yes	Materials efficiency	Outokumpu was also awarded again for good corporate responsibility reporting (3rd prize in a ranking in Finland).
		3. Reporting Principles			
		Report profile			
	3.1	Reporting period	Yes	Reporting principles	
	3.2	Date of most recent report	Yes	Reporting principles	
	3.3	Reporting cycle	Yes	Reporting principles	

	3.4	Contact point for questions regarding the report	Yes	Contact Outokumpu	
		Report scope and boundary			
	3.5	Process for defining report content (materiality, prioritizing topics and stakeholders using the report)	Yes	Focus on Material issues	
	3.6	Boundary of the report	Yes	Reporting principles	
	3.7	Limitations on the report's scope or boundary	Yes	Reporting principles	
	3.8	Basis for reporting subsidiaries, joint ventures, leased facilities, outsourced operations and other entities affecting comparability	Yes	Reporting principles	
	3.9	Data measurement techniques and bases of calculations	Yes	Reporting principles	Information on reporting principles is also reported in connection with the figures in question.
	3.10	Explanation of re-statements	Yes	Focus on Material issues Reporting principles	
	3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	Yes	Reporting principles	
		GRI content index			
	3.12	GRI content index	Yes	GRI & UN Global Compact	
		Assurance			
	3.13	Assurance policy and practice	Yes	Assurance report	
		4. Governance, Commitments and Engagement			
		Governance			
	4.1	Governance structure of the organisation	Yes	Corporate Governance in 2011 Board committees Board of Directors	
	4.2	Position of the Chairman of the Board	Yes	Members of the Board of Directors	
	4.3	Independence of the Board members	Yes	Members of the Board of Directors	
	4.4	Mechanism for shareholder and employee consultation	Yes	General Meeting of Shareholders Nomination Board	

	4.5	Impact of organisation's performance on executive compensation (inc. social and environmental performance)	Yes	Remuneration	
	4.6	Processes for avoiding conflicts of interest	Yes	Board of Directors	
	4.7	Processes for determining Board members' expertise in strategic management and sustainability	Yes	Members of the Board of Directors	
				Nomination Board	
	4.8	Implementation of mission and values statements, code of conduct and other principles	Yes	Compliance	
				Internal audit	
	4.9	Procedures of the Board for overseeing management of sustainability performance, including risk management	Yes	Focus on Material issues	
				Compliance	
	4.10	Processes for evaluating the Board's performance	Yes	Board of Directors	
		Commitments to External Initiatives			
7	**4.11**	Addressing precautionary approach	Yes	Risk management	
				Our impact on the environment	
	4.12	Voluntary charters and other initiatives	Yes	Associations and federations	
				Reporting on sustainable development	
				Investors and analysts	
	4.13	Memberships in associations	Yes	Associations and federations	
		Stakeholder Engagement			
	4.14	List of stakeholder groups	Yes	Outokumpu and society	
				Risks and stakeholders	
	4.15	Identification and selection of stakeholders	Yes	Risks and stakeholders	
	4.16	Approaches to stakeholder engagement	Yes	Outokumpu and society	Information can be found under the sections describing various stakeholders.
	4.17	Key topics raised through stakeholder engagement	Yes	Local communities	

				Public sector, sponsoring and NGOs	
		Economic Performance Indicators			
1, 4, 6, 7		**Management approach to economic responsibility**	Yes	Our strategy Financial targets and dividend policy Local communities	
		Economic Performance			
	EC1*	Direct economic value generated and distributed	Yes	Outokumpu and society	
7	**EC2***	Financial implications, risks and opportunities due to climate change	Yes	Climate change risks	
	EC3*	Coverage of defined benefit plan obligations	Yes	Remuneration	Group Executive Committee
	EC4*	Significant subsidies received from government	Yes	Public sector, sponsoring and NGOs Investors and analysts	
		Market presence			
1	EC5	Entry level wage compared to local minimum wage	No		
	EC6*	Policy, practices and spending on local suppliers	Partly	Sustainable supply chain	Evaluation of suppliers' sustainability policies described.
6	**EC7***	Local hiring procedures and proportion of local senior management	No		
		Indirect Economic Impacts			
	EC8*	Development and impact of infrastructure investments provided for public benefit	No		
	EC9	Significant indirect economic impacts	Yes	Local communities Risks and stakeholders	
		Environmental Performance Indicators			
7, 8, 9		**Management approach to environmental responsibility**	Yes	Our impact on the environment Environmental goals and results Focus on Material issues Climate change risks	
		Materials			

8	**EN1***	Materials used by weight or volume	Yes	Material balance	
8, 9	**EN2***	Recycled materials used	Yes	Material balance	
				Sustainable stainless steel	
		Energy			
8	**EN3***	Direct energy consumption	Yes	Material balance	
				Energy efficiency	
8	**EN4***	Indirect energy consumption	Yes	Material balance	Electricity consumption and origin of electricity reported.
				Energy efficiency	
8, 9	EN5	Energy saved due to conservation and efficiency improvements	Yes	Environmental goals and results	
				Energy efficiency	
				Environmental investments	
8	EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Partly	Energy efficiency	
8	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Yes	Climate change	
				Sustainable supply chain	
		Water			
8	**EN8***	Total water withdrawal by source	Yes	Water	
8	EN9	Water sources significantly affected by withdrawal of water	Yes	Water	
8, 9	EN10	Percentage and total volume of water recycled and reused	Yes	Water	
		Biodiversity			
8	**EN11***	Location and size of land holdings in areas of high biodiversity	Partly	Biodiversity	
8	**EN12***	Description of significant impact of activities, products, and services on biodiversity	Yes	Biodiversity	
8	EN13	Habitats protected or restored	Yes	Biodiversity	
8	EN14	Managing impacts on biodiversity	Yes	Biodiversity	
8	EN15	Species with extinction risk with habitats in areas affected by operations	Yes	Biodiversity	
		Emissions, Effluents and Waste			

8	**EN16***	Total direct and indirect greenhouse gas emissions	Yes	Material balance Energy efficiency Sustainable supply chain	
8	**EN17***	Other relevant indirect greenhouse gas emissions	Yes	Energy efficiency	
7, 8, 9	EN18	Initiatives to reduce greenhouse gas emissions	Yes	Energy efficiency Environmental goals and results	
8	**EN19***	Emissions of ozone-depleting substances	Yes	Material balance	
8	**EN20***	NOx, SOx, and other significant air emissions	Yes	Material balance Emissions, effluents and waste	
8	**EN21***	Total water discharge by quality and destination	Yes	Water	
8	**EN22***	Total amount of waste by type and disposal method	Yes	Material balance Emissions, effluents and waste	
8	**EN23***	Total number and volume of significant spills	Yes	Emissions, effluents and waste	
8	EN24	Transported, imported, exported, or treated hazardous waste	Partly	Emissions, effluents and waste	
8	EN25	Water bodies and habitats affected by discharges of water	Yes	Biodiversity	
		Products and Services			
7, 8, 9	**EN26***	Mitigating environmental impacts of products and services	Yes	Climate change Materials efficiency Environmental goals and results	
8,9	**EN27***	Percentage of products sold and their packaging materials reclaimed by category	No		
		Compliance			
8	**EN28***	Significant fines and sanctions for non-compliance with environmental regulations	Partly	Emissions, effluents and waste	
		Transport			
8	EN29	Environmental impacts of transportation	Yes	Sustainable supply chain	CO_2 emissions of transportation

		Overall			
7, 8, 9	EN30	Total environmental protection expenditures and investments	Yes	Environmental investments	
		Social Performance Indicators			
		Labor Practices and Decent Work			
1, 3, 6		**Management approach to labor practices and decent work**	Yes	Our people Outokumpu and society Training and development	
		Employment			
	LA1*	Total workforce by employment type, employment contract and region	Partly	Personnel figures	
6	**LA2***	Total number and rate of employee turnover by age group, gender and region	Partly	Personnel figures	
	LA3	Benefits to full-time employees that are not provided to temporary or part-time employees	No		
		Labor/Management Relations			
1, 3	**LA4***	Coverage of collective bargaining agreements	Yes	Diversity and Equal Rights	
3	**LA5***	Minimum notice period regarding operational changes	Yes	Personnel figures	Outokumpu follows local laws and regulations also in job reductions and lay-offs.
		Occupational Health and Safety			
1	LA6	Percentage of employees represented in joint health and safety committees	Partly		Communication with employees on sites
1	**LA7***	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	Yes	Health Safety	
1	**LA8***	Education and prevention programmes regarding serious diseases	Partly	Health	
1	LA9	Health and safety topics covered in formal agreements with trade unions	No		
		Training and Education			

	LA10*	Average training hours per year per employee	Yes	Training and development Personnel figures	Training days per employee
	LA11	Programmes for skills management and lifelong learning	Yes	Training and development	Description of development and training programmes
	LA12	Employees receiving regular performance and career development reviews	Yes	Performance management	
		Diversity and Equal Opportunity			
1, 6	**LA13***	Composition of governance bodies and breakdown of employees	Yes	Diversity and Equal Rights	Breakdown of total workforce by gender, age and education. Composition of governance bodies by gender.
1, 6	**LA14***	Ratio of basic salary of men to women by employee category	No		
		Human Rights			
		Management approach to human rights	Yes	Our people Compliance Diversity and Equal Rights Internal audit Sustainable supply chain	
		Investment and procurement practices			
1-2, 4-6	**HR1***	Investment agreements that include human rights clauses or that have undergone human rights screening	No		
1-2, 4-6	**HR2***	Suppliers and contractors that have undergone human rights screening and actions taken	Partly	Sustainable supply chain	Survey of strategic suppliers
4-5	HR3	Employee training on policies and procedures concerning human rights relevant to operations	No		
		Non-discrimination			
1, 2, 6	**HR4***	Incidents of discrimination and actions taken	Yes	Internal audit	
		Freedom of association and collective bargaining			

1, 2, 3	**HR5***	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk and actions taken to support these rights	Partly	Diversity and Equal Rights	Outokumpu maintains a consistent policy of freedom of association.
		Child labor			
1, 2, 5	**HR6***	Operations identified as having significant risk for child labor and measures taken to contribute to the elimination of child labor	Partly	Our people Compliance	Ethics Statement, Corporate Responsibility Policy and Code of Conduct
		Forced and compulsory labor			
1, 2, 4	**HR7***	Operations identified as having significant risk for forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor	Partly	Our people Compliance	Ethics Statement, Corporate Responsibility Policy and Code of Conduct
		Security practices			
1, 2	HR8	Human rights related training for security personnel	No		
		Indigenous rights			
1, 2	HR9	Incidents involving rights of indigenous people and actions taken	No		
		Society			
		Management approach to society	Yes	Local communities Internal audit Compliance	
		Community			
	SO1*	Programs and practices that assess and manage impacts of operations on communities	Partly	Local communities	Local community impacts and procedures described, including issues of GRI Mining and Metals Sector Supplement notes.
		Corruption			
10	**SO2***	Percentage and total number of business units analyzed for corruption risks	Partly	Our people	Ethics Statement, Corporate Responsibility Policy and Code of Conduct

10	**SO3***	Percentage of employees trained in anti-corruption policies and procedures	Partly	Our people	Ethics Statement, Corporate Responsibility Policy and Code of Conduct
10	**SO4***	Actions taken in response to incidents of corruption	Partly	Our people	Ethics Statement, Corporate Responsibility Policy and Code of Conduct
		Public Policy			
10	**SO5***	Public policy positions and participation in public policy development and lobbying	Yes	Associations and federations Public sector, sponsoring and NGOs	
10	SO6	Contributions to political parties, politicians and related institutions	Yes	Public sector, sponsoring and NGOs	
	SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly	Yes	Compliance	
		Compliance			
	SO8*	Significant fines and sanctions for non-compliance with laws and regulations	Yes	Compliance	
		Product Responsibility			
		Management approach to product responsibility	Yes	Safe use of stainless Customers Product properties Compliance	
		Customer Health and Safety			
1	**PR1***	Assessment of health and safety impacts of products	Yes	Safe use of stainless	
1	PR2	Non-compliance with regulations concerning health and safety impacts of products	No		
		Product and Service Labeling			
8	**PR3***	Product information required by procedures	Partly	Product properties	
8	PR4	Non-compliance with regulations concerning product information and labelling	No		
	PR5	Practices related to customer satisfaction and results of customer satisfaction surveys	Partly	Customers	

		Marketing Communications			
	PR6*	Adherence to laws, standards and voluntary codes related to marketing communications, advertising, promotion and sponsorship	No		
	PR7	Non-compliance with regulations and voluntary codes concerning marketing communications, advertising, promotion, and sponsorship	No		
		Customer Privacy			
1	PR8	Complaints regarding breaches of customer privacy and losses of customer data	No		
		Compliance			
	PR9*	Fines for non-compliance concerning the provision and use of products and services	No		
		* GRI Core indicator			
		GRI Mining and Metals Sector Supplement			
	MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	Yes	Diversity and Equal Rights	Strike days reported.
	MM11	Programs and progress relating to materials stewardship	Yes	Our impact on the environment Product life-cycle Materials efficiency	

* GRI Core indicator

Reporting principles

In Outokumpu's reporting, the goal is to support an open dialogue between the Group and its stakeholders. Our aim is to address the needs of current and future personnel, shareholders, customers and other parties who have an interest in Outokumpu and its business operations. We use reporting as an opportunity to illustrate what Outokumpu has done to ensure that the Group's business operations are sustainable, and to indicate actions we expect to take in the future to enhance individual well-being and the natural environment. Outokumpu has a long history of responsible business practices and we are working to make our operations more sustainable. As well as reporting on matters we consider important and relevant to our business operations, we also cover current global themes, which affect the Group's operations and our stakeholders.

If you have questions regarding the contents of this report, contact information can be found here.

Scope of the report

Outokumpu's Corporate Responsibility report is published annually, and the reporting period is the same as the Group's financial reporting period (one calendar year). The report for 2010 was published online on 18 February 2011 as part of the 2010 Outokumpu Annual Report.

The 2011 Outokumpu Annual Report is the third to be published online, and the second into which the Group's Corporate Responsibility report has been fully integrated.

Since 2004, Outokumpu's reporting has been based on guidelines provided in the widely-recognised and applied Global Reporting Initiative (GRI) (G3 from 2007), but the integrated reporting format now used by Outokumpu does not follow the tripartite division into economic, social and environmental responsibility suggested by GRI.

A comparison of Outokumpu's reporting against the GRI guidelines and the 10 principles of the UN Global Compact can be found here.

Economic and social information covers the whole of the Outokumpu Group. Environmental indicators are used at all Outokumpu stainless steel production plants.

Comparability of statistics

Corrections made to figures reported in previous years are indicated in conjunction with the corrected figures. Since 2007, Outokumpu's Annual Reports have included an assurance report submitted by independent external assurance providers. This independent assurance report is available here. Figures in the financial statements have been audited.

Measurement techniques

Economic responsibility

Most figures relating to economic responsibility presented in this report are based on consolidated financial statements issued by the Outokumpu Group and collected through Outokumpu's internal consolidation system. Financial data has been prepared in accordance with International Financial Reporting Standards (IFRS). Outokumpu's accounting principles for the Group's consolidated accounts are available here.

Using the GRI guidelines as a basis, economic responsibility figures have been calculated as follows:

Generation of value added

Sales invoiced to customers during the financial year is used when calculating the generation of value added. Discounts or indirect taxes are deducted from sales figures.

The cost of goods and services purchased by Outokumpu during the financial year is deducted from sales when calculating the generation of value added by the Group.

Distribution of value added

Value added which is distributed to employees consists of wages and salaries paid to Outokumpu employees during the financial year. Pension payments and related accruals are included in this figure.

Distribution of value added to the public sector includes taxes, social charges and other payments which resemble taxes. No deferred taxes are included in this figure.

To determine the creditors' share of value added, interest costs on debt booked during the financial year are presented. Capitalised interest is deducted from this figure.

Distribution of value added to shareholders is the total dividend which Outokumpu's Board of Directors proposes for distribution to shareholders from the parent company's distributable funds.

Environmental responsibility

Financial information related to environmental investments is collected in accordance with Group-wide unified guidance following principles outlined by the GRI and the World Steel Association.

Environmental data concerning Outokumpu's operations is aggregated using the Group's Energy and Environment Reporting System, into which Group guidance has been integrated.

Social responsibility

Lost Time Injury (LTI) - Injuries per million hours worked (the World Steel Association principle)

A lost time accident is an injury or accident that has taken place during working hours at the workplace and caused at least one instance of sick leave for one day (excluding the day of the injury or accident). Sick leave of one day means that an Outokumpu employee or a person employed by a third party has not been able to return to work on their next scheduled working day. Returning to work with activity restrictions does not constitute lost time injury status, regardless of how severe or minimal the associated restrictions.

EU average LTI

From statistics supplied by the World Steel Association. Member companies follow the World Steel Association definition of Lost Time Injury (LTI) in related reporting.

Near miss incidents

Near miss incidents refer to events that could have led to an accident but no injury occurred. The number of near miss incidents occurring in all Group companies is collected via Outokumpu's financial consolidation system. Related information is provided by the Group's safety reporting system.

Sick leave days

Sick leave days reported are total sick leave days during a reporting period. Reporting units provide data on absence due to illness and occupational diseases on a monthly basis in connection with financial reporting. With effect from 1 January 2009, sick leave days have been reported per million hours worked, not as a percentage figure.

Personnel figures

As of 2011, as recommended by Outokumpu's assurance providers, the Group has been reporting actual headcounts. This has also been applied in calculating the personnel figures. Some of the previous year figures where FTE was included in the formula have been restated to make it possible to compare the figure.

Total personnel costs

This figure includes wages, salaries, bonuses, social costs or other personnel expenses, as well as fringe benefits paid and/or accrued for during the reporting period.

Training costs

Training costs include external training-related expenses such as participation fees. Wages, salaries and daily allowances for participants in training activities are not included, but the salaries of internal trainers are included.

Training days per employee

The number of days spent by an employee in training when each training day is counted as lasting eight hours.

Bonuses

A bonus is an additional payment for good performance. These figures are reported without social costs or fringe benefits.

Personnel turnover (termination and recruitment turnover separately):

(Newly hired + leavers)/(2x year-end headcount)

Based on a recommendation by Outokumpu's assurance providers, the divider has since last year (2010) been changed from twice the average headcount to twice the year-end headcount.

Days lost due to strikes

The number of days lost due to strikes is calculated by multiplying the number of Outokumpu employees who have been on strike by the number of scheduled working days lost. The day on which a strike starts is included.

Assurance report

Independent Assurance Report To the Management of Outokumpu Oyj

We have been engaged by the Management of Outokumpu Oyj to perform a limited assurance engagement on the information on economic, social and environmental responsibility disclosed in Outokumpu Oyj's Sustainability Reporting 2011 for the period of January 1, 2011 to December 31, 2011 (hereinafter "Sustainability Reporting"). The Sustainability Reporting 2011 is part of Outokumpu Oyj's online Annual Report 2011.

The scope of the Sustainability Reporting covers Outokumpu Group.

Management's Responsibility

The Management of Outokumpu Oyj is responsible for preparing the Sustainability Reporting in accordance with the Reporting criteria as set out in Outokumpu Oyj's own documented standards and the Sustainability Reporting Guidelines of the Global Reporting Initiative (version 3.0).

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Sustainability Reporting based on our work performed. Our assurance report has been made in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Outokumpu Oyj for our work, for this report, or for the conclusions that we have reached.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Sustainability Reporting has not been prepared, in all material respects, in accordance with the Reporting criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Sustainability Reporting. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Sustainability Reporting. Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of Outokumpu Oyj.
- Interviewing employees responsible for Sustainability at Outokumpu Oyj.
- Assessing how Outokumpu Oyj's employees apply Outokumpu Oyj's reporting guidelines and procedures.
- Visiting Outokumpu Oyj's Head Office as well as one production unit in Sweden.
- Interviewing employees responsible for collection and reporting of the information presented in the Sustainability Reporting at Outokumpu Group level and at two production units.
- Inspecting relevant documents and systems for gathering, analyzing and aggregating the information presented in the Sustainability Reporting as well as testing on a sample basis.
- Assessing the data consolidation process of the information presented in the Sustainability Reporting at Outokumpu Group level.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the Sustainability Reporting has not been prepared, in all material respects, in accordance with the Reporting criteria. Our assurance report should be read in conjunction with the inherent limitations of accuracy and completeness for sustainability information. This independent assurance report should not be used on its own as a basis for interpreting Outokumpu Oyj's performance in relation to its principles of sustainability.

Helsinki, 8 February 2012

PricewaterhouseCoopers Oy

Sirpa Juutinen

Partner

Sustainability & Climate Change

Maj-Lis Steiner

Director, Authorised Public Accountant

Sustainability & Climate Change

Product properties

Stainless steel's inherent corrosion resistance means that surface coatings or painting to extend a product's life-cycle, which can be harmful to the environment, is not required.

As only extremely-low levels of metal ions are released from exposed stainless products in most normal environments, no harmful impacts on the environment result. In addition to its corrosion resistance, stainless steel also has good mechanical properties, and these can be exploited by manufacturing lighter components and products without compromising safety requirements. In addition to its excellent recyclability and high levels of recycling, Outokumpu stainless steel possesses other properties that support a sustainable society.

Durability

The durability of stainless steel has a positive impact on life-cycle costs. The fact that it requires only minimal maintenance is good for both the environment and for society. The combination of corrosion resistance and durability increases the lifetime of the product. As an effect of the increased durability unnecessary replacements and repairs, with subsequent need for new resources, can be avoided during life cycle and recycling.

Hygienic and non-toxic

Stainless steel has a long history of use in applications where cleanliness and maintaining high levels of hygiene are important. Good examples can be found in the medical and food processing sectors. Stainless steel is the preferred choice for hospital equipment and surgical instruments as it can be easily cleaned and sterilised without degradation. For the same reasons, many of the pharmaceutical applications and preparing food products are also manufactured out of stainless steel.

The unique properties of stainless steel have also helped to make the process of desalination – producing potable water from seawater – economically viable. Many arid areas of the world now enjoy the benefits that come from the availability of clean water.

Stainless steel surfaces do not affect the taste of food and drink and are easy to clean and disinfect. The quantities of metal ions released from stainless steel surfaces are not toxic to humans or the environment, and do not have a negative effect on indoor air quality in buildings.

Strong, light and safe

The high-strength stainless steels in Outokumpu's portfolio offer economic benefits: less material is required for a specific level of performance and fewer resources are therefore consumed in its production. High-strength steels can also absorb larger amounts of collision energy, improving safety levels in vehicles and other structural components and systems.

Added value

Outokumpu supports customers by providing relevant information on the choice and use of different stainless steel grades. Outokumpu has for example performed registrations in the IMDS data base for the automotive segment. The Group is also prepared to provide useful information on how to take advantage of stainless steel's unique properties in forms of sustainable construction.

Fact based product information on sustainability

Environmental Product Declarations (EPD) provide information about a product's environmental performance. Outokumpu published two EPDs in 2011 for stainless steel used in construction, one for cold rolled and the other for hot rolled stainless steel products.

The EPDs are made in accordance with the ISO standard for EPDs and life-cycle assessment and they have been verified by a third party. In addition to the two Environmental Product Declarations issued in 2011, Outokumpu provide fact sheets with information on how our steel performs in green building evaluation schemes like LEED, BREEAM or DGNB.

Product life-cycle

A life cycle analysis shows the environmental impact of a product over its whole life-cycle. Stainless steel strengths are visible especially from the life-cycle point of view. Generally, material properties enable lower life-cycle costs combined with lower environmental impact. By focusing on life-cycle-oriented environmental management and conducting a number of life-cycle inventory studies, Outokumpu has been able to identify the most efficient ways of reducing the environmental impact of the Group's products and take appropriate action.

Life-cycle analysis reveals the benefits of stainless steel

Scientific research indicates that the strength advantages offered by stainless steel allow lighter structures, saving significant amounts of energy over each product life-cycle, reducing the associated carbon footprint and leading to overall cost savings.

In 2011, Outokumpu participated in a project within the research programme FINLCA headed by The Finnish Funding Agency for Technology and Innovation (Tekes) titled "*Hybrid Life Cycle Assessment (LCA) of Semi-trailer Truck with Two Stainless Steel Tanks*". The main conclusion of this study was that even though the environmental burden for stainless steel with higher intrinsic strength was higher, the resulting lighter tank application proved to be the more sustainable alternative from carbon footprint perspective after taking the whole life cycle into account. In this specific case, the overall carbon footprint was reduced by 8%, yielding vehicle cost savings of some EUR 50 000 over the first five years and reducing emissions of CO_2 by approximately 100 tonnes in the same period.

Life-cycle studies and corresponding analyses have shown that raising the level of recycled content (recycled steels and recovered metals) in stainless steel production is one of the most efficient ways of reducing overall environmental impact. Outokumpu has succeeded in raising the input of recycled material to levels that are well above the industry average. The Group's efficiency in energy usage, choice of sustainable electricity sources and the efficient use of raw materials in production also make an important contribution to reducing life-cycle impacts.

To ensure we have a comprehensive view of life-cycle aspects involving stainless steel, Outokumpu is actively involved in related research projects, and the Group has participated in several interesting case studies. In addition to the study, which compared the use of different steels in tanks fitted to a semi-trailer truck described above, a life-cycle comparison of different storage tanks was also conducted. The primary conclusion resulting from these case studies is that the environmental burden associated with manufacturing one kilogramme of a construction material such as stainless steel is not the best way of measuring its overall environmental impact. When impacts throughout a product's life-cycle are taken into account, materials which involve a higher initial burden per kilogramme can turn out to be a better choice from the environmental perspective.

Safe use of stainless

Millions of people come into contact with stainless steel on a daily basis, and the lack of any harmful effects is strong evidence of its non-toxic properties. To underwrite this fact, Outokumpu and other companies in the industry have invested considerable effort and resources in studying safety aspects connected with the use of stainless steel. Outokumpu has also invested in the testing of specific materials for their safety in food-contact and drinking-water applications.

Stainless steel in its manufactured forms – as delivered to Outokumpu customers – is inert and non-toxic. On the other hand, industrial processes such as welding or pickling can release substances or fumes that could be hazardous if inhaled for substantial periods of time.

The Safety Information Sheets published by Outokumpu help customers handle our stainless steel products in a safe manner. Health and safety issues are important not only during the manufacturing of stainless steel, but also when the Group’s customers are further processing Outokumpu stainless steel, when products made out of stainless steel are being used, and when end of life steel is being recycled.

Since stainless steel is inert and non-reactive when employed correctly, the potential impact on people’s health and safety is extremely limited. This is one of the reasons why stainless steel is so widely used in medical appliances, and for manufacturing the equipment and tools employed in the food-processing industry. In addition to Outokumpu’s long experience with stainless steel in a wide variety of applications, the material has been tested and reviewed for any possible effects on the health of individuals. The most recent review of this type was conducted by the Finnish Institute of Occupational Health and published in 2010.

Outokumpu manufactures stainless steel grades that are standardised and proven to be safe for their recommended use. To ensure that all products manufactured by the Group comply with the specified requirements, Outokumpu's main production sites are certified in accordance with the ISO 9001 quality standard. Many of Outokumpu's sales and distribution companies are also certified in accordance with this quality standard – on total 90% of Outokumpu's personnel work in companies that are certified.

OUR IMPACT ON THE ENVIRONMENT

A long-term commitment to sustainability

Stainless steel is 100% recyclable, hygienic, corrosion-resistant and the environmental impacts resulting from its use are almost non-existent. On the other hand, its production – both the manufacturing and reprocessing stages – does have an impact on the environment. The most substantial environmental impacts which result from stainless steel production process include emissions of dust and particulates into the air, discharges of water from production plants, and the high levels of direct and indirect energy consumption during production. Landfill waste is also created during the production process.

Outokumpu's way of managing environmental issues

Guided by the Group's integrated Environment, Health, Quality and Safety policy, Outokumpu's firm objective is to minimise the environmental burden of the Group's operations as much as this is economically and technically feasible.

All Outokumpu's larger production sites employ either Environmental Management Systems (EMS) or risk-based management systems, which help in avoiding spills and accidents that could be harmful to humans or to the environment. All of these Group systems operate in accordance with ISO 14001, the international standard for environmental management systems. Additional autonomous subscriptions comply with ISO 9001, OHSAS 18001 and EN 16001.

The functioning of these systems is monitored using both internal and external audits. The Group also provides the appropriate authorities with reports on Outokumpu's operations in all the countries in which we operate. At Group level, our operations are managed and best practices applied through our environment network, whose working groups and environment committee meet once during each quarter.

Outokumpu's aim is to achieve a single Group-wide EHSQ system certificate. Currently our Ferrochrome and General Stainless business areas have one integrated environmental certification. During 2011 Outokumpu has continued the journey of harmonising practices and integrating systems, which originates from ISO certified Outokumpu production units. In February the EHSQ system framework was launched with the first edition of Outokumpu EHSQ system manual and Group governance. The EHSQ Group perspective is aligned with the Group's management process and annual planning. Operational efficiency is increased by co-operating with one single certification body, where Outokumpu certification is monitored.

Increased focus on life-cycles and footprints demands reliable data

Stainless steel's very low environmental impact during the use phase, its durability and very low maintenance requirements are recognised. At the end of each product's life, its constituent materials are also fully recyclable. The life-cycles of stainless steel products consist of several phases. Outokumpu's aim is to improve levels of sustainability in each phase from production through to re-use, and also to secure a sustainable supply chain all the way from suppliers of recycled steel to the production of stainless steel products.

Many applications that employ stainless steel already have a beneficial impact by reducing the total environmental burden exerted by human society. On a global scale, current trends towards achieving sustainability and reducing the extent of climate change are strong. The EU Climate and Energy Package focuses on renewable energy sources, emissions control and energy efficiency. Almost all nations and regions are targeting less-carbon-intensive forms of society.

Environmental management has to be able to answer these challenges and needs for sustainable products and solutions. During 2011 Outokumpu proceeded with more focused attention to life-cycle-oriented environmental management. The importance of life-cycle data, both for internal use in highlighting areas where improvements are required and for external purposes in communications with customers and other stakeholders, has already been recognised.

Outokumpu used life-cycle-inventory data to publish Environmental Product Declarations for Outokumpu's stainless steel. These are public documents which describe the main environmental effects and energy needs of the Group's stainless steel grades throughout their supply chain.

Outokumpu's environmental and energy reporting, data management and analysis are supported by an Energy & Environment Reporting (EER) system which provides internal reporting and analysis tools for all the Group's production sites. The availability of robust and verified data is the starting point for managing sustainability throughout a product's life-cycle.

Emerging legislation and public initiatives

One part of operational environmental management is to be aware of emerging legislation. Outokumpu continuously monitors and evaluates legislative initiatives and evaluates their impact on operations. Group also participates on communicating the effects of emerging legislation and aims to supply industry specific and expert information to be available for decision makers. Emerging legislation was also identified among material sustainability issues for the Group. During 2011 we identified the main legislative initiatives and their financial impacts; these impacts and actions are integrated into the Group's risk management processes.

Identified main new or forthcoming legislation includes the implementation of the Industrial Emission Directive in the European Union together with binding BAT values; Emission trading directive renewal, European legislation related to chemicals and product safety, the EU Sulphur Directive proposal and International Maritime Organization Sulphur decision, Waste and other environmental taxation, Water and Air quality legislation. All these initiatives have an impact on the Group's operations, which are analysed as part of the annual environmental risk rating process. Also the new Energy efficiency directive proposal was analysed although the impacts for the Group were not quantified.

Environmental goals and results

Target-setting is part of our continual improvement ideology. Outokumpu sets environmental targets both Group-wide and at site level. Group-wide targets are common targets that affect most of the sites. At production sites targets are more specific.

Annual routines at all Outokumpu production locations include the setting and monitoring of independent environmental targets. These processes are built into the Group's environmental management systems and there are also key targets at Group level. Having concrete, measurable targets for our operations is a way of focusing attention on specific environmental and energy aspects throughout the Group.

Outokumpu is committed to the long-term target of reducing its carbon emissions profile (indirect and direct emissions) by 20% per produced tonne by 2020. The setting of this challenging target is a clear demonstration of Outokumpu's desire to improve the Group's energy efficiency, contribute to reducing global emissions of carbon dioxide, and participate in the transformation to a low-carbon society.

Environmental goals and targets

Group-wide goals for 2012

- No significant environmental incidents.
- Climate change: Reduction of emissions in line with Outokumpu's long-term target of achieving a 20% reduction in direct and indirect CO2 emissions by 2020.
- Energy efficiency: A further reduction of 1% in energy consumption per tonne of stainless steel processed (with 2007–2009 as the base period).
- Materials efficiency: Further reduction in waste to landfill per tonne of stainless steel produced.

Site-specific targets
Goals for 2012

- The energy efficiency goal of Tornio Works is 5 % by 2016 compared to 2005 by implementing cost-effective energy saving actions. Target for 2012 is to improve energy efficiency along the target.
- Kemi mine to use more than 2 500 tonnes of fly ash from the Tornion Voima power plant and more than 250 000 tonnes of lumpy and barren rock to backfill the stopes of the underground mine.
- Tornio material efficiency improvement, utilize more than 50% of steel melting slag as construction material.
- SMACC divert 70% of refractory bricks from landfill by utilizing material in a feasible way.
- Wildwood recycle and re-use pickling process water more efficiently aiming to a total of 25% reduction in relevant wastewater.

Group-wide results 2011

- Based on group wide targets 2011 environmental work yielded great result.
- No significant environmental incidents. During 2011 there were no significant environmental incidends, this demonstrates the excellent work that our operations were able to uphold.
- Climate change: Reduction of emissions in line with Outokumpu's long-term target of achieving a 20% reduction in direct and indirect CO2 emissions by 2020. Target was achieved. The total carbon profile per steel tonne was reduced some 3.8% against the baseline. Main contributors were reduced transport emissions and higher share of low carbon electricity.
- Energy efficiency: A further reduction of 1% in energy consumption per tonne of stainless steel processed (with 2007–2009 as the base period). This target was also achived, as we managed to improve energy efficiency by 6% compared to target baseline.
- Materials efficiency: Further reduction in waste to landfill per tonne of stainless steel produced. Material efficiency was improved against the baseline. Although the waste landfilled was higher than previously during 2010.

Site-specific targets Results 2011

- Avesta, Sweden, energy efficiency: Reduce specific energy consumption by 2%. Target was achieved.
- Molkom, Sweden (tubular products): Reduction of total amount of heating oil usage by 2% was achieved.
- Wildwood, the US, FL (tubular products): Target was to complete a lighting scheme at the south plant, with the aim of another 1 000 MWh annual energy savings. Energy savings target was achieved and exceeded the 1 000 MWh, although total of 24 lights out of total 276 remain to be switched during 2012.
- Tornio Works, Finland, waste management: Produce steel slag products amounting to 32% of total slag production. Achieved, almost 50% (more than 150 000 tonnes) slags utilized as products.

Materials efficiency

Outokumpu's ultimate target is zero-waste stainless steel production. All streams of material which result from the Group's production activities are studied to find ways in which they can be fully recycled, reused or sold as by-products.

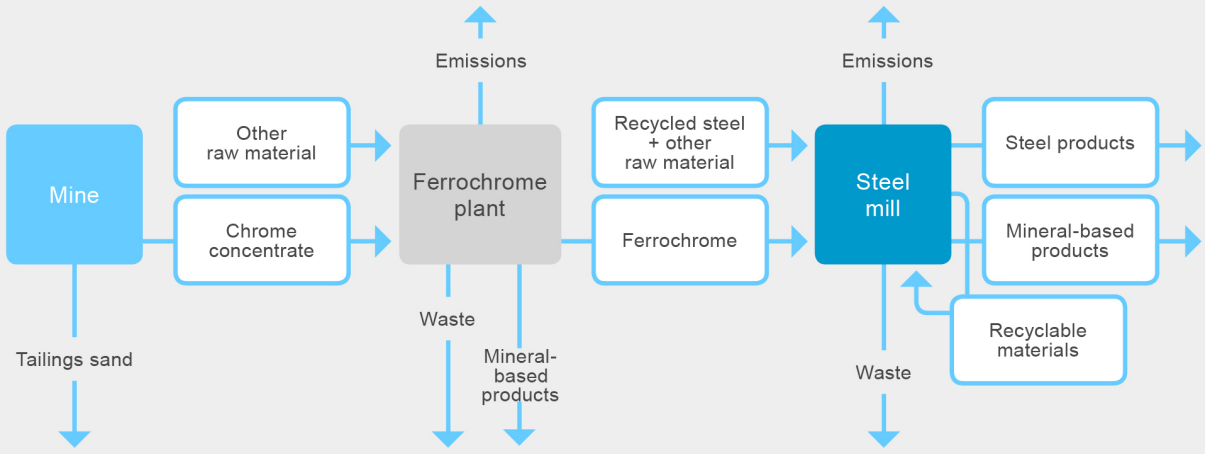
In general terms, all of Outokumpu manufacturing processes are developed in ways that allow valuable metal content to be retrieved from any resulting material streams.

Slag and dust are the main by-products which result from steelmaking. Considerable research and development effort has been invested by Outokumpu in methods of recovering valuable metals from slag and dust as they can then be used as substitutes for virgin raw materials in Group processes. One example is the filters used to minimise emissions into the environment by collecting more than 99% of the dust generated by Outokumpu's production operations. Dust generated by the company's melt shops is recycled, with collected dust fractions that have the highest metal content being used without further treatment and the remainder passing through a metal-recovery process. In the Nordic region, residues requiring treatment are transported to an external facility located in Sweden. In the UK, the in-house metal-recovery facility is on site.

Materials efficiency and by-products

Outokumpu has invested more than EUR 10 million in developing slag-based products since 2001. The resulting products are employed in construction projects and used for neutralisation purposes in industrial applications. In road construction, for example, slag products can replace virgin materials such as crushed stone aggregate. In northern Finland, where frost resistance is a very important property of road foundations, the technical performance offered by slag-based materials is actually better than that of natural alternatives.

Material flow in the Kemi-Tornio area



Until the beginning of 2009, slag from the steel melting process at the Tornio Works was processed by grinding to retrieve and reuse the valuable materials it contains. One problem with this solution was that slag treated in this way became a very fine powder and was difficult to utilise. During 2009, the retrieval process was modified to allow the metal content to be extracted just as effectively but with the output being a coarser form of slag more suited to use in construction activities. Operated by a local subcontractor, the new process was launched at production scale in 2010 and the results achieved – high levels of metals recovered and steel slag which can be fully utilised – were very good. During 2011, Outokumpu sold 205 900 tonnes of steel slag products and only 22 400 tonnes of slag from the steel melting process was sent to landfill.

Another recycling project at Tornio Works involved local utilisation of the large volumes of sediment derived from water-filtering processes in the ferrochrome plant. This waste material was used in sludge form to seal surfaces during operations associated with closure of the Sellee landfill, replacing corresponding amounts of bentonite. Technical investigations revealed that the material's properties make it a very effective barrier to water flow. Results obtained from an experimental installation carried out at a landfill site in the City of Oulu in northern Finland were very

promising. Similar sludge continues to be employed in Outokumpu's own landfill areas, with approximately 11 063 tonnes being used to seal surface layers in 2011.

Improved waste utilisation and less landfill waste

Outokumpu has the twofold aim of improving the Group's efficiency in the use of materials and reducing the quantities of waste sent to landfill. By paying special attention to waste management and segregation techniques, many waste fractions resulting from production operations are now recycled and the amount of waste sent to landfills has declined.

At the Sheffield melt shop in the UK, this has been achieved in two ways: by reducing the total volume of waste and increasing the proportion of material sold as by-products. In recent years, two leading schemes have allowed the amounts of waste sent to landfill to be significantly reduced. The first of these is using processed slag as a replacement for virgin aggregate; more than 85% of all the slag produced at the Sheffield melt shop is now being used as a component in the asphalt used in road construction. Secondly, waste volumes have been reduced by crushing refractory bricks no longer suitable for use in making steel to produce a substitute for lime. Compared to the situation in 2006, the total amount of waste sent to landfill in 2011 was cut by two-thirds. Development work is continuing, with the aim of eventually achieving the complete utilisation of all by-products and waste materials produced by Outokumpu. This remarkable achievement in sustained waste-to-landfill reduction was recognised in 2011 by the International Stainless Steel Forum (ISSF), which granted the Group’s Sheffield melt shop its inaugural Sustainability Award.

Hydroflux, a product developed by Outokumpu, is manufactured from descaling waste generated on the Group's stainless steel annealing and pickling lines. It can be used to replace the calcium fluoride used as a flux in stainless steel slag management. In a joint project involving the Group's Avesta, Nyby and Degerfors production facilities, ways of re-using hydroxide flux instead of sending it to landfill are being developed. The Avesta melt shop continues to use Hydroflux on a continuing basis. The next step is enabling full-scale production.

Several projects were completed at New Castle in the US in 2011 with the aim of achieving reduced levels of waste. Targeted reductions in the amounts of filter cake, mill scale, general trash and refractory waste were achieved.

Investing in research projects

Almost all significant waste streams resulting from Outokumpu's production processes are studied with the aim of reducing their environmental impact. Environment-related research projects coordinated by the Group's Tornio research facility during 2011 included:

- Steel slag as a raw material in concrete and for use in backfilling mine workings.
- Tests to evaluate fine steel slag as a material for neutralising acidic mine effluents.
- The reuse in nickel production of OPAR acid regeneration salts produced at Tornio Works.
- Bioleaching processes for converting metallurgical wastes into less-chemically-active and less-harmful forms (PROBIO), and the development of new, remote-monitoring systems for both groundwater and wastewater (MONIWATER).
- Developing a method of manufacturing briquettes in an electric-arc furnace to recover metals from internal waste streams.
- Dust prevention studies in the melt shop.

A project to develop a method for recovering metals from water-treatment sludge and oily sludges was also successfully finalised. The resulting technique is now being implemented as a part of everyday routines within the Group’s manufacturing operations.

Material balance

The table below describes the main material flows of stainless steel production operations from the past three years.

Material balance

Materials used, tonnes	**2011**	2010	2009
Recycled steel	**1 524 560**	1 387 051	1 131 144
Recovered metals	**57 325**	80 408	45 513
Ferrochrome	**240 417**	230 508	168 600
Nickel alloys	**92 120**	71 674	63 837
Other alloys	**88 294**	82 356	63 272
Additives, tonnes			
Slag formers	**259 583**	251 446	191 190
Meltshop process gases	**209 752**	205 950	155 978
Pickling acids bought	**12 292**	12 668	10 106
Pollution prevention materials	**33 705**	34 705	25 715
Packaging materials used for final products	**13 392**	13 577	12 876
Energy			
Electricity, million GJ	**10.2**	10.0	7.4
Propane, million GJ	**4.1**	4.1	3.7
Carbon monoxide gas, million GJ	**1.4**	1.5	0.7
Natural gas, million GJ	**0.6**	0.6	0.5
Light and heavy fuel oil, million GJ	**0.8**	0.8	0.7
Output, tonnes			
Steel	**1 707 114**	1 610 053	1 245 532
Emissions to air, tonnes			
Carbon dioxide	**809 786**	827 256	568 000
Nitrogen oxides	**1 858**	1 742	1 207
Sulphur oxides	**378**	279	179
Dust	**185**	182	134
Ozone-depleting substances	**0**	0	0.016
Carbon dioxide per ton of steel	**0.47**	0.51	0.46

Emissions to water, tonnes			
Metals	**18.1**	19.0	14.9
Nitrates	**494**	528	438

Hazardous waste, tonnes			
Oily sludge to the treatment	**5 260**	4 916	5 907
Hydroxide sludge landfilled	**44 460**	42 802	38 444
Steel making dust to recovery	**39 914**	37 047	25 265

Wastes and by-products, tonnes			
Slag , total	**420 460**	451 124	324 832
Slag utilized, t	**280 260**	121 847	185 576

Energy efficiency

The steel industry is energy intensive and Outokumpu's steelmaking and rolling processes are no exception. Energy efficiency is very important for Outokumpu. Outokumpu's aim is to minimise the total energy usage and the related environmental impact. Despite of energy usage in production processes, stainless steel is generally enabler for more energy efficient solutions that save energy during use phase. Steel grades consuming more energy during production are sometimes the most efficient solution as seen from a life-cycle perspective. Improvements in energy efficiency are, in many cases, based on the use of stainless steel. In the energy industry, transportation, as well as in building and architecture, the use of stainless steel is essential, providing a way to achieve new stricter standards and society's targets by its energy efficiency. For instance, some biofuel applications would practically not be possible without the use of stainless steel due to the required corrosion resistance.

Outokumpu manufacturing sites use a range of fuels including direct energy sources such as natural gas, propane, heavy fuel oil and electricity. Energy use by the Group totalled 17.2 million GJ in 2011 of which electricity consumption totalled 10.2 million GJ (2.8 million megawatt hours). Total energy consumption increased only some 0.7% compared to previous year. Total annual energy consumption by Outokumpu is approximately equivalent to the amount of energy consumed by 140 000 Scandinavian households. Electricity consumption compares to about 20% of the annual output of a modern 1 600 MW nuclear power plant.

Energy used 2011

GWh	Electricity	Fuel energy	Total
Tornio	2 013	1 203	3 216
Avesta	391	378	769
Sheffield	196	113	309
Other	223	231	454
Total	2 823	1 925	4 748

Outokumpu's approach to energy efficiency is long-term and the target is continuous improvement. Energy efficiency is a component in the environmental management systems at Group mills. Major Outokumpu production sites also have long-term, prioritised energy efficiency investment plans. In overall terms, the largest energy-saving potential lies in the recovery of waste heat, improved process integration and improved efficiency in using raw materials.

Large, energy-specific investments are however not the only way of improving energy efficiency within the Group. The systematic monitoring and analysis of energy consumption plays a very important role, as does life-cycle analysis when purchases of new electrical equipment are being considered. Outokumpu provides its production personnel with training in energy efficiency.

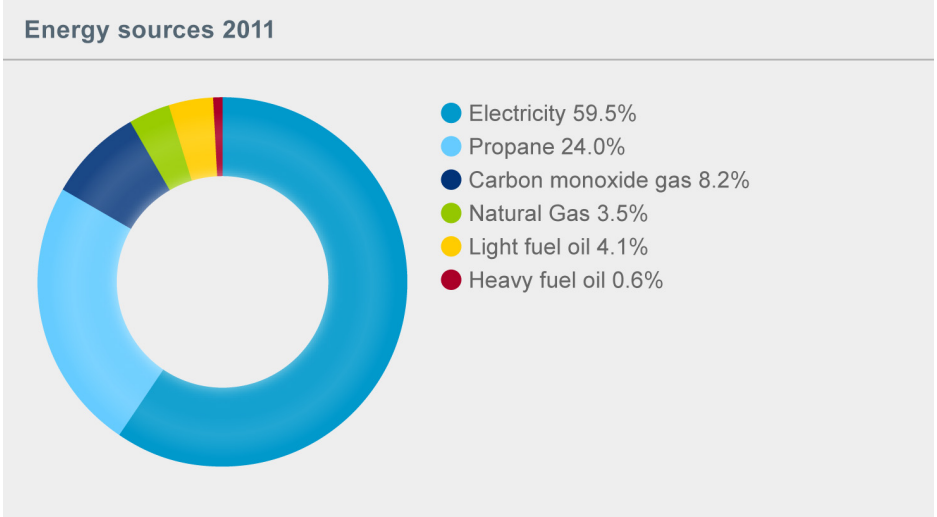
To meet long-term targets for improvements in energy efficiency, Outokumpu maps energy efficiency initiatives and investment proposals in order to quantify their improvement potentials and any associated costs. This mapping process supports optimising energy efficiency investments at Group level, the aim being a 5% improvement in Outokumpu's energy efficiency by 2020.

Improvements in energy efficiency achieved by Outokumpu during 2007–2011 totalled 6%, equivalent to annual savings of some 300 GWh. The proportion of low-carbon electricity obtained from renewables and nuclear power was 69%.

Read more about Outokumpu's investments in energy efficiency.

Sustainable power solutions

Outokumpu's Energy function is responsible for the energy strategy and the procurement of the electrical energy employed in Outokumpu's operations. The primary objective is to secure predictable, competitive and stable prices for the Group's future power supply. Other important tasks carried out by the Energy function include the management and optimisation of Outokumpu's physical energy portfolio and energy-production assets, promoting low carbon fuel energy sources, as well as the provision of support for Outokumpu's companies in their energy-related activities.



Continuous improvements in energy efficiency

Outokumpu's approach to energy efficiency is long-term and the target is continuous improvement. Energy efficiency is a component in the environmental management systems at Group mills. Major Outokumpu production sites also have long-term, prioritised energy efficiency investment plans. In overall terms, the largest energy saving potential lies in the recovery of waste heat, improved process integration and improved efficiency in using raw materials.

Large, energy specific investments are not the only way of improving levels of energy efficiency within Outokumpu. The systematic monitoring and analysis of energy consumption plays a very important role, as does lifecycle analysis, when purchases of new electrical equipment are being considered. Outokumpu provides its production personnel with training in energy efficiency.

To meet long-term targets for improvements in energy efficiency, Outokumpu arranges for the mapping of energy efficiency initiatives and investment proposals in order to quantify their improvement potential and any associated costs. This mapping process helps optimise energy efficiency investments at Group level. The aim is a 5% improvement in Outokumpu's overall energy efficiency by 2020.

Read more about Outokumpu's investments in energy efficiency.

Origin of electricity 2011

%	
Renewable sources	38
Nuclear	31
Fossiles and turf	31

Spot prices Nordpool

In 2011 the average system price of electricity in Nordic Power Exchange, Nord Pool, was 47 €/MWh. Mainly due to weak hydrological situation and cold weather, the market prices in first quarter were at high levels. During the year the improved hydrological situation, decreased fuel and EUA prices and mild autumn brought the power prices to lower levels.

The Group's power procurement is done with a long-term procurement strategy, where Outokumpu aims at predictable, competitive and stable prices for electricity. The electricity portfolio is managed by engaging in trading activities in the Nordic Power market, through bilateral long-term supply agreements, and by making investments in low carbon power-generation capacity.

Nordic daily spot prices 2011, €/MWh

Outokumpu participates in low-carbon electricity production

Outokumpu's aim is to have access to additional low-carbon power production sources in the future. This is done by participating in new power plant projects and by entering agreements with the power market parties. By participating in new power plant projects Outokumpu can also promote competition in the Nordic power markets and contribute to sufficient power production capacity constructed in the future.

Nuclear power

Outokumpu has a 20 MW share in the Teollisuuden Voima Oyj (TVO) Olkiluoto 3 nuclear power plant project, which is currently under construction in Finland. In 2010, Finland's Parliament granted Fennovoima and TVO permission to build new nuclear power plants as a Decision-in-Principle. Outokumpu is participating in both new power plant projects.

In 2011 Fennovoima, where Outokumpu has a 150 MW share, chose Pyhäjoki as the site for its nuclear power plant and the plant supplier will be chosen in 2012–2013. Outokumpu has a 10 MW share in TVO’s Olkiluoto 4 project, which started the bidding and engineering phase of the project in 2011.

Hydropower

Since 2005 Outokumpu has had a 104 MW share of Norwegian hydropower capacity in Rana, Norway through a long-term leasing agreement. This agreement is valid until 2020.

Windpower

Outokumpu is a minority shareholder in a wind power company Rajakiiri Oy. In 2010, Rajakiiri installed eight shoreline wind generators with the total capacity of 28.8 MW in Tornio and the commercial electricity production started at the end of 2010. The project was successfully implemented according to schedule and within budget. After the first full operation year 2011 the power production has exceeded the estimations.

Rajakiiri’s wind power park is currently Finland’s largest single wind power park installation in operation. In 2011, the State of Finland adopted a new support scheme – the feed-in-tariff – for wind power. The feed-in-tariff will improve the economic feasibility of wind power and lower the investor electricity market price risk. Rajakiiri plans for an offshore wind farm that will have an installed capacity up to 225 MW. The company is also looking for new applicable on-shore sites for new wind power installations.

Combined Heat and Power

The Group has a minority stake in a Combined Heat and Power (CHP) plant in Tornio. This plant delivers heat to the Tornio Works, and a proportion of the fuel used is carbon monoxide gas created as a by-product of the ferrochrome production process. The CHP plant has also acquired a local heating business in Tornio. This acquisition will lead to better optimisation of the CHP plant, improvements in energy efficiency and a reduction in the level of CO2 emissions in the Tornio-Haparanda region.

Read more about energy and emissions trading.

Voluntary energy efficiency agreements

Outokumpu has participated in voluntary national energy efficiency agreements in Finland, Sweden and the UK for many years. The Tornio Works joined the Finnish programme at the beginning of the 1990s. Energy savings in electricity, heat and fuel achieved during 2011 totalled 982 GWh. To ensure that systematic improvements in energy efficiency continue to be achieved, Outokumpu sites in Finland signed new energy efficiency agreements in December 2007 covering the 2008–2016 period. For example the Group's Tornio operations decided during 2011 to align internal targets and action programmes according to an agreement aiming to save 150 GWh by 2016.

In Sweden, the company participates also in the second round of the PFE (*Programmet för energieffektivisering i energiintensiv industri*) agreement, from 2009 to 2014. The target in the second period is annual savings in electricity consumption of 11 GWh. In the first round, which ended in the summer of 2009, savings of 8 GWh were accomplished. In connection with energy issues, Outokumpu usually works closely with national authorities – with Motiva in Finland and by participating in the Jernkontoret forum in Sweden.

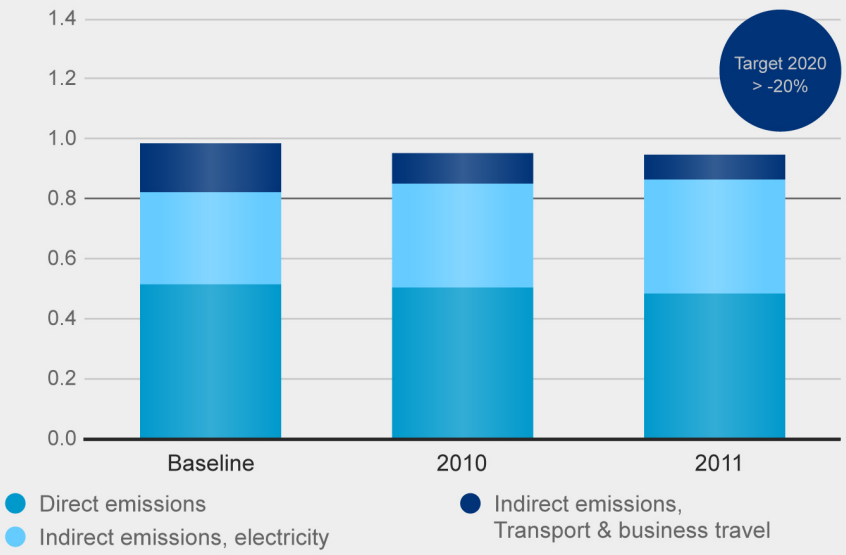
Climate change

Outokumpu's energy & low-carbon programme

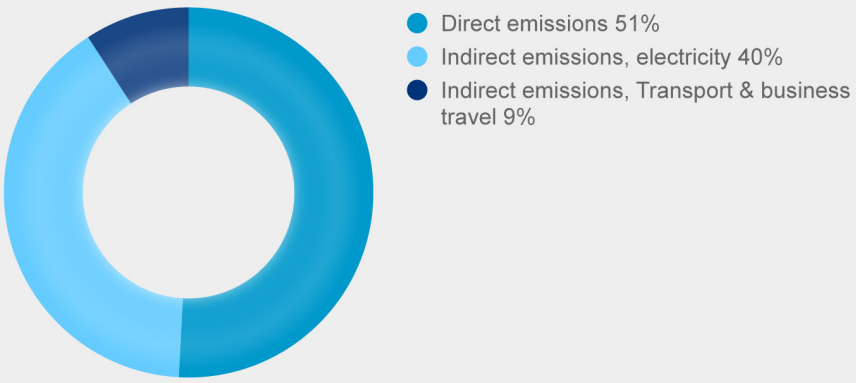
In the last ten years, Outokumpu has reduced the Group's direct carbon dioxide (CO_2) emissions by 25% per tonne of stainless steel produced. In the Outokumpu energy and low-carbon programme, published at the beginning of 2010, Outokumpu's target is a 20% reduction in the Group's specific carbon emissions profile in stainless steel production by 2020. In assessing and measuring the Group's carbon profile, we utilise a method of calculation, which focuses on factors that Outokumpu can manage and control.

The targets set in Outokumpu's energy and low-carbon programme highlight not only specific reductions but also the Group's production efficiency, as emissions are calculated per tonne of stainless steel produced. These targets connect our materials and energy efficiency and supply chain management to our business targets. The figure for monitoring progress is a 3-year moving average that is compared to the baseline, which is the 2007–2009 period. Targets of the energy and low-carbon programme represent optimal Group-wide environmental objectives both for Outokumpu and for combating climate change. They also support the Group's strategic goals and their achievement is supported by different energy and quality programmes. As the targets are both quantitative and a clear demonstration of our long-term commitment in this area, they encourage continuous improvement.

Carbon profile



Carbon profile 2009–2011



Calculated in terms of current capacity and production, the annual reduction in CO_2 emissions being targeted is approximately 370 000 tonnes by 2020, which means a total reduction of 2 200 000 tonnes over the 2010–2020 programme period.

Our actions and the results achieved

Primary actions included in the programme consist of making further improvements in energy efficiency, increasing the proportion of low-carbon electricity and targeting efficiency improvements through optimal levels of production. An internal air-travel compensation scheme has been implemented for business travel, and sustainable aspects are gradually integrated to logistics and transportation solutions. These actions involve Outokumpu operations in all locations and in all business units.

Outokumpu's carbon profile consists of direct emissions from production operations, indirect emissions from electricity consumed and the emissions resulting from the transportation of products and business travel, expressed as a quantity per tonne of stainless steel produced. After 2011, the Group's carbon profile was 3.8 % lower compared to the programme baseline 2007–2009 average. This result is primarily due to lower specific process emissions, improvement in energy efficiency and the lowered emissions of transports. On the other hand, indirect emissions from usage of electricity were higher compared to the baseline, offsetting the advancement to a certain degree.

Emissions of CO_2 resulting from business travel in 2011 totalled 4 022 tonnes (includes business air travel and company cars). To compensate for emissions resulting from business air travel in accordance with guidelines in the energy and low-carbon programme that reflect such activity, an investment will be made in environmental projects that lead to emissions reductions. The level of such investments will depend on the price of emission allowances, the total number of kilometres travelled and specific emissions by air carriers. In 2011, Outokumpu has invested approximately 60 000 EUR in new lighting systems at the Group's Wildwood tube mill. The annual 2011 energy savings totalled some 845 MWh, with a corresponding reduction of 910 tonnes in annual CO_2 emissions.

Emissions trading

Outokumpu's main production operations in terms of energy consumption and carbon emissions are located in Europe. More than 90% of Outokumpu's direct emissions fall under the CO_2 Cap and Trade system. The European Emissions Trading Scheme places a direct financial cost on production emissions and the indirect costs of emissions trading are reflected through higher electricity prices. These two elements raise Outokumpu's marginal production costs in relation to our global competitors. Outokumpu emphasises the need for global regulation in efforts to transfer to the low-carbon society.

The major emissions of greenhouse gases by Group operations are twofold: direct releases of CO_2 from the company's sites as a result of combusting fossil fuels and process-related emissions from the Outokumpu's steelmaking operations. Outokumpu's carbon dioxide emissions in 2011 totalled 809 785 tonnes. Outokumpu's emissions trading activities fully comply with the relevant EU laws and regulations, with agreed procedures and with the Group's trading and risk policies. Carbon dioxide emissions under EU Emissions Trading Scheme were still at lower than normal level in 2011 due to reduced levels of production, approximately 801 844 tonnes (2010: 795 000 tonnes). Outokumpu's carbon dioxide allowances in the UK, Sweden and Finland were sufficient for the Group's planned production.

The EU Emissions Trading Scheme after 2012

The European Commission (EC) and the European Parliament have agreed that the EU Emissions Trading Scheme (ETS) will continue, with the next trading period being 2013–2020. On the third emissions trading period, 2013–2020, the ETS will become a more restricting system. The total annual emission cap in Europe and share of free allocation of emissions will gradually decrease. Auctions will be the main form of issuing allowances. Outokumpu's operations under ETS will continue to receive free allocations according to efficiency-based benchmarks and historical activity. It is estimated that Group will be some allowances short and that the situation will most likely vary more than before within Group companies. One important issue for Outokumpu has been to qualify for a free allocation of emissions allowances during 2013–2020 by being part of an industry sector where there is a significant risk of carbon leakage. According to an EC decision, all of Outokumpu's ETS operations are currently qualified. All five Outokumpu sites covered by Emission Trading system have applied for free allocation for the upcoming period and are in full compliance with authority requirements.

The renewed ETS directive states that member states can compensate for carbon dioxide related increases in electricity prices. As Outokumpu has three electricity-intensive installations in three different EU countries, this is an important aspect. We feel that this is an important correction mechanism to the most profounding ETS system flow.

Read more about energy efficiency.

Emissions, effluents and waste

One of Outokumpu's operating principles is that best available techniques (BAT) be employed to reduce emissions and minimise harmful environmental impacts which could result from the Group's operations. In this context, BAT means the best available pollution prevention technology from both technical and economic perspectives.

Employing BAT solutions means that the latest technology will be used to keep emissions from Outokumpu's operations at the lowest achievable level. To maintain the highest possible levels of emissions control in future years, Outokumpu continuously develops Group processes and pollution-prevention techniques and is also an active participant in the process of updating the reference documents (BREF) which specify related technologies, helping to set the high standards applicable within the European Union.

Efficient systems help prevent spills and instances of non-compliance

All Outokumpu's larger production sites employ either Environmental Management Systems (EMS) or risk-based management systems, which help avoid spills and accidents that could be harmful to humans or to the environment. All of these Group systems operate in accordance with ISO 14001, the international standard for environmental management systems.

In 2011, emissions and discharges were generally at normal levels and in compliance with environmental permits, but some spills and instances of non-compliances did occur. Environmental compliance data for 2011 shows that there were total of 18 environmental non compliances or breaches of permitted limits. In addition there was one small oil leakage, which may lead to financial penalty. On all of these occasions, the environmental authorities were informed and no environmental damage was reported.

At Tornio in Finland, some violations of permitted emissions limits took place but were essentially insignificant. The required operational level of 97% in dust-filtering units was not achieved on some occasions, but the resulting emissions of dust totalled less than one tonne. Construction works related to the new sintering and ferrochromium plant caused violation of the waste water permit limit (solid materials in water) during the summer. These incidents were reported to the supervising authority beforehand as “possible exceeding”. The waters were conducted to the extra sedimentation pool according to the new waste water permit, and there was no emission to the sea.

At Sheffield in the UK the melt shop and billet rolling mill had a good compliance record with only one minor breach of the environmental permit, this result reflects the effort and hard work by the workforce to raise the environmental standards within Outokumpu production sites.

Outokumpu’s Avesta site in Sweden is a good example of the Group’s innovative approach to reducing negative environmental impacts. Occasional dust emissions from the slag handling area, which disturbed local residents, were tackled by introducing snow cannons. Following a successful piloting period, the utilisation of snow cannons to reduce dust emissions became a permanent solution for handling such problems in the autumn of 2011.

Radioactive material detected before it entered the production process

As recycled steels are used in Outokumpu’s manufacturing process, radioactive material can enter the stainless steel production chain. While such radiation usually derives from naturally-occurring sources, the source of radiation in some cases consists of components from items of measuring equipment extensively used by heavy industry. The amounts of radioactive isotopes involved are small, with maximum quantities measured in grams, and sources of this type are normally detected before they enter the Outokumpu production process. During 2011, prescreening for radioactivity in recycled steel within the Group was further expanded by investing in new radiation monitoring equipment at the Avesta melt shop in Sweden.

In 2011, three incidents, which involved radioactive material entering an electric arc furnace despite the presence of alarm systems, occurred at Outokumpu's facilities in Tornio in Finland. One similar incident occurred at Sheffield in the UK. In all four cases, the radioactive material concerned was identified as americium-241, an isotope employed in measurement instruments. All dusts and slag from the affected melt were separated and measured, and the radioactive materials were stored separately in accordance with guidelines provided by the appropriate national

authorities. The dose rate associated with the radioactive material encountered in these cases was not at a level harmful to humans.

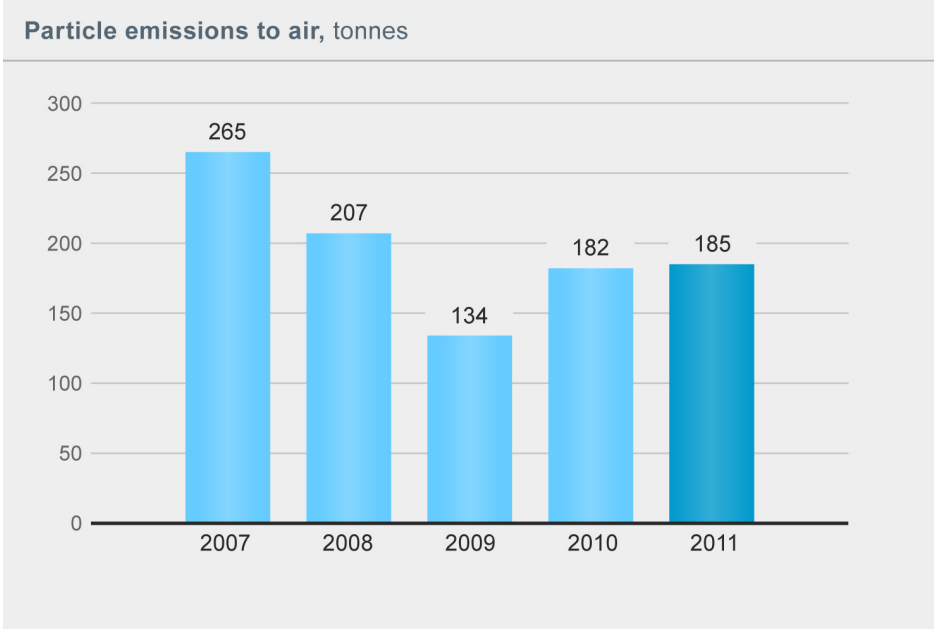
Investments in technology are reducing levels of dust emissions

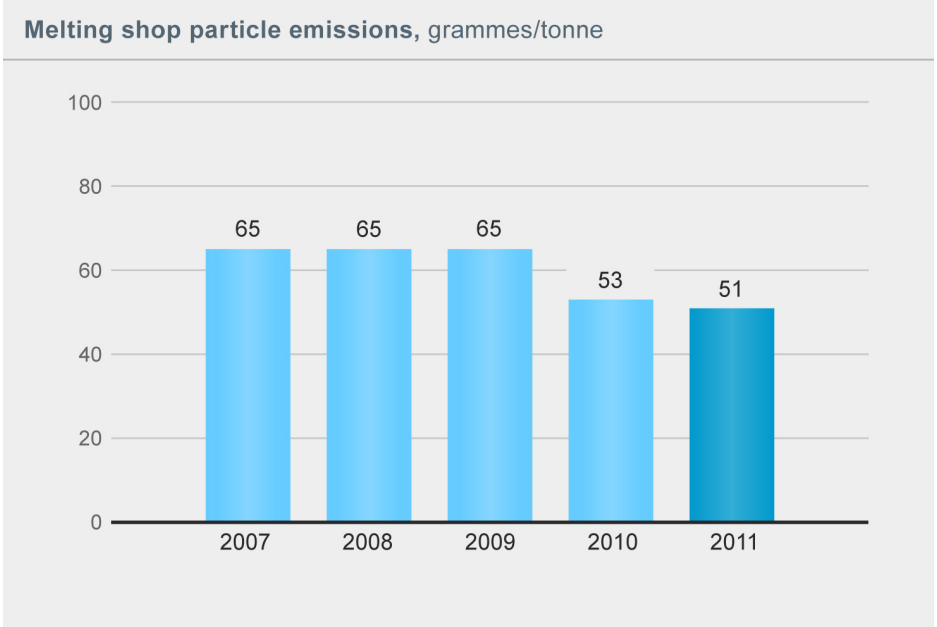
Dusts of different types have traditionally formed the most significant emissions resulting from operations by the steel industry. The majority of Outokumpu's particle emissions originate from the Tornio, Avesta and Sheffield steel mills and the New Castle hot rolling mill. In 2002–2006, more than EUR 20 million was invested at the Group's steel plants to improve their environmental performance and minimise dust emissions. Even though total production of stainless steel has increased since 2000, levels of dust emissions from the Group's operations have declined significantly. Dust emissions by Outokumpu in 2011 totalled 185 tonnes, 1.2% more than in 2010, with the increase related to increased production levels.

A clean mine

The Kemi Chromite Mine is the only mine of its type located within the European Union. As the ore-bearing minerals are very stable and chemicals are not used in the beneficiation process, mining operations have only a minor effect on local water quality. Metal discharges from mining activities are small, and their effect is only observable as slightly elevated concentrations of nitrogen, solids, calcium and iron in watercourses. The largest emissions into the air result from the transportation of ore and waste rock, from operations in the product loading area and from piles of concentrate. During 2005, a shift from open-pit to underground operation was completed, and all mining operations, including preliminary crushing, are now carried out underground. Even though dust emissions into the air have therefore become minimal (totalling approximately one tonne in 2011), the effect of particulate emissions on air quality is still monitored regularly by studying levels of suspended particulate matter. Results from the most recent monitoring period show that the emissions situation has remained stable and that concentrations of dust in air at and around the site are low.

At the Kemi Chromite Mine, piles of gangue (waste rock), former open-pit mining activities and the beneficiation and clarification basins all have long-term effects on the landscape. Tailings basins are landscaped when they are full. Gangue is used in backfilling underground workings. As the concentration processes at the mine employed are based on gravimetric separation, only water and small amounts of flocculant are used. The total amount of water used each year is some 0.3 million cubic metres. Noise generated by blasting operations is almost inaudible, even within the mine area. According to environmental impact assessments carried out in 2009, the only significant noise-related effects result from the increased levels of road traffic involved in transporting concentrate from the mine to the Tornio ferrochrome plant. These effects have been further mitigated by a new road that was taken into use in 2010, minimising any potential disturbance to residential areas.





Reductions in emissions

Dust emissions from Outokumpu's operations typically contain small quantities of metals (including iron, chromium and nickel), most of which are present in harmless forms. Chromium, for example, is usually found in its trivalent form and not in the hazardous hexavalent form. In recent years, the Group has supported many studies investigating the effects of metal emissions on both human health and the natural environment.

Increased levels of stainless steel production in 2011 resulted in Outokumpu's emissions of nitrogen oxides (NOx) being at a higher level (1 858 tonnes) than in 2010 (1 742 tonnes). To minimise NOx emissions, Group production sites in Avesta and Nyby in Sweden and Tornio in Finland employ the latest burner technology and Selective Catalytic Reduction (SCR) technologies in certain processes.

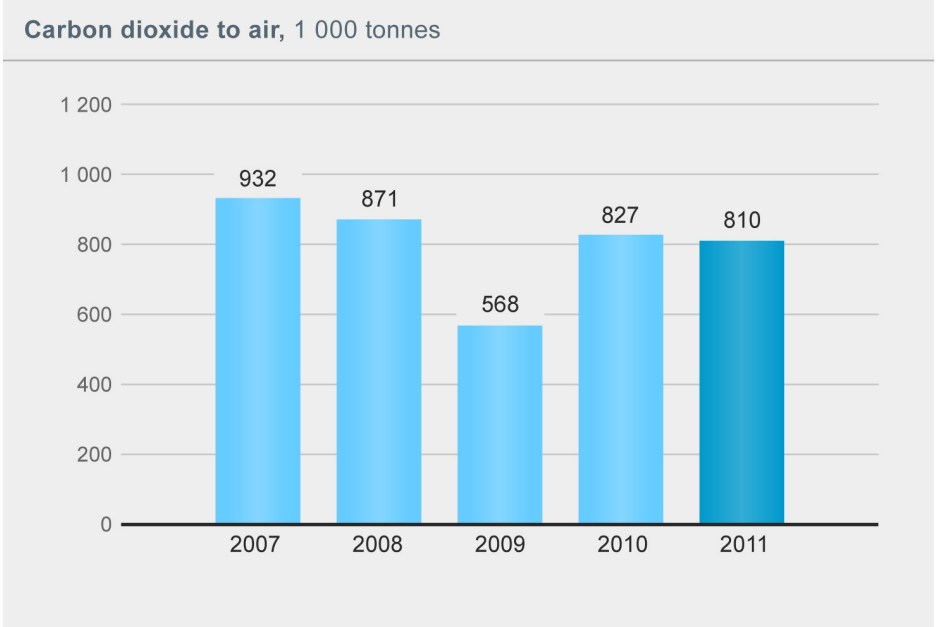
To further reduce undesirable emissions into bodies of water, a large sedimentation pool for handling wastewater has been taken in use at Tornio. Since the summer of 2011, all wastewater is first conducted to a 70-hectare dredging pool located in front of the plant. The water then slowly migrates to the sea. This arrangement allows almost all suspended solids to be filtered out and reduces metal loadings drastically.

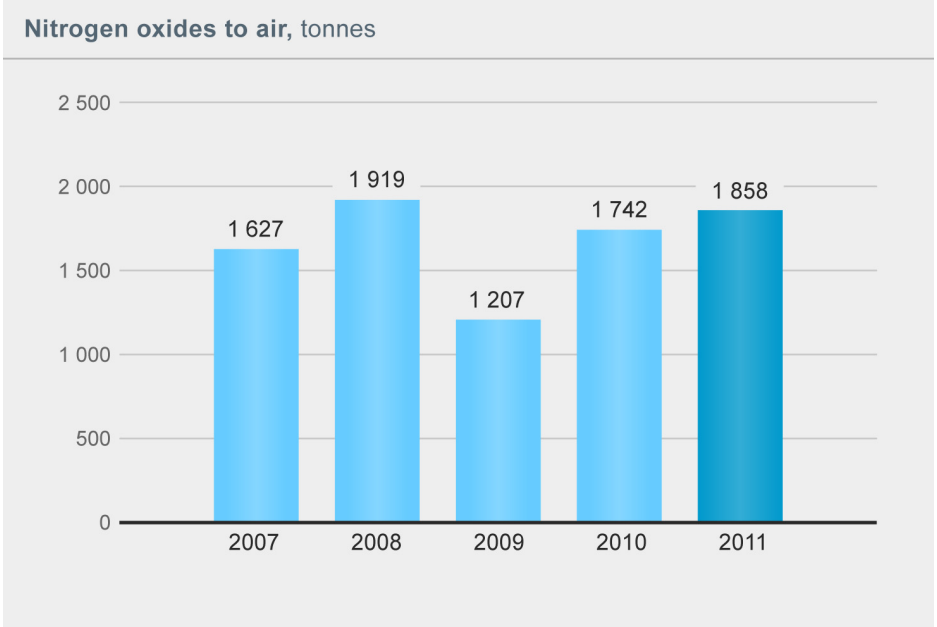
Continuous improvement in the monitoring of Outokumpu's production operations reduces risks to the environment. Particle emissions from the steel melt shop in Tornio, for example, have been monitored non-stop since the beginning of 2007. The detailed daily emissions data obtained from this system allows potential filter leakages to be rapidly identified so that immediate remedial action can be taken.

Air quality assessments conducted at many Outokumpu production sites enable the Group to correctly assess and determine the environmental impact of production and other operations. At the Sheffield melt shop, for example, the monitoring of particulate levels – PM10, PM2 and PM1 – has now been conducted for the last ten years. The results show that during 2011, levels of particulate emissions were below the required limits for 98% of the time with only minor deviations occurring close to plant buildings, with no exceptions outside the site boundary. At Tornio, a 12-month period of air quality measurements (diffuse emissions, PM10) was initiated in the beginning of 2011. To date, air quality guideline values have been exceeded only occasionally at three measurement points within the site boundary. At all other points, the emissions concentrations measured have been well below guideline values.

In general terms, ambient air quality in the Tornio and Haparanda communities is equivalent to that found in other communities of similar size in Finland and Sweden. Emissions generated by Outokumpu's production operations have not been found to have any significant adverse effect on air quality in these regions.

Heat recovery from furnace exhaust gases at the Tornio and Avesta Works also reduces Outokumpu's total energy consumption. Emissions of nitrogen oxides, carbon dioxide and sulphur dioxide are correspondingly lower as the amounts of fuel required to generate heat are reduced. Successful implementation of a variety of energy efficiency measures has also reduced the Group's specific carbon dioxide emissions.





Improving waste handling and preventing soil contamination

Dust and scale collected from stainless steel manufacturing operations are considered by Outokumpu to be significant waste streams. Wherever practical, these waste materials are collected and recycled to recover the valuable alloying elements they contain – these include nickel, chromium and molybdenum. When necessary, specialist recovery techniques are employed such as the Direct-Current Arc Furnace at the Group's melt shop in Sheffield or external treatment facilities operated by other companies. The total quantity of dusts and scale collected and treated by Outokumpu in 2011 was 53 300 tonnes.

Wastes from Outokumpu production units are sent to appropriate treatment facilities or to landfill sites licensed to accept such materials. Both hazardous and non-hazardous wastes are involved, and pre-treatment of the waste material is completed whenever this is required. Hazardous wastes of oily wastes and hydroxide sludge generated by the Group's operations in 2011 totalled 53 854 tonnes. All such materials are treated, re-used or disposed of in accordance with current legislation and best practices.

Outokumpu owns and manages landfill sites at some production sites in Finland, in Sweden and in the UK. At Tornio in Finland, the old Sellee landfill was closed in 2011 and the new Hietainpää area is now in use. Operations in this

location meet stringent EU requirements and standards. At Avesta in Sweden, Landfill No. 7 has now been covered, with slag by-product rather than virgin material being used as the initial covering layer.

Read more about materials efficiency.

Working hard to prevent leakage and soil contamination

Some form of soil contamination was unfortunately a typical feature of large-scale metal industry operations at old production sites and Outokumpu was no exception. Planned soil-contamination mapping or remediation operations were ongoing at some Group sites in 2011.

Soil investigation at Avesta Koppardalen in Sweden was completed together with an authority decision on no further action except twice a year made water analysis in 2012 and 2013**.** Studies were also carried out at Outokumpu sites in Nyby, Torshälla in Sweden. Decommissioning of Group plant and equipment located at Meadowhall and Stocksbridge in the UK was completed. The closure of the former landfill area in Nyby proceeded as planned. In Tornio the closure was completed. Remediation activities in connection with contaminated groundwater continue at the Outokumpu site in Wildwood. Remediation work connected with a historic oil leakage at Montreal in Canada also continued, and operation of the system was normal during 2011. Oil levels in this location are stable or declining. Ten years of remediation work at the old landfill in Tornio has reduced concentrations of metal leakage to levels below those required for drinking water. The new landfills being used by the Group at Tornio and Nyby fulfil the highest environmental standards.

The recycling of waste materials is a priority

Wastes from Outokumpu production units are sent to appropriate treatment facilities for recycling or recovery or to landfill sites licensed to accept such materials. Both hazardous and non-hazardous wastes are involved, and pre-treatment of the waste material is completed whenever this is required. Hazardous wastes generated by the Group's operations in 2011 totalled 95 502 tonnes (including all hazardous waste streams, sunch as dust collected and recovered and recycled on site). Of this amount, 27 900 tonnes was exported from the country of origin to be treated and metal content to be recovered. All such materials are treated, re-used or disposed of in accordance with current legislation and best practices.

Outokumpu owns and manages landfill sites at some of the Group’s production sites in Finland, in Sweden and in the UK. Half of the Tinsley Park landfill in the UK has been capped and planted with a rich variety of native plant and tree species. Use of the remaining landfill area continues.

Water

A natural resource used for cooling

Steelmaking operations involve high-temperature processes with extensive cooling requirements. To protect personnel and manufacturing equipment, Outokumpu's primary production operations employ water for this purpose and considerable volumes – in annual terms approximately 27.5 million cubic metres – are used, particularly in the Group's melting and rolling operations.

Since interruptions in supplies can result in significant damage, the availability of water is a factor of major importance in high-temperature processes. At Outokumpu productions sites, local water supplies are abundant and the Group's usage of water has only a minimal effect on the resources available. Water is used to either cool steel surfaces through direct contact or indirectly via heat exchangers and cooling systems. To control the growth and subsequent spread of legionella pneumophila bacteria – a naturally-occurring cause of Legionellosis (known as “Legionnaires’ disease”) and related diseases – many Outokumpu systems which incorporate water recirculation are treated with chemicals to remove harmful organisms. Discharges from these systems are monitored and managed to either eliminate or reduce the impact of the chemicals employed. In many cases, water extracted from such systems is transferred for further processing at off-site treatment facilities operated by local authorities before it is discharged into the environment.

The water used in Outokumpu's operations in 2011 was obtained from a variety of sources. More than 95% was surface water from rivers or the sea. Usage of groundwater was minimal, approximately 0.1%. Approximately 2**%** was rainwater (at the Kemi Chromite Mine), while municipal water sourced from rivers or lakes accounted for some 3%. Water supplied by local municipalities is used by the Group primarily in food preparation activities and for sanitary purposes, not in steelmaking processes.

Recycled water content averages 90%

To minimise the risk of polluting local resources, a high proportion of the water used in Outokumpu manufacturing processes is cleaned and recirculated. At Avesta in Sweden, for example, the total quantity of water in circulation is approximately 50 million cubic metres. To replenish the Group systems, 5.5 million cubic metres are pumped from the Dalälven river each year, a recirculation rate of almost 90%. This in turn means that on average, water is used for cooling purposes some 10 times, with cleaning being carried out between each use.

Water recycling rates vary with the seasons. In winter, only some of the cooling water used at Tornio Works in Finland is recycled as the balance is discharged into the harbour basin to help reduce the amount of ice in the port. Preventing ice formation in this way reduces the need for icebreakers.

At the Kemi Chromite Mine, the ore concentration process uses approximately 2.5 million cubic metres of water each year. All this water is recirculated via a settling-pool system which covers an area of more than 200 hectares. The three large pools in the system are in an almost natural state.

Rainwater is collected and treated

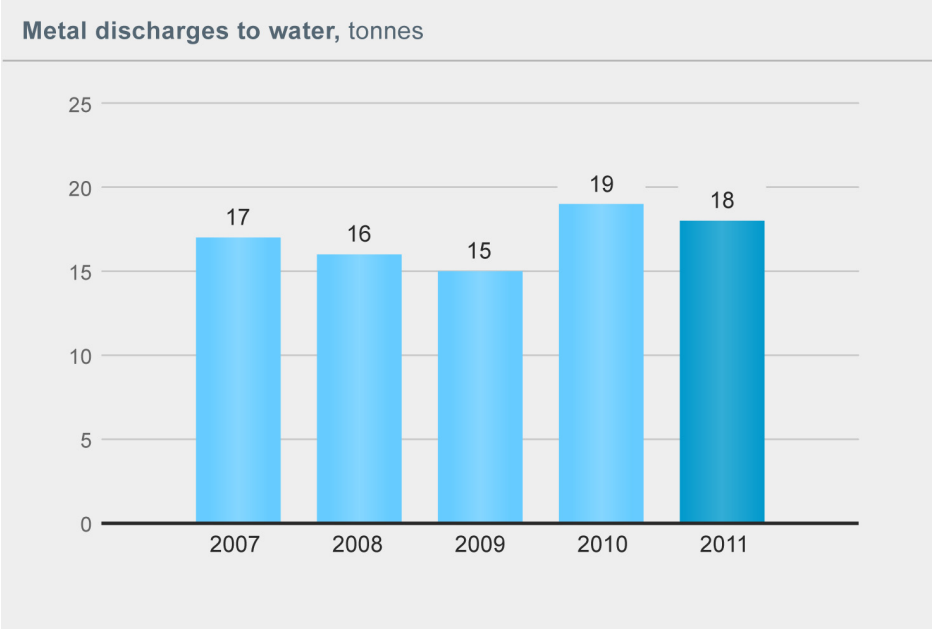
As many Outokumpu sites cover large areas of land, the volumes of rain and snow, which fall on these areas are considerable. At a number of Group sites, rainwater is collected and treated in oil-separation facilities to minimise any possible environmental impact.

The smaller amounts of rainwater that fall on landfill areas located on Outokumpu sites may come into contact with alkaline wastes that could be contaminated with hexavalent chromium, a hazardous compound. Water of this type is therefore treated to reduce the already-small chromium content to its naturally-occurring level, either through direct treatment in landfill areas or by pumping it to neutralisation plants.

Paying attention to water discharges

From an environmental perspective, the most significant components in water discharged from Outokumpu's manufacturing processes are metal compounds and the nitrates which result from neutralising acidic waste generated in cold rolling units. Effluent discharges at all of the Group's production units are controlled in order to minimise any impact on the environment. At Tornio Works in Finland, for example, external studies conducted in the

2000s showed that levels of metals in primary discharges from the plant are much lower than the natural loadings of metals in local rivers flowing into the Gulf of Bothnia.



A new wastewater permit was granted to Outokumpu's Tornio Works at the end of 2010. Voluntary reductions in the limit values that apply to several metals are a clear indication of the Group's determination to further reduce the already minimal effects of water discharges on marine life.

Developing discharge handling techniques

Nitrate loadings in water used for cooling by Outokumpu originate in the pickling acids employed in descaling operations involving stainless steel. A number of different techniques are employed by the Group to reduce nitrate loadings in effluent discharged from these operations, including acid-recycling technologies. Work to develop discharge-handling techniques which will further reduce effluent loadings continues.

At the Kemi Chromite Mine, the main source of nitrates is explosives used in underground blasting – a small proportion of the charges used enters the facility's water-circulation system. After being directed through three large ponds totalling almost 200 hectares, the nitrate content of this water is reduced by some 60%. As the ponds form natural removal units and are located upstream of the point at which discharges into Iso-Ruonaoja (the recipient water system) take place, there are no associated negative impacts.

A new Acid Regeneration Plant at Avesta in Sweden was commissioned in May 2011. This method of handling acids is designed to result in lower levels of acid consumption, with significant corresponding reductions in nitrate levels in water discharged at this location. As the new process also generates a metal oxide which can be used as a raw material in the steel melting process, the new system is also reducing the amounts of sludge sent to landfill.

At Avesta, the oil-separation station used in purifying cooling water and rainwater has been converted into a modern lamella filter unit. Tight process control ensures that oil is separated from water streams. At Tornio Works, to further reduce nitrate concentrations and levels of suspended solids, plans to use the large dredging pond near Tornio Harbour as a post-treatment area for effluent discharged from the Outokumpu site have moved forward. Use of this water treatment basin began in 2011. The cleaning station for sanitary effluent will also be renovated.

Read more about the health of water ecosystems.

Water withdrawal and discharges

Water withdrawal by source	**2011**	2010	2009
Surface water, million m3	**26.7**	24.0	17.2
Municipal water, million m3	**0.8**	1.0	0.9

Water discharges by type and destination			
Cooling water out, million m3	**9.6**	8.2	8.1
Waste water out, million m3	**13.5**	13.1	7.3
Metal discharges to water, t	**18.1**	19.0	14.9
Nitrogen in nitrates, t	**494**	528	437

Internal continual improvement programme OK1 yields good environmental results

Within Outokumpu, improvements are achieved by the deployment and use of continuous improvement techniques. We call this program OK1. Improvements are targeted and based on detailed understanding of losses; gaps between ideal and actual use. Cross functional teams are then deployed to tackle the losses. At the Sheffield melting shop in the UK use of municipal water is measured as a key performance indicator. We identified that the gap between the actual water usage and the ideal needed addressing and the engineering function in Sheffield melt shop (SMACC) deployed a focused improvement team to address the loss i.e. the over use of water. The team quickly identified a series of sand filters on the water treatment plant that were not operating at an optimum level. This resulted in water being discharged to drain and not being reused, thus increasing the need to bring in more water. The filters were redesigned and the sand material repacked.

The result was a direct reduction of 34% in specific water consumption from 1.29 m^3/tonne liquid steel in 2010 to just 0.86 m^3/tonne liquid steel in 2011. Here we can see how the continuous improvement programme can directly improve our environmental performance and support our commitment to sustainability and reduction in operating costs.

Biodiversity

Natural surroundings at stainless steel production sites remain unharmed

The production of stainless steel does not employ or reserve large areas of land or have a significant effect on biodiversity in the surrounding natural environment. Outokumpu production facilities are not located in sensitive areas such as Unesco World Heritage sites, Ramsar sites or Unesco Biosphere reserves. During recent decades, Group sites have not been found to disturb local biodiversity in any manner which is generally considered unacceptable.

Environmental impacts are regularly evaluated

None of the species included on the International Union for the Conservation of the Nature and Natural Resources (IUCN) Red List (a list which identifies and documents species most in need of conservation attention if global extinction rates are to be reduced) are known to be affected by Outokumpu's activities. Although the Group does not have any significant operations in ecologically sensitive areas, impacts on biodiversity at Outokumpu production sites are evaluated on a regular basis as part of the Group’s environmental management processes.

No disturbance to local biodiversity

Environmental authorities have investigated the EU Natura areas located near the Outokumpu site in Tornio. Reports and statements issued in the 2000s indicate that the Group's activities do not have a significant negative impact or threaten biodiversity in these areas.

At the Outokumpu site in Sheffield in the UK, an area has been established to provide protection for species of wading birds, which nest there in springtime. Measures are taken to ensure that these nesting activities are not disturbed. At the Kemi Chromite Mine, water circulation ponds have increased local biodiversity by creating new nesting sites for waterfowl. At Avesta in Sweden, Outokumpu owns some 300 hectares of forest. These forests are certified by the Forest Stewardship Council (FSC), an international organisation established to promote responsible management of the world’s forests.

Former production sites are returned to their natural state

Outokumpu ensures that areas, which have been used for the Group’s production operations are returned to their natural state. At the Kemi Chromite Mine, waste rock extracted during mining operations is now being utilised and intermediate rock-storage locations are being used in underground construction and for gallery-filling operations.

Outokumpu's use of one 22.5-hectare concentrating sand pond in production processes at the Kemi Chromite Mine ended in 2008. Drying out started in 2010 and landscaping and reafforestation operations will be carried out in accordance with the remediation plan. Ponds still in active use support a rich waterfowl population which includes rare species. The Group is currently investigating more ecologically-efficient ways of capping and landscaping disused ponds with industrial by-products.

At the Tinsley Park landfill site in Sheffield in the UK, approximately 50% of the landfill area has been capped after the completion of waste-tipping operations in these locations. As part of Outokumpu's commitment to future follow-up in this area, restoration work being carried out by the Group will add to natural levels of biodiversity. Plants being introduced are native species and operations being conducted include establishing areas of meadow. Wild flowers are also being sown to provide an environment in which invertebrates such as butterflies and bees can thrive.

The decommissioning of Outokumpu’s production sites at Meadowhall and Stockbridge in the UK (closed in 2009) proceeded in accordance with plans agreed with the local authorities in 2011. No environmental issues have emerged in these locations.

Marine ecosystems are in good health

As Outokumpu's Tornio site is located on the Tornionjoki river estuary on the coast of the Gulf of Bothnia and close to nature reserves, the Group's manufacturing operations have, from the beginning, been developed to be environmentally sound. Many studies monitoring the biological, physical and chemical conditions which prevail near the Tornio site have been carried out since the 1970s. In 2008, a report on voluntary research concerning the impact of nitrates on recipient water at the Tornio site and the Kemi Chromite Mine was published. The results showed that impacts are restricted to the immediate proximity of the discharge points at Tornio and cause slight eutrophication. At the Kemi Mine, the impacts on sea areas are essentially negligible.

Pollution prevention techniques being employed by Outokumpu mean that increases in emissions can be avoided. Further reductions from earlier emissions levels will also be achieved in many cases, even at higher-than-current production levels. Annual studies carried out by Pöyry, a consulting company, have shown that impacts on sea areas close to the Group's production plants have diminished over the last ten years and that associated marine ecosystems are in good health.

A number of studies, which include the continuous monitoring of discharge levels, have shown that discharges of chromium and nickel are now 60–80% below the levels measured and prevailed ten years ago. Considered to be the most significant metals released into the sea by Outokumpu's production activities at Tornio, current discharges of chromium and nickel only represent a fraction of the total metal loading which originates in the main from natural sources in the northern part of the Gulf of Bothnia. Tornionjoki and Kemijoki, the two major rivers in the locality, carry far greater concentrations of these metals into the sea than the total amount discharged by Group facilities. Activity in local fisheries located near the Tornio Works is at healthy levels and commercial fishing operations are carried out close to Outokumpu's production plant. Research indicates that the metals released from Group facilities do not accumulate in the marine food chains.

Measures to improve the condition of the Baltic Sea continue

Outokumpu is participating in the Baltic Sea Challenge. Practical measures instituted at the Tornio site in the 2000s continue to be employed and the Group will also take action in the future to improve the condition of the Baltic Sea. In 2010, permission was given to take into use a 70-hectare suction-dredging basin to handle effluents before discharging them into the sea. An additional sedimentation pool, taken in use at the Tornio site in June 2011, is enabling the amounts of suspended solids and metals contained in wastewater discharged into the sea to be significantly reduced. The quantities of nitrogen in wastewater released by Outokumpu are also estimated to be lower than previously.

During 2012, the sanitary treatment facility at the Tornio site will be modernised to fulfil new and stricter efficiency requirements which come into force in 2013. All the measures detailed above will help in further reducing the Group's impact on the Baltic Sea.

For more information on the Baltic Sea Action programme, please visit our Sustainability website.

Sustainable supply chain

The sustainability of the Outokumpu supply chain is important to the Group. The aim is threefold: to carry out business operations in a responsible manner, to continuously develop our performance, and to improve the sustainability of Outokumpu's supply chain together with the Group's business partners and subcontractors. The target is full accountability and sound, stable and fair 'win-win' business relationships with our suppliers. Outokumpu condemns unlawful competition measures – corrupt behaviour and attempts at bribery are absolutely unacceptable. The Group's suppliers, partners and subcontractors are expected to observe similar principles and high standards.

To develop their performance, Outokumpu provides Group personnel with regular training. The principles underlying sustainability, responsible business practices and good corporate governance are integrated into the materials used in commercial training, all the way from introductory courses to training courses designed to enhance contracting and procurement skills.

An essential element in ensuring Outokumpu's sustainability is regular evaluation of our suppliers' sustainability policies, practices and related performance. The Group's sustainability evaluation program continued in 2011 through engagement with all active raw material suppliers and strategic suppliers in general procurement. With the exclusion of energy purchases, more than 95% of Outokumpu's total spending on materials and supplies involves these companies. The evaluation process is based on analysing primary factors which determine sustainability: ethical issues, attitudes to social responsibility, environmental, occupational and health and safety performance. Data collected is used in the Group's programme for developing a comprehensive and sustainable sourcing process. Results obtained from evaluations form the basis of both development work and audit planning. The process is also an important element in managing supply chain risks. Ongoing awareness of such issues is the only way to provide Outokumpu's customers with accurate sustainability information, and to guarantee to end-users that the Group's stainless steel products are produced in a responsible manner.

In addition to the evaluation process, Outokumpu monitors the performance of Group suppliers and subcontractors through auditing. Regular external audits carried out in accordance with the local EHSQ (Environmental Health Safety and Quality) management systems used at Outokumpu's operational sites were conducted during 2011 as planned.

Improved transportation efficiency reduces emissions

Efforts to minimise the environmental burden resulting from activities in Outokumpu's supply chain are focused on logistics and transportation. The emissions that result from product transportation are included in the Group's carbon profile and integrated into Outokumpu's long-term climate-change-related targets.

Total CO_2 emissions resulting from product transportation in 2011 totalled 92 588 tonnes. The proportion of products and deliveries transported by road, rail and ship were 49%, 24% and 27% respectively. The total volume of products transported in 2011 was 1.41 million tons, 4% higher than in the preceding year (2010: 1.35 million tons).

Actions supporting Outokumpu's long-term strategy of transferring product transportation from road to rail and/or sea freight continued in 2011. The proportion of products transported by road declined from 50% to 49%. Rail transportation remained at 24% – the record level achieved in 2010 – and the proportion of Group products transported by ship increased to 27%.

Transportation of Group products by mode in 2011

%	**2011**	2010
by truck	**49**	50
by ship	**27**	26
by rail	**24**	24
Finished products, tonnes	**1 411**	1 357

Outokumpu is working hard to increase levels of efficiency in the Group's transportation networks. Improved efficiency is an important factor in improving environmental performance.

An excellent example of the benefits resulting from increased efficiency is improved utilisation of the vessel, which travels between Tornio Works (Finland) and the Outokumpu service and distribution center in Terneuzen (The Netherlands). By optimising material movements, dispatching direct loads destined for European customers to Terneuzen by sea and then managing delivery to customers on arrival, utilisation of this vessel has been significantly improved. The net effect is a saving of some 1 100 truckloads (approximately 27 500 tons) on an annual basis.

Another example illustrating Outokumpu's strategy of transferring transportation from road to rail and/or sea freight is the switching of deliveries from road to rail. The EuroLink railway system that connects Group sites is Outokumpu's primary internal, rail-ship-rail transportation solution for production materials. A project to switch deliveries originating in Tornio Works and destined for the UK to the EuroLink system commenced in 2011 and the initial saving was 150 truckloads (approximately 3 750 tonnes). On a full-year basis, forecasts for 2012 indicate that the saving will be some 400 truckloads (approximately 10 000 tonnes).

Environmental investments

Environmental investments further improve sustainability

Costs for environment-related activities within Outokumpu totalled EUR 63.1 million in 2011, while costs associated with the emission and waste water treatment totalled EUR 56.5 million. Provisions and guarantees in connection with environmental considerations totalled EUR 13 million and additional provisions for the aftercare of former mining sites totalled EUR 0.7 million. Environmental investments by Outokumpu in 2011 totalled approximately EUR 7.8 million (2010: EUR 16 million), a clear indication of the Group's commitment to achieving continual improvements in sustainability despite the challenging business environment.

Main environmental investments

Work on the three-year project launched in 2009 to install a new acid regeneration plant at Avesta, an investment totalling EUR 28 million, was completed in 2011 and the plant was successfully commissioned. The objective of this project is to reduce the quantity of nitrates discharged into the Dalälven river by one third, to reduce overall consumption of acid and a resulting reduction of hydroxide sludge.

Other major environmental investments in 2011 included:

- A district cooling system at Tornio Works to improve energy efficiency (a total of EUR 8.6 million in 2010–2011)
- The plan for the on-going investment in Tornio’s ferrochrome production (total of EUR 440 million) is estimated to include EUR 65 million for environment-related investments.
- Installation of a new dust filtration system in the scrap crushing area at the Tornio melt shop
- A new method of treating and recycling wastewater sludge resulting from the Tornio hot rolling and continuous casting operations which replaces landfill deposits
- A new method of recycling oily sludge and mill scale from the Tornio cold rolling mills
- A new method of treating oily filter strips at the Tornio cold rolling mill
- Securing acid piping systems at the Nyby Thin Strip facility in Sweden
- The acquisition of new exhaust-gas analysis equipment to assist in reducing energy consumption and nitrogen oxide emissions at Degerfors in Sweden

Investments to improve energy efficiency

Continuous improvement, efficient operations and effective maintenance procedures are essential elements in improving energy efficiency in Outokumpu's operations. At the Group's Avesta Works in Sweden several investments in which the focus is on energy conservation have been completed. The largest savings, approximately 2.3 GWh on an annual basis, result from the improved handling of recycled steel through improvements in recovering secondary heat – higher temperatures reduce the amounts of power required in the electric arc furnace. This project also includes new steel baskets which further reduce energy consumption by increasing handling capacity.

Two other examples of energy-saving measures are a new winter cooling system, which uses cold water from Dalälven river instead of water chilled by an electrical cooling system, and a new system for the filtration of grinding liquid. Annual energy savings of approximately 1.3 GWh are being achieved through these two measures. Work to optimise and stabilise the electric arc furnace and converter processes continued in 2011. As well as achieving immediate reductions in the total energy consumed, these developments are expected to yield additional future reductions in energy consumption.

The Group’s investment in a centralised district cooling system associated with No.1 Cold Rolling Mill at Tornio Works was completed in 2011. The targeted annual reduction in electricity consumption is 11 GWh. Oxygen enrichment measures were also implemented in the No.2 Walking Beam Furnace in the hot rolling mill at Tornio Works, reducing the amount of propane gas consumed.

At Outokumpu’s Tornio site, two new energy-efficient turbo-compressors will be installed in 2012, replacing several smaller screw and piston compressors. This investment includes a new control system to optimise air pressurisation and delivery. The targeted reduction in annual electricity consumption is 6.8 GWh.

When Outokumpu's new ferrochrome plant comes on stream, the quantities of carbon monoxide (CO) produced – gas which can be used as fuel – will increase. New gas pipelines, blowers and changes in end-consumption units will be completed by the autumn of 2012.

At Outokumpu's Long Product unit in Richburg, South Carolina (US), coolant consumption in 2010 was 20% lower than it was in 2009. A further reduction of 10% was achieved in 2011 by installing float valves in the coolant reservoirs.

A decision to invest some EUR 2.3 million at the Sheffield melt shop in 2010 was made in order to equip the main fans in fume-extraction equipment with variable-speed drives. Concluded in 2011 with excellent results, this project supports the Group's CO_2 emissions-reduction targets. As well as reducing electricity consumption by some 20%, the new variable-speed fans enable improved control of fume-extraction processes, helping to reduce fugitive emissions.

OUR PEOPLE

To compete in a market that has changed fundamentally in recent years, Outokumpu initiated actions in 2011 to reduce costs and improve the Group's profitability. Many changes in the organisation took place and both management and employees had to face uncertainty and adapt to new situations.

We believe that Outokumpu's success is based on three factors: the Group's direction, its operations and our people. In 2011 we reviewed and clarified Outokumpu's direction, improved Group operations and announced a new organisational structure.

Outokumpu currently has approximately 8 000 employees in more than 30 countries. A total of 218 job reductions were made in 2011 as part of our strategy for success in a rapidly changing and demanding business environment.

Outokumpu's People Strategy provides both a framework and a strategic direction for all people-related activities within the Group. It takes into account Outokumpu's business strategy, the business environment we work in and other internal and external factors, and is supported through our people processes and HR systems. The three strategic themes: Leadership, Execution capability and Competence renewal define the actions required to achieve our targets. Our quick response to changed business needs in 2011 meant that many people related development initiatives had to be postponed.

By aligning actions with the Group's business needs, both necessary changes and Outokumpu's employees were supported. Most people related development actions in 2011 focused on improving leadership skills and our employees' well-being. In Finland, the Group participated in a project led by The Finnish Innovation Fund (Sitra) and the Finnish Institute of Occupational Health (Työterveyslaitos) which focused on enthusiasm at work. Outokumpu has also made local investments in actions which support and improve employees' performance and well-being.

Outokumpu's People Strategy provides both a framework and a strategic direction for all employee-related activities within the Group.

The highest ethical principles are observed in all Outokumpu activities. The Group's people management practices are directed by the Outokumpu Code of Conduct. Outokumpu complies with laws and other regulations in countries that the Group operates in, and honours agreements and commitments that have been made. Outokumpu ensures that all the Group's working methods and operational activities are based on ethical practices. Human rights are respected and promoted, and everyone is treated equally and fairly. Outokumpu is totally opposed to the use of child and forced labour and the Group condemns all forms of corruption and bribery. Human dignity and diversity is respected and all types of discrimination and intolerance are condemned. Outokumpu's internal policies are in line with the principles of the UN Global Compact.

The guidelines offered in Outokumpu's Leadership Principles and Behaviours are the basis of each employee's everyday work. Developed to provide practical guidance for leaders and a set of common goals, they define the kinds of behaviour expected from all Outokumpu personnel. Every employee should strive to employ these principles in their work while also acting as an example to others. Especially in environments where change is taking place, managers must be present and support the members of their team.

Personnel figures

As 2011 was a challenging year for the whole Outokumpu Group, job reductions were required in response to the prevailing business situation. Plans to improve profitability, increase efficiency and remove overlapping activities were announced and statutory personnel negotiations were initiated.

To achieve sustainable profitability, a cost-reduction programme was initiated with the aim of achieving savings totalling EUR 100 million by the end of 2012. Related measures correspond to a reduction of up to 1 300 jobs in global terms. Personnel negotiations in Finland resulted in some 200 job reductions, which will take place in 2012. Negotiations affecting Group employees in other countries are expected to be finalised during the first quarter of 2012.

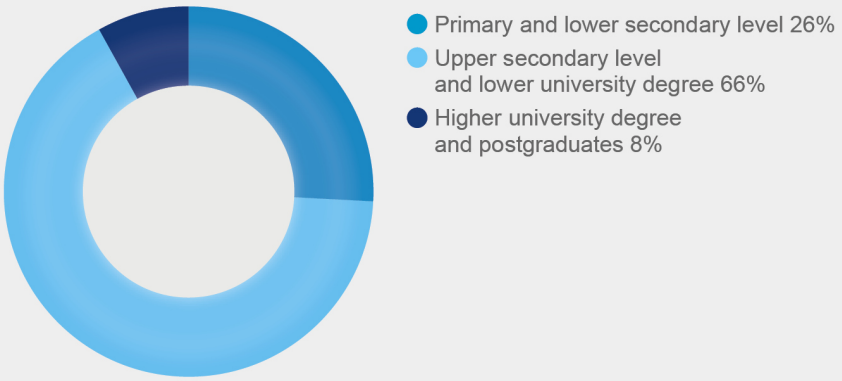
At the end of December 2011, Outokumpu employed 7 886 people (2010: 8 104, 2009: 7 754), figures as full-time equivalents. As of 2011, Outokumpu reports actual headcounts when the number of employed people for 2011 is 8 253 (2010: 8 431, 2009: not available).

Approximately 39% of the Group's employees are white-collar workers. Of permanent employees 18.0% are women (2010: 17.4%, 2009: 17.7%) and 82% are men. Outokumpu provides employment in some 30 countries, with 93% of the Group's employees located in Europe (35% in Finland, 36% in Sweden, and 8% in the UK).

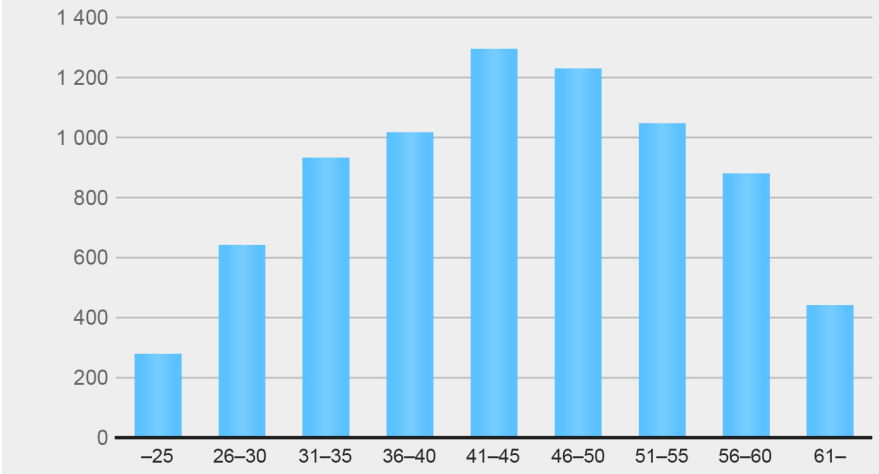
In 2011, the number of permanent employees who had worked for Outokumpu for more than 30 years was 1 307, and the number of people employed for less than five years was 1 805 (6-10 years 1 520). The average age of the Group's permanent employees was 44.1 years and the average length of service was 16.1 years.

Outokumpu hired 259 new employees in 2011. The average turnover among permanent employees in 2011 was 5.5% (2010: 5.4%, 2009: 7.6%), the hiring rate was 3.3% and the attrition rate was 7.6%. A total of 218 employees left the company as a result of personnel adjustments. The voluntary attrition rate was 3.5%. The number of people employed on fixed-time contracts was 464. Outokumpu complies with local legislation and applicable regulations in both job-reduction measures and layoffs.

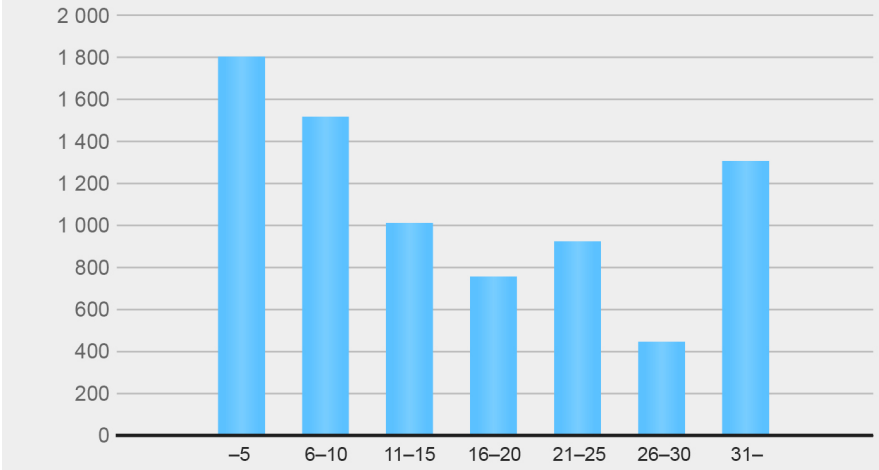
Educational background, permanent employees



Personnel age profile, permanent employees



Personnel by years of service, permanent employees



Key figures

	2011	2010	2009***
Sales/person, € million	**0.6**	0.5	0.3
Training costs of total personnel costs, %	**0.8**	1.0	0.7
Training days / person	**2.0**	2.4**	2.5
Incentives of total personnel costs, %	**3.1**	3.2	2.3
Days lost due to strikes	**14.0**	0	915.0
Personnel turnover*, %	**5.5**	5.4**	7.6

* Avg turnover: (new hires + leavers) / (2 x perm. employees on 31 Dec 2011)

** As of 2011 Outokumpu reports actual headcounts instead of FTE's – these figures have been restated to be comparable.

*** All Outokumpu's personnel figures from 2009 are reported as full-time equivalent figures.

Personnel by country

	2011	**2011**	2010	2010	2009
	Headcount	FTE	Headcount	FTE	FTE
Europe					
Sweden	**2 957**	**2 818**	3 026	2 896	2 749
Finland	**2 879**	**2 745**	2 870	2 752	2 703
The United Kingdom	**648**	**642**	649	636	564
The Netherlands	**397**	**383**	425	412	382
Italy	**297**	**273**	314	304	292
Germany	**228**	**189**	239	215	204
France	**73**	**72**	80	77	76
Estonia	**48**	**47**	52	50	50
Poland	**29**	**28**	32	31	31
Belgium	**24**	**23**	48	46	41
Denmark	**20**	**20**	24	24	23
Czech Republic	**19**	**18**	22	21	21
Austria	**17**	**16**	18	17	17
Spain	**17**	**15**	20	17	18
Hungary	**12**	**12**	18	17	18
Russia	**13**	**12**	12	11	12
Norway	**12**	**11**	12	12	13
Ireland	**6**	**6**	9	9	8
Lithuania	**5**	**5**	5	5	5
Portugal	**4**	**4**	4	4	4
Turkey	**3**	**3**	4	4	3
Romania	**2**	**2**	2	2	2
	7 710	**7 344**	7 885	7 562	7 235
Americas					
The United States	**309**	**309**	331	330	321
Canada	**26**	**26**	28	27	29
Brazil	**5**	**5**	6	6	4
	340	**339**	365	362	354

Asia					
Saudi Arabia	**73**	**73**	58	58	49
China	**44**	**44**	40	40	36
India	**16**	**16**	14	14	14
Hong Kong	**15**	**15**	17	17	19
Singapore	**12**	**12**	12	12	9
Japan	**9**	**9**	7	7	6
United Arab Emirates	**5**	**5**	5	5	4
	174	**174**	153	153	137
Australia	**25**	**25**	23	23	24
Africa					
South Africa	**4**	**4**	5	4	5
	4	**4**	5	4	5
Group total	**8 253**	**7 886**	8 431	8 104	7 754

Diversity and equal rights

While Outokumpu's employee base continues to be very Europe-centric, the Group values workforce diversity in all its forms and encourages job rotation and the learning of new skills. In 2011, the level of job rotation among Outokumpu's permanent employees was 6.5%, the same as the previous year.

Outokumpu is committed to providing equal opportunities and the Group's Code of Conduct prohibits discrimination of any form. People must be treated equally and fairly irrespective of their ethnic origin, nationality, religion, political views, gender, sexual orientation or age.

Outokumpu maintains a consistent policy of freedom of association, and employees at all the Group's operational locations are free to become members of trade unions in accordance with the rules and regulations which apply in local labour markets. In 2011, approximately 86% of the Group's personnel was covered by collective agreements. There were 14 strike days in 2011 (2010: 0, 2009: 915).

Outokumpu continuously works to address diversity issues. The overall percentage of women in the Group's permanent workforce is 18% (2010: 17.4%, 2009: 17.7%). Three members of the Outokumpu Board of Directors and one member of the Group Executive Committee are female, and 51 women hold key management positions (16.2% of all key positions) within the Group.

Developing resourcing processes

Outokumpu aims to promote open communication and provide equal opportunities through unified and transparent resourcing processes. To harmonise recruitment processes, a Group-level Recruitment Policy and Recruitment Instructions were published and distributed and other support material was created. The development and implementation of common recruitment practices will continue together with further development of the recruitment tool and associated reporting.

To enhance internal job rotation, Group-wide guidelines for job rotation were communicated to all Outokumpu personnel in 2011 together with related support material. Several case stories were also published on the Outokumpu intranet. The development and implementation of internal job rotation practices will continue.

Open communication

Employee commitment and motivation are valued within Outokumpu. Open and timely communication – a basic requirement in all business environments – received particular focus because of the challenges faced by the Group in 2011. A variety of methods and practices are used to increase employee engagement, and Outokumpu firmly believes that open and timely communication has a direct impact on motivation and commitment. Good relationships between employees and leaders are an essential component in the Group's success.

Outokumpu's O'People employee survey is an important tool in measuring employee engagement. The survey is also used in assessing the internal image of the Group as an employer. Conducted every second year, the next O'People survey will take place in 2012.

To support efficient communication a global project has been established to improve Outokumpu's internal and external communication channels. O'net, the Group's new intranet, was launched in 2011. O'net offers all Outokumpu personnel improved communication and collaboration tools, making the sharing of employee-related information within the Group's organisation easier and more effective.

The Outokumpu Personnel Forum

This joint consultative body provides a channel for transferring information between Outokumpu management and Group employees. Established in 1994 in response to a European Works Council Directive, the forum includes 21 employee representatives from the Group's European operations, representatives of the Outokumpu HR function and members of the Group's senior management teams. Usually convened once each year, the 2011 Personnel Forum was held in Tornio, Finland. The primary focus was on the Group's short-term agenda, especially inventory reductions.

The Personnel Forum appoints a working committee which is responsible for ongoing cooperation between management and Outokumpu employees. In 2011, this committee arranged 4 meetings with members of the senior management team, including the Group CEO.

Building Outokumpu's employer brand

The Outokumpu People Strategy is geared towards achieving the Group's vision and long-term goal of being the most attractive employer. Efforts to develop employer brand continued in 2011. In addition to external employer branding activities, the Group's internal image in this connection is very important, especially in challenging times such as those experienced during 2011. O'net, the Outokumpu intranet, is an important channel for sharing internal employer brand related information and success stories.

In Finland and Sweden, co-operation with schools and universities is an important way of communicating Outokumpu's employer brand. In 2011, the focus was on specific target groups and quality rather than quantity. Activities engaged in by the Group to enhance its employer brand included participation in career fairs, arranging different events for students, and advertisements and advertorials featuring Outokumpu employees in student and business magazines. Students from a number of schools and universities visited Group sites and attended presentations on different topics. Outokumpu experts were also invited to give lectures to students on a variety of themes.

In Finland, Aalto University and the University of Oulu are Outokumpu's primary academic cooperation partners. Within this cooperation framework, Outokumpu participated in research projects and a continuing dialogue with students in 2011. One example is Outokumpu's decade-long participation in Stratos, an annual international business study programme which includes student project assignments and a training day on Group premises for the student group. In 2011, the themes for this training day were safety and sustainability.

Offering summer job opportunities for students is another way of building Outokumpu's employer brand. In the summer of 2011, the Group employed some 600 summer workers at the Tornio site in Finland and approximately 350 on other Outokumpu sites, primarily in Sweden. Every year, dozens of students base their theses on the Group's operational activities. These and similar opportunities encourage students to become acquainted with Outokumpu and opportunities that the Group can offer its employees.

As in previous years, Outokumpu's employer brand was assessed in the annual Universum Ideal Employer Rankings. The Group was ranked as the 35th Most Attractive Employer among engineering students in the Nordic Region. Work to enhance Outokumpu's employer brand continues.

Compensation and Benefits

Outokumpu's intent is to provide a competitive base salary for all Group employees based on the scope of their role and their individual performance. According to this philosophy, rewards are earned on the basis of each employee's performance in their work. Typically, base salary levels also vary according to the stage each individual reached in their career.

Outokumpu's principles require that base salaries are determined by considering the requirements of the position together with relevant competences and experience of the employee. In overall terms, levels of remuneration for Group employees are in accordance with local agreements and the labour market in each country where Outokumpu is conducting operations. At national level, Outokumpu's aim is for base salaries to be at the market median. Incentive schemes are used in addition to base salaries as an element in total individual compensation. Incentive payments totalled 3.1% of the Group's total personnel costs in 2011.

TRAINING AND DEVELOPMENT

Outokumpu's People Strategy highlights the need to proactively develop the Group's resource and competence base and leadership capabilities to meet the rapidly changing requirements of the business sector we operate in and the surrounding environment. The planning and implementation of competence development processes takes place at both Group and Business Area level.

Outokumpu's People Management Principles define roles and responsibilities in the area of people management. Employees are responsible for their own development and career planning, and managers are accountable for the development of employees. The role played by managers in nurturing existing Group talent in a challenging business environment is crucial. At Outokumpu Human Resources support, enable and challenge managers and employees in aligning the corporate and individual perspectives in development. During Performance and Development Dialogues (PDD), managers and employees together identify competence gaps and the actions required to support each individual's future personal development.

Training costs in Outokumpu totalled 0.8% of total personnel costs in 2011 (2010: 1.0%, 2009: 0.7%*), and the Group provided 2.0 training days per employee (2010: 2.4, 2009: 2.5)**.

** In the 2009 Outokumpu Annual Report this percentage was reported incorrectly. The figure given here has been corrected.*
*** As of 2011 Outokumpu reports actual headcounts instead of FTE's and the figure for 2010 has been restated to be comparable. All Outokumpu's personnel figures from 2009 are reported as full time equivalent figures.*

Developing our people

Outokumpu offers its employees a variety of development opportunities using different methods: growing within one's current role or taking on new challenging tasks (job rotation); learning from others (mentoring); supporting individuals in realizing their potential (coaching); and by providing formal training opportunities.

Because many difficult situations had to be faced in 2011, most of Outokumpu people related development activities were focused on improving leadership skills. A few of Group-level development programmes were executed which enabled Outokumpu to provide leaders with support and tools for use in change management and coping with challenging situations. Coaching was also available to employees through the Group's professional coaches. Global Coaching Guidelines and other material to support coaching processes were published and distributed in 2011. Coaching is now strongly integrated into all Group-level development programmes and in many of Outokumpu's key people processes.

To ensure Outokumpu's business needs are met, competence gaps and related requirements are evaluated on a regular basis. At a strategic level, the future resources and competences required by the Group will be clarified through the Strategic Workforce Planning process. In the final months of 2011, implementation of this process had to be postponed as it would not have supported Outokumpu's business in the situation which prevailed at that time. Attention shifted to the Group's Talent Review Process, in which the focus is on supporting organisational change by providing management and HR with a forum for discussing key talent. The Talent Review Process was also renewed by clarifying targets, process content and associated procedures.

PERFORMANCE MANAGEMENT

Performance management is one of Outokumpu's key internal processes. Business success demands high-quality performance management processes at both individual and Group level. At individual level, Performance and Development Dialogues (PDD) support Outokumpu's strategy execution and reinforce a performance driven mindset. The essence of the process is engaging and involving Outokumpu personnel in the Group's strategy implementation.

Each Performance and Development Dialogue consists of a formal annual review of an employee's performance against defined targets and development achieved in the preceding 12 months, together with the development of a new Performance and Development Plan for the next 12-month period. PDDs also take into account actions and activities that are aligned with Outokumpu's business strategy and support the Group's success. Outokumpu's target is for every employee to have at least one formal PDD each year, and mid-year reviews are strongly encouraged. In 2011, the PDD completion rate improved to 87% from 76% (2010). The process was strongly supported by leaders and HR at all Group sites.

The aim of Outokumpu is to support efficient implementation of strategy through continuous evaluation and improvement of the Performance and Development Dialogue process. Improvement work continued in 2011 by collecting information about challenges connected with target setting and performance evaluations. The feedback we received allowed practices employed in the PDD process to be improved. The usability of the PDD form was enhanced and the role played by the evaluation section of the process was clarified. Other tasks completed in 2011 included automation of the Group's short-term incentive form within the SAP system and the integration of PDD and short-term incentive objectives. Training sessions at which the new practices are introduced to all Outokumpu employees were organised and will continue in 2012.

The work done by leaders is very important when the operating environment is challenging and Outokumpu's Performance and Development Dialogue process provides them with a useful and important tool. Outokumpu will continue to support leaders in this area through a stronger focus on achieving high-quality discussions that have a positive impact on both manager and employee - with a similar effect on Outokumpu's performance. Successful PDDs increase individual motivation, help improve employee performance and are an effective way of supporting the Group's business activities.

As Outokumpu rewards excellent individual performance and behaviour that is aligned with the Group's Leadership Principles, related target setting and performance evaluation guidelines were developed further in 2011. Four new language versions of the Group's Performance and Development Dialogue e-Learning environment were introduced to support Outokumpu employees in the area of performance management.

SAFE WORKING ENVIRONMENT

Health and safety are key issues for Outokumpu, and the Group’s top management is strongly committed to further improvements in safety levels. All Outokumpu personnel, subcontractors and suppliers must be provided a safe and healthy environment while they are working in the Group's production sites and facilities.

Historical statistics show that Outokumpu’s safety performance has improved over the years. Accidents leading to absence on the following day (lost-time injuries) have been reduced substantially through specific efforts such as development programmes and other measures. In the 2000s, theme years during which safety-related issues received special attention also resulted in significant improvements in safety. In 2005, the rate of lost-time injuries per million hours worked was 19, in 2011 the equivalent figure was 5.6. Efforts to enhance safety at work within Outokumpu continue, and the Group’s ultimate target is zero injuries at all units.

Health

Staying healthy in the workplace

Being a responsible company Outokumpu started systematic health studies with world-class independent expert institutes in the 1980'ies. Main targets of studies have been individual levels of exposure to chromium and other compounds in stainless steel production chain and their long-term effects on respiratory health. Activities focus on improving working environments and employee health are monitored using a variety of occupational health checks and fitness tests. Occupational hygiene measurements are carried out on an ongoing basis at Group production sites to monitor work-related exposure to noise and impurities in the ambient air, as well as other factors. Issues related to working environments within Outokumpu are also studied through joint research projects carried out in collaboration with universities and specialist institutions.

In 2011, an average of 5 846 days per million hours worked by Outokumpu employees were lost as a result of sickness or injury (2010: 5 412). The EU average for World Steel Association member companies in 2010 was 6.1 injuries per million hours worked – figures for 2011 were not available at the publication day of this report. The number of cases of occupational disease diagnosed in the Group in 2011 was 15 (2010: 23).

Hearing loss caused by occupational exposure to noise has been the most common occupational disease in the Group during recent years. An extensive research and development project was launched at the Tornio site in 2011 in cooperation with the Finnish Institute of Occupational Health. The aim of the project is to develop guidelines for the whole Group related to individual selection of hearing protection equipment in order to improve hearing protection. Recommendations will be given in 2012.

The "Stop Flu" Research project

In a cooperative project involving six major international companies, one of which was Outokumpu, the Finnish National Institute for Health and Welfare carried out a 16-month intervention study in which the aim was to determine whether enhanced and guided hand hygiene, together with transmission-limiting behavioural habits, could reduce the number of influenza (flu) infection episodes and related absences from work. The follow-up phase ended in May 2010. Published in October 2011, the results indicated that enhanced hand washing with soap and water reduced the occurrence of infection episodes among individuals involved in the study by almost 17%, and that washing with soap and water reduced the number of both respiratory and gastrointestinal infections. In this trial, use of an alcohol-based hand rub did not result in a significant decline in the number of infection episodes. Neither form of intervention had a detectable effect on absences from work.

Study of occupational exposure and respiratory health effects at Tornio

Outokumpu has been studying individual levels of exposure to chromium compounds in the stainless steel production chain and their long-term effects on respiratory health since 1985. The latest phase in this research programme – a joint clinical study involving Outokumpu and the Finnish Institute of Occupational Health and co-sponsored by the Finnish Work Environment Fund – was carried out in 2009. Lung function and inflammation biomarkers in the 350 Group employees who participated were investigated. Occupational hygiene measurements included chromium speciation and assessments of particle-size distributions (coarse to ultrafine). The results obtained were subjected to extensive analysis in 2010.

Observed dust concentrations in workplace air were found to be low. Concentrations of fine and ultrafine particles were at levels similar to those reported in foundries and in connection with welding activities. The prevalence of respiratory symptoms was low, and no significant differences in respiratory symptoms were found between exposed individuals and individuals in the control group. The results obtained from lung function test results were similar, with no significant differences being identified between individuals in the exposed groups and individuals in the control group. It was found possible to connect an increase in some inflammation biomarkers with individuals in the exposed groups, but no single, dust-related measured parameter explained the increase. No correlation between respiratory symptoms and biomarkers was found. The results of the joint clinical study will be published in a scientific journal in 2012.

Read more about Outokumpu's co-opreation with local communities and dialogue with environmental NGO's.

Safety

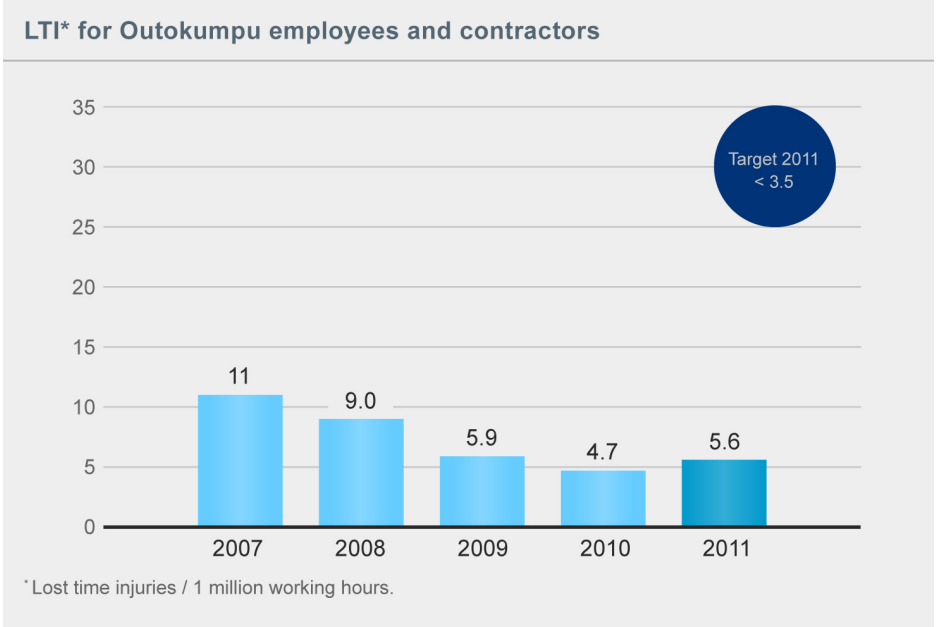
Developing a Safe Working Environment

Outokumpu is committed to providing its personnel with safe and healthy working environments in the Group's production sites and facilities. Outokumpu is also accountable for the safety of subcontractors and suppliers while they are working in these locations.

Developments in occupational safety measures are monitored at operational level and reported to local and corporate management through reliable performance management processes. All meetings in Outokumpu management committees and equivalent bodies begin with a safety review. Safety is one of the key performance indicators in the Group's bonus system.

Outokumpu's top management is strongly committed to achieving improved levels of safety. A new vision regarding safety and new safety principles was introduced throughout the Group in 2011 and work on developing corporate safety standards continued. These efforts are directed by the Occupational Safety Committee, whose target is to identify the best corporate and external practices and ensure that related knowledge and experience is successfully distributed within Outokumpu.

Injury prevention and hazard awareness



There were 5.6 injuries per million hours worked (including subcontractors) in Outokumpu in 2011. This was a slight increase compared to 2010 and above the Group's internal target. Even though the contributory causes included significant organisational change and unusually-high levels of subcontractor activity and injury, this reinforced the need for a continuing focus on Safety Management and related actions in all Outokumpu plants by all Group employees and subcontractors. Lost-time injuries associated with Outokumpu's operations are reported in accordance with definitions issued by the World Steel Association.

Continuing advances in Operational Excellence at many Outokumpu plants have had a positive effect on the Group's safety performance with no lost-time injuries occurring at many locations in 2011. The challenge is achieving similar results throughout our organisation.

Outokumpu personnel are encouraged to report all the near-miss and hazard situations they encounter in the workplace. A total of 10 316 reports were received in 2011 (2010: 8 755 reports).

Safety Log, an Outokumpu-wide occupational safety system for data collection and management was rolled out through most of the Group's operational units in 2011. Further development is necessary to enable real-time monitoring of Outokumpu's safety status. Safety Log currently allows data received from all Group units to be reported and compared.

OUTOKUMPU AND SOCIETY

Our sustainability agenda aims at a balanced approach to economic, environmental and social dimensions.

To enhance transparency and accountability Outokumpu strives for a continuous, systematic and open dialogue with key stakeholders such as shareholders, employees, customers, suppliers, as well as public and non-governmental organisations. These are main goals for sustainable development. Outokumpu as a company wishes to be a valuable part in creating well-being in society.

Generally speaking, 2011 was tough on the Group and this was also reflected in relation to society. Due to streamlining of operations, reduction of employees and some local media claims, there were increased pressure and also negative society implications towards the Group. The actions taken by the Group were however crucial, in order for the Group to secure its continuous business operations.

In order to clarifiy the framework for social responsibility issues and operate in a more organised way, Outokumpu has decided to adopt the International standard ISO 26000; guidance on social responsibility. The Group has begun the implementation of this guideline and started to follow its fundamental principles. Based on our analysis we currently comply with most of the standards guidance, and cover its core subjects well. By aligning our social responsibility practices with this voluntary guidance, we can improve our performance and get a more structured and systematic frame for our future work.

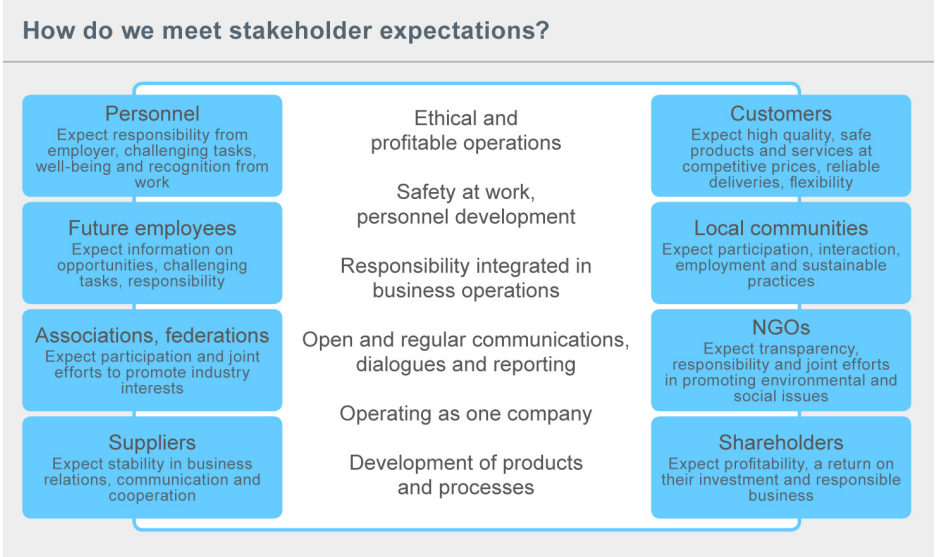
Outokumpu decided to adopt the ISO 26000 standard to better address and manage social responsibility related issues

Outokumpu has identified our main stakeholder groups and recognised the different needs considering reporting, information and interaction in general.

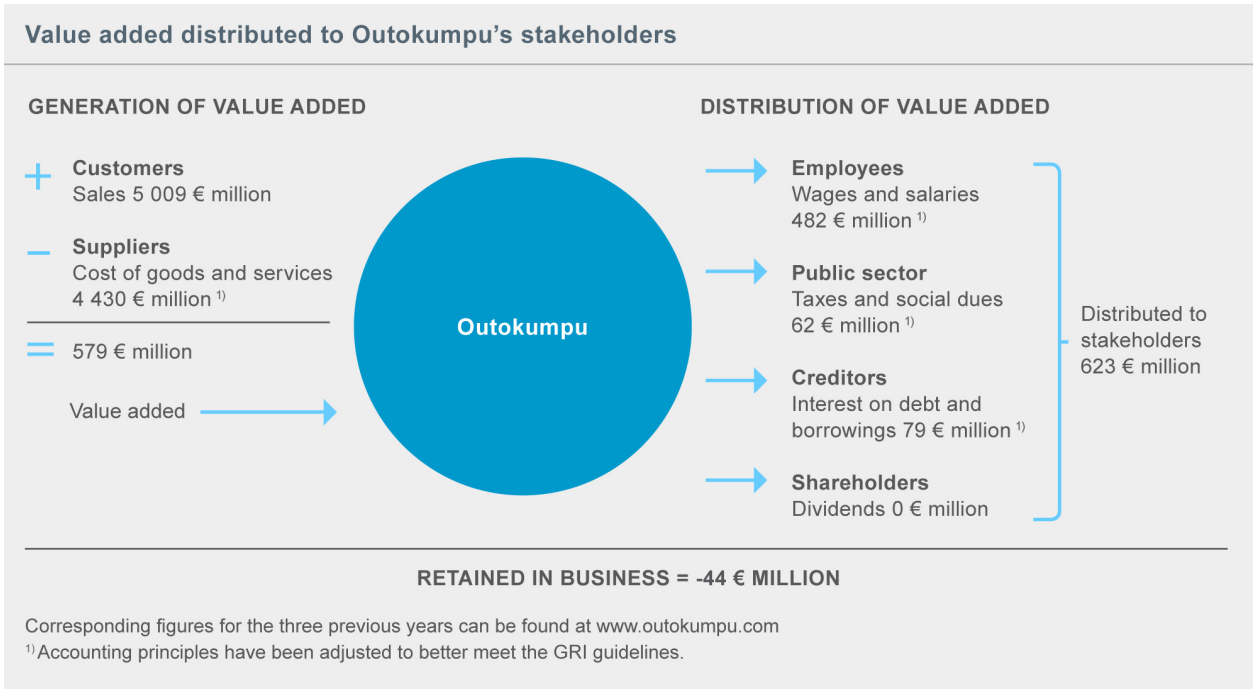
During 2011, we focused our limited resources on the aim to uphold relationships with all stakeholder groups and to initiate only strategic stakeholder projects. We started to evaluate the sustainability trends and expectations with our Middle-East and Asian customers; the expectations and needs of developing societies and building of new infrastructure have great effects on society, since stainless steel as material has a central role to play.

The Group had an active dialogue with shareholders, especially with institutional investors and the largest individual shareholder, Solidium. The largest project effort done during 2011 was the supplier sustainability evaluation process, which affects the supply chain and highlights the responsibility issues within society and local communities. During this process the Group also evaluates the penetration of ethical principles and fair business practices among our suppliers and communicates the importance of these issues.

Different forms of interaction with Outokumpu stakeholders continued in 2011 with face-to-face meetings at many forums – at seminars, workshops and discussion panels, during road shows and at fairs and exhibitions. In this ongoing dialogue, particular attention is given to contacts with analysts, investors, employees, future employees, non-governmental organisations (NGOs), customers and suppliers. Other key stakeholder groups are local communities, industrial and business organisations, authorities, schools and universities. Our stakeholders' involvement in the Group's activities and the trust they place in the Group are fundamental elements of Outokumpu's business operations.



Formed in 2008, the Outokumpu CR (Corporate Responsibility) network for external stakeholders is a channel for sharing news about the Group's corporate responsibility activities. The goal is to encourage all stakeholders to provide feedback we can use in further developing our operations.



Corresponding figures for the three previous years can be found at www.outokumpu.com
1) Accounting principles have been adjusted to better meet the GRI guidelines.

Target-setting is part of our continual improvement ideology. Outokumpu sets common social targets which are seen as most significant and affect most of our people. The Group's social goals and results are presented below.

Social goals and results

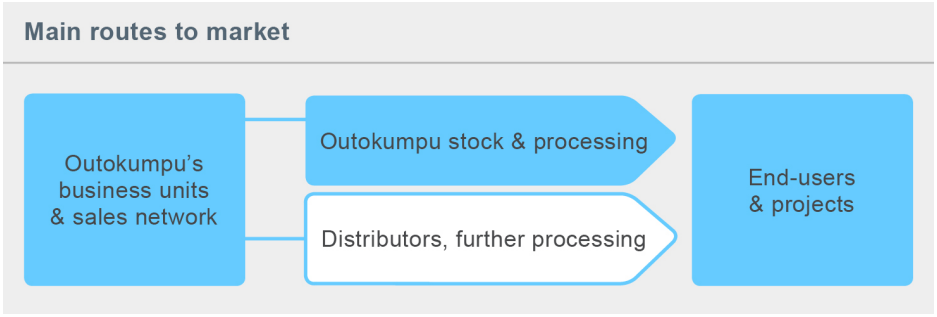
Goals for 2011	Results 2011
▪ Improve HR reporting to provide better support for strategic decision-making and to make the outcome of Performance and Development Dialogues (PDDs) and job-rotation processes more visible and transparent through quarterly internal reporting and communication activities.	▪ Monthly reporting was established during 2011 to support information sharing and decision-making. Monthly reporting and follow-up of key people related figures were carried out with some stakeholders but not as widely as had been planned. We need to continue to work with more transparent and easily accessible data of key people processes. ▪ Conclusion: Work to make data on key people processes more transparent and easily accessible should continue. The objective is to communicate key people-related statistics Group-wide.
▪ Communicate job-rotation guidelines throughout the Group and encourage their active adoption to support job-rotation practices.	▪ Job-rotation guidelines were published and communicated in 2011. Stories concerning job-rotation experiences were also published on the Outokumpu intranet. These stories made it possible to share different ways of implementing job rotation in the organisation with all Group employees. ▪ Conclusion: The implementation of job-rotation guidelines into daily working routines will continue.
▪ Improved performance management: increase the PDD completion rate by 10% compared to the preceding year (2010: 76%) for both white-collar and blue-collar employees, and harmonise the PDD process currently in use.	▪ The Performance and Development Dialogue (PDD) completion rate was 87% in 2011. It is satisfying to know that most Outokumpu employees have a PDD discussion at least once each year. ▪ Conclusion: The PDD is a key people process within the Group and work to further improve both the process and its implementation will continue.
▪ Implement Strategic Workforce Planning throughout the Group.	▪ Implementation of Strategic Workforce Planning was initiated in all Outokumpu units during 2011. Restructuring plans meant that finalising the process would not add significant value and implementation will therefore continue in 2012.

Goals for 2012

- Further improve Group-wide communication of KPIs in connection with key people processes. Establish a channel for sharing KPIs on a quarterly basis.
- Conduct the O'People employee survey and improve the Outokumpu's People index from previous.
- Improve performance management by raising the overall PDD completion rate from the 2011 level. Focus on differentiation in performance management. Enhance and improve Outokumpu's performance culture by executing regular and objective evaluations.
- Implement Strategic Workforce Planning throughout the Group.

Customers

Outokumpu's high-quality, on-time deliveries are complemented by service excellence. By understanding and satisfying customer needs, the Group's aim is to add value to our customers' products or improve related manufacturing techniques.



Feedback and interaction

To obtain first-hand feedback from customers and improve our understanding of their needs, the challenges they face and the overall business environment, Outokumpu implemented a Group-wide customer feedback system in 2011.

Known as CORE, the system provides Outokumpu with a tool for collecting and analysing customer feedback in a unified manner, making the analysis and comparison of results easier. Used as input in strategic and operational decision-making, this fosters customer loyalty and supports the achievement of growth targets.

In addition to CORE, the Group is training employees to increase their awareness of customers and their needs. In all Outokumpu functions, keeping customers in mind at all times helps in developing leaner operations geared towards customer requirements.

Day-to-day interaction with customers takes many forms. A popular method for improving relationships are the customer days organised by many of the Group's more than 30 sales companies. At these events, applications engineers, product specialists and industry experts give presentations which highlight Outokumpu's expertise in stainless steel and customer applications.

Steel Finder, an online tool which customers can use to browse, locate and compare data about Outokumpu steel grades and find the material best suited to their specific application.

Helping customers help themselves

Outokumpu's success depends on customers being able to find the right steel grade for their applications quickly and easily. The Group's technical services are always on hand to assist with the selection process, and webinars, customer days and mill visits are widely used to acquaint customers with the products and possibilities we offer.

The newest method of providing such assistance is Steel Finder, an online tool which customers can use to browse, locate and compare data about Outokumpu steel grades and find the material best suited to their specific application.

As well as offering searches for products based on defined characteristics, Steel Finder also offers opportunities to compare products, obtain data on available dimensions and generate related data sheets. This is a unique tool - after specifying the desired properties, customers can easily establish which stainless steel grades fit that exact profile.

A number of characteristics can be included in each search query: chemical composition, corrosion resistance, mechanical or physical properties, fabrication characteristics, formability and the machining index.

Sustainability is of increasing importance

Sustainability is becoming a more important factor in all business environments as companies face growing pressure from their customers to deliver sustainable products.

At Outokumpu, the concept of sustainability is embedded in the product - more than 90% of the material used in manufacturing our stainless steel is recycled and everything we make can be recycled once a product lifecycle has

ended. We also work continuously to develop our processes in ways that minimise the environmental impact of stainless steel production.

To provide customers with information on the sustainability of Outokumpu's products and production operations and help them make informed decisions, facts concerning stainless steel and the Group's products have been compiled into a single location - the Sustainability Fact Sheet. This publication includes information on recycling, Outokumpu's carbon footprint, levels of energy efficiency, product safety, product economics, management and reporting.

Outokumpu is committed to continuing the work we do on improving sustainability. In December 2011, the Group conducted a stakeholder analysis to obtain direct input from customers on further developing our sustainability profile. The focus was on growth markets outside Europe. Valuable data was received from China, India and the United Arab Emirates.

Suppliers

The majority of Outokumpu's costs are associated with purchasing raw materials. While the primary raw materials used in stainless steel production – nickel, ferrochrome, recycled stainless and carbon steel – are purchased on the open market, a proportion of the Group's ferrochrome needs are also sourced internally.

In 2011, Outokumpu's delivery volumes increased to 1 391 000 tonnes, 6% up on 2010 (1 315 000 tonnes). In overall terms, metal prices rose during the reporting period, nickel up by 5.0% to an average of 22 894 USD/tonne (2010: 21 809 USD/tonne) and ferrochrome up by 0.8% to an average of 1.25 USD/lb (2010: 1.24 USD/lb).

The significant increase in the cost of goods and services purchased by the Group in 2011, a total of EUR 4 430 million (2010: EUR 3 599 million) – resulted from the combination of increased delivery volumes and higher metal prices.

Read more our Suppply Chain management and the sustaibility of the Group's Supply Chain.
Read more about the development of metal prices.

Cost of goods and services *)

€ million	**2011**	2010	2009
Raw materials and merchandise	**3 161**	2 414	1 541
Fuels and supplies	**387**	344	245
Energy expenses	**254**	269	162
Freights	**168**	165	134
Maintenance	**108**	106	77
Hire processing	**37**	32	27
Rents and leases	**28**	26	25
Other expenses	**288**	243	202
Total	**4 430**	3 599	2 413

*) Accounting principles have been adjusted to better meet the GRI guidelines.

Current and future employees

For Outokumpu, both current and future employees are and will be crucial stakeholders because their contribution and commitment is essential to the Group's business success. As Outokumpu strives to be the employer of choice, dialogue with students and other potential employees provides important guidance for continuous development. In 2011, Outokumpu participated, together with other companies, in a dialogue with university students regarding future employment. Student attitudes towards work were explored by conducting a survey and discussions at a workshop. The subjects covered included employer and employee expectations regarding future employment opportunities, especially in connection with recruitment, flexible working arrangements and good career paths. This dialogue will continue in the spring of 2012.

Economic impact

Salary payments including pensions and other benefits paid by Outokumpu in 2011 increased by some 8% compared to the previous year and totalled EUR 482 million (2010: EUR 445 million). Bonuses received by Group personnel in 2011 totalled EUR 17 million (2010: EUR 16 million). The Group's bonus plans are based in the main on achieving either operational or financial targets. Bonus plans vary by country.

Wages and salaries by country *)

€ million	**2011**	2010	2009
Finland	**176**	171	147
Sweden	**176**	145	128
Britain	**33**	25	37
Other Europe	**67**	65	63
Other countries	**30**	39	31
Total	**482**	445	404

*) Accounting principles have been adjusted to better meet the GRI guidelines.

As one example of the Group's intention to fully integrate social responsibility into our operations, a thesis studying corporate responsibility among the headquarters and Tornio and Kemi site personnel was made. The study was based on interviews conducted at all organisational levels, ranging from factory employees to senior management. The main results and findings of the thesis were taken into account in annual and long-term planning of sustainability-related actions. The main results of the thesis were communicated in an employee magazine.

Investors and analysts

Regular and active dialogue with Outokumpu's global investor and analyst networks was maintained in 2011. The Outokumpu Annual General Meeting was held in March in Helsinki, Finland. No Capital Markets Days were held in 2011 but an investor day event is being planned for 2012.

Other major events during the year included nine roadshows in Europe and the United States in connection with announcements of the Group's quarterly results. A live webcast for investors and media representatives accompanied each announcement event. Cities visited by the roadshows were Boston, Frankfurt, London, New York, Oslo, Paris and Stockholm. Nine breakfasts and luncheons for institutional investors were held in connection with the roadshows. Outokumpu also attended and made presentations at five investor conferences during 2011.

Two site visits for analysts and institutional investors to the Group's chromite mine in Kemi and stainless steel plant in Tornio (both in Finland) were arranged. Close to 300 one-on-one meetings, conference calls and video conferences with investors were held during the year.

Our active dialogue with investors and analysts continues.

To improve the Group's investor relations performance, surveys of Outokumpu's IR work executed by external research organisations are monitored on a regular basis. Areas such as content, functionality, openness and trustworthiness were evaluated in a survey of investor relations carried out by Regi Research & Strategi Ab in 2011 and Outokumpu was ranked 13th among Finnish listed companies. Topics connected with sustainability continued to attract increasing interest from actors in financial markets. Reports and ratings by analysts provide Outokumpu with valuable feedback.

Our shareholders

The two largest shareholders in Outokumpu are Solidium Oy (30.8%), a financial vehicle wholly owned by the Finnish state, and Kela, The Social Insurance Institution of Finland (8.0%). Outokumpu's share price declined by 63% in 2011 and the closing share price at the end of the year was EUR 5.08, a market capitalisation of EUR 930 million. The Nasdaq OMX Helsinki index declined by 30% in 2011. Continuation of the fairly-weak market situation for stainless steel, especially in our home market Europe, resulted in further weak financial performance and this had a negative impact on Outokumpu's share price development. The dividend of EUR 0.25 per share for 2010 resulted in dividend payments totalling EUR 45 million in 2011. The Board of Directors is proposing that no dividend be paid for 2011.

Read more about our information for investors.
Read more abour our analysts.

Outokumpu’s sustainability agenda receives recognition from largest shareholder and the industry

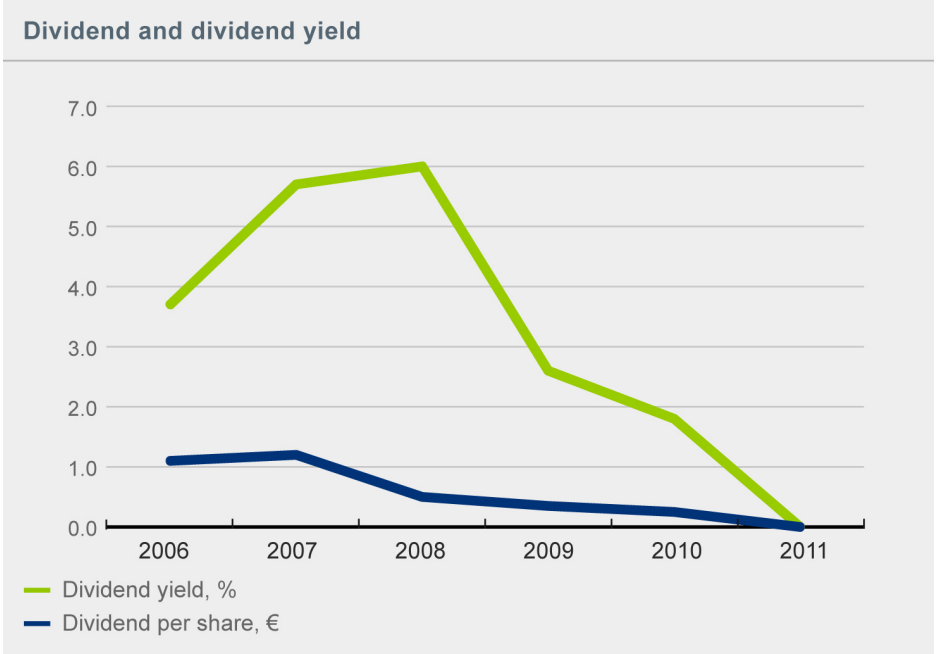
Outokumpu’s long-term commitment to sustainability in operations and responsible business practices ensure that the Group is able to face high standards and growing demands from responsible investors. Sustainability actions and programmes with clear targets demonstrate commitment and follow-through on the actual operations. These issues are also regularly reviewed and discussed by the Outokumpu Board of Directors.

Outokumpu’s largest shareholder Solidium, a holding company owned by the State of Finland, believes that companies subscribing to high ethical standards and operating in a responsible manner have prerequisites for running successful business operations and generating long-term financial value.

”*We recognize Outokumpu's long-term commitment and received awards within sustainable development. According to our own analysis, Outokumpu performs well within environmental and safety areas, and shows a long-term commitment to corporate responsibility by collecting stakeholders’ views, setting objectives for its responsibility work, and reporting on sustainability openly through business cycle up- and downturns*”, says Eeva Ahdekivi, Investment Director at Solidium.

Outokumpu welcomes the development of responsible investing and is confident that our work is appreciated among a larger group of investors making us an appealing long-term investment.

Outokumpu is proud that our committed efforts within sustainability are recognised by external raters as well as by our own peers. In 2011 Outokumpu received the first ISSF Sustainability Award from the International Stainless Steel Forum (ISSF). The award confirms that the Group has done the right things, while acquiring an industry forerunner position.



Recognitions

For the fifth consecutive year Outokumpu has maintained its membership in the Dow Jones Sustainability Indexes (DJSI) - DJSI World and DJSI Europe. In the 2011 review Outokumpu was one of the five best steel companies worldwide included in the DJSI World index. Outokumpu was particularly recognised for its environmental work and ranked number one in the whole steel industry on the environmental dimension for the second successive year.

For the third time Outokumpu was featured in CDP's "Carbon Disclosure Leadership Index". This index highlights the constituent companies within the Nordic stock exchanges, which have displayed the most professional approach to corporate governance in respect of climate change disclosure practices.

Outokumpu features in the following sustainability indices:

- Nasdaq OMX GES Sustainability Finland
- DJSI Europe and World
- Kempen SRI
- ASPI Eurozone index (up to September 2011)
- Carbon Disclosure Leadership Index (CDLI)
- Ethibel Excellence and Ethibel Pioneer Investment Registers

Outokumpu participates in the following initiatives:

- UN Global Compact

Local communities

Outokumpu is an important member of the community in many of the locations in which the Group has industrial operations. We are a major employer in Avesta, Degerfors, Långshyttan (Kloster) and Storfors in Sweden, in Sheffield in the UK, in New Castle in the US, and in the Kemi-Tornio region in Finland. A continuing dialogue is maintained with community officials and representatives, other commercial companies, and with schools and universities.

During May 2011 Outokumpu arranged the first virtual open house day in Finland together with a local radio station and the Kemi-Tornio University of Applied Sciences. The open house included broadcasts from all main operations, ranging from mine to dispatch at Kemi-Tornio. Broadcasts and material were available through radio and internet. This form of interaction enables the Group to have a local stakeholder dialogue and to introduce operations to a relatively large audience in a safe manner.

Outokumpu's most significant impacts on local communities include direct and indirect employment as well as environmental and energy issues, these are also key topics in discussions with local community representatives. Emissions from the Group's plants are measured and strictly monitored, and effective corrective actions are taken if deviations from permitted limits occur. Both vigilance and a responsive attitude to issues that affect local communities and their concerns are important.

Serious local claims

Due to a new environmental permit process of the Tornio site, one Swedish newspaper raised serious doubts on health related effects of Outokumpu´s emissions in the Tornio-Haparanda area. The newspaper wrote in total over 60 articles on Outokumpu´s emissions and possible effects on inhabitants. The most serious claims were suspected congenital anomalies of new born babies. However, according to the statistics by the National Institute for Health and Welfare (THL) in Finland and the same statistics in Sweden, the total prevalence of births and terminations of pregnancy with major congenital anomalies in the Tornio-Haparanda area did not statistically differ from the prevalence in rest of the local or other Swedish-Finnish populations. In other words, there were not any findings or evidence behind the claims. Other main concerns related to emissions in 2011 were mercury. Outokumpu communicated actively and also locally in co-operation with health and environmental authorities and presented Group's and scientific views. There were no similar doubts or discussions on Finnish media. The permit process will continue during 2012.

As a large employer, decisions regarding the Group's operations have a major impact on communities, not only on Outokumpu personnel and their families, but also on local goods suppliers and service providers. The current two strategic investments will have a positive impact on the surrounding districts: the EUR 440 million investment to expand the Group's ferrochrome production in Tornio, and the EUR 100 million investment to increase stainless quarto plate production capacity in Degerfors. Completion of the ferrochrome expansion will result in the addition of some 120 permanent jobs in the Kemi-Tornio region.

The Group's Kemi Mine collaborates with several educational establishments in the training of engineers, miners and supervisors. In Sheffield in the UK, apprenticeships have been offered to local colleges and student placements have been made available in the form of one-year programmes. Outokumpu employees have given presentations in local schools and universities and have worked with local employment agencies to find people positions within the Group. Schoolchildren and local students have been introduced to the Group's working environment through tours and discussions with employees.

Managing impacts on local communities

Traffic loads have an impact on local communities, with the Kemi-Tornio region and Sheffield being good examples. In Sheffield, Outokumpu is located very close to the UK's M1 motorway, and steps are taken to ensure that our operations have minimal impact on this primary transportation route. As the effects associated with the transportation of goods and raw materials can be major, the Group's general logistical arrangements are carefully planned to avoid road congestion and minimise impacts on other road users. In recent years, increased transportation of alloys by rail has had a positive impact in connection with road traffic densities.

In Sheffield in the UK, representatives of the local police force, fire and emergency services and National Health organisations have attended a number of health and safety days organised for Outokumpu's employees. Local stakeholders are also taken into account in the Group's emergency planning.

Communication with employees on sites

Maintaining employee well-being is Outokumpu's aim, and productive dialogue is the key element in achieving this. Avesta, Sheffield and Tornio, Outokumpu's largest industrial sites, have many similarities. In addition to regular meetings with personnel representatives, employees are met once or twice every year or at special events. Daily operational meetings include the reporting of health and safety and environmental issues. Action to resolve these is usually taken immediately after completing a risk assessment. Management team members are encouraged to walk through Group facilities, including production plants, and to converse with employees engaged in manufacturing operations.

Production employees are represented by their unions in plant management discussions at both Avesta and Sheffield. In Avesta, both formal and informal meetings are held at plant level and on site on a regular basis. In the UK, trade union engagement at Outokumpu sites is active, with work on many issues including health and safety, salaries, working hours, shift patterns and other mutually beneficial issues being conducted in close co-operation. Dialogue between the management team and an employee forum, a cross-functional group, takes place monthly. Issues raised are debated and action plans instituted. The Group's 'one team' approach does not distinguish between white-collar and blue-collar workers. Nominated safety and union representatives are able to engage in direct and open dialogue with members of the plant management team. In Tornio, individuals heading large departments are members of the management team. Three personnel representatives are appointed as members of the Board of Outokumpu Stainless Oy.

Outokumpu's UK sites arrange open days for employees' relatives, enabling them to become familiar with the locations in which their family members work. Quarterly health and safety and well-being sessions are organised for employees and these incorporate family-related aspects of their occupations. Close work with Fitness First Gym, which visits the Group's UK sites on a quarterly basis, reinforces well-being and fitness programmes. At Avesta in Sweden, a recreation committee organises a wide variety of events for both employees and their families such as lectures and family days. Participation in sports such as biking, skiing and swimming is sponsored. At Tornio in Finland, sporting events involving employees' children are organised in both summer and winter. Personnel clubs, which reduce the costs associated with enjoying cultural and other events, are supported.

Associations and federations

Outokumpu is an active and responsible actor in society. As one of the world's largest stainless steel producers, the Group's opinion is voiced in many forums.

In 2011, Outokumpu experts and top management continued to maintain effective liaisons with the authorities and numerous organisations. Top management participated in dialogue concerning issues such as the society well-being, the global financial situation and the future of the stainless steel business. Mika Seitovirta, Outokumpu's CEO, was an active participant in discussions, especially those regarding society’s role in creating operative environment that can enhance development, knowledge and investments in Finland. Within the Group, comprehension of approaches to social responsibility is expanded through active engagement with a variety of companies and organisations.

Outokumpu is a member of international organisations and confederations including the World Economic Forum, Eurofer, EuroInox, EuroSlag and the International Chromium Development Association. Outokumpu is also an associate member of the World Steel Association (worldsteel) and a member of the International Stainless Steel Forum (ISSF), a stainless-steel-specific sub-organisation.

Outokumpu provides relevant information to decision-makers and experts relating to the development of business environment and legislation. Group participates in the work of trade organisations. Outokumpu does not pressure or use hard lobbying on decision-makers. As a member of Eurofer, worldsteel and ISSF, Outokumpu participates in different Policy Groups whose aim is to provide expertise and help decision-makers in connection with issues such as global mitigation of greenhouse gas emissions by the iron and steel industry. In these forums, members share best practices, obtain benchmark data relating to, among other subjects, the environment, R&D, product life-cycles, product and chemical safety, and occupational safety. Members also contribute their own data for use in official industry or authority reports such as the World Steel Association Sustainability Report.

In Europe, Outokumpu is member of several federations and associations in Finland, France, Germany, Italy, Sweden, the Netherlands and the UK. National cooperation organisations advance industry views and contribute to legislation in Europe through national representatives in EU governing bodies. Outokumpu is also a member of business associations in North America and Australia.

Eurofer and EuroSlag are collaborative organisations within the European iron and steel industry. Outokumpu contributes to Eurofer commercial and trade issues at presidency level, in committees which handle statistics, research and the environment, and in working groups which focus on issues such as climate change, air quality, water and waste. Eurofer conveys opinions to EU governing bodies (the European Commission, the European Parliament and the European Council), and promotes measures such as renewal of the Integrated Pollution Prevention and Control IPPC Directive, the implementation of REACH (the Registration, Evaluation and Authorisation of Chemicals) and continuation of the European Emissions Trading Scheme (EU ETS) after 2013. EuroSlag performs a similar role in issues related to slag and by-products.

Outokumpu is also active in corporate responsibility networks. To develop our expertise in corporate responsibility and improve Group performance, Outokumpu belongs to both the Finnish Business & Society company network and CSR Europe. To combat corruption and bribery, the Group participates in Transparency Finland, a national chapter of Transparency International. Outokumpu is a signatory to the International Chamber of Commerce (ICC) charter, follows and supports the United Nations Global Compact, and is an active member of the UN Global Compact Nordic Network. To demonstrate the Group's support for sustainability, Outokumpu has signed the Worldsteel Sustainable Development Charter and the ISSF's Sustainable Stainless Charter. Although countering bribery and corruption are clearly defined in the Group's publicly available Code of Conduct, participation in these networks is a way to promote progress throughout the whole business landscape, also outside the Group's own supply chain.

Public sector, sponsoring and NGOs

Outokumpu contributes to the well-being of local, national and international communities through tax payments, through direct and indirect employment and by participating in other societal activities. In 2011, taxes and social security contributions paid by the Group totalled EUR 62 million (2010: EUR 53 million). In 2011, Outokumpu posted a loss and thus also the amount of taxes paid remained low, some EUR 6 million for the financial year (2010: EUR 2 million). The impact of taxes on societal well-being is both direct and indirect.

Taxes and social dues by country *)

€ million	**2011**	2010	2009
Finland	**10**	8	10
Sweden	**31**	27	24
Other Europe	**18**	15	16
Other countries	**3**	2	3
Total	**62**	53	47

*) Accounting principles have been adjusted to better meet the GRI guidelines.

Public sector support received

In 2011, Outokumpu received some EUR 1.4 million (2010: EUR 0.7 million) from public sector to support Group research and development of new technologies, products and applications. In addition, in relation to the investment commissioned in late 2011 in energy efficient centralised district cooling system in Tornio, Finland, Outokumpu was granted some EUR 2 million from the Finnish Government.

Grants and community support given

Outokumpu supports higher education and research by donating funds to universities. In 2011 the co-operation between Aalto University, a new multidisciplinary science and art community, proceeded in the fields of science, economics, art and design. Outokumpu has supported Aalto University from the constitution of the institution, including the initial fund donation of EUR 1 million made in 2010.

Co-operation with Aalto University offers Outokumpu the chance to harness top-level know-how and a multidisciplinary approach. Aalto's core research fields – materials research and design – will round out Outokumpu's in-house R&D, offering new opportunities for innovation and exchanging know-how. During 2011, Outokumpu was an active partner in thirteen projects defined under joint research teams.

Outokumpu is one of the founders of the Technology Industries of Finland Centennial Foundation Fund for the Association of Finnish Steel and Metal Producers, established by five Finnish steel and metal producing companies. The fund was founded to promote university-level research and teaching of technology and business opportunities in metals production. In 2011, the fund awarded grants of some EUR 0.3 million.

In 2011, new group-wide sponsoring and donations guidelines were published. As defined in Outokumpu's sponsorship policy, the Group's sponsorships are based on clearly defined pre-conditions of strategic, brand image and sustainability criteria. Outokumpu also makes altruistic donations for the common good as a responsible corporate citizen. These donations are organised by sustainability management and approved by the Executive Committee or by the Board of Directors.

Total grants and community support in 2011 amounted to some EUR 0.3 million.

Outokumpu does not take part in or otherwise support political activities whether they are local, communal or national. Outokumpu does not make donations to any political parties or groups.

Dialogue with environmental NGOs continued

In 2011, Outokumpu continued the dialogue with environmental NGOs. Issues that were discussed included the role of steel recycling and sustainable stainless steel.

In October Outokumpu participated in an open forum and discussion with local inhabitants and NGOs related to environmental and health impacts of the steel industry in Haparanda, Sweden. As a conclusion, Outokumpu aims to further increase transparency and information related to these issues and our products. Read more about this local community interaction.

CORPORATE GOVERNANCE IN 2011

Regulatory framework

Outokumpu Oyj, the Group's parent company, is a public limited liability company incorporated and domiciled in Finland. In its corporate governance and management, Outokumpu Oyj complies with Finnish legislation, the company's Articles of Association and the Corporate Governance Policy resolved and approved by the company's Board of Directors.

Outokumpu Oyj follows the Finnish Corporate Governance Code (available at http://cgfinland.fi/en/), effective as of 1 October 2010, issued by the Securities Market Association and adopted by the NASDAQ OMX Helsinki Stock Exchange. Outokumpu Oyj complies with all regulations and recommendations issued by NASDAQ OMX Helsinki.

Tasks and responsibilities of governing bodies

The governing bodies of the parent company Outokumpu Oyj, i.e. the General Meeting of Shareholders, the Board of Directors, and the President and Chief Executive Officer (CEO), have ultimate responsibility for Group management and Group operations. The Group Executive Committee reports to the CEO and is responsible for efficient management of the Group's operations.

Outokumpu's primary corporate governance information source is the Group's corporate governance website at http://www.outokumpu.com/Investors/Corporate-Governance/. Please visit the website for the latest Corporate Governance Statement and the latest corporate governance information.

Outokumpu's organisational structure

In 2011, Outokumpu had a matrix organisation comprising two business divisions supported by Group-level functions, which provided services to all Business Units.

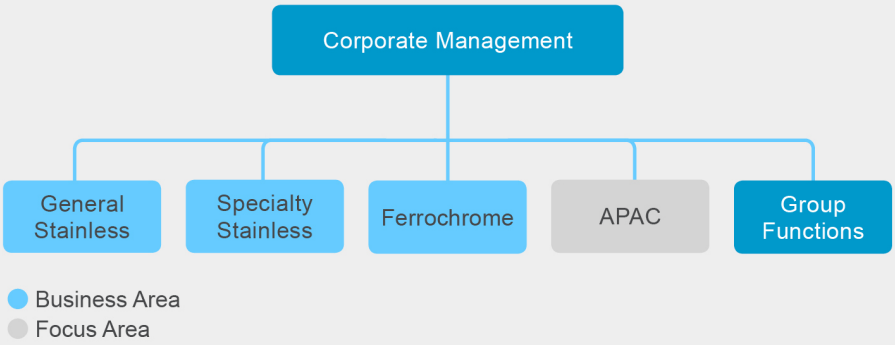
In October 2011, Outokumpu announced a new organisation effective as of 1 January 2012. The aims of the new organisation are simplicity, clarity, accountability and cost efficiency. Outokumpu's new business model is based on three Business Areas, each with full accountability for sales, profit and assets, improving the ability to respond to customer needs rapidly. The three Business Areas are:

- **General Stainless**: stainless steel operations in Tornio in Finland and the finishing plant in Terneuzen, the Netherlands
- **Specialty Stainless**: Special Coil, Special Plate, Kloster and Long Products including the Sheffield melt shop, in the UK and Sweden, and
- **Ferrochrome**: the Kemi Chrome Mine and ferrochrome production in Tornio.

Read more about the new organisation in the Outokumpu Annual Report 2011 section Business Areas as of 2012.

Organisation

New organisation



General Meeting of Shareholders

The General Meeting of Shareholders normally convenes once a year. Under the Finnish Companies Act, certain important decisions such as the approval of financial statements, decisions on dividends and increases or reductions in share capital, amendments to the Articles of Association, and election of the Board of Directors and auditors fall within the exclusive domain of the General Meeting of Shareholders.

The Board of Directors convenes a General Meeting of Shareholders. The Board can decide to convene a General Meeting on its own initiative, but is obliged to convene a General Meeting, if the auditor or shareholders holding at least 10% of Outokumpu's shares so request. In addition, each shareholder has the right to bring before a General Meeting of Shareholders any matter that falls within the domain of the General Meeting, provided that a written request to do so has been received by the Board of Directors early enough to allow the matter to be placed on the agenda included in the notice announcing the General Meeting. According to its Articles of Association, Outokumpu has only one single class of shares and all shares have equal voting power at General Meetings of Shareholders.

Board of Directors

The general objective of the Board of Directors is to direct Outokumpu's business in a manner that secures a significant and sustained increase in the value of the company for its shareholders. Board members offer their expertise and experience for the benefit of the company. The tasks and responsibilities of the company's Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board of Directors has general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the company's Articles of Association. The general task of the Board of Directors is to organise the company's management and operations. In all situations, the Board of Directors must act in accordance with the company's best interests.

The Board of Directors has established rules of procedure which define its tasks and operating principles. The main duties of the Board of Directors are as follows:

With respect to directing the company's business and strategies:

- To decide on Outokumpu's basic strategy and monitor its implementation;
- To decide on annual limits for the Group's capital expenditure, monitor related implementation, review quarterly plans and decide on changes;
- To decide on major and strategically important investments;
- To decide on major and strategically important business acquisitions and divestments;
- To decide on any significant financing arrangements; and
- To decide on any other commitments by any Group companies that are out of the ordinary in terms of either their value or nature, taking into account the size, structure and field of the Group’s operations.

With respect to organising the company's management and operations:

- To nominate and dismiss the CEO and his deputy, and to decide on their terms of service, including incentive schemes, on the basis of a proposal made by the Board's Remuneration Committee;
- To nominate and dismiss members of the Group Executive Committee, to define their areas of responsibility, and to decide on their terms of service, including incentive schemes, on the basis of a proposal made by the Board's Remuneration Committee;
- To monitor the adequacy and allocation of the Group's top management resources;
- To decide on any significant changes to the Group's business organisation;
- To define the Group's ethical values and working methods;
- To ensure that policies outlining the principles of corporate governance are in place;
- To ensure that policies outlining the principles behind managing the company's insider issues are being observed; and
- To ensure that the company has guidelines for any other matters which the Board deems necessary and which fall within the scope of the Board's duties and authority.

With respect to the preparation of matters to be resolved by General Meetings of Shareholders:

- To establish a dividend policy and issue a proposal on dividend distribution; and
- To make other proposals to General Meetings of Shareholders.

With respect to financial control and risk management:

- To discuss and approve interim reports and annual accounts;
- To monitor significant risks related to the Group's operations and the management of such risks; and
- To ensure that adequate procedures concerning risk management are in place.

The Board of Directors also assesses its own activities on a regular basis.

The Board of Directors is quorate when more than half its members are present. A decision by the Board of Directors shall be the opinion supported by more than half of the members present at a meeting. In the event of a tie, the Chairman shall have the casting vote.

The Annual General Meeting elects the Chairman, the Vice Chairman and the other members of the Board of Directors for a term expiring at the close of the following Annual General Meeting. The entire Board of Directors is therefore elected at each Annual General Meeting. A Board member may be removed from office at any time by a resolution passed by a General Meeting of Shareholders. Proposals to the Annual General Meeting concerning the election of Board members which have been made known to the Board of Directors prior to the Annual General Meeting will be made public if such a proposal is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and the person being proposed has consented to such nomination.

Under the company's Articles of Association, the Board shall have a minimum of five and a maximum of twelve members. The company's largest shareholders have confirmed that they are in favour of a principle according to which members of the company's Board of Directors should, as a rule, be qualified experts from outside the company. According to the Articles of Association, a person aged 68 years or older cannot be elected as a member of the Board of Directors. A Board consisting of seven members was elected at the 2011 Annual General Meeting. All members of the current Board of Directors are independent of the company and its main shareholders.

The Board of Directors meets at least five times each year. In 2011, the Board of Directors met 13 times and the average attendance rate was 91%.

See the Annual Report 2011 section members of the Board of Directors.

Shares of the members of the Board of Directors on 31 January 2012

Member	Shares
Ole Johansson	6 390
Evert Henkes	2 133
Elisabeth Nilsson	1 280
Anna Nilsson-Ehle	2 933
Jussi Pesonen	2 133
Siv Schalin	1 280
Olli Vaartimo	2 471
	18 620

Board committees

The Board of Directors has set up two permanent committees consisting of Board members and has confirmed rules of procedure for these committees. Both committees report to the Board of Directors.

The Audit Committee comprises three Board members. The task of the Audit Committee is to deal with matters relating to financial statements, auditing work, internal controls, the scope of internal and external audits, billing by auditors, the Group’s tax position, the Group's financial policies and other procedures for managing Group risks. In addition, the Audit Committee prepares a recommendation for the Annual General Meeting concerning the election of an external auditor and auditing fees. The Audit Committee met five times during 2011 and the average attendance rate was 100%.

The Remuneration Committee comprises the Chairman of the Board and three other Board members. The task of the Remuneration Committee is to prepare proposals for the Board of Directors concerning appointment of the company's top management, excluding the Board of Directors, and principles relating to the compensation they receive. The Board of Directors has authorised the Remuneration Committee to determine the terms of service and benefits enjoyed by the Group Executive Committee members other than the company's CEO. The Remuneration Committee met five times during 2011 and the average attendance rate was 85%.

To handle specific tasks, the Board of Directors can also set up temporary working groups consisting of Board members. These working groups report to the Board of Directors. No such working groups were set up in 2011.

See Board of Directors.

Nomination Board

Based on a proposal by Solidium Oy (wholly owned by the Finnish State and Outokumpu's largest shareholder), the Outokumpu 2011 Annual General Meeting decided to establish a Nomination Board to prepare proposals on the composition of the Board of Directors and director remuneration for the next Annual General Meeting of Shareholders. The Outokumpu 2011 Annual General Meeting also decided that the Nomination Board should consist of representatives of Outokumpu's three largest shareholders as registered in the Finnish book-entry securities system on 1 October 2011, which accept the assignment, and that the Chairman of the Board should act as an expert member of the Nomination Board.

Outokumpu's largest shareholders were determined on the basis of shareholdings registered in the Finnish book-entry system. Holdings by shareholders who have an obligation under the Finnish Securities Markets Act to disclose changes in shareholdings (the flagging obligation) are divided into several funds or registers and will be summed when calculating the related share of voting rights, provided that a written request to this effect was presented by the shareholder or shareholders concerned to the Board of Directors of the Company no later than 30 September 2011. Should a shareholder wish not to use the nomination right, the right to nominate is transferred to the next largest shareholder who would otherwise not have a right to nominate.

Shareholder representatives on the Nomination Board in 2011 were: Solidium Oy (the Finnish State), The Finnish Social Insurance Institution, and the Ilmarinen Mutual Pension Insurance Company. These shareholders chose the following individuals as their representatives on the Nomination Board: Kari Järvinen, Managing Director of Solidium Oy, Liisa Hyssälä, Director General of The Finnish Social Insurance Institution, and Harri Sailas, Chief Executive Officer of the Ilmarinen Mutual Pension Insurance Company. Kari Järvinen was elected as Chairman of the Nomination Board and Ole Johansson, Chairman of the Outokumpu Board of Directors, served as an expert member. The Nomination Board has submitted its proposals regarding Board composition and director remuneration to Outokumpu's Board of Directors, and the Board has incorporated these proposals into the notice announcing the Outokumpu 2012 Annual General Meeting of Shareholders.

Remuneration

As confirmed by the 2011 Annual General Meeting, annual remuneration for members of Outokumpu's Board of Directors are as follows: Chairman EUR 80 000, Vice Chairman EUR 45 500 and other members EUR 36 000, with 40% of this paid as Outokumpu shares purchased from the market and 60% paid in cash. The annual fee is paid once a year and members of the Board are not entitled to any other share-based rewards. In addition to their annual remuneration, all members of the Board of Directors are paid a meeting fee of EUR 600 (EUR 1 200 for members of the Board of Directors residing outside Finland). The meeting fee is also payable for attending meetings of Board committees.

The period of notice for the Group CEO is twelve months from the Company’s side and six months from the CEO’s side. If Outokumpu terminates the CEO's employment for a reason or reasons unconnected with his performance or events interpreted as him having failed in his duties, the company will make a compensation payment. The amount of this payment will total the CEO's base salary in the preceding 12 months plus the monetary value of his employee benefits at the moment of termination.

In the 2012 financial year, the level of the performance-related incentive payable to the Group CEO and members of the Group Executive Committee in addition to their salary and employee benefits will be based on: the Group's EBIT (Earnings Before Interest and Taxes) target and operational targets and individual targets set separately. The maximum level of this incentive payment is 50% of annual base salary for the CEO and other members of the Group Executive Committee. The total amount of short-term and long-term incentives must not exceed 200% of an individual's annual salary. Should this limit be exceeded, the share-based element of the incentive reward will be reduced accordingly.

No separate remuneration is paid to the Group CEO or members of the Group Executive Committee for membership of this committee or the Group's other internal governing bodies.

In December 2009, the Board of Directors confirmed that the retirement age is 63 for all new members of the Group Executive Committee. Other members of the Group Executive Committee are entitled to retire at the age of 60. For Finnish members of the Group Executive Committee appointed before January 1, 2007, pension benefits amount to 60% of the total average annual salary in the last five full years of service. For other Finnish members of the Group Executive Committee, the targeted pension is 60% of annual salary at the age of either 60 or 63 depending on the date when the executive concerned was appointed to the committee. Earnings calculated from the year of appointment, including fringe benefits and performance-related short-term incentives are used as the basis for the insurance premium. The maximum premium is 25% of an individual's annual earnings. In line with the above, the CEO’s retirement age is 63 and the targeted pension 60% of annual salary at the age of 63.

Outokumpu did not provide any guarantees or other similar commitments on behalf of members of its Board of Directors in 2011. No members of the Board of Directors or the Group Executive Committee or closely-related persons or institutions have any significant business relationships with the Group.

Fees, salaries and employee benefits paid

2011

€	Salaries and fees with employee benefits	Performance/ project-related bonuses	Annual remuneration****	Options	Total
Board of Directors					
Chairman of the Board, Johansson	10 200	-	80 000	-	90 200
Vice Chairman of the Board, Vaartimo	8 400	-	45 500	-	53 900
Board member, Henkes	16 800	-	36 000	-	52 800
Board member, Nilsson	13 200	-	36 000	-	49 200
Board member, Nilsson-Ehle	20 400	-	36 000	-	56 400
Board member, Pesonen	9 000	-	36 000	-	45 000
Board member, Schalin	7 200	-	36 000	-	43 200
Board member, Saarinen	1 800	-	-	-	1 800
Board member, Soila	1 200	-	-	-	1 200
Board member, de Margerie	1 200	-	-	-	1 200
CEO, Seitovirta*	451 840	-	-	-	451 840
CEO, Rantanen**	2 323 074	149 648	-	-	2 472 722
Deputy CEO***	338 797	67 636	-	-	406 433
Other Group Executive Committee Members	2 136 405	246 582	-	-	2 382 987

* 1.3.–31.12.2011

** 1.1.–17.8.2011

*** 1.1.–31.10.2011

**** Annual remuneration: 40% is paid as Outokumpu shares purchased from the market and 60% paid in cash.

2010

€	Salaries and fees with employee benefits	Performance/ project-related bonuses	Annual remuneration****	Options	Total
Board of Directors					
Chairman of the Board, Johansson	22 900	-	70 000	-	92 900
Vice Chairman of the Board, Soila	14 350	-	43 000	-	57 350
Board member, Henkes	18 100	-	34 000	-	52 100
Board member, Kilpelä	9 700	-	-	-	9 700
Board member, de Margerie	15 700	-	34 000	-	49 700
Board member, Nilsson-Ehle	20 500	-	34 000	-	54 500
Board member, Pesonen	13 469	-	34 000	-	47 469
Board member, Saarinen	13 300	-	34 000	-	47 300
Board member, Vaartimo	4 200	-	34 000	-	38 200
CEO	766 710	165 736	-	7 000	939 447
Deputy CEO	383 008	83 448	-	78 506	544 962
Other Group Executive Committee Members	1 611 727	319 743	-	40 500	1 971 969

The shares and options received through the share-based incentive schemes are included in the tables concerning the share ownership and options.

**** Annual remuneration: 40% is paid as Outokumpu shares purchased from the market and 60% paid in cash.

RISK MANAGEMENT

Outokumpu operates in accordance with the risk management policy approved by the company's Board of Directors. This defines the objectives, approaches and areas of responsibility in the Group's risk management activities. As well as supporting Outokumpu strategy, the aim of risk management is identifying, evaluating and mitigating risks from the perspective of shareholders, customers, suppliers, personnel, creditors and other stakeholders.

Risk management organisation

The Outokumpu Board of Directors carries ultimate responsibility for risk management within the Group. Outokumpu's CEO and the Group Executive Committee are responsible for defining and implementing risk management procedures, and for ensuring that risks are both properly addressed and taken into account in strategic and business planning. Business Units and Group functions are responsible for managing risks connected with their own operations.

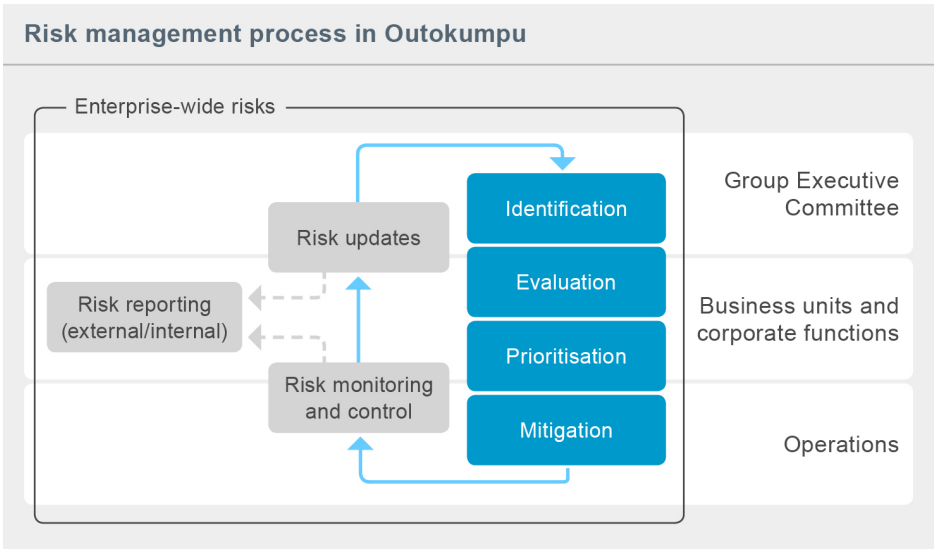
Auditors and Internal Audit monitor risk management processes, and the Group Executive Committee, the Board's Audit Committee and Outokumpu's Board of Directors review both key risks and actions taken to manage these risks on a regular basis. The Treasury and Risk Management function supports implementation of Outokumpu's risk management policy, facilitates and coordinates risk management, and prepares quarterly risk reports for management, the Board's Audit Committee and the Group's auditors.

The risk management process

Outokumpu has defined risk as anything that could have an adverse impact on achieving the Group's objectives. Risks can therefore be threats, uncertainties or lost opportunities connected with current or future operations.

Outokumpu's appetite for risk and risk tolerance are defined in relation to Group earnings, cash flows and capital structure. The risk management process is an integral part of Outokumpu's overall management processes and is divided into four stages: risk identification, risk evaluation, risk prioritisation and risk mitigation.

Risk management process in Outokumpu



Outokumpu's risk management process is monitored and controlled at different organisational levels in a systematic manner. Regular risk updates are performed to make sure that the process continues in an uninterrupted manner. The monitoring, analysis of results and risk updates also ensures that accurate information is provided both internally – to Business Unit management teams and the Group Executive Committee – and to external parties such as shareholders and other stakeholders.

Focus areas

Risk workshops

The risk management process was instituted at all organisational levels within Outokumpu during 2011 through risk workshops covering the subjects of risk identification, evaluation, prioritisation and mitigation. The Group's risk tolerance and key risks were also updated by the Group Executive Committee during 2011. The revisions to risk tolerance reflect Outokumpu's reduced risk-bearing capacity. Risk workshops held during 2011 were mainly focusing on the Tornio site business unit, where some 50 people were trained to run risk workshops within the unit's various departments and functions. The aim of these workshops was to provide guidance on identifying, evaluating and mitigating operational risks. Risk workshops were also arranged in other Group functions, including the Treasury and Risk Management function.

Management of credit risks

All external sales contracted by Outokumpu must be covered by approved credit limits or secured payment terms. Most of the Group's current outstanding trade receivables have been secured by credit insurance which typically covers approximately 90% of an insured credit loss. Part of the credit risk which relates to trade receivables is managed through letters of credit, advance payments and bank guarantees. Outokumpu's credit risk insurances were renewed in 2011 through long-term agreements at lower premiums than in the preceding agreements. The utilisation of credit limit capacity also improved significantly due to a change in policy structure and this, in combination with improved credit limit availability and higher acceptance rates, reduced the level of uninsured sales made during 2011. In connection with the worsening European debt crisis, Group exposure to related risks was closely monitored and analysed.

Negative impacts on the outlook for credit limit availability from major credit risk insurers are likely if the European financial crisis continues. This would mean that Outokumpu will be exposed to increased credit risks as customers' liquidity and the credit limits available to them weaken. Country-specific actions by credit risk insurers may also expand in the future.

Fire safety

Fire safety is systematically audited through a survey programme linked to Outokumpu's insurances. Some 30 safety audits were conducted in 2011 in co-operation with insurers and insurance brokers. Progress in fire safety during 2011 included also the launch of fire safety standards and the development of instructions for maintaining business continuity.

Realised risks

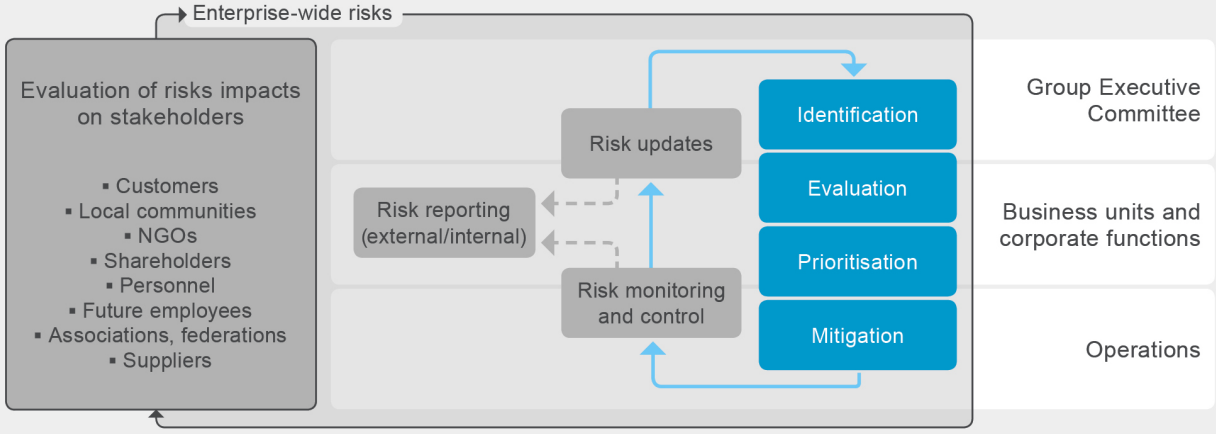
No major damage to Outokumpu's property or significant business interruptions occurred in 2011. The most significant risks to the Group's operations during the year were associated with overcapacity in stainless steel markets, the continuing negative influence of global economic uncertainty, and declining prices for nickel and molybdenum. The deepening debt crisis in Europe had a negative impact on demand for stainless steel resulting in a negative effect on Outokumpu's profitability and gearing. Realised business risks resulted in impairments of Group assets (Outokumpu's tubular products business and the Kloster Thin Strip unit) being booked in the second quarter of 2011.

Risks and stakeholders

To expand appreciation of key risks within Outokumpu and to help in mitigating the effects of possible impacts on stakeholders, the Group also monitors potential risks from a corporate responsibility perspective.

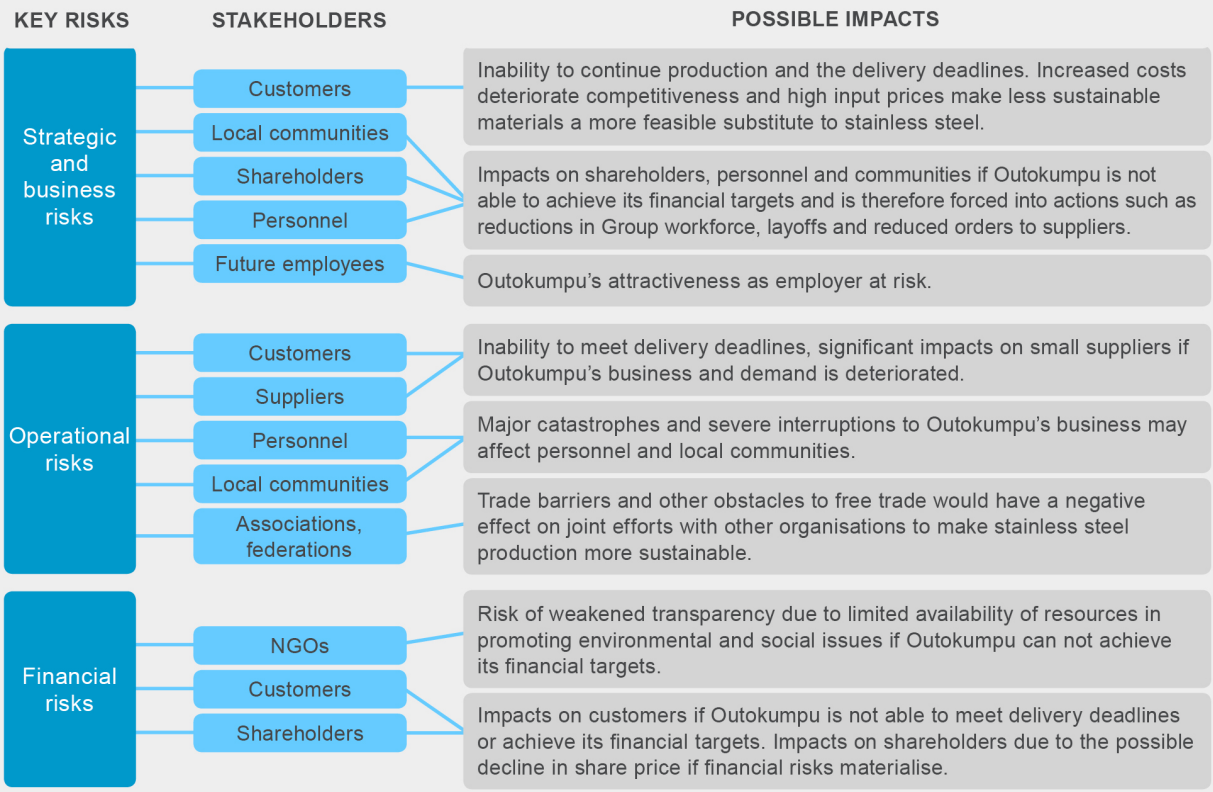
Impacts on stakeholders are reviewed as part of Outokumpu's risk management process. The evaluation process covers enterprise-wide risks at all organisational levels and includes assessments, which focus on the possible impact on key stakeholder groups of primary risks to the Group's operations.

Key risks are evaluated for stakeholder impacts



The "Stakeholder perspective" diagram specifies key stakeholder groups and examples of the possible impact of different categories of risk to Outokumpu's operations.

Stakeholder perspective



Climate change risks

The risk of climate change induced by human activity and its possible consequences has attracted increasing attention within Outokumpu in recent years. Our response to the challenges set by emissions reduction targets is important, as is incorporating this response into the Group's long-term strategic planning.

Outokumpu views the possible consequences of climate change as a matter of serious concern and wishes to make a contribution to global efforts aimed at mitigating associated effects. While preparations must be made for future commercial challenges that the Group may face in connection with implementing measures to reduce emissions of carbon dioxide, new situations which arise as a result of climate change may also present business opportunities.

Regulatory risks

The greatest uncertainty for Outokumpu in connection with emissions-related regulatory measures stems from the EU Emissions Trading Scheme (EU ETS) and related consequences affecting Outokumpu’s business. One possible result is that the Group could be placed at a competitive disadvantage in relation to stainless steel producers located outside Europe. As emissions allowances, which remain unused, can be traded on financial markets, the system is designed to create a financial incentive for companies to restrict their emissions of carbon dioxide. Conversely, if the level of a company's carbon dioxide emissions exceeds the rights it possesses, corresponding allowances must be purchased. Five Outokumpu sites in Finland, Sweden and the UK fall within the scope of the EU ETS scheme.

Even though Outokumpu has been granted allowances at no cost in the current trading period (2008–2012), the EU ETS will become a more restrictive system in the third emissions trading period (2013–2020). Both the cap on total annual emissions in Europe and the quantity of emissions allowances allocated at no cost will gradually be reduced and auctions will become the main method for obtaining such allowances. To dissuade companies, who currently operate inside the EU from, moving to countries where emissions reduction targets are not in place, industry sectors which feature high levels of carbon leakage will continue to receive free emissions allowances. As the iron and steel industry has been identified as one of the sectors in which the risk of carbon leakage is high, Outokumpu sites will continue to receive free emissions allowances during the 2013–2020 period, with the amount being based on historical activity levels and efficiency-based benchmarks. All the Group sites affected submitted applications in the course of 2011 and fully comply with authority requirements. The delays in agreeing system definitions, international negotiations which remain open and the clear risk of both extensive bureaucracy and emissions-related regulations continue to foster increased levels of uncertainty in carbon markets.

In the future, emissions reduction targets for carbon dioxide will become more stringent and Outokumpu will have to begin preparing for conducting the Group’s operations in a more restrictive environment in this connection. To manage related risks and prepare for expected developments connected with emissions trading, an Emissions Management Committee which includes representatives from different Outokumpu functions and production locations has been established. The responsibilities of this committee include providing assistance in defining Outokumpu's emissions management strategy and coordinating its implementation.

Cost-related risks

From a Group perspective, identifying and controlling the cost of compliance with emissions allowance schemes is crucial. Both forecast and realised emissions as well as the allowances granted are monitored by Outokumpu on a regular basis. The Group has also taken action to reduce the costs associated with emissions regulation compliance by entering into financial arrangements such as swapping EU emissions allowances for Certified Emissions Reductions (CERs) and investing in a carbon fund.

As production of both steel and ferrochrome are energy-intensive operations, Outokumpu's operations are sensitive to changes in the cost of electricity. Power companies transfer the costs associated with their own emissions allowances to the prices they charge for supplying electrical power, and marginal cost pricing means that all forms of electrical power production are therefore affected by these allowance-related costs. Even though much of the electricity purchased by Outokumpu is of the low-carbon variety, costs of this type have a negative impact on the Group’s financial performance and these effects are not mitigated by no-cost allocations of emissions allowances. Risks connected with the future cost of emissions allowances also add an element of uncertainty to the planning of new investment projects and may affect future investment decisions.

Weather-related risks

Extreme weather events associated with the effects of climate change could have an indirect impact on Outokumpu's operations in the future since physical risks such as property damage or the loss of production as a consequence of floods or hurricanes may be exacerbated. Normal measures designed to mitigate such risks have however already been incorporated into the Group's risk management and related policies. Currently, only one of Outokumpu's production facilities, a tube mill in Florida, is located in an area defined as a "regional hotspot". During 2011, general instructions and tools for implementing plans to ensure business continuity were developed for Group sites.

New opportunities

Even though the unpredictable consequences of climate change may be associated with significant future challenges, new business opportunities for Outokumpu may also result. The sustainable nature of stainless steel assists both the Group's customers and society at large in constructing low-carbon solutions. Stainless steel’s remarkable physical properties make a significant contribution to achieving improved levels of efficiency in the transportation, construction and manufacturing sectors, as well as in the household goods segment. Products manufactured by Outokumpu are also important in tackling global challenges such as the need for clean water supplies.

In 2011, Outokumpu's production continued to be at lower levels than in previous years, and this resulted in the Group having a surplus of emissions allowances. To optimise the cost of compliance within the EU ETS, Outokumpu made an initial investment of EUR 1.5 million in the Testing Ground Facility (TGF), a carbon fund managed by the Nordic Environmental Finance Corporation. The aims of the TGF fund include purchasing Emission Reduction Units (ERUs) on behalf of fund participants at financially-attractive terms from projects which achieve verified reductions in carbon dioxide emissions. ERUs received by Outokumpu from TGF were surrendered to the authorities during 2011.

Compliance

Outokumpu is strongly committed to the highest ethical standards. Group management and all company personnel are expected to comply with the Group's ethical principles.

Ethics, corporate responsibility and business conduct

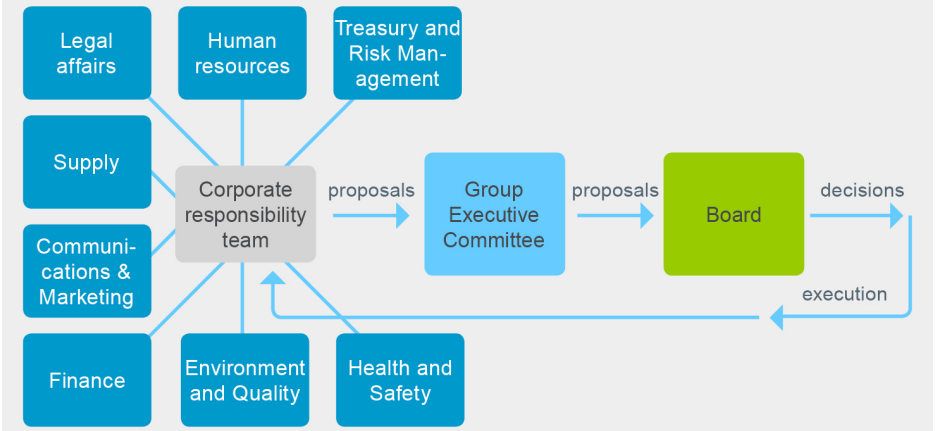
Outokumpu's Ethics Statement, Corporate Responsibility Policy and Code of Conduct define the Group's approach, which includes:

- Treating people equally and fairly irrespective of their ethnic origin, nationality, religion, political views, gender, sexual orientation or age. Outokumpu is completely opposed to the use of forced and child labour.
- Observing legal requirements and applicable regulations in countries in which the Group operates and complying with agreements it has entered into and commitments it has made. Outokumpu condemns corruption and bribery, and complies strictly with competition legislation.

Outokumpu's CEO is charged by the Board of Directors with formulating and implementing any measures necessary to safeguard systematic compliance with the Group's Ethical Principles, Corporate Responsibility Policy and Code of Conduct. At least once each year, based on a report by the CEO, the Board of Directors carries out an assessment of corporate responsibility issues within Outokumpu. Outokumpu's internal audit monitors compliance with Outokumpu's policies, including the Code of Conduct.

Read more about Outokumpu's internal audit and Helpline.

Management of corporate responsibility



Honouring competition rules

Outokumpu expects all its employees to honour and respect rules associated with competition. Since the mid-1990s, the Group's Legal Affairs function has been training Outokumpu sales and marketing personnel in competition rules and related legislation. The primary aim of such training is to alert participants to problematic situations and ensure that they seek professional advice and guidance to avoid arrangements that may be illegal. Training sessions are organised as and when needed.

An e-learning EU Competition Compliance programme was launched by Outokumpu in 2009 and completed by the end of 2011. Its main purpose was to train Group personnel in competition law, and the follow-up system employed ensured that each participant was able to complete the course successfully. Some 300 people from Outokumpu's commercial functions were invited to participate in 2010 and the overall participation rate was 68%. The e-learning programme continued in 2011 with additional languages (Italian, German and French) and 30% of participants successfully completed the training.

Significant fines, ongoing disputes and litigation

No new significant fines or sanctions were imposed on Outokumpu in 2011. The Group is involved in legal cases which relate to non-compliance with competition legislation in its divested copper businesses during 1988–2001 and to alleged misconduct in connection with sales by Outokumpu to Russia during 2004–2006. Additional details regarding the current position in these cases can be found in the Review by the Board of Directors.

Internal audit

The mission of the Group's internal audit remained unchanged in 2011: providing consultative auditing on targets and issues separately identified by the Board Audit Committee and the Group Executive Committee.

The focus is on distributing information and on identifying and controlling potential business risks. Internal audits are carried out in close cooperation with the Group's finance and risk management functions, with financial administration bodies and external auditors. Internal audit reports to the Audit Committee, which approves its operational plan.

In 2011, 19 individual units or functions or IT systems were audited either independently or in cooperation with external service providers. Internal audit monitors compliance with Outokumpu's Ethical Principles, Corporate Responsibility policy and Code of Conduct, and the ways in which these principles and policies are incorporated into general operational procedures in Group companies and units. During the audits no major risks were identified.

A confidential Helpline has been set up on the company intranet and on the Internet, and this can be used anonymously to report to our internal audit any action that contravenes the Group's Corporate Responsibility principles. Three cases of possible wrongdoings were reported during 2011. In all cases charges were found groundless. One case of possible misconduct was reported through other channels, and it was handled at local level. There were no incidents, suspected wrong doings or cases involving discrimination or human rights violations.

Compliance with Corporate Responsibility policies

Outokumpu's CEO is charged by the Board of Directors with formulating and implementing any measures necessary to safeguard systematic compliance with the Group's Corporate Responsibility policy and Ethical Principles. At least once each year, based on a report by the CEO, the Board of Directors carried out an assessment of corporate responsibility issues within Outokumpu. Company management and all company personnel are expected to comply with the Group's Corporate Responsibility principles.

Suspected misconduct

In March 2007, Finnish Customs authorities initiated a criminal investigation into the Group’s Tornio Works’ export practices to Russia. It was suspected that a forwarding agency based in south-eastern Finland had prepared defective and/or forged invoices regarding the export of stainless steel to Russia. The preliminary investigation focused on possible complicity by Outokumpu Tornio Works in the preparation of defective and/or forged invoices by the forwarding agent. In June 2009, the Finnish Customs completed its preliminary investigation and forwarded the matter for consideration of possible charges to the prosecution authorities. The process of considering possible charges was completed in November 2010 and the public prosecutor concluded that the Customs authorities’ suspicions regarding possible accounting offences and forgery were groundless.

The case nevertheless proceeded to court in March 2011 as charges were pressed against Outokumpu and five of its employees for alleged money laundering in connection with the export practices to Russia by Tornio Works during 2004–2006. On behalf of the Finnish State, the prosecutor also presented a claim for forfeiture of the funds subject to money laundering. This claim was, however, dropped by the prosecutor during the court proceedings. In its judgement delivered in June 2011, the Court dismissed the rest of the claims and ordered the Finnish State to pay a total of EUR 1.2 million in compensation for legal costs. In August 2011, the State Prosecutor appealed against the District Court judgement with respect to Outokumpu and three of the charged employees as well as the order to compensate for legal costs. The legal proceedings commenced in Kouvola Court of Appeal in February 2012.

Misconduct in businesses sold

Class actions involving the fabricated copper products business sold in 2005 comprised, among others, Outokumpu Copper (USA), Inc, which was served with one individual damage claim associated with ACR tubes under US antitrust laws. Outokumpu believes that the allegations made are groundless. When this business was sold to Nordic Capital, Outokumpu agreed to indemnify and hold harmless Nordic Capital with respect to this claim.

In 2003, the European Commission issued its judgement on Outokumpu's participation in a European price-fixing and market-sharing cartel involving copper air-conditioning tubes during 1988–2001. A fine of EUR 18 million was imposed. In 2004, Outokumpu lodged an appeal with the Court of First Instance for Europe regarding the basis of the calculation and the level of the fine. In 2009 the court announced that the amount is to remain unchanged.

In a cartel investigation concerning copper sanitary tubes, the European Commission issued a judgement in 2004 and imposed a EUR 36 million fine on the Group for participation in cartel activities. Outokumpu subsequently lodged an appeal regarding the level of this fine, which was paid in 2009. The court's final decision is expected to be that the amount of the fine is unchanged.

Honouring the rules of competition

Outokumpu expects all its employees to honor and respect the rules associated with competition. Since the mid 1990's the Legal Affairs has trained sales and marketing personnel on competition rules and legislation. The aim of this training is to alert participants to problematic situations to make sure they will seek professional advice and guidance to avoid possibly illegal arrangements. Training sessions are organised when they are needed.

An e-learning programme was launched in 2009 and is currently in progress within Outokumpu Group. The main purpose of the programme is to train our personnel in competition law. Upon completion of the programme in the end of 2010, some 500 participants in the commercial organisation will have been reached and duly trained. The follow-up system ascertains that each participant is able to complete the course successfully.

As mentioned in our Ethical Principles and Code of Conduct Outokumpu condemns corruption and bribery and complies strictly with competition legislation. Outokumpu obtains business in a legal and ethical way. Offering bribes and kickbacks is prohibited.

Contact Us

Outokumpu Oyj

Corporate Management
Riihitontuntie 7 B / P.O. Box 140
02201 ESPOO
Finland

Tel. +358 9 4211
Fax +358 9 421 3888

Corporate sustainability

Tuomas Haikka
Vice President - Sustainability and Environment
Tel. +358 9 421 4241
firstname.lastname@outokumpu.com

Environmental issues

Juha Ylimaunu
Senior Vice President - Environment and Quality
Tel. +358 9 421 2688
firstname.lastname@outokumpu.com

Human resources issues

Virve Hintikka
Vice President - Resourcing and Development
Tel. +358 9 421 4040
firstname.lastname@outokumpu.com

Financial issues

Kai Laitinen
Senior Vice President - Corporate Controller
Tel. +358 421 5512
firstname.lastname@outokumpu.com

Outokumpu is a leading global stainless steel company.
The Group’s products and solutions are used by customers worldwide across different industries.

Being fully recyclable, maintenance free, as well as a very strong and durable material, stainless steel is one of the key building blocks for a sustainable future.