



Non-financial Information Statement 2017

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This is Raute Corporation's non-financial statement for 2017, in accordance with Directive 2014/95/EU of the European Parliament and Council. The statement presents information concerning Raute Group's environmental, social and employee matters, respect for human rights, as well as anti-corruption and bribery. The statement covers the main risks related to the above-mentioned aspects and business operations, as well as responsibility management operating principles and practices, and results. The statement additionally presents non-financial key figures that are pertinent to the company's business operations.

1 BUSINESS MODEL DESCRIPTION

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

Raute Group's net sales in 2017 were EUR 148.6 million. In 2017, the company had an average of 682 employees. The Finland-based parent company Raute Corporation had net sales of EUR 130.0 million and an average of 481 employees in 2017.

2 GENERAL PRINCIPLES OF RESPONSIBILITY MANAGEMENT

Raute, a company with a family background, turns 110 this year, which is a testament to the long-term and responsible development of the company's business.

Responsibility is one of the values that guide Raute's operations. Raute aims to offer all of the company's employees a safe work environment and strives to systematically develop its products and services to be

environmentally sound while also reducing the environmental impacts of its own operations. The Group abides by the principles of good corporate citizenship, taking into consideration nature and its protection, and how society as a whole operates, while respecting local cultures and valuing diversity.

The foundation for responsibility management is the company's values: customer success, achieving together, trust in people and responsibility. In 2016, Raute launched a responsibility management development program. The methods and tools resulting from the program are being used by the company to ensure and develop the responsibility of its business and its responsibility reporting. The program also helps Raute to control abuse risks impacting the company.

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

In 2017, Raute continued to develop its responsibility management, drawing on the GRI G4 sustainability guidelines. The scope of responsibility management was ensured by compiling matters related to sustainability reporting into one package. The most important responsibility matters were addressed with the employees, and company management set targets for key responsibility topics; the targets will be monitored as part of management's reporting.

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

Raute participates in the Nasdaq voluntary ESG reporting pilot program. The company's goal is to develop its sustainability reporting according to good practices identified in the ESG pilot program.

3 SUSTAINABILITY, PRODUCTS AND SERVICES

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

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

Principal risks

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

Goals

Raute's main goals are:

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

Operating principles and procedures

Raute ensures that its products and services are safe to use as part of the delivery implementation process. Pressure piping is manufactured and tested in compliance with module D1 of the pressure equipment directive (PED). Raute offers its customers installation, installation

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supervision and commissioning services, as well as user training, and a fixed-term guarantee is granted for product use in accordance with the instructions. Raute's unit in Nastola has the ISO 9001 quality management and the ISO 14001 environmental management systems. Other units follow the same main principles in their operations.

Raute's product development sustainability targets aim to, among other things, reduce the customer's raw material waste and additive needs, energy consumption and emissions. Special attention is given to occupational safety during the engineering phase of production lines. Automation also improves occupational safety and ergonomics. Digital services reduce the carbon footprint caused by travelling.

Four projects to improve environmental efficiency were set as product development responsibility targets for 2017. The objectives of the projects related to making more efficient use of wood raw material, reducing VOC emissions, and improving energy efficiency in customers' operations.

Outcomes

The execution rate for the 2017 targets concerning product and service development was 50 percent. Of the four projects targeting improved environmental efficiency, one reached the finish line, two were in progress, and one had not been started by the end of 2017. Raute was not aware of any serious work-related accidents arising from the proper use of Raute's machinery and equipment in 2017.

A scheduled audit of Nastola's ISO 9001 quality management system was conducted. According to a customer satisfaction survey that was carried out, customers gave Raute's project activities an overall score of 3.8 and its maintenance services 4.0 out of a possible 5.0.

4 ENVIRONMENTAL MATTERS, OWN OPERATIONS

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

to Raute's business, the company monitors and strives to further increase the efficiency of its plants' and offices' energy use and water consumption.

Principal risks

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

Operating principles and procedures

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

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

Goals

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

- Improve energy efficiency
- Reduce waste volumes in relation to net sales

Outcomes

The execution rate for measures concerning managing environmental matters at the Nastola unit in 2017 was 93 per cent. Nastola's ISO 14001 environmental management system certification was renewed. The recertification is performed every three years.

Environmental management and documentation was developed in the company's production plants located outside of Finland. The

energy, water and carbon dioxide emission data reported for 2017 cover all the company's production plants. Monitoring of waste and indirect (Scope 3) emissions has not yet reached a level sufficient for Group-wide reporting.

In 2017, energy consumption per hour worked improved 5.6% to the level of 7.6 kWh/t. The improvement is largely due to the higher number of hours worked. The parent company's waste in relation to net sales was 2.7 t/MEUR in Finland.

5 SOCIAL AND EMPLOYEE-RELATED MATTERS

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

Principal risks

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

Goals

Raute's main goals are:

- A low number of absences due to work-related accidents (short-term target LTIF1* = <10).
- High employee satisfaction.

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

Operating principles and procedures

Supervisory work, occupational safety and ergonomics are under

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

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

Outcomes

Raute's LTIF1 figure in 2017 was 23.3 (2016: 28.1). There were 28 accidents leading to at least one day of absence from work. No fatal accidents occurred among Raute's own employees or subcontractors during Raute's operations. In terms of numbers, most accidents happen in production work, with the most common injuries being various sprains or superficial wounds to the extremities. There is always, however, the risk of a more serious injury associated with every accident or near-miss situation. We are not satisfied with the current level of our accident frequency rate and we target a clear decrease in the number of accidents within a short time frame.

A dangerous situation occurred at the Nastola plant in December 2017, when the counterweight chain on a boring machine broke, and the chain, weighing several tons, fell where an employee had been standing just moments before. To eliminate the risk uncovered by the near-miss situation, the boring machine's chains will be replaced with a modern double steel cable solution. The broken chain has been sent for further inspection to determine the cause of the break.

An employee satisfaction survey was carried out in 2017 among the company's personnel in Finland. According to the results of the sur-

vey, personnel gave the employer a general score of 3.8 out of 5.0. Eighty-eight percent of personnel are very satisfied or quite satisfied with their workplace. Raute was recommended to friends or others by 27% of personnel, and 69% would recommend Raute as a workplace either warmly or with some reservations.

6 RESPECT FOR HUMAN RIGHTS

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

Principal risks

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

In 2017, Raute assigned a separate Code of Conduct for the company's suppliers. The Supplier Code of Conduct will be included in all new delivery and subcontractor agreements.

Goals

Raute's main goal is:

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

Operating principles and procedures

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

Outcomes

Raute was not aware of any breaches related to respect for human rights that took place in Raute's supply chain in 2017. In 2017 the electronic learning environment RauteACADEMY was introduced. It includes courses on values and the Code of Conduct for all employees.

7 ANTI-CORRUPTION AND ANTI-BRIBERY

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

Principal risks

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

Goals

Raute's main goal is:

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

Operating principles and procedures

The risk of corruption, bribery and money laundering is controlled by monitoring compliance with the company's Code of Conduct and through relevant training. The risk of fraud the company is exposed to is managed through continuous monitoring and by developing the company's systems and procedures. The company has an internal procedure in place that allows Raute employees to report suspected breaches of the rules and regulations through an independent channel within the company (whistle-blowing).

Outcomes

In 2017, no breaches related to corruption, bribery or money laundering were detected in the company.

8 KEY NON-FINANCIAL FIGURES AND RESULTS

Raute's key non-financial figures to be monitored for 2017 and the comparison year 2016 are presented in the table below for the entire Group, unless stated otherwise.

Non-financial key figures are not externally verified.

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Personnel and work safety

Number of personnel at Dec. 31	2017	2016	2015	2014
Finland	482	462	441	394
North America	117	83	76	67
China	73	77	106	105
Other countries	32	21	23	21
Total	704	643	646	587
Effective, on average, persons	660	631	614	530

Permanent staff education	2017	2016
Basic education	5 %	6 %
Vocational school	31 %	30 %
College	19 %	22 %
University of Applied Science	31 %	32 %
University	14 %	11 %

Training and mentoring	2017	2016
Training hours	24 577	24 050
Of which mentoring	4 974	6 295

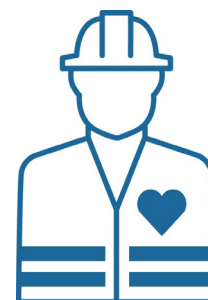


Proportion of female employees of permanent staff	2017	2016
Executive management	19 %	14 %
Management	7 %	5 %
Office	16 %	16 %
Employees	2 %	1 %
Total	10 %	10 %

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

Employee turnover ratio	2017	2016
Incoming employees turnover	28,3 %	16,8 %
Outgoing employees turnover	16,9 %	18,0 %
Average employee turnover	22,6 %	17,4 %

Permanent staff age structure	2017	2016
<30 years	19 %	19 %
31-40 years	25 %	27 %
41-50 years	25 %	23 %
51-60 years	25 %	26 %
> 60 years	6 %	6 %



WORK SAFETY

LTIF	2017	2016
Raute Finland	19,1	15,5
Raute total	23,3	28,1

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

LTIF \geq 3	2017	2016
Raute Finland	14,3	14,2
Raute total	16,7	22,6

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

Environment

Energy*	2017	2016	2015	2014
Total energy consumption, MWh	9 055	8 832	8 828	8 263
Fuels (Scope 1)	1 479	1 105	1 638	1 196
Electricity and district heat (Scope 2)	7 576	7 727	7 190	7 067
Energy consumption kWh/work hour	7,6	8,0	8,1	8,7
Emissions*	2017	2016	2015	2014
Total emissions (Scope 1-2), tCO ₂ e	2 006	1 953	1 890	1 611
Direct emissions (Scope 1), tCO ₂ e	313	236	342	254
Indirect emissions from electricity and district heat(Scope 2), tCO ₂ e	1 692	1 717	1 548	1 357
Carbon intensity tCO ₂ e/MEUR	13,5	17,3	14,8	17,1
Waste, Raute Finland, tonnes	2017	2016	2015	2014
Metal chip and scrap	545	713	509	429
Cardboard and paper	17	20	16	13
Wood waste	197	287	224	223
Other energy waste	40	24	46	29
Hazardous waste	47	52	52	36
Other waste	50	40	25	24
Total waste	896	1 136	871	754
Total waste without recycled metal	350	423	362	325
Waste intensity t/MEUR (parent company)	2,7	4,3	3,2	4,0
Water	2017	2016	2015	2014
Water consumption, m ³	8 214	13 230	16 889	17 283

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



Lahti, February 15, 2018

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