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Non-financial
information
statement

This is Raute Corporation's non-financial statement for 2021, in accordance with Directive 2014/95/EU of the European Parliament and Council. The statement presents information concerning Raute Group's environmental, social and employee matters, respect for human rights, as well as anti-corruption and bribery. The statement covers the main risks related to the above-mentioned aspects and business operations, as well as responsibility management operating principles and practices, and results. The statement additionally presents non-financial key figures that are pertinent to the company's business operations.

1 BUSINESS MODEL DESCRIPTION

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

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

Raute Group's net sales in 2021 were EUR 142.2 million. In 2021, the company had an average of 788 employees. The Finland-based parent company Raute Corporation had net sales of EUR 117.9 million and an average of 531 employees in 2021.

2 GENERAL PRINCIPLES OF RESPONSIBILITY MANAGEMENT

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

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

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

In 2021, Raute joined the UN Global Compact Initiative to affirm the company's commitment to develop its ecological, social and economic responsibility as part of the business. Raute aims to advance UN Global Compact's Ten Principles and UN's sustainable development goals in its business.

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. During 2021 Raute has drafted a new supplier handbook which will be published later in the year 2022. The supplier handbook will specify more detailed requirements related to the responsibility of Raute's suppliers.

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



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

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. Solutions for manufacturing glue from wood-based raw materials have also been published in the sector.

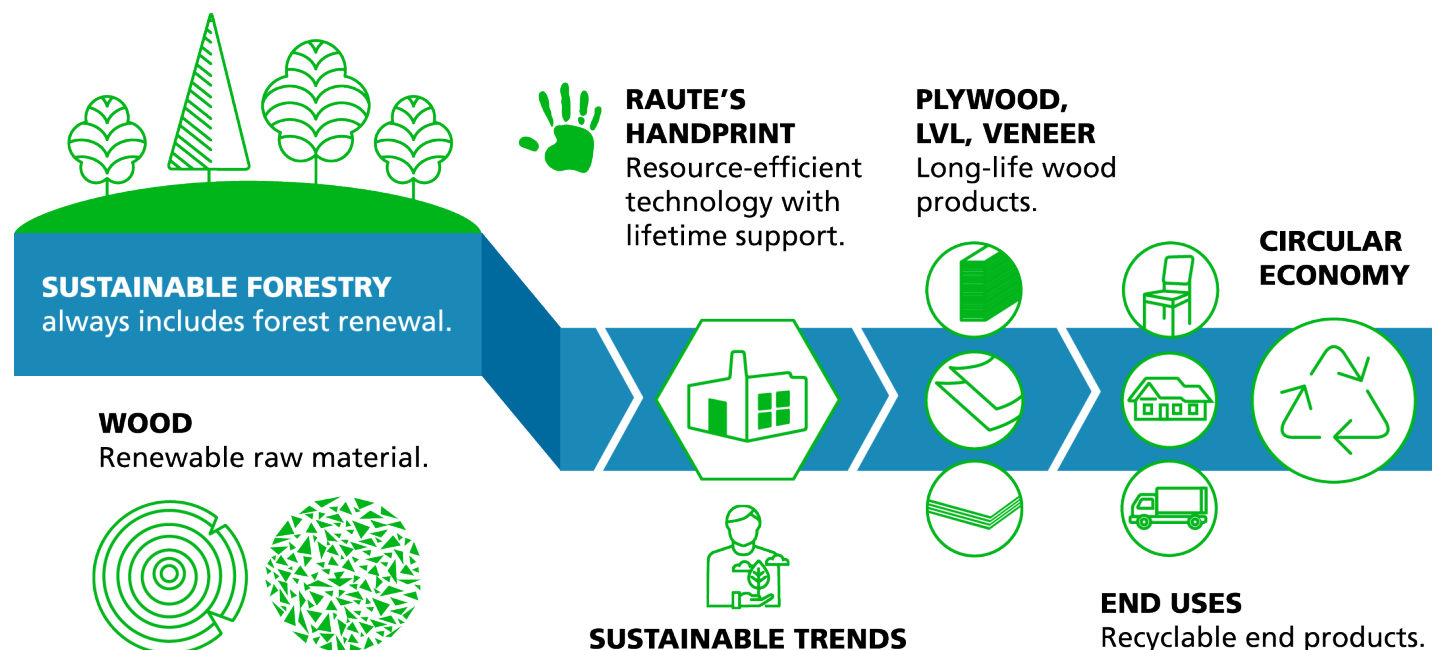
An increase in the use of sustainably produced wood to replace non-renewable materials, for example in construction, transportation and consumer products, is among the most important means of achieving climate targets. Demand for wood products industry technology will grow as attention increasingly turns to climate risks in the manufacturing and construc-

tion industries globally. In recent years, an increasing number of construction projects have chosen solutions based on the use of wood materials, and this trend is expected to continue. With Raute's technology, Raute's customers can improve the resource efficiency and occupational safety of their own operations and increase the availability of renewable materials for use by different industries.

Principal risks

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

Raute in wood processing value chain



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 supervision and commissioning services, as well as user training, and a fixed-term guarantee is granted for use in accordance with the instructions. Raute's main unit in Lahti has a quality management system certified according to ISO 9001:2015 and an environmental management system certified according to ISO 14001:2015. Other Raute units abide by the same key principles.

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

Two projects to improve environmental efficiency or safety were set as product development responsibility targets for 2021. The objectives of the projects are related to making more efficient use of wood raw material and lowering energy consumption.

Outcomes

The execution rate for the 2021 targets concerning product and service development was 13 percent. Raute had to with-

draw from one project set as 2021 target due to a patent conflict recognized in the development phase. The planning of the other project was finished during 2021 and the project will move on to a pilot phase during 2022. Raute did not become aware of any serious work-related accidents arising from the proper use of Raute's machinery and equipment in 2021.

According to customer satisfaction surveys that were carried out, customers gave Raute's maintenance services an overall score of 4.7 out of a possible 5.0.

4 ENVIRONMENTAL MATTERS, OWN OPERATIONS

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

Principal risks

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

Operating principles and procedures

Raute manages the environmental risks linked to its operations through its quality and environmental management systems. Raute's main unit in Lahti has an ISO 9001:2015 certified quality management system and an ISO 14001:2015 certified environmental management system. At the Lahti 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 Lahti unit in 2021 was 77 per cent. Lahti's ISO 9001:2015 quality management system and ISO 14001:2015 environmental management system will be recertified in connection with an external audit performed in 2022. The recertification is performed every three years.

In 2021, energy consumption per hour worked decreased 4 percent and consumption of water per person decreased 20 percent. Waste in relation to net sales fell 5 percent in Finland. The carbon dioxide emissions of our own operations in relation to net sales fell by 41 percent. The clear decline in emissions in relation to net sales was due to the increased net sales and change in electricity supply contract for Raute's operations in Finland to use environmentally certified hydroelectric power. The solar power plant at Raute's Lahti factory worked as expected during its first full operational year and generated at best approximately one third of the electricity consumption on a sunny working day.

The energy, water and carbon dioxide emission data reported for 2021 cover all the company's production plants. Monitoring of waste and indirect (Scope 3) emissions has not yet reached a level sufficient for Group-wide reporting.

5 SOCIAL AND EMPLOYEE-RELATED MATTERS

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

Principal risks

The principal risks pertaining to Raute's business operations relate to work-related accidents affecting employees or sub-contractors, 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 (the target is to reach an LTIF* of <7).
- high employee satisfaction

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

Operating principles and procedures

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

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

Outcomes

Raute's LTIF1 in 2021 was 9.0 (2020: 7.9). There were 13 (2020: 10) accidents leading to at least one day of absence from work. In April 2021 an unfortunate fatal accident happened to a Raute employee in Raute's China operations. In Finland, the number of accidents leading to absence fell in 2021 despite increased workload.

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

6 RESPECT FOR HUMAN RIGHTS

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

Principal risks

It is possible that players who do not respect Raute's principles related to human rights or the basic rights of employees operate in Raute's international supply chain. Such cases may

damage the company's reputation and interrupt the supply chain if the infraction is severe enough to warrant an end to the co-operation.

Raute has a separate Code of Conduct for suppliers.

Goals

Raute's main goal is:

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

Operating principles and procedures

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

Outcomes

Raute was not aware of any breaches related to respect for human rights that took place in Raute's supply chain in 2021. In 2021, 79 percent of employees had successfully completed a course on values and the Code of Conduct in the online learning environment, RauteACADEMY.

7 ANTI-CORRUPTION AND ANTI-BRIBERY

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

Principal risks

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

Goals

Raute's main goal is:

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

Operating principles and procedures

The risk of corruption, bribery and money laundering is controlled by monitoring compliance with the company's Code of Conduct and through relevant training. The risk of fraud the company is exposed to is managed through continuous monitoring and by developing the company's systems and procedures. The company 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 2021, no breaches related to corruption, bribery or money laundering were detected in the company. In 2021, 79 percent of employees had successfully completed a course on values and the Code of Conduct in the online learning environment, RauteACADEMY.

8 DISCLOSURE ACCORDING TO EU TAXONOMY REGULATION

In this section Raute discloses information according to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the "Taxonomy Regulation").

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable economic activities.

The implementation of the Taxonomy Regulation will progress in phases. The first delegated act concerning the technical screening criteria for economic activities with significant contribution to climate change mitigation and adaptation (the "Climate Delegated Act") was adopted in 2021. Another delegated act for the remaining environmental objectives "the sus-

tainable use and protection of water and marine resources", "the transition to a circular economy" and the protection and restoration of biodiversity and ecosystem" (the "Environmental Delegated Act") will be published in 2022.

According to the EU Taxonomy regulation, companies in scope of the Non-Financial reporting requirements are subject to report on the proportion of Taxonomy-eligible and the proportion of Taxonomy non-eligible economic activities in relation to turnover, capital expenditures and operational expenditures as well as accompanying qualitative information for financial year 2021. Companies are not expected to report taxonomy-alignment of eligible activities for the year 2021.

Reporting on Taxonomy alignment (contribution to at least one environmental objective with meeting the technical screening criteria, compliance with the Do No Significant Harm criteria, and the minimum social safeguards) will be reported as of January 2023 in line with the existing Taxonomy requirements.

Raute has performed an assessment of EU Taxonomy regulation and activities listed in the Climate Delegated Act. Activities related to our core business such as research and development or transport of our goods to clients are not reported as Taxonomy-eligible activities and not included in our KPI's as they are not generating external turnover on a standalone basis.

In the current phase of Taxonomy regulation only the economic activities which have been identified as having the most significant need and potential to contribute substantially towards climate change mitigation or adaptation have been included in the scope of the Climate Delegated Act. Technologies and services for the wood processing industry as such are currently not covered by the Climate Delegated Act, and consequently are Taxonomy-non-eligible. It can therefore be concluded that Raute with its core business activities is currently not included in the EU taxonomy classification as of today. Our interpretation is that this is because manufacturing of technologies for

the wood processing industry is not among the economic activities with most significant GHG emissions.

Based on our assessment, the share of taxonomy-eligible turnover (net sales) is 0% due to the fact that Raute's core business is not covered by the Climate Delegated Act. Similarly, the portion of taxonomy-eligible CapEx and OpEx are also assessed as being 0% and the rest is considered as non-eligible.

Raute believes that the wood processing industry based on sustainable forestry practices is a key enabler of sustainable economy, and replacing non-renewable materials with renewable and carbon storing wood-based products will play a significant role in achieving global climate goals. Future inclusion of circular economy objectives or broader inclusion of forest industry -related activities to Climate Delegated Act may increase the Taxonomy-eligible portion of Raute's business. Those new requirements include; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems. Raute will continue to assess upcoming EU Taxonomy reporting requirements during 2022.

9 KEY NON-FINANCIAL FIGURES

Key non-financial figures monitored at Raute for 2021 and the comparison year 2020 are presented in the tables on the following pages for the entire Group, unless stated otherwise.

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

Lahti, February 18, 2022

Raute Corporation
Board of Directors

Personnel and work safety

Number of personnel	2021	2020	2019	2018	2017
Finland	547	501	518	505	482
North America	121	115	135	147	117
China	79	83	76	75	73
Other countries	55	52	49	45	32
Total	802	751	778	772	704
Personnel, effective, on average	780	747	755	748	661

Proportion of female employees of permanent staff	2021	2020	2019	2018	2017
Executive management	11 %	11 %	13 %	13 %	19 %
Management	10 %	13 %	7 %	8 %	7 %
Office	18 %	17 %	18 %	17 %	16 %
Employees	3 %	2 %	3 %	2 %	2 %
Total	12 %	11 %	11 %	11 %	10 %

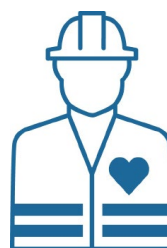
Employment contract types	2021	2020	2019	2018	2017
Work time					
Full time	98 %	98 %	96 %	96 %	96 %
Part time	2 %	2 %	4 %	4 %	4 %
Contract					
Permanent	93 %	96 %	96 %	95 %	93 %
Temporary	7 %	4 %	4 %	5 %	7 %

Employee turnover ratio	2021	2020	2019	2018	2017
Incoming employees	17 %	9 %	20 %	25 %	28 %
Outgoing employees	9 %	11 %	18 %	12 %	17 %
Average employee turnover	13 %	10 %	19 %	19 %	23 %

Permanent staff age structure	2021	2020	2019	2018	2017
<30 years	16 %	18 %	20 %	20 %	19 %
31-40 years	30 %	27 %	25 %	26 %	25 %
41-50 years	25 %	26 %	26 %	24 %	25 %
51-60 years	22 %	23 %	22 %	24 %	25 %
> 60 years	7 %	7 %	7 %	5 %	6 %

Permanent staff education	2021	2020	2019	2018	2017
Basic education	5 %	5 %	4 %	5 %	5 %
Vocational school	29 %	31 %	31 %	32 %	31 %
College	15 %	9 %	17 %	18 %	19 %
University of Applied Science	34 %	39 %	34 %	31 %	31 %
University	17 %	16 %	14 %	13 %	14 %

Training and mentoring	2021	2020	2019	2018	2017
Training hours	17 055	14 624	15 925	22 227	24 577
Of which mentoring	1 972	2 829	2 181	4 013	4 974



Work safety

Lost time injury frequency per million work hours	2021	2020	2019	2018	2017
LTIF					
Raute Finland	7,0	8,8	7,8	24,6	19,1
Raute total	9,0	7,9	13,6	23,7	23,3

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

Fatalities	2021	2020	2019	2018	2017
Raute employees	1	0	0	0	0
Contractors	0	0	0	0	0

Environmental data 2021

Energy*	2021	2020	2019	2018	2017
Fuels (Scope 1)	1 480	1 419	1 501	1 515	1 479
Electricity and district heat (Scope 2)	7 565	6 819	7 644	7 854	7 576
Total energy consumption, MWh	9 045	8 238	9 145	9 368	9 055
Energy consumption per work hour	2021	2020	2019	2018	2017
kWh / hour*	6,3	6,5	6,9	7,2	7,6
Change, %	-4 %	-6 %	-3 %	-5 %	-6 %
Emissions*	2021	2020	2019	2018	2017
Direct emissions (Scope 1), tCO ₂ e	311	292	312	324	313
Indirect emissions from electricity and district heat(Scope 2), tCO ₂ e	1 034	1 536	2 059	2 151	1 692
Total emissions (Scope 1-2), tCO ₂ e	1 344	1 828	2 371	2 475	2 006
Carbon intensity	2021	2020	2019	2018	2017
Scope 1-2 emissions tCO ₂ e / sales MEUR	9,5	15,9	15,7	13,7	13,5

**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.



Environmental data 2021

Waste, Raute Finland, tonnes	2021	2020	2019	2018	2017
Metal chip and scrap	504	366	439	458	545
Cardboard and paper	12	15	20	19	17
Wood waste	252	207	310	293	197
Other energy waste	37	30	34	51	40
Hazardous waste	42	47	50	53	47
Other waste	28	21	32	36	50
Total waste	876	685	885	909	896
Total waste without recycled metal	372	319	446	451	350
Waste index, Raute Finland	2021	2020	2019	2018	2017
Tonnes / Parent company revenue	3,2	3,3	3,7	3,0	2,7
Change, %	-5 %	-11 %	27 %	9 %	-38 %
Water	2021	2020	2019	2018	2017
Water consumption, m3	6 277	7 509	7 732	8 543	8 214
Water consumption/person	2021	2020	2019	2018	2017
Liters/person/day	32,2	40,4	41,0	45,7	49,7
Change, %	-20 %	-1 %	-10 %	-8 %	



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