

L&T at your service



In our work, we face millions of customers and their needs annually. Thousands of Lassila & Tikanoja professionals are at your service, finding you the right solutions and helping you to focus on the essentials. We are here for you – all year round, every day, around the clock.

L&T in brief

L&T specialises in environmental management and property and plant support services and is a leading supplier of wood-based biofuels, recovered fuels and secondary raw materials. With operations in Finland, Sweden, Latvia and Russia, L&T employs 8,700 persons. Net sales in 2010 amounted to EUR 598 million. L&T is listed on NASDAQ OMX Helsinki.

Key figures	2010	2009
Net sales, EUR million	598.2	582.3
Operating profit, EUR million	40.2	50.3
Operating profit excluding non-recurring items, EUR million	45.5	51.3
Profit before tax, EUR million	36.0	45.0
Return on equity, % (ROE)	11.9	15.7
Return on invested capital, % (ROI)	11.6	14.5
Gearing, %	50.3	53.5
Equity ratio, %	46.5	44.1
Capital expenditure, EUR million	39.3	44.9
Total number of full-time and part-time employees at year end	8,732	8,743
EVA, EUR million	10.1	16.5
Earnings per share, EUR (EPS)	0.68	0.85
Cash flows from operating activities/share, EUR	1.65	1.71
Dividend per share, EUR	0.55*	0.55

* Proposal by the Board of Directors

» Please turn to page 12 for more information.

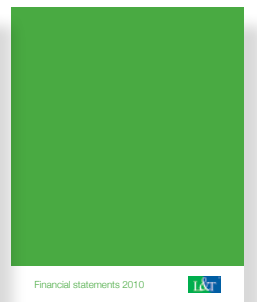
» Calculation of the key figures is presented on page 16 of Financial statements.



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Changes to L&T's Annual Report. L&T's Annual Report for 2010 is published in two parts. The Annual Report 2010 consists of this general section, followed by the Financial statements which are attached to the end of this section.



Reijo, driver

Building a recycling society

Heading for the Kerava recycling plant with a full load. In 2010, L&T processed more than 180,000 tonnes of waste into secondary raw materials. With the capacity to forward as much as 90% of waste materials into reuse, L&T's modernised recycling plant in Kerava is one of the most ecological plants in Europe. Compared to mass incineration or landfill placement, the benefits of recycling are superior in terms of environmental care.

» For more information on our efforts to promote the recycling society, please turn to pages 22 and 33.

18:37

A high-angle photograph of a woman with blonde hair, wearing a blue uniform with a logo, smiling as she mops a light-colored tiled floor. She is holding a long-handled mop with a blue and white striped head. To her right is a large area of bright green artificial turf. In the top right corner, there is a blue rectangular box containing the time '05:51' in white digital font.

05:51

Enely, eco-cleaner

Creating comfort and enhancing ecology

Properly cleaned premises add comfort, which makes work more efficient. In addition to cleaning services, L&T can offer a range of other support services, covering conference rooms, receptions and telephone exchanges. Of L&T's cleaners, one fourth has completed environmental training, allowing them to use detergents more efficiently and to offer customers advice on sorting and energy use.

» For more information on environmental care in cleaning, please turn to pages 24 and 34.

Heikki, eco-maintenance technician

Promoting eco-efficiency

Making observations on a daily basis helps identify areas where eco-efficiency can be improved. In 2010, L&T helped more than one hundred customers reduce their energy consumption, through the L&T® EcoMaintenance concept. Energy efficiency in properties can be enhanced by as much as one fifth. Energy-efficient property maintenance is both an economic and ecological solution: it saves money and the environment.

» For more information on property maintenance designed to improve energy efficiency, please turn to pages 26 and 34.

10:03



12:08

Ari, driver

Responding to the energy challenges of the future

A truck picks up the cutted chips from the forest and transports them to a heating and power plant. Wood material collected as part of forest management makes good raw material for biofuels. In 2010, L&T's biofuel and recovered fuel deliveries helped reduce Finland's carbon dioxide emissions calculatory by almost one million CO₂ tonne. Environmental goals and regulations require that more fossil fuels be replaced with renewable energy sources. Forest energy offers a wealth of potential for future utilisation.

» For more information on the use of renewable energy sources, please turn to pages 28 and 34.

14:16

Milla, Marko and Thinh, co-workers

Sharing experiences

During a coffee break, the team gets a chance to rest and chat. L&T employed a total of 8,700 people in 2010. L&T runs a work ability programme, Sirius, designed to create a healthier and safer working environment. It is also intended to promote the working capacity and commitment of staff in different phases of their careers. Thanks to Sirius, for example, the average retirement age has risen from 59.4 to 62.4 years in five years.

» For more information on our personnel and well-being at work, please turn to pages 38–41.

L&T in 2010

Full-year net sales amounted to EUR 598.2 million, showing an increase of 2.7%. Operating profit was EUR 40.2 million, and operating profit excluding non-recurring items was EUR 45.5 million.

Building a recycling society

L&T collects waste materials and processes them for re-use as secondary raw materials or energy. Recycling or recovering as many types of waste material as possible helps reduce the amount of waste delivered to landfills. Secondary raw materials are used as industrial raw materials. At its waste oil re-refinery plant, the joint venture L&T Recoil processes used lubricating oil into base oil, to serve as raw material for new lubricants.

Modernisation and capacity-boosting measures were completed at the Kerava recycling park. At the year-end, the so-called combined plant was completed, allowing us to process a larger number of waste types and use them more effectively. L&T also opened a recycling plant in Dubna, Russia.

L&T offers its customers sustainable solutions to help them meet their waste management and environmental obligations, while pursuing their

environmental goals. Careful sorting at the point of origin is the key to successful recycling. L&T's Environmental Products provides the necessary tools and equipment: waste and sorting containers, composters and waste compactors.

Collection services offered to properties and businesses usually include collection equipment. For industrial plants, we develop solutions that integrate environmental management and material efficiency. L&T has introduced an environmental impact calculator, enabling comparison of the environmental impact of different customer waste management solutions.

Support services simplify everyday routines

Cost efficiency can be improved by outsourcing support services to a central service provider with a full range of services. We offer the full spectrum of

Modernisation of Kerava recycling plant was completed, allowing us to process a larger number of waste types and use them more effectively.

services for properties: property maintenance, indoor and outdoor services, cleaning, technical systems maintenance, and damage repair services. Office support services that simplify our customers' daily routines include reception services, switchboard operator services and copying services.

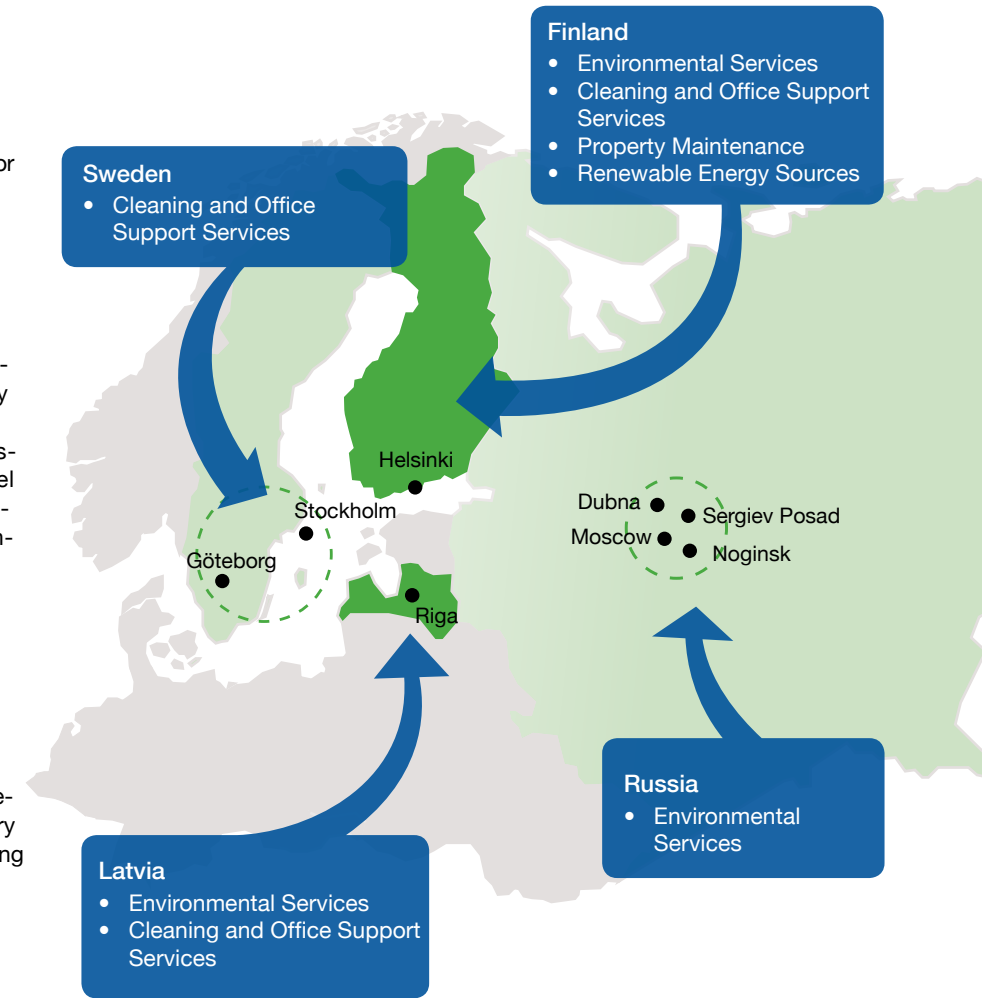
As a pioneer in its line of business, L&T is continuously developing new solutions for property and plant management. In doing so, we pay special attention to environmental aspects. For instance, customers have welcomed the suggestions made by L&T's eco-maintenance personnel for improving the energy efficiency of their properties. Such measures not only save the environment, but also cut costs.

Now is the time to move to renewable energy

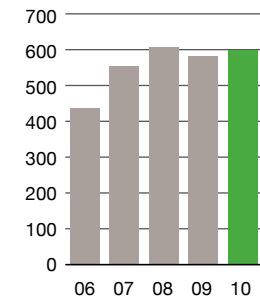
L&T is Finland's leading supplier of wood-based biofuels and recovered fuels. We also offer the related, comprehensive fuel supply solutions and services. The fuels supplied by L&T replace fossil fuels in energy production. L&T procures raw materials directly from forest owners, through its forestry services organisation and from the wood processing industry's by-product flows.

L&T has not yet felt notably the impact of government decisions promoting the use of renewable energy sources. However, the use of renewable fuels is set to grow remarkably.

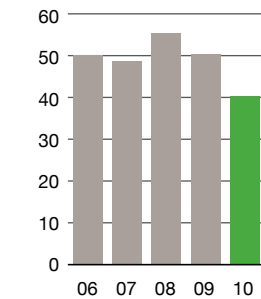
L&T's recycling plants produce solid recovered fuels from waste materials that cannot be reused. This recovered fuel is 60–100% renewable biomass.



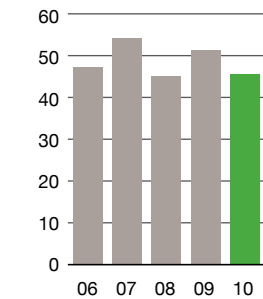
Net sales, EUR million



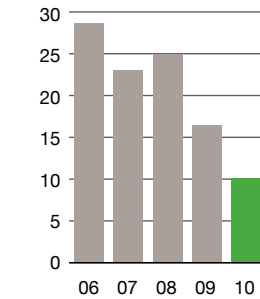
Operating profit, EUR million



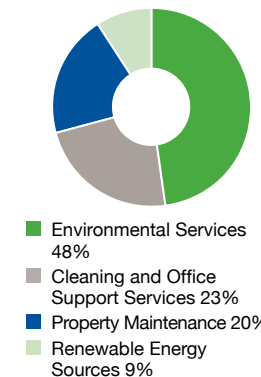
Operating profit excluding non-recurring items, EUR million



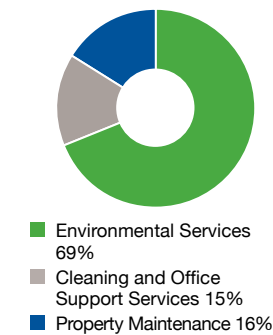
EVA, EUR million



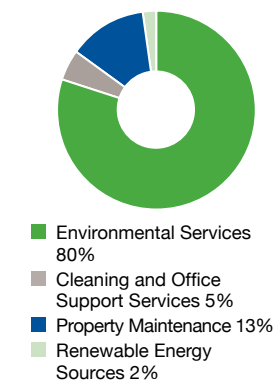
Net sales by division, Total EUR 598.2 million



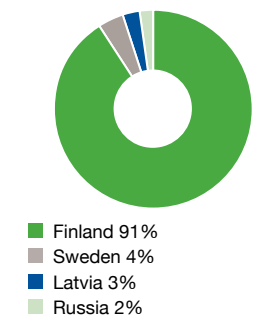
Operating profit by division, Total EUR 40.2 million



Capital expenditure by division, Total EUR 39.3 million



Net sales by country, Total EUR 598.2 million



Review by the President and CEO

Lassila & Tikanoja was not able to meet its targets in 2010.

The year 2010 was challenging for L&T, and the company didn't meet its targets. Comparable EVA (Economic Value Added) excluding non-recurring items was EUR 15.4 million (EUR 17.5 million), and operating profit excluding non-recurring items fell by 11.3%. Net sales were up by 2.7%. Our performance in the first half of 2010 was clearly below that of a year earlier, but in the second half operating profit excluding non-recurring items was slightly higher than in the previous year. All in all, this is a disappointing result.

The losses recorded by L&T Biowatti and the joint venture L&T Recoil taxed our performance. Demand for wood-based fuels was weak and the price level remained low. Non-recurring costs arising from the discontinuation of the wood pellet business also eroded our profits. Technical problems were experienced in the used lubricating oil re-refinery of our joint venture L&T Recoil. This led to an investment shutdown of the plant in the autumn, which helped improve its reliability. However, the reliability did not reach the acceptable level yet. Negotiations held during the year on L&T Recoil's ownership rearrangements did not come to fruition.

The Environmental Services division, excluding L&T Recoil, performed reasonably well under the circumstances, and the profitability of the recycling business improved in the course of the year as demand for secondary raw materials picked up. Discontinuing its loss-making operations in Russia, the Cleaning and Office Support Services division was able to perform relatively well. Property Maintenance saw an improvement in its net sales and operating profit.

Although net sales grew, we managed to bring a halt to the increase in fixed costs. With the completion of the combined recycling plant in the Kerava recycling park, and of the first recycling

plant in Dubna, Russia, the investment programme launched in the Environmental Services division in 2005 was completed. The Group's investments totalled EUR 39.3 million and were implemented as planned. Depreciations exceeded investments. No major acquisitions were conducted last year; acquisitions have often generated half or sometimes more of our annual growth.

Clearer market outlook

During the year, L&T's markets strengthened slowly but steadily. The first positive changes in the markets included stronger demand from industrial clients and higher secondary raw material prices. At the year-end, raw material prices climbed to almost pre-recession level, although volumes did not succeed in doing so. This trend continued in early 2011. The rise in waste tax at the beginning of 2011, and the expansion of the tax base to cover private landfills, will improve the competitiveness of our recycling business against landfill disposal.

The general economic upswing is boosting demand for various property services, while the recession has spurred service outsourcing in the public and private sectors. Cost awareness increased among customers during the recession, with intense price competition expected to continue in property services in 2011.

Legislation will shape L&T Biowatti's wood-based fuel markets during the year under way. Government measures to promote the use of renewable energies are highly positive for L&T. Wood-based fuels are expected to become more competitive compared to fossil fuels. However, these positive changes will not radically affect demand or prices in 2011. As I write this review, the waste act reform is still in progress.

In 2010, L&T was still struck by the full force of the recession. This year is beginning in somewhat more positive conditions.

Strategic focus on profitability

L&T updated its strategy in the early summer. Strategic focus areas include cost-efficiency improvement through ICT systems and electronic tools, and steps forward in customer care. We are also seeking the most skilled and competent personnel in the industry.

We will seek growth in less capital-intensive service operations. The company's markets will outperform growth within the national economy. Our long-term annual net sales growth target is approximately 10%: in 2011, this will be a challenging objective. We pursue growth organically and through acquisitions.

Indicators measuring our success include profitability and profit performance. The most important profitability indicator is EVA (Economic Value Added), which the company strives to improve every year. Net sales growth is not an end in itself, but a means of achieving profitability improvement.

Our geographic focus remains unchanged. Our market share is no obstacle to growth in any country in which we operate – there is plenty of room for growth.

Responsibility is part of L&T's business

In the last few years, corporate social responsibility has been strongly emphasised in investment too. At L&T, we have focused on responsibility from the environmental and personnel perspectives. In environmental affairs, we are better positioned than many other companies in the industry. At the same time, however, we are subject to high expectations and requirements. We have taken action in many areas and achieved encouraging results. For example, L&T's secondary raw material and fuels deliveries help generate considerable, annual reductions in carbon dioxide emissions. We have not, up to now, paid adequate attention to communicating our corporate responsibility performance. However, we will give this a greater emphasis already in this Annual Report.

We are a pioneer in work ability development. Our Sirius programme, launched in 2005, has produced exceptionally good results: our average retirement age has risen by more than three years, to 62.4. Absences due to sickness and accidents have been falling at a steady rate, but much remains to be done in this area. The Sirius programme has also had a significant financial impact.

On the subject of responsibility, we should also mention our responsibility towards our customers and shareholders. We want to be a reliable and useful partner to our customers, and a profitable and competitive investment to shareholders.



A year of revival ahead

In 2010, L&T was still struck by the full force of the recession. With this year beginning in somewhat more positive conditions, it is fair to assume that L&T's markets will continue to revive. We have been able to get our internal operations into better shape, while strengthening our sales resources. The acquisitions market is also showing signs of perking up.

Now that business conditions have improved, determined and disciplined action is required to achieve better results. We must bear these issues in mind as we begin the year 2011.

February 2011

Jari Sarjo
President and CEO

Reliable service with a responsible, service-oriented mindset

We aim to be our customers' preferred partner, as well as a profitable and competitive investment. We also want to be the most efficient company in the industry, with the most skilled and motivated personnel.

With cooperative partnerships as its aim, L&T is moving closer to its customers. We want to become an integral part of our customers' processes and jointly develop new operating models. This requires the ability to understand customers' needs and integrate our services with their operations.

Our business operations and competitive advantage are based on skilled and motivated personnel: we sell services provided by people. Management is based on trust at every organisational level. Strong professional competence is important and it has to be passed from one person to the next.

Environmental considerations are linked to our everyday activities. L&T develops its operations, in order to optimally equip customers to meet their environmental targets. We also try to anticipate changes in environmental standards and values, and contribute to the formulation of them.

L&T's objective is to make the company share a sound and competitive investment.

Strategy puts the customer at centre stage

L&T wants to be the leading provider of environmental management services and property and plant support services, as well as a major supplier of wood-based biofuels, recovered fuels and secondary raw materials. The company operates in selected markets in the Baltic Sea region and Russia. L&T will continue to operate in its existing divisions and pursue controlled business expansion. We will focus our resources on developing existing services.

To make L&T's share a sound and competitive investment we must ensure healthy profitability, which is the principal indicator of success. Our

key profitability indicator is Economic Value Added (EVA), where we seek an annual increase.

Our primary goal is to generate organic growth, particularly in service business and in areas requiring multi-competence, possibly complemented by acquisitions. Annual growth target is 10%. We try to avoid capital-intensive investments.

To maintain its competitive edge, L&T improves efficiency and differentiates itself. We must ensure cost-efficiency and consistency in service quality. We will carefully assess the efficiency optimisation and synergy potential. Differentiation in the eyes of the customer will be achieved by developing our existing services and by sustained customer relationship management. Cost-efficiency and competitive advantage will be achieved through investments in technology and in electronic services. Responsibility for the environment is an inseparable part of L&T's business.

Because L&T wants to be closely involved in its customers' business processes, closeness to customers is a key strategy element. Our professional competence and success are measured by our ability to attend to customer needs and show a customer-driven mindset.

Environmental Services is the market leader in Finland. It also aims to be a major player in selected segments outside Finland.

Our aim is to lead the way in waste management, in the logistics chain. In Finland, we pursue national market leadership in a growing number of areas in materials processing. We also aim to expand producer liability business. Operations are based mainly on our own collection operations, the objective being to ensure sufficient volumes for our own processing plants. Standardised core processes add efficiency.

Our primary goal is to generate organic growth, particularly in service business and in areas requiring multi-competence, possibly complemented by acquisitions.

We will seek to raise the recovery rate of waste material and strengthen L&T's position in the final links of the logistics chain. An extensive plant network provides us with a competitive advantage, and the existing collection network allows the collection of new fractions. Key methods to improve productivity include production and material flow optimisation, and logistics development. We also develop environmental solutions for the trade and industry sector.

In services for industry, L&T is a supplier of integrated comprehensive solutions. Focus is on constructing operating models that can optimise capacity allocation to correspond to fluctuations in demand. Growth opportunities exist in the development of environmental solutions within the industry sector. One of the priority areas is wastewater services.

Outside Finland, we aim to exploit our expertise in the Baltic States and selected regions in Russia, where market development lags considerably behind Finland. We aim to extend operations to cover the entire chain, from collection to processing.

Cleaning and Office Support Services is the second-biggest operator in Finland, the market leader in Latvia, and among the four largest in Sweden. L&T seeks to distinguish itself from competitors through high-quality services, efficient production management systems, and support service customisation for selected customer groups. We are able to integrate and manage a range of services.

Growth is pursued by developing multiservice competence. Other growth drivers include business acquisition, operational efficiency enhancement and technology utilisation.

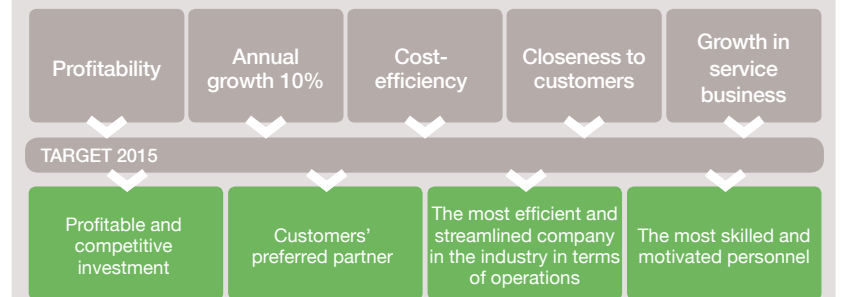
In our service business, we pay special attention to environmental competence and adaptation to customers' changing requirements. Customer relationship and production processes are cost-efficient and customer care is systematic. We will improve co-operation between sales and production. To prepare for changes in the workforce structure, we will develop multicultural leadership skills. Over the next few years, we will also seek to benefit from the deregulation of the public sector.

Outside Finland, L&T strives for growth and better profitability.

In Property Maintenance, L&T is the second-biggest operator in Finland, and the biggest in damage repair services. L&T seeks to differentiate itself from competitors through high-quality services, a service-oriented mindset, efficient production management systems and quick adaptation to customer needs.

Customers' energy efficiency is the key theme. We continue to improve our personnel's energy

Strategy 2011–2015



efficiency competence. We also pay special attention to utilising our environmental competence and enhancing the customer's cost-efficiency.

Key development areas include customer care, sales work and multiservice production. We also make efforts to increase process efficiency and utilise systems and technologies in new ways. In damage repair services, we will deepen business partnerships. We are preparing ourselves for the second wave of public sector deregulation over the next few years.

Renewable Energy Sources (L&T Biowatti) is the leading supplier of wood-based biofuels and recovered fuels in Finland. Flexibility, reliability and commitment to long-term customer care are our key values.

At L&T, we are preparing for an increase in demand for wood, prompted by the Government's energy policies. This trend is fuelled by climate change and growing environmental awareness. To achieve business success, we need to ensure our operational efficiency and secure a supply of wood raw material competitively. Our own forestry services organisation secures raw material supply. We can also rely on our partner and subcontractor network. Our terminal network and the company's own machinery guarantee reliable deliveries.

Smoothly running logistics and service competence help us differentiate ourselves from competitors. Reliable, easy-to-use and competitively priced service solutions will be developed to address the needs of forest owners. We will take steps to improve our service skills and customer relationship management. Long-term partnerships are being pursued with power plant customers.

Profitability enhancement measures include overall logistics improvements and maximum utilisation of intra-Group synergies. Our operations will focus on tapping into the market growth in Finland.

Several trends boosting demand for our services

A number of trends are affecting demand for L&T's services: increasingly stringent environmental legislation, growing material and energy efficiency requirements, changes in public sector service production, efforts to combat climate change, and growing environmental awareness.

Growth in the markets for L&T's services is outperforming long-term, general economic growth. General economic development affects waste transport and recycling volumes, as well as the market price and demand for secondary raw materials. Customer companies' level of activity can be seen in support service orders and demand for services acquired by industry.

Regulations support recycling

The aim of stricter environmental regulations is to control climate change by improving energy and material efficiency.

Consumers and businesses believe that using waste material as a secondary industrial raw material is an important way of caring for the environment. Studies show that most Finnish people consider waste sorting to be the first tangible step towards combating climate change.

The reuse and recovery objectives specified in the EU Waste Directive should be reached by 2020. Finland's National Waste Plan sets out the objectives for waste management until 2016. The objective is to recycle 50% of Finland's municipal waste as materials, to use 30% for energy production, and to place only 20% in landfills. At the moment, approximately 50% of municipal waste is not recovered. Construction waste has a recovery rate of 70%.

To meet the objectives, an increase in recycling is necessary. This is promoted by regulations on producer liability and packaging material recycling. Environmental management companies are gradually gaining access to the industrial waste and by-

product processing markets, as environmental and material efficiency requirements grow and waste tax is also applied to landfills run by the industrial sector since 2011. In Finland, municipalities have no responsibility for the business sector's waste management.

Reforms of Finland's Waste Act and the Waste Tax Act will promote the recovery of waste materials. Waste tax was raised from EUR 30 to EUR 40 per tonne in the beginning of 2011. In 2012, it will be raised by EUR 10 to EUR 50 per tonne. Although the reforms' full impact on recycling rates remains unclear, the changes will be positive from L&T's perspective.

Strict objectives force an increase in renewable fuel consumption

To combat climate change, EU is committed to clearly cut greenhouse gas emissions and promote the use of renewable fuels. In Finland, renewable energy must account for 38% of end use by 2020, an increase of almost 10 percentage points from the current level.

According to Finland's climate and energy strategy, the use of bioenergy could be increased, particularly in heat and power co-generation and property heating. One of the objectives is to more than double the use of forest processed chips. The number of power plants using wood-based fuels in Finland will grow in the next few years, providing a healthy basis for long-term demand for wood-based fuels.

The rate at which demand for energy obtained from forests will increase depends on the price development of emission rights and fossil fuels. National decision-making will also be a key issue,

The aim of stricter environmental regulations is to control climate change by improving energy and material efficiency.

enabling the government to make a difference in terms of which fuels are used for heat and power generation. In order to clearly increase the use of forest processed chips, besides tree crowns, energy wood should be harvested from young forests as part of good forest management.

Outsourcing as a growth driver

The outsourcing of property and plant support services is intensifying. This is due to customer companies preferring to focus on their core business, and properties becoming more complex in technological terms. Economic recession has accelerated outsourcing as the need for cost-efficient services is growing.

The service provider is more closely involved in customer processes and service solutions are specified in co-operation with the customer, to improve productivity. Particularly in the industrial sector, customers are demanding plant-specific overall solutions: this gives big players an advantage.

Customers are buying more extensive service packages, with the objective of optimising total costs instead of unit prices. Customer relationship management and service development are continuously gaining in importance.

While the commercial market accounts for approximately one half of the overall cleaning services and property maintenance market in Finland, the proportion is growing as outsourcing gains in popularity. At about 20%, the rate at which public sector support services in Finland are outsourced is clearly lower than in most other EU member states. However, the retirement of the baby boom generation and the need for greater operational efficiency will accelerate outsourcing. The property services market continues to be highly fragmented. Market consolidation will continue in Finland and Sweden.

The ageing building stock, water systems and electrical and IT networks will increase long-term demand for wastewater services and technical systems services. The markets for industrial and municipal wastewater services are expected to grow.

Special features of non-Finnish markets

Besides Finland, L&T runs operations in Sweden, Latvia, and in the Moscow region in Russia.

Sweden has a much higher rate of public sector outsourcing than Finland. The list of outsourced services is long. Examples abound of institutions which have outsourced all of their non-core operations. Cleaning and office support services are, almost without exception, provided in extensive packages. Customers expect the service provider to show an innovative approach to developing new support services.



perspective

Fight against climate change offers opportunities

Combating climate change is a major trend. It opens a wealth of opportunities to L&T, since our services help reduce carbon dioxide emissions.

Sustainable waste management solutions, recycling and reasonable waste use in energy production provide considerable help in reducing greenhouse gas emissions. The most effective method is to maximise recycling and, in heat and power co-generation, to replace fossil fuels such as peat with recovered fuel made from non-recyclable waste. Use of wood-based biofuels is the key method of increasing renewable energy use in Finland.

Stricter energy savings requirements placed on buildings also have a positive impact on demand for property maintenance services. Property and plant support services can help reduce energy consumption in buildings, by paying special attention to the building's use. When performing property maintenance and cleaning services, L&T's specially trained personnel make observations on energy consumption and waste sorting. The results have been encouraging: a notable decrease in energy consumption in a number of customer properties and an increase in waste sorting efficiency.

Latvia is slowly recovering from a deep economic crisis, which has left a mark both on environmental care and cleaning. Waste legislation has been harmonised for compliance with the EU Waste Directive. The Waste Act that entered into force in autumn 2010 provided a clear framework for the environmental management markets and may open up new opportunities in the municipal markets. Riga's geographic location is crucial to trade in secondary raw materials.

Although, in Russia, there is growing interest in environmental management, legislation does not yet fully support waste management and recycling. Waste volumes are considerable in the Moscow regions. The level of investment in waste processing and final disposal is low, creating growth potential in the market.

Divisions in brief

L&T renewed its organisation on 1 July 2010, when the Property and Office Support Services division was divided into two divisions: Cleaning and Office Support Services, and Property Maintenance. Renewable Energy Sources was first reported as an individual division in 2010. This divisional change took place on 1 June 2009, coinciding with the combining of Industrial Services with Environmental Services.

» A more detailed presentation of the divisions is given on pages 22–29.

9%

Renewable Energy Sources

We provide sustainable and clean fuel solutions to energy producers, raw materials to the wood processing industry, and forestry services to forest owners.



20%

Property Maintenance

As a specialist in property maintenance, we can provide the full range of property services required, cost-efficiently and ecologically.

23%

Cleaning and Office Support Services

We offer businesses, the public sector and housing organisations a comprehensive service package, both for cleaning and for dealing with everyday routines.

48%

Environmental Services

We choose the most suitable environmental management solutions from our extensive service selection and customise them to meet the individual needs of households, businesses and the public sector.

Environmental Services

- Waste management
- Recycling services
- Wastewater services
- Process cleaning services
- Environmental products
- L&T Recoil

L&T collects waste materials. At its recycling plants it processes these into secondary raw materials or recovered fuel. In addition, L&T maintains wastewater systems and offers process cleaning services to the industry.

Cleaning and Office Support Services

- Cleaning services
- Office support services

Besides contract cleaning, L&T provides various one-off special services. Cleaning services for the SME sector are provided by the Huomenta Toimitilapalvelut franchising chain. Office support services include access control, reception, switchboard operator services, mailing and copying, and other services that support customer activities.

Property Maintenance

- Property maintenance
- Maintenance of technical systems
- Damage repair services

Property maintenance services include machinery and equipment repairs and maintenance, upkeep of outdoor areas, and cleaning. Maintenance of technical systems helps extend the property's useful life and keep its electrical, heating and ventilation, and indoor air systems in working order. Damage repair services cover fire restoration, special cleaning and drying services.

Renewable Energy Sources (L&T Biowatti)

- Wood-based biofuels
- Recovered fuels
- Forestry services

L&T Biowatti provides complete fuel supply solutions to heating and power plants, consisting of wood-based biofuels and the recovered fuels produced by the L&T Environmental Services division. In addition, the company supplies raw materials for the wood-processing industry and offers forestry services to forest owners.

Environmental management creates material efficiency

Waste disposal through burial or mass incineration does not represent sustainable development, nor does it help to fight climate change. This avenue has now been exhausted.

Joining forces with our customers, we try to find ways of utilising waste in a cost-efficient and environmentally sound manner. Environmental management is gradually becoming an integral part of overall material economy; recycling helps save virgin raw materials. Our objective is to create a society with no landfills.

The next few years will see plenty of demand for our expertise, as natural resources are depleted and the cost of landfill dumping continues to rise. New waste legislation is steering material flows from landfills to recycling. The waste tax base will expand, and there will be a step-by-step increase in waste tax.

Growing requirements to improve material efficiency represent an opportunity, which we will seize by remaining close to the customer's daily operations and processes. With our extensive service network, we can find both local and national points of recovery for waste and by-product flows. For us, waste is a raw material.

Making sorting easy

Sorting at the point of origin is the cornerstone of a recycling society. The more segregated the different material flows, the more efficient the re-use of

waste. Sorting is easier if carried out near a person's home or workplace.

Building a recycling society begins with small choices; we make every effort to assist people in making the right ones. The right attitude and equipment for recycling are already in place, but advice and appropriate collection containers and equipment are also needed. The right solution for a single-family home could be a container with two or four compartments for different fractions of waste. A shopping centre, on the other hand, requires a comprehensive waste management plan and compactors for large waste quantities.

L&T's Environmental products is engaged in the sale of environmental management products such as collection equipment, compactors, and eco-products designed for consumers, with Europe as its key export area. In the development of environmental products, special attention is paid to usability, material recyclability and a long lifecycle.

A one-stop shop for environmental management

Logistics is the most prominent business of the Environmental Services division. There, our strengths

Sorting at the point of origin is the cornerstone of a recycling society.

include the ability to collect materials optimally, and to move people and equipment efficiently. L&T runs an extensive network of recycling plants, where the waste is processed into secondary raw material for the domestic and international markets.

In the industry sector, L&T ensures smooth operability. In addition to environmental management, we provide industrial process equipment cleaning and maintenance services. L&T is also a leading player in wastewater system upkeep and maintenance.

Waste recovery rate set to rise

According to the EU waste strategy, the waste recycling rate should be raised to 50% by 2016, and one third of waste should be used as an energy source. With Finland's current recycling rate of 36% and overall recovery rate of some 50%, there is plenty of room for improvement.

In 2010, L&T modernised its recycling plant in Kerava, leading to a significant rise in the recovery rate of waste processed at the plant. In September, L&T opened its first recycling plant in Russia, near Moscow, where L&T is responsible for waste management on behalf of 300,000 people. This recycling plant offers an excellent opportunity to learn about sorting and recycling, alongside the region's residents and businesses.

L&T has also begun to recycle metal.

Environmental management growing, both in the markets and in importance

L&T's Environmental Services is a market leader in Finland, Latvia, and in selected regions of Russia. Increasingly stringent legislation and new technologies could create thousands of new jobs in the environmental management industry in Finland alone. In Russia, the objective is to build a waste management system compliant with EU standards.

In a short period of time, environmental management has evolved from an image issue into one of cost. In the future, as environmental impacts become a purchase criterion, obtaining a competitive edge, or remaining competitive at all, will more often depend on environmental management. In the environmental management markets, companies will win through if they are able to deliver measurable added value to the customer. L&T is responding to this need by building an environmental management function.

Only about 6% of all waste is municipal waste; that is, waste from service industries and households and subject to producer liability. Since volumes of traditional waste will no longer grow, we are seeking growth in new waste materials. For instance, we are doing so in industry by-product



eco act

Photo: Kesko Food

Pirkka recycled plastic bag a pioneer

Pirkka recycled plastic bags are 90% made from recycled plastic. About a third of the plastic used to protect products during Kesko Food's goods transport is used to make these plastic bags. The remainder is secondary raw material.

"Together with L&T, we were trying to think of ways of re-using plastic wrapping materials. After a few experiments, we succeeded in processing the plastic into granulates, which Suominen Joustopakaukset Oy – the company making the plastic bags – was able to use. We will continue our development efforts, to make sure that yet more plastic waste can be recycled," states Timo Jäske, Kesko Food's Environmental Manager.

The Association of Environmental Enterprises and Uusiouutiset magazine awarded these plastic bags the Best Recovery Deed of the Year award. This prize is given for innovative solutions associated with the re-use of waste or secondary raw materials. According to the panel, the advantages of the bags include recovery and re-use instead of incineration, as well as large volumes and domestic production.

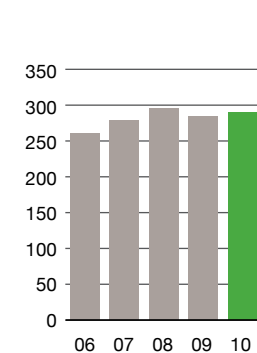
"Recycled plastic bags prove that almost any material can be used as an industrial raw material. To create solutions such as this one, long-term co-operation between the companies involved is essential," explains Ville Vainio, Unit Manager at L&T.

flows such as sludge and ashes, whose recovery is still in its infancy.

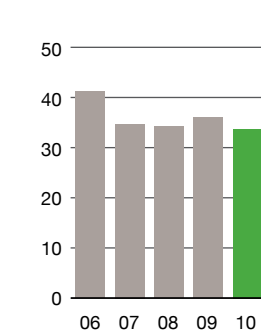
The financial year 2010

The Environmental Services division's net sales for 2010 grew by 2.0%, to EUR 290.0 million (EUR 284.2 million). Operating profit totalled EUR 33.7 million (EUR 36.0 million), and operating profit excluding non recurring items was EUR 34.0 million (EUR 36.7 million). More detailed information on factors affecting net sales and financial performance in 2010 is presented on page 2 of Financial statements.

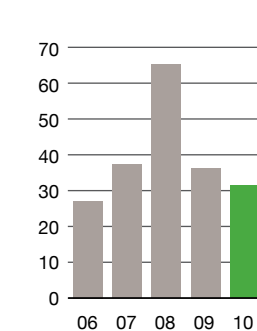
Net sales, EUR million



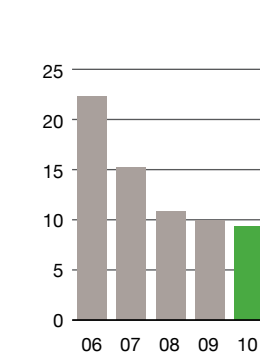
Operating profit, EUR million



Capital expenditure, EUR million



EVA, EUR million



More than cleanliness

For our Cleaning and Office Support Services division, successful performance goes beyond cleaning. It means smoothly running everyday operations, and pleasant and environmentally sound facilities with good support functions.

L&T's Cleaning and Office Support Services provide cleaning and sanitation services for various premises, and offer support services. Typical customers are users of facilities, such as tenants.

Services are provided either as individual basic services, or combined into a multi-service package. Services are always individually tailored to each customer, based on L&T's strong professional expertise and its experience in providing services customised for specific premises, customers and needs.

Award-winning cleaning services

Cleaning services primarily cover offices, production, logistics and business premises and common areas in residential properties. We also work in the food industry, where we are required to demonstrate a high level of hygiene and specialised expertise.

In the TEP 2010 corporate image survey conducted by Taloustutkimus, L&T received the best overall rating in the cleaning industry from corporate decision-makers. We were commended for our operational reliability and our reputation as a good

employer. At the moment, we are paying special attention to improving our customer focus and customer management.

Environmental care part of cleaning operations

Our customers appreciate cost efficiency and ecological choices. Pro-environmental choices often increase comfort of the premises and generate measurable savings for the customer. For instance, effective recycling reduces waste, thereby cutting waste management costs.

Towards the end of the year, L&T launched a cleaning service emphasising energy and material efficiency. This concept consists of ecological cleaning, efficient recycling and advice on sorting, complemented by a value-adding working method adopted by the cleaning crew. They make observations on recycling practices and on water, energy and material consumption.

New ecological cleaning service was introduced to complement the L&T® EcoCleaning service. We wanted to offer all customers an opportunity to green up their cleaning services. Both services are

Our customers appreciate cost efficiency and ecological choices. Pro-environmental choices increase comfort of the premises and generate measurable savings.

provided with eco-labelled equipment and detergents, and recycling plays a crucial role.

Support services make everyday life easier

Demand for office support services is growing, as companies increasingly outsource their support functions. L&T continues to diversify its office support service offering. For example, we have obtained a guarding services licence to enable us to provide security-related surveillance services alongside other lobby and reception services.

In addition to reception services, office support services can include catering for conferences, maintenance of office supply stocks, greenery care and mailing.

People come first

Cleaning and Office Support Services is the most labour-intensive of all of L&T's divisions. Competition for workforce is intensifying, but L&T has been taking steps to prepare for this. To keep our employees happy and in good working condition, we offer them good supervisors, sufficient training, measures to maintain working ability and the appropriate tools and equipment. In addition, we are taking steps to foster a multicultural working community.

Although the economic recession enhanced competitive bidding and tightened price competition, it also stabilised workforce mobility: employee turnover at L&T's cleaning services almost halved. A relatively high employee turnover is typical of the industry, which offers part-time work for temporary workforce such as students.

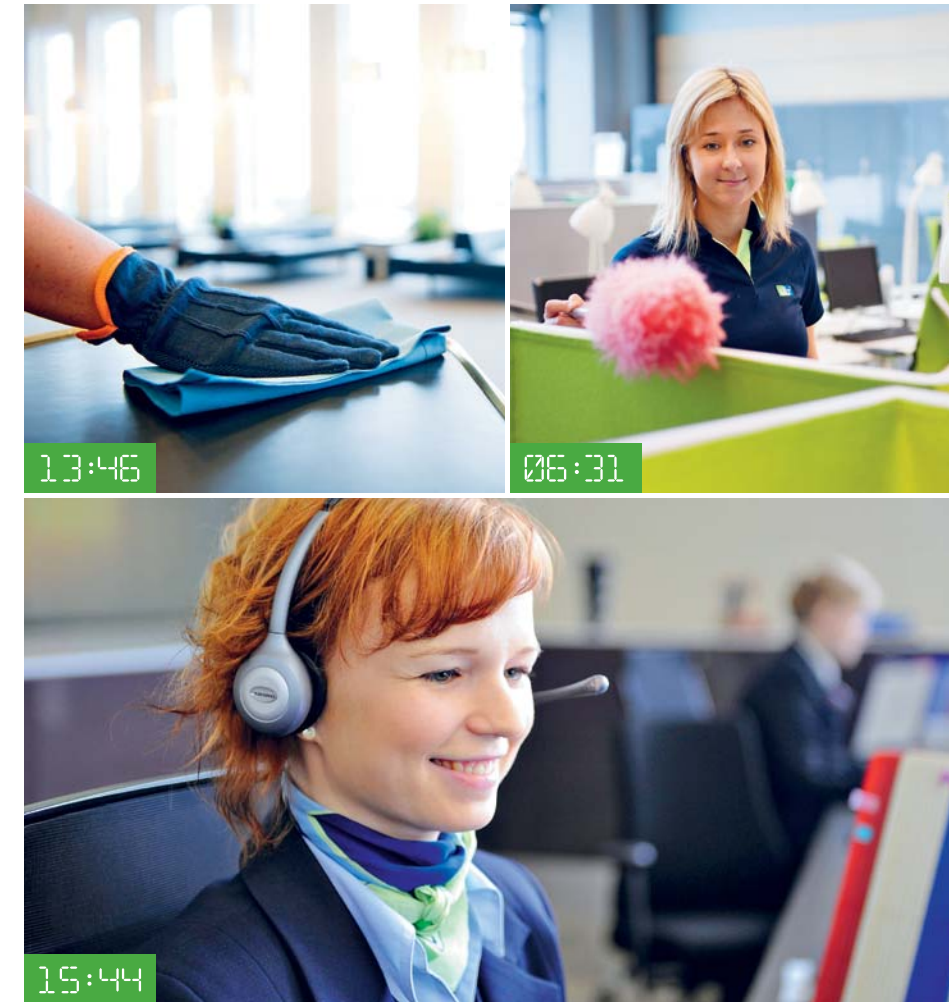
The salary system for cleaning personnel was revised at the turn of the year. At the same time, a five-year earnings development guarantee programme was launched. These changes will considerably increase personnel expenses, but will also improve the long-term availability of workforce.

Stable markets

While the markets in our industry are stable, they are characterised by a high degree of competition. The bulk of our net sales come from contract cleaning. Similarly, the majority of additional services are provided to cleaning contract customers.

Like many other industries, service purchasing is in transition: purchasing processes are becoming more formalised, with the involvement of procurement professionals. Purchases are being made on a larger scale, sometimes across national boundaries. Reporting is gaining in importance as a major purchase criterion.

L&T is the second-biggest operator in this business in Finland. The four biggest players command



13:46

06:31

15:44

about half of the market, while the other half is divided between small businesses. We expect the commercial markets for both cleaning and office support services to grow in the next few years, as municipalities outsource their operations and companies focus on their core business.

In Latvia, L&T is the market leader. It is also among the four biggest players in Sweden.

The 2010 financial year

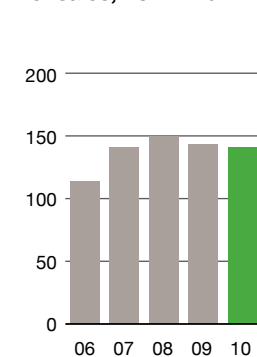
The division's net sales for 2010 fell by 1.9%, to EUR 140.6 million (EUR 143.3 million). Operating profit totalled EUR 7.5 million (EUR 10.3 million), and operating profit excluding non-recurring items was EUR 8.0 million (EUR 10.6 million). More detailed information on factors affecting net sales and financial performance in 2010 is presented on page 3 of Financial statements.

13:46 We use environmentally friendly methods, detergents and equipment. Our cleaning crews understand the secrets of sorting and energy efficiency.

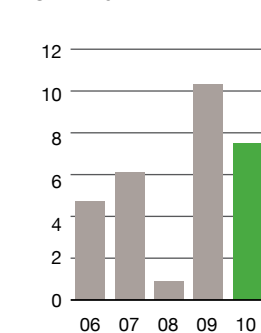
06:31 It is easier to work efficiently in a clean and comfortable work environment.

15:44 Smoothly running everyday operations often depend on one person. In addition to switchboard operation, office support services may include mailing, meeting arrangements and office supply storage management.

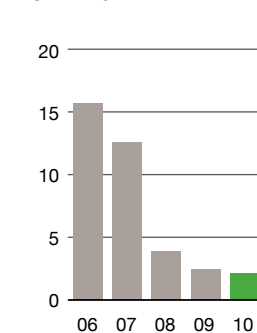
Net sales, EUR million



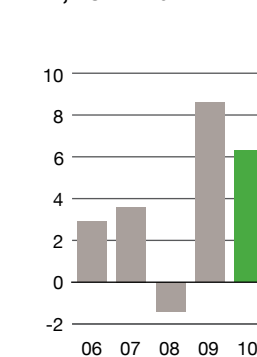
Operating profit, EUR million



Capital expenditure, EUR million



EVA, EUR million



Keeping a property in order is a complex operation

A well cared-for property offers a pleasant environment and safe living. When a property is properly maintained, it works like it should – without wasting energy and money.

L&T's Property Maintenance takes care of a wide range of property types: offices, business premises, industrial properties and residential properties, as well as public sector properties. Our customers, many of whom sign long-term contracts, include property owners and managers, facility managers, companies and insurance institutions.

Towards comprehensive property management

L&T's strength include a diverse service offering. We can quickly adapt our support services, to suit customer needs and provide them with various alternatives. We pay special attention to our customers' energy and cost efficiency.

Tasks entrusted to us include property maintenance, technical systems management, upkeep of outdoor areas, and a wealth of separately acquired

services. To supplement our property maintenance services, we offer technical systems maintenance covering the installation, maintenance and repair of HVAC systems, electrical systems and refrigeration systems. Carefully planned and executed work helps extend the service life of properties, as well as reducing operational disruptions and the need for maintenance and investments.

Energy efficiency takes centre stage

Customers are increasingly eager to save energy and the environment; this translates into new demands placed on service providers. We have responded to this challenge by two service models focusing on energy-efficiency, L&T® EcoMaintenance and L&T Energy Efficiency Guarantee.

The L&T® EcoMaintenance consists of property maintenance geared towards energy efficiency. It is based on the observations of our personnel, their

Carefully planned and executed work extends the service life of properties, reducing operational disruptions and the need for maintenance and investments.

improvement suggestions and proposals put into action. Properties account for 40% of all energy consumption in Finland, which means huge potential for energy savings.

L&T Energy Efficiency Guarantee is a service co-developed with Siemens, involving an energy savings and consumption guarantee for properties. This system can reduce consumption by as much as 30%. Such cooperation allows companies to tap into L&T's property maintenance competence and Siemens' building automation expertise.

Climate change damage increasing

L&T's damage repair services cover the prevention of consequential damage, in other words the protection, cleaning and drying of property and structures. They also include restoration to the pre-damage state, for instance in the case of fire or water damage.

We are preparing repair capabilities in anticipation of the irregular weather conditions caused by climate change. During the winter, damage repair services were needed to fix burst pipes caused by the cold weather, and, during the summer, to repair storm damage. New partnership agreements were signed with insurance companies, to strengthen the position of our damage repair services.

Market growth despite recession

L&T's Property Maintenance is the second biggest player in the field in Finland. There are a large number of small operators in the market. The property services markets grew somewhat, despite difficult economic conditions. This enabled L&T to improve its market position in a tight competitive arena. Our key success factors included a sales process focusing on customer needs and solutions, skilled personnel, cost efficiency, flexibility, and an extensive service package.

In Finland, property services will increasingly be outsourced within both the private and public sector. L&T will make every effort to benefit from this second outsourcing wave, which is believed to be rising.

The markets are also transforming in response to changes in the purchasing culture. Purchasing



EcoMaintenance creates five-digit savings

The Finlandia Hall is an architecturally unique venue for hosting various events. It is also unique in terms of property maintenance. With several large spaces, the house hosts activities at various hours, sometimes around the clock. It offers plenty of savings potential in terms of energy efficiency.

Energy efficiency became a topical issue at Finland Hall, when they decided to prepare for the recession by cutting costs. In addition, environmental issues are more often a major criterion in the choice of event venue.

L&T's maintenance technician put into practice what he had

learned during EcoMaintenance training, by spotting the savings potential of adjusting ventilation in the premises. In the first six months, this created savings measured in tens of thousands of euro. While these savings represent the most tangible indicator of energy efficiency, Finlandia Hall's service manager Lea Raitala also reports a reduction in operating disturbances, and an increase in comfort.

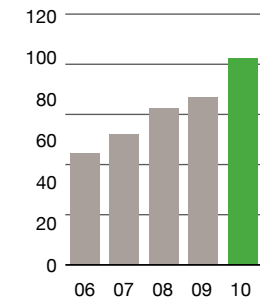
"This is the work of an inspired maintenance technician with the courage to suggest improvements. As property users, we too are committed to improving energy efficiency," Raitala declares.

is becoming more professional, cost-awareness is growing, customers are increasingly eager to keep tabs on their energy consumption and other property costs, and services are being purchased in large packages. In more and more cases, the customer merely specifies a certain quality level, leaving us to attain that level with maximum efficiency.

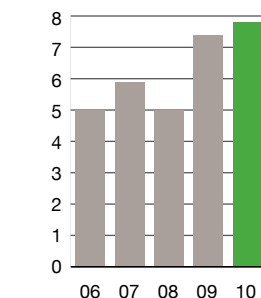
The 2010 financial year

The division's net sales for 2010 totalled EUR 123.5 million (EUR 100.2 million); an increase of 23.3%. Its operating profit was EUR 7.8 million (EUR 7.4 million), and operating profit excluding non-recurring items was EUR 7.9 million (EUR 7.5 million). More detailed information on factors affecting net sales and financial performance in 2010 is presented on page 3 of Financial statements.

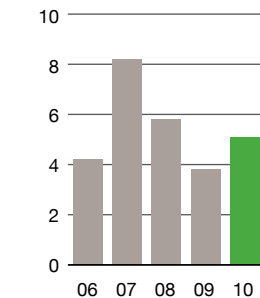
Net sales, EUR million



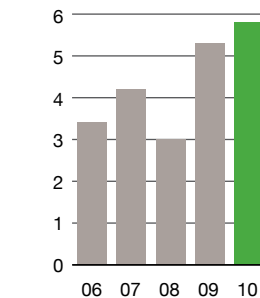
Operating profit, EUR million



Capital expenditure, EUR million



EVA, EUR million



Clean energy from wood

Energy from forests will provide heat and power in the future. This local, abundant source is good for our change-sensitive climate.

Renewable Energy Sources (L&T Biowatti) is one of Finland's leading suppliers of wood-based biofuels and a provider of forestry services nationwide. We build bridges between forest owners and the end-users of wood.

To enable our customers to focus on their core business, we make successful customer deliveries a priority. We are not engaged in actual energy production or wood processing. Our wood procurement focuses on young forests, to protect our material volumes from fluctuations in wood processing. Renewable Energy Sources is also the sales organisation for the recovered fuel produced by the Environmental Services division.

Our operational focus is on Finland and using Finnish wood. L&T wants to introduce wood bio masses, ignored by the traditional wood processing industry, into energy production.

Our product selection also includes wood-based covering materials used in environmental construction.

Well-managed forests for good harvests
L&T offers solutions to forest owners who want to care for their forests but need advice on how to do so. A forestry service expert studies the forest and prepares a care plan, allowing safe progress towards forestry management measures. L&T's forestry services are easy, cost efficient and reliable.

The better managed a forest is, the better its harvest. A forest needs care, particularly during the growth period from the sapling stage to first thinning. Actions taken or not taken during this period will have the greatest impact on the forest's yield during its entire cycle.

A young forest is not optimally suited to traditional wood processing needs, but can still be meaningfully utilised in energy production as a

We expect the commercial wood-based fuel markets and demand for wood-based fuels to grow in the future.

replacement for fossil fuels. Management of young forests enables future stumpage revenues, while laying down the conditions for value improvement in recreational use. With care, a thick forest can be nurtured into valuable growth condition. In this way, it helps to curb climate change, while creating work and a source of livelihood for Finnish people.

Reliable deliveries through own network
L&T's Renewable Energy Sources invests in reliable deliveries. Through our own forestry service organisation, we procure wood directly from forest owners. This leaves wood purchasing in our own hands. In wood procurement, our own forestry service organisation is complemented by a large partner network.

We have a customised ICT system for logistics management. While harvesting, chipping, crushing and transport operations are carried out jointly with long-term partner entrepreneurs, we also use our own transport fleet to ensure full delivery reliability. Being the only fuel supplier, L&T runs a nationwide terminal network to ensure delivery, even in the event of disruptions.

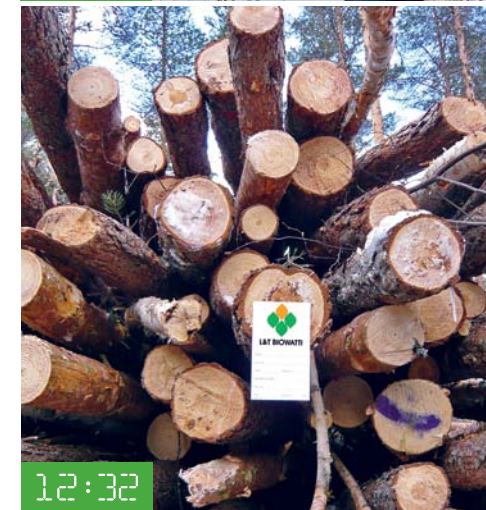
Renewable energy obligation will boost wood consumption
Under the Renewable Energy Directive, Finland, as part of the European Union, is required to increase its use of renewable energy as a share of final consumption to 38% (2005: 28.5%) by 2020. This requires raising the competitiveness of wood-based fuels against fossil fuels.

In 2010, the Directive resulted in initiatives to change energy taxation and promote the use of wood for energy. New proposals could further accelerate the use of renewable energies. Forest processed chips show the greatest growth potential, since the related additional flows primarily originate outside the wood processing industry. In fact, these consist of forest processed chips based on the wood obtained from young forests.

Sustainable energy supply solutions are needed to curb climate change. Using wood for energy is an effective method of controlling climate change, as the carbon dioxide released from burning wood is bound in by new generations of growing trees. Meanwhile, the carbon dioxide from fossil fuels represents an additional burden to the natural carbon cycle. In short, wood is a carbon-neutral fuel.

Future markets
L&T is one of Finland's leading suppliers of wood-based fuels.

We expect the commercial wood-based fuel markets and demand for wood-based fuels to grow



in the future, as Finland, alongside the rest of the European Union, strives to build a more sustainable energy supply system. Only in late 2011 will the impacts of the directive, obligating member states to increase their use of renewable energy, translate into greater demand for wood.

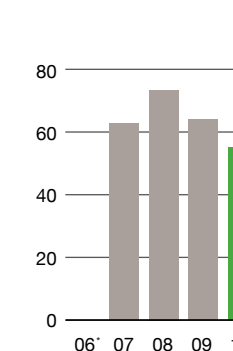
The 2010 financial year
The Renewable Energy Sources division's net sales for 2010 were down by 14.1% to EUR 55.1 million (EUR 64.1 million). The operating loss totalled EUR 6.6 million (a loss of EUR 1.0 million), and the operating loss excluding non-recurring items totalled EUR 3.1 million (a loss of EUR 0.6 million). More detailed information on factors affecting net sales and financial performance in 2010 is presented on page 3 of Financial statements.

08:15 A forestry service specialist helps forest owners with forest management and with selling the timber. The specialist prepares an assessment of the site and provides a proposal for action. He also handles the necessary official documentation and subsidy applications.

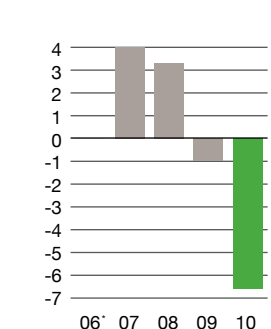
12:32 Reliable deliveries through own raw material procurement.

16:10 L&T's wood-based fuels are used in the heat and power co-generation.

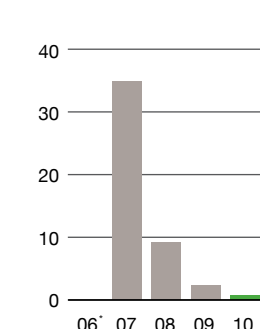
Net sales, EUR million



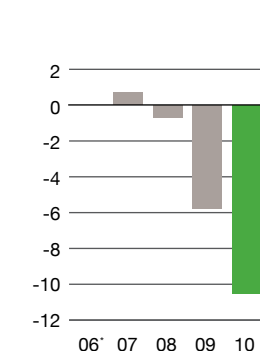
Operating profit, EUR million



Capital expenditure, EUR million



EVA, EUR million



*In 2006, L&T acquired the majority (70%) of the shares of L&T Biowatti.

Responsibility a key element of our strategy

Corporate responsibility is the foundation of our day-to-day operations. In addition, the services we offer help our customers adhere to the principles of sustainable development.

Our objective is to be a profitable and competitive investment, a challenging and secure place to work, a reliable partner and a good corporate citizen. L&T's mission is closely and concretely linked to the promotion of sustainable development; responsibility is the key requirement of our operations. We comply with legislation and regulations, while observing the principles of sustainable development and good business practices. By improving efficiency and seeking to differentiate ourselves through product development, we strive to keep L&T competitive and profitable. Our personnel are committed to continuous operational improvement.

Leadership and management at L&T
The L&T Integrated Management System is a tool used to plan, develop and steer our everyday work and operations. It includes jointly defined operating procedures and provides tools for strategy implementation and the achievement of business goals. The system also extends to our international operations. It is used to ensure that our operations are consistent, harmonised and of high quality in all locations.

Environmental, health and occupational safety risk management is an integral part of our management system. Ensuring our personnel's well-being, providing a safe working environment and setting an example in environmental matters are

factors that allow us to drive the company and its operations forward. Environmental and safety risks are regularly and extensively assessed across all organisational levels.

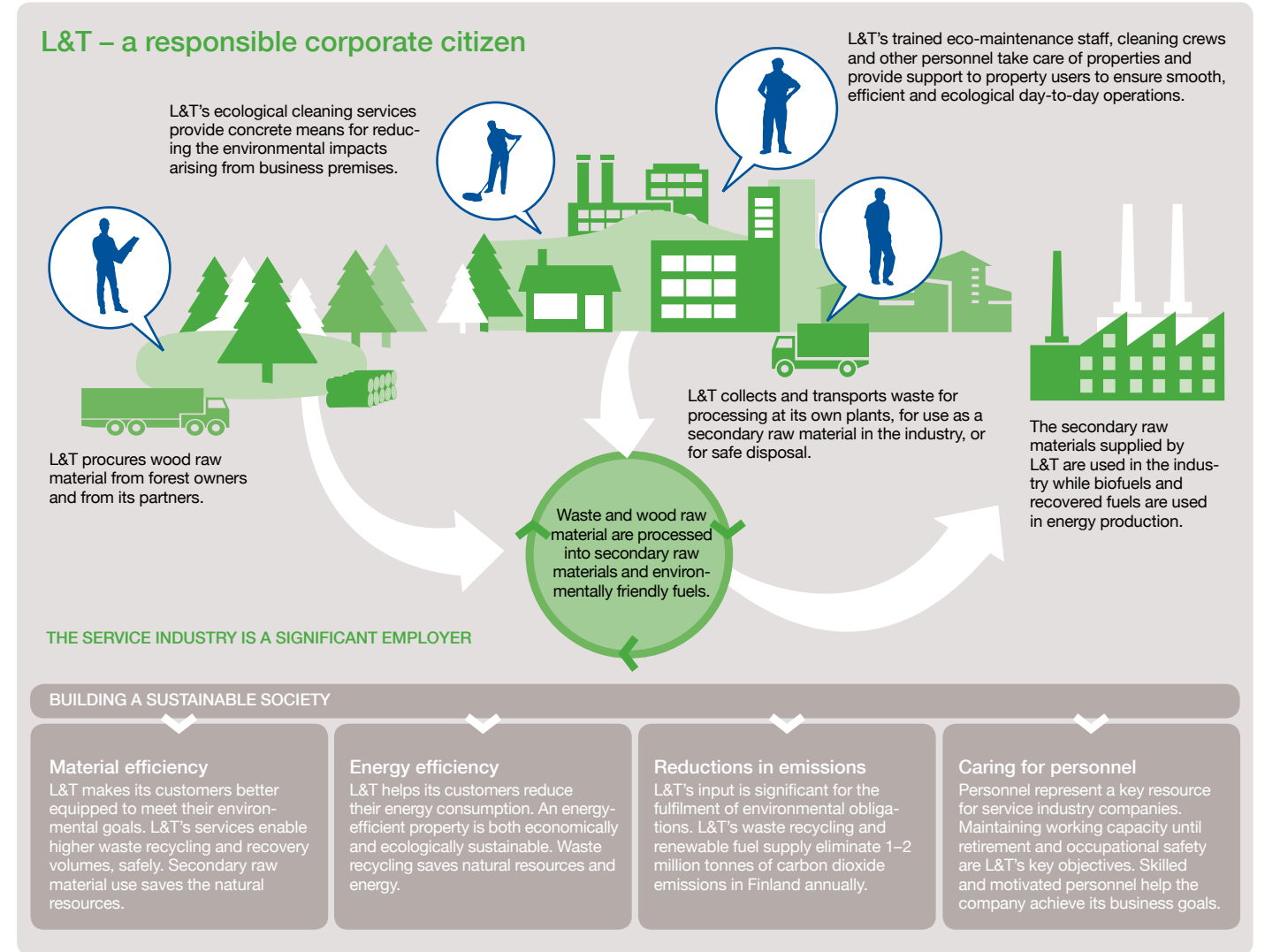
Our management system is certified for compliance with the ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) standards.

Trends that shape society affect our business

Ageing population, availability of workforce and increasing service demand are key drivers of social change for service companies. Our job is to ensure the future availability of adequate and skilled labour force. In this situation, multicultural management and competence development are issues of strategic importance. We are also acting to ensure that as many L&T employees as possible remain in working condition until retirement age.

We equip our customers to meet their environmental goals and obligations. Growing awareness of environmental matters is creating greater expectations with respect to L&T's services. Improvement in material and energy efficiency is becoming an even more integral part of customer companies' daily operations. Process enhancement is a key requirement in ensuring economic efficiency, and emissions must be cut to curb climate change. The role of environmental management services has changed, from waste disposal to waste recovery for reuse.

Process enhancement is a key requirement in ensuring economic efficiency, and emissions must be cut to curb climate change.



Legislating to create a recycling society
The EU's recycling objectives, the national waste plan and national legislation are gradually turning Finland into a recycling society. Its waste tax base will expand and taxes will rise, steering our customers towards choices that promote sustainable development. Action must be taken to prevent waste and to recover it for reuse as industrial raw materials.

Combined with future waste tax policies, the new Waste Act currently under preparation will gradually abolish landfill disposal, creating more favourable conditions for the recycling business. However, the current legislation includes no effective provisions to ensure that Finland will achieve its 50% recycling targets.

L&T's operations to be meshed more closely with overall material economy

Compliance with the principles of sustainable development helps to save raw materials, energy and nature. Rising prices for raw materials, energy and pollution are prompting the creation of new technologies and service concepts.

Over the next few years, L&T will assume a major role as Finland increases its use of renewable energy sources. Our wood-based biofuels and recovered fuels are replacing fossil fuels in energy production. We collect and process waste and by-products into secondary raw materials and recovered fuels: these are replacing fossil fuels and helping to save virgin resources, thereby contributing to the effort to curb climate change.

Corporate responsibility: objectives

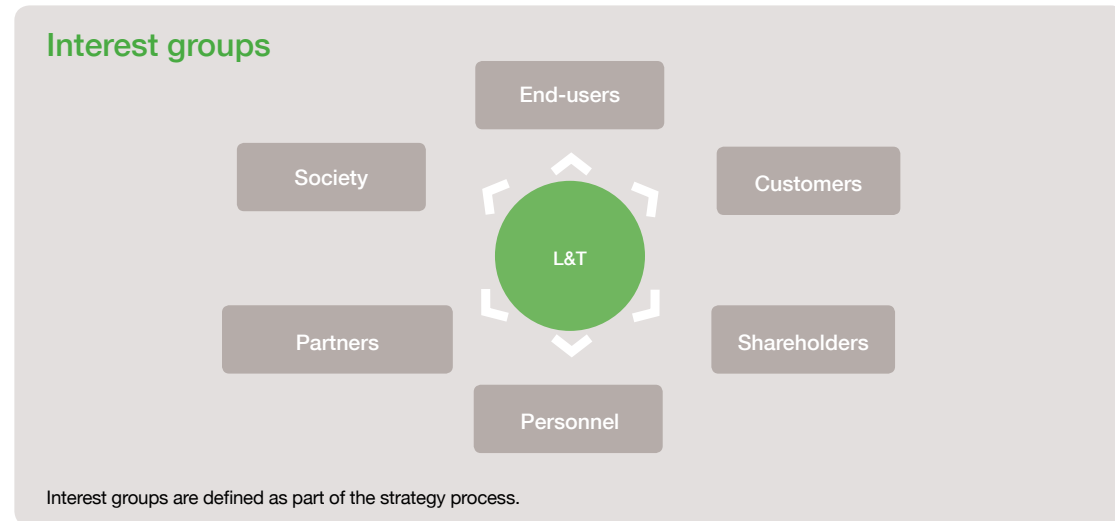
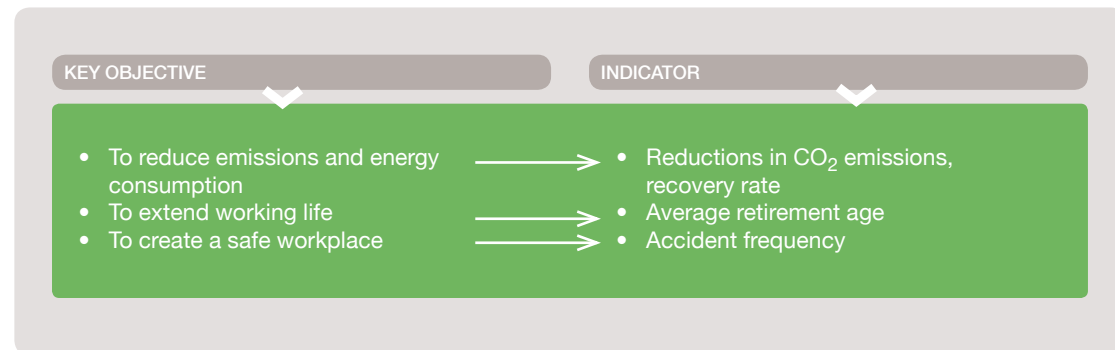
Our corporate responsibility objectives are strongly linked to our vision of the kind of society and oper-

ating environment likely to emerge in the future. Our key objectives are listed in the chart below.

Boundary of the report

Reporting in Annual Report covers all L&T's operations in all operating countries. The financial information is based on the financial statements. Some of the indicators of social and environmental responsibility cover L&T's operations in Finland only. Possible deviations are reported with the respective indicators.

Annual Report has been prepared applying the recommendations issued by the Global Reporting Initiative (GRI) concerning the content and reporting principles in CSR reporting. Coverage in terms of GRI's reporting recommendations is presented on pages 49. L&T's self-declared GRI Application Level of this report is C.



Our services promote sustainable development

As an industry leader, we bear a heavy responsibility for environmental issues. We make our environmental expertise available to our customers, equipping them to meet their environmental obligations and achieve their environmental targets.

We provide services that reduce the strain on the environment and improve the quality of our customers' operations. Material and energy efficiency represents the key element in our services. L&T's operations reduce Finland's CO₂ emissions by more than a million CO₂-tonnes.

Environmental management supports material efficiency

Our environmental management operations are designed to help the customer comply with sustainability requirements. Our first priority is to assess the opportunities for reducing waste and byproduct flows. We then make every effort to reuse waste and byproducts, preferably as raw materials and secondarily as energy. Landfill disposal or incineration is the last resort.

The national waste management plan targets for 2016 state that 50% of municipal waste should be recycled and 30% used as energy. A maximum of 20% should be placed in landfill sites. In 2010, 81% of the waste material processed at L&T's plants was reused as material or energy.

From sorting at source to recovery

Sorting at source is the cornerstone of a recycling society. We want to promote waste recovery by making recycling as easy as possible. Among other things, we arrange training sessions and provide equipment needed for local collection. We engage in active dialogue with various stakeholders on the benefits of recycling.

The modernisation of the Kerava recycling park permits the recovery of an even larger proportion of the waste received. Following the modernisations,

the Kerava plant will have a recovery rate of more than 90%. This plant is part of L&T's recycling plant network, which includes plants in Finland, Russia and Latvia.

Dual-fuel combustion for sustainable energy utilisation

L&T offers a more sustainable energy recovery solution in place of mass incineration. In heat and power plants, dual-fuel burners are able to use the standard-compliant recovered fuels produced at L&T's recycling plants, together with fuels such as wood chip, peat or coal. The resulting heat and electricity can be used to heat properties or meet industrial process energy needs.

Dual-fuel combustion enables energy, heat and electricity generation with the highest possible operating efficiency and the lowest possible CO₂ emissions. Here, the maximum amount of biofuel, such as forest processed chips, is used alongside recovered fuels. Energy utilisation in dual-fuel operations is covered by emissions trading.

Tools for reporting and monitoring

Reporting tools steer our customers towards more ecological operations. We offer tools for both the customer's own monitoring and for reporting to the authorities. Our Ympäristönetti online service offers a channel through which our customers can monitor their waste volumes and costs. Co-developed with VTT Technical Research Centre of Finland, our environmental impact calculator is a tool enabling companies to calculate the climate impacts of their waste management and to compare waste management solutions. Based on the results, various development proposals will be presented to the customer.

The national waste management plan targets for 2016 state that 50% of municipal waste should be recycled and 30% used as energy.

Significant savings through property maintenance

Property maintenance plays a major part in properties' energy consumption. Finnish properties have an estimated energy savings potential of around 20%.

The L&T® EcoMaintenance concept involves energy saving training for maintenance personnel. On this basis, they are trained to make continuous observations and address problems immediately, which can generate considerable savings. Depending on the property, the savings potential can be around 10%. In 2010, approximately 150 EcoMaintenance specialists were trained.

One of our new eco-concepts is the L&T Energy Efficiency Guarantee operating model. Co-developed with Siemens, this guarantees agreed energy savings as well as high-class property maintenance and technical services. This operating model helps reduce energy consumption in properties. Equipment promoting energy efficiency can thereby be financed without risk. If the targets specified together with the customer are not met, the amount invested is refunded to the customer.

Ecological cleaning part of corporate responsibility

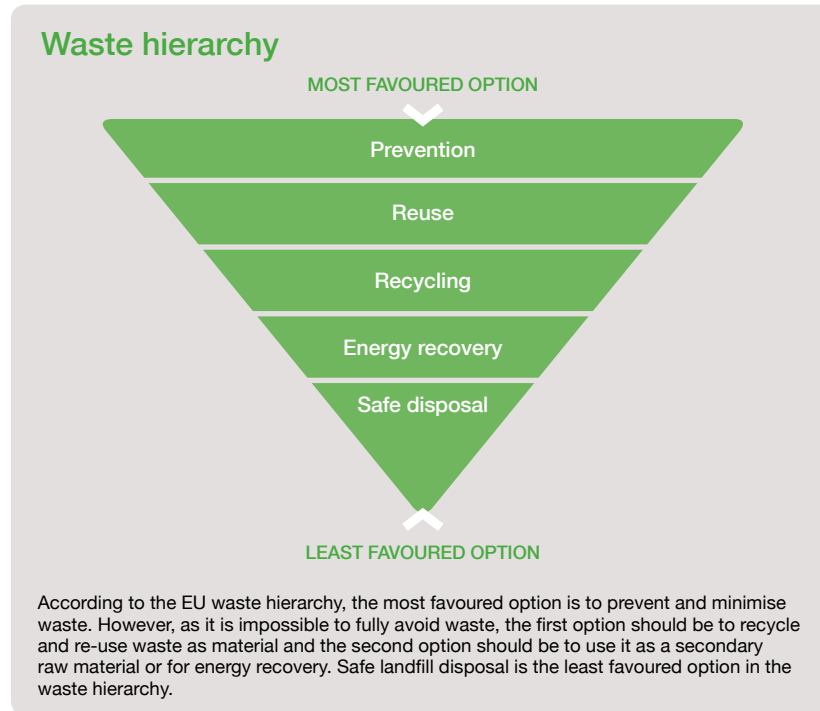
L&T's cleaning services are being continuously developed, to meet the customers' environmental and energy efficiency requirements. Our cleaning services combine environmental awareness with efficient office recycling and environmental expertise. Our objective is to better equip our cleaning personnel to offer day-to-day, practical support to our customers in waste sorting and energy saving.

Our cleaning and office support service personnel receive training on environmental issues, to be able to assist property users for example in sorting and recycling. In 2010, approximately 300 L&T employees completed the training.

The L&T® EcoCleaning service has been awarded the Nordic environmental label, or the Swan label. All detergents used have been awarded an environmental label; the dosage is carefully monitored and microfiber products are used to reduce water consumption.

L&T Biowatti responds to growing need for renewable energy

L&T is introducing a considerable number of renewable fuels to the market, to replace fossil fuels. The availability of wood-based fuels is guaranteed, irrespective of fluctuations in the wood processing industry: this is achieved by signing procurement contracts directly with forest owners and by focusing procurement on young forests, which also



supports forestry management goals. Calculations show that wood could fulfil at least one third of Finland's energy needs, without putting biodiversity at risk.

The EU directive (2009/28/EC) requires that Finland raise its renewable energy use from 28.5% (in 2005) to 38% by 2020.

In Finnish conditions, wood represents the best and most cost-efficient way of increasing renewable energy use. Forest processed chips from a young forest provide renewable energy at one fourth of the cost of wind power. Wood is also a carbon neutral energy source, as the carbon dioxide emissions generated from burning wood are bound into the growth of a new forest generation.

Bio-based raw materials should be used for energy generation purposes as close as possible to where they grow. Consequently, 95% of the production and distribution of renewable energy at L&T takes place in Finland.

Major potential from forest processed chips

Forest processed chips provide means of significantly increasing renewable energy use in Finland. The objective is to increase use from 5 million to 13.5 million cubic metres by 2020. However, to fulfil Finland's obligation to increase its renewable energy consumption, use of forest processed chips should

be increased by several million solid cubic metres from the proposed volume. According to experts, the likelihood of traditional wood-processing volumes remaining at their current levels, the launch of bio-diesel production and the fulfilment of wind power objectives, involve several uncertainty factors. Forest processed chips will compensate for these.

According to the Finnish Forest Research Institute (Metla), Finnish forests contain enough wood to allow an increase in the use of renewable energy. Environmental organisations also support the increased use of forest processed chips. Such chips represent approximately 77% of L&T's biofuels and 64% of all fuels. In the renewable energy obligations package, wood accounts for 55% of the planned increase in renewable energy use, with forest processed chips accounting for as much as 48%. The package will involve gradual changes in steering measures; for example, taxation on fossil fuels will be raised in 2011.

Biodiversity

Maintaining and fostering biodiversity is a priority for us. Our forestry operations are guided by the forest management recommendations drawn up by experts and players in the industry, and published by the Forestry Development Centre Tapio. In Finland, forest certification operations extend to energy wood harvesting, guaranteeing the ecologically sustainable use of our forests.

We focus on small trees procured from young forests, the most ecological environment compared with the utilisation of branches, tree crowns and stumps. In a well-managed young forest, growth accelerates, while forest quality and carbon-dioxide binding capability improves.

Green technology and sustainable product development

L&T's product development goal is to give our services a competitive edge, thereby helping the company achieve its growth targets. Our research and development objectives support our strategy: the main objective in technologies and R&D related to recycling, biofuel and the industry, is to improve material efficiency.

We participate in a range of industry or business-driven projects, either as the project leader or as a partner. In joint projects, our principal duty is to process waste into raw materials or fuels. Other participants include research institutes, technology suppliers and power plants using recovered fuels. In projects led by research institutes, we offer financing, steering activities with the objective of driving the industry forward. Projects currently underway include both national and EU-level projects.



Our efforts are also geared towards honing our customers' processes. A case in point is the highly publicised Carbon Neutral Municipalities project. In this, the objective was to commit to shared goals and have specialists, enterprises, decision-makers and residents within communities join forces to identify solutions for reducing greenhouse gas emissions. As a business partner in the project, L&T is helping communities to cut their greenhouse gas emissions.

In environmental product development, we seek to use recycled materials and develop products with a long economic life. In this, local production and efficient transport are key considerations. The products themselves support green technology: we design and manufacture composters and various waste collection containers.

09:09 The right attitude and equipment for recycling are already in place, but advice and appropriate collection containers are also needed. Sorting is easier if carried out near a person's home or workplace.

10:51 Around 80% of the waste material processed at L&T's plants is reused as material or energy.

15:12 L&T runs an extensive network of recycling plants, where waste is processed into secondary raw material for the domestic and international markets.

The environmental impacts of our operations, and overall benefits

As the basis of all our operations, responsibility lies at the core of our business. Whenever we serve customers, our own operations must set an example.

We systematically monitor, and seek to minimise, the environmental impacts of our operations. Calculations reveal that L&T's operations achieve considerable emissions savings in comparison with the environmental impacts of our operations. Carbon dioxide emissions from our operations have fallen from the previous year.

Eco-efficiency in our own properties

Compliance with the L&T® EcoMaintenance concept is required in maintenance agreements for properties owned by L&T, to ensure minimum energy and water consumption. The objective is a 20% reduction in energy and water consumption by 2015. Furthermore, efforts will be made to include as many properties as possible in the remote monitoring system.

Energy consumption in properties owned by L&T is monitored on a monthly basis. Minor deviations are addressed at the relevant property, while major deviations require attention at national level. This also aims to eliminate the possibility of financial risks.

More efficient logistics reduce emissions

Because L&T is one of Finland's biggest logistics companies, improvements in this area offer huge potential for enhancing the company's competitiveness and reducing environmental impacts. Improvements in logistics have a significant effect on emissions. Our logistics operations are based on detailed calculations, in which transport distances are carefully weighed against eco-efficiency and the benefits derived.

In 2010, we launched a programme to assess the logistics processes of the Environmental Services and Renewable Energy Sources divisions, and to revise these processes to achieve better eco-efficiency. We expect to finalise our analysis of the current status in spring 2011. A development plan will then be drawn up to improve our logistical efficiency.

Improvement measures include introducing an efficient routing system to reduce unnecessary driving. We also aim to maximise the energy content of wood-based fuels, by ensuring that material for haulage is as dry as possible, in order to avoid the unnecessary transportation of water.

An equipment training course designed for the personnel of the Environmental Services division was launched, with the objective of improving drivers' equipment skills and occupational safety awareness. We also want to achieve a higher standard in equipment maintenance and lower repair costs.

Transport has minor impact in relation to overall benefit

Emissions from vehicles used for collection and transport services represent the most significant negative environmental impacts of our operations. However, the negative impacts of transport constitute only a few percentage points of the overall benefits generated by biofuel transportation or material recycling.

Passenger vehicles and vans used by property maintenance personnel are equipped with a vehicle positioning system. This helps to make vehicle use more efficient. The system is also due for a more

extensive roll-out in the Environmental Services division. Our vehicle stock also includes low-emission, natural gas vehicles. In 2011, L&T will test-drive vehicles running on bioethanol diesel. Using ethanol as a fuel would reduce carbon dioxide emissions by 85%.

Our emission-reduction measures include a course on proactive driving. To fulfil the related EU directive, all drivers must complete this course by 2014. L&T's own fuel monitoring scheme has shown that drivers have very diverse driving styles; depending on the driver, fuel consumption can vary by as much as 50%.

Responsible co-operation

We expect our business partners to be good corporate citizens. Working with different subcontractors, as required by contractor's liability legislation we only sign agreements and collaborate with companies whose affairs are in good order. Similarly, all partners accepting waste from us must have the necessary environmental permits. L&T holds 81 environmental permits in Finland, related to the handling and storage of waste and biofuels.



Waste recovery reduces emissions

In the Carbon Neutral Municipalities project, specialists, enterprises, decision-makers and community residents joined forces to identify ways of reducing greenhouse gas emissions, L&T being one participating business partner.

In the Mynämäki project, a separate collection for recoverable waste fractions was launched, using a four-chamber collection method. Thus, residents can be more engaged in recycling and concretely reduce their carbon footprint.

Emission reductions were calculated by comparing the emissions generated before the introduction of the enhanced recycling method (in 2009), to those generated following when using the four-chamber collection system (in 2010). The benefits

already equal the greenhouse gas emissions generated in the entire waste management and recovery chain. The calculations were made using the environmental impact calculator developed by L&T and VTT.

A development scenario matching the waste plan objectives was used to assess recovery development opportunities by 2015, showing a trend towards significant emission reductions. This requires an increase in recovery and an overhaul of the entire waste management chain. In Mynämäki, enhanced waste recovery would generate emission savings of almost 2,000 metric tonnes (CO₂-eq) compared with the initial situation, equalling annual CO₂ emissions from nearly 1,000 passenger cars.

CO₂ emissions and calculated CO₂ emission reductions from L&T's operations

1,000 tonnes CO ₂ equivalent	2010	2009	2008	2007	2006
Emissions					
Transport and machinery	55.4	55.5	59.2	64.5	67.4
Travelling	2.0	1.8	2.5	2.3	2.0
Energy consumption	6.6	7.2	8.5	8.1	7.7
Total	64.0	64.5	70.2	74.9	77.1
Calculated emission reductions					
Materials recycling	-276.8	-223.1	-279.8	-279.3	-278.7
Supplies of renewable fuels	-919.4	-1,192.2	-1,757.7	-1,683.8	-1,863.6
Through recycling plants to landfills	20.2	11.5	12.5	12.2	12.6
Total	-1,176.1	-1,403.8	-2,025.0	-1,950.9	-2,129.7

The figures were calculated using a model created by VTT, Technical Research Center of Finland, and they apply to L&T's operations in Finland excluding L&T Recoil. The calculated emission reductions were calculated for the complete chain from the collection of waste/raw materials to the use of recovered raw materials/fuels.

L&T's own emissions decreased slightly from the previous year. L&T Biowatti's fuel consumption accounted for the biggest decrease. In addition, the electricity we used was more eco-friendly. Efforts continued to increase driving route efficiency while, in equipment purchases, attention was paid to low emissions. The reduction in emissions can be attributed to the decrease in biofuel deliveries. Meanwhile, waste volumes resumed growth after a slight dip, boosting emission reductions resulting from material recycling.

Personnel is our key resource

L&T wants to be an interesting, attractive employer, with skilled and motivated personnel able to meet the targets set in the business strategy. Because our customers' service experiences are the outcome of our employees' actions, our human resources strategy takes centre stage at L&T.

In 2010, HR management had a particular focus on working capacity management and minimising the cost of incapacity for work. We also invested strongly in efforts to create an effective and cost-efficient organisation, supported by a well-organised employee relocation process. Coaching programmes and targeted courses designed to strengthen supervisory skills are arranged on an ongoing basis.

Key strategic projects in the future will focus on management development, measures to secure workforce availability, and the second stage of the Sirius working capacity programme.

Job opportunities for different stages of life

At the end of 2010, the total number of L&T employees working full-time and part-time was 8,732 (8,743). Personnel working outside Finland totalled 1,883 (1,981). The average number of personnel, converted to full-time equivalents, was 7,835 (8,113).

Employee age distribution at L&T is clearly wider than the average of most other companies: our employees are aged between 15 and 74. We offer various job opportunities for different stages of life, and provide full support for working until retirement age. One of our key achievements was raising the average retirement age from 59.4 years in 2005, to 62.4 years in 2010.

Management system guarantees consistent HR practices

As a service industry company, employees are one of our key resources. Our management system is used to guarantee consistency in HR activities. In HR management, we follow the corporate operating instructions specified in L&T's Integrated Management System (IMS), which are based on EU legislation. Country-specific instructions can be added if necessary.

Compliance with instructions is supervised through external and internal audits. Together with country managers and HR managers, our HR Director supervises adherence to shared principles in all countries in which we operate. Business development needs and HR risks are discussed as part of the annual strategy processes.

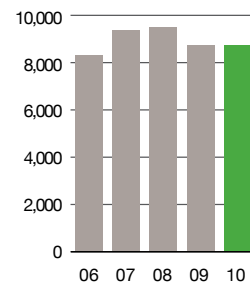
Development and competence management Our goal is to ensure that our targets are achieved, through skilled and competent personnel. This requires systematic management covering target-setting and follow-up, development discussions and good day-to-day management, which is why we make determined investments in supervisory work.

In addition to standard induction training, new supervisors undergo ABC training, in which the supervisor's role and key operating models are discussed. We also offer supervisors the opportunity to complete degree-based training programmes and courses, focusing on areas of special importance.

The Group has launched two mentoring projects intended for supervisors and specialists. These projects are designed to support participants' professional growth, while sharing best practices and silent knowledge within the organisation and through networks with selected business partners. Very positive experiences have been gained from the mentoring.

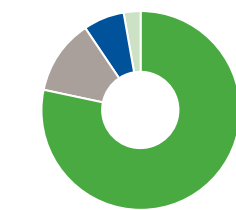
The main objective of supervisory work is to guarantee employees the conditions most likely to enable them to succeed in their work. To this end, we actively encourage self-development. We conduct 1–2 development discussions per year and carry out work community surveys to monitor these discussions and their perceived usefulness.

Employees



Total number of full-time and part-time employees at year end

Employees by country



Finland
Latvia
Sweden
Russia

Total number of full-time and part-time employees at year end

Work community survey indicates level of motivation

According to work community surveys we have conducted, our personnel feel that they are performing meaningful and important work for a good cause.

In 2011, the next survey covering the entire company will be conducted with a focus on basic working conditions, competence development and motivation. The Group Executive Board and various units will review the results, which will be used for determining the key actions required to promote employee motivation, productive practices and business goals.

L&T will continue to offer jobs in the future

In a service-intensive industry, securing adequate and skilled workforce is a key issue. As the demand for services grows and the population continues to age, competition for skilled labour in the service sector will become more intense. Our objective in recruitment is to secure the availability, competence and retention of personnel in the long term.

Being an employer of the future is one of our strengths and competitive assets. Although industrial jobs are increasingly transferring to other countries, as a service enterprise we will be able to offer work in the countries in which we operate.

Our recruitment process has been designed to provide a positive experience to all applicants. Because we want to build an equal opportunities workplace, applying fair recruitment criteria and ensuring non-discrimination are important to us.

We encourage employee relocation to another position within the company and make every effort to maintain an atmosphere in which employees are not afraid to express their wishes concerning their jobs. If a supervisor is unable to offer the desired work, our recruitment services are on-hand to explore opportunities for in-house job rotation.

Relocation process supports adjustments

In 2010, we were forced to take efficiency improvement measures to adjust to prevailing market conditions. Divisions were rearranged and a more cost-efficient organisation created. As we were unable to fully avoid personnel reductions, our recruitment organisation had the key task of coordinating employee relocation and re-employment.

We offered an array of support measures to affected personnel and actively sought other work opportunities within the company. We also offered support for relocation and job application training, and were able to re-employ approximately one fourth of employees covered by the relocation scheme.



Diversity is an asset

We believe that diversity in the workplace is a competitive asset. We want to become an even better workplace in this respect, by considering ways of addressing the different backgrounds of employees and of working together, regardless of age, gender and cultural background.

L&T's number of employees of non-Finnish origin has been steadily growing. Challenges to be addressed in the case of employees from different cultural backgrounds include language skills, the ability to adjust to Finnish working culture, supervisors' ability to work with them, and customer expectations. We are continuously working to improve our skills related to the multicultural work community, for instance by participating in the Multinetwork Project organised by the Palmenia Centre for Continuing Education. Once the labour markets recover, we will invest even more in this area.

15:44 Occupational safety and measures for its improvement concern everyone.

21:32 All dangerous situations and accidents are investigated.

07:58 In between waste paper processing, employees work out together. The fifteen-minute exercise routine was designed by an occupational physiotherapist and is a perfect example of a simple measure people can take every day to promote their working capacity.

Working capacity and occupational safety

L&T's efforts to promote working capacity have produced visible results: lower disability costs and longer working lives.

As an employer, we want to ensure our employees' working capacity and occupational safety. Our objective is to offer personnel a healthier and safer working environment. In 2010, after the completion of our five-year working capacity project, we were able to review the long-term objectives and achievements.

Working capacity management included in daily routines

L&T's objective is to have as many employees as possible maintain their working capacity until retirement age. In 2005, we launched the five-year Sirius project in Finland, in support of this goal.

The outcomes targeted by the project included a decrease in sickness-related costs by 26%, minimisation of disability and accident pension costs, reduction of accident frequency by half, and stabilisation of the TyEL (Employees Pensions Act) payment category to level 2-4.

To pursue these goals, we began by creating a management system, by focusing our occupational health care service on one provider, and setting up a sickness fund. We joined forces with occupational health care services to prepare a risk group assessment and create new jobs that would benefit our business. All in all, we tripled our working capacity management resources.

Due to its scope and systematic implementation, our project is exceptional. The project has been managed on an accounting basis, with shared objectives, operating models and indicators, and the related follow up playing a major role. Developments and figures are monitored on a quarterly basis and any deviations are quickly addressed.

The project has prompted us to work proactively; in other words, to avoid problems that affect working capacity.

Co-operation takes centre stage

Project management is based on our close co-operation with the occupational health care services and

insurance companies. We urge employees, supervisors and occupational health care providers to engage in open dialogue. If all personnel are familiar with the operating models and objectives, they are willing and able to discuss issues affecting their working capacity. Staff can rely on L&T to support the kind of work their personal resources permit.

Supervisors have been trained to prevent working capacity problems and identify them at an early stage. Our accounting-based operating model is designed to promote supervisor commitment. With working capacity-related risks identified, supervisors can now take timely action to prevent them. Through this project, working capacity management has become part of everyday supervisory work.

Ways of resolving working capacity problems include alternative duties, adjustments to working hours and duties, and relocation of employees with partial working capacity. If our employees fall sick, they receive professional care regardless of their place of residence or personal financial situation.

Staff can rely on L&T to support the kind of work their personal resources permit.

Key figures on personnel	2010	2009	2008
Total number of full-time and part-time employees at year end	8,732	8,743	9,490
Average number of employees converted to full-time	7,835	8,113	8,363
Personnel in Finland:			
Personnel by gender			
female, %	49	52	53
male, %	51	48	47
Average retirement age	62.4	61.9	62.2
Sickness absences, %	5.7	5.7	5.6
Accident frequency*	34	43	54
Near miss reports	4,433	3,503	3,701
Hazard assessments	1,958	2,079	1,260

* Injuries leading to at least one day's leave

From objectives to tangible results

The Sirius project has produced positive results, both from the employee and the company perspective. The rise in retirement age has even exceeded our expectations, the payment category target has been reached, and the minimisation of accident-related costs is moving in the right direction.

Despite difficult circumstances, the number of sickness-related absences has not grown in recent years. Disability and accident pensions have decreased by 21% in the last five years.

Thanks to the working capacity management programme, L&T's average retirement age has risen from 59.4 to 62.4 years in five years. The average retirement age in Finland is 60.4 years. During the same period, new jobs reflecting their current working capacity were offered to more than 80 people, thereby preventing almost certain retirement.

The Sirius project conducted in Finland improved personnel well-being and commitment at different career stages and offered many employees the opportunity of a longer working life. Project success can also be measured in cost savings: better working capacity and health translated into financial benefit for the company.

In March 2010, labour market organisations recognised L&T for its contributions to productivity co-operation. The Productivity Roundtable awarded commendations to four companies and associations for projects improving productivity in the workplace and raising the quality of working life.

Occupational safety

In occupational safety management, key priorities in 2010 included rooting occupational safety practices and methods more deeply in everyday operations at all organisational levels. We use various indicators for monitoring occupational safety development, accident frequency being the most important of these. Preventive actions, or near miss reports, are another tool for monitoring developments in occupational safety. We conduct efficient risk and hazard assessments to improve our own safety, as well as the safety of our customers and other interest groups, and to eliminate any hazardous elements.

All dangerous situations and accidents are investigated. We take sufficient and immediate measures to ensure that all hazardous elements are eliminated and minimised. An open information system, for recording all accidents and near miss situations, as well as actions required, serves as an important tool for occupational safety development work. It is also used to monitor safety rounds and any deviations in quality and the operating environment. Accessible to all, the open information system is also used for educational purposes.



perspective

Working capacity is worth nurturing

How to stay in the best working condition for as long as possible – recently, this has been a topic of extensive and lively public discussion. At L&T, we do more than just talk – our operations are guided by a principle: “Maintaining working capacity until retirement”.

The Sirius working capacity project helped us achieve visible results. One of our key achievements was bringing the average retirement age among L&T personnel to over 62, while the average for Finland is 60.4 years. A number of L&T employees feel that the working capacity project has improved the quality of their lives, as it has allowed them to continue working in line with their current resources and abilities. It also has improved our competitive position as a company:

our work has attracted attention outside L&T, which helps differentiate us from competitors.

We have achieved these results through determined efforts whose key elements are as follows: focusing on everyday supervisory work and having the courage to address working capacity related issues at an early stage. Important support measures included setting up a sickness fund, reorganising occupational health care services and employee relocation.

The Sirius project is of major importance and we will continue to pursue its goals in the future.

Inkeri Puputti
HR Director

Occupational safety and measures for its improvement concern everyone. Our objective is to halve the frequency of accidents in three years. In 2010, Finland had an accident frequency of 34 compared with 67 in 2007. Our final objective is an accident level of zero: we are committed to taking determined action to create an accident-free workplace. The divisions have operational responsibility for occupational safety management. Within the Environmental Services division, for example, halving the accident frequency is an annual objective and occupational safety is one of the division's key strategy components.

L&T's management system and centralised functions have been certified for compliance with the OHSAS 18001 occupational safety standards.

Corporate Governance

Lassila & Tikanoja plc complies with the Finnish Corporate Governance Code. The Code was issued by the Securities Market Association on 15 June 2010 and it is available on the website www.cgfinland.fi.

Business organisation

The business is divided into four divisions: Environmental Services, Cleaning and Office Support Services, Property Maintenance and Renewable Energy Sources. Vice Presidents in charge of the Environmental Services, Cleaning and Office Support Services and Property Maintenance divisions report to the President and CEO. Managing Director of L&T Biowatti Oy responsible for the Renewable Energy Sources division reports to the CFO.

In Finland each division is organised into business areas. Country Managing Directors are responsible for operations in each country outside Finland. Administration and the management of group-level processes are centralised.

General Meeting

The Annual General Meeting is the supreme decision-making body of L&T. The AGM decides on the matters stipulated in the Companies Act, such as the acceptance of the financial statements and proposed dividend, the release from liability of members of the Board of Directors and the President and CEO, the election of the members of the Board and the Auditors, and the compensation paid to them. The AGM is held by the end of April. When considered necessary, an Extraordinary General Meeting is convened to handle a specific proposal made to a General Meeting. General Meetings are convened by the Board of Directors.

Each share of Lassila & Tikanoja plc entitles to one vote. According to the Articles of Association, at a GM no shareholder may cast more than one fifth of the total number of votes represented at the meeting.

Advance information

Shareholders are convened to a GM by a notice published in one newspaper in the company's domicile. The Board of Directors' proposals and the notice to the meeting are also disclosed in a stock exchange release. The prospective Board members as well as the proposal for Auditors are disclosed in the notice or in a separate stock exchange release before the GM.

The notice of the GM and the related documents will be available on the Group website at least 21 days before the GM.

Attendance of the Board members, President and CEO, Auditor and prospective Board members at a General Meeting

The members of the Board of Directors, President and CEO, principal auditor and prospective Board members attend a GM, unless there are well founded reasons for the absence.

Minutes of General Meeting

The minutes of the General Meeting will be available on the Group website within two weeks of the GM.

Annual General Meeting in 2010

The AGM was held in Helsinki on 31 March 2010. It was attended by shareholders representing 51.4% of the votes.

Board of Directors

Composition and term

In accordance with the Articles of Association, the Board of Directors comprises a minimum of three members and a maximum of seven. The members of the Board of Directors are elected by the AGM. The term of the members of the Board expires at the end of the next AGM following his/her election. A person who has attained the age of 70 cannot be elected to the Board. The Board elects a Chairman and a Vice Chairman from among its members.

The biographical details of the member candidates will be available on the Group website before the GM.

The President and CEO is present at Board meetings presenting issues to the Board, and the CFO serves as secretary to the Board.

Duties

The Board of Directors is responsible for the management of the company and for the proper arrangement of the company's operations as well as for the proper arrangement and supervision of the company's accounting and financial management. The Board of Directors decides upon matters, which, considering the scope and size of the operations of the company, are of major importance.

The duties of the Board are defined in a written charter adopted by the Board in 2010, which the Board complies in addition to the Articles of Association and the Finnish laws and regulations. The duties include: confirming the company's goals; deciding on the corporate strategy and confirming divisional strategies; establishing a dividend policy

and being responsible for the development of the shareholder value; deciding on group structure and organisation; ensuring the operation of the management system; handling and adopting interim report, consolidated financial statements and annual report; confirming the company's operating plan, budget and investment plan; deciding on strategically or financially significant investments, corporate acquisitions, disposals or other arrangements as well as financial arrangements and contingent liabilities; confirming financing, risk management, disclosure and insurance policies as well as internal control policy; nominating and dismissing the President and CEO and monitoring and evaluating his/her work and deciding on nomination, remuneration and other financial benefits of the President and CEO's immediate subordinates (Group Executives).

Meeting practice

The Board of Directors will convene as often as its tasks require, and confirm its annual, regular meetings. Meetings held annually prior to the publication of the financial statements and each interim report, strategy meeting, budget meeting and other meetings confirmed in the annual programme of the Board, are considered regular meetings. The Board can hold extraordinary meetings, which can be arranged as telephone conferences.

Minutes are prepared of Board meetings, subject to the signature of members of the Board participating as well as the President and CEO of the company and secretary to the meeting. These minutes are kept at the company's headquarters.

At the meetings, matters are presented by the President and CEO, who is responsible for ensuring that the Board is provided with sufficient information to assess the operation and financial situation of the company. He also supervises and reports to the Board on the implementation of the Board's decisions.

Performance evaluation

The evaluation of the performance and working methods of the Board is conducted annually as an internal self-evaluation.

Evaluation of independence

The Board has evaluated the independence of its members in accordance with item 15 of the Corporate Governance Code. The evaluation showed that all the members of the Board are independent of the company and of a significant shareholder.

Board of Directors in 2010

The Board of Directors comprises the following persons: Mr Matti Kavetvuo, Chairman, Mr Juhani Lassila, Vice Chairman, Mr Heikki Bergholm, Mr Eero

Hautaniemi, Mrs Hille Korhonen and Mr Miikka Majjala. Juhani Majjala acted as Chairman and member of the Board of Directors until 31 March 2010. The AGM elected Miikka Majjala as a new member of the Board of Directors. Biographical details of the members are given on page 47, and information on their holdings in the company are given on page 45.

The Board met 14 times during 2010. The average attendance per cent of the members was 95.2.

Key themes discussed by the Board of Directors included guiding L&T through the recession, adjusting costs to the prevailing economic situation, cash flow management, development of the Corporate Governance system, and planning and steering L&T Recoil Oy's business arrangement.

Committees

The Board has an audit committee and a remuneration committee.

Audit committee

The audit committee consists of the Chairman of the committee and at least two members, who all are elected annually by the Board of Directors from among its members. The members of the audit committee shall be independent of the company and at least one member shall be independent of a significant shareholder. The members shall have the qualifications necessary to perform the responsibilities of the audit committee, in particular, sufficient knowledge of bookkeeping, accounting and financial statements practices. The committee will convene regularly at least four times in a year.

The duties and operating principles of the audit committee are defined in a charter approved by the Board of Directors. The duties include: monitoring the financial position and financing; monitoring the reporting process of financial statements; supervising the financial reporting process; monitoring the efficiency of the company's internal control, internal audit and risk management systems; reviewing the plans and reports of the company's internal audit; reviewing the description of the main features of internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement; monitoring the statutory audit of financial statements and consolidated financial statements; evaluating the independence of the auditing company; evaluating the provision of non-audit services to the company to be audited by the auditing company; preparing the proposal for the Auditor of the company; maintaining contact with the company's auditor and reviewing the reports prepared to the committee by the Auditor and assessment of compliance with laws and provisions.

Remuneration Committee

The remuneration committee has at least three members. The Board shall elect members of the committee from among its members on an annual basis, for the duration of the Board's term. In compliance with the Corporate Governance Code, the majority of members must be independent of the company. On an annual basis, the Board of Directors shall likewise select one member as Chairman of the committee, for the term of the Board. The committee will convene twice a year, at minimum.

The duties of the committee include: handling, evaluating and making statements on the salary structure of the Group management and personnel and remuneration and incentive schemes; monitoring the functionality of the remuneration systems to ensure that the management's incentive schemes promote the achievement of the company's targets and are based on personal performance; handling and preparing other questions related to management and personnel remuneration and drafting statements to the Board regarding them and handling and preparing executive appointment issues for consideration by the Board of Directors.

Committees in 2010

Juhani Lassila is Chairman of the audit committee and the members are Eero Hautaniemi and Miikka Maijala. The audit committee met five times during 2010. The attendance per cent was 100. In addition to the duties specified in its charter, the Audit Committee reviewed the purchase process and insurance matters.

In its constitutive meeting on 31 March 2010, the Board of Directors decided to establish a remuneration committee. Matti Kavetvuo is Chairman of the remuneration committee and the members are Heikki Bergholm and Hille Korhonen. The committee met three times during 2010. The attendance per cent was 100.

Managing Director

L&T's Managing Director, known as the President and CEO, is appointed by the Board of Directors. The President and CEO is responsible for day-to-day operations in keeping with the instructions of the Board. He is also responsible for the strategy process. The present President and CEO is Jari Sarjo.

Other Management

The Group Executive Board assists the President and CEO in the management of the company. Until 31 December 2010, the Group Executive Board was called Group Executives. The members of the Group Executive Board are presented on page 48,

and their holdings in the company shares are given on page 45.

The HR management board is one of L&T's management forums. Its goal is to establish systematic co-operation with personnel representatives.

Compensation

Board of Directors

The GM determines the emoluments payable to the members of the Board of Directors in advance, for one year at a time. In 2010, the following annual fees were decided to be paid: Chairman EUR 46,250, Vice Chairman EUR 30,500 and each member EUR 25,750. The fees are paid so that each member purchases company shares worth of the net amount of the fee (40%) in public trading on NASDAQ OMX Helsinki. In addition, the AGM decided on the following meeting fees: Chairman EUR 1,000, Vice Chairman EUR 700 and members EUR 500 per meeting. The meeting fees are also paid to the Chairman and to the members of the committees as follows: Chairman EUR 700 and members EUR 500. The members of the Board are not included in the share option schemes and they do not have any pension contracts with the company.

President and CEO and other management

The Board of Directors determines the salary, bonuses and other benefits of the President and CEO and the direct subordinates of the President and CEO. The President and CEO and the Group Executives are included in the share option schemes and in the share-based incentive programme directed to the key personnel of the company, which are approved by the General Meeting.

Board member meeting participation

1 January–31 December 2010*	Board of Directors	Audit Committee	Remuneration Committee
Matti Kavetvuo	14/14		3/3
Juhani Lassila	14/14	5/5	
Heikki Bergholm	14/14		3/3
Eero Hautaniemi	11/14	5/5	
Hille Korhonen**	13/14	1/1	3/3
Miikka Maijala***	12/12	4/4	
Juhani Maijala****	2/2		

* The Board of Directors met two times before 31 March 2010 and 12 times after it. Audit Committee met once before 31 March 2010 and four times after it.

** Member of the Audit Committee until 31 March 2010.

*** Member of the Board of Directors and Audit Committee since 31 March 2010.

**** Member of the Board until 31 March 2010.

Remuneration of President and CEO and other management in 2010

In 2010, the salaries paid to the President and CEO totalled EUR 763,000 including salaries and benefits EUR 338,000, bonuses EUR 164,000 and a share-based payment EUR 261,000. The salaries paid to the Group Executive Board totalled EUR 1,606,000 which includes salaries and benefits EUR 852,000, bonuses EUR 206,000 and share-based payments EUR 548,000. The figures include salaries for the period during which the persons in question held an executive position.

A total of 26,320 shares were granted to the President and CEO and the Group Executive Board as a part of the rewards for the year 2009 of the share-based incentive programme. No options were granted in 2010.

No share-based payments will be paid for the year 2010. The basis of the payment in 2011 will be the EVA result of the group, as was the case in 2010. The maximum share-based payment may equal 4–12 months' salary depending on the responsibilities of the member of the Group Executive Board. The company has also provided a compensation scheme, the criteria of which are determined annually in advance by the Board. The bonus is based on operating profit excluding non-recurring items and it may equal 3–6 months' salary, at maximum, depending on the responsibilities of the Group Executive. Separate emoluments are not paid to the Group Executive Board for the memberships of Boards of Directors of the subsidiaries. Group Executives are not covered by any supplementary pension scheme.

A written service contract has been drawn up for the President and CEO. According to the contract, the period of notice is 12 months should the company terminate the contract, and 6 months should the President and CEO terminate the contract. In case the company terminates the contract the President and CEO's obligation to work ceases after 6 months but his salary will be paid until the end of the period of notice. The President and CEO may choose to retire at the age of sixty. The amount of pension is agreed in advance, and an index increase is made to the sum annually. The amount is less than the full amount of pension under the Employees' Pensions Act. The pension is recognised as a defined benefit liability in the financial statements. In 2010, EUR 42,000 arising from this agreement was recognised in the income statement.

Risk management

Objective

L&T's risk management aims to identify significant risk factors, prepare for them and manage them

in an optimal way so that company's objectives are achieved. Comprehensive risk management endeavours to manage the Group's risk as a whole and not just individual risk factors.

Responsibilities

The principles of L&T's risk management are approved by the company's Board of Directors. The Board monitors the implementation of risk management and assesses the efficiency of the methods employed. The President and CEO is responsible for the organisation and implementation of risk management. Principles for financial risk management are defined in the Financial Policy.

Remuneration paid to the members of the Board of Directors

	Annual fee*	Meeting fee	2010 total, EUR	2009 total, EUR
Matti Kavetvuo	46,250	13,800	60,050	25,750
Juhani Lassila	30,500	12,200	42,700	30,500
Heikki Bergholm	25,750	8,200**	33,950	25,750
Eero Hautaniemi	25,750	7,500**	33,250	25,750
Hille Korhonen	25,750	7,000	32,750	25,750
Miikka Maijala	25,750	8,500	34,250	
Juhani Maijala				46,250

* Each member purchases company shares worth of the net amount of the fee (40%)

** Includes a meeting fee from Board meeting of L&T Recoil

Shares held by the members of the Board of Directors

	At 31 December 2010	Percentage of shares and of voting power	At 1 January 2010
Heikki Bergholm	776,807	2.00	775,807
Eero Hautaniemi	5,000	0.01	3,350
Matti Kavetvuo	116,286	0.30	115,000
Hille Korhonen	1,569	0.00	869
Juhani Lassila	20,253	0.05	19,438
Evald and Hilda Nissi Foundation	2,413,584	6.22	2,413,584
Miikka Maijala*	68,272	0.18	
Total	3,401,771	8.77	3,328,048

* Member of the Board of Directors since 31 March 2010

Shares and share options held by the Group Executive Board

	Shares		2005C options	2008 options
	31 December 2010	1 January 2010	31 December 2010	31 December 2010
Jari Sarjo	25,490	17,000	30,000	30,000
Kimmo Huhtimo	2,547	0	2,000	3,000
Jorma Mikkonen	4,116	720	15,000	15,000
Inkeri Puputti	2,547	0	2,000	3,000
Ville Rantala	9,139	2,665	0	0
Tomi Salo	0	0	0	0
Juha Simola*	1,698		5,000	5,000
Henri Turunen*	3,289		2,000	3,000

There were no changes in the holdings of options during 2010.

* Member of Group Executive Board since 1 July 2010

Identification, assessment and reporting of risks

Risk management forms an integrated part of L&T's management, monitoring and reporting system. Regular monitoring and reporting of risks take place at the group, division and area levels, in units outside Finland as well as within centralised functions defined as being critical, as part of the annual strategy process.

The management of each of the divisions and centralised functions identifies and assesses the most significant risks for its own area of responsibility, prepares contingency plans and determines responsibilities for risk management measures within its organisation. Risk identification and planning primarily take place within divisions, areas and units responsible for business operations. Any risks identified and preparations for them are regularly reported to the President and CEO.

The risk management process is determined in L&T's Integrated Management System (IMS).

A risk assessment in all divisions, areas, foreign units as well as centralised functions defined as being critical, is carried out annually to assess strategic, financial, damage-related and operational risk factors. The significance of risks is assessed using a risk matrix, and contingency plans for significant risks are prepared on this basis.

Internal control and internal audit

Internal control

The financial development of the company is monitored monthly by an operative reporting system covering the whole group. In addition to actual data, the system provides budgets, forecasts and investment reports.

There are business controllers in every division and a financial controller of international business in the finance department. The duties of the controllers include the accuracy control of financial reports and the analysing of the financial performance.

The company has financial, risk management, disclosure and insurance policies as well as internal control policy confirmed by the Board of Directors.

A separately published Corporate Governance Statement 2010 contains more detailed information on internal control.

Internal audit

The company has no internal audit organisation of its own, which is taken into account when determining the extent and content of the audit.

Regular auditing of the financial statements of international units is the duty of the financial controller of international business who works in the finance

department. External auditor participates in some of the audits. Auditing activity is also included in the duties of business controllers as needed.

Insider guidelines

The Board of Directors has taken a decision that the Group observes the guidelines for insiders issued by NASDAQ OMX Helsinki. Additionally, it has given a complementary guideline which is in some respects more stringent.

The insider register is maintained in the SIRE service of Euroclear Finland Ltd. Insiders with a duty to declare include members of the Board of Directors, President and CEO, the principal auditor, the Group Executive Board and the Head of Legal Affairs who acts as secretary to the Group Executive Board. Persons included in the company-specific permanent insider register based on their position include the divisional management teams, L&T Biowatti Oy's Board of Directors, HR management board, financial management team, legal counsels, executive assistants and persons participating in group accounting, as well as persons preparing stock exchange releases. Separate project-specific sub-registers are kept for extensive or otherwise significant projects. The Head of Legal Affairs is the person responsible for insider issues.

L&T's insiders are not permitted to engage in trading with company shares during the period between the end of the financial period and the disclosure of the result. Insiders must consult the person responsible for insider issues concerning the conformity of any planned trading with the relevant legislation and guidelines.

The shareholdings and option holdings of the public insiders are listed on the Group website.

Auditing

The statutory audit of the financial statements is carried out by PricewaterhouseCoopers Oy, Authorised Public Accountants, elected by the AGM.

The auditors and the Board agree on the audit plan annually and discuss the audit's findings. The principal auditor and the auditor manager attend at least one meeting of the Board of Directors annually.

In 2010, the fees paid for statutory auditing to PricewaterhouseCoopers group totalled EUR 235,000. The fees paid to the auditing company and companies belonging to the same chain for non-audit services such as tax, IFRS and due diligence services, totalled EUR 48,000.

Corporate Governance Statement

Corporate Governance Statement for the financial year 2010 is disclosed as a separate statement.

Administrative organs

Board of Directors

Matti Kavetvuo, born 1944
M.Sc. (Eng.), B.Sc. (Econ.)

Chairman of the Board (COB) since 2010 and member since 2008, Chairman of the Remuneration Committee since 2010, Member of the Board of the former Lassila & Tikanoja plc 1984–1988 and 1998–2001. Holds 116,286 Lassila & Tikanoja plc shares.

Work experience:

Pohjola Insurance Group, President and CEO 2000–2001
Valio Ltd, President and CEO 1992–1999
Orion Corporation, President and CEO 1985–1991
Instrumentarium Corporation, President in 1979–1984 and other positions in 1971–1979

Other Board memberships: Orion Corporation (2004–, COB), Konecranes Plc (2001–), Alma Media Corporation (2000–2010), Metso Corporation (2003–2009), Marimekko Corporation (1997–2008), Kesko Group (2003–2006), Perlos Corporation (2003–2006), Suominen Corporation (2001–2006), Lännen Tehtaat plc (2003–2004), Finnlines Plc (2000–2002), UPM-Kymmene Corporation (2000–2001)

Juhani Lassila, born 1962

M.Sc. (Econ.), Managing Director of Agros Oy 2005–

Vice Chairman of the Board since 2007 and Member since 2001, Chairman of the Audit Committee since 2009, Member of the Board of the former Lassila & Tikanoja plc 1998–2001. Holds 20,253 Lassila & Tikanoja plc shares and exercises the controlling power in the Evald and Hilda Nissi Foundation, which holds 2,413,584 shares.

Work experience:

Instrumentarium Corporation and GEMS/IT, GE Healthcare, Finance integration leader 2003–2004
Instrumentarium Corporation, Director of Group Finance and Group Treasury 1999–2004 and Group Treasurer 1996–1999
Postipankki Oy, Financial Analyst 1988–1996
Instrumentarium Corporation, Investment Analyst 1987–1988

Other Board memberships: Comptel Corporation (2006–), Suominen Corporation (2005–), Evald and Hilda Nissi Foundation (2003–, COB)

Heikki Bergholm, born 1956

M.Sc. (Eng.)

Member of the Board since 2008, Member of the Remuneration Committee since 2010. Holds 776,807 Lassila & Tikanoja plc shares.

Work experience:

Suominen Corporation, President and CEO 2002–2006
The former Lassila & Tikanoja plc, President and CEO 1998–2001, Vice President 1997–1998, President of business units 1986–1997 and CFO 1985–1986
Industrialisation Fund of Finland Ltd, Researcher and development manager 1980–1985

Other Board memberships: Yarra Investment Oy (2010–), Foundation Institutum Romanum Finlandiae (2011–, COB), L&T Recoil (2010–, COB.), Seniorirahasto Oy (2010–), Forchem Oy (2007–), Componenta Corporation (2002–, COB), MB Funds Oy (2002–), Suominen Corporation (2001–), Lakan Betoni Oy (1986–, COB), Kemira Oyj (2004–2007), Pohjola Group plc (2003–2005), Sponda Plc (1998–2004)

Eero Hautaniemi, born 1965

M.Sc. (Econ.), CEO of Oriola-KD Corporation 2006–

Member of the Board since 2007, Member of the Audit Committee since 2009. Holds 5,000 Lassila & Tikanoja plc shares.

Work experience:

GE Healthcare Finland Oy, President 2004–2005
GE Healthcare IT, General Manager of the Oximetry, Supplies and Accessories business area 2003–2004
Instrumentarium Corporation, positions in financial and business management 1990–2003

Other Board memberships: L&T Recoil (2010–), Nurminen Logistics Plc (2009–)

Hille Korhonen, born 1961

Licentiate of Technology, Vice President, Operations (responsible for manufacturing, sourcing and logistics strategies) at Fiskars Corporation 2008–, Group Director, Operations at Iittala Group 2003–

Member of the Board since 2009, Member of the Remuneration Committee since 2010. Holds 1,569 Lassila & Tikanoja plc shares.

Work experience:

Executive positions within worldwide delivery chain strategies and processes in Nokia Corporation 2000–2003, Nokia Networks 1998–2000 and Nokia Mobile Phones 1996–1997
Outokumpu Copper, positions in developing logistics and marketing 1993–1996

Other Board memberships: Nokian Tyres Plc (2006–), Mint of Finland Group (2008–)

Miikka Maijala, born 1967

M.Sc. (Eng.), CEO of Clinius Ltd 2006–

Member of the Board since 2010, Member of the Audit Committee since 2010. Holds 68,272 Lassila & Tikanoja plc shares.

Work experience:

GE Healthcare Finland Oy, Business Segment Manager 2004–2006
Instrumentarium Corporation (currently GE Healthcare Finland Oy), Director, Business Development 2000–2004
Instrumentarium Corporation, supervisory and executive positions within sales, marketing and financial management 1992–2000

President and CEO

Jari Sarjo, born 1957

Master of Laws
President and CEO of Lassila & Tikanoja Group since 2001
Säkkiväline Group, President 1997–2001
Säkkiväline Oy, Divisional Director 1994–1997, Administrative Director 1987–1994 and Administrative Manager 1984–1987
Holds 25,490 Lassila & Tikanoja plc shares and 30,000 2005C options and 30,000 2008 options.

The changes in the holdings of the members of the Board and the President and CEO during 2010 are listed on page 45.

Auditor

PricewaterhouseCoopers Oy, Authorised Public Accountants
Principal auditor Heikki Lassila, APA

Group Executive Board



Jari Sarjo b. 1957
President and CEO of Lassila & Tikanoja Group since 2001
Master of Laws
Säkkiväline Group, President 1997–2001
Säkkiväline Oy, Divisional Director 1994–1997, Administrative Director 1987–1994 and Administrative Manager 1984–1987



Jorma Mikkonen b. 1963
Vice President, Environmental Services since 2009
Master of Laws
Vice President, Industrial Services 2000–2009
Säkkiväline Oy, Administrative Director 1999–2000, Legal Counsel 1992–1999
Helsinki Finnish Savings Bank, Legal Counsel 1991–1992



Henri Turunen b. 1962
Vice President, Cleaning and Office Support Services since 2010
M.Sc. (Eng.), M.Sc. (Econ.)
Business Controller 2007–2010, Director, International Development 2005–2007
Conventum Corporate Finance Ltd, Associate Director 2000–2004
McKinsey & Company, Consultant 1997–2000
Helsinki University of Technology, special teacher, assistant and lecturer 1990–1996



Juha Simola b. 1962
Vice President, Property Maintenance since 2010
Lt. Cdr. (Rtd)
Product Line Director 2001–2010
Säkkiväline Oy, Regional Director 1996–2001, Regional Manager 1993–1996 and District Manager 1991–1993
Suomen Teollisuuden Vartiointi Oy, Head of Department 1989–1991, The Finnish Defence Forces: Officer duties 1985–1989



Tomi Salo b. 1974
Managing Director of L&T Biowatti Oy and Director responsible for the Renewable Energy Sources division since 2009
M.Sc. (Agr. & For.), B.Soc.Sc.
L&T Biowatti Oy, Director of Forestry Services 2008–2009 and Wood Procurement Director 2008 1996–1998
The Trade Association of Finnish Forestry and Earth Moving Contractors, Branch manager, Energy 2002–2007



Inkeri Puputti b. 1964
HR Director since 2008
M.Pol.Sc.
HRD Director 2006–2008
Rautakirja Oy, HRD Manager 2002–2006 and HR Services Manager 1998–2002
Oy Sinebrychoff Ab, HR Supervisor 1996–1998
HPY (currently Elisa Corporation), HR Supervisor 1995–1996



Ville Rantala b. 1971
CFO since 2009
M.Sc. (Econ.)
Suunto Oy, Director, Finance and Business Development 2007–2009
UPM-Kymmene Corporation, Finance Director of Fine and Speciality Papers Division 2006–2007, Business Controller 2002–2006 and Controller 2000–2002
Salomon Sport Finland Oy, Finance Manager 1999–2000

Changes in the Group Executive Board during 2010: Anna-Maija Apajalahti, Vice President, Property and Office Support Services, retired on 31 July 2010. On 1 July 2010, Lassila & Tikanoja plc's Board of Directors appointed Henri Turunen as Vice President, Cleaning and Office Support Services and Juha Simola as Vice President, Property Maintenance. Laura Aarnio, Accounting Director, left the Group Executive team on 31 August 2010 and Kimmo Huhtimo, Director responsible for product and process development, marketing communications and Contact Centre left the team on 31 December 2010. As of 1 January 2011, the team of Group Executives was renamed the Group Executive Board.

The holdings of Group Executives in the company as well as changes in the holdings in 2010 are listed on page 45.

Säkkiväline was a group company of Lassila & Tikanoja Group between 1989 and 2001. The parent company Lassila & Tikanoja demerged in 2001 into two new companies, Lassila & Tikanoja plc and Suominen Group plc.

GRI Content Index

■ reported ■ partly reported

GRI content	Scope	Page	Remarks
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization	14–15, 32	President and CEO's review on sustainability is available on the company website www.lassila-tikanoja.com
1.2	Description of key impacts, risks, and opportunities	18–19, 23, 30–31	
2. Organizational Profile			
2.1–2.3 and 2.5	Name of the organization, products and services, operational structure, countries where the organization operates	13, 16–17, 20–29, FS 30	
2.4 and 2.6	Location of headquarters, Nature of ownership and legal form	FS 14, FS 22	
2.7	Markets served	13, 20, 22–29	
2.8–2.9	Scale of the reporting organization, Changes regarding the organization	12–13, 38–39	No significant changes
2.10	Awards received	41	
3. Report Parameters			
3.1–3.3	Reporting period and cycle, date of previous report		Reporting period: 1 January–31 December. Report is published annually.
3.4	Contact point	back cover	
3.5	Process for defining report content	33–35	
3.6–3.8	Boundary of the report, basis for reporting on joint ventures and subsidiaries	32, 37, FS 33	Possible deviations are reported with the respective indicators.
3.10	Re-statements of information provided in earlier reports		Not applicable
3.11	Significant changes from previous reporting periods	FS 30	L&T's organisation was renewed in 2009 and 2010. Comparative figures have been restated accordingly.
3.12	Table identifying the location of the Standard Disclosures in the report	49	
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