



Sustainability Supplement 2016

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How to read Metso's reports for 2016

Metso has published four reports that together form the Annual Report for 2016. This Sustainability Supplement has been published as a PDF-file in English. The "Read more" section contains additional sources and information about the topics presented.

To read all of the four reports, the Annual Review, the Financial Statements, the Corporate Governance Statement and the Sustainability Supplement, please visit our website www.metso.com/2016. On the website, you can read our Annual Review, Financial Statements and Corporate Governance Statement for 2016 as a PDF file in either English or Finnish. This Sustainability Supplement has been externally assured.

SUSTAINABILITY

The sustainability icon marks sustainability content that is linked between our Annual Review and the Sustainability Supplement.

Read more

- > metso.com
- > metso.com/2016
- > twitter.com/metsogroup
- > facebook.com/metsoworld
- > youtube.com/metsoworld

About this report

We publish our sustainability data annually. Quantitative data included in this 2016 Sustainability Supplement covers the 2016 calendar year. Our reporting is prepared in accordance with the core option of the Global Reporting Initiative's (GRI) G4 guidelines. Metso has been reporting its sustainability principles and goals since 2002.

The scope of our reporting is the Metso Group, unless otherwise stated. Our scope of reporting excludes associated companies, joint ventures or companies that are our suppliers. The sustainability data is commonly presented at the Group or business area level. Any other division of the data reported is noted separately.

The GRI Reporting Principles for Defining Report Content have been taken into account during our stakeholder survey and materiality analysis. Read more about the materiality analysis in the Material topics and themes section. The final topic list with the eight most material topics for Metso

was formed on the basis of the stakeholder analysis and internal views from executives.

Metso's annual reporting consists of the Sustainability Supplement, Financial Statements and Corporate Governance Statement. Metso's 2016 Sustainability Supplement is divided into four focus areas based on our sustainability strategy: building customer success, performing together, contributing to the environment and sustainable supply chain. The material aspects and related indicators are reported under the relevant focus areas. The aspect boundaries for each aspect are defined in the GRI Content Index. The GRI and sustainability data are described in separate sections: GRI Content Index and Key Performance Indicators index.

An independent third party, PricewaterhouseCoopers Oy, has provided assurance on the sustainability information disclosed in Metso's 2016 Sustainability Supplement. The scope of the assured information is indicated in the independent practitioners' assurance report.

Sustainability strategy

We work hard to be the best choice for the sustainable processing and flow of natural resources. For us at Metso, this means that our efforts and focus are set on reducing energy consumption and emissions, using less water and raw ingredients, and producing less waste while delivering the same or increased production output. We also follow the highest health, safety and environmental standards and practices.

Metso's sustainability strategy was revised in 2016 to meet the ambition level. We have set targets for our approach to sustainability for the 2016–2018 period and longterm environmental and LTIF (Lost Time Incident Frequency) targets to 2020. Our revised sustainability strategy consists of four focus areas, and each of them has measurable subcategories concerning our own operations.



Focus area	Sustainability targets and action plan 2016–2018	Progress in 2016
<p>Building customer success</p>	<ul style="list-style-type: none"> All the new R&D* projects have to set environmental efficiency and product safety innovation targets (if applicable) as of 2016 and verify the results when the project is closed. Solid verification development More focused customer engagement and Metso responsiveness on sustainability development Brand awareness; Metso is well-known for its sustainability performance and capabilities 	<ul style="list-style-type: none"> 83% of R&D projects have set environmental efficiency and/or product safety innovation targets Metso launched a global initiative on customer experience management with a pilot in 2016 Metso ranked at the Leadership level in CDP's Climate Change evaluation. We have continued our systematic work to build Metso brand awareness. We received several recognitions in 2016, e.g., for our HSE work in Chile and for our long-term strategic partnership with Freeport-McMoRan
<p>Performing together</p>	<ul style="list-style-type: none"> Long-term LTIF target: LTIF<1** Human rights impact assessment conducted, action plans for corrective actions made, and Metso employees and relevant partners trained Code of conduct updated, all employees trained and all the relevant partners informed More focused stakeholder engagement and responsiveness Employee engagement surveys done regularly and related actions done in teams KPIs*** to track social benefits for the major sponsorship projects 	<ul style="list-style-type: none"> LTIF in 2016 was 2.4 (2015: 2.7) Labor rights assessment was conducted in six higher risk countries. Based on this assessment, essential labor rights aspects were identified related to our own operations within the six higher risk countries. As part of this process, our HR management reviewed the assessment results and identified new possible development areas. Code of Conduct review process ongoing Focus in stakeholder engagement was on employees, customers and investors; Dialogue with investors led to the publishing of a new 'Sustainability for investors' webpage Metso conducted a global employee engagement survey "PeoplePulse" for all Metso employees (response rate 85%, favorable responses 77%). KPIs in major sponsorship projects have been further developed together with our cooperation partners
<p>Contributing to the environment</p>	<ul style="list-style-type: none"> Water reduction target for each unit in 2016 and 15% in total by 2020 Waste going to landfill reduced by 15% by 2020 from 2014 level including yearly targets Energy saving and CO₂-emission reduction targets for each unit in 2016 and 20% total by 2020 All production units have to conduct environmental audits with Metso audit tools Zero environmental accidents All employees receive environmental training Externally assured CO₂ levels of procurement, logistics and business travel 	<ul style="list-style-type: none"> Water consumption was reduced by 2.8%, with the help of a new water audit tool and water-saving actions Share of landfill waste reduced to 60%, thanks to a new waste audit tool and improvements in waste processing A total of 47,000 MWh (11.9%) of energy savings since 2010, thanks to wide range of actions around the world. These actions have reduced CO₂ emissions by 15,900 tCO₂ HSE audits were carried out at 28 locations No significant spills or any other environmental accidents Majority of locations have had environmental training CO₂ emissions (Scope 3) externally assured: procurement, logistics, business travel, and fuel and energy related emissions (not included in Scope 1 and Scope 2)
<p>Responsible supply chain</p>	<ul style="list-style-type: none"> Third-party sustainability audits for higher- and medium-risk supplier base; minimum 15 per year Established sustainability follow-up tools and processes: <ul style="list-style-type: none"> 100% of new suppliers in high-risk areas screened on sustainability issues Existing high- and medium-risk supplier base screened on sustainability issues Procurement personnel trained on sustainability Compliance with chemical legislation and restricted materials through systematic qualification process 	<ul style="list-style-type: none"> More systematic sustainability screening of new suppliers started in higher-risk areas More systematic sustainability screening of existing higher-risk suppliers started 15 third-party sustainability audits conducted in China and India Sustainability training organized for procurement and supplier quality personnel in India Internal program on restricted materials ongoing

*R&D=Research and Development **LTIF=Lost Time Incident Frequency ***KPI=Key Performance Indicator

Material topics and themes

We actively engage with our various stakeholders. Based on this dialogue and our business strategy, we conduct a materiality analysis to choose the sustainability aspects relevant to our business. Metso's Board of Directors annually reviews sustainability-related topics relevant to the company and the Metso Executive Team executes these action plans in our everyday work.

Metso's vision was revised in the fall of 2016; our company vision is "Metso, the best choice for sustainable processing and flow of natural resources." This vision guides us and sets the ambition level for our work.

Our sustainability strategy and targets were also revised and approved by the Metso top management and reviewed by the Board of Directors in the fall of 2016. In the updated sustainability strategy, we have defined measurable targets for each of the four sustainability focus areas for the years 2016–2018 and longer term targets concerning the environment and LTIF. The categories of the sustainability strategy derive from Metso's business strategy.

International agreements and treaties also shape our operating environment. For example, the global climate agreement reached at the Paris Climate Change Conference (COP21) in 2016 and the United Nations Sustainable Development Goals are

something that Metso wants to strongly contribute to. We see Metso as an important player in combating climate change through the energy-efficient, sustainable technology and solutions we provide for our customers.

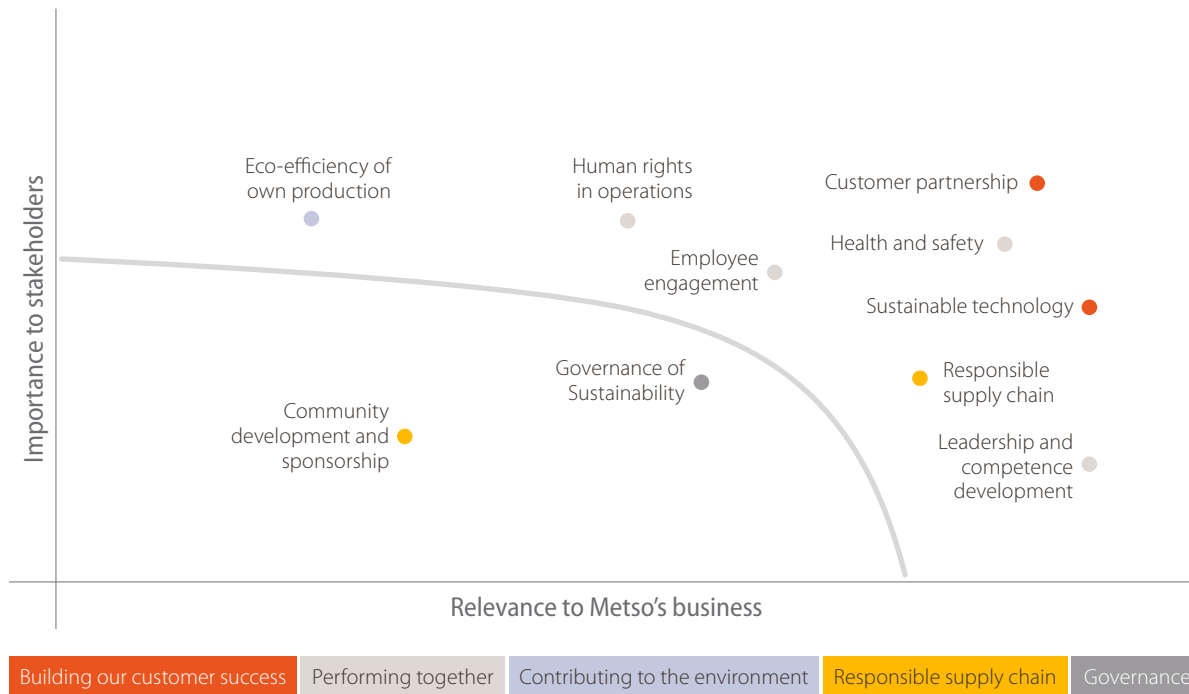
Various interaction with our stakeholders in 2016

During 2016 we had several meetings with the shareholders and analysts to present Metso as a sustainable investment. Based on these discussions, the web page "Metso as a sustainable investment" was published to give further information about the company as a sustainable investment.

Metso's global initiative on customer experience management was also launched in 2016. The aim for the initiative is to listen to our customers more effectively in order to develop our ways of working where needed and to be able to serve our customers in the best possible manner.



Materiality matrix



Top Metso topics 2016	GRI G4 material aspects
Customer partnership	Product and service labeling
Health and safety	Occupational health and safety
Human rights in operations	Non-discrimination, anti-corruption
Sustainable technology	Customer health and safety
Responsible supply chain	Economic performance
Eco-efficiency of own production	Energy, waste, emissions, effluents and waste
Employee engagement	Employment, labor/management relations, diversity and equal opportunity
Leadership and competence development	Training and education

Description: The materiality matrix contains the results of our latest materiality analysis. The matrix shows Metso's most material topics from the point of view of our stakeholders and business. The horizontal axis represents the topic's relevance to Metso's business as evaluated by the Metso Executive Team. The

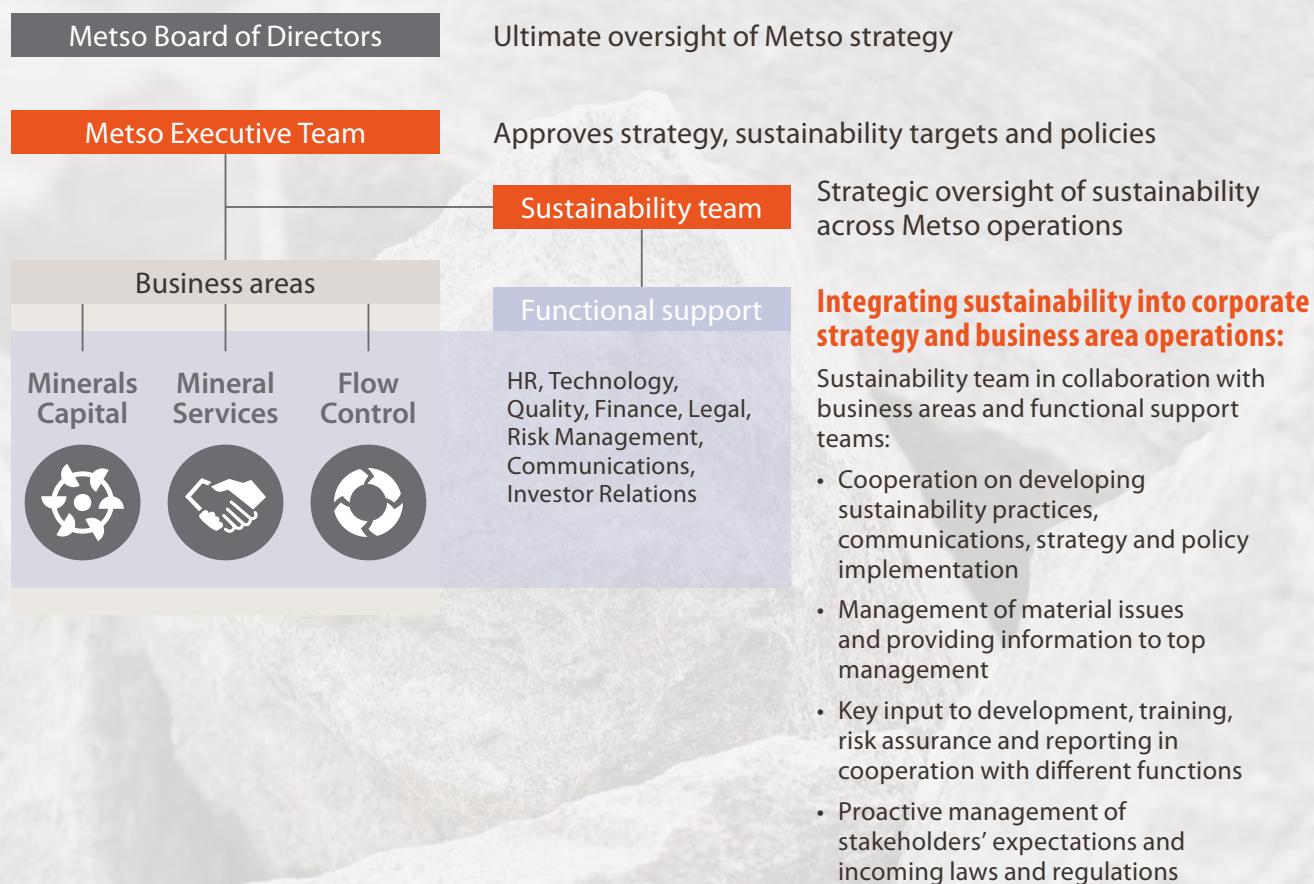
vertical axis represents the topic's importance for stakeholders. Topics that are located on the right side of the curve are the most material topics chosen for this reporting period. The topics in the matrix have been coded to correspond with the sectors of our sustainability strategy.



> Read more about our suppliers in our Annual Review, R&D work section.

Sustainability governance

Sustainability is managed at the group level by the Sustainability team, which works towards an integrated sustainability model with the top management, the functional support teams and the business units to support Metso's long-term success. The main role of the Sustainability team is to provide support and knowledge to transform the strategic business targets into sustainable business actions. The Board of Directors oversees the effectiveness and impact of Metso's sustainability governance.



Value chain

● Engineering and technology development

Technology is at the core of Metso's operations. We continuously focus on research and development to provide customers with advanced technologies to improve the performance of their processes. Close partnership with customers and the ability to solve their challenges is the cornerstone of our sustainable business. We are determined to be the leading technology provider in our chosen growth industries.

THE VALUE FOR OUR STAKEHOLDERS:

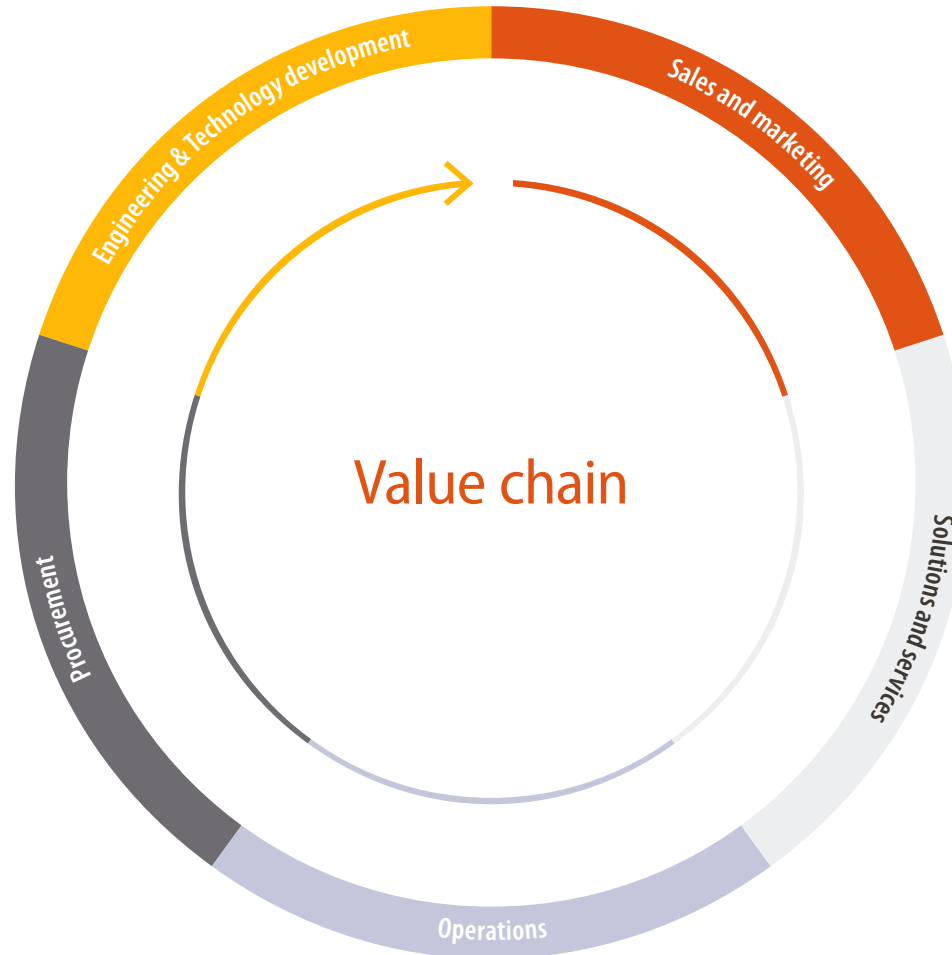
- Customer cooperation and value through tailored solutions to provide customers with the best performance
- R&D to develop sustainable solutions to benefit customers with more cost- and eco-efficient processes
- Ensuring and managing the safety of all people in each stage of the product life cycle
- Ensuring business viability and shareholder return on investment

● Procurement

Procurement plays a key role in Metso's operations. Our suppliers deliver the parts, materials, services and contracted employees to support our business. We need our suppliers to commit to the same high standards that we set for ourselves. We promote this by assessing our suppliers, auditing them and cooperating with them to create mutual benefits.

THE VALUE FOR OUR STAKEHOLDERS:

- Ensuring cost efficiency, availability, quality and delivery reliability through supply chain optimization
- Promoting sustainable business in local communities by partnering with and supporting local suppliers
- Ensuring transparency and value creation by auditing and helping to develop suppliers' business
- Building long-term relations with our suppliers to benefit both parties



● Operations

For Metso it is essential to maintain high standards of excellence in our operations. By improving the efficiency of our operations, we save resources and maximize our competitiveness. Our operations consist of logistics, delivery, assembly and production. We have ambitious goals to decrease, work-related injuries, waste, water, energy use, emissions and the quality of all our operations. We have good processes and actions in place to achieve our targets.

THE VALUE FOR OUR STAKEHOLDERS:

- Providing a healthy and safe working environment for our employees and people working on behalf of Metso is our number one target
- Continuous assessment of risks, and prevention of accidents and injuries
- Action plans to decrease energy and emissions, water use, and waste generation
- Ensuring fair and responsible labor practices
- Responsible production and cooperation with local partners in our units globally

● Sales and marketing

Sales and marketing is an important function in our value chain. Our sales management practices and tools enable us to offer our knowledge to our customers and capture the potential in our markets. When combined with efficient installed base management, these capabilities give us an opportunity to proactively make proposals to our customers about how they can improve and maintain their processes better and more efficiently. We focus on developing more efficient channel partners, and we listen to our customer expectations and respond to them.

THE VALUE FOR OUR STAKEHOLDERS:

- Global sales processes in all our business areas to better serve our customers
- Effective channel partners to deliver products, solutions and services to our customers
- Customer experience management tool launched to better understand our customer feedback and needs

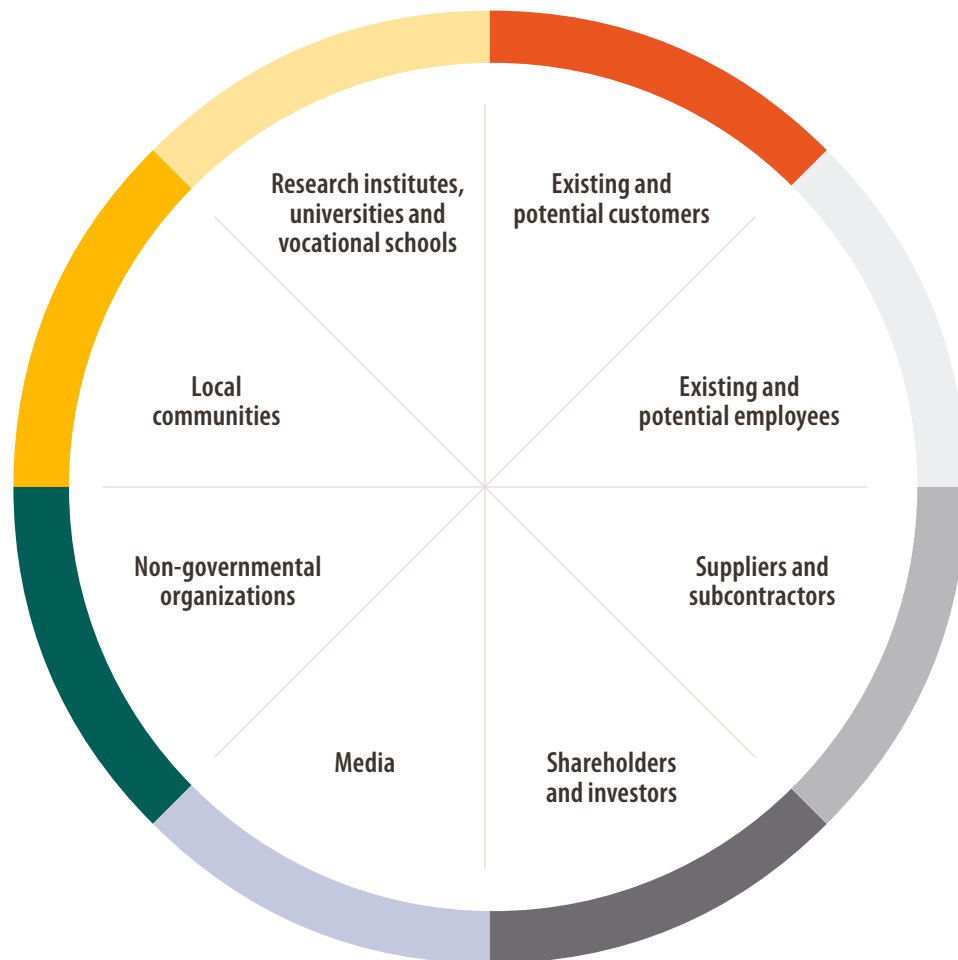
● Solutions and services

We provide customers with solutions for even their toughest challenges. Our solutions enable them to operate with higher productivity and achieve savings through lower operating costs. The biggest environmental impacts in Metso's value chain occur during the use phase of our products. Therefore, our main intention is to provide eco-efficient solutions to help our customers reduce their resource intensity and operate with higher profitability. Our service portfolio is an important part of our offering – from wear and spare parts to life cycle services.

THE VALUE FOR OUR STAKEHOLDERS:

- Increasing our customers' performance through increased efficiency and productivity with our solutions
- Increasing the usability of our customers' processes through extended life cycle of equipment and prolonged maintenance cycles
- Maintaining and improving product safety and a safe working environment for our customers
- Mitigating the environmental load through lower emissions, waste and energy intensity

Metso's stakeholders



Active interaction with our stakeholders is a key aspect in Metso's approach to sustainability. Metso's stakeholders are entities or individuals that have an impact on our business or are affected by our activities, products and services, and are presenting us with both risks and opportunities.

Existing and potential customers

Our customer relationships are built on continuous interaction, extensive know-how and long-term commitment. Our ambition is to be the best choice for our customers and a preferred partner in all that we do.

Existing and potential employees

We consider our people and their knowledge as one of our competitive advantages, and we have acknowledged Metso people as a high priority in our strategy. To enhance the leadership and competence development of our employees, we have implemented global development portfolios, in which the learning solutions are strongly focused on our 70-20-10 approach. In 2016, we conducted a company-wide employee engagement survey.

Suppliers and subcontractors

We have a vast supply chain. The cooperation with our suppliers and subcontractors is based on long-term collaboration, operational profitability and future development opportunities resulting from the cooperation. In 2016, we continued with third-party sustainability audits for high- and medium-risk supplier base and organized training for our procurement and supplier quality teams.



Read more

> Read more about our suppliers in our Sustainable supply chain management section.

Shareholders and investors

Metso is committed to long-term value creation for its shareholders. The continuous dialogue with shareholders helps Metso to develop its sustainable practices and reporting. In 2016 we organized several investor meetings in order to fully understand what sustainability information is most relevant for them. These dialogues resulted into a "Sustainability for investors" webpage in metso.com.

Media

We actively provide timely and accurate information about Metso for the media.

Non-governmental organizations

We cooperate with non-governmental organizations (NGOs). We have had good cooperation with, e.g., WWF, Plan Finland and SOS Children's Villages International.

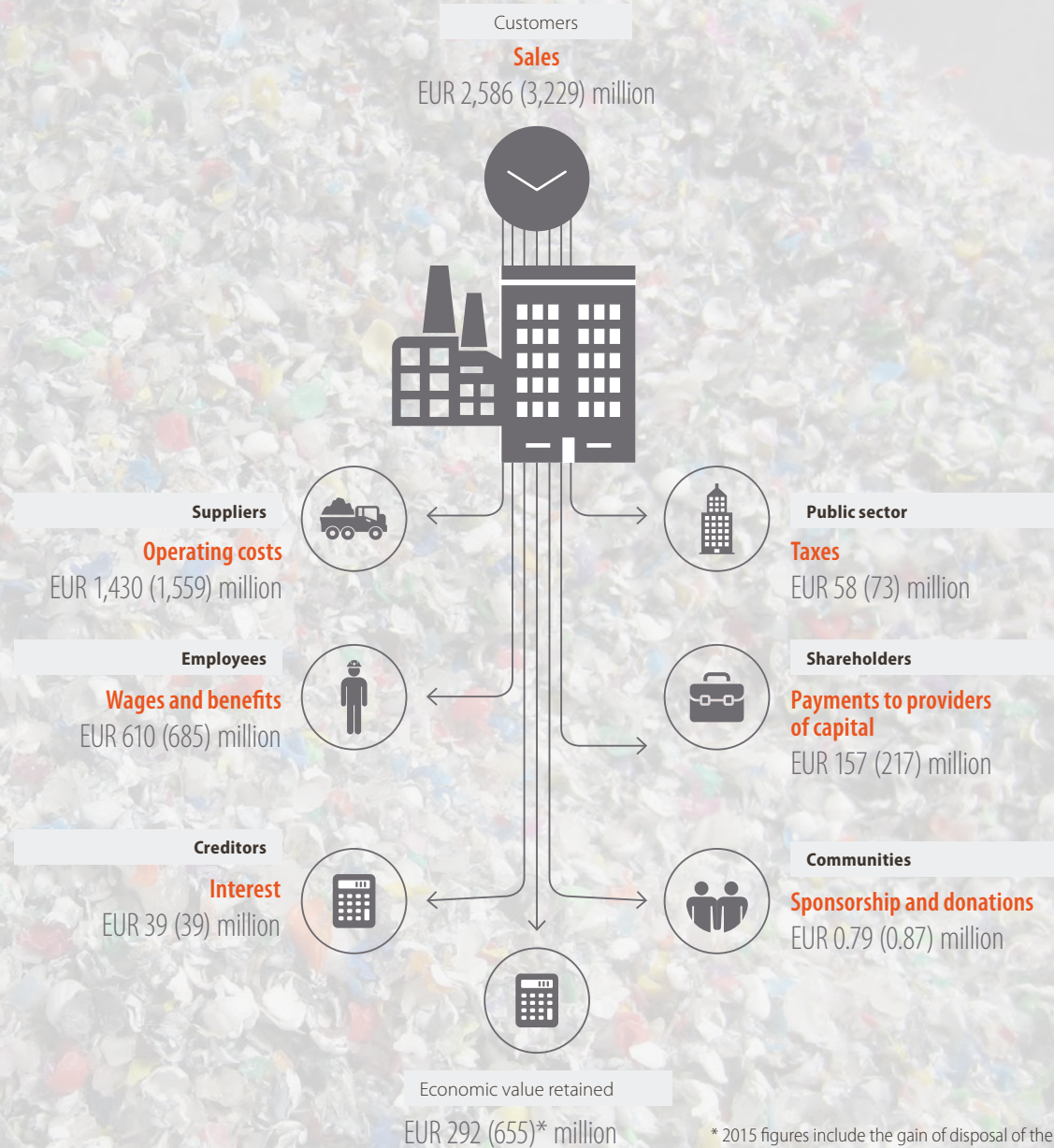
Local communities

We act as a responsible corporate citizen in the communities we operate in. Having close interaction with local communities and people around our operations is a high priority for us. We support corporate social responsibility initiatives in the communities around our businesses.

Research institutes, universities and vocational schools

Due to the nature of our business, we foster continuous cooperation with selected research institutes and universities. Additionally, we create employment opportunities, jobs and trainee positions, and provide lectures and student visits.

Prosperity for our stakeholders



* 2015 figures include the gain of disposal of the process automation business.



Open dialogue and active cooperation ensure mutual, sustainable success.



 SUSTAINABILITY

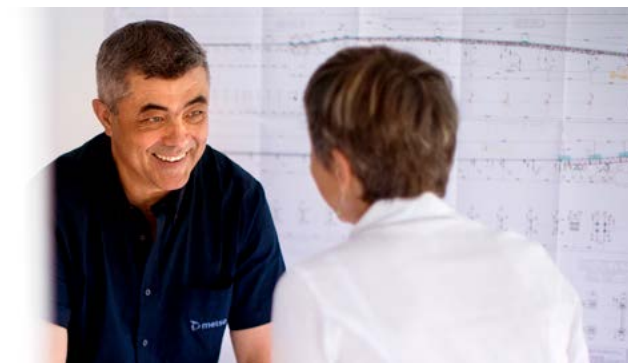
> Read more about our sustainable technologies in our Annual Review on page 34.



Building customer success

Customer partnership

In our view successful customer relationships are built on open dialogue, extensive know-how, proactive co-operation and long-term commitment to customer's needs. We work continuously to nurture our partnership with customers in order to help customers achieve their goals sustainably.



Global network allows us to be close to our customer

Our customers operate in several industries and in many parts of the world. Metso's global network in over 50 countries, helps us understand our customers' needs locally. Our customers are supported by a broad scope of services and a global network of over 80 service centers and about 6,400 services professionals.

In 2016 our service network was expanded further by opening of a valve service center in Poland. In addition to the everyday customer care, we co-operate with our customers for example in joint development projects and by providing topical insight in customer seminars, industry events, magazines and through extensive amount of cases and articles in our company website and social media channels.

Increased dialogue for continuous improvement

To embed our customers' priorities even more into our decision-making and processes we have launched in 2016 a global initiative on customer experience management. We want to listen to our customers more effectively in order to develop our ways of working where needed, and be able to serve our customers in the best possible manner.

We have started the program with a pilot in 2016 and continue to global roll out in 2017. In our pragmatic program utilizing Net Promoter Score® (NPS)* methodology we gather the feedback, analyze it both locally and globally to find improvement actions and best practices, and engage with customers for finding resolution to the topics causing dissatisfaction.



Open dialogue and active cooperation ensure mutual, sustainable success

**Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc."

Focus area	Sustainability targets and action plan 2016–2018	Progress in 2016
Building customer success	<ul style="list-style-type: none"> All the new R&D* projects have to set environmental efficiency and product safety innovation targets (if applicable) as of 2016 and verify the results when the project is closed. Solid verification development More focused customer engagement and Metso responsiveness on sustainability development Brand awareness; Metso is well-known for its sustainability performance and capabilities 	<ul style="list-style-type: none"> 83% of R&D projects have set environmental efficiency and/or product safety innovation targets Metso launched a global initiative on customer experience management with a pilot in 2016 Metso ranked at the Leadership level in CDP's Climate Change evaluation. We have continued our systematic work to build Metso brand awareness. We received several recognitions in 2016, e.g., for our HSE work in Chile and for our long-term strategic partnership with Freeport-McMoRan

We combine our deep industry knowledge and experience to create profitable solutions for our customers



SUSTAINABILITY

> Read more in our Annual Review, Health and safety section on page 36 and Metso people on page 38.



Performing together

Performing together

Network of Metso professionals – performing together

Metso is a global company of highly competent and committed industry professionals in more than 50 countries. Our over 11,000 employees around the world form a diversified network of colleagues from various nationalities and cultures.

Metso's customer promise, "Expect results", means that we are focused on performing and delivering. The success of Metso is strongly built on the knowledge, expertise and skills of our employees. In the Metso strategy, we have areas in which we want to excel, one being people and leadership with focus on developing leadership, organization, and resources and competencies. Metso's vision and values form the foundation for these strategic people and leadership priorities, and their overall target is to enhance business growth by enabling engagement and performance of our people.



Leadership and competence development

We encourage our employees to continuously develop themselves. Our emphasis is on on-the-job learning and learning together with others. For example, taking on new tasks in everyday work is the best way to develop new competencies. We also offer global development portfolios and local learning solutions.

Our global leadership development portfolio for managers is based on Metso's strategy and leadership principles. We coach our managers to lead their teams' performance through involvement and empowerment. Our professional competence development supports our key strategic initiatives, one example of which is excellence in sales capabilities.

Employee engagement

We believe that engagement drives performance and customer success. In 2016 we conducted an employee engagement survey, PeoplePulse. Based on the results, our people feel strongly engaged in their own work and to Metso as an organization, and they feel empowered to do their work. We work together to turn the results into development actions in teams: the impact is visible in our daily work.

SUSTAINABILITY

➤ Read more in our Annual review, section Metso people on page 38.



Read more

➤ Read more about leadership and competence development at metso.com/Careers/Develop_yourself_at_Metso



Read more

➤ Read more about PeoplePulse at metso.com/Careers

Focus area	Sustainability targets and action plan 2016–2018	Progress in 2016
<p>Performing together</p>	<ul style="list-style-type: none"> • Long-term LTIF target: LTIF<1** • Human rights impact assessment conducted, action plans for corrective actions made, and Metso employees and relevant partners trained • Code of conduct updated, all employees trained and all the relevant partners informed • More focused stakeholder engagement and responsiveness • Employee engagement surveys done regularly and related actions done in teams • KPIs*** to track social benefits for the major sponsorship projects 	<ul style="list-style-type: none"> • LTIF in 2016 was 2.4 (2015: 2.7) • Labor rights assessment was conducted in six higher risk countries. Based on this assessment, essential labor rights aspects were identified related to our own operations within the six higher risk countries. As part of this process, our HR management reviewed the assessment results and identified new possible development areas. • Code of Conduct review process ongoing • Focus in stakeholder engagement was on employees, customers and investors; Dialogue with investors led to the publishing of a new 'Sustainability for investors' webpage • Metso conducted a global employee engagement survey "PeoplePulse" for all Metso employees (response rate 85%, favorable responses 77%). • KPIs in major sponsorship projects have been further developed together with our cooperation partners

Human rights in our operations

Respecting human rights in our operations not only contributes to positive human rights impacts, it also allows us to operate and improve our operational risk management through improved working conditions. Additionally, we build and maintain transparent stakeholder relations and a culture of sustainability.

Our policies and commitment create the foundation for our approach in respecting the rights of the people that are employed in our value chain and in the communities around our businesses. We are committed to complying with the UN Declaration of Human Rights and UN Guiding Principles on Human Rights. Metso also works according to the principles described in the OECD Guidelines for Multinational Enterprises, the International Labor Organization's (ILO) Declaration of Fundamental Principles and Rights at Work, as well as the International Chamber of Commerce (ICC) Business Charter for Sustainable Development.

We have already integrated human rights in Metso values, assessments, processes and procedures to some extent, but in 2015 we initiated a human rights impact assessment against the UN Guiding Principles on Human Rights in order to understand if all the salient human rights topics in/throughout our value chain are covered comprehensively enough. In 2016, we continued the assessment with various practices.

Labor rights assessment

In 2016 we continued with a labor assessment in six countries that were confirmed by an external partner to be riskiest in terms of human rights. The objective of this assessment was to prioritize our actions and to raise awareness on human rights among Metso's personnel, and to initiate a structured approach to assess the status and development areas within labor rights at Metso.

Based on the findings of this assessment, one of the areas that we will look into more is the living wage topic. We will identify the location in need of more thorough assessment and to review existing calculation models from different external parties that could be relevant in a specific country. Subsequently, we will select the most appropriate living wage calculation model to be used in that country. In 2016, we also commenced human rights training for our Human Resources personnel management, focusing on labor rights (e.g. wages and benefits, contracts, working hours, leave and rest periods, discrimination, employee grievance channels). The training will be expanded to a wider audience in 2017.

Metso's Code of Conduct

Metso's Code of Conduct defines our company values and practices. Our values and the Code of Conduct are the basis in training our employees to ensure ethical practices throughout our



operations. Our Code of Conduct also sets the foundation for our risk assessment process. To identify and manage human rights effectively, the Code of Conduct is an integral part of our risk assessment. Based on a risk management evaluation, we conduct risk audits and execute an enforcement process to improve our practices. We are in the process of updating our Code of Conduct and the new version will be published in 2017. We will train all our employees and inform our relevant partners. We will also embed human right issues more deeply into our new Code of Conduct and training.

Our anonymous Whistleblower channel has been primarily intended for financial misconduct cases, but in practice it is also available for other types of misconduct. In 2017, in conjunction with Metso's Code of Conduct update, we aim to open the Whistleblower channel to all Code of Conduct-related misconduct.

In 2016 we received 7 reports of suspected financial misconduct via the Whistleblower channel. Additionally, Internal Audit received 4 direct contacts. A total of 11 cases were investigated, 6 of the suspicions were classified as misconduct. There were also cases of misconduct revealed in conjunction with internal audits. The cases of misconduct were reviewed by the Audit Committee in line with our guidelines on reporting misconduct. The cases did not have a significant impact on our financial results.

Anti-corruption and bribery

Metso has a zero tolerance approach towards all forms of corruption and bribery. This approach is already well established and is set out in our Code of Conduct. We are committed to conducting our activities in accordance with applicable anticorruption laws and regulations. The Metso Global Anti-Corruption Policy provides more detailed provisions and guidelines in this respect.

Metso is training its employees in compliance matters, and anti-corruption training is provided regularly in connection with i.a. contract compliance training. In 2012-13 Metso Legal Compliance conducted Anti-Corruption Compliance training at practically all Metso locations globally and it was supported by a subsequent e-learning test. The target group for this training and e-learning were sales and procurement, logistics, finance and the relevant support persons.

In 2015 Metso enhanced its Third-Party Due Diligence process by introducing a more diversified screening format and enabling an automated sanctions screening process by starting to use a compliance information tool in the processing of the Due Diligence files. In 2015-16 Legal Compliance ran a project in which all Metso third parties (agents, distributors and commercial consultants), existing and new appointments (a total number of approximately 600), were subjected to the new process. All

approved third parties are recorded in the compliance information tool and subject to continuous screening for sanctions, changes in corporate data and management, and adverse media.

In 2017 Legal Compliance is planning to launch an e-learning test for the same group of employees referred to above and also to the relevant representatives of the third parties.

Human rights in our supply chain

Supply chain human rights are a globally recognized challenge and something that Metso takes very seriously. Metso has a vast global network of suppliers, and we have to make sure that they commit to the same high standards that we have set for ourselves.

Human rights topics are covered by Metso's third-party supplier audits. Our annual target to conduct 15 external sustainability audits for our higher risk suppliers continues in 2017, and we are in the process of developing more systematic tracking of corrective actions. We have also included human rights issues in our internal supplier audits and self-assessment for the high risk areas. In November 2016 we started giving sustainability training, including human rights issues, for our procurement in India; we will continue with the training in other countries during 2017.

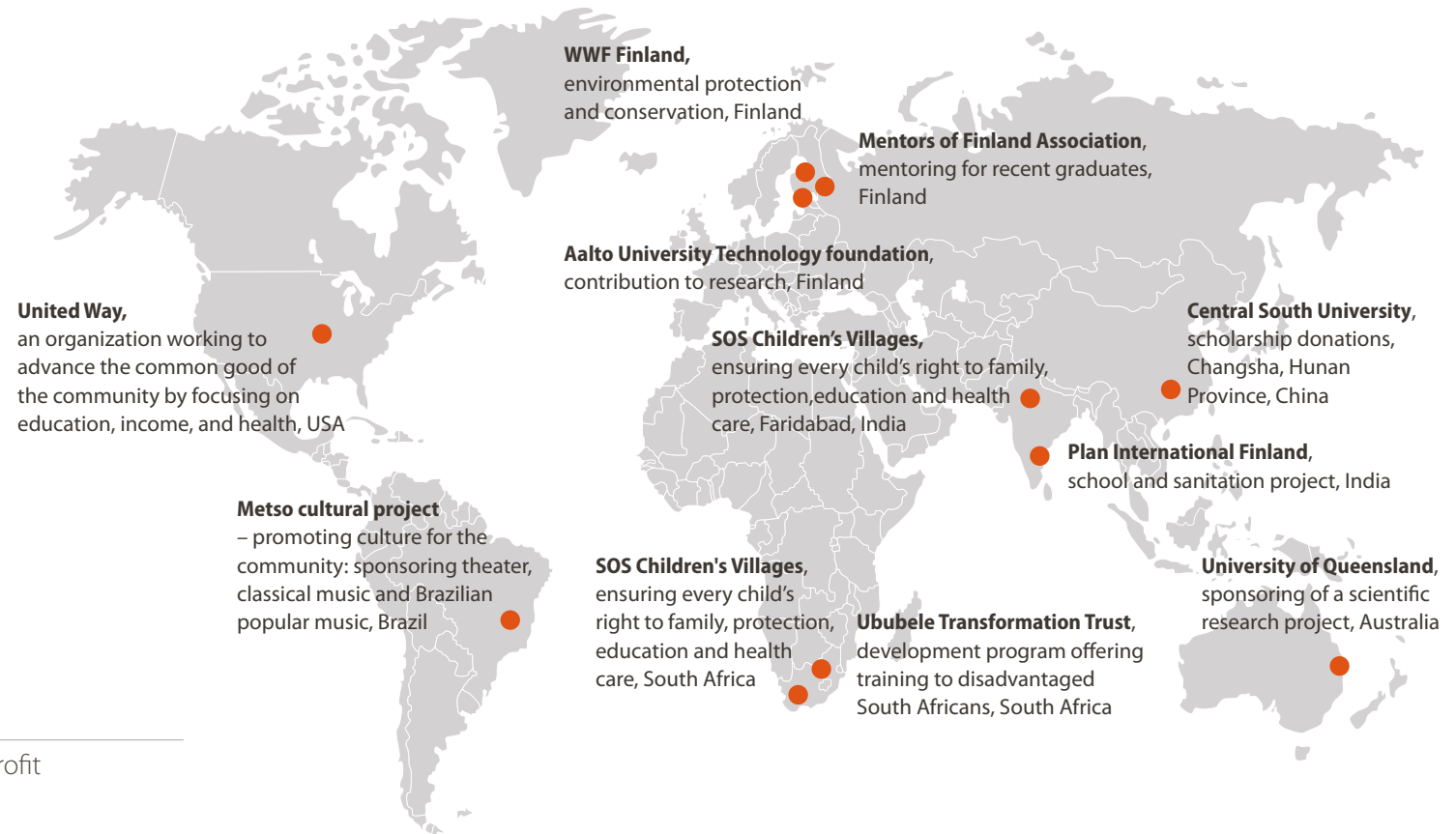


> Read more about our suppliers in our Sustainable supply chain management section.



Examples of sponsorship and donations in 2016

Metso's sponsorship principles were revised in 2016. We support programs mainly related to science, research and education, environmental protection and conservation, health and social, culture and arts, and also youth activities.



Support for non-profit organizations

- Youth activities 8% (18%)
- Culture and arts* 13% (36%)
- Environmental protection and conservation 3% (2%)
- Science, research and education 10% (5%)
- Health and social 56% (37%)
- Others 10% (2%)

* The data is not directly comparable to 2015. In 2015 this category included sports, which is now under section "Others".

Number of projects:

188

Total amount of sponsoring:

791,000

Youth activities

8%

Culture and arts

13%

Science, research and education

10%

Environmental protection and conservation

3%

Health and social

56%

Others

10%



Developing our environmental efficiency
is a continuous process.



Contributing to the environment

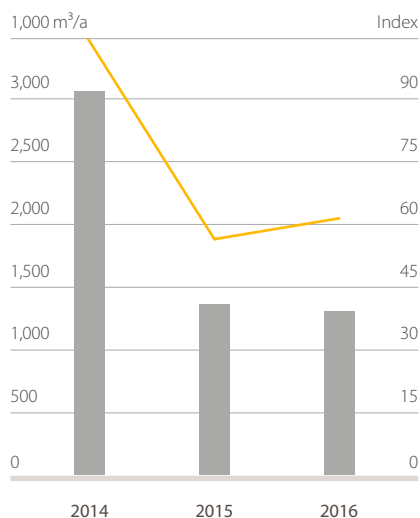
Environment

The sustainable use of resources underpins the long-term success of our business. A global operational environment opens up possibilities and risks that we need to recognize. By increasing our eco-efficiency, we are able to reduce our environmental footprint and achieve cost savings at the same time. We view the development of our environmental performance throughout our global value chain to be our responsibility.

Developing our environmental efficiency is a continuous process. In 2016 we continued with many development projects that were launched in late 2015. Our internal HSE (Health, Safety & Environment) audit function monitors the development of HSE-related issues at Metso. Internal HSE audits were carried out at 28 locations in 2016, and the focus was on environmental issues where we have the potential to improve. Based on the findings of the audits, the corrective actions are launched and will be followed. The audits can also result in concrete improvement actions, such as more detailed corporate-level requirements for chemical storage.



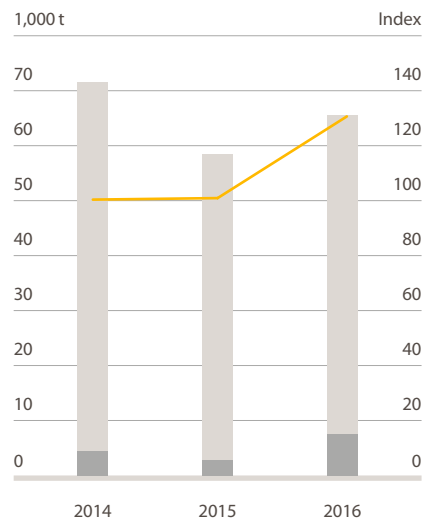
Water consumption



● Total water consumption, 1000m³

* The index is proportioned to Metso's sales. For comparison, the reference year is 2014 = 100 index value

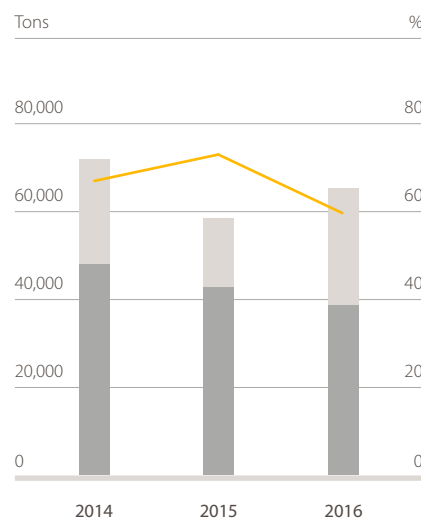
Annual waste / sales



● Hazardous waste ● Non-hazardous waste
— Waste per sales*

* The index is proportioned to Metso's sales. For comparison, the reference year is 2014 = 100 index value

Landfill waste



● Landfill ● Other waste*
— Landfill per total waste

*Recovery, Incinerated, Recycled, Composted, On-site storage

Environmental hazards

Our target is zero environmental accidents. During 2016, we had no significant spills or any other environmental accidents.

To avoid environmental accidents arising from lack of knowledge, a global environmental training program that was created in 2015 was rolled out as mandatory training in 2016. The training aims to improve our employees' environmental awareness and supports our global network of HSE personnel in their proactive efforts related to environmental risk observations. We continued our environmental HIRA (Hazard Identification and Risk Assessment) in 2016 by asking all units to carry out an issue-based HIRA. We aim to raise environmental awareness through training and through our annual environmental campaigns: Environmental

week and Earth Hour. In early 2016 we launched a global HSE program to improve environmental awareness and safety in an office setting.

Water

We have set a 15% water reduction target in our own operations by 2020. We have identified our most water-intensive units and have set new unit-specific targets. Plants included in environmental reporting must implement actions to save a volume of water equivalent to 3% of their water consumption. The target will continue at 3% annually until 2020, with a total of 15% saved by 2020.

We reduced our water consumption in 2016 by 2.8% compared to 2015. This is mostly thanks to proactive actions, such as using rain water

more effectively, installing leak detectors and updating fixtures like shower nozzles. In late 2015 we launched a water audit tool to support our units in reducing water consumption and to achieve savings. The water audit tool also includes best practices for water management. This audit is mandatory for all units that have more than 50 employees.

Waste

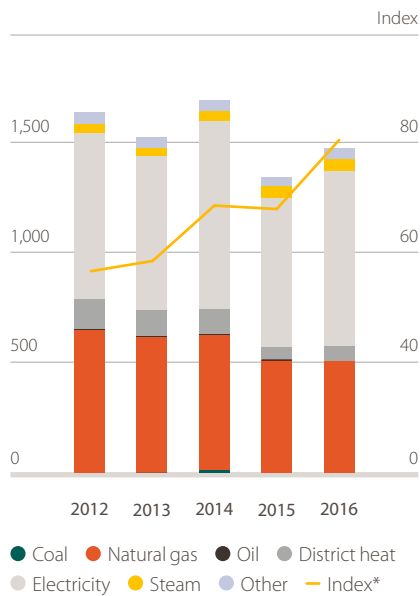
To further contribute to a better environment, we set a new goal for waste in 2016. The target is to reduce the share of landfill waste from the total waste by 15% by 2020 compared to 2014. Each unit included in environmental reporting has specific yearly targets based on our 2020 company target.

In 2016 we decreased the amount of landfill waste to 60% (67% in 2014) of total waste. This improvement is the result of better sorting, innovative solutions for waste reuse, changes in processes and materials, more effective use of resources and more ecofriendly disposal. We also launched a waste audit tool in late 2015 to support efforts in reducing waste generation and thus achieve savings. The audit tool also includes best practices for waste management. The audit is mandatory for all units that have more than 50 employees.

Carbon emissions and energy efficiency

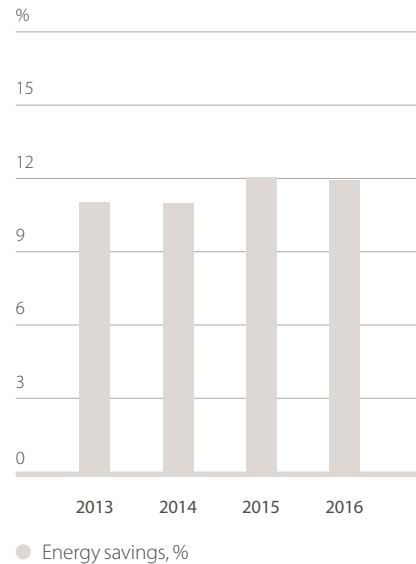
Metso strives for continuous reductions in emissions to minimize our environmental footprint and to reduce costs. We measure our energy usage and Scope 1 and 2 emissions for each of our business units and Group-wide. Our Group-wide energy-savings and carbon dioxide emission targets for our own production were launched in 2009 to improve efficiency. The target is to improve efficiency 20% by 2020. In 2010 we launched a Group-wide energy-efficiency program to support the set targets and to find new opportunities to decrease energy consumption at our locations. We also set plant-specific targets for 2016. Even so our energy consumption increased due to increased production and weather conditions and energy savings from new actions were low. Since the start of the program, a total of 47,000 MWh (11.9%) of energy has been saved through a wide range of actions around the world. These actions have reduced CO₂ emissions by 15,900 tCO₂.

Energy consumption

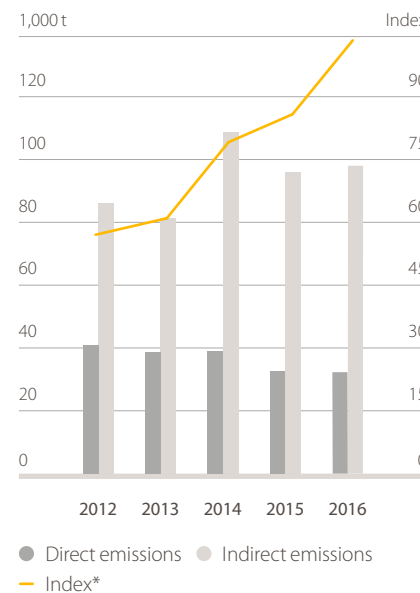


* The index is proportioned to Metso's sales. For comparison, the reference year is 2009 = 100 index value

Cumulative energy savings %

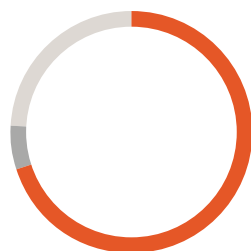


CO₂ emissions



* The index is proportioned to Metso's sales. For comparison, the reference year is 2009 = 100 index value

Metso's operative carbon footprint



- Electricity 69% (69%)
- District heating + steam 6% (6%)
- Fuels 25% (25%)

Focus area	Sustainability targets and action plan 2016–2018	Progress in 2016
Contributing to the environment	<ul style="list-style-type: none"> Water reduction target for each unit in 2016 and 15% in total by 2020 Waste going to landfill reduced by 15% by 2020 from 2014 level including yearly targets Energy saving and CO₂-emission reduction targets for each unit in 2016 and 20% total by 2020 All production units have to conduct environmental audits with Metso audit tools Zero environmental accidents All employees receive environmental training Externally assured CO₂ levels of procurement, logistics and business travel 	<ul style="list-style-type: none"> Water consumption was reduced by 2.8%, with the help of a new water audit tool and water-saving actions Share of landfill waste reduced to 60%, thanks to a new waste audit tool and improvements in waste processing A total of 47,000 MWh (11.9%) of energy savings since 2010, thanks to wide range of actions around the world. These actions have reduced CO₂ emissions by 15,900 tCO₂ HSE audits were carried out at 28 locations No significant spills or any other environmental accidents Majority of locations have had environmental training CO₂ emissions (Scope 3) externally assured: procurement, logistics, business travel, and fuel and energy related emissions (not included in Scope 1 and Scope 2)

We have a vast global network of suppliers.



Responsible supply chain

Supply chain management

Our suppliers deliver the parts, materials, services and contracted employees we need to support our business

Sustainable supply chain management

We want to ensure sustainable business operations throughout our supply chain by developing our sustainability management practices and by ensuring that our suppliers have best practices in place. We need to make sure that our suppliers commit to the same high standards that we set for ourselves. To ensure the quality and sustainability in our supply chain, we have developed processes covering the whole network of suppliers.

Sustainable supply chain management necessitates that we follow our company values. Metso's Code of Conduct and sustainable development criteria for suppliers set the standards that we expect our suppliers to follow, and they are the starting point to any new or existing business relationship.

We have integrated sustainability aspects into our procurement processes. We consider sustainability aspects in supplier evaluations to minimize the risks and develop the opportunities related to quality, social aspects, such as human rights, and environmental aspects.

Risk mapping of existing suppliers

Building a more transparent supply chain started in 2014 when we carried out a risk mapping of sustainability-related risks within our existing suppliers. By defining the risk levels, we were able

to focus on suppliers with the highest potential risks in their operations.

For the risk mapping, we utilize Maplecroft's Human Rights Dataset to identify the risk countries related to the categories Human Security, Labor Rights and Protection, Civil and Political Rights, Access to Remedy and Development. In addition, we also take into account the supplier type and spend. Based on these assessments, we decide if there is a need for third-party audits. We conduct a minimum of 15 third-party sustainability audits yearly.

Supplier audits

In 2015 we started conducting comprehensive third-party audits concentrating completely on sustainability issues with Metso's potential high-risk suppliers. We continued auditing our high-risks suppliers in China and India in 2016 and conducted, in total, 15 third-party audits.

Metso's third-party audits are conducted very thoroughly and cover many sustainability aspects, including HSE, product safety, labor and other human rights, and risk management.

Audit outcomes are analyzed by sustainability experts, and, if necessary, suppliers are required to implement corrective action in a given timeline. Suppliers are required to provide Metso with evidence of the implemented corrective actions and are subjected to a re-audit, if needed.



The focus is to increase the sustainability knowledge of our Procurement function so that it has the ability to control the potential corrective actions comprehensively.

Screening new suppliers

Screening new suppliers is included in Procurement's ongoing processes, and our target is to evaluate the majority of our new suppliers in higher risk countries against our sustainability criteria.

Based on the sustainability risk assessment of the new supplier, Procurement decides on the need for an in-depth audit and further actions. If the supplier is not able to fulfill our sustainability criteria and the cooperation in developing the supplier's shortcomings is impossible, the supplier will be declined.

Contractors

Contractors work on behalf of Metso but are not our direct employees. We utilize contractors in all our operations. We want to make sure that our contractors have the same non-compromising attitude towards our standards as our own employees. We are working to improve the preselection and performance evaluation process and training requirements of our contractors.

We require our contractors to be familiar and comply with our Health, Safety and Environment policy. The same health and safety standards that Metso employees follow apply also to contractors. In order to promote safety effectively, we have created separate contractor HSE materials and evaluation forms. The LTIF of Metso's contractors working on behalf of us in our own or customers' sites in 2016 was 2.9.

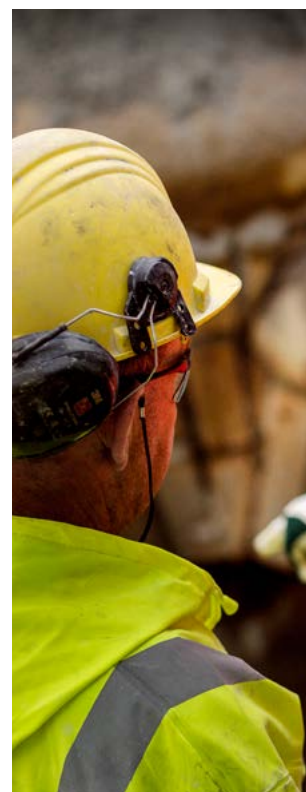
Future development

We have developed many processes to tackle the possible challenges in our supply chain, but we still have room for improvement. It is important that we continue the liaison between our sustainability resources and Procurement function to provide them an in-depth sustainability grasp and know-how to be integrated into Procurement's processes. The main targets are to develop integral processes at the Group-level and to widen our internal knowledge of a sustainable supply chain in order to perform advanced internal audits. We will also continue to conduct third-party audits.

Our annual target to conduct 15 external sustainability audits for our higher risk suppliers continues, and we are in the process of developing more systematic tracking of corrective actions.

Another important action point is to concentrate on the cooperation with our suppliers. Training suppliers helps them to adopt sustainability practices more precisely.

In 2017, we are planning to update the Metso Code of Conduct and, subsequently, update the supplier sustainability criteria accordingly. The sustainability training that we initiated for our procurement and supplier quality assurance team in 2016 is scheduled to continue in 2017. In addition, we are continuing to conduct sustainability supplier audits in higher risk countries, like China, India and Turkey.



Focus area	Sustainability targets and action plan 2016–2018	Progress in 2016
Responsible supply chain	<ul style="list-style-type: none"> • Third-party sustainability audits for higher- and medium-risk supplier base; minimum 15 per year • Established sustainability follow-up tools and processes: <ul style="list-style-type: none"> – 100% of new suppliers in high-risk areas screened on sustainability issues – Existing high- and medium-risk supplier base screened on sustainability issues • Procurement personnel trained on sustainability • Compliance with chemical legislation and restricted materials through systematic qualification process 	<ul style="list-style-type: none"> • More systematic sustainability screening of new suppliers started in higher-risk areas • More systematic sustainability screening of existing higher-risk suppliers started • 15 third-party sustainability audits conducted in China and India • Sustainability training organized for procurement and supplier quality personnel in India • Internal program on restricted materials ongoing



We continuously seek new ways of thinking and better ways of working.



Read more

> Read more about our approach on sustainability in our Annual Review, sustainability strategy section.



Data and assurance

General operating principles

Our general operating principles serve our vision to be the best choice for sustainable processing and flow of natural resources. This means for us reducing energy consumption and emissions, using less raw ingredients and water and producing less and less waste while delivering the same or increased production output. Sustainability also means that we follow the highest health, safety and environmental standards and practices. In our efforts to fulfill this mission, we uphold our commitment to our Code of Conduct and to selected, globally acknowledged guidelines and principles.

Code of Conduct

Metso's Code of Conduct creates a uniform foundation for all business transactions and work assignments. The Code of Conduct encompasses issues, responsibilities and practices supporting Metso's sustainability and success, and provides us and our stakeholders with commonly accepted guidelines and perspectives for future decisions. The Code of Conduct also describes our company culture, commonly accepted practices, and our commitment to compliance with laws and regulations. Metso's Code of Conduct is available on our website and is translated into 11 languages. We are in the process of updating our Code of Conduct and there will be a roll-out training for our employees during 2017.

In addition to the Code of Conduct, Metso also has other policies and guidelines to support our sustainable business practices. These include, for example, Metso's Anti-corruption Policy to describe our zero-tolerance approach to bribery and corruption. Our Health, Safety and Environment (HSE) Policy defines our

commitment to responsible management of HSE in our own operations and in stakeholder collaboration. We want to provide equal opportunities and diversity at the workplace, as described in our Equal Opportunity and Diversity Policy.

Responsible people management policies at Metso ensure compliance

The Metso HR management team drafts policies, principles and guidelines related to people management and is responsible for monitoring them in accordance with the governance model. The HR organizations are responsible for implementing the policies, principles and guidelines, and for supporting country-specific compliance.

International principles and guidelines

Metso joined supporters of the UN Global Compact in 2006. As a supporter, we are committed to annually communicating on the UN Global Compact website how we have advanced

in the development of our activities in the defined areas. Metso also supports and operates according to the principles described in the OECD Guidelines for Multinational Enterprises and the International Labor Organization's (ILO) Declaration of Fundamental Principles and Rights at Work.

Certificates

In our sustainability management we comply with several international standards, such as quality management standard ISO 9001, environmental management standard ISO 14001 and health and safety management standard OHSAS 18001, and many of our business units have gained certification to these standards. 28% of all our operations are covered by ISO 14001 certification, 25% by OHSAS 18001 certification and 69% by ISO 9001 certification. The coverage is calculated by the number of employees working in certified facilities.

Management policies and guidelines:

- Health, Safety and Environment Policy
- Anti-drug Guidelines
- Metso Leadership Principles
- Metso Recruitment Policy
- International Assignment Guidelines
- Personnel Background Checking Guidelines
- Equal Opportunity and Diversity Policy
- Global Bonus Plan Guidelines
- Localization Guidelines for Expatriates
- Guidelines for Company Support and Funded Studies
- Performance and Rewards Principles

Key performance indicators

Value for stakeholders & sustainable supply chain

Economic performance

Direct economic value generated and distributed (G4-EC1)

EUR million	2015	2016
Customers: Sales and other income*	3229	2,586
Suppliers: Operating costs	1559	1,430
Employees: Wages and benefits	685	610
Public sector: Taxes	73	58
Creditors: Interest	39	39
Shareholders: Payments to providers of capital	217	157
Communities: Sponsorship and donations	0.87	0.79
Economic value retained	655	292

* 2015 figures include the gain on the disposal of the Process Automation Business.

Income taxes paid, largest countries (refunds related to previous years' taxes that were received in 2016 are excluded from the figures)

EUR million	2015	2016
Finland	1	8
China	6	7
Chile	11	7
Peru	5	6
Sweden	0	5
USA	32	4
Germany	0	3
Brazil	16	3
Canada	0	2
Mexico	1	2

Proportion of spending on local suppliers at significant locations of operation (G4-EC9)

EUR million	2014	2015	2016
United States	NR	NR	60%
Finland	NR	NR	57%
Sweden	NR	NR	50%
France	NR	NR	57%
China	NR	NR	92%
Brazil	NR	NR	90%
India	NR	NR	82%

Definition 'local supplier': sourced from the same country than the plant location
 Definition 'significant location of operation': biggest countries for Metso procurement

Metso indicator: Supplier audits

Number of third party audits in supply chain

EUR million	2014	2015	2016
	-	8	15

Indicator reported for the first time in 2015.

Performing together

Organizational profile

20 Largest countries by personnel (G4-6)

	2014	2015	2016
Finland	2,699	1,735	1,603
USA	2,030	1,673	1,338
Brazil	1,680	1,330	1,214
China	1,424	1,189	1,031
India	871	761	777
South Africa	967	833	757
Sweden	798	751	729
Chile	791	771	694
Australia	574	518	497
France	592	497	451
Germany	450	400	367
Canada	487	288	271
Mexico	299	279	260
Peru	254	240	249
Czech Republic	249	244	244
Russia	309	166	147
Spain	134	131	127
United Kingdom	131	101	94
South Korea	87	84	93
Denmark	90	88	90

When comparing the figures, it should be noted that 2014 figures include only active employees. 2015 and 2016 figures include both active and inactive employees.

Employment types (G4-10)

	2014			2015			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
By employment contract type									
Permanent	2,380	11,262	13,642	2,017	8,954	10,971	1,871	8,446	10,317
Temporary	390	1,612	2,002	298	1,350	1,648	229	996	1,225
By employment type (permanent employees)									
Full-time	2,240	11,192	13,432	1,903	8,899	10,802	1,758	8,395	10,153
Part-time	140	70	210	114	55	169	113	51	164
By region									
Europe	1,188	4,689	5,877	952	3,428	4,380	880	3,217	4,097
South and Central America	383	2,644	3,027	321	2,302	2,623	294	2,126	2,420
North America	486	2,031	2,517	422	1,539	1,961	367	1,242	1,609
China	336	1,088	1,424	280	909	1,189	246	785	1,031
Other Asia Pacific	203	1,504	1,707	184	1,309	1,493	171	1,327	1,498
Africa and Middle East	174	918	1,092	156	817	973	142	745	887
Total	2,770	12,874	15,644	2,315	10,304	12,619	2,100	9,442	11,542

When comparing the figures, it should be noted that 2014 figures include only active employees. 2015 and 2016 figures include both active and inactive employees.

Employees covered by collective bargaining agreements (G4-11)

	2014	2015	2016
NR		51%	50%

Metso supports the freedom of association for all our employees and the right to collective bargaining.

50% of Metso employees are covered by bargaining agreements in 2016. The percentage varies widely between regions; it is highest in Europe (87%) and lowest in North America (2%) and China (6%).

Employment

Total number of new employee hires and employee turnover by age group, gender and region (G4-LA1)

	Indicator	2015		2016	
		Number of new hires	% of total nr of new hires	Number of new hires	% of total nr of new hires*
New hires by age group	< 30	612	45	529	43
	30-50	643	47	626	50
	> 50	104	8	85	7
New hires by gender	Female	215	16	193	16
	Male	1,144	84	1,047	84
New hires by region	Europe	342	25	331	27
	South and Central America	559	41	458	37
	North America	126	9	116	9
	China	105	8	85	7
	Other Asia Pacific	133	10	185	15
	Africa and Middle East	94	7	65	5
	Total new hires	Total	1,359	100	1,240

	Indicator	2015		2016	
		Number of leavers	% of total nr of leavers	Number of leavers	% of total nr of leavers*
Leavers by age group	< 30	297	25	256	24
	30-50	609	51	599	55
	> 50	287	24	228	21
Leavers by gender	Female	231	19	191	18
	Male	962	81	892	82
Leavers by region	Europe	317	27	263	24
	South and Central America	182	15	246	23
	North America	222	19	194	18
	China	226	19	160	15
	Other Asia Pacific	149	12	141	13
	Africa and Middle East	97	8	79	7
	Total leavers	Total	1,193	100	1,083

*Calculation:

New hires: (number of new hires per category/total number of new hires) *100

Leavers: (number of leavers per category/total number of leavers) *100

Turnover calculation has been changed; figures do not include layoffs.

Labor/Management Relations

Minimum notice periods regarding operational changes, including whether these are specified in collective agreements (G4-LA4)

Notice periods and the time period for the consultation process related to operational changes varies by country and region. Minimum notice periods are based on the local labor legislation of each country we operate in.

Occupational health and safety

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender (G4-LA6)

Indicator	2014	2015	2016
OWN EMPLOYEES			
Types of Injury			
<i>According to ILO classification, % of total injuries</i>			
By type			
Superficial injuries and open wounds		55%	56%
Dislocations, sprains and strains		8%	6%
Burns, corrosions, scalds and frostbite		6%	8%
Fractures		6%	5%
Concussion and internal injuries		3%	1%
Traumatic amputations		1%	1%
Acute poisonings and infections		1%	3%
Other specified types of injury		2%	2%
Unspecified		18%	17%
Total		100%	100%
Injury rate			
<i>Includes lost time, restricted work, medical treatment and first aid incidents.</i>			
By region			
Europe	15.0	18.2	26.9
South and Central America	18.8	9.7	8.6
North America	44.9	25.9	18.8
China	14.9	8.0	10.2
Other Asia Pacific	14.1	14.6	11.5
Africa and Middle East	28.4	14.1	7.6
Total	21.5	15.9	16.9
Total recordable incident frequency			
<i>Includes lost time, restricted work, and medical treatment incidents.</i>			
By region			
Europe	8.5	7.6	7.3
South and Central America	8.7	5.9	6.7
North America	15.6	10.9	7.9
China	10.5	6.0	7.0
Other Asia Pacific	7.3	3.8	2.0
Africa and Middle East	5.9	4.4	3.8
Total	9.5	6.9	6.3
Lost time incident frequency (LTIF)			
<i>Lost time incident frequency (LTIF) reflects the number of injuries resulting in an absence of at least one workday per million hours worked. Not reported by gender because it is seen as not significant.</i>			
By region			
Europe	5.8	3.7	3.0
South and Central America	2.3	2.3	3.4

Indicator	2014	2015	2016
North America	3.1	2.4	2.1
China	6.7	4.0	2.8
Other Asia Pacific	1.4	0.0	0.0
Africa and Middle East	0.9	2.4	1.6
Total	3.9	2.7	2.4
Risk observation frequency			
<i>Includes risk observations</i>			
By BA			
Europe		403	427
South and Central America		1,152	1,594
North America		201	198
China		504	780
Other Asia Pacific		476	510
Africa and Middle East		452	551
Total		549	688
Lost day rate			
<i>Days lost due to injuries as a percentage of total days scheduled to be worked by the workforce. The impact of occupational accidents as reflected in time off work by the affected workers. It is expressed by comparing the total lost days to the total number of hours scheduled to be worked by the workforce in the reporting period.</i>			
By region			
Europe	0.18%	0.09%	0.12%
South and Central America	0.36%	0.01%	0.05%
North America	0.07%	0.15%	0.07%
China	0.21%	0.45%	0.27%
Other Asia Pacific	0.04%	0.01%	0.00%
Africa and Middle East	0.01%	0.04%	0.03%
Total	0.17%	0.11%	0.09%
Absentee rate			
<i>Absentee days lost as a percentage of total days scheduled to be worked by the workforce. An employee absent from work because of incapacity of any kind, not just as the result of a work-related injury or disease. Permitted leave absences, such as holidays, study, maternity or paternity leave, and compassionate leave, are excluded. Refers to a measure of actual absentee days lost expressed as a percentage of total days scheduled to be worked by the workforce for the same period.</i>			
By region			
Europe	3.1%	3.4%	3.9%
South and Central America	4.0%	1.1%	1.6%
North America	1.1%	1.4%	1.4%
China	1.2%	1.3%	1.2%
Other Asia Pacific	1.1%	0.9%	1.0%
Africa and Middle East	1.6%	2.1%	2.5%
Total	2.4%	2.0%	2.3%
Fatalities			
	0	0	0

ODR is not collected in global HR reporting and occupational diseases are not included in LDR.

Non-Metso employees – contractors and supervised workers

Indicator	2014	2015	2016
Types of Injury			
By type			
<i>According to ILO classification, % of total injuries</i>			
Superficial injuries and open wounds	46%		58%
Burns, corrosions, scalds and frostbite	10%		6%
Fractures	8%		3%
Dislocations, sprains and strains	4%		3%
Concussion and internal injuries	1%		2%
Traumatic amputations	1%		0%
Acute poisonings and infections	0%		2%
Other specified types of injury	8%		2%
Unspecified	23%		26%
Total	100%		100%

Lost time incident frequency (LTIF)

Lost time incident frequency (LTIF) reflects the number of injuries resulting in an absence of at least one workday per million hours worked.

By region	2014	2015	2016
Europe	29.2		12.5
South and Central America	4.1		1.2
North America	0.0		0.0
China	0.0		0.0
Other Asia Pacific	2.4		2.5
Africa and Middle East	7.3		0.0
Total	3.9	5.9	2.9

Fatalities 0 0 0

ODR, LDR and AR are not collected in global HR reporting for supervised workers and contractors. Not reported by gender because it is seen as not significant.

Metso's safety data is collected from all worldwide locations and it covers all Metso operations. New acquired operations are integrated into Metso's reporting within a year of the date acquired. Injury rate, TRIF, LTIF and ROF for Metso employees have been calculated based on estimated hours worked. LTIF for non-Metso employees has been calculated based on monitored hours worked. These frequencies have been calculated per million hours worked.

Training and Education

Percentage of employees receiving regular performance and career development reviews (G4-LA11)

Participation rate	2014	2015	2016
Performance Review	NR	61%	62%
Development Discussion	NR	63%	63%

In 2016 all Metso employees were supported in having either an individual or group level development discussion. The completion rate for the performance review was 90% (2015: 80%) and for the development discussion 89% (2015: 65%). This percentage is calculated based on employees who are participating the individual process (white collars).

Diversity and equal opportunity

Composition of governance bodies and breakdown of employees per employee category according to gender and age group (G4-LA12)

Indicator	2014	2015	2016			
Board of Directors						
By age group						
< 30	0%	0%	0%			
30-50	14%	14%	12%			
> 50	86%	86%	88%			
By gender						
Female	29%	29%	25%			
Male	71%	71%	75%			
Executive Team						
By age group						
< 30	0%	0%	0%			
30-50	29%	14%	44%			
> 50	71%	86%	56%			
By gender						
Female	14%	14%	22%			
Male	86%	86%	78%			
Employee category						
By gender						
Female	16%	1%	17%	2%	16%	2%
Male	50%	33%	46%	35%	47%	35%
By age group						
< 30	10%	7%	9%	6%	7%	6%
30-50	40%	19%	39%	22%	41%	22%
> 50	16%	8%	15%	9%	15%	9%
Total	66%	34%	63%	37%	63%	37%

Non-discrimination

Total number of incidents of discrimination and corrective actions taken (G4-HR3)

2014	2015	2016
0	0	0

Anti-Corruption

Total number and percentage of operations assessed for risk related to corruption and the significant risks identified (G4-SO3)

Fraud, misconduct and crime are relevant threats to Metso due to its global presence, various counterparties and high number of transactions.

Risk management audits conducted in 2016 cover six units, covering about 20% of the 25 units included in the program. This covers more than 80% of Metso's net sales during the 5 year period.

Sustainable technology, EUR Million

	2014	2015	2016
Research and development expenses	59	40	34

Community Engagement, EUR

	2014	2015	2016
Support for non-profit organizations (EUR)	720,000	870,000	791,000
Youth activities	17%	18%	8%
Culture and arts	27%	36%	13%
Science, research, education	16%	5%	10%
Environmental protection	5%	2%	3%
Health and social	27 %	37 %	56 %
Other	8 %	2 %	10 %

Memberships in Associations

Metso is involved with various industry, trade and expert organizations in our area of business. On the national level in Finland, Metso is a member of the Federation of Finnish Technology Industries and the Confederation of Finnish Industries, and participates in issue-specific working groups related to energy, competitiveness, training and logistics.

Metso participates in the work of the International Chamber of Commerce (ICC) and is represented in its bodies and working groups focused on environment and energy. Metso's memberships in industrial organizations, associations and lobby organizations include:

- Federation of Finnish Technology Industries
- European Powder Metallurgy Association
- Finnish Business & Society Association
- Global Compact Network Nordic Council
- Finpro
- East Office of Finnish Industries
- International Chamber of Commerce
- Automobile and Touring Club of Finland
- Executives' Global Network Finland
- Confederation of Norwegian Enterprise (NHO)
- European Management Assistants
- Association of Finnish Safety Managers
- Federation of European Mineral Programs
- The Finnish Mining Association
- EIT Raw Materials
- The Finnish Quality Association
- Worldatwork – Human Resources Association, US
- Finsk-Svenska handelskammarens, Sweden

Contributing to the environment

Environment

Energy consumption within the organization (G4-EN3), TJ

	2014	2015	2016
Direct energy consumption by fuel			
Natural gas	620	522	526
Coal	11	0	0
Heavy fuel oil (HFO)	4	4	0
Diesel	18	18	19
Liquefied petroleum gas (LPG)	31	28	26
Indirect energy consumption			
Electricity	859	697	728
District heat	119	69	74
Steam	47	52	52
Total energy consumption	1,710	1,389	1,426

Cooling consumed and sold is included in the electricity. The consumption figures are calculated based on invoicing. Standard conversion factors are used (SI). No fuel consumption from renewable sources in 2016.

Reduction of energy consumption (G4-EN6), TJ

	2014	2015	2016
Reduction in energy consumption as a direct result of conservation and efficiency initiatives	159	169	169

Reductions in energy consumption as a direct result of conservation and efficiency initiatives.

Total water withdrawal by source (G4-EN8), 1,000 M3

	2014	2015	2016
Surface water	2,410	969	950
Groundwater	42	56	60
Rainwater	0	0	0
Municipal water or other utilities	610	332	311
Total	3,063	1,357	1,321

Municipal water and other water utilities are reported by each unit based on invoicing. Groundwater and rainwater are measured. Surface water is measured in part of units but estimated based on process data in units without surface water meters.

Direct greenhouse gas (GHG) emissions (Scope 1) (G4-EN15), TCO₂

	2014	2015	2016
Scope 1 emissions	39,469	32,660	32,581

All the emissions are reported in tCO₂. EN15-EN19 GHG emissions reporting covers only CO₂. Metso does not have any biogenic CO₂ emissions in its operations.

Energy indirect greenhouse gas (GHG) emissions (Scope 2) (G4-EN16), TCO₂

	2014	2015	2016
Scope 2 emissions	109,136	96,327	98,020

CO₂-emission factor source: 2011 IEA Emission Factors

Other indirect greenhouse gas (GHG) emissions (Scope 3) (G4-EN17), TCO₂

	2014	2015	2016
Purchased goods and services	507,163	418,256	439,777
Fuel and energy related emissions	18,268	18,423	18,813
Upstream transportation	68,803	129,069	100,390
Business travel	17,000	10,165	10,200
Downstream transportation	33,128	62,144	48,336

Metso conducted an analysis of all scope 3 emission categories. Based on that analysis, six emission categories were identified: purchased good and services, fuel and energy related emissions, upstream transportation, business travel, and downstream transportation.

Metso has assessed its indirect scope 3 emissions based on the GHG Protocol's Corporate Value Chain Accounting and Reporting Standard.

For one relevant category, use of sold products, no quantitative information is available.

Purchased goods and services scope 3 emissions cover direct spend accounting for approx. 70% of total spend. The analysis is based on the monetary value of purchased goods and services by supplier type, and environmentally extended input-output matrices from EXIOBASE.

Fuel and energy related scope 3 emissions include emissions that are not included in scope 1 or 2 (production of fuels and energy purchased: diesel, LPG, natural gas, electricity, steam, district heating). Coverage is 100% and emission factor source: www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016.

Upstream transportation emissions are based on the analysis of the monetary value of transportation services by transportation mode and country, and environmentally extended input-output matrices from EXIOBASE.

Coverage is 100%.

Metso currently monitors and reports scope 3 emissions stemming from business travel in Europe, North America and China, which accounts for 53% of Metso's workforce.

Downstream transportation scope 3 emissions are an estimate (estimate that the emission intensity is roughly the same as for upstream i.e. downstream emissions were extrapolated based on upstream data).

Reduction of greenhouse gas (GHG) emissions (G4-EN19), TCO₂

	2014	2015	2016
Reduction of emissions	15,191	15,912	15,942

The emissions reduction achieved is calculated on the basis of the reduction in energy consumption since baseline year 2010, based on invoicing and conversion to CO₂ emissions.

Total weight of waste by type and disposal method (G4-EN23), T

	2014	2015	2016
Hazardous			
Recycling	NR	679	760
Recovery	NR	108	113
Incineration	NR	329	347
Landfill	NR	1,686	6,859
On-site storage	NR	3	3
Total	NR	2,806	8,082
Non-hazardous			
Recycling	NR	11,908	15,784
Composting	NR	153	178
Recovery	NR	1,749	8,523
Incineration	NR	702	588
Landfill	NR	41,417	32,092
Total	NR	55,930	57,165

The waste disposal method has been determined based on information provided by the waste disposal contractor. Reuse is not significant in Metso's operations. The hazardous landfill waste includes sand from the foundries. It is handled appropriately at the landfill sites.

Total number and volume of significant spills (G4-EN24))

	2014	2015	2016
Spills	0	0	0



GRI Content Index

Abbreviations

UNGC United Nations Global Compact

GRI G4 Global Reporting Initiative G4 guidelines

KPI Key Performance Indicators Index

UN SDG UN Sustainable Development Goals

General standard disclosures

STRATEGY AND ANALYSIS					
General Standard Disclosures		Page number	Additional information	Omissions	Cross reference: UNGC SDG
G4-1	CEO Statement	CEO on sustainability, Annual Review, p. 4			
ORGANIZATIONAL PROFILE					
General Standard Disclosures		Page number	Additional information	Omissions	Cross reference: UNGC SDG
G4-3	Name of the organization	Metso Corporation			
G4-4	Primary brands, products, and services	Metso's Business, Annual Review, p. 24			
G4-5	Location of the organization's headquarters	Helsinki, Finland			
G4-6	Countries in which operations are located	Global Presence, Annual Review, p. 18 Key performance indicators, p. 28			
G4-7	Nature of ownership and legal form	Metso Corporation is a public company and its shares are listed on the NASDAQ OMX Helsinki Ltd			
G4-8	Markets served	This is Metso, Annual Review, p. 2 Global Presence, Annual Review, p. 18			
G4-9	Scale of organization	This is Metso, Annual Review, p. 2 Global Presence, Annual Review, p. 18			
G4-10	Workforce information	Key performance indicators section, p. 28		Metso does not collect this information about supervised workers in global HR reporting. Metso does not have any significant seasonal variations in employment numbers during the reporting period.	Principle 6 SDG 8
G4-11	Percentage of total employees covered by collective bargaining agreements	Key performance indicators section, p. 28			Principle 3 SDG 8
G4-12	Organization's supply chain	Value chain, p. 9 Supply chain management, p. 24			
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	No significant changes.			
G4-14	Addressing the precautionary approach or principle	Risk management > metso.com/company/Investors/corporate-governance/risk-and-risk-management/			
G4-15	Externally developed economic, environmental and social charters, principles or initiatives endorsed	General Operating Principles, p. 27			
G4-16	Membership in associations and national or international advocacy organizations	Memberships in organizations, p. 34			
G4-16	Membership in associations and national or international advocacy organizations	Memberships in organizations, p. 34			



IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
General Standard Disclosures		Page number	Additional information	Omissions	Cross reference: UNGC SDG
G4-17	Entities included in the organization's consolidated financial statements	Financial Statements > metso.com/2016 (Note 28: Subsidiaries)	All Group companies are included in the reporting.		
G4-18	Process for defining the report content and the Aspect Boundaries. Implementation of the Reporting Principles for Defining Report Content	About this report, p. 3			
G4-19	Material Aspects identified in the process for defining report content	Materiality analysis, p. 6–7			
G4-20	Aspect Boundary within the organization	Value Chain, p. 9 GRI Index - Aspect and Aspect Boundaries, p. 40–41			
G4-21	Aspect Boundary outside of the organization	Value Chain, p. 9 GRI Index - Aspect and Aspect Boundaries, p. 40–41			
G4-22	Restatements of information provided in previous reports	H&S figures have been updated during the reporting period.			
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	None.			
STAKEHOLDER ENGAGEMENT					
General Standard Disclosure		Page number	Additional Information	Omissions	Cross-Reference: UNGC SDG
G4-24	List of stakeholder groups engaged by the organization	Metso's stakeholders, p. 10			
G4-25	Basis for identification and selection of stakeholders with whom to engage	Metso's stakeholders, p. 10			
G4-26	Organization's approach to stakeholder engagement	Metso's stakeholders p. 10			
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Material topics and themes, p. 6–7			
REPORT PROFILE					
General Standard Disclosure		Page number	Additional Information	Omissions	Cross-Reference: UNGC SDG
G4-28	Reporting period for information provided	January 1, 2016 - December 31, 2016			
G4-29	Date of most recent previous report	Metso's Sustainability Report 2015 was published in March 2016			
G4-30	Reporting cycle	Annual			
G4-31	Provide the contact point for questions regarding the report or its contents	Kaisa Jungman, kaisa.jungman@metso.com Harald Huppe, harald.huppe@metso.com			
G4-32	GRI Content Index	About this report, p. 3 GRI Content Index, p. 36	This report meets the GRI G4 Core 'in accordance' requirements		
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	About this report, p. 3 Assurance Statement, p. 42			
GOVERNANCE					
General Standard Disclosure		Page number	Additional Information	Omissions	Cross-Reference: UNGC SDG
G4-34	Governance structure of the organization, including committee of the highest governance body	Corporate Governance Statement > metso.com/2016, p. 3–4			



ETHICS AND INTEGRITY					
General Standard Disclosures		Page number	Additional information	Omissions	Cross reference: UNGC SDG Principle 10 SDG 16
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	General Operating Principles, p. 27			

DISCLOSURES ON MANAGEMENT APPROACH					
General Standard Disclosure		Page number	Additional Information	Omissions	Cross-Reference: UNGC SDG
G4-DMA		GRI Content Index, p. 40–41			

Specific Standard Disclosures: Indicators

ECONOMIC					
GRI G4 Material Aspect	Indicator	Indicator Description	Indicator Cross-Reference	Omission	Cross reference: UNGC SDG
Economic Performance	G4-EC1	Direct economic value generated and distributed	Key performance indicators, p. 28		SDG 2, 5, 7, 8, 9
	G4-EC9 (NEW)	Proportion of spending on local suppliers at significant locations of operation	Key performance indicators, p. 28		SDG 12
	Metso indicator: Supplier audits	Number of third-party sustainability audits in supply chain	Responsible supply chain, p. 23		
ENVIRONMENTAL					
GRI G4 Material Aspect	Indicator	Indicator Description	Indicator Cross-Reference	Omission	Cross reference: UNGC SDG
Energy	G4-EN3	Energy consumption within the organization	Environmental efficiency, p. 22 Key performance indicators, p. 34	Metso does not collect cooling data separately. Cooling has been included in the electricity figure.	Principle 7 SDG 7, 8, 12, 13
	G4-EN6	Reduction of energy consumption	Environmental efficiency, p. 22 Key performance indicators, p. 34	Metso reports improvements in fuel consumption for one product line compared to previous models.	Principles 7, 9 SDG 7, 8, 12, 13
	G4-EN7	Reductions in energy requirements of products and services	Lokotrack case, Annual Review, p. 33		Principles 7, 9 SDG 8, 12, 13
Water	G4-EN8	Total water withdrawal by source	Environmental efficiency, p. 21 Key performance indicators, p. 34		Principles 7, 9 SDG 6
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental efficiency, p. 21–22 Key performance indicators, p. 35		Principle 7 SDG 3, 12, 13, 14, 15
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental efficiency, p. 21–22 Key performance indicators, p. 35		Principle 7 SDG 3, 12, 13, 14, 15
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental efficiency, p. 21–22 Key performance indicators, p. 35		Principle 7 SDG 3, 12, 13, 14, 15
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environmental efficiency, p. 21–22 Key performance indicators, p. 35		Principles 7, 9 SDG 13, 14, 15
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	Environmental efficiency, p. 21 Key performance indicators, p. 34		Principle 7 SDG 3, 6, 12
	G4-EN24	Total number and volume of significant spills	No significant spills during the reporting period 2016		Principle 7 SDG 3, 6, 12, 14, 15



SOCIAL					
Labor practices and decent work					
GRI G4 Material Aspect	Indicator	Indicator Description	Indicator Cross-Reference	Omission	Cross reference: UNGC SDG
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Metso as an employer, Annual Review, p. 38 Key performance indicators, p. 30		Principle 3,6 SDG 5, 8
Labor/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes	Key performance indicators, p. 30	Metso does not report the number of weeks. We have surveyed customer satisfaction only regionally and by business areas.	Principles 3,6 SDG 5, 8
Occupational Health & Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Health and Safety, Annual Review, p. 36 Key performance indicators, p. 31	ODR, LDR and AR are not collected in global HR reporting for supervised workers and contractors. Not reported by gender because it is seen as not significant. ODR not reported for Metso employees.	Principles 6 SDG 3, 8
Training and Education	G4-LA11	Percentage of employees receiving regular performance and career development reviews	Key performance indicators, p. 33	Not reported by gender and by employee category	Principles 6 SDG 5,8
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category	Key performance indicators, p. 33	Metso's HR principles are based on equal treatment of all employees, we don't track breakdown of employees by minority group memberships	Principle 6 SDG 5,8
SOCIAL - Human Rights					
GRI G4 Material Aspect	Indicator	Indicator Description	Indicator Cross-Reference	Omission	Cross reference: UNGC SDG
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	Key performance indicators, p. 33		Principles 1, 2, 6 SDG 5, 16
SOCIAL - Society					
GRI G4 Material Aspect	Indicator	Indicator Description	Indicator Cross-Reference	Omission	Cross reference: UNGC SDG
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Key performance indicators, p. 33		Principle 10 SDG 16
SOCIAL - Product Responsibility					
GRI G4 Material Aspect	Indicator	Indicator Description	Indicator Cross-Reference	Omission	Cross reference: UNGC SDG
Product and Service Labeling	G4-PR5	Results of surveys measuring customer satisfaction	Customer Partnership, p. 13	We have surveyed customer satisfaction only regionally and by business areas. Metso launched a global initiative on customer experience management in 2016 and results will be available in the end of 2017.	
Sustainable technologies	Metso indicator: Sustainability targets set in R&D projects (NEW)	Percentage of R&D projects that include a sustainability target	Sustainability is at the core of our research and development, Annual review, p. 32		



Specific Standard Disclosures: Aspects

Disclosure on Management Approach (DMA)

ECONOMIC	
	Description/Reference
GRI G4 Material Aspects	Economic performance
Targets	Supply chain management, p. 24
Policies, management model	Metso Code of Conduct, Sustainability criteria for the suppliers
Specific actions and results	Supply chain management, p. 24
Indicators	G4-EC1, G4-EC9, Metso indicator: supplier audits
Aspect boundary	External impacts within our value chain: G4-EC9, Metso Indicator: Supplier audits Internal and external impacts within our value chain: G4-EC1 Relevant entities: communities, authorities, suppliers and NGO's..
ENVIRONMENTAL	
	Description/Reference
GRI G4 Material Aspects	Energy, Water, Emissions, Effluents and Waste
Targets	HSE Management and HSE Policy: metso.com/company/sustainability , Environmental efficiency of own production p. 20
Policies, management model	Environmental efficiency of our own production, p. 20 and Sustainable technology, Annual Review, p. 32
Specific actions and results	G4-EN3, G4-EN6, G4-EN7, G4-EN8, G4-EN15, G4-EN16, G4-EN17, G4-EN19, G4-EN23, G4-EN24
Indicators	Internal impacts in our own operations: G4-EN3, G4-EN6, G4-EN8, G4-EN15, G4-EN16, G4-EN23 External impacts within our value chain: G4-EN7
Aspect boundary	Internal and external impacts within our value chain: G4-EN17, G4-EN19, G4-EN24 Relevant entities customers, communities, authorities, suppliers and NGO's.
LABOR PRACTICES AND DECENT WORK	
	Description/Reference
GRI G4 Material Aspects	Employment, Labor/Management Relations, Occupational Health & Safety, Training and Education, Diversity and Equal Opportunity
Targets	Health & safety, Annual Review, p. 36, Leadership and competence development, Annual Review, p. 38
Policies, management model	General operating principles, p. 38, Metso Code of Conduct, HSE Policy, HSE Management: metso.com/company/sustainability
Specific actions and results	Leadership and competence development, Annual Review, p. 38 and Key Performance Indicators, p. 30–33
Indicators	G4-LA1, G4-LA4, G4-LA6, G4-LA11, G4-LA12
Aspect boundary	Internal impacts in our own operations: G4-LA1, G4-LA4, G4-LA11, G4-LA12 Internal and external impacts within our value chain: G4-LA6 Relevant external entities: suppliers, contractors, communities, government, NGOs and customers.
HUMAN RIGHTS	
	Description/Reference
GRI G4 Material Aspects	Non-discrimination
Targets	Human rights in our operations, p. 16–17
Policies, management model	Code of conduct: metso.com/company/sustainability , General operating principles, p. 27
Specific actions and results	Key Performance Indicators, p. 33 (G4-S03)
Indicators	G4-HR3
Aspect boundary	Internal impacts within our operations Relevant external entities: suppliers, contractors, communities, government and NGOs.
SOCIETY	
	Description/Reference
GRI G4 Material Aspects	Anti-corruption
Targets	Human rights, p. 16–17, Sustainability principles, General operating principles, p. 27
Policies, management model	General operating principles, p. 27, Anti-corruption policy, Metso Code of Conduct: metso.com/company/sustainability
Specific actions and results	Key performance indicators, p. 33 (G4-S03)
Indicators	G4-S03
Aspect boundary	Internal impacts within our operations Relevant external entities: communities, employees and government.



PRODUCT RESPONSIBILITY

	Description/Reference
GRI G4 Material Aspects	Customer Health and Safety, Product and Service Labeling
Targets	Sustainable technology, Annual Review, p. 32, Customer partnership, p. 13
Policies, management model	General operating principles, p. 27, Metso Code of Conduct, HSE Policy, HSE Management: metso.com/company/sustainability
Specific actions and results	Metso launched a global initiative on customer experience management in 2016 and results will be available in the end of 2017. In addition, all the new R&D projects have to set environmental efficiency and product safety innovation targets (if applicable) as of 2016.
Indicators	G4-PR5, Metso indicator: Sustainability targets set in R&D projects
Aspect boundary	External impacts within our value chain. Relevant external entities: customers, suppliers.



Independent practitioner's assurance report

To the Management of Metso Corporation

We have been engaged by the Management of Metso Corporation (hereinafter also the Company) to perform a limited assurance engagement on selected sustainability disclosures for the reporting period 1 January to 31 December 2016, disclosed in Metso Corporation's Sustainability Supplement 2016 (hereinafter Sustainability Information). In terms of the Company's GRI G4 reporting and G4 Content Index, the scope of the assurance has covered economic, social and environmental sustainability disclosures listed within the Specific Standard Disclosures as well as General Standard Disclosures G4-10 and G4-11.

Management's responsibility

The Management of Metso Corporation is responsible for preparing the Sustainability Information in accordance with the Reporting criteria as set out in the Company's reporting instructions and the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative. The Management of Metso Corporation is also responsible for such internal control as the management determines is necessary to enable the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Metso Corporation for our work, for this report, or for the conclusions that we have reached.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews

of Historical Financial Information". That standard requires that we plan and perform the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement.

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

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Visiting the Company's Head Office as well as two sites in India and Spain.
- Conducting one video interview with one site in the United States of America.
- Interviewing employees responsible for collecting and reporting the Sustainability Information at the Group level and at the site level where our site visits and video interview were conducted.
- Assessing how Group employees apply the Company's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Metso Corporation's Sustainability Information for the reporting period ended 31 December 2016 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Helsinki, 24 February 2017

PricewaterhouseCoopers Oy

Sirpa Juutinen
Partner
Sustainability & Climate Change