

2020

Business Overview

**Partner for
positive
change**

Metso:Outotec

There's strength in partnerships.
A breadth of knowledge. A fresh
perspective. An opportunity to learn.

Our company is built on partnerships.

From empowering our clients today
to innovating for tomorrow.

From engineering advanced
technology to growing the
skills of our team.

From leading our industry
to learning from our history.

From transforming production lines
to inspiring people.

From maximizing precious natural
resources to minimizing our
combined environmental impact.

Together, we are the partner for positive change

Annual Report 2020

Metso Outotec's Annual Report 2020 consists of five sections: Business Overview, Financial Review, Corporate Governance Statement, Remuneration Report and GRI Supplement. All Annual Report sections are available in English and in Finnish. They are downloadable on our Annual Report website at mogroup.com/corporate/investors/annual-report-2020. In this Annual Report we apply integrated reporting elements.

METSO OUTOTEC CHANNELS

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Business Overview
Strategy, value creation and sustainability



Financial Review
Board of Directors' Report, Financial Statements and investor information



Corporate Governance Statement
Corporate Governance, Internal Control and Risk Management systems



Remuneration Report
Remuneration of the Board of Directors and the CEO



GRI Supplement
Externally assured sustainability information compliant with the GRI Standards

Metso Outotec's Annual Report 2020 consists of five sections. This is the Business Overview, including strategy, value creation and sustainability.



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OUR YEAR 2020

The year 2020 was transformational. We started it as two companies and 1st of July formed the new company, Metso Outotec.

Metso Outotec in brief

Metso Outotec is a frontrunner in sustainable technologies, end-to-end solutions and services for the aggregates, minerals processing and metals refining industries globally.

By improving our customers' energy and water efficiency, increasing their productivity and reducing environmental risks with our process and product expertise, we are the partner for positive change.

15,400+

employees

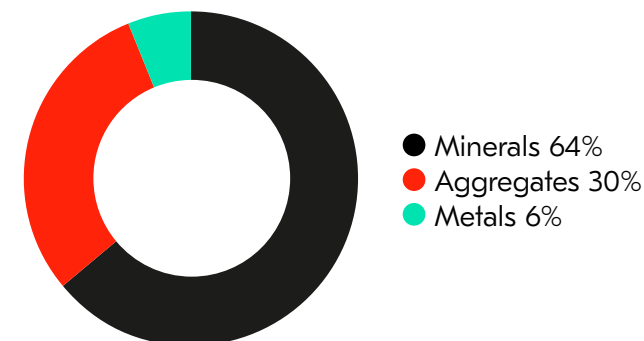
90+

nationalities

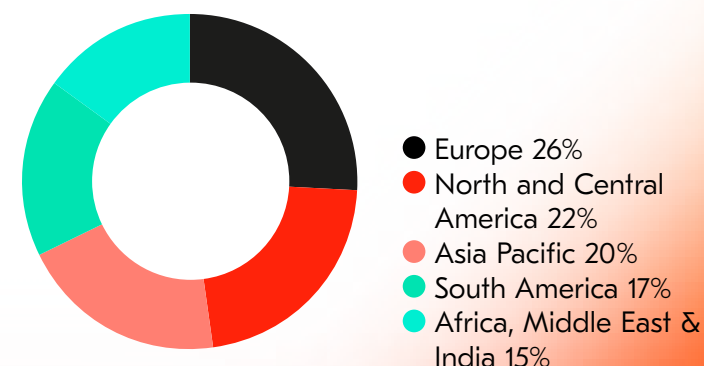
50+

countries with presence

Sales by segment



Sales by geographical area





From the CEO

It is my pleasure to summarize the exceptional year 2020 as the President and CEO of the new Metso Outotec company. For us, the year marked a major milestone that culminated in the merger of Metso's minerals business and Outotec at the end of June and the establishment of the new independent valves company Neles.

2020 will be remembered because of the pandemic that shut down the whole world and had an unprecedented impact on our personal and professional lives — and on how we conduct business. With operations all over the world, Metso Outotec is accustomed to regional logistics and supply challenges, but the rapid global spread of the pandemic was unforeseen. For us, however, the business impact eventually proved to be less severe than first anticipated, once lockdowns and restrictions were lifted. Nevertheless, the limited access to our customers' sites affected both capital and aftermarket sales throughout the year.

The coronavirus also affected the start of Metso Outotec's joint journey. We kept the safety of our employees, customers and business partners as our priority, and we worked mostly remotely in all locations. On the first day after the Metso Outotec merger, the planned face-to-face celebrations and customer visits were conducted virtually. Managing to execute the transaction and integration under these circumstances was a truly remarkable achievement from our personnel.

New strategy and performance culture

We announced Metso Outotec's strategy and financial targets at the end of the third quarter. Our purpose is "Enabling sustainable modern life", which is accomplished by offering the most sustainable solutions that help our customers process minerals for the needs of today's societies, driven by electrification, urbanization, resource scarcity and circularity.

Our goal is to become a top-tier supplier of products, technologies and services in the aggregates and minerals industries and a top financial performer. We have all the foundations in place to achieve our ambition: a comprehensive product and service offering and process expertise, an extensive installed base and a strong brand, broad aftermarket presence and know-how, industry-leading, sustainability-focused technology, and R&D expertise.

We have defined our four strategic priorities through which our strategy is implemented. First of all, we will deliver an efficient integration and strong financial performance.

Second, customers will be at the center of everything we do. Third, sustainability is one of our core strengths and focus areas. Finally, we are building a performance culture to live by our values, excel in our capabilities and deliver on our promises. Our business plans are built around these priorities, and they are managed and measured by several performance indicators.

Synergies well under way

After the closing of the Metso Outotec transaction, we were able to review the schedule and scope of the initial cost synergies and raised our target of annual pre-tax run-rate cost synergies to 120 million euros by the end of 2021. We maintained our original annual revenue run-rate synergy target of 150 million euros by the end of 2022.

Progress during the second half of the year was very good and, with the organizational restructuring almost complete, we reached 65 million euros in run-rate cost synergies by the end of the year and achieved the first revenue synergies.

Sustainability – the overriding topic

Our shared ambition with our customers and society at large is to use natural resources in a responsible manner. By sharing knowledge and combining forces with our customers, partners and communities, we can significantly accelerate sustainable development and change.

Metso Outotec is a firm supporter of the global initiative to combat the consequences of climate change, and we are committed to limiting global warming to 1.5°C with targets that are validated by the Science Based Targets initiative. A significant share of our revenue already today comes from



An important affirmation of our dedication to sustainability is demonstrated by the latest Corporate Knights results: we ranked 8th on the global 100 list of the world's most sustainable companies.

technologies that directly address some of the key challenges of our customers, such as energy and water efficiency, reduction of emissions, circularity and safety. To encompass our promises, initiatives and goals under one umbrella, we promote Planet Positive thinking, through which we want to demonstrate that we are the net positive partner for change, with our handprint significantly bigger than our footprint.

In addition to delivering measurable results, we are committed to the principles of global initiatives, like the UN Global Compact, to enhance a culture of integrity across our company – from strategy to operations. An important affirmation of our dedication to sustainability is demonstrated by the latest Corporate Knights results: we ranked 8th on the global 100 list of the world's most sustainable companies.

Legacy of pioneering innovations

Both Metso and Outotec have introduced pioneering innovations to the mining, metals and aggregates industries for over 150 years, and continuous innovation is at the core of our value propositions to our customers still today. Our investment in R&D is above the industry average, and we continue to bring sustainability-driven products and services to our customers. Over 90% of our product development projects have sustainability targets today. The challenges of our industries can be technologically very complex, and for our customers we are a partner of deep technology expertise and process knowledge.

We achieved solid performance, despite the exceptional and challenging year characterized by the pandemic. I want to thank our shareholders, customers and business partners for your strong support, and I'm specifically grateful to our employees for their incredible dedication throughout the year. By maintaining the same high ambition level, we can confidently move towards our vision of being our customers' number one choice for sustainable use of Earth's natural resources.

Pekka Vauramo
President and CEO



VALUE CREATION AND STRATEGY

Our strategy is coherent and clear, and it will help us become an industry-leading company in customer satisfaction, sustainability and financial performance.



Purpose, vision and financial targets

The purpose of Metso Outotec is to enable sustainable modern life, and we aim to create solutions to accelerate sustainability in the industries we operate in. Our businesses are driven by the megatrends of urbanization, electrification, sustainability and resource scarcity. Our products and services are used in aggregates, minerals processing and metals refining processes to produce materials for the building materials of the modern world.

Metso Outotec's vision is to be the customers' number one choice for sustainable use of earth's natural resources. Together we deliver service, reliability, innovation and results – safely. We aim to be a valuable partner for our customers, and we commit to take action in sustainability in our industry and to deliver results to all our stakeholders in a safe manner.

We want to create value for our stakeholders by reaching the following financial targets:

- Adjusted EBITA margin of >15% over the cycle
- Maintaining an 'investment grade' credit rating
- Dividend pay-out of at least 50% of earnings per share
- Progress in sustainability in alignment with the 1.5°C commitment

Metso Outotec aims to become a tier-one company with a strong focus on growth and profitability. We are present in two growing industries; Aggregates and Mining that have synergies between them. With the changes made to our business portfolio, we are very focused; our scale enables us to drive value for different stakeholders. We are committed to deliver strong financials that allow us to further invest into our business and deliver competitive dividends to our shareholders.



Metso Outotec's vision is to be the customers' number one choice for sustainable use of earth's natural resources

Metso Outotec – Enabling sustainable modern life

MEGATRENDS

Urbanization
Electrification
Sustainability
Resource scarcity

VISION

To be customers' number one choice for sustainable use of Earth's natural resources.
Together we deliver service, reliability, innovation and results – safely.

TOP PRIORITIES

Integration and financial performance
Customer centricity
Sustainability
Performance culture

BRAND PROMISE

We are the partner for positive change



BUSINESSES: AGGREGATES • MINERALS • METALS • SERVICES • CONSUMABLES

VALUES



High ambition
– always



Customer in
center



Getting it done
– together



Open and
honest

Strategy driving value creation

Metso Outotec's core businesses have a robust growth outlook, highly supported by medium-term fundamentals and long-term megatrends. The demand for Aggregates equipment is forecasted to grow at 4–6% average annual growth rate and the demand for Minerals processing and Metals refining equipment at 3–6%. We operate in cyclic industries, yet in mining we have a balanced metals exposure and a strong services offering that support our business over the cycles. The fundamentals for gold, copper and iron ore are supportive for more customer investments in new projects required to meet incremental demand and to replenish the depletion of the existing mine supply in the long term. The growing adoption of electric vehicles is rapidly increasing the demand for battery metals, which are expected to be in a deficit by 2025.

Metso Outotec's foundation for implementing the strategy and achieving our goals is based on the following strengths:

1. Comprehensive product and service offering as well as process expertise throughout the customers' value chain
2. Extensive installed base and a strong brand
3. Strong aftermarket presence and know-how close to customers
4. Industry-leading, sustainability-focused technology, research and product development expertise

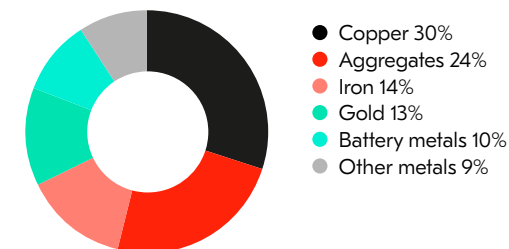
Metso Outotec has a wide offering and comprehensive process knowledge. Our focus is on products and services and delivering even more standardized products. We reduce our risk exposure in projects that include other than the company's own technology and expertise.

The joint installed base of Metso and Outotec is very wide and our ambition is to expand our business even further. With our strong aftermarket presence, we can serve our customers well and we have potential to support their aftermarket needs even better. In Aggregates, the aftermarket potential is 35–45%, in Minerals 60–70% and in Metals 30–40% of sales. We will reinforce our presence in the service-intensive businesses, and we will focus on capturing the aftermarket potential, as it also supports us over the cycles.

Metso Outotec continues to strongly invest into digitalization and the development of our offering. Our R&D investment is among the biggest R&D investment portfolios in the industry, about EUR 100 million a year. Furthermore, the current Covid-19 era has proven the customer need for digital services, for example in remote monitoring.

Due to limited synergies, Metso Outotec has decided to divest its Recycling business. The Recycling business sells products and services for metal and waste recycling. Recycling's sales in 2020 were EUR 125 million, and it reported an adjusted EBITA margin of approximately 3%. In our Metals business, we have initiated a turnaround program, as the financial performance of our Metals business has not been sufficient. The target for the Metals business is 10% adjusted EBITA.

Metso Outotec sales per application



Metso Outotec continues to strongly invest into digitalization and the development of our offering



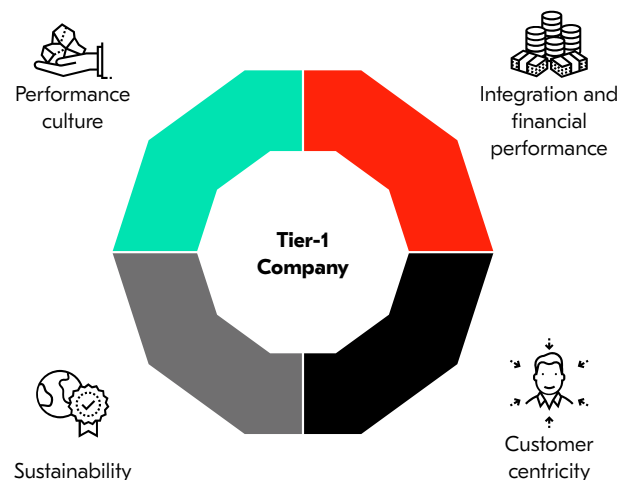
Four priority areas of strategy implementation

We are committed to building a tier-one company. Metso Outotec's strategy will be implemented in all our businesses through these four priorities that address the interests of different stakeholders:

1. Integration and financial performance
2. Customer centricity
3. Sustainability
4. Performance culture

These priority areas are visible in each business area's action plans and their realization is measured and managed with several performance indicators.

Strategy implementation priority areas



Integration and financial performance

Our integration target is to realize EUR 120 million of annual pre-tax run-rate cost synergies by the end of 2021. About EUR 65 million annual run rate of the Metso Outotec cost synergies realized by the end of 2020. Furthermore, we aim to deliver EUR 150 million of annual revenue run-rate synergies by the end of 2022. We have already had a good start in implementing our synergies. Improving the competitiveness of our offering across the business lines is a key topic to drive improvement of our financial performance.

Customer centricity

Customer centricity is at the core of our strategy. We aim to improve our service level, for example in quote response and on-time delivery, across our businesses. We will improve the measuring of customer satisfaction and take action based on improved customer understanding. We are also in the process of implementing a key account management model with the aim of improving our value add to our customers.

Sustainability

Metso Outotec aims to be a sustainability leader in our industry. We strive for a net positive impact on the planet and are committed to the 1.5°C journey, with targets that are validated by the Science Based Targets initiative (SBTi). This will be implemented through a focus on sustainable offering and innovation and by being a responsible and trusted partner. We have set targets to reduce the carbon emissions of our own operations by 50% by 2030, compared to the 2019 baseline, and to reduce the emissions of logistics by 20% by 2025. We are also targeting that 30% of the supplier spend by the end of 2025 is with partners who have set SBTi-approved carbon dioxide emission reduction targets. We will continuously develop sustainable solutions for our customers, with a focus on energy efficiency, reducing emissions, water efficiency, circular solutions and safety. Over 90% of the spend of our R&D projects are targeted to have energy-, emission- or water targets.

Performance culture

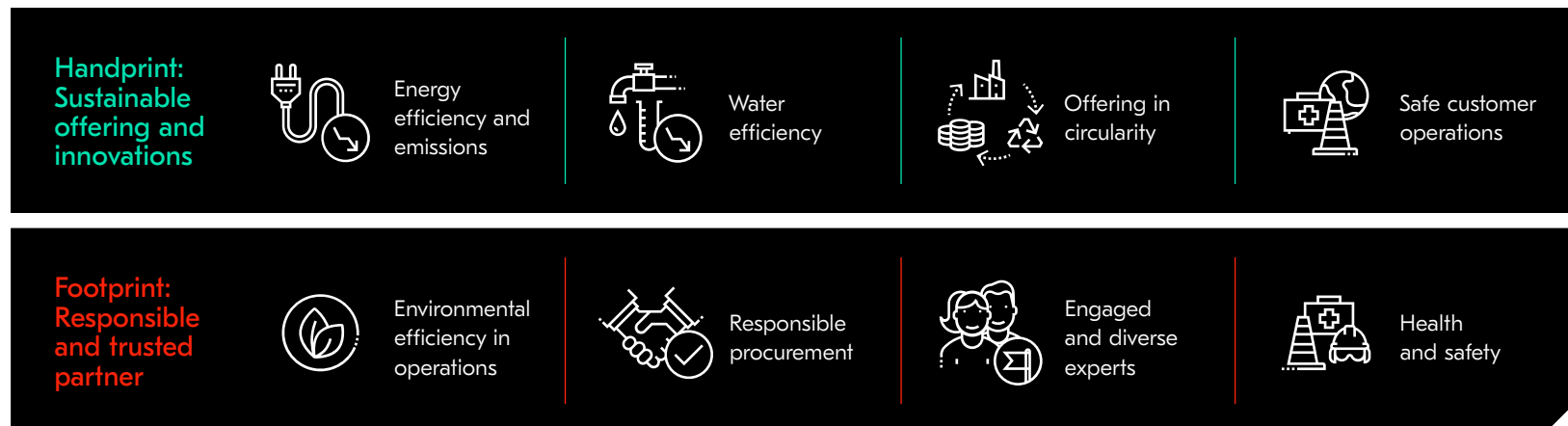
We are building a new company and at the same time shaping the new Metso Outotec culture. In early 2020, a pre-merger culture survey was conducted at both Metso and Outotec to find out our similarities and differences. This work gave us the baseline for the new company culture. Culture is one of the four top priorities for Metso Outotec and we believe it is a crucial element in our integration work.

The new company values that start the journey of building the tier-one company culture were launched in 2020. Our aim is to be a great place to work, with strong performance and employee engagement, and to attract, develop and retain top talent. Our values are High ambition – always, Customer in center, Getting it done – together, and Open and honest. We have a process ongoing by which we engage the whole Metso Outotec team into the values discussion and to define the values content.



Metso Outotec aims to be a sustainability leader in our industry

Metso Outotec sustainability focus areas



Profitability to a new level

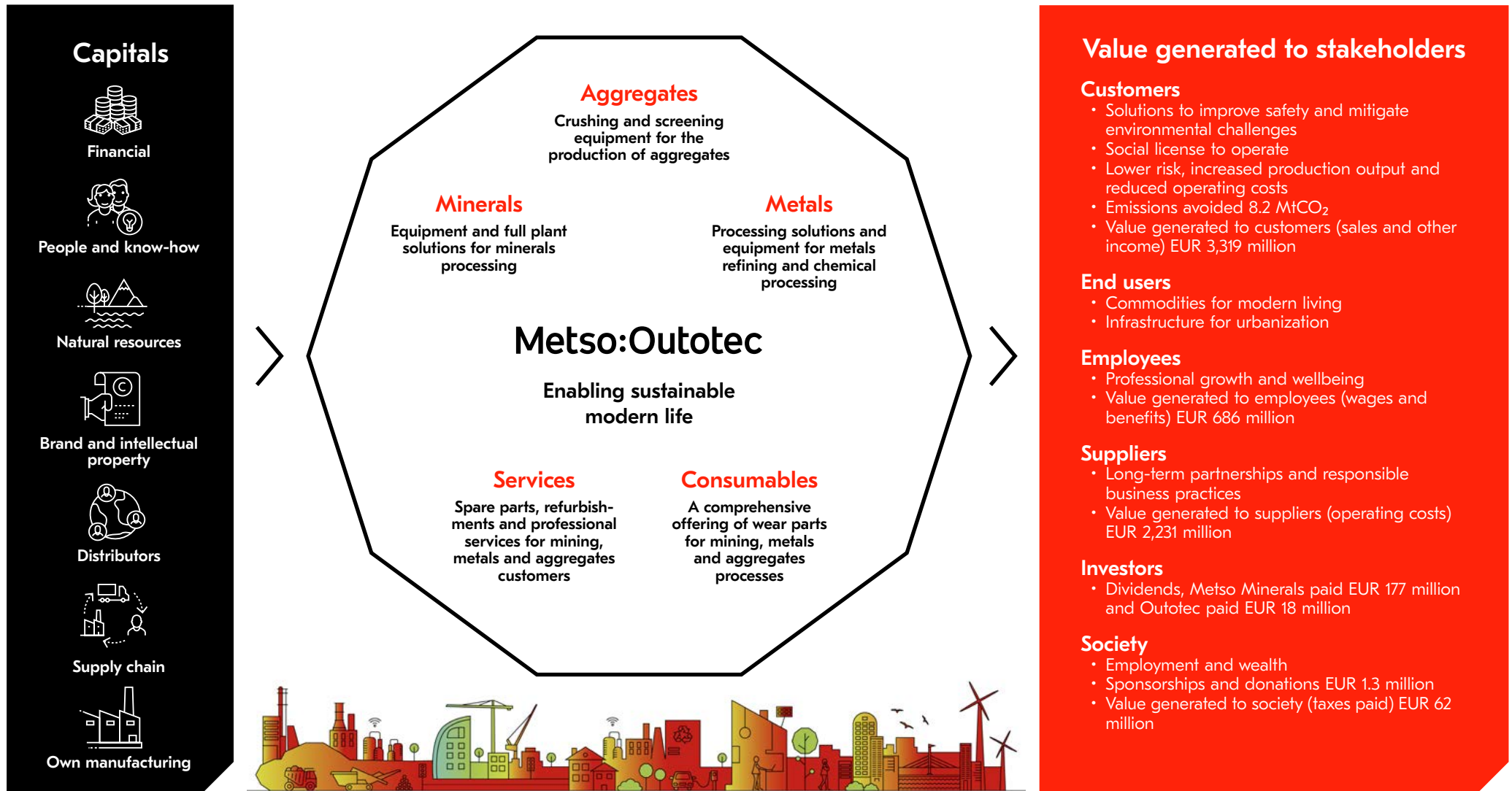
Our financial targets underline the intention to improve profitability and drive sustainable solutions in our industry. Our profitability target is an adjusted EBITA margin of >15% over the cycle. Our 2020 adjusted EBITA was 11.5%. Metso Outotec has a wide range of ongoing actions to reach the profitability target. The most significant improvement means are realizing the benefits related to the integration synergies and the businesses areas' profitability improvement actions, for example increasing supply chain efficiency and developing our business portfolio. The divestment of Recycling as well as the Metals turnaround are also important contributors to reaching the improved profitability level.

Maintaining our investment grade rating is important for us, as it enables future development of our business as well as investments and acquisitions. To secure our investment grade rating, we focus on cash flow and margin improvement over the cycle, improvement of our net working capital efficiency and strengthening our balance sheet with a reasonable debt level.

We target to deliver shareholder value with the strong Metso Outotec platform of synergistic businesses and we are already on the way on delivering integration synergies and further profitability improvement, as well as reducing volatility of our business. Metso Outotec will continue strengthening the balance sheet and with successful strategy implementation, our aim is to be a good partner for our stakeholders and a competitive payer of dividends.



How we create value



Capitals



Financial



People and know-how



Natural resources



Brand and intellectual property



Distributors



Supply chain



Own manufacturing

Aggregates

Crushing and screening equipment for the production of aggregates

Minerals

Equipment and full plant solutions for minerals processing

Metals

Processing solutions and equipment for metals refining and chemical processing

Metso:Outotec

Enabling sustainable modern life

Services

Spare parts, refurbishments and professional services for mining, metals and aggregates customers

Consumables

A comprehensive offering of wear parts for mining, metals and aggregates processes

Value generated to stakeholders

Customers

- Solutions to improve safety and mitigate environmental challenges
- Social license to operate
- Lower risk, increased production output and reduced operating costs
- Emissions avoided 8.2 MtCO₂
- Value generated to customers (sales and other income) EUR 3,319 million

End users

- Commodities for modern living
- Infrastructure for urbanization

Employees

- Professional growth and wellbeing
- Value generated to employees (wages and benefits) EUR 686 million

Suppliers

- Long-term partnerships and responsible business practices
- Value generated to suppliers (operating costs) EUR 2,231 million

Investors

- Dividends, Metso Minerals paid EUR 177 million and Outotec paid EUR 18 million

Society

- Employment and wealth
- Sponsorships and donations EUR 1.3 million
- Value generated to society (taxes paid) EUR 62 million



Our businesses

Metso Outotec's offering covers a wide range of solutions in the aggregates, mining and metals businesses. A top-tier performing company needs to have an efficient, lean and agile organization that enables growth and fast response to changes in customer industries and the operating environment. Our business is divided into five business areas:

- Aggregates, providing crushing and screening equipment for the production of aggregates.
- Minerals, providing equipment and full plant solutions for minerals processing, covering comminution, separation and pumps.
- Metals, providing processing solutions and equipment for metals refining and chemical processes.
- Services, providing spare parts, refurbishments and professional services for mining, metals and aggregates customers.
- Consumables, providing a comprehensive offering of wear parts for mining, metals and aggregates processes.

The business areas are accountable for their own performance in terms of orders and sales, operating profit and cost of capital, and they contribute to the company strategy through their business-specific initiatives.

In addition to business areas, Metso Outotec has eight market areas that are responsible for managing customer relationships, sales and service operations in their own geographical area. Additionally, the market area organization enables effective local-global co-operation based on clear interfaces, roles and governance. The market areas are North and Central America, South America, Europe, Africa, Russia and CIS, Middle East and India, Greater China, and Asia Pacific.

The distribution management of the Aggregates business is run by a separate dedicated distribution management organization that is responsible for developing and managing the distributor channel globally. A considerable share of the sales in the aggregates business goes through the global distributor network.



Metso Outotec operates through five business areas and eight market areas

Our customer industries



Aggregates

The global aggregates market consists of some large international players and numerous smaller, more local ones. Metso Outotec's offering for the aggregates customers includes stationary, trackmounted and wheelmounted crushers, screens, feeders and conveyors, complete and modular crushing and screening systems, and related automation and digital solutions, spare and wear parts and services.



Mining

Our mining customers are large global miners, major and mid-sized regional operators, and junior miners. Metso Outotec's extensive offering and process expertise for mining customers enable the efficient and profitable handling of virtually all ore types. Our offering ranges from pre-feasibility studies, engineering and process equipment to complete plants with related life cycle services.

Metso Outotec provides mining customers with crushers, screens, feeders, grinding mills, hydrocyclones, flotation solutions, pyro processing, material handling equipment, slurry pumps, spare and wear parts, and services. We also have comprehensive solutions for optimized processes, including intelligent automation and control systems, tailings management, separation and dewatering.



Metals

Our customers in the metals refining segment are large and mid-sized mining companies, as well as local mining and metallurgical companies.

Metso Outotec provides sustainable solutions for metals processing for virtually all types of ores, and industrial water treatment. We have an extensive range of solutions for processing ores, concentrates and raw materials into refined metals, as well as expertise in sulfuric acid processing, and efficient and sustainable solutions for the treatment of industrial process and waste waters.

Customer benefits

Metso Outotec delivers unique benefits, ranging from an end-to-end offering in minerals processing — from ore to metal, sustainable technologies that reduce emissions, energy and water use, industry-leading service expertise, extensive global service network, strong innovation and R&D power and an uncompromising approach to safety.

In the aggregates segment, Metso Outotec's strengths include the best cost and availability, and easy-to-buy and easy-to-own solutions for the crushing and screening of aggregates. This includes brands and solutions ranging from essential to high-performance: Metso, McCloskey, Jonsson & Söner, Shaorui and Liugong Metso. With the growing demand for more sustainable alternatives, we also offer environmentally friendly and low-noise, low-dust solutions for urban environments. Additionally, our offering includes expert services and spare and wear parts, close to customers, through our own and the distributors' networks.

Metso Outotec's strengths in minerals processing include industry-leading process expertise and the most technologically advanced equipment and solutions with high recovery rate and throughput, the lowest total cost of ownership and the best energy and water efficiency. Customers can select from a broad portfolio of equipment with optimized solution and process performance for any application. Minerals customers also benefit from an extensive global service network and availability of spare and wear parts.

For our metals refining customers, we offer end-to-end solutions for processing almost any ore or concentrate to refined metal, including sulfuric acid production. We offer in-house testing, industry-leading R&D capabilities, technologies with low emissions and high energy efficiency, strong technological expertise and close support throughout the project.



Research and development

Research and development plays a key role in our industry's path towards a more sustainable future. In the technology development, Metso Outotec focuses on improving resource efficiency. By working closely with customers as early as possible in the project, we can add significant value to the solution.

Metso Outotec has a strong technology platform and the scale to drive innovations and to provide customers with differentiated offerings. Our strengths include an extensive patent portfolio, R&D specialists in-house and R&D centers across geographic locations. At the end of 2020, Metso

Outotec held 6381 granted rights, including patents, utility models and designs. Innovation and product development will remain a strong focus going forward, and we aim to further leverage our technological know-how and intellectual property across the whole product portfolio to deliver sustainable customer solutions.

The business areas are responsible for the competitiveness, resource efficiency, life-cycle performance and safety of their products, technologies and services. They are also responsible for keeping up their technology expertise, including maintaining and improving technological competences, assessing customer feedback, following market development, identifying quality improvement needs and monitoring competition.



SUSTAINABILITY

For Metso Outotec, sustainability means that we do things efficiently and responsibly in terms of the environment, people and the economy.



Positive impact on the world

Metso Outotec has positive impact on the world and is committed to the 1.5°C journey in line with the Paris Agreement. We offer sustainable products and services to our customers and we are a responsible and trusted partner. This means that we do things efficiently and responsibly in terms of the environment, safety and wellbeing of people and the economy. These dimensions are critical throughout our value chain, from procurement to end product. By innovating new and better technologies and changing the current ways of operating, we help to create a more sustainable future.



One of the many highlights in 2020 was our commitment to the 1.5°C journey and our new climate targets for the most significant sources of emissions

Our sustainability strategy targets sustainability leadership in our industry

Metso Outotec's new strategy, launched in 2020, identifies sustainability as one of the tier-one priorities. Our new sustainability agenda and related action plans, annual targets and long-term goals were developed in line with the wider strategy work and are aligned with the purpose of enabling sustainable modern life.

In this report, we present the most material sustainability issues based on our materiality analysis conducted in 2020. The analysis was developed by understanding customers' changing operational environment and assessing the stakeholder expectations by conducting surveys, interviews and meetings as well as by reviewing current sustainability trends and relevant sustainability frameworks.

Based on the materiality assessment, Metso Outotec's sustainability agenda comprises two focus areas: Sustainable offering and innovations and Responsible and trusted partner. Sustainable offering and innovations is further divided into four areas where we have a positive impact on our customers: Offering in circularity, Safe customer operations, Water efficiency, and Energy efficiency and emissions. Being a responsible and trusted partner is further divided into Health and safety, Engaged and diverse experts, Responsible

procurement, and Environmental efficiency in operations. In addition to these material topics, our sustainability agenda is built on financial performance and our Code of Conduct, which defines our principles on ethics, compliance, governance and human rights. All these topics are reviewed in this report.

Our sustainability agenda is aligned with the UN Sustainable Development Goals

Metso Outotec's new sustainability agenda and related action plans, targets and long-term goals are also aligned with the UN Sustainable Development Goals (SDGs). We have integrated the most relevant Sustainable Development Goals into our sustainability agenda.

We analyzed Metso Outotec's impacts on SDGs in an internal workshop. Five SDGs were identified as the most relevant areas where we want to demonstrate our impact during this strategy period. Our sustainability agenda as well as our commitment and impact analysis of the SDGs was approved by the Executive Team.

A sustainable offering and innovations have a central role in our strategy, since they represent the key means of improving the resource efficiency of our customers' operations. Our long-term goal is to provide customers with products and services that are even more sustainable. In line with the goals set by the UN General Assembly, we upgrade our customers' operations to make them more sustainable with increased resource efficiency and greater adoption of clean and environmentally efficient technologies (SDG 9); we also support actions to combat climate change every day (SDG 13) through the use of our technologies. We also

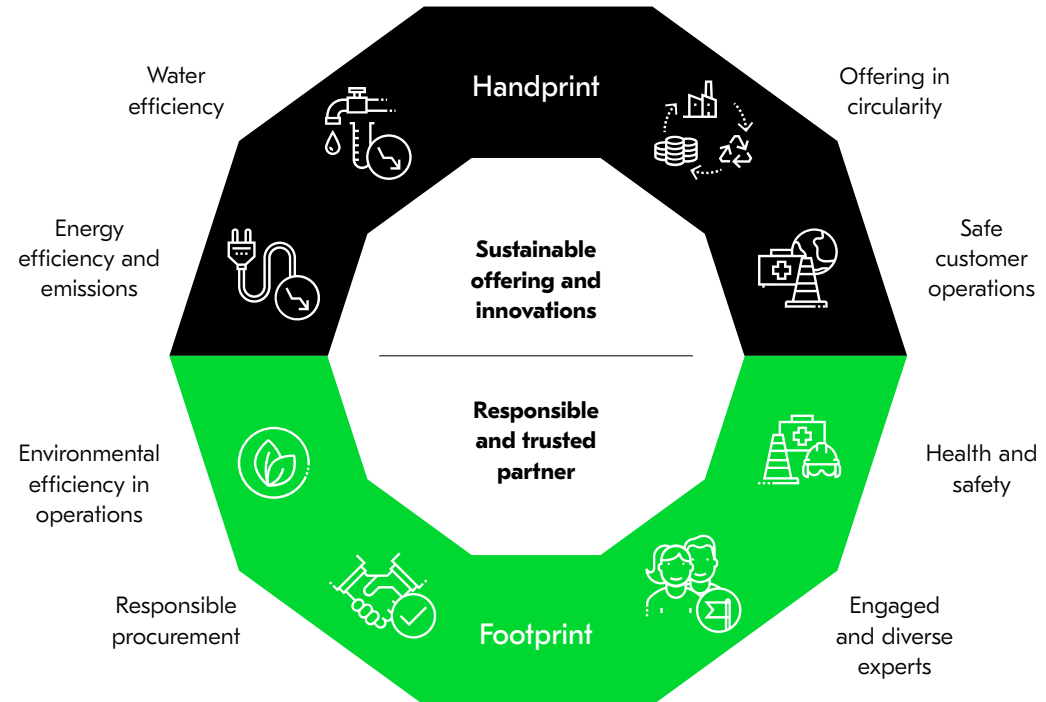
increase the efficiency of water use by reducing the amount of freshwater needed in our processes, by increasingly recycling and safely re-using water, thus decreasing the amount of wastewater (SDG 6).

We drive technological upgrades and innovations that improve resource efficiency in production, and we offer decent work for all genders, including young people and persons with disabilities. Furthermore, we aim to achieve equal pay for work of equal value, as well as to protect labor

rights and promote a safe and secure working environment for all employees (SDG 8).





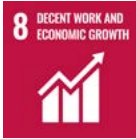
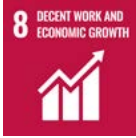

Because the majority of Metso Outotec's manufacturing is outsourced, responsible procurement is highly important to us. By requiring sustainable practices along our supply chain, we also promote the wider adoption of responsible management practices, thus enabling our clients to use natural resources sustainably and reduce waste generation (SDG 12).

Agenda 2030



Our annual sustainability targets and long-term goals

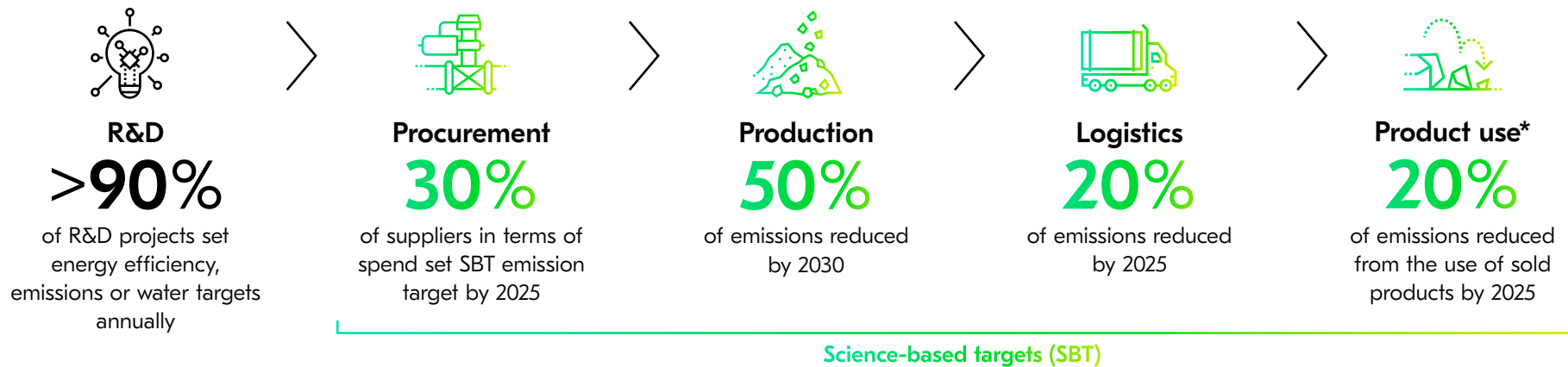
Our annual targets are structured to support our long-term goals and to reflect the selected SDGs.

	Target for 2021	Long-term goals	Relevant SDGs
Sustainable offering and innovations (Handprint)			
CO₂ handprint	Increase our handprint to 7.9 M tonnes of CO ₂	Double the CO ₂ handprint by 2035 compared to 2019 baseline	  
R&D projects with energy efficiency, emissions or water target	Over 90% of R&D projects to have annual energy efficiency, emissions or water target	Over 90% of R&D projects to have annual energy efficiency, emissions or water target	
Environmental efficiency in operations (Footprint)			
CO₂ emissions: Production	Decrease CO ₂ emissions by 8% compared to 2019 baseline	Halve CO ₂ emissions by 2030 compared to 2019 baseline	
CO₂ emissions: Logistics	Decrease CO ₂ emissions by 8% compared to 2019 baseline	Decrease CO ₂ emissions from logistics by 20% by 2025 compared to 2019	
Suppliers' SBT targets	3% of suppliers by spend to have a science-based CO ₂ emission target (SBT)	30% of suppliers by spend to have a science-based CO ₂ emission target (SBT) by 2025	
Health and safety			
Lost-time injury frequency rate	Continuous improvement in Lost-time injury frequency rate (LTIF)	Zero harm	
Total recordable incident frequency	Continuous improvement in Total recordable incident frequency (TRIF)	Zero harm	
Engaged and diverse experts			
Code of Conduct	All active employees including blue-collar workers trained on Code of Conduct, external workforce excluded	All active employees including blue-collar workers trained on Code of Conduct every year, external workforce excluded	
Engagement survey	Our target is to maintain a high response rate in employee engagement survey. Increasing trend in eNPS	Strong employee engagement. Attracting, developing and retaining top talent	
Responsible procurement			
Responsible suppliers	100 supplier sustainability audits per year conducted in higher-risk areas and 70% of corrective actions closed Supplier Code of Conduct signed by 90% of suppliers by spend by 2022	Continual improvement and alignment in sustainable procurement initiatives	


Sustainability data for the full-year 2020 for Metso and Outotec has been combined to illustrate the new company Metso Outotec, which was formed on 1 of July 2020. The sustainability data presented in this report excludes Neles which demerged from Metso on 30 June 2020. Unless otherwise stated, our historical sustainability data is also presented as combined basis for Metso Outotec.

Climate action: We are committed to the 1.5°C journey

We decrease CO₂ emissions through the whole value chain



 **100%** **Flights**
100% of emissions offset by 2022

 **Supportive actions**
We will further investigate how to reduce our emissions in our offices and from other emissions sources.

CO₂ emissions by source (2020):

Purchased goods and services
901,035 tCO₂

Production
51,097 tCO₂

Business travel
10,004 tCO₂

Logistics

Upstream
31,672 tCO₂

Downstream
52,786 tCO₂

Emissions saved in **Product use***
2,342,586 tCO₂

* Includes selected energy intensive technologies. Emission from use of sold products for 2020 includes the following products: crushing equipment (Pebble crushing, Ore sorters, Conveyor solutions), grinding equipment (HRC, Vertimill®, SMD, HIGmill, AG mills, Pebble mills), separation equipment (FloatForce, SkimAir, Dry Cobblers) and Ceramic filters. Product scope to be extended as tracking evolves.



Task Force on Climate-related Financial Disclosure

Our living and working conditions are changing. The Paris Agreement of 2015 was made in an effort to limit the increase of global average temperatures to well below 2°C compared with pre-industrial levels by 2100.

Companies are becoming increasingly exposed to risks resulting from the changing climate and transitioning to a low carbon economy. To provide investors with information on how companies are dealing with climate-related issues, the Task Force on Climate-related Financial Disclosures (TCFD) has created a voluntary framework to help businesses identify, measure and report their financial implications of climate change.

Metso Outotec acknowledges the importance of reporting climate-related financial information and supports this initiative. The following sections describe our climate change-related governance, strategy, and risk management practices, aligned with the TCFD recommendations, as well as our metrics and targets to measure the impact.

Governance

Metso Outotec's Board of Directors oversees the effectiveness of Metso Outotec's sustainability governance and the impact of the sustainability agenda, including climate change-related matters. During the 2020 strategy work, the Board of Directors reviewed and approved the new strategy and targets, including the climate targets. The top priorities of our strategy are integration and financial performance, customer centricity, sustainability and performance culture. One of Metso Outotec's four financial targets is directly linked to sustainability: progress in sustainability in alignment with the 1.5°C commitment. The Board of Directors reviews the progress of the strategy implementation quarterly, which includes progress on climate targets. In addition, the Board of Directors reviews and approves Metso Outotec's Statement of non-financial information, which includes the climate targets and KPIs.



One of Metso Outotec's four financial targets is directly linked to sustainability: progress in sustainability in alignment with the 1.5°C commitment

The Metso Outotec Executive Team is the highest decision-making body that regularly follows and ensures the implementation of the sustainability agenda and makes decisions on corporate-level climate targets. Performance against climate targets is reported to the Metso Outotec Executive Team on a quarterly basis.

The Sustainability and QEHS team drives the sustainability agenda on the corporate level in cooperation with the businesses and corporate support functions. Each business area has its sustainability targets for the strategy period 2020–2023 and a more precise plan for 2021. SVP, Business Development, who is a member of the Metso Outotec Executive Team, has overall accountability for sustainability matters, including climate change.

The Sustainability Steering Group includes the business area presidents and other key members of management. The Sustainability Steering Group meets twice per quarter; it follows the progress of the sustainability agenda and targets and provides guidance and input on sustainability governance and action plans. The responsibility for implementing the sustainability and climate change-related agenda and actions in day-to-day operations belongs to the line management of each business area and market area.

Strategy

Metso Outotec offers a comprehensive range of sustainable products and solutions for the mining and aggregates industry to meet customers' growing needs for energy and emissions reduction, water resources management, resource efficiency and recovery, and safety. We have a key role in working with our customers to provide recyclable, durable and environmentally efficient equipment that can be serviced. We extend the life cycle of equipment and optimize industrial processes to achieve environmental efficiencies, such as better energy efficiency and waste reduction.

Metso Outotec reduces the global mining and metals industry's carbon dioxide (CO₂) and other emissions by delivering advanced products for industrial processes. We measure the reduction of CO₂ emissions as our positive impact on the environment (carbon handprint) by the amount of CO₂ emissions avoided by using Metso Outotec products. Metso Outotec has a long-term target related to the environmental performance of its products and services: double the carbon handprint by 2035 compared to 2019 baseline.

As a multinational company with a global presence, the impact of climate change on Metso Outotec's own operations as well as its customers' and suppliers' operations will not be the same everywhere. Regional variations in climate change and the impacts on different activities necessitate a thorough and individual assessment of the interdisciplinarity in order to address them correctly and effectively. A thorough assessment of climate change-related risks and opportunities in various time horizons is conducted as part of our regular corporate risk management process and is included in our strategy work. We consider 0–3 years to be our short-term, 3–10 years our medium-term, and 10 years onward our long-term time horizon in assessing climate change impact.

Among the significant risks and opportunities identified for Metso Outotec are the ability to create suitable zero emission products to meet future needs and the ability to operate in a changing business and natural environment. Additionally, environmental legislation, customer energy supply, the global regulatory environment, political and social unrest are factors that are considered. All climate change-related risks with possible probability and possible impact are noted and summed up as a fraction of annual net sales.

The changing natural and socioeconomic environment will create opportunities for us, as our products are designed to meet environmental health and safety standards to maximize our customers' water and energy efficiency as well as the lifetime of our products. The potential risks and opportunities identified based on the assessment and their estimated potential financial impacts are presented in the tables below.

Climate-related risks

Category	Description	Financial impact	Time horizon
Transitional risks			
Technology	Future digitalization and sustainability-related requirements will influence the market expectations and lead to completely new or alternative technology solutions and processes. Inability to meet these requirements threatens business continuity in the long term.	High	Long
	Non-optimal choices in R&D expenditure will not enable the development of our product and services offering. Emerging technologies and the transition to a lower carbon economy will change business models and customer demand and will weaken our competitive position.	Intermediate	Medium
Market	Climate change will impact the physical and business environment. Shifts in customer demand and in general requirements will challenge companies to adapt to these changes. Inability to meet the new demand is a threat to businesses.	High	Medium
	Availability of energy, especially clean energy, will become increasingly important. However, affordable access to it might be restricted, particularly in remote customer locations; and it can increase operating costs and decrease profitability.	Intermediate	Medium
Reputation	Stigmatization of the industry and a negative perception of companies will adversely affect our own or our customers' reputation and social acceptance.	Intermediate	Medium
	Negative reputation (our own or the industry's) can adversely impact investors.	Intermediate	Medium
Policy & Legal	Evolving climate change is likely to generate new, stricter regulations and legislation. Environmental and emissions reporting obligations will increase.	Intermediate	Medium
	Carbon taxation policy influences economic growth and competitiveness through access to affordable energy, which leads to cost and price pressures.	Low	Medium
Physical risks			
Chronic	Access to raw materials can be hindered by chronic changes in the environment. For some customers, this can mean reduced business and therefore decreased sales for us.	Intermediate	Long
	Reduced accessibility to water will negatively impact customers' operations.	Low	Long
Acute	Increased frequency and severity of various natural hazards (floods, storms, heat waves, etc.)	Low	Short

Climate-related opportunities

Category	Description	Financial impact	Time horizon
Products and services	New services and products for the entire life cycle of the customer's value chain to help heavy industry perform more efficiently and sustainably. This will create new business opportunities.	High	Long
	Development of new products or services through R&D and innovation to meet customers' future needs.	High	Medium
Resilience	Global and diverse network will ensure resilience even in changing situations and environments.	Intermediate	Long
	A favorable internal and external perception of a company and its operations will enable resilience and uphold social acceptance to operate.	Intermediate	Medium
Energy source	Companies developing and offering clean energy solutions and demonstrating increased energy efficiency will have a competitive edge. The overall attractiveness of products and services offered by these companies will increase in the medium term.	Intermediate	Medium
Markets	Growing demand for certain metals, such as copper, and battery metals, due to electrification and electric vehicles, will strengthen the growth outlook of mining and our business.	Intermediate	Medium
	Our global presence and strong business development capability will create a solid foundation to adapt to and profit from changes in the market environment.	Intermediate	Medium
	Being the preferred partner with a good reputation and wide social acceptance will improve investor confidence and financing opportunities.	Low	Medium
Resource efficiency	Environmental efficiency will become increasingly important and adds to the attractiveness of our solutions to customers.	Low	Medium

To address the above described risks and opportunities, we are taking a proactive approach in our strategy and operations. We continuously monitor the changing physical and business environment and have dialogue with our stakeholders.

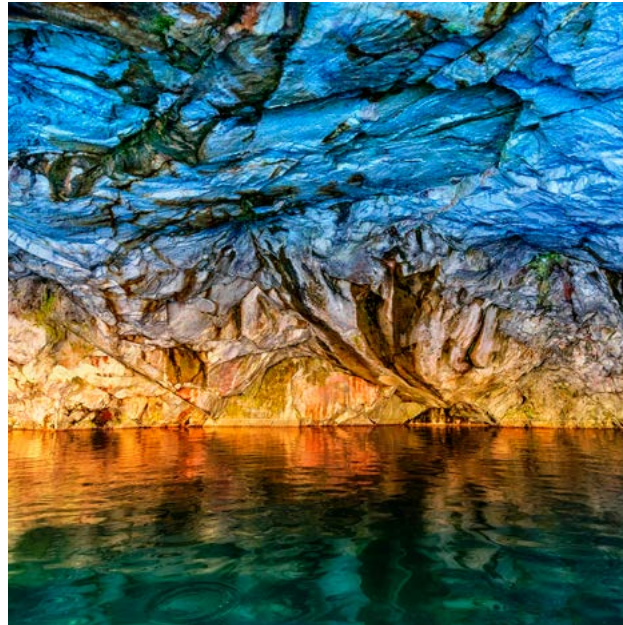
We are currently analyzing our organization's strategy and resilience against different future scenarios. With these scenarios, we will test our resilience in a future where the global average warming will be limited to 1.5°C, or where we risk a warming of 4°C when not much has been done to fight climate change, as well as a "middle-of-the-road" scenario describing a future between these two extremes. The basis of our scenarios relies on the information and data provided by widely recognized organizations, such as the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and the World Bank.

Risk management

The assessment of climate and environment-related risks is incorporated in Metso Outotec's systematic risk management process. The risk assessment procedure is based on Metso Outotec's Risk Management Policy.

The assessment includes regulatory, physical, and other climate-related risks and covers all operations. In addition to assessing the probability and impact of these risks, opportunities are identified as well. The aim of this process is to minimize the adverse impacts of strategic, financial and operational risks and to remove or mitigate hazards.

Risks are identified by a large group of specialists across businesses and functions, and their impacts are evaluated and their management methods are determined annually. Climate change and environmental risks are integrated and are part of the company risk register and risk assessment. The purpose of the risk assessment is to assess the probability and impact of the risks and to define the need for and priority of actions to remove, mitigate, restrict, retain or



leverage the risks. The results are annually reported to Metso Outotec's Board of Directors, Audit Committee and Executive Team.

The line management of Metso Outotec's businesses is operatively accountable for managing the most relevant risks, as part of its daily activities.

Business interruption risks are assessed, and other audits of the main manufacturing sites are conducted regularly. Several climate-related risks, including flood, storms and other natural events, are evaluated as part of the audits. Business impact plans take into account plans to mitigate possible business interruptions, and the annual plan of risk management defines the activities and priorities for the coming year.

Metrics and targets

Our climate change-related actions include targets that have been approved by the Science Based Target initiative. Our Science Based Target (SBT) for our own production (scope 1 and 2) is to reduce CO₂ emissions by 50% by 2030, to reduce emissions in logistics by 20% by 2025, and to reduce emissions in the product use phase through selected products by 20% by 2025. Additionally, we have set an SBT for supplier engagement: 30% of our direct suppliers in terms of spend should set their own SBT emissions targets by 2025. All our SBT targets have 2019 as their base year. Furthermore, we aim to set energy-, emissions- or water-efficiency targets for 90% of our R&D projects from 2021 onwards and carry out other supportive actions in our locations.

In comparison to our handprint, to a lesser degree our environmental impact arises from our own operations. At Metso Outotec, we have calculated our scope 1, 2, and 3 greenhouse gas emissions in line with the GHG protocol methodology. Metso Outotec operations created 37,534 tCO₂ (scope 1) from direct fuel use and 13,563 tCO₂ (scope 2, market based) from the use of electricity and heating. Our most significant scope 3 categories are the use of sold products, which created 2,421,532 tCO₂, purchased goods and services, which accounted for 901,035 tCO₂, and logistics, which accounted for 84,458 tCO₂. We also collect and monitor other climate- and environment-related KPIs. Close monitoring of these indicators enables us to continuously improve in their management and improve our environmental performance. The emissions data, along with our other environmental metrics, are presented in our GRI Supplement in the "Key performance indicators" section. Currently, Metso Outotec does not utilize internal carbon pricing mechanisms in its calculations.

Employees and members of the Metso Outotec Executive Team are within the scope of an incentive program that is partially based on the progress in sustainability in alignment with the 1.5 degree commitment.

Sustainable offering and innovations

There is enormous demand for environmental efficiency in our industry. By default, the mining industry is energy- and water-intensive. We provide our customers with durable, energy-efficient equipment and services for a long life cycle.

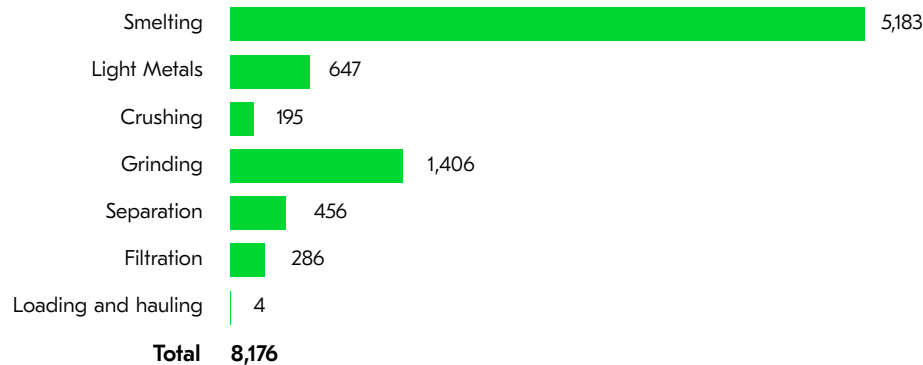
In this section, we talk about our handprint, meaning the positive environmental impacts that arise when our customers use our sustainable solutions and innovations. We offer a comprehensive range of sustainable products and solutions for the mining and aggregates industry in the form of energy and emissions reduction, water resources management, resource efficiency and recovery and safety.

As a part of our handprint we measure the amount of CO₂ emissions avoided by using Metso Outotec technologies compared to industry baselines or alternative technology. Emissions of seventeen of our technologies are measured annually. Metso Outotec has long-term targets related to the environmental performance of its products and services with the aim of doubling the CO₂ handprint by 2035 compared to 2019 baseline (2019: 7.2 million tonnes of CO₂). In 2020, Metso Outotec's CO₂ handprint was 8.2 million tonnes less of CO₂ equivalents in the seventeen technology areas.

We maximize our handprint with

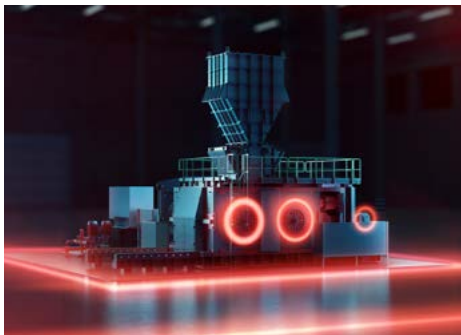
- Water-efficient solutions, sustainable tailings solutions & tailings ponds conversion into resources
- Energy- and emission-efficient solutions in comminution, beneficiation and refining
- Circular solutions, equipment life cycle extension solutions, wear parts recycling solutions
- Solutions to eliminate environmental, health and safety, and societal risks in customer operations

CO₂ emissions (thousand tonnes) avoided 2020



We are a responsible and trusted partner for sustainable productivity

Our offering for the four focus areas of our handprint



Energy efficiency and emissions

We have a comprehensive offering of energy- and emission-efficient solutions, and our technologies have a significant impact on the reduction of CO₂ emissions.

Better solutions in minerals processing are essential, as our customers are facing a future with reduced ore quality and/or the need to satisfy a growing demand for minerals. For them, our products offer energy-efficient options in material transport, size reduction, mineral separation and dewatering. For example, in comminution we offer leading energy-saving technologies in HPGRs and stirred mills. Comminution, which is the process of reducing particle size, is one of the most energy-intensive parts of minerals processing. Similarly, for aggregate production we have energy-efficient crushers and dual-power offering.

Example 1 HRC™e high pressure grinding rolls: Next-generation HRCe high pressure grinding technology for superior grinding and energy efficiency improved by up to 15%.



Water efficiency

Water efficiency is an important topic for our customers. Water availability and minimizing water-related risks have increasingly become a concern and a cost factor for communities and businesses. We have solutions to address environmental, health and safety, and societal risks in customer operations involving water. These solutions cover water reuse and circuit optimization and include equipment for sustainable tailings processing.

Example 2 Paste thickener: Reclaimed water is returned to the process, reducing overall costs and waste.



Leading offering in circularity

A circular economy means making the most of the scarce resources on our planet and minimizing waste with closed loops, resource efficiency and good product development. Our way of impacting resource scarcity, waste, emissions and energy consumption is by designing recyclable, durable and environmentally efficient equipment that can be serviced.

Circular solutions are key in our offering and include equipment life cycle-extension solutions, process optimization and wear parts recycling. Our circularity offering also includes recycling of construction and demolition waste and manufactured sand.

Example 3 With upgrades and modernizations the lifetime of the equipment can be extended.



Safe customer operations

For the fourth focus area of our sustainability offering, we have solutions to mitigate environmental, health and safety, and societal risks in customer operations.

Metso Outotec's products are designed to meet all the relevant standards, norms and directives in the respective delivery countries. Our products are delivered with the appropriate information and instructions to ensure safe operation, services and maintenance. In addition, we offer a wide range of life cycle services to ensure that all the products in use will continue to meet existing and future requirements throughout their life cycle. Safety of our products is one of the key drivers in our research and development work.

Example 4 The Metso Outotec Truck Body delivers HSE benefits to truck drivers by reducing vibrations by 97% and noise by 50%. Additionally, environmental benefits include improved operating efficiency, as it weighs 20–30% less than a traditional steel-lined truck body, thereby increasing the payload.



Responsible and trusted partner

We continue to strive for zero harm

We are committed to the health and safety of our employees and all stakeholders, as demonstrated through our continuous efforts aiming for zero harm. The merger of Metso and Outotec allowed us to develop a new world-class strategy and set ambitious targets that challenge the whole organization to take actions and strive for true leadership in health and safety.

Metso Outotec continued to work towards the new ambitious safety targets, in spite of the many changes and challenges in 2020. Our new health and safety organization was established, and we introduced a new safe working behavior model called Modus Operandi, which establishes our core behaviors and sets clear expectations for all levels



We strive for true leadership in health and safety

of the Metso Outotec organization. We implemented the "My role in safety" training program, which focuses on safety roles and responsibilities throughout the organization and educates all our employees on how to make safety part of everyday work. Our serious accident review process includes participation by top management and ensures that each serious incident is thoroughly reviewed, learnings are shared, and corrective actions are taken.

Year 2020 posed challenges as the Covid-19 pandemic quickly spread around the world, with unprecedented effects. Metso Outotec's first priority has been on securing the health and safety of our employees, customers and partners by doing our best to control the spread of the virus. We had to adapt to changes quickly and support our employees in working remotely and staying safe.

In 2020, our LTIF was 1.6 (2019: 1.4). LTIF of our own employees decreased to 1.5 since 2019, however the total LTIF of employees and contractors increased. Risk observations and safety conversations are part of our employees' personal targets, and Covid-19 forced us to look for alternative ways to carry on with practices that usually require a physical presence. The number of reported risk observations increased to approximately 89,000 (2019: 52,000). Our internal safety audit practice also modified for the pandemic restrictions, and we started to conduct remote audits. Ten locations were audited during 2020 and hundreds of corrective actions were taken to improve the level of safety.

Engaged and diverse experts

Engaged and diverse experts was defined as one of the most material topics for Metso Outotec based on our materiality analysis conducted in 2020.

In 2020, successful integration has been one of our main focus areas. To ensure focus in business priorities, our aim was to build the new organization with experts from two companies at a fast pace. Today, Metso Outotec has 15,466 employees from 58 countries.

To follow up on the progress of the integration work, the first employee engagement survey was completed at the end of 2020. A total of 88% of employees completed the survey. The Employee Net Promoter Score (eNPS) is one of the indicators we follow in employee engagement. The results show that our eNPS is 29, which is well above the manufacturing industry benchmark. We are doing especially well when it comes to professional growth opportunities and peer relationships. The results also indicate that Metso Outotec values are aligned with our employees' personal values. Additionally, we scored high in safety, which is one of our top priorities.

Code of Conduct

Metso Outotec's Code of Conduct sets the standard for the conduct of all our employees as well as our suppliers, business partners and other stakeholders. Code of Conduct training is carried out every year. In 2020, we organized Code of Conduct training for all employees and achieved a participation rate of 96% by the end of the year.

We have guidelines in place to safeguard our IT infrastructure, intellectual property and our employees' and business partners' personal data against unauthorized access, viruses, cyber-attacks, phishing, damage or theft. Our Code of Conduct outlines Metso Outotec's principles on IT and cybersecurity, as well as protection of intellectual property and data privacy.

Our values

 <p>Customer in center</p>	 <p>High ambition — always</p>
 <p>Getting it done — together</p>	 <p>Open and honest</p>





We work closely with our suppliers to develop their sustainability practices and processes

Responsible procurement ensures sustainable cooperation

We have over 9,000 direct suppliers in more than 80 countries. The direct procurement spend in 2020 totaled EUR 1,637 million.

We work closely with our suppliers to develop their sustainability practices and processes. In 2020, we organized a global supplier day to showcase our new Supplier Code of Conduct, which sets the standards for our suppliers and forms the basis for cooperation.

Related to supplier development, we have created a supplier e-learning course about our supplier sustainability expectations; basic human rights information is part of the course. In addition, we are working on a more detailed human rights e-learning module for suppliers.

In 2020 we started to engage with our biggest and most energy-intensive suppliers to review their CO₂ targets. In the first pilot project, we engaged with suppliers in energy-intensive sectors. We have set a target that 30% of suppliers in terms of spend set science-based emissions targets by 2025.

One way to ensure supplier compliance and continuous improvement is to conduct supplier audits. Our annual auditing program identifies the suppliers to be audited based on a supplier sustainability risk assessment. In 2020, we conducted 142 supplier sustainability audits. Due to the Covid-19 travel restrictions, many supplier sustainability audits were conducted as remote audits that included a virtual factory tour. 60 percent of the corrective actions from 2020 had been implemented. We have also developed a supplier sustainability scorecard that allows close tracking of suppliers' sustainability performance.

Aiming for a smaller environmental footprint

Our new sustainability strategy has many environmental aspects; decreasing the environmental footprint of our own operations is one aspiration. We have set new CO₂ targets for our operations: we want to halve our emissions by 2030.

In 2020 we asked our biggest locations to identify their CO₂-related improvement areas and ideas. This resulted in more than 80 improvement actions. Energy efficiency was improved by, for example, changing from natural gas to biogas, investing in new furnaces, replacing conveyors with a pneumatic system to transport sand, reducing ladle heating time, and acquiring REC-GoO (Renewable Energy Certificate – Guarantee of Origin) for electricity. Our CO₂ emissions were reduced by 60% compared to 2019 emissions.

In an effort to improve the sharing of good environmental practices, we ran a pilot with a few selected business areas. They were asked to report a certain number of good practices or actions implemented on a monthly basis. More than 50 actions were reported and, for example, the amount of landfill waste was reduced by finding ways to reuse the slag and sand used in our foundries. New water meters, new water faucet aerators, the refurbishment of cooling towers, and the reuse of wastewater are examples of water-efficiency actions taken in 2020.

Our internal audit operation identifies environmental hazards that require corrective actions. 10 locations were audited during 2020 and in addition to audits, approximately 1,500 environmental risk observations were identified. Due to the Covid-19 restrictions, the audits were carried out remotely. We had no environmental incidents in 2020.

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