

Sustainability
2014



Sustainability

Sustainability is an integral part of Metso's business strategy. Accordingly, we continue to embed sustainability in all of our business operations. We recognize that sustainable operations give a competitive advantage in the global markets. We strive to consider all aspects of the financial, social and environmental implications of our operations, to tap into opportunities created by sustainability and to manage related risks.

"The importance of sustainability for our customers is increasing. We work vigorously to improve our own performance in that area and use our expertise to help our customers solve their challenges."

Juha Silvennoinen
President, Services



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Highlights of the year 2014

Sustainability goes beyond strategy

I was recently asked how our sustainability strategy has changed since the introduction of our new business strategy. My answer was short: "It hasn't."

It is true that Metso has gone through some major changes lately, including the demerger of Valmet. However, I believe that sustainability goes beyond any business strategy: no matter what strategy we would choose, sustainability would be an integral part of it. The industries we work in may change and market situations may vary, but sustainability remains at the core.

We have set a goal to be a thought leader in sustainability in our industries by 2020. Because actions always speak louder than words, being a thought leader means that also our sustainability actions have to go above and beyond. We are constantly taking steps in the right direction: the metrics presented in this report speak for themselves.

However, we must also remember that being a leader in sustainability in 2020 will require more than we can now imagine. That is why it isn't enough to reach for the current sustainability standards – we must aim higher.

Many of our rivals are setting similar targets. There are no shortcuts to beating our competition in sustainability, just like there are no shortcuts to conducting sustainable business. It's about constant improvement. But this, I believe, is a competition that leads to better results for everyone.

Matti Kähkönen

President and CEO

Implementation of the minimum safety standards

To introduce the standards to our employees, a Safety Pledge campaign was launched in 2012. The work continued in 2014 with the launch of a Safety Pledge 2014 campaign to implement Metso's Minimum safety standards in all our locations. The campaign concentrated on introducing the standards one by one to our employees.

The standards aim at minimizing the risk factors in the most common work tasks, and they set the definite minimum requirements to be followed in every circumstance. Our standards create the baseline for local safety procedures. If the local procedures, customers, laws or regulations have safety standards that differ from Metso's, the higher standards apply.

The campaign material was promoted globally at all our locations in 50 countries. The material consisted of a brochure, a poster and a video describing our nine Minimum safety standards in nine languages.

A new Safety Pledge campaign again in 2015 will continue our proactive efforts to improve our safety.

Inauguration of Plan's water and sanitation project

Metso has been cooperating with the international child rights organization Plan to support a child-centered community development program, the school water and sanitation project, in Rajasthan, India, since 2012.

A ceremony to celebrate the project handover was organized in July 2014 together with students, teachers, local government and Plan India for the completion of the water and sanitation facilities in 15 schools. The project aimed to promote improved hygiene practices among school children and to provide adequate school wash infrastructure and dedicated washroom facilities, especially for girls.

Around 3,000 children and local community members will benefit from the school water and sanitation project. The improvement in health conditions is expected to help school enrollments and attendance and will lead to lower drop-out rates in schools, especially in the case of teenage girls.

Implementation of our stakeholder relations process

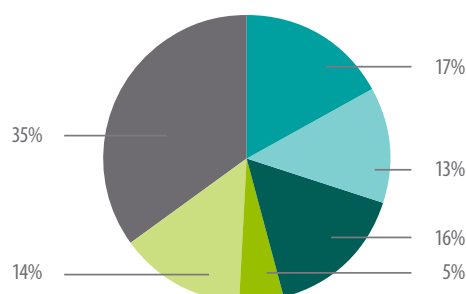
As a global company, Metso constantly engages with different stakeholder groups in various situations. It is essential to build an active dialogue with them in order to meet their expectations. Developing our stakeholder dialogue has been one of our main targets during recent years, and the focus has been on strengthening the dialogue towards external and internal stakeholders.

To strengthen the dialogue we asked our stakeholders to evaluate Metso's sustainability work through a survey. The goal was to get their input so that we can evaluate what is material for us in terms of sustainability from our stakeholders' perspective. The work is continuing with the creation of an ongoing process that concentrates on specific stakeholder groups throughout the year.

Intangible risk assessment

Our focus is on making sure that our network of suppliers actively promote sustainable principles and procedures. In 2014, we assessed the intangible risks in our supply chain and identified suppliers most critical to our sustainability performance. We have built a comprehensive framework to assess the intangible risks that our current and potential suppliers may be exposed to, risks such as issues in human and labor rights, environmental impacts and product stewardship.

SUPPORT FOR NON-PROFIT ORGANIZATIONS



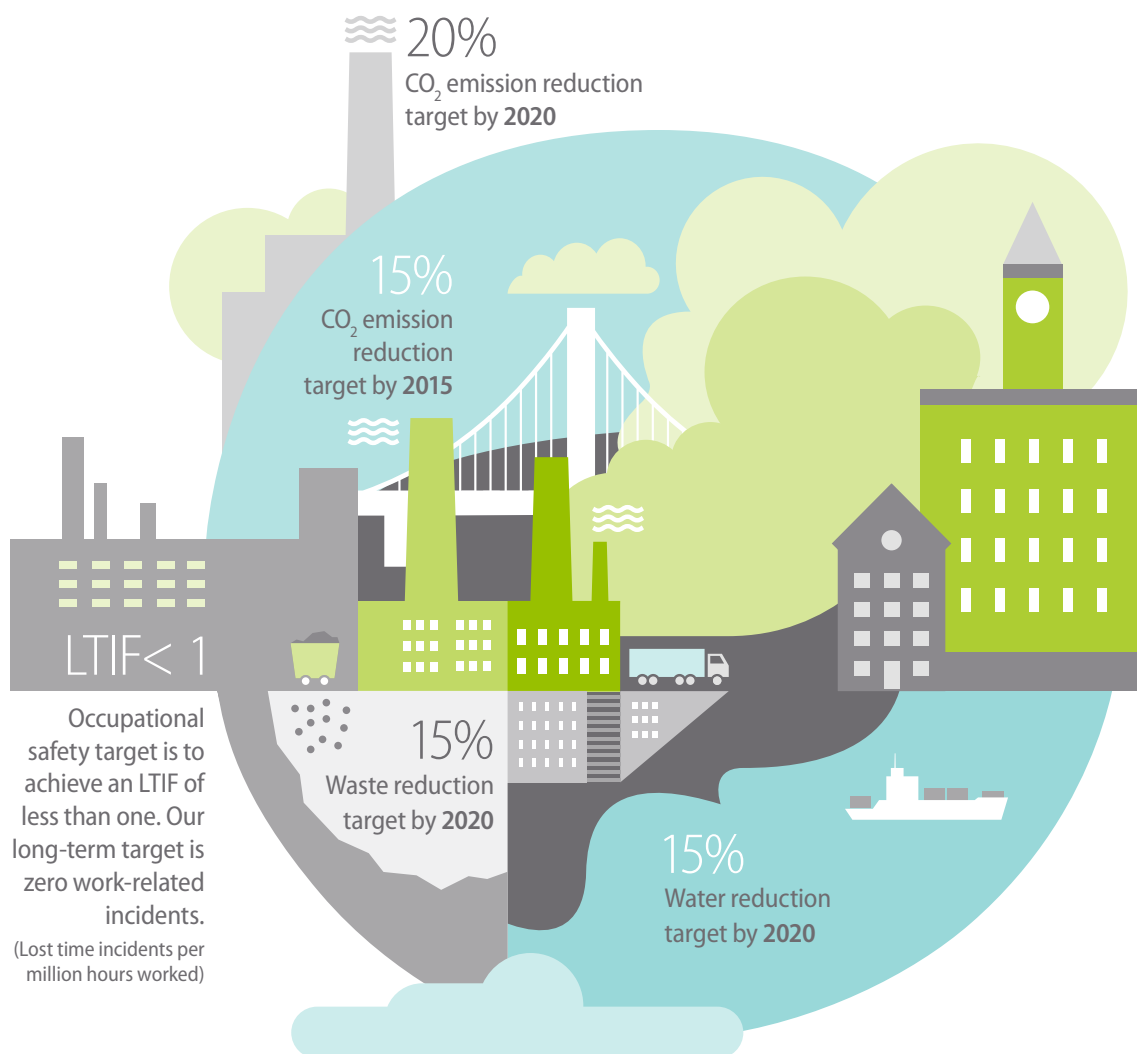
- Youth activities 17% (27%)
- Culture 13% (1%)
- Science, research and education 16% (6%)
- Environmental protection 5% (5%)
- Sports 14% (10%)
- Others 35% (51%)

Sustainability targets

Metso's sustainability strategy gives us the framework for our sustainability development topics. According to our strategy we will work together to truly embed sustainability in our daily operations and by 2020 we want to be considered a thought leader in sustainability within our industry. Achieving that goal will mean we are delivering on our mission and ensuring that our business is well-positioned to develop and thrive in the years ahead.

Our targets guide us in our efforts in embedding sustainability in our daily operations.

Our targets in Sustainability



Sustainability management

Sustainability is an integral part of Metso's business strategy. Accordingly, we continue to embed sustainability in all of our business operations. We recognize that sustainable operations give a competitive advantage in the global markets. We strive to consider all aspects of the financial, social and environmental implications of our operations, to tap into opportunities created by sustainability and to manage related risks.

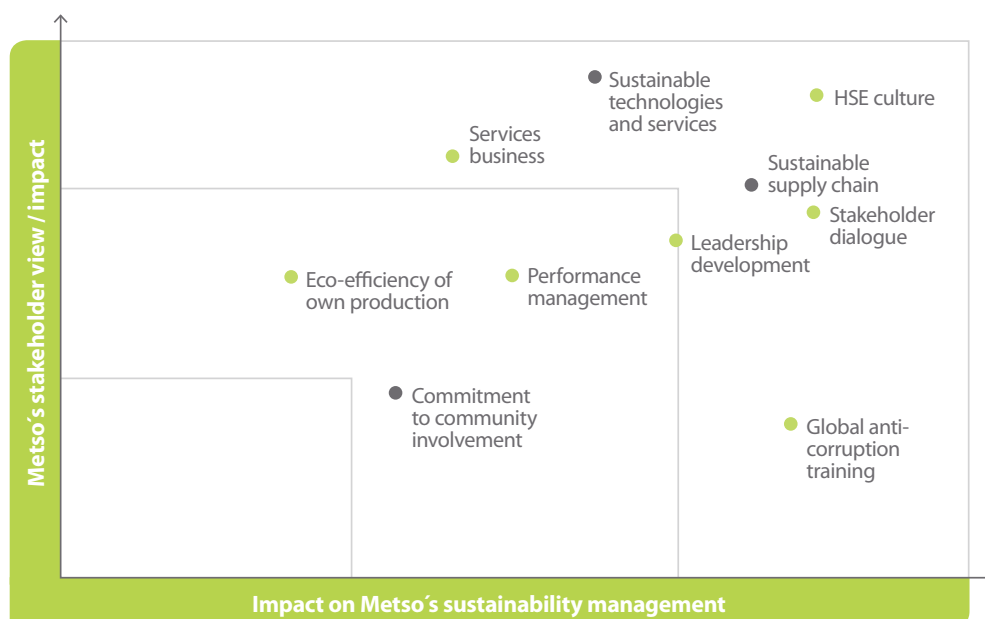
The Corporate Governance principles approved by the Board of Directors form the basis for the management and governance of our company. We commit to good corporate governance principles by complying with national and international laws and regulations. Additionally, we apply best practices, such as the Finnish Corporate Governance Code for listed companies, in our management and

governance. Local management ensures compliance with guidelines and local legislation affecting employees. Our values and Code of Conduct ensure that our operations are consistent and uniform, regardless of the country and reporting segment.

Our mission, vision, values and our Code of Conduct guide all our operations and interactions with stakeholders. Our mission is to contribute to a more sustainable world by helping our customers to process natural resources and recycle materials into valuable products. Sustainable technologies and services are the cornerstone of our operations, and we develop sustainable products and solutions that are safe and help our customers reduce their environmental impacts.

During 2014 we concentrated on developing our stakeholder dialogue. As part of our commitment to an active dialogue with our stakeholders, our work focused on creating a baseline for defining Metso's materiality topics. The development work consisted of surveying our stakeholders for their perceptions of sustainability focus areas at Metso.

MATERIALITY MATRIX 2014



- Good practices in use
- Requires some actions

Stakeholders

Interaction with our stakeholders is based on Metso's Code of Conduct. Our Code of Conduct describes our company culture, commonly accepted practices, and our commitment to compliance with laws and regulations. It provides us and our stakeholders with commonly accepted guidelines and perspectives for decision making.

We actively engage our stakeholders in sustainability-related topics, e.g., our response to energy and climate policies, legislation and regulation, community development and corporate responsibility issues, development of more efficient processes with reduced environmental impact, and a responsible supply chain. Our goal is to interact equally with all our stakeholders.

Strong commitment to stakeholder dialogue

An active dialogue is essential in understanding our stakeholders and their views and expectations towards us. Developing our stakeholder dialogue with external and internal stakeholders has been one of our main targets in sustainability during recent years.

In order to guide our development of sustainability matters, in 2014 we surveyed our stakeholder groups for their perceptions regarding our sustainability actions. Based on the survey results, we defined where Metso should strengthen its global sustainability efforts during the coming years. The focus in 2015 will be on strengthening the stakeholder dialogue process, which will further support the defining of Metso's material sustainability aspects from our stakeholders' perspective.

Stakeholder groups

METSO STAKEHOLDERS



Existing and potential customers

Our customer relationships are built on a continuous exchange of experiences, extensive know-how and long-term commitment.

Existing and potential employees

We consider our people and their know-how as one of our competitive advantages, and we have acknowledged Metso people as a high priority in our strategy.

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 the future development opportunities resulting from the cooperation.

Shareholders and investors

The continuous dialogue with investors and other relevant groups strengthens and develops Metso's internal and external reporting processes.

Media

Our dialogue with the media consists of continuous collaboration with journalists around the world.

Non-governmental organizations, authorities and local communities

Close interaction with non-governmental organizations (NGOs), local communities and people around our operations is a high priority for us. We aim to act as a responsible corporate citizen and tax payer.

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.

Memberships in organizations

We actively engage with customers and with various trade, non-profit and expert organizations in our line of business. Metso's memberships in industrial organizations, associations and lobby organizations include, for example:

- Cleantech Finland
- Federation of Finnish Technology Industries
- European Powder Metallurgy Association
- Finnish Business & Society Association
- Global Compact Network Nordic Council
- IPR University Center Association
- PE International Product Sustainability Roundtable
- Pohjola Norden
- International Chamber of Commerce
- Federation of Finnish Technology Industries
- FDT Group AISBL
- OPC Foundation

Marketplace

At Metso sustainability is about innovating in technologies and changing current ways of operating to align with principles of sustainability. By innovating, we create new eco-efficient products and solutions for our customers while simultaneously reducing our own direct environmental impacts. Our technology and solutions help our customers to improve the sustainability of their operations and services, and we develop a transparent and responsible supply chain management to support our own sustainability efforts.

Sustainable supply chain

In our operations we focus on our core competencies and outsource many work phases to our suppliers. The outsourced work can consist of hazardous and risky activities. Metso demonstrates ethical and sustainable principles and expects its suppliers to follow the same principles. Outsourcing decreases the environmental load of Metso's operations, but emphasizes also our responsibility for the environmental efficiency of our subcontractors and suppliers. We have issued guidelines and criteria for our suppliers to support them in e.g. environmental efficiency and to encourage them to integrate sustainability throughout their own supply and production chains.

Metso's sustainability criteria for suppliers form the basic requirements by which we aim to support our suppliers in developing their operations more sustainably. The set of criteria is an important part of the selection process when choosing new suppliers for Metso. The criteria include environmental, quality and work safety aspects and are the foundation for our sustainable operating principles. To improve the sustainability of our supply chain, we have created the Metso sustainability handbook, which describes our approach to sustainability and outlines the expectations that we place on our suppliers regarding ethical principles and sustainable practices.

Understanding and managing intangible risks and opportunities in the supply chain

Metso's existing and potential suppliers may face various challenges related to sustainable development. These may include challenges in enforcement of human and labor rights, or for example issues related to product safety and quality. The likelihood of the occurrence of different types of sustainability-related intangible risks varies depending on, e.g., the location, industry and corporate profile of the potential supplier. Metso strives to ensure that all our suppliers meet our sustainability criteria. This is done through contractual aspects, supplier self-assessments and audits.

The actions are primarily targeted towards suppliers with the highest likelihood of facing risks related to sustainable development. These suppliers are identified through risk mapping based on the supplier's country of operations and the type of product or service delivered to Metso. Metso's goal is to help our suppliers understand and act on the risks. To reach this goal, Metso supports its suppliers through the sharing of information and best practices and by helping suppliers identify their possible improvement needs.

Environmental impacts of supply chain

Outsourcing selected parts of the manufacturing process emphasizes our responsibility for the environmental efficiency of our subcontractors and suppliers. We have conducted annual scope 3 carbon-dioxide emissions calculations since 2013 to better understand the environmental impacts of our supply chain.

Scope 3 is one of three reporting categories measuring greenhouse gas emissions. The first emissions category measures direct emissions and purchased fuels, and the second category measures indirect emissions, such as purchased electricity and heat. The third category concentrates on other indirect emissions, such as employee business travel, contractor-owned vehicles and outsourced activities.

The assessments have identified five relevant scope 3 emission categories: use of sold products, purchased goods and services, both upstream and downstream transportation, and business travel.

The reporting of emissions related to business travel is already an established practice at Metso. Emissions for transportation and purchased goods and services have been calculated and reported for limited external use. Emissions from the use of sold products cannot be calculated with sufficient accuracy, due to the long life cycle of Metso's products and the high variation in product use patterns, they are not reported. Instead, Metso focuses on analyzing the CO₂ emissions and other environmental impacts of individual products and on customer cases.

We continue to develop methods for calculating and understanding the environmental impacts of our supply chain. This will enable us to better manage the environmental impacts of our supply chain and other processes beyond our direct control.

Sustainable supply chain management targets

During 2015 we will continue in improving our sustainable supply chain management. We will concentrate on strengthening the collaboration with our key suppliers throughout the value chain and on encouraging our suppliers to improve their sustainability performance. We aim to develop transparent and responsible supply chain management to support our own sustainability efforts in accordance with our sustainability strategy. Accordingly, we will continue to develop our supply chain management practices. Our goal is to be able to quantitatively report on our supply chain's sustainability performance.

Product stewardship

Metso's product stewardship process aims at assuring that our products provide environmental, social and economic benefits over their entire life cycle, from the extraction of raw materials to decommissioning. This means that our products are compliant with applicable regulations, safe to operate, economically feasible and efficient, and help our customers to minimize their environmental impacts.

As stated in Metso's HSE policy, we design our solutions, products, innovations and services to help our customers improve their safety and environmental performance. Our ambition is to maintain our technology leadership with cost-efficient and environmentally sustainable products and process solutions.

Life-cycle thinking is a crucial aspect in providing safe, economically feasible and environmentally sustainable products. Our life-cycle services help our customers to operate and maintain their equipment

efficiently and safely, while life-cycle assessments provide us with valuable information about the environmental profile of our products and help us and our customers make justified decisions.

Product safety

The safety of Metso products is one of the key drivers in product development. Metso's product safety procedures consider all aspects relevant to the safe installation, operation, service and maintenance of the products.

Metso's products are designed to meet all the relevant standards, norms and directives in the respective delivery countries. Metso's products are delivered with the appropriate information and instructions to ensure safe operation, service and maintenance. In addition, Metso offers 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.

Life-cycle assessment

We have developed strong competence in the life-cycle assessments of our products. The life-cycle assessment is a tool to define the potential environmental impacts related to a product or service over its entire life cycle.

By developing life-cycle assessments, we want to help our customers reduce the environmental impacts of their processes. Our customers and other stakeholders are also increasingly interested in the environmental impacts of our products and supply chain. This kind of knowledge is needed by Metso and by our customers, for example in order to comply with future legislative requirements.

Innovation

Our research and technology development (RTD) activities focus on several important areas of sustainability, such as energy and raw materials efficiency, utilization of renewable and recycled raw materials, advanced process control technology and new solutions for the services business. In this way, our RTD strongly supports our growth strategy. Our RTD activities are based on cooperation with customers and on our network of research facilities and universities.

Improvement of the environmental impacts of our customers' operations is an integral part of our product and service portfolio. Metso's solutions produce added value for our customers during all phases of the production process life cycle, improve customer competitiveness and reduce adverse environmental impacts, either directly or indirectly, throughout the value chain.

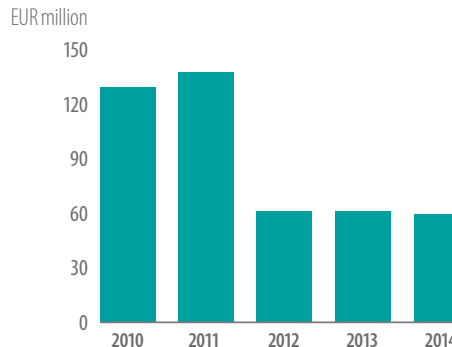
The environmental business solutions we offer are related particularly to the reduction of energy consumption in our customers' production processes, improved utilization of raw materials, enhanced water conservation, and the reduction of dust, noise, waste and emissions.

We offer training, maintenance and services related to our products. We provide support over the entire production process life cycle and help to ensure that the solutions are used correctly and in an environmentally sustainable manner.

Metso is focusing on the reduction of environmental impact in its RTD processes, so most of our RTD projects are evaluated also based on their environmental performance, a process that starts with the identification of environmental aspects. Qualitative objectives are set for the most significant environmental issues, and the progress is followed throughout the development projects.

Please note that figures 2012 onwards describe Metso's current structure.

RTD EXPENDITURE



Developing common procedures with our suppliers

Improving our supply chain has been one of our focus areas in sustainability. Developing common procedures with our suppliers brings better transparency and safety.

Metso's safety regulations at its Vantaa plant in Finland have been extended to apply to also our collaboration partners. Metso has been developing safety procedures together with the logistics partner Vindea. At the Vantaa plant Vindea is responsible for, among other things, an outsourced warehouse and logistics between the plant and the warehouse.

The main focus in the cooperation has been on finding common practices and procedures. Vindea tracks any accidents involving their employees as well as the implementation of corrective actions and the recording of near-miss situations. As part of the development work, the figures are reported and shared with Metso. Vindea works in close cooperation with Metso also in training the employees, and Metso monitors the status of the safety training. As a Metso partner, Vindea must follow all our safety regulations, such as the Minimum safety standards.

"The cooperation started in 2014 and we can already see clear improvement in the development of our common procedures. Vindea has been integrated into our safety work in Hakkila," says Ari Salminen, Safety Officer at the Vantaa plant in Finland.

Continuous development of a Resource-efficient and Eco-efficient Mining Process

The mining industry's growing challenges of rising energy costs, decreasing water resources, stringent environmental legislation, and lower ore grades are making it increasingly difficult to extract ore bodies. Metso's Eco-efficient Mining Process is helping the industry to meet these challenges.

The project, established back in 2011, addresses the growing need for more sustainable practices. The focus is on improving resource efficiency – creating more value with less impact to generate better economic returns from the available mineral resources.

The project is investigating alternative technologies and combining them into novel mining practices and processing flow sheets to reduce energy and water consumption and greenhouse gas emissions, while maximizing value and profitability and minimizing waste.

The focus in 2014 was on demonstrating the practicality and potential benefits of each of the concepts presented in the project in pilot-scale testing and through industrial trials.

"Conservatively, we estimate that implementing the technologies and strategies investigated so far could reduce energy usage by more than 35%, with a similar reduction in greenhouse gas emissions and a water savings in excess of 40% compared to a conventional process. Additionally, the footprint of dry stacked tailings could be more than 80% smaller than a traditional tailings dam," says Dr. Walter Valery, Senior Vice President, Metso Process Technology and Innovation. "This project will enable us to assist our customers and the industry to operate with greater efficiency, maximizing the value recovered from a mine while reducing environmental impact in a sustainable manner."

Focus areas in Eco-efficient Mining Process

The planning and preparation is under way for industrial trials of high-intensity blasting. The aim is to demonstrate that finer fragmentation can be achieved while controlling the blast to prevent unfavorable results, such as fly rock, air blast, noise, dust and vibration.

Conceptual designs have been developed for pre-concentration of minerals using sensor-based bulk ore sorting in both mobile in-pit applications, as well as on plant feed conveyors. Industry partners are being sought for trials of this novel Metso technology.

Pilot-scale testing of high-pressure grinding rolls and vertical roller mills and air classification systems for hard rock applications has demonstrated that the technologies can offer significant energy savings along with other process benefits.

Further laboratory testing indicates that replacing cyclones with fine screens in low-capacity plants, and the use of a combination of cyclones and fine screens in high-throughput flow sheets can significantly increase grinding circuit efficiency.

In flotation, the Metso 3m3 flotation test rig has been prepared for pilot-scale testing of strategies to increase recovery of coarse particles, and laboratory testing and evaluation of fluidized bed froth flotation technology is ongoing.

Finally, the project is also investigating filtration and dry stacking of tailings to reduce water consumption. Much higher recoveries of water can be achieved than from a traditional tailings dam, with reduced reclamation and closure costs.

Safety and productivity improvements through product design

Safety-related procedures that reduce potential safety risks and maintenance downtime support Metso in pursuing business opportunities worldwide. Metso's Life Cycle Service Department in Montreal, Canada, is continually working to improve safety and productivity while carrying out long-term maintenance contracts with clients.

Metso's experts, including the Life Cycle Service Department, worked closely with a customer at an iron ore mine in northern Canada to improve the safety of Metso's 60x89 Gyratory Crusher. Based on the cooperation, removable guardrails and a platform to facilitate working in the crusher pit were added to the crusher. The changes enabled the use of a removable bridge to access the main shaft of the crusher and provided a platform for cutting and welding, thereby reducing the risk factors while working at the crusher. These safety improvements are currently being engineered and modified

to fit different sizes of crushers for other clients globally.

"Teamwork with our customers enabled us to improve the working conditions at the crusher. Once the changes were made, they eliminated potential fall hazards and the platform reduced the slip, trip and fall risk. The safety improvements removed the need for workers to be tied-off in the crusher pit and to work from a suspended man-basket. Consequently, the working environment has become more efficient, and safety hazards and the number of near-miss situations have been reduced during regular scheduled maintenance shutdowns," says Gabriel Boulais, Life Cycle Service, Canada.

Less noise in pipelines with Neles Q-trim technology

There are some situations that no pipeline owner ever wants to encounter. But with the incorrect choice of valves in the pumping stations, a pipeline owner faces potential damage or destruction of expensive pumps and valves, noise levels above permitted limits, unscheduled process shutdown and the inability to meet product delivery obligations. And all of these ultimately result in significant revenue losses.

A leading North American pipeline owner – and a Metso customer – was able to solve cavitation, vibration and noise issues in pipeline pump station control applications by installing Metso's unique Neles® ball valves with Q-Trim™ technology. Additionally, there were improvements in the safety of the working environment and in process efficiency. Metso's technology also resulted in significant financial benefits.

"It really pays off to deal with the noise problem before it is even created; this is possible with our advanced and patented noise attenuation technology. Elevated control valve noise in the throttling process can be harmful not only to the employees and surrounding communities, it can also seriously damage process equipment. And once noise is created, it is hard to eliminate," says Kyle Rayhill, Director, Global Oil & Gas Business Line.

For more than 30 years Metso's patented Q-Trim technology has been the industry benchmark for rotary noise attenuation solutions in challenging applications. By reducing noise and related vibration to acceptable levels, Q-Trim technology protects process equipment and thus lowers the operating costs and minimizes the need for spare parts for valves and other accessories. This, in turn, translates to lower total cost of ownership.

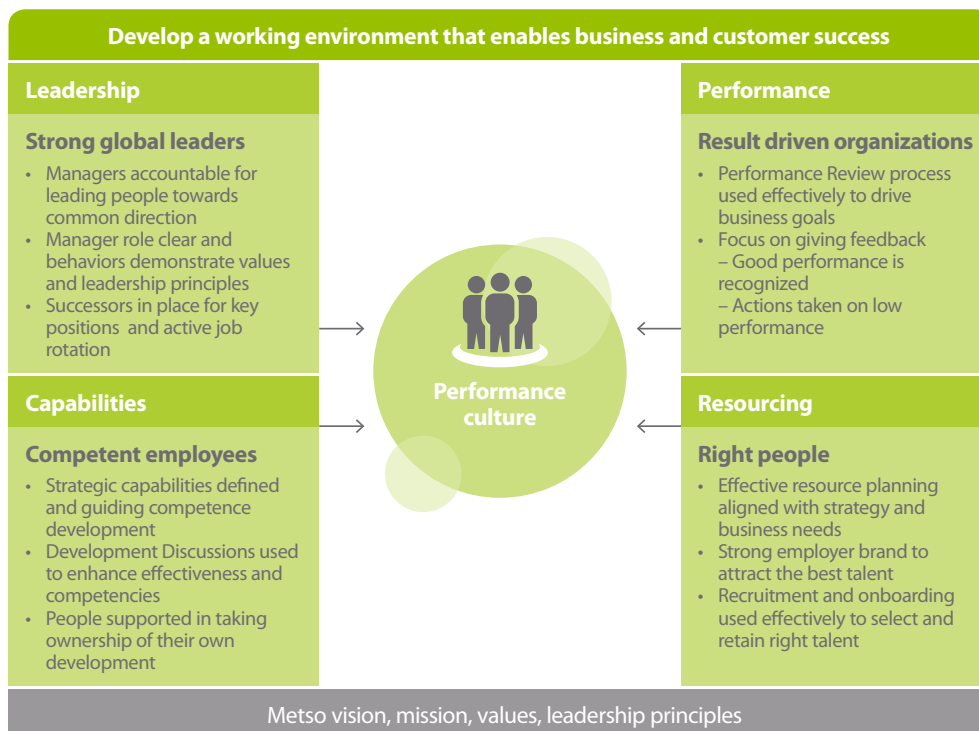
Metso People

Metso is a global company with highly competent and committed industry professionals in more than 50 countries worldwide. Our 16,000 employees form a network of dedicated colleagues. Metso's customer promise, "Expect results," means that we are focused on performing and delivering. At Metso our goal is to guarantee a safe working environment for our employees and we are committed to taking responsibility for our own safety and for the safety of others. The expertise and skills of our employees are critical for us and form a strong foundation for Metso's success. This is reflected in our company strategy and in the central role our people have in it. People and leadership is one of our five strategic focus areas and enables the realization of the other must-wins. We can reach our goals only with engaged and competent employees.

In People and leadership we focus on developing four areas: leadership, performance, capabilities and resourcing. Within these areas we aim to develop a working environment that attracts the right people and helps them to develop and reach their full potential. Metso's vision, mission and values form the foundation for this development, and the overall target is to enable business and customer success.

We actively promote equal opportunities and diversity, and we train our leaders to promote sustainability thinking and to link individual objectives to sustainability. Prioritizing the health, safety and wellbeing of our employees, customers and partners in all our operations is fundamental to everyone at Metso. We believe that world-class safety comes from a combination of having the right attitude, making the right decisions and taking the right actions.

PEOPLE AND LEADERSHIP FOCUS AREA GOALS



Developing leadership to support strong performance



Leadership Strong global leaders

Key achievements 2014

- We have put more focus on identifying successors to key positions as well as future leadership potential, reaching more organizational levels.
- New leadership development portfolio with cost effective and impactful solutions developed
- Systematic rotation of leadership resources in use during organizational changes

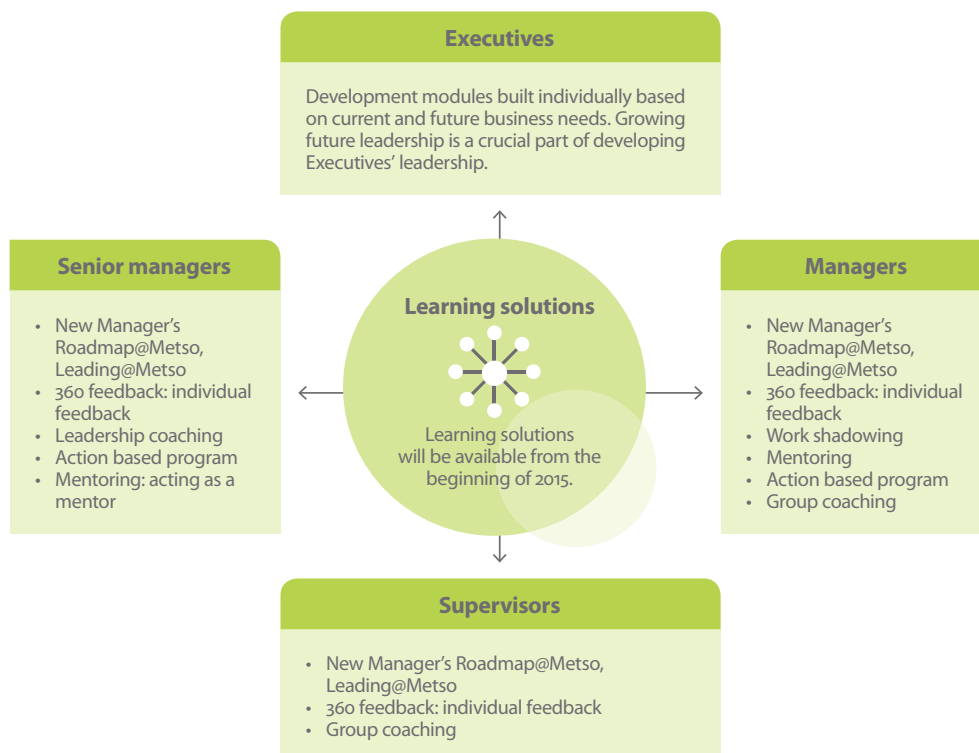
With the new strategy, the leadership capability needs for Metso have been further clarified. Transforming into a focused industrial service and products company requires enhanced performance from the whole organization. Everyday leadership is one of the key enablers of high performance. For this purpose, during 2014 we built a global leadership development portfolio based on these capability needs.

Metso values and our Leadership principles remain the solid foundation for good leadership. In 2014 we sharpened our focus on the leadership capabilities needed to implement the strategy. The scope of the renewed leadership development portfolio is strongly focused on learning on the job, learning together with others, for example through mentoring and coaching, and on more traditional classroom-based training opportunities. The portfolio includes learning solutions with aligned, global core content and adaptability to local needs. We have started piloting the new solutions; one example is the work shadowing pilot in Australia.

Focus on job rotation and succession planning

Growing global leaders who have a wide experience base is crucially important for us, and thus we have paid attention to job rotation opportunities during our organizational changes. As an example, almost half of the business area management team members started in new or clearly different positions after the organizational change. We have also implemented a more structured way of identifying successors for key positions as well as employees with potential to be future leaders. We are also strongly emphasizing every manager's accountability for building future leaders.

LEADERSHIP DEVELOPMENT PORTFOLIO



Portfolio consists of independent learning solutions that can be used separately

Work shadowing

Learning by shadowing in Australia

Learning on the job plays a major role in Metso's 70-20-10 learning methods. As part of learning on the job, Metso Australia piloted the work shadowing method in 2014. Work shadowing is a practical tool for gaining a more holistic understanding of an organization's way of working, since it offers the learner the possibility to follow the day-to-day work of another part of an organization. The method also helps the individual to understand his or her own role in the big picture, which facilitates all collaboration.

Michael Maraan, an Internal Sales Representative at Metso Australia, shared this view when he was chosen to participate in the work shadowing pilot. He supports the method even more avidly after the experience.

"I spent a week with our purchasing, a week with the warehouse team and two weeks shadowing the supply chain team. I was expecting to learn aspects I could relate to my current job. Looking back now, I learned even more: I gained a better understanding of the whole process – from the time our purchasing raises orders to our suppliers, to the time the goods are picked up and packed by our warehousing for dispatch to our customers," Maraan lists.

In addition to becoming familiar with the process, Maraan appreciated the possibility to learn about the roles and responsibilities in different functions.

"Having an understanding of the KPI's and daily reports of my colleagues in different functions really makes a difference. There's a lot to bring back to my own unit and colleagues. Whatever issues may arise in the future regarding delays or other incidents between our units, it will be a lot easier to solve them or even prevent them," Maraan concludes.

Performing together

Learning and Development Manager Rita Keteku was delighted about how the work shadowing pilot helped in breaking down the internal barriers across each of the participating functions.

"After speaking with the pilot groups, I'm convinced that the overall targets were successfully reached: All the participants gained a thorough understanding of the entire process in question. Shadowing also proved to be an excellent networking tool and helped the employees to learn and reflect from their colleagues' experiences and practices," Keteku says.

Keteku believes that the benefits of work shadowing are the result of a few basic factors:

"First of all, it's very practical. It allows questions to be asked right then and there, and it builds mutual respect between the units."

According to Keteku, work shadowing will be used in Australia on a regular basis in the future.

"I believe that work shadowing will be especially beneficial for the employees who are willing to move to another role in the future. Through shadowing, it is possible to gain a wider understanding of the company's processes in a relatively short time. Shadowing will also be used more frequently as part of our introductory processes for new employees. In short, it will help us perform together – just like our values suggest."

Performance management in focus

A more integrated Metso both enables and also sets requirements for consistent performance management processes and tools across the company. Our focus in 2014, therefore, was on strengthening the tools and processes needed to support performance management. We have created a solid foundation that is aligned with the strategy, and this enables us to reinforce a performance management culture through everyday leadership. A better understanding of performance management is also a requirement set by our new operating model. Thus we continued the work started in 2013 to increase managers' understanding and capabilities of our performance management and compensation practices.

Strengthening the tools and processes needed to support performance management

We believe in performance management, and thus we have been investing in developing the tools and processes needed to support it. Following Metso Board's guidance and approval, we have been working on a new, more aligned Metso Bonus structure, which will be implemented in 2015. The global bonus metrics structure is built to drive strategic priorities through focused financial and strategic bonus metrics.

The Performance Review continues to be an important annual process that gives managers the opportunity to tie their own team's activities to the bigger Metso picture and strategy. In 2014, 64% (65%) of all our personnel participated in the Performance Review process. The completion rate for Performance Review was 81% (72%). We have been reviewing the Performance Review process and building a new global tool for this process; the tool will be implemented in 2015.

Linking strategy to target setting

It is the responsibility of managers to communicate strategy and to link it to the daily work. To support this challenging task, added help has been provided to translate global strategic initiatives



Performance Result driven organizations

Key achievements 2014

- Bonus and Performance Review processes reviewed, developed and aligned to drive strategic priorities, implementation during 2015
- Continued increasing managers' understanding and capabilities on our performance management and compensation practices

into local activities and to sharpen the focus on the link between Metso strategic themes with individual target setting. Our aim is that everyone understands the big picture and has clear targets, and they understand what is expected of them and how these expectations are linked to the long-term targets of Metso.

Overall, continuous work is ongoing to help managers in leading their teams' performance (individual and team) through local workshops and by providing various guidance and materials. Leading and guiding performance happens on a daily basis – and building a performance culture is a continuous task: everyone is responsible for their own performance.

Performance Review improvement initiative in Brazil **Aligning personal and company targets in Brazil**

Like all market areas, Metso in Brazil faced an important question last year: How to create a performance culture that supports the realization of Metso's new strategy.

As part of their answer, the Brazilians turned their attention to the Performance Reviews – the yearly target discussion and evaluation that all Metso employees should go through.

"When we evaluated the Performance Review process critically, we identified several opportunities for development," recalls Compensation and Benefits Manager Ives Cattini.

"Most importantly, the realization of the employees' personal targets didn't seem to correlate with the result of the entire unit. In addition, the evaluation criteria weren't standardized: managers had no clear guidelines for measuring the performance of their team members," Cattini says.

According to Cattini, there were also signals showing that high and low performance was not addressed adequately and that the results of the Performance Review could be more closely linked with career growth and development needs.

"All in all, we realized that changes were needed in order to ensure that we're working in a synchronized way to achieve our business targets – but also to make sure that all employees are given the same opportunities and fair treatment," Cattini says.

Effectiveness and fair treatment

Once the development opportunities were identified, the existing Performance Review process was renewed – especially regarding the target setting and evaluation criteria.

"We created clear rules on how the targets should be made and determined; for example, all employees should have at least one financial target in their portfolio. We also clearly spelled out how performance should be evaluated and how high-performers could be recognized and low-performers developed," Cattini lists.

Adriano Torres, Vice President for Metso's Crushing and Screening Equipment was one of the business managers who carried out the new Performance Review process for his subordinates. Torres believes that the new Performance Review will be more effective:

"In the old model, the targets were often related to departmental targets only. In the new model, the targets must be set on financial, strategic, people-related and departmental areas, which makes the review more balanced. Clear guidelines are making all the targets align with the company goals and making the evaluation process among employees more even."

"From the employees' point of view, the biggest change is the way individual performance is measured and how it's linked to their career development in the company. This is naturally also reflected on the company level: when all our targets are aligned, it definitely makes us stronger when reaching for our shared global targets," Torres concludes.

Developing professional competencies across Metso

Along with the more focused and integrated strategy for Metso, we have started creating a more aligned approach to developing professional competencies across the company. Our focus in 2014 was on identifying the key strategic competence needs for five main areas: 1) Sales, 2) Field Services, 3) Supply Chain/Operations, 4) RTD/Engineering, and 5) Project Management. We defined competence development portfolios for these areas and proceeded to pilot some of the concrete learning solutions in 2014.

Through our 70-20-10 approach (see picture), we emphasize the importance of learning on the job: new or problematic situations related to everyday work are the best way to develop new competencies, especially when support is available from the manager and colleagues. Challenging work opportunities are also valued and seen as important by our employees, as became apparent when building our renewed Employer Brand through Employee Value Proposition analysis. In addition to learning on the job, we invest on formal training linked to employees' everyday challenges; our investment in 2014 was EUR 6.7 million.

Focused Development Discussions

We have simplified our approach to Development Discussions with the aim of improving the quality of the discussion itself. The drivers for this have been the more focused and integrated strategy for Metso as well as the feedback received from Metso managers. In 2014, 66% (64%) of all our personnel participated in the Development Discussion process. The completion rate for Development Discussions was 85% (81%).

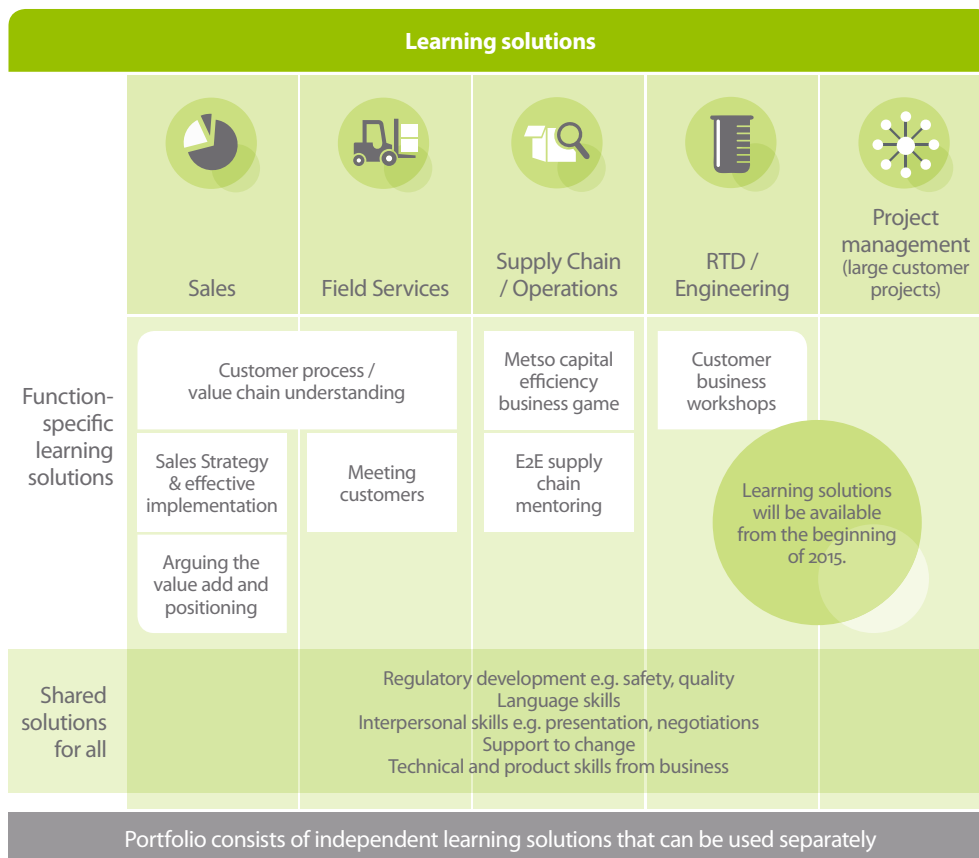


Capabilities **Competent employees**

Key achievements 2014

- Competence needs for five strategic main areas identified: **1)** Sales, **2)** Field Services, **3)** Supply Chain / Operations, **4)** RTD / Engineering, and **5)** Project Management, and competence development portfolios for the areas defined
- Simplified Development Discussions implemented: emphasis on linking strategic development needs to job roles and on quality of the discussion

PROFESSIONAL DEVELOPMENT PORTFOLIO



METSO LEARNING METHODS 70-20-10



70% Learning on the job

Learning by doing and learning from experiences

20% Learning together with others

Learning with help of others, e.g. through feedback and joint reflection

10% Formal learning

Learning typically in a class room or through eLearning

Sales competence needs

Building sales capabilities to sell value

Sales capabilities have been identified as one of our five key strategic competence need areas. According to Sudhir Srivastava, Metso's Senior Vice President in Minerals' Sales and Marketing Development, Metso's sales personnel already excel at creating trust-based customer relationships.

"Our customers truly trust our sales personnel, which is of extreme importance. Our customers know they can always count on us, which is clearly reflected in our repeat orders and long lasting customer relationships. In the future, we will build on these customer relationship skills to further enhance our sales personnel's capabilities," Srivastava says.

Revealing the added value

Srivastava believes that Metso's sales competencies could be boosted even higher in the future by focusing on three key areas: developing the way we speak about the added value of our services and products, improving sales personnel's knowledge of the customer's value chain, and crystallizing the argumentation based on the value that our products, services and solutions add.

"Our products and services are the industry leaders. The benefits they create for our customers by, for example, increasing their production and decreasing the costs are in their own class. We need to make sure our potential customers recognize the value our products and services can create for them."

Speaking the customer's language

Once the added value has been recognized, Srivastava would emphasize the importance of formulating the message.

"We could be better at speaking the customer's language. Knowing every stage of the customer's process and value chain and understanding the customer's business drivers is the only way we can relate to our customer's world. It is also the only way to understand what they really need – and how we can help them perform better."

Srivastava is convinced that improving our knowledge as much as possible about the customer's value chain, business drivers and environment is also the key to more effective argumentation.

"Of course, it is important to know our own technology and products, but it's even more valuable to be able to say how exactly they would affect a specific stage in the customer's process. In the end, we're not selling hardware, but value, which can be manifested in lower operating costs, higher uptime, knowledge partnership – or all of these, depending on the case."

"All in all, we have everything we need to take our sales competencies to the next level. Most importantly, our salespeople must face customers with the confidence of knowing that they belong to the world's leading equipment and solution provider in our field. This is something they can and should be proud of. Our salespeople must be able to endorse our proposal knowing that we are the best value for the money for our customers. I believe that makes the difference between winning and losing."

Employer image clarified

The new Metso strategy has given us a good basis for renewing our employer image. In 2014, we conducted an in-depth analysis of our image inside and outside Metso, and based on that we created a core story about Metso as an employer. We call this our Employee Value Proposition. The research shows that we have a unique strength at Metso in how we combine challenging work with a friendly, nonhierarchical working environment.

Resourcing processes to meet the requirements of Metso's new strategy

During 2014, we developed our resourcing processes to better meet the requirements of Metso's new strategy and operating model. For example, we reviewed our recruitment process, put effort into career development that reflects current and future needs, and aligned these with our employer image.

2,209 new employees joined Metso in 2014, and the total rate of new employee hires was 14.1%. The emphasis of our recruitments was on operations, manufacturing and services personnel. We continued to strengthen our presence in growth countries. Metso is a responsible employer; one indication of this is our continued effort to provide opportunities for young people to gain valuable work experience and thus improve their employability after they finish their studies. In 2014, we employed 372 trainees globally for periods ranging from a couple of weeks to several months.



Resourcing Right people

Key achievements 2014

- Employee Value Proposition created: emphasis on the unique combination of friendly, respectful working environment and a challenging, result-oriented way of working
- Necessary resource plans created according to strategy and resourcing processes developed to meet the requirements of Metso's new strategy and operating model
- Alignment of recruitment process and practices enhanced globally

INTRODUCTION TO EMPLOYEE VALUE PROPOSITION THEMES AND RESULTS

Metso as an employer

We are proud of our industry-leading solutions



We work in a truly global but closely knit network of colleagues

We work with challenging tasks in a friendly, respectful working environment

Mission, vision, values, leadership principles

We are committed to compliance with laws and ethical principles in people matters

In our personnel relations we comply with the labor rights stated by the International Labor Organization (ILO), and we support and respect the protection of human rights as expressed in the UN Declaration of Human Rights.

We do not use child labor or engage subcontractors or suppliers that do so. We do not allow behavior that is physically coercive, threatening, abusive or exploitative. We are committed to the UN Global Compact initiative with its ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. The total number of incidents of discrimination initiated in 2014 was 0 (0) and actions taken 0 (0).

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.

Examples of Metso's global people 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
- Job Description Guidelines
- Annual Review Guidelines
- Equal Opportunity and Diversity Policy
- Global Bonus Plan Guidelines
- Localization Guidelines for Expatriates
- Guidelines for Company Supported and Funded Studies
- Performance and Rewards Principles

Responsible employment practices

We take a long-term approach in personnel planning and development. Through our people processes, we aim to develop and support employment opportunities for our personnel – even in business change situations. We act responsibly and in compliance with national legislation and good employer practices in structural changes and lay-off situations arising from financial or production-related reasons.

Our employees have the freedom to organize. Metso does not require or prevent the unionization of employees. We do not track the extent of our employees' engagement in trade union activities, and our human resources practices are globally applicable – regardless of the degree of organization and collective bargaining in different countries. We cooperate with local employee representatives and comply with local legislation in business change situations.

The wages and salaries of Metso employees are determined on the basis of local collective and individual agreements, job requirements and employee performance. Additionally, country specific regulations are always followed. Our globally applicable, performance-based incentive systems complement basic salaries and wages. Salary increases are based on principles determined annually by the management and on country-specific collective agreements.

Our employee benefits are based on local legislation, practices and competitive compensation levels. Occupational health care, country-specific pension practices, statutory insurance, training, various sabbaticals supporting parenthood, family life and studying, and annual vacation time are determined on the basis of country-specific legislation and national policies.

Cooperation with personnel and management

Cooperation acts and other laws and regulations create a country-specific framework for the collaboration between the management and personnel and for the mutual development of the company and its operations.

Personnel representation in business unit management is separately agreed upon and compliant with country-specific regulations. Additionally, our units engage in forms of cooperation that comply with country-specific practices and legislation.

A personnel representative elected by our personnel groups participates in the meetings of Metso's Board of Directors as an invited expert. The representative does not have voting rights and is not legally responsible for Board decisions.

Metso European Works Council

Metso European Works Council (EWC) is our European management and personnel cooperation body. The purpose of Metso EWC is to offer our employees an opportunity to engage in an open dialogue about company topics, to give employees more information and to provide an opportunity to be heard in multinational Group-level matters. Metso EWC carries out the cooperation and communication defined in the EU's European Works Council directive.

The current EWC agreement was signed in 2014. The agreement is based on the following regulations and agreements: EU Directive 2009/38/EY on the establishment of a European Works Council in Community-level undertakings and Act on Cooperation within Finnish and Community-wide Groups of Undertakings 30.3.2007/335. The parties to the present agreement are Metso Group and its personnel in the European Union.

Health and safety targets and achievements

Safety is one of our high priorities at Metso. Our work in health and safety is based on our targets in occupational safety and is

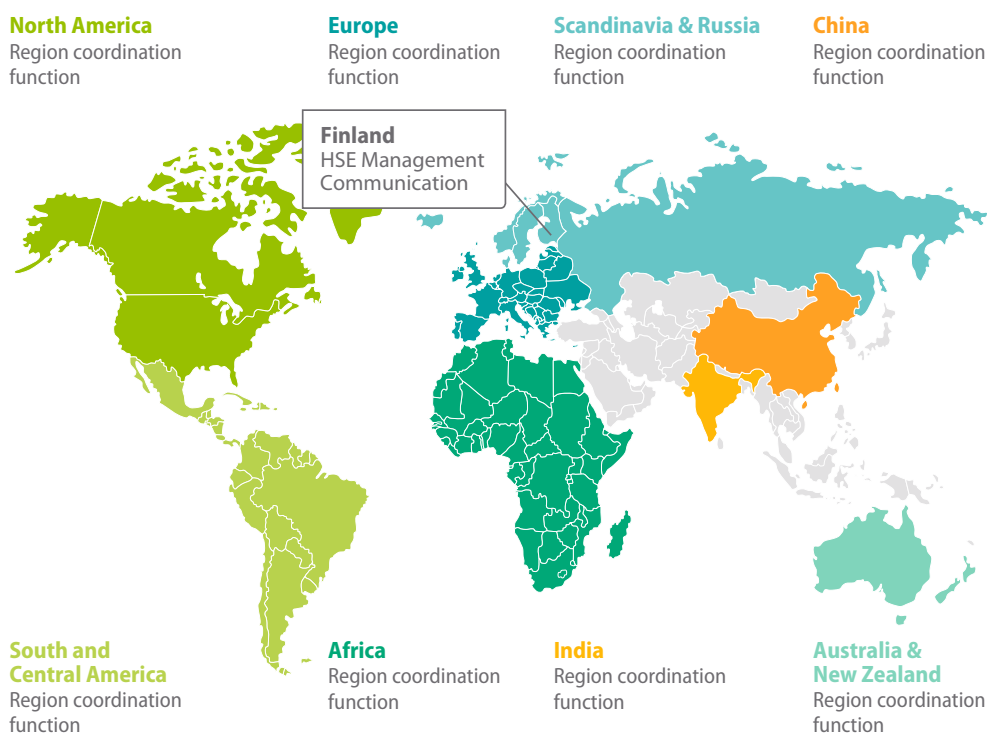
guided by consistent planning in Health, safety and environment (HSE). The focus in recent years has been on strengthening our employees' personal commitment to safety and on strengthening personal responsibility in identifying hazards.

At the end of 2013 we set a new target for workplace safety. Our new occupational safety target is to achieve an LTIF of less than one. (LTIF reflects the number of incidents resulting in an absence of at least one workday per million hours worked). Our long-term target is zero work-related incidents. In 2014, our LTIF was 3.9.

During 2014 we continued our strong focus on the development of health, safety and environmental matters based on Metso's HSE Policy and Minimum safety standards, which are the fundamental cornerstones in safety.

Our new regional-based HSE organization was launched at the end of 2013 and was effective from 2014 onward. The objective of the new organization is to strengthen the cooperation among Group HSE managers and their connection to local HSE professionals. With the new operating model, the focus is on intensifying the engagement of local HSE professionals all the way down to the grassroots level. The new organization also aims to strengthen the dialogue between regional HSE managers and local line management. The aim is to improve their commitment and cooperation to help reach Metso's global HSE targets and to unify local operating models based on Metso's global HSE policies and procedures.

Global HSE support and coordination functions



Global support functions:

Development • Communication • Implementation support • Reporting • Internal audits • Environment

A new Minimum safety standard was launched in 2014 to supplement our eight (8) Minimum safety standards. The new standard, road travel, regulates how to behave when travelling on road. In 2015 a new safety standard will be launched to support our safety at Metso.

Metso's Minimum safety standards strongly support our safety work. Our goal with the standards is to raise awareness of the most critical hazards in our work tasks and to make sure that we have means to control these hazards. The goal is also to enhance our uniform HSE practices. The standards give guidance on how to perform the most common work procedures in a safe manner and they create a baseline for safety. Our safety standards are applicable in all our operations.

Our Minimum safety standards are: lock out/tag out procedures, working at heights, lifting, working in confined spaces, operating tools and equipment, working with hazardous substances, personal protective equipment (PPE), maintaining good order, and road travel.

Campaign to increase safety awareness

To introduce the standards to our employees, a Safety Pledge campaign was launched in 2012. The work continued in 2014 with the launch of the Safety Pledge 2014 campaign, which concentrated on highlighting Metso's nine Minimum safety standards. In 2015, the new Safety Pledge 2015 campaign will continue our proactive work to improve our safety.

Global HSE reporting system

In 2014, we concentrated on improving our HSE reporting by implementing a Group-wide HSE reporting system globally. The new tool will replace other reporting systems that have been in use for HSE at Metso. The new Metso-wide reporting system will be globally implemented in 2014 and 2015 to improve the monitoring and management of our occupational safety, including accidents, near misses, first-aid situations and risk observations, and to develop our environmental performance. The environmental indicators component of the reporting system was implemented already in 2013. Our target is for all HSE figures to be reported through our Group-wide reporting system, Sustanalyser.

The HSE reporting procedure consists of reporting recordable accidents, first-aid situations, environmental damages, near-miss situations and observed risks related to occupational health and safety. We have used the reporting data to define most common root causes for incidents at Metso: technical causes, human causes and operational causes. Technical causes are related to, e.g., defective or improper tools or equipment, inadequate protective equipment, or incorrect or improper process conditions. Human causes are related to, e.g., failure to detect a hazard/problem or incorrect working practice. Operational causes are related to risk identification and evaluation. Based on this knowledge, we are able to address the issues that fundamentally increase the risk factors at Metso.

HSE audits

The 12 elements model created for Metso is a methodology for systematic development of different aspects of safety. Each element assesses the maturity of the safety systems at our production sites. The 12 elements include, e.g., HSE management, hazard and risk

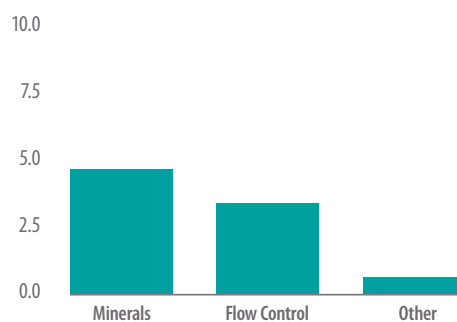
evaluation, training, ownership, leadership, and incident and accident management.

Our 12 elements self-assessment tool was implemented in 2013 to support the development of good local safety practices and to identify and prioritize the development areas for the local HSE work. That same year, the self-assessment with the 12 elements became mandatory for all our sites.

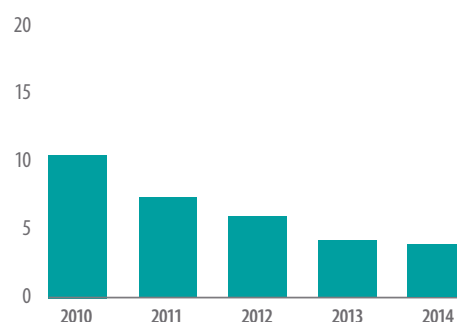
HSE audits track good practices at Metso's sites globally. It is also a tool to track the implementation rate of our practices, such as the Minimum safety standards. Our internal HSE Audit function visited 27 locations during 2014 and identified hundreds of HSE-related actions to quickly improve the safety at our locations. A detailed schedule was created for the identified development issues. The audit process calls for the findings to be remedied within three months of the audit visit.

Please note that figures 2012 onwards describe Metso's current structure

LTIF BY SEGMENTS



LTIF AT METSO



● LTIF

* Lost Time Incident Frequency reflects the number of incidents resulting in an absence of at least one workday per million hours worked.

Health and safety in figures

At Metso we believe that all accidents can be prevented. Accordingly, Metso's long-term objective is zero work-related incidents. To reach that goal our mid-term target is to reach a lost-time incident frequency (LTIF) of less than 1. (LTIF reflects the number of incidents resulting in an absence of at least one workday per million hours worked.)

In 2014, we recorded 0 (1) work-related fatalities. The number of recordable work-related incidents in 2014 was 295 (297). Recordable incidents are the sum of lost time, restricted work and medical treatment incidents. Metso's LTIF was 3.9 (4.2). Metso also monitors near-misses and risk observations. The 2014 near-miss and risk observation factor was 443 (339), an increase of 31% from 2013. One of our efforts in 2014 has been on increasing the near-miss and risk observation reporting. The number of near-miss reports has improved by 3,864 from 2013 to 2014 due to our effective safety campaigning.

Near-miss reporting is essential when the focus is on minimizing hazards. Near-miss reporting enables us to take corrective actions in all our operations and to increase safety.

The number of absence days in 2014 totaled 6.5 (6.6) days per person on average, 6.0 (6.2) days due to illness and 0.5 (0.4) days due to injury at work.

Since 2009, we have succeeded in reducing the LTIF by 73% by focusing on all aspects of safety. Our main focus has been on key areas, such as increasing employee awareness of safety, on technical improvements, such as Metso's Group-wide reporting system, on management leadership capabilities, and on improving our practices at work. Our LTIF decreased from 4.2 in 2013 to 3.9 in 2014. This is a reduction of 5%. The LTIF levels are reported by Metso's units, and there is still a lot of room for improvement in health and safety work.

Global implementation of our safety standards

All our efforts in HSE aim to ensure a safe working environment for all Metso employees. To improve our safety and to support the safety culture at our plants, a Safety Pledge 2014 campaign was launched to share information about what our safety standards mean in practice and to give guidance on following the standards in our everyday work at our workplaces. The goal of the campaign is to implement the standards in each Metso location. The standards are applicable at every location.

The standards have been created to minimize the hazards at our workplace, and they create the baseline for local safety requirements procedures. If the local procedures, customers, laws or regulations have a higher safety standard than Metso, those standards apply. The standards give guidance on how to perform the most common work procedures in a safe manner.

To support the 2014 focus on implementing the standards in all our locations, a global Safety Pledge 2014 campaign was launched to raise employee awareness of the standards. The campaign included, e.g., a Minimum safety standards brochure, which included descriptions of each standard, and a video that reviewed the standards one by one. The campaign was launched in nine languages and the material was distributed at all our locations globally. The standards were launched originally in 2012 and were introduced to our employees through the first Safety Pledge campaign.

"Learning to work by the standards requires the contribution of every Metso employee. Safety is a joint responsibility that we all share," says Jukka Rikkinen, VP, Health, Safety and Environment.

Defining root causes based on our HSE incident reporting

Our HSE work is based on finding root causes for all incidents that happen at Metso. Sustainable HSE work is based on collecting and analyzing the data behind the incidents. An adaptable reporting system has an important role to enable us to learn from the data.

"The reported data can be used as learning experiences. The data gives us a general overview and allows us to identify any shortcomings when reviewing accidents that have occurred at Metso. The data also helps us to eliminate risk factors and create a more secure and more environmentally friendly working environment. We are able to learn from the accidents, and we can create procedures based on the information," says Jukka Rikkinen, VP, Health, Safety and Environment.

Flexibility and the ability to support our HSE objectives were essential when making the decision to implement a Group-wide reporting system for sustainability figures. In 2013, we launched Metso's Group-wide reporting system for global environmental reporting.

The development work continued in 2014 with the preparation of the tool for global HSE incident reporting, which will start in early 2015. The testing and training phases are currently under way.

Reporting with the new Sustanalyzer reporting system, which will include accidents, near misses, first-aid situations and risk observations, will start in early 2015. We will also focus on further extending the reporting to cover chemical legislation, regulation management, supplier management, and health, safety and environment auditing. Additionally, the Sustanalyzer reporting system will enable us to report risk observations.

Metso Environment

We constantly strive for improvements in our energy and materials efficiency and in reducing water consumption, emissions to water, soil and air, and the amount of waste in our operations. We have also identified environmental risks related to our operations, and we practice precautionary procedures to prevent environmental accidents.

Environmental targets

Health, safety and environment (HSE) is an essential part of all our activities at Metso, since many of our people across our different businesses work in versatile environments. Our actions in HSE aim to support our efforts to take environmental efficiency into account.

We strive to reduce the environmental footprint of our own operations through a dedicated energy-efficiency program, while setting global, Group-wide targets for energy conservation and carbon dioxide emissions for our own production.

We have created our Group-wide targets in order to improve our performance in HSE. Our global target is to reduce Metso's energy consumption and emissions by 15 percent by 2015 and by 20 percent by 2020 based on our net sales, calculated from the base year 2009. Reducing energy consumption will reduce emissions, while also bringing financial benefits. The majority of our reported CO₂ emissions come from the use of energy.

In 2014 we created the cornerstones for a Group-wide water strategy, which will be further developed during 2015. Group-wide reporting of environmental figures is essential in improving our environmental efficiency. Our recently launched reporting tool, Sustanalyzer, enables us to systematically follow our HSE progress.

Our production facilities are required to report their environmental data at the Group level. Energy and water consumption data are reported quarterly; other environmental data, e.g. materials use and waste amounts, are reported annually. Each unit has a designated environmental representative, and the reported data is validated by the unit manager of the location. We implemented a new environmental reporting system in 2013 to improve our data collecting procedures and to ensure the quality and accuracy of the data collected. In 2014 we improved our reporting by training our employees in more efficient reporting practices.

Environmental impacts of own production

Regarding the ecological footprint of our products and services, only a relatively small portion is related to our own production. The most essential environmental impacts of our production are related to energy consumption at our foundries. Globally, we have 37 production facilities, and 36% of our production facilities are covered by the ISO 14001 environmental standard (in terms of personnel). Our production facilities are constantly developing their environmental operations in accordance with our health, safety and environment (HSE) policy. It states that we cooperate with our stakeholders to develop our best practices and processes to improve the efficient and sustainable use of energy and materials as well as to prevent

pollution. Hence, we continuously make efforts to improve the environmental performance of our operations and the environmental awareness of our workforce.

Due to the capacity growth in some of our manufacturing processes and due to changes in the operating environment, we have not been able to improve our environmental figures in 2014.

Metso's energy efficiency program (MEEP)

In 2009 we set global, Group-wide energy-saving and carbon dioxide emissions targets for our own production. The majority of our reported CO₂ emissions stem from the use of energy; therefore, decreasing energy consumption will also reduce emissions – while also bringing financial benefits. In 2010 Metso started mapping the opportunities to save energy and decrease carbon dioxide emissions in its biggest and most energy-intensive production units. The mapping in the energy-intensive production units was completed in 2013.

The biggest energy-savings opportunities are related to the use of fuel and heat. Potential savings outside our production processes were also found, e.g. in cooling and compressed air systems. We have defined energy-efficiency indices for our production units, and the units report their energy consumption in accordance with the indices on a quarterly basis.

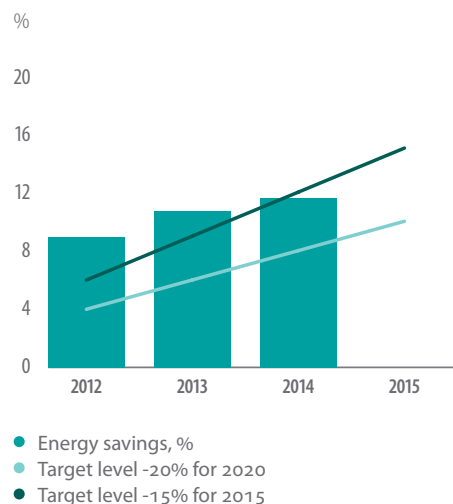
In 2014, Metso saved 0.9% of the energy of its own production, a total of 3,800 MWh (1,000 tons of CO₂). Since the beginning of the program, 11.6%, i.e. a total of 49,600 MWh of energy (13,400 tons of CO₂), has been saved through a wide range of actions around the world.

We have developed quarterly reporting metrics for each production site's energy-saving actions; these metrics help to promote energy-efficiency improvements and monitoring at the Group level.

The 15 Metso sites with the highest energy consumption account for nearly 80 percent of Metso's total energy consumption and hence 80 percent of Metso's CO₂ emissions.

Please note that figures 2012 onwards describe Metso's current structure.

SUMMARY OF ENERGY SAVING ACTIONS



MEEP highlights in 2014

8 different energy-efficiency projects started or implemented in Metso's own production in 2014 generated a total savings of 1,000 tons of carbon dioxide. Additionally, a number of smaller initiatives and actions have taken place globally in our production units.

We have implemented 174 projects that have led to carbon dioxide savings of 13,400 tons since 2009 when Metso's energy-efficiency program was started. Since then, investments totaling EUR 4.6 million have resulted in savings of 49,600 MWh of energy, worth EUR 3.5 million; these investments have a payback time ranging from one to three years.

To speed up the energy and CO₂ savings in our production, we have a separate budget for energy and CO₂ investments. In terms of completed energy-saving actions, we are currently at our target level of a 20% reduction by 2020.

Minimizing environmental impacts caused by scope 3 emissions

Metso's aim is to minimize environmental impacts throughout its value chain, which is also supported by the calculation of scope 3 emissions. Only a small portion of the ecological footprint of our products and services is related to our own production, so the significance of our scope 3 emissions calculations increases.

Scope 3 is one of three reporting categories measuring greenhouse gas emissions. The first emissions category measures direct emissions and purchased fuels, and the second category measures indirect emissions, such as purchased power and heat. The third category (scope 3) concentrates on other indirect emissions, such as employee business travel, contractor-owned vehicles and outsourced activities.

In order to improve our knowledge of scope 3 emissions in our value chain, a comprehensive analysis was conducted during 2013. Efforts are targeting the future development of methods

for calculating and understanding the environmental impacts of our supply chain. We now have the ability to better manage the environmental impacts of our value chain and to also improve future reporting of our scope 3 emissions.

In 2015 we will focus on extending our Group-wide scope 3 reporting.

Emissions arising from business travel

One of the sectors of scope 3 emissions is business travel. In accordance with our travel policy, Metso strives to reduce its need for business travel by providing and investing in alternative methods to organize meetings remotely, for instance by providing video conferencing equipment, web and telephone conferences.

Metso's travel policy also states that Metso's travel decisions should support environmentally friendly options whenever it is also economically feasible. Metso currently monitors and reports scope 3 emissions stemming from business travel in Finland, Sweden, North America and China, which totaled approximately 15.7 thousand CO₂ tons in 2014 and accounted for 48% of Metso's workforce. In other countries in which Metso operates, business travel data is monitored, although not systematically.

Metso's activities in water reduction

Metso operates in 50 countries around the world, including in water-stressed areas. In 2012 we set a target to reduce water usage in our own operations by 15% by 2020. In 2014 we conducted a study in every environmental reporting unit to assess the current situation so that we can formulate a more detailed strategy to achieve our water-reduction target. At the same time, we have pursued more in-depth knowledge of the regions that are water-stressed areas in order to create the cornerstones for a Group-wide water strategy that will be developed further in 2015. As part of the water strategy formulation, we have ongoing work related to water risks, and this work will continue also in 2015.

Society

We strive to be a responsible corporate citizen and to support sustainable development in the communities we operate in by forming partnerships with customers and other stakeholders. By sponsoring and donating to local projects in science, research and education, environmental protection and nature conservation, and youth activities, we contribute to a more sustainable world.

Our aspiration to be a good corporate citizen is based on understanding mutual needs and expectations in our relationships with local communities. We are convinced that increased interaction with the local community through the engagement of our local employees results in mutual benefits for Metso and society.

Sponsorships and donations

Our principles of sponsorships and donations have their foundation in Metso's Code of Conduct, in which we define also other important ethical issues, such as our commitment to the UN Declaration of Human Rights. Our sponsorship

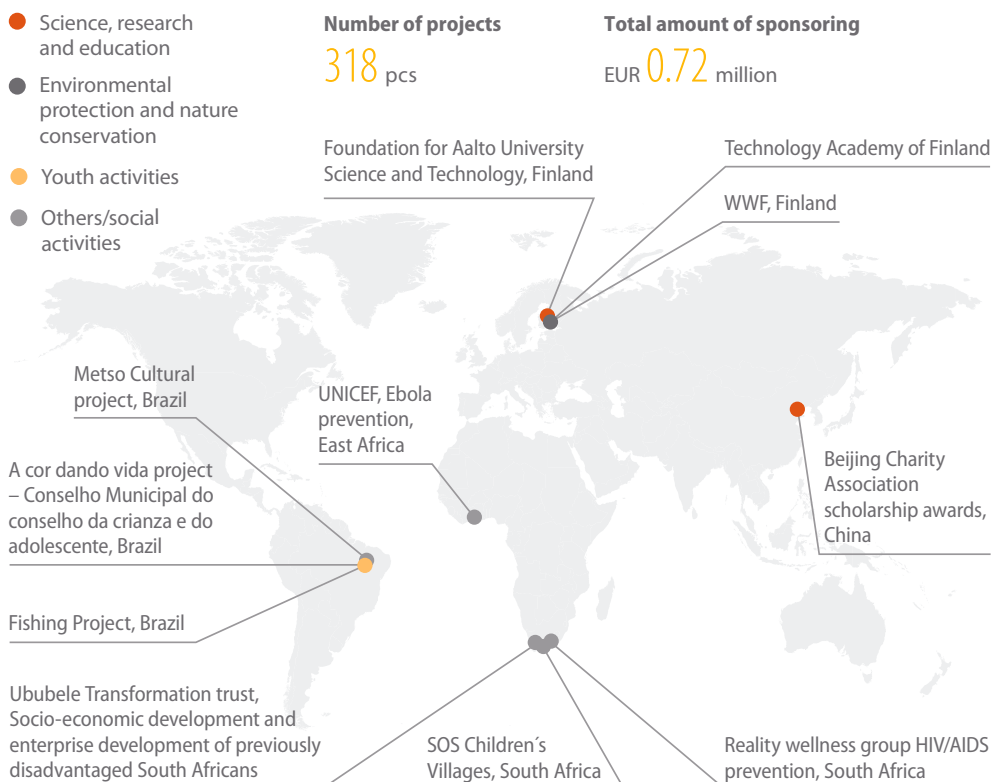
activities reflect the implementation of the Ten Principles of the UN Global Compact in our operations. We use sponsorships and donations to support the implementation of our strategy and to strengthen our corporate brand and recognition globally.

Metso defines sponsorship through the principles and terms described in the Advertising and Marketing Communication Practice, published by the International Chamber of Commerce (ICC) in August 2006. Accordingly, we endorse the definition stated in that document.

Sponsorship principles

Metso chooses its sponsorship targets based on its strategic objectives – science, research and education, environmental protection, nature conservation and youth activities. To keep the focus in these target areas, we have also introduced other guiding principles to our sponsorship approach, since, as a business-to-business company, we do not allocate resources for sponsorships targeting the general public, unless deemed appropriate for a specific issue.

Major sponsorship and donation initiatives in 2014



As we operate globally and in diverse cultures, we sponsor only projects that are universally accepted and respected. The principle of equality also means that we do not sponsor projects or initiatives related to politics or religious worship. For the same reason, we do not sponsor ideological organizations that have values and activities that lack unanimous community support.

A substantial part of the contributions within the category "Others" includes our support to social programs in, e.g., the abatement of HIV/AIDS, which has gained importance as a form of our local responsibility. Similarly, we have also supported local water and sanitation programs in schools located near our facilities.

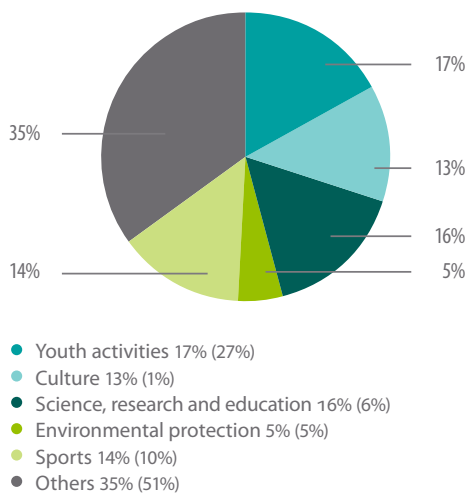
We do not sponsor professional sports on a national or international level. Our community involvement projects can, however, include support for local sports as a youth activity or a general recreation activity. We do not sponsor activities that are commonly considered as conflicting with the principles of sustainable development, such as motor sports.

Cooperation with non-governmental organizations (NGOs)

As a global company, Metso co-operates with local and international non-governmental organizations (NGOs) in many countries. In many instances, NGOs can provide the needed operations, services and experience to support the local communities, people and environment.

Metso's support for non-profit or non-governmental organizations and related activities was EUR 716,000 in 2014.

SUPPORT FOR NON-PROFIT ORGANIZATIONS



Community involvement

Metso's presence in emerging markets is constantly growing and is reflected in new units being opened or existing ones expanded. Our local presence creates wealth and job opportunities as well as business partnerships that are important and beneficial both to Metso and the local community. We encourage our units and employees to participate in a wide range of activities that bring wellbeing to the local community.

Sponsorships and donations are examples of means we use to develop and maintain interaction with important stakeholder groups. The principles and practices covering this area are defined in our Code of Conduct and in Metso's Principles of Sponsorships and Donations. The focus of our sponsorships and support is primarily on youth activities, science, research, education, and environmental and nature conservation.

Metso sponsors Yrityskylä learning environment project

Metso is a supporter of Yrityskylä initiative, an internationally awarded Finnish education innovation. The Yrityskylä learning concept focuses on society, business and entrepreneurship and is aimed at sixth-grade primary school students in Finland. Students in the Yrityskylä learning environment work in their own professions in a mini city and act as society's consumers and citizens. In the regional Yrityskylä learning environments, sixth graders and their teachers spend a day learning about the special characteristics of the region and the actual employers there.

The Yrityskylä learning environments are implemented in close collaboration with the local municipalities and companies. The project was launched back in 2009, and Metso has been a project sponsor since 2013.

The popularity of the project has surprised everyone. This school year, some 40,000 students will visit Me & Yrityskylä learning environments, of which there are currently eight in Finland. A total of 70,000 students have visited a Yrityskylä learning environment since the beginning. In autumn 2013, as Finland's representative, Yrityskylä won an award in the European Commission competition that recognizes the best initiatives supporting entrepreneurship. The Economic Information Office (TAT) coordinates the Yrityskylä learning environments.

"The wide group of collaboration partners, including Metso, is an indication of the shared concern about young people's preparedness for business and society," says Tomi Alakoski, Executive Director of the Yrityskylä project at the Economic Information Office.

The inauguration of Plan's school water and sanitation project

The handover ceremony of the Plan and Metso supported school water and sanitation project was celebrated in Alwar Rajasthan. This marked the completion of the project aiming to improve the school enrollment of children by improving child-friendly school water and sanitation facilities and hygiene practices among school children in India. The festivities celebrating the completion of the water and sanitation facilities in 15 schools were held in July 2014 with students, teachers, local government and Plan India. The focus of the cooperation has been on supporting children's rights to adequate school water and sanitation infrastructure and having dedicated bathroom/lavatory facilities, especially for girls. The project makes it possible to provide running water in school toilets for the children and it enables existing toilets to be renovated and new ones to be built.

Raising awareness is one of the high priorities within the project. In order to keep up the positive consequences, the children have been trained about hygiene and about the responsibility for taking care of the facilities. Also the school staff and local community have been trained in maintaining the facilities.

"I dropped out of school due to the inconvenience I use to have during menstruation. There were no toilets in our school where girls could go and change. When I heard that new toilets have been constructed at the school, I thought about visiting the school. I was amazed to see that there were separate toilet facilities for girls. I was delighted to see an incinerator in one of the toilets. I immediately decided to re-admit myself after a break of 2 years. I hope girls in our community will no longer drop out due to the lack of such facilities," girl from one of the project schools, 15 years.

Award-winning HIV/Aids program supporting the local community in South Africa

Metso has over 1,000 employees in South Africa, where the overall prevalence of HIV exceeds 22%. The alarmingly high prevalence rates at one of Metso's sites was the starting point to take steps to offer testing and support for those in need.

At the moment, approximately 90.5% of our employees in South Africa who are living with HIV are on Metso's support program. Metso has actively organized HIV/AIDs education at our

locations in Isithebe, Rustenburg and Vereeniging. The program includes counseling and testing.

The program was originally launched at Metso in April 2010; by the end of 2010, 92% of the local employees had taken part in voluntary testing and counseling. The program has been extended to spouses and to families of our employees by the Employee Spouse Program. Metso organizes regularly family days, which include the opportunity for testing for the entire family.

International awards have been received through the Swedish Workplace HIV/Aids Program, SWHAP, included in 2010 – Best Progress, and in 2012 and 2013 – Most Comprehensive.

"It was the second-time running to win the SWHAP's most comprehensive program. In fact, it was the first time in SWHAP's history that any company has managed to achieve such recognition," replies **Christelle Scheun**, the program coordinator.

Christelle and **Lindy Losper**, the main responsables for program at Metso, are continually developing the program in order to find new ways to raise awareness both within the company and in the local communities.