

Metso is a leading process performance provider, with customers in the mining, construction, and oil & gas industries. Our focus is on the continuous development of intelligent solutions that improve sustainability and profitability. Metso's shares are listed on the NASDAQ OMX Helsinki Ltd. Metso employs around 16,000 professionals in 50 countries. Expect results.



Annual
Report
2013



Metso Annual Report

MATTI KÄHKÖNEN

"For Metso, 2013 was a historic year. At the end of the year we separated our Pulp, Paper and Power businesses into a new company, Valmet Corporation. The demerger was a significant step for the future of Metso. Now we will be able to more efficiently focus our resources on serving our customers in the mining, construction, energy, oil and gas industries, and to respond more quickly to the changing needs of customer industries in the future.

Metso will continue to serve customers in the pulp and paper industry with Valmet through a strategic partnership."



TABLE OF CONTENTS

Essential Metso 2013	3
Metso strategy 2013	26
Financial Performance 2013	33
Sustainability	44
Corporate governance	88

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Essential Metso 2013



Metso's Annual Report

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www.metso.com/2013

Essential Metso

The future represents an opportunity for Metso. For decades, we have developed our equipment and technology offering to meet increasingly tougher requirements. We have also steadily invested in our services business, which has become an increasingly important key factor in terms of our overall competitiveness. The next step will be to make intelligent technology an even more integral part of our offering.

MATTI KÄHKÖNEN

"Our competitive edge lies in a unique combination of technologies, services and automation solutions."



TABLE OF CONTENTS

This is Metso	5	Global presence	16
From the CEO	6	Emerging markets	16
Targets and achievements	7	Asia	17
Customer industries	8	South and Central America	18
Metso's businesses	9	Africa and Middle East	19
Mining and Construction	10	Eastern Europe	19
Must-win cases	12	Developed markets	20
Automation	13	Western and Northern Europe	20
Must-win cases	14	Northern America	20
		Pacific region	20
		Group key figures	22
		Segment Key Figures	22
		Environmental summary	23
		People summary	23
		Investor information	24
		For shareholders	25

This is Metso

Metso is a global supplier of technology and services. We contribute to a more sustainable world by helping our customers process natural resources into valuable products.

Our competitive edge lies in a unique combination of technologies, services and intelligence. By leveraging this unique combination, we create added value for our customers and help them become more successful.

Our net sales in 2013 were EUR 3,858 million and we have around 16,000 employees. The Services business accounted for 51% of our net sales. Emerging countries accounted for 56% of our orders received. Metso's shares are listed on the NASDAQ OMX Helsinki Ltd.

At the end of 2013 Metso's Pulp, Paper and Power businesses were demerged to a new company, Valmet Corporation. Read more about Valmet on www.valmet.com.

Our customers

Our core customer industries are mining, construction, and oil and gas. We have a strong global or niche market position in all of these.

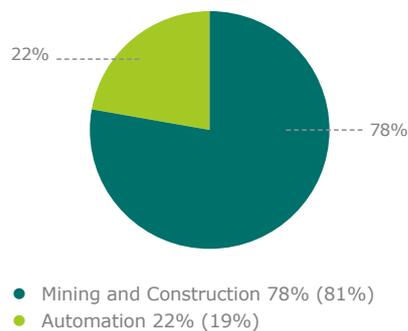
Our intent is to further strengthen our position by developing our offering in areas such as intelligent processes and services solutions designed to meet customers' challenges related to the growing scarcity of raw materials and other resources, energy use, and operational efficiency.

In Automation we also continue to serve the pulp, paper and power generation industries.

We operate around the globe

We serve our customers through 270 locations in 50 countries around the world. We have 36 production sites and over 70 service centers located in our main markets, as well as a global R&D network. Our head office is in Helsinki, Finland.

Net sales by segment



From the CEO

2013 was a historic year for Metso. We demerged our Pulp, Paper and Power businesses at the end of the year, creating a new company, Valmet, which was listed on the Helsinki Stock Exchange at the beginning of 2014.

The demerger was a major milestone for the future of Metso. We will now be able to focus our resources more effectively on serving our customers in the mining, construction, energy, and oil & gas industries, and respond more quickly to the changing needs of our customers and the marketplace. We expect a number of global megatrends to increase demand for equipment, technology, and services in our customer industries. We also expect these same megatrends to increase the challenges our customers face, in the shape of things like tougher regulations on emissions and energy and water consumption, growing difficulties linked to the scarcity of natural resources, and shortages of skilled labor. Our customers worldwide will need to answer one big question: how to produce more from less and less?

Integrating more intelligent technology into our offering

This future represents an opportunity for Metso. For decades, we have developed our equipment and technology offering to meet increasingly tougher requirements. We have also steadily invested in our services business, which has become an increasingly important key factor in terms of our overall competitiveness. The next step will be to make intelligent technology an even more integral part of our offering. Intelligent technology will help our customers respond to the trends that I described above in numerous different ways, and will become increasingly essential in the future. We are well-positioned, I believe, to leverage the decades of expertise that

we have built up in our businesses and develop our offering to serve our customers' needs even more effectively in the future.

Profitability developed well

Looking at our figures, 2013 was a challenging year. Global economic growth was slow and this was reflected in the demand for our equipment and services. The oil & gas industry was a welcome exception here, and our order intake from this sector helped our Automation segment reach an all-time high in terms of order backlog. Things were quieter in the mining sector, with customers investing less than they did in previous years. Given the challenging market situation, new orders and net sales were both lower overall than in 2012. On the other hand, our result (EBITA) and profitability both improved, which was encouraging. Two main drivers were behind this improvement: the relatively steady development of our high-margin services business and the various measures that we implemented across Metso aimed at improving our cost efficiency.

Over the short term, we do not expect to see much improvement in demand in our customer industries. As a result, concentrating on developing our internal operations will be extremely important. I am convinced that we have the know-how and the determination to keep Metso in good shape through these challenging times.

In conclusion, I would like to thank everyone at Metso for their excellent work during 2013. I would also like to thank our customers, our shareholders, and our other stakeholders for working with us and for the support that you have given us. I wish all of you a successful 2014!

Matti Kähkönen
President and CEO

Targets and achievements

This is a summary about our targets and achievements in 2013, please read more about our Financial targets and achievements, Strategy implementation and priorities and Sustainability targets and achievements.

Our profitability (EBITA %) target is 11–16% before NRI

12.8% in 2013

Target: Increase presence in emerging markets

Share of personnel in emerging markets increased from 42% to 46%

Dividend target:

At least 50% of annual earnings per share

Earnings per share
EUR 1.59

Metso's Board of Directors proposes a dividend of EUR 1.00 per share for 2013

This corresponds to 63% of the earnings per share

LTIF less than 1

Long-term occupational safety target: LTIF 0

Our lost time incident factor (LTIF) in 2013 was

4.2

Our target to reduce carbon dioxide emissions:

by 15% by 2015 and
by 20% by 2020

We have reduced 5% of our CO₂ emissions in 2013

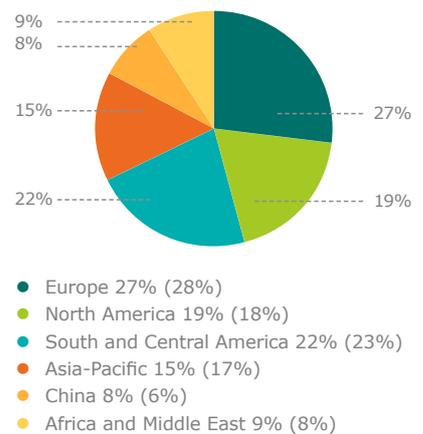
Customer industries

We offer technology and services to a range of process industries around the world. Our core customer industries are mining, construction as well as oil and gas. We also serve our customers in the pulp, paper and power generation industries with leading automation solutions. We have a strong global or niche market position in all of these areas.

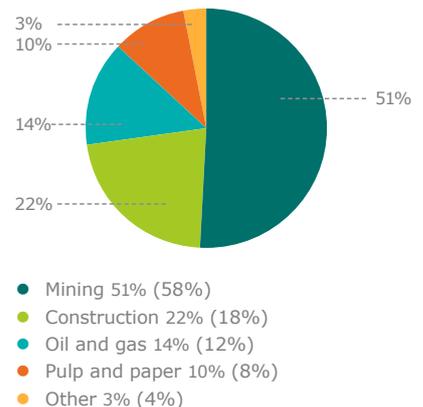
We have a balanced offering of products, projects and services business. Large-scale project deliveries are typical of the mining industry, whereas our deliveries to the construction and the oil and gas industries mainly consist of individual equipment components and smaller package solutions. The share of services business is significant in all our businesses.

Mining	Construction	Oil and gas
MARKET DRIVERS		
<ul style="list-style-type: none"> Mining investments driven by demand for minerals, Emerging markets' growth Growth of middle class with purchasing power Urbanization, infrastructure investments 	<ul style="list-style-type: none"> Infrastructure investments Growth of emerging markets Urbanization 	<ul style="list-style-type: none"> Growth of Emerging markets Growth in energy consumption Long-term supply and demand for oil and gas
MARKET TRENDS		
<ul style="list-style-type: none"> Declining ore grades, more materials to be processed Performance and cost awareness and high capacity utilization rates drive services Supply limitations in minerals production will sustain metals prices Personnel shortage Increased social and environmental responsibilities 	<ul style="list-style-type: none"> Future growth in the emerging markets, particularly in China, India, South-East Asia, South America and Eastern Europe, where the public sector also supports infrastructure projects An increasing need to upgrade and maintain the western infrastructure after years of limited fiscal spending 	<ul style="list-style-type: none"> Increased demand and price for energy creates favorable development in investments and demand for automation and flow control products as well as services Growth driven by China, India, Brazil, Russia and the Middle East Shale gas and tar sands fuel growth in North America Constant demand to maximize production capacity means strong demand for high quality maintenance services and optimization services
SHORT-TIME MARKET OUTLOOK		
<ul style="list-style-type: none"> Good demand for our mining services from growing mineral demand and our large installed base Weak demand for equipment and project businesses Services demand good 	<ul style="list-style-type: none"> Satisfactory demand for equipment Services demand satisfactory 	<ul style="list-style-type: none"> Industry growing faster than the market on average Investments estimated to remain at a good level High energy cost and increasing regulations force energy efficiency and emission reduction Services demand good
Good	Organic growth potential Good	Good
Good	Acquisition potential Good	Good
51%	Share of orders received in 2013 22%	14%
55%	Service intensity 40%	45%

Net sales by market area



Orders received by customer industry

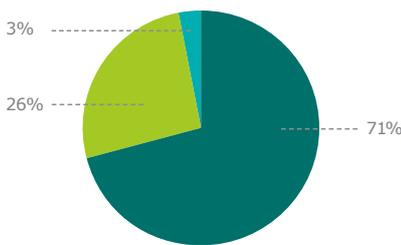


Metso's businesses

We operate through two reporting segments: Mining and Construction, consisting of the Minerals Processing Solutions, the Crushing and Screening Equipment, and the Services business lines; and Automation, consisting of the Process Automation Systems, the Flow Control, and the Services business lines.

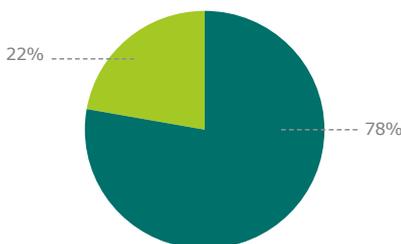
In conjunction with Metso's demerger, Metso's Pulp, Paper and Power businesses formed a new company: Valmet Corporation, read more on www.valmet.com.

Personnel by segment



- Mining and Construction 71% (70%)
- Automation 26% (25%)
- Other 3% (5%)

Net sales by segment



- Mining and Construction 78% (81%)
- Automation 22% (19%)

Mining and Construction	Automation
EUR 3,070 million NET SALES IN 2013	EUR 854 million NET SALES IN 2013
EUR 1,579 million SERVICES NET SALES	EUR 398 million SERVICES NET SALES

PRODUCTS AND SERVICES

- Full-scope solutions for mining industry
- Grinding mills, grinding solutions
- Crushers, crushing solutions
- Process equipment, such as pumps, filters, thickeners, separation equipment
- Mobile crushers and screens
- Bulk materials handling solutions, conveyors
- Shears, balers and shredders
- Expert and maintenance services
- Spare and wear parts
- Process automation and information management application networks and systems
- Process measurement systems and analyzers
- Control, on-off and emergency shutdown (ESD) valves
- Intelligent positioners
- Intelligent condition monitoring
- Intelligent maintenance services
- Production optimization services
- Lifecycle services
- Spare parts

CUSTOMERS

- Mining industry
- Construction industry (quarries and contractors)
- Scrap yards, waste handling companies and recycling
- Oil and gas industry
- Power generation industry
- Pulp and paper industry
- Mining and construction industry
- Other selected process industries

COMPETITORS

- **Mining industry:** FLSmidth, Outotec, ThyssenKrupp, Sandvik, Weir, Citic Heavy Industries, Sierra, Doppstadt Calbe
- **Construction industry:** Sandvik, Terex, Wirtgen, Atlas Copco, Astec
- **Services business:** Sigdo Koppers, Arrium, other regional companies
- **Process Automation systems:** ABB, Siemens, Honeywell, Emerson, Invensys
- **Flow Control:** Cameron, Emerson, Flowserve, IMI
- **Services:** ABB, Honeywell, Andritz

GLOBAL MARKET POSITION

- **Mining:** Grinding mills 1., Mining crushers 1.
- **Recycling:** Metal recycling 1.
- **Construction:** Crushing and screening 1-2., a strong position in selected niches
- **Services:** 1
- **Process Automation systems:** Pulp and paper control systems 1-3., Power control systems 9., a strong position in selected niches
- **Flow control:** Pulp and paper control valves 1., Oil and gas control valves 5., Refining control valves 4., Chemical control valves 7.

BUSINESSES

- **Minerals Processing Solutions:** net sales EUR 797 million
- **Crushing and Screening Equipment:** net sales EUR 437 million
- **Services:** net sales 1,616 million
- **Process Automation Systems:** net sales EUR 128 million
- **Flow Control:** net sales EUR 270 million
- **Services:** net sales EUR 398 million

OPERATING MODEL

In mining equipment, we focus on engineering and managing delivery projects. In construction equipment, we focus on the final assembly of components supplied by our subcontractor network. We manufacture spare and wear parts mainly in our own factories.

Automation focuses on the delivery, maintenance and optimization of automation control systems and constituent elements such as control and automated on/off valves. We design and assemble products as well as provide knowledge based and OEM services in-house. We source components from subcontractors operating in cost competitive countries.

Share of orders received in 2013

76%	24%
Services business' share of segments' orders received	
57%	47%

Mining and Construction

Improving customer performance through intelligent equipment, processes and services

Metso is a leading, full-scope supplier of intelligent equipment, processes and services for the mining and construction industries. Energy and process efficiency, safety and availability are attributes that are important to both us and our customers. We are committed to driving sustainable industry development through continuous innovations, and utilize our deep technological and process know-how to deliver intelligent solutions designed to make a real and sustainable difference to our customers' businesses over the life cycle of their equipment and processes. We work in close collaboration with our customers to improve their productivity and to develop solutions that increase their operational performance and profitability wherever they operate. A long-time services partnership with us helps our customers in achieving the optimum performance from their investment.

We have long and deep exposure to the global mining industry. We believe that mining investments will eventually return to a path of growth, but, regardless of the economic cycle, our customers are looking for ways to be more efficient and profitable. We are able to lower the total cost of ownership by offering customers a combination of technological and process know-how that leads to the most efficient results throughout the life cycle of minerals processing. Our position as the technology leader in energy-efficient comminution was strengthened by our recent grinding technology innovations, such as the HRC grinding technology and Megaliner mill linings.

Our position in the crushing and screening niche of the construction industry continues to be strong. Infrastructure building, which follows the global trends in urbanization and population growth especially in Southeast Asia, is driving the demand for our crushing and screening equipment. China is a very important market for us, and one of our strategic targets is to strengthen our presence in the fast-growing Chinese construction market. By establishing strategic partnerships or by acquiring reputable local players, we will gain the understanding needed to establish a market-driven technology offering and improve our customer service.

Although the big mining companies scaled down or postponed some of their investments in 2013, we managed to maintain a healthy level of business. This was due to the increased share of our services business, a flexible operating model and the actions we have taken to secure our profitability despite the challenging market conditions.

The one and only full comminution services partner in the mining industry

We have grown our services business rapidly over the past few years by establishing new business models for services and by leveraging our installed base. Our intelligent solutions for the mining and construction industries enable our customers to process material at the lowest cost per ton while prioritizing health, safety and environmental performance.

Currently, there are more than 70 Metso service centers and 10 regional distribution centers around the world, offering everything from spare and wear parts to complete process optimization for

the mining and construction industries. To be able to serve our customers even better, we are continuing to develop our presence and offering. During 2013 we inaugurated our new service center in Chile and made a decision to continue to expand the network even further through new centers in Mexico, Peru, Canada and the USA. We also expanded our rubber mill lining production capacity by investing in new presses in Chile, Sweden, Canada, Mexico and Peru, and we will continue investments in other countries in the coming years.

Our recent acquisition of a Chinese steel foundry strengthens our presence in China and our offering in crusher wears and mill linings also in other parts of Asia-Pacific. Most important for us strategically was the acquisition of the reputable and well-known Spanish grinding media supplier Santa Ana de Bolueta SA (Sabo). Through the acquisition we became the market leader in performance solutions in comminution and the one and only full comminution supplier in the mining industry. By adding grinding media and metallic mill lining to our current offering, we gain a better overall control of mills.

The markets for the services business are more stable than the markets for new equipment and thus offer us financial stability over the business cycles. In challenging times, investing in performance services helps reduce costs and prepare for the future; in better times, it helps maximize capacity and availability and can offer our customers the right tools for improvements in various economical or other circumstances.

Today, some 50% of our net sales come from the services business. Despite the challenging market environment in 2013, we maintained the same good level that we achieved during 2009–2012, when our services business grew some 20% every year. Our target is to achieve sales growth exceeding 10% every year.

Always working close to our customers

Our success in mining and construction businesses is based on our ability to serve our customers wherever they operate. With a clear sense of direction, we have strengthened our presence in the fast-growing emerging markets over the years, and our intention is to continue to grow our presence wherever our customers operate. Currently half of Mining and Construction's personnel work in emerging markets.

We have built a strong position in South America – especially in Brazil, Chile and Peru, which are all strong mining markets. Our success in Russia and CIS continued also in 2013 and we received several important orders from the area. The divestment of certain parts of our industrial rubber conveyor belt business changed our presence in Europe. The deal included 27 locations with around 340 employees in Belgium, Finland, Germany, Netherlands, Norway and southern Sweden. We are continuing to improve our cost structure and operational efficiency by restructuring our operations in the EMEA (Europe, Middle East and Africa) market area.

The share of our personnel in Asia-Pacific has doubled during the past 5–10 years. In India, we have a well-established position in crushing and screening as well as in iron ore pelletizing. In 2013, we

strengthened our presence in India by investing in foundry capacity and by transferring production from New Zealand to Metso Park in Alwar, Rajasthan. Both the engineered-for-India versions of our Lokotrack and our portable crushing and screening plants manufactured in India have gained success in the export markets of Asia, Eastern Europe, Middle East and Africa.

Our recent acquisitions in China increase the volume of our business operations and improve our customer services in this strategically important market. The Chinese construction market is worth half of the global construction market and is a key to our global success. We have a strong foothold in the premium crushing market in mining, and the fast-growing mid-market segment offers us good growth opportunities in the future. During 2013, we finalized the acquisition of the leading mid-market equipment producer Shaorui Heavy Industries, and our joint venture with LiuGong to develop the track-mounted crushing and screening market in China was officially established. We will continue to develop our organization, supply chain and distribution network in China also in the future.

Committed to driving sustainable industry development through continuous innovations

Health and safety issues are a clear priority for us, and we have a solid track record in improving our results in this area. Environmental impact is a major issue for our customers in mining and construction. We are helping our customers reduce their energy and water consumption as well as the noise and dust generated by the use of our equipment.

Innovation is at the core of who we are, and we have made several important product launches that confirm our leadership in sustainable technology. Our continued developments in grinding technology offer significant savings in energy and process costs. Our innovative Megaliner™ mill lining concept speeds up liner replacement, improves worker safety and process efficiency significantly. Another example is the Metso belt turner designed to improve safety, and reduce costly cleaning and maintenance in long conveyors used in quarries. We strive to assure that environmental issues are addressed properly, and we work in close cooperation with our customers, the local communities and authorities.

Intelligence for the future of mining and construction

Even though the market may experience some hiccups in 2014, we foresee good growth in mining for years to come. The growing demand for minerals and the fact that raw materials and other resources will become scarcer will drive the demand for our products and services. As minerals processing machinery cannot get much bigger in size, mining companies will continue to look for more efficient solutions for minerals processing to achieve maximum availability, recovery and throughput. Demand for performance-based life-cycle services and for process and equipment intelligence and automation will continue to grow. Our construction customers are looking for intelligent solutions that guarantee operational reliability and safety. We at Metso will continue to help our customers with their future challenges through our intelligent offering and leading services capabilities.

MUST-WIN CASES FOR MINING AND CONSTRUCTION



SERVICES

Rodrigo Gouveia, SVP, Comminution Wears Solutions, Services Business Line, Mining and Construction, USA

Our customers need to produce more with a lower cost and under safe, reliable conditions. Metso understands this upward trend and strives to offer performance based services. Aligned with that, we complemented our comminution wear parts offering for mining customers by completing the acquisition of the reputable and well-known grinding media supplier SABO in 2013. Adding SABO's expertise to our portfolio gives us a better overall control of mill performance. Grinding media was the missing piece in our comminution wears, and the acquisition allows Metso to become the single OEM with capability to supply full comminution offering. This further enhances our ability to offer comprehensive value adding services that materially improve the productivity of our customers' processes.



TECHNOLOGY OFFERING

Tommi Lehtonen, SVP, Mobiles, Crushing and Screening business line, Mining and Construction, Finland

Today, open pit mines are studying the possibility to save costs and environment at primary crushing and conveying stages by decreasing on-site ore trucking. With Metso's large scale, fully mobile equipment, we can meet this customer demand. Altay Polimetally LLP copper mine in Kazakhstan is a significant example of this growing market area. We supply the primary crushing stage at Altay Polimetally's new open pit mine with the world's biggest fully mobile, track-mounted crushing plant. The key part of the system is the almost 400 ton Lokotrack LT200. The unit processes copper ore with a nominal capacity of 2,500 tons per hour, and the C200 jaw crusher inside the LT200 can process a copper ore lump of up to 1.2 meters in size. The complete mobile system weighs over 800 tons but can be moved easily along the mine face.



PEOPLE AND LEADERSHIP

Pirjo Virtanen, Interim Foundry Manager, Mining and Construction, Finland

Leadership is essential in making sure our employees understand their significance in reaching Metso's business goals. Managers have an important role in connecting the company strategy to daily work, as well as in inspiring and developing people. To support managers in their everyday challenges, Metso has implemented global Leadership Essentials Workshops. I participated in one of the workshops in 2013 as one of 1,020 managers from Mining and Construction from around the world.

Each manager has a personal management style, but the workshops offer a unified toolbox to make sure that everyone pays equal attention to all the areas of leadership in the daily work. To be able to identify personal areas for development, managers receive 360-degree feedback as part of the workshops. Thinking of leadership essentials as a standard set of tools for manager's everyday work is a lot like the approach we have implemented in safety. A common ground for all Metso leaders helps in defining the minimum expectations.



GROWTH COUNTRIES

Simon Pelletier, Senior Vice-President, Life Cycle Services, Mining and Construction, Canada

A great example of Metso's full comminution solutions in action is our extensive services partnerships with Russian Copper Company. Initially signed in 2011, our first service contract with RCC started in 2013 with the completion of the new Mikheevsky plant. RCC is Russia's third largest copper producer with aggressive growth plans for other operations. The 6.5-year contract at Mikheevsky encompasses a total comminution solution from process assistance to complete maintenance services, including the supply of grinding media. Our performance partnership is a cost-per-ton contract, meaning RCC pays Metso based on plant production. This innovative way of working means that maximizing performance and availability are in the best interest of both parties. We have also planned to establish local service centers close to RCC's sites – another illustration of our commitment to place Metso's service personnel ever closer to our customers globally.



OPERATIONAL EXCELLENCE

Mikko Rontu, Global Supply Chain Manager, Mining and Construction, Finland

To achieve reliable and efficient operations, it is increasingly important for our customers to have real-time information about availability and delivery times of Metso's products. With a new mobile application for sales representatives in the Crushing and Screening business line we can now offer quicker response times to the customers as well as more reliable data, as the application has a direct interface with Metso's global SAP system. The solution is available for users from sales, sales support, product management and manufacturing. The application is a good example of how we can improve customer service and our operations by using new mobile technologies.

Automation

Maximizing the lifetime value of our customers' investments

Our customers are constantly looking for ways to improve their production performance and enhance their cost, material and energy efficiency, in other words, to maximize the business value over the lifetime of their investments.

Automation is a growing business standing at the forefront in answering the global process industry challenges related to profitability, environmental concerns and safety. Automation enables our customers to generate more output from less input, such as labor, materials and energy, while producing less waste and pollution, optimizing yields, improving environmental compliance, and maximizing uptime.

The development and delivery of automation solutions requires an in-depth understanding of customer industries and processes: many of the underlying technologies are industry generic, and all major automation companies are engaged with multiple-focus industries.

The Automation business segment's biggest customer industries are oil & gas, and pulp and paper. In addition, we have an increasing focus on mining and construction and power generation, with a broad set of capabilities globally. We also have noteworthy references and capabilities across a wide spectrum of other process industries.

Services account for about half of our business. Our services portfolio ranges from spare parts and upgrades services to managed services solutions in which we take full responsibility for a business area of the customer. Our Automation Services business offers value-added solutions, for example on-line monitoring solutions and process and control optimization tools, allowing plants to quickly realize their investment payback. Our extensive range of flow control and process automation solutions and services is supported by a worldwide network of more than 1,000 automation experts, over 55 automation service locations and 35 valve service centers.

We are one of the few large global players in a very fragmented market. We have a very strong footprint in many areas with 40 percent of our business coming from the Americas, 30 percent from EMEA, and 30 percent from APAC. We have established strong direct sales channels and a service presence in areas with major end customers and engineering, procurement and construction (EPCs) companies. Automation's valve technology and supply centers are located in Finland, the US, Germany, China, South Korea, India and Brazil.

Good development in 2013

Our development for the past 12 months was good. Flow Control continued the steady and strong growth in order intake, especially in the oil & gas industry. We made improvements in our global valve operations network and have been successful in improving our supply chain management and reducing procurement costs. Moreover, we have been able to reduce fixed costs and gain more volume leverage through price management.

In China we divested our 50% holding in the SNJ joint venture, gaining full control over our brand, and we are thus able to independently develop and grow our valves solutions portfolio. This gives us significant growth potential, since the Chinese market is the world's second largest valve market.

Automation Services continued to grow with improved profitability. We continued to drive growth in services by broadening our performance services portfolio supported by the ExperTune acquisition in 2012. We strengthened our service presence expansion by establishing new valve service centers in Brazil, the Netherlands, Germany, Finland, and Thailand.

We have increased the number of service agreements, including new contracts in oil and gas. For example Grupa Lotos S.A. chose Metso's solutions to optimize its valve spare parts stocking and supply at an oil refinery in Gdańsk, Poland. Our service solution is based on an in-depth understanding of the criticality of individual devices and an intelligent stocking strategy. This approach allows us to substantially cut spare parts inventory, reduce yearly spare parts capital and operating expenditures, while significantly increasing the number of devices covered by spare parts. Metso will also provide its on-site supervising service at the refinery.

Our Process Automation System business performance in 2013 was not satisfactory due to the tough market in the pulp and paper customer segment. We received some good project orders from pulp and paper and power generation, but it has been difficult to maintain satisfactory profitability in difficult market conditions.

As our Process Automation System business is mainly exposed to the pulp and paper industry, the permanent structural changes in that sector have forced us to start evaluating necessary adjustments to its global operating model to align with market requirements.

Solid growth opportunities in all our target industries

We will continue to strengthen our core competences of increasing our process industry customers' production performance, enhancing their cost, material and energy efficiency, and improving customer risk management. We are continuing to focus on improving our cost competitiveness and operational excellence while further emphasizing the role of our regions, expanding our service business, and developing our technology leadership and new business models.

We aim to achieve significant growth in services, which is driven by the oil & gas industry and based on our intelligent services and consultancy which deliver improved operational efficiency. Our ExperTune acquisition further strengthens our service capabilities in oil & gas and also in pulp and paper, especially in South America and Asia-Pacific.

Within the oil & gas industry, we are continuing our focus on the midstream processes, which include refining, petrochemicals, and specific applications. We plan to be one of the top three flow control companies in oil & gas. Our approximately 10% annual growth has been higher than that of the industry overall.

Some of the latest developments in oil & gas industry offers new business opportunities, for example, in tar sands and shale gas, and

we expect this to have a positive impact also on our Flow Control business.

In today's minerals processing and aggregate production, a number of dynamic factors favor automation: safety, productivity, rising energy and water costs, and declining ore grades. Consequently, there is a need to improve productivity. Metso's unique capacity to offer automation and intelligent solutions in mining and construction equipment, in addition to providing services, brings special performance improvements to customers. We aim to be the leading provider of advanced automation solutions for mining and construction customers.

For power generation customers, we have consistently developed automation solutions and services for many years. We hold a niche position in bio- and waste-to-energy industries in selected countries.

In power, we intend to achieve a significant and growing business. Today, more than 1,000 power plants across the world are controlled using Metso's automation technology. Our growth strategy in power is to grow along with our partners and to continue seeking new partnerships.

We have successful examples in India and China. We have a long-standing partnership with Bharat Heavy Electricals Limited (BHEL) in India's fossil-fuel power generation. Our partnership with the Chinese Guodian Nanjing Automation Co., Ltd (SAC) has resulted in numerous delivery projects. Huadian Power International Corporation Limited, one of the five biggest power producers in China, holds the majority interest in SAC.

We are the global leader in process automation, flow control solutions and automation-related services for pulp and paper, and it's a position we intend to keep. Moderate growth is projected for pulp and paper automation overall. We will continue close cooperation with Valmet, which will benefit both companies and their customers. Automation is also continuing collaborating with and offering solutions, equipment and services to other providers of pulp and paper machinery and processes.

MUST-WIN CASES FOR AUTOMATION



SERVICES

Piotr Kulisz, Country Manager,
Flow Control, Automation,
Poland

In 2013, Grupa Lotos S.A. chose Metso's Device Management Solution to optimize its valve spare parts stocking and supply in an oil refinery in Gdańsk, Poland. The new service contract increases our presence in the oil and gas sector, which is one of Metso's key customer industries. Our service solution is based on an in-depth understanding of the criticality of individual devices and an intelligent stocking strategy. Based on Metso's experience at other sites, this approach allows us to substantially cut spare parts inventory, reduce yearly spare parts capital and operational expenditure, while significantly increasing the number of devices covered by spare parts. Additionally, Metso will also provide its On-site Supervising Service at the refinery. In practice, we will make sure that daily maintenance and turnaround activities always meet the standards set by Grupa Lotos.



TECHNOLOGY

Neil Buckland, Sales
and Service Director,
Automation, UK

One of the key elements of Metso process automation system is the Metso DNA. It is a single automation system for all functions – process, machine, drive and quality controls. Metso DNA has served our customers for years, and in 2013 we entered a new customer industry: the gas turbines business. We were pleased to sign an agreement for a significant service partnership with Turbine Services Ltd. of Glasgow, Scotland. With this agreement, the Metso DNA Turbine Automation system can be used in all future projects where Turbine Services Ltd. supplies turbine components and other materials. This means that we can now provide the most up-to-date turbine control solution that can be combined with any manufacturer's turbine technical know-how, support and services. I believe this is once again a great example of working closely with our customers to provide the best possible solutions. For the end customer – the gas turbine owner or operator – the cooperation will result in better gas turbine performance in all circumstances.



GROWTH COUNTRIES

Hangpheng Tan,
Vice President,
Automation, China

During recent years, Metso has made many investments in its valve offering and global presence. In 2013, Metso strengthened its valve production and service capabilities in China by selling its shares of a joint venture company and commencing Jamesbury® valve production in the Metso Technology Center in Shanghai. The transition to the directly controlled Jamesbury business is in line with Metso's strategy to strengthen its valve production and service capabilities in the growth markets. Additionally, it reflects our commitment to increase our presence near customers. The Chinese valve market has significant growth potential, and now we are able to independently develop and grow our valve solutions portfolio as well as offer more comprehensive packages for local customers.



PEOPLE AND LEADERSHIP

Kathy Casault, Manager, Channel
Administration Flow Control,
Automation, United States

Skillful employees are essential to business success and creating customer value. By supporting opportunities for professional development, Metso makes sure employees stay motivated and we keep valuable knowledge in the house. In 2013, we implemented a mentoring program for employees with potential for responsible positions in our organization. The six-month mentoring program is tailored according to individual career interests, and the purpose is to acquire skills for the future. When the time comes to take the next career step, the trainees already have the skills for the job, which translates as better service for Metso's customers. 1-2 participants are taken into the mentoring program annually. In 2013, two employees started the program, with the first one also completing it during the year.



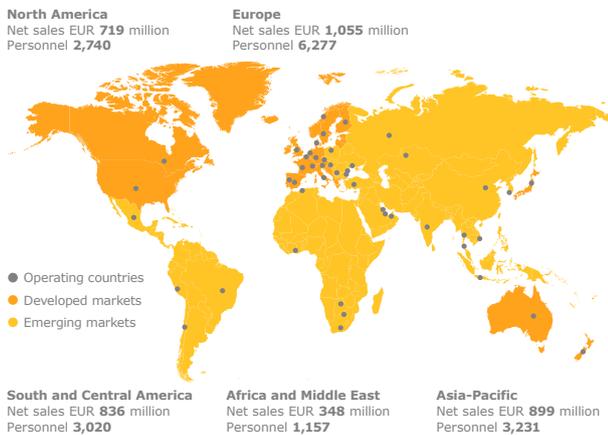
OPERATIONAL EXCELLENCE

Adel Hattab, SVP,
EMEA Sales and Services

Improving customer centricity at Automation is an important part of reaching our ambitious targets and fully utilizing our growth potential. In 2013, Automation launched a new operating model in its biggest region of Europe, Middle East and Africa (EMEA). In growth countries, such as Russia and in the Middle East and Africa, we have both capital sales and service opportunities, whereas in mature markets, quite often the growth is services driven.

With our new operating model, we have a stronger local market and customer point of view integrated into our daily work. This improves our growth opportunities and enables us to serve our customers in a more efficient way. All EMEA countries now have one country leader with clear customer focus and priorities, along with sales and services teams working efficiently close to customers. Furthermore, the new operating model provides us with a good platform for implementing our Automation strategy in the EMEA region.

Global presence 2013



Metso has a strong global presence and market position in all of its customer industries. We have sales, services, engineering, production, procurement and other activities in over 270 units in 50 countries on all continents. Our global presence allows us to meet our customers' needs in the best possible way and to leverage the growth potential our operating environment offers in different markets. We employ around 16,000 professionals around the world and have customers in more than 150 countries.

We intend to continuously strengthen our position as a leading supplier of market driven technology and value-adding services. Our competitive edge lies in a unique combination of technologies, services and intelligent solutions. During 2013, we continued to strengthen our presence in the services business globally and in the construction mid-market in China. Services now account for around 50% of our net sales.

Strong presence both in emerging and developed markets

Metso aspires to have a strong and active presence both in the emerging and the developed markets. The needs and demands of these markets, however, clearly differ from each other. The majority of new equipment and projects are sold to emerging markets, while the emphasis in developed markets is on the services business for the vast installed equipment base.



Emerging markets

- Focus: Achieve significant growth
- Local presence close to customers' operations
- Local innovations for mid-market
- Talent development
- Sourcing

Developed markets

- Focus: Utilize large installed base through services
- Productivity of customer assets
- Energy efficiency and environment focus
- Rebuilds
- Process optimization

Emerging markets

Today the demand for our new mining and construction equipment and processes is mainly in Asia, South and Central America, Eastern Europe, Africa and the Middle East. In 2013, emerging markets accounted for 56 percent (2012: 55%) of our orders received by the Mining and Construction and Automation segments. The BRIC countries (Brazil, Russia, India, and China) were among the ten biggest countries in terms of orders received.

Uncertainty in the global economy continued in 2013 and investment activity in many of our customer industries was weaker than in the previous year. We anticipate, however, that the longer-term development trends in emerging markets remain good in most of our customer industries. The growing middle-class is gaining affluence and purchasing more consumer goods. This significantly increases the consumption of various minerals and energy. To create a platform for sustainable economic growth and a higher standard of living, emerging economies are actively investing in new transportation and other infrastructure.

The focus of new mining investments has shifted to emerging markets that are rich in natural resources. The demand outlook for the energy industry using both fossil and renewable fuels is promising in these markets.

ASIA

Metso's presence in Asia in 2013

2013

Net sales EUR 619 million

Share of orders received 17%

Number of personnel 2,643

Share of personnel 16%

China

For the last seven years, China has been among Metso's three biggest countries, measured in terms of the value of orders received. In 2013, orders received from China totaled EUR 317 million.

After a long period of strong growth, economic activity slowed down in China in 2012. In 2013, some positive signs were seen again but these did not yet have a material impact on our businesses.

We believe, however, that the country's rapid urbanization and industrialization will continue and create a high demand for minerals and construction materials as well as for process automation and valve solutions and related services. This offers excellent growth opportunities for our businesses. We will continue to actively invest in our operations in China and to systematically develop our local presence there. We strive to better serve the needs of Chinese customers and to support the sustainable development of China's industries and infrastructure.

MINING AND CONSTRUCTION

China's mining and construction industries have grown briskly in recent years. Today we serve the country's mining and steel industry, and supply equipment for the production of aggregates at quarries and directly to port, terminal, road and dam construction sites. Mining industry customers account for the majority of the Mining and Construction segment's business in China.

Our modern crusher factory in Tianjin manufactures a premium range of our crusher models and serves both the Chinese and Asian markets and our customers globally. In 2013, we continued to strengthen our presence and capabilities in China by completing the acquisition of 75% ownership of Shaorui Heavy Industries Ltd, a leading mid-market construction equipment supplier. The Shaorui ownership helps us gain deeper knowledge of the products and customers in the Chinese construction markets and a better product portfolio for penetrating also other emerging markets. The plan to form a joint venture with LiuGong, announced in 2012, is waiting for final approvals from the Chinese authorities.

AUTOMATION

China is one of the biggest growth areas for Automation. We have more than 500 customers in China and are the country's leading automation supplier for the pulp and paper industry. We also have a good market position in other process industries, such as oil, gas and power generation.

In 2013, we strengthened our valve production and service capabilities in China by changing from the previous joint-venture-based

operation with Shanghai Electric International Economic & Trading Co. to the directly controlled Jamesbury business. After the transaction we are able to independently develop and grow our valves solutions portfolio. This gives us significant growth potential since the Chinese market is the world's second largest valve market.

We have successfully continued our joint venture with the Chinese Guodian Nanjing Automation established in 2011. The joint venture has resulted in numerous delivery projects in China. In 2013, for example Jiangsu Huadian Jurong Power chose our automation for its two 1,000 MW units. We also won an order for over 4,000 intelligent valve controllers from Sino-Venezuela Guangdong Petrochemical Company.

In the following years, the strongest growth in automation sales is expected from the oil and gas and power generation industries. China's rapid economic growth requires energy, which is produced at local coal power stations.

India

In 2013, orders received from India totaled EUR 121 million, making it the tenth biggest country for Metso, measured in terms of the value of orders received. While both our segments have operations in India, the local presence of the Mining and Construction business is particularly strong.

India is the world's second most populated country and quickly gaining in affluence. Rapid population growth and urbanization, environmental issues, a higher demand for energy and the transportation infrastructure all pose increasingly bigger challenges for India and offer new business opportunities for us. With our leading technology know-how, strong market position and good references, we are well positioned to tap into these opportunities.

MINING AND CONSTRUCTION

The mining and construction industries are our fastest growing customer segments in India, where we are the leading supplier of mobile crushing plants and mobile screens. We have delivered the country's largest crushing plant to Jindal Steel and Power as well as the largest iron ore beneficiation facility to Essar Steel.

We have a crusher factory in Bawal, a foundry in Ahmedabad, and regional sales and service units in New Delhi, Bangalore, Kolkata, Thane, Hyderabad and Chennai. In 2013, we announced an extension to the foundry in Ahmedabad to improve our capability to supply wear parts to our mining and construction customers close to their operations and to further develop our services business in the region.

Metso Park in the city of Alwar in Rajasthan is our largest single investment in India so far. It includes units for manufacturing pumps, Lokotrack™ mobile crushing plants, crushers, vibrating equipment and rubber mill lining. In 2013, we transferred the manufacturing of our Barmac crushers from Matamata, New Zealand to Metso Park. Metso Park facilities were also awarded for "The Most Efficient Water Use, Recycling & Recharge" by RIICO, an Indian industrial development and investment corporation.

AUTOMATION

In India, power plants are our Process Automation Systems' biggest customer group, which we serve in collaboration with India's energy-sector equipment manufacturer Bharat Heavy Electricals. Together, we have an over 50 percent market share in power plant automation systems. The pulp and paper industry is also an important customer industry for us. As the focus of these industries today is shifting towards more eco-friendly products and technology, several Indian paper mills and larger fiber lines have chosen our automation solutions for their processes.

Our customer groups for flow control products, like valves, include the petrochemical/chemical industry, oil refineries as well as the metallurgical, bio-fuel, and the pulp and paper industries.

We have several sites in India as well as a research and product development center, which we established in Mumbai in 2011.

In 2013, we signed an agreement with Instrumentation Limited to upgrade an automation system at the Parichha thermal power station located in Uttar Pradesh, India. As a result of the upgrade, the plant will be able to improve process efficiency and ensure safer process operation.

Rest of Asia

Rapid urbanization is creating sizable infrastructure development needs in Southeast Asia, where Indonesia is our most significant country in terms of operations and growth prospects. Indonesia is Asia's third-largest economy after China and India. It is the world's second-largest producer of tin, the third-largest of copper, and the fourth largest of nickel; thus it is an important market for us.

Population growth, young demographics and improving living standards will drive energy consumption in Indonesia. We have an established and growing position in the fast growing power generation industry in Indonesia.

Various construction and infrastructure development projects are driving the demand for our equipment and services also in countries like Thailand, Vietnam, the Philippines, South Korea and Malaysia. There is good regional demand for Mining and Construction products, particularly mobile crushers and stationary crushing plants, as well as various pumps used in the mining industry.

We opened a new Automation service center in Ratchaburi, Thailand in 2013. The service center supports our strategy to grow our Automation business globally and strengthen our service capabilities in Thailand.

In 2013 SCG Paper in Thailand ordered two major automation packages from us in order to increase the production capacity and modernize the existing control systems of its mills. Korea GS Engineering & Construction Co. ordered our advanced automation technology for difficult fuel mixes for its biomass power plant, currently under construction in Dangjin City, in South Korea. Once completed in 2015, the plant will be the largest of its kind in Asia.

SOUTH AND CENTRAL AMERICA

Metso's presence in South and Central America in 2013

2013

Net sales EUR 836 million

Share of orders received 22%

Number of personnel 3,020

Share of personnel 18%

Brazil is by far our biggest market in South and Central America. In 2013, it was the third biggest country for us in terms of orders received, which were EUR 314 million. We have been present in Brazil for decades and have an extensive local business network there with customers operating in several different industries.

Brazil, Chile, Peru and Mexico are among the leading mining industry countries in the world, and our deliveries to the mining industry have grown rapidly in these countries. We have increased our presence, particularly in the services business, by building new service hubs in Chile, Peru and Mexico, and have won several major service agreements for mines. Our manufacturing unit in Sorocaba, Brazil, is one of Metso's largest manufacturing units globally.

The construction of transportation infrastructure, particularly roads, has been very active in Brazil, due to the upcoming football World Cup in 2014 and Summer Olympics in 2016, and has created additional demand for our construction equipment.

Sizable investments by the Brazilian oil industry have also offered significant opportunities for our automation solutions. Also, the ethanol as well as pulp and paper industries hold positive expectations for us.

In 2013, we continued to expand our global service center network by opening a mining service center in Antofagasta, Chile. The new center strengthens our already solid position in South America and allows us to immediately respond to the requirements of our key mining customers in the region. It will also act as a distribution center for our services and products.

Among the most significant orders in 2013 was the contract to deliver 38 feeders for the Mexican Buenavista del Cobre's Cananea copper mine, owned by Grupo Mexico. The order will help double the mine's capacity of copper concentrate by securing prompt copper ore feed flow in the mine extension project. To assist with the installation and future servicing of the mine, we will open a new, fully equipped service hub at the site.

Sierra Gorda Sociedad Contractual Minera chose us to supply valves to their copper/molybdenum mining project currently under construction in the Atacama Desert in Northern Chile. We also received several important automation orders from the pulp and paper industry during the year. We will deliver process optimization services for a leading Brazilian packaging paper and board producer Klabin and an automation package for CMPC Celulose Riograndense's Guaíba II pulp line in Brazil.

AFRICA AND THE MIDDLE EAST

Metso's presence in Africa and the Middle East in 2013

2013

Net sales EUR 348 million

Share of orders received 11%

Number of personnel 1,157

Share of personnel 7%

In 2013, 11 percent of the Metso's orders received were from Africa and the Middle East. Our strongest customer industries in this region are mining and construction, but there has also been strong growth in our valve deliveries, particularly to oil, gas and petrochemical plants in the Middle East.

The African continent holds a significant share of the world's known mineral resources, such as gold, platinum, chromium and diamonds. A substantial share of the world's bauxite, cobalt, phosphate and uranium deposits are also found in Africa. In South Africa, we have sales and services units serving our mining and construction customers; we also have a factory manufacturing rubber-based wear parts, a factory manufacturing crushing and screening equipment and pumps, and a manganese foundry producing wear parts for crushers. Additionally, our sales and services units in Algeria, Ghana, Zambia and Zimbabwe serve the mining industry.

Among our important new contracts in 2013 was an order to supply a primary crusher and grinding equipment to B2Gold Namibia for its Greenfield Otjikoto gold mine project in Namibia.

Our Automation business has sales and maintenance units in South Africa and sales units in Dubai, Qatar and Bahrain.

In Africa, the demand for automation equipment is currently driven by large-scale investments in new or improved petrochemical mining, natural gas processing and industrial facilities. This is increasing our installed equipment base and will drive the demand for services in the years to come. In 2013, we won our 10th repeat order from the Norwegian company Green Energy Group AS to deliver valves for their geothermal power plant installation in Kenya.

EASTERN EUROPE

Metso's presence in Eastern Europe in 2013

2013

Net sales EUR 348 million

Share of orders received 7%

Number of personnel 772

Share of personnel 5%

Russia is the most significant of the Eastern European markets for us, and we serve there mining, construction, oil and gas, power as well as pulp and paper industries. Orders received from Russia totaled EUR 141 million in 2013.

Eastern Europe will become increasingly significant to our operations. In particular, infrastructure development in transportation and energy, local utilization of natural resources in the mining in-

dustry, and various projects supporting sustainability will increase the demand for our products.

Orders for mining and construction technology have been growing in Russia during recent years as the favorable price trends in base and precious metals have stimulated mining industry investments and our customers in the construction sector have increased their sales by more than 10% annually. Greenfield projects approaching implementation are expected to increase demand for mining industry equipment over the long term.

The biggest customers of Automation in Russia are oil and gas producers, pulp and paper mills and power plants. Our systems are used in all major pulp and paper mills, and in Western Siberia, the main oil and gas production region, we are one of the major system suppliers.

In 2013, we signed a six-and-a-half year life-cycle services contract with ZAO Russian Copper Company (RMK), for their Mikheevsky copper concentrator in southwestern Russia. The contract covers a total comminution solution from process assistance to complete maintenance services. The new agreement is an extension to an earlier services contract, making it the largest agreement we've made.

We also signed two repeat orders with Altay Polimetally LLP for their open pit copper mine in Almaty, Kazakhstan. The orders include the design, supply, installation and commissioning of complete secondary, tertiary and quaternary crushing and screening plants as well as an automation system.

Our automation orders included automation packages for a tissue production line of Syktyvkar Tissue Group, Russia, and for two tissue lines of Hayat Kimya, Turkey. Heurtey Petrochem selected us to supply high-performance valves for an upgrade and expansion project at the Tuapse refinery situated in the Krasnodar region on the Black Sea coast in Russia.

Developed markets

Our traditional markets are the developed markets, i.e. Western and Northern Europe, North America, Japan, Australia and New Zealand. The focus of our operations in these markets is on the services business and the modernization of the existing equipment base. In 2013, services orders accounted for 55 percent of total orders (2012: 51%) at the Metso level. Developed markets accounted for 44 percent (2012: 45%) of services orders received.

WESTERN AND NORTHERN EUROPE

Metso's presence in Western and Northern Europe in 2013

2013

Net sales EUR 708 million

Share of orders received 20%

Number of personnel 5,505

Share of personnel 33%

In 2013, 20 percent of our orders received came from Western and Northern Europe. We have production facilities in Finland and Sweden, which is where our roots are, as well as in France, Germany, Italy, Portugal, Poland and the Czech Republic.

Our focus in this region is on the services business and the modernization of the existing equipment base, which is supported by our strong market position, extensive installed equipment base and comprehensive services offering.

Demand for mining equipment and projects was satisfactory. Due to our large installed equipment base and our strong services presence, the demand for our mining services was good. Among the major orders received in 2013 was the rebuilding of a complete crushing and screening plant for an aggregates producer Sablières Malet in France.

Demand for our process automation systems was satisfactory, whereas demand for flow control products and related services remained good. We received orders from Smurfit Kappa to supply a control system and a pulp cooking process optimization solution for their Cellulose du Pin mill in Biganos, France; from Grupa Lotos S.A. to deliver a Device Management Solution for their Gdańsk Oil Refinery in Poland; and from Stora Enso Fine Paper's Nymölla mill in Sweden to supply new capping valves for their batch digester line. In addition, we received an order to supply an automation system for Oskarshamn Energi's new biomass-fired power plant in Sweden.

We also signed a service contract with the Finnish company Vapo, including 30 continuously-operating water quality measuring stations, service and maintenance for these stations, and certified measurement results. A new automation service center was opened in the City of Lappeenranta, Finland, to serve the local pulp, paper and process industry customers and energy producers.

NORTH AMERICA

Metso's presence in North America in 2013

2013

Net sales EUR 719 million

Share of orders received 17%

Number of personnel 2,740

Share of personnel 17%

In 2013, 17 percent of Metso's orders received came from North America. Measured in terms of orders received, the USA was our biggest country. Our focus in North America is on the services business and the modernization of the existing equipment base, and we have adjusted our resources and cost structure accordingly. We have, for instance, consolidated our North American supply chain to Columbia, South Carolina, and Clarksdale, Mississippi.

Our key strengths in the North American markets include our good market position and reputation in selected business segments, our extensive installed equipment base, and our strong, full-scope services organization. The recent acquisitions of pelletizing technology and know-how from Jacobs, the acquisition of Copperstate and our decision to build new service centers both in USA and Canada will strengthen our presence in this important mining market.

With the oil and gas industry investing significantly in shale gas and tar sands activity, we are expanding our participation in these markets – from both the product and services perspectives. The United States has set targets to increase the use of renewable energy sources, which we believe will further support the demand for our biomass and waste-based power plant automation.

Major orders in 2013 included significant automation systems for power stations, ball valves for tank cars transporting crude oil by rail in the US and for key minerals processing equipment for Alderon's Kami Iron Ore Project in Canada.

PACIFIC REGION

(Australia, Japan and New Zealand)

Metso's presence in the Pacific region in 2013

2013

Net sales EUR 280 million

Share of orders received 6%

Number of personnel 588

Share of personnel 4%

In 2013, 6 percent of our orders received came from the Pacific region. Our most significant customer sector in the region is the mining industry, in which the Australian mining companies in particular have made significant investments in recent years. Australia has the world's largest resources of recoverable brown coal, lead, rutile, zircon, nickel, tantalum, uranium and zinc, and ranks second in the world for bauxite, copper, gold, ilmenite and silver. Iron ore is another extremely valuable asset, with high demand from China. Japan has been a market for our construction equipment and automation for many years.

Orders from the region in 2013 included a crushing and screening system for Monier's quarry in Papua New Guinea. Our solution will enable Monier to manufacture customized products without compromising production rates.

Marubeni Power Development Australia chose us to upgrade the automation system at their Smithfield Energy Facility, New South Wales, Australia.

Group key figures

This is a summary of our key figures. Read our key figures for 2013 in more details under Financial performance.

EUR million	2012	2013
Net sales	4,282	3,858
Services net sales	2,072	1,976
Services, % of net sales	48	51
Earnings before interest, tax and amortization (EBITA) and non recurring items	486	496
% of net sales	11.4	12.8
Profit from continuing operations	256	238
Earnings per share, EUR	1.71	1.59
Dividend per share, EUR *	1.85	1.00
Return on capital employed (ROCE) before taxes, %	21.2	18.6
Gearing at the end of period, %	28.4	41.6
Free cash flow	257	224
Research and development expenses **	60	60
Orders received	4,215	3,709
Orders received of services business	2,153	2,038
Order backlog, December 31	2,324	1,927
Personnel, December 31	16,612	16,425
Lost time indicent factor (LTIF)	6.0	4.2
Sponsorships and donations	1.3	0.9
Carbon dioxide emissions, 1,000 t	127.2	120.2
Energy consumption, TJ	1,653.3	1,540.8
Metals use, 1,000 t	143.6	127.7

* 2013 Board's proposal

** without IPR expenses

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Segment key figures

This is a summary of our segment key figures. Read our key figures for 2013 in more details under Financial performance.

Mining and Construction

EUR million	2012	2013
Net sales	3,492	3,070
EBITA before non-recurring items	420	401
% of net sales	12.0	13.1
Personnel, Dec 31	11,721	11,670

More segment specific key figures, Mining and Construction.

Automation

EUR million	2012	2013
Net sales	859	854
EBITA before non-recurring items	101	116
% of net sales	11.8	13.6
Personnel, Dec 31	4,128	4,241

More segment specific key figures, Automation.

Environmental summary

Targets to reduce our environmental footprint	
Energy efficiency	15% by 2015 and 20% by 2020
Water	15% by 2020
Waste	15% by 2020

Environmental data

Materials	1,000 t
Ferrous metals	123.98
Non-ferrous metals	3.73
Paints	0.64
Solvents	0.41
Recycled materials	51.02
Cardboard	0.14
Wood	6.43
Paper	0.04
Plastics	0.08
Energy TJ	
Electricity	701.17
District heat	127.85
Steam	39.37
Natural gas	618.13
Coal	0.00
Heavy fuel oil	5.82
Light fuel oil	0.00
Diesel	20.75
Gasoline	0.16
Liquefied petroleum gas	27.53
Emissions to air 1,000t	
CO ₂	120.22
VOC	0.30
Waste 1,000t	
Waste, hazardous	4.95
Waste, non-hazardous	53.15
Water 1,000 m ³	
Water	579.82

Certificates / Certified operations	ISO 9001	ISO 14001	OHSAS 18001
2012	66%	29%	13%
2013	80%	34%	17%
Increase %	20%	20%	27%

RTD	2013	Change from 2012
RTD Expenditures (1,000 eur)	60,470	1.6%
RTD Personnel amount	347	-6.7%

People summary

Workplace safety	2012	2013	LTIF improvement %
Lost-time incident factor	6.0	4.2	30
Work-related fatalities	1	1	

Human resources	2013
Development Review coverage rate	64 %
Performance Review coverage rate	65%
Training costs per employee	EUR 543
Total turnover	12.3%
Average age	41.1
Average length of service	9.2
Number of illness related absence days per employees	6.2

Sponsorships and donations	EUR	2013
Youth activities	236,446	27 %
Culture	6,398	1 %
Science, research and education	49,144	6 %
Environmental protection and nature conservation	42,382	5 %
Sports	85,233	10 %
Other	446,850	51 %
Total	EUR 866,453	100 %

Investor Relations

Providing the most current information about the company

Our main task at Metso's Investor Relations is to support the correct valuation of Metso's share by providing up-to-date information on matters concerning the company's operations and operating environment, strategy, objectives and financial situation. We anticipate that capital market participants find this information valuable in forming a balanced view of Metso as an investment. Additionally, we regularly gather and analyze market information and investor feedback to be the use by our top management and the Board of Directors. Our goal is to provide correct, adequate and current information regularly and impartially to all market participants. In our work, we aim for promptness, transparency and good service every day.

Working closely and interacting with our stakeholders

Investor Relations is responsible for investor communications and daily contact with representatives of capital markets and the financial press including centrally organizing all investor and equity analyst meetings with Metso's management or with an IR representative. Our investor communications consist of quarterly financial reporting, our actively updated online services as well as investor meetings and seminars, in which also our top management actively participates. We also arrange an annual Capital Markets Day event.

Every quarter, in conjunction with the publication of our financial results, we arrange a news conference for investors and analysts in English. It is possible to participate in these events at Metso, by phone or on the internet, and a webcast is available also for later viewing on our website.

In 2013 we spent 25 days travelling in Europe and the US frequently with our top management to meet with investors. We had meetings with more than 700 institutional investors and analysts, and we participated in 11 investor seminars in Europe and the US.

In November, we arranged a Capital Markets Day in London. About 70 analysts and investors took part in the event, which focused on Metso's post-demergers strategy, recent business developments, and the company's prospects. All presentations from the event are archived and available for viewing on our website.

Metso's Disclosure Policy outlines the principles of financial communications and lays down our operational models and practices in various communications situations. The entire Disclosure Policy is available on our website, Investors.

Investor services on the Internet

The investor information included on Metso's website contains a share monitor, which is an interactive tool for viewing and analyzing the performance of Metso's share traded on the NASDAQ OMX Helsinki exchange. The data in the monitor is updated every 15 minutes. You can also find monthly updates on Metso's largest shareholders, the company's insider register, an archive of presentations and financial reports, as well as other services, such as consensus estimates on Metso's financial performance provided by analysts, a historical price lookup and an investment calculator that enables you to calculate the value of your Metso investment. In addition, the website contains a financial calendar showing the publication dates of our financial reports, as well as the dates and times of events planned for investors, such as the Annual General Meeting, along with the presentations used at these events. A list of the banks and brokerage firms that analyze Metso as an investment as well as the analysts and their contact information are also available online. The IR 2.0 service contains information about the social media channels and mobile solutions through which you can follow Metso.

Check out our Investor Relations services and activities on our website.

Investor Relations services and activities



Financial reports and results presentations



Disclosure Policy



Calendar: investor meetings and seminars, results publications



Contact information for Metso's Investor Relations as well as for analysts monitoring Metso



Annual General Meeting details



IR 2.0: Metso in social media and mobile solutions



Metso's Capital Markets Day presentations

Silent period

During the three-week period prior to publication of the annual or interim financial results, we are not in contact with capital market representatives. At other times, we are happy to answer the enquiries of analysts and investors by phone, email or at arranged investor meetings.

For shareholders

Annual General Meeting

Metso's 2014 Annual General Meeting (AGM) will be held on Wednesday, March 26, 2014 at 11:00 a.m. local time, at Helsinki Exhibition and Convention Centre, Messuaukio 1, Helsinki.

Right to attend

Shareholders who are entered as shareholders in Metso's shareholder register, maintained by Euroclear Finland Ltd, by March 14, 2014, have the right to participate in the AGM. The meeting will be held in Finnish, and simultaneous interpretation in English will be provided.

Registration

- 1) Internet: www.metso.com/agm
- 2) Telephone: +358 10 808 300 (Between 8:00 a.m. and 6:00 p.m. EET on weekdays)
- 3) Fax: +358 20 484 3125
- 4) Mail:
Metso Corporation
Ritva Tyventö-Saari
PO Box 1220
FI-00101 Helsinki
Finland

Letters, e-mails and faxes informing of participation must reach the Company before the notification period expires at 10:00 a.m. on March 21, 2014. Letters authorizing a proxy to exercise a shareholder's voting right at the Annual General Meeting should also reach the Company before the notification period expires.

In connection with the registration, shareholders are required to provide their name, personal or company identification number, address, telephone number and the name of a possible assistant, authorized representative or statutory representative, as well as the personal identification number of the proxy representative or the statutory representative.

Shareholders holding nominee-registered shares and wishing to participate in the AGM can be entered into the temporary shareholder register by no later than 10:00 a.m. local time on March 21, 2014, in order to be able to participate in the AGM, if the shareholder has the right to be entered in Metso's shareholder register on the basis of the same shares on the AGM's record date on March 14, 2014. Shareholders holding nominee-registered shares are urged to ask their custodian bank for instructions on registering in the shareholder register, the issuing of proxy documents and registering for the AGM.

Payment of dividends

The Board of Directors proposes to the AGM that a dividend of EUR 1.00 per share be paid for 2013. The dividend will be paid to those shareholders who are entered in the Corporation's shareholder register, maintained by Euroclear Finland Ltd, on the record date of the dividend payment, March 31, 2014.

Important dates related to the AGM

Record date of AGM participation	March 14, 2014
Registration period ends	March 21, 2014
Annual General Meeting	March 26, 2014
Dividend ex-date	March 27, 2014
Record date of dividend payment	March 31, 2014
Date of dividend payment	April 8, 2014

Read more about AGM-related issues on our Annual General Meeting website.

Trading of Metso's shares

Metso Corporation has one share series. Metso's shares are listed on the NASDAQ OMX Helsinki Ltd and are registered in the Finnish book entry register maintained by Euroclear Finland Ltd. Metso shares are traded as American Depositary Shares (ADS) in the United States on the International OTCQX marketplace. Each Metso ADS represents one Metso share. The Bank of New York Mellon acts as the depository for the Metso ADS.

See our real-time Credit ratings on our website >

Financial publications

We publish an Online Annual Report 2013 in English. Additionally, we publish a printed Annual Review and Financial Statements in Finnish and English. A pdf version of the Annual Review and Financial Statements is also available on our website.

Our interim reviews and our releases are available in Finnish and English on our website. Webcasts of the related news conferences in English can be viewed on our website.

Publication dates of reviews and reports in 2014

Financial statements review 2013	February 6, 2014
Annual Report 2013	week 10, 2014
Interim review for January–March 2014	April 24, 2014
Interim review for January–June 2014	July 31, 2014
Interim review for January–September 2014	October 24, 2014
Date of dividend payment	April 8, 2014

Read how to submit a change of address for shareholders >

Metso is a leading process performance provider, with customers in the mining, construction, and oil & gas industries. Our focus is on the continuous development of intelligent solutions that improve sustainability and profitability. Metso's shares are listed on the NASDAQ OMX Helsinki Ltd. Metso employs around 16,000 professionals in 50 countries. Expect results.

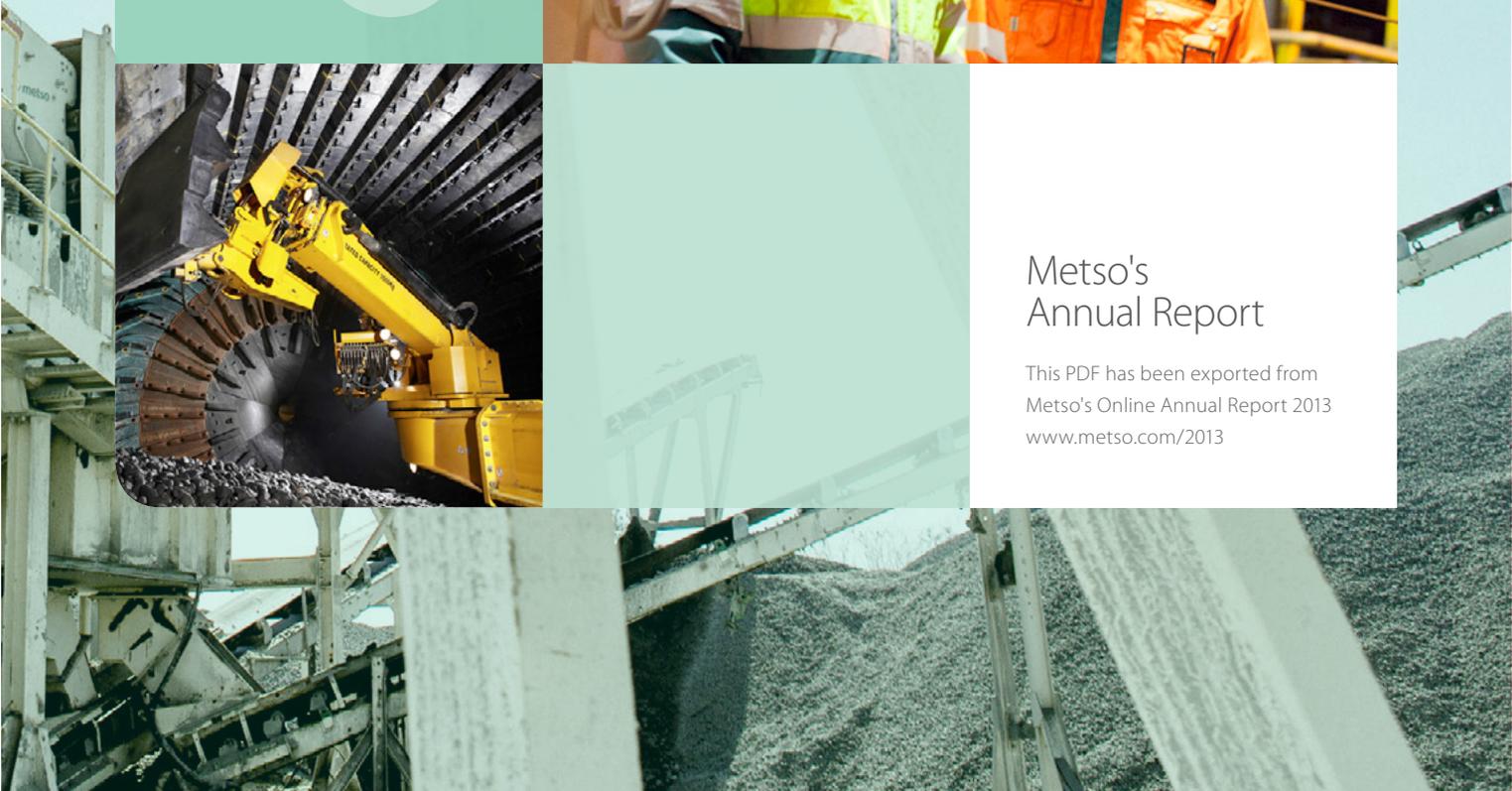


Metso strategy 2013



Metso's Annual Report

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www.metso.com/2013



Metso Strategy

Our ambition is to be the leading process performance provider for our customers. We aim to further strengthen our position by developing our offering in intelligent processes and services solutions designed to meet our customers' challenges – the growing scarcity of raw materials, reduction of energy use, and improvement of operational efficiency. This will reinforce the competitive advantage we have with our unique combination of services, equipment, and intelligence.

SIMO SÄÄSKILAHTI

"We have the ability to create significant and sustainable customer value by combining and integrating our core equipment, services and intelligence."



TABLE OF CONTENTS

Foundation	28	Our strategy	30
Mission and vision	28	Strategic must-wins	30
Our capabilities	28	Strategy implementation	30
Business environment	28	Driving further integration	32
		Capital allocation	32

Foundation

Metso operates in 50 countries with 16,000 professionals world-wide. Our core customer industries are mining, construction, and oil & gas. In Automation we also continue to serve the pulp, paper and power generation industries.

Mission and vision

Our vision, mission, values and leadership principles are at the core of everything we do.

According to our mission, we contribute to a more sustainable world by helping our customers to process natural resources and recycle materials into valuable products. Our mission, together with our values and our code of conduct, form the foundation for our vision: "Working as One to be Number One." Working as one means working closely with customers, and other key external stakeholders as well as within the company. To be number one means creating added value for our stakeholders in everything we do and being the best at it.

Our values are: driving customer success, seeking innovations, performing together, and respecting each other. These values guide us in how we do business and how we work together with internal and external stakeholders.



Our strengths and key capabilities

OUR KEY STRENGTHS ARE:

- Good position to benefit from long-term growth trends
- Global footprint, with leading positions in markets we serve
- Services-driven business model bringing robustness to our financial performance
- Competitive advantage through a unique combined offering of equipment, services, and intelligence
- Solid financial track record

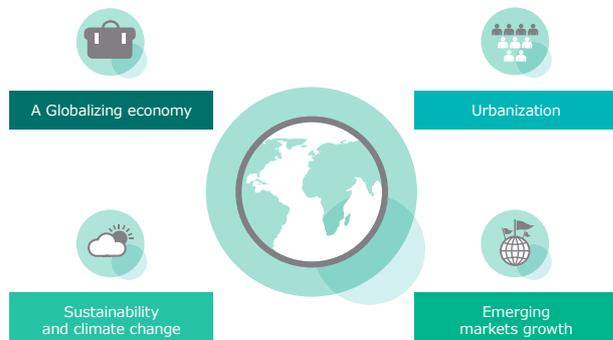
OUR KEY CAPABILITIES ARE:



Health, safety and environment (HSE) continue to be very important areas for us and we are committed to taking personal responsibility for our own safety and for the safety of others. Our lost-time incident factor (LTIF) safety target is less than one. LTIF is the most important measure used in tracking safety development.

Business environment Megatrends

Our core customer industries are mining, construction and oil & gas. We also continue to serve the pulp, paper and power generation industries through our leading automation solutions. Demand



of our products, services and solutions is driven by the following megatrends:

In a longer term, the megatrends support the investment growth of all of Metso's core industries. Metso is very well positioned in a number of large growth industries, and the long-term outlook

for all our core customer industries is good. There are also specific trends in the mining, construction, oil & gas, and pulp, paper and power generation industries. More insight into the market drivers, industry-specific trends and outlook of our customer industries is presented on the Customer industries page.

Customer industries

	Share of net sales 2013	Service intensity	Long-term growth estimate
Mining	54%	55%	5–8%
Construction	20%	40%	4–6%
Oil & Gas and Power	13%	45%	6–8%
Pulp & Paper	9%	50%	2–3%
Other	4%		

Market environment

The market conditions in mining and construction industries in 2013 proved to be quite challenging. Mining industry, which is the largest source of revenues of Metso, saw a continuation in the cool down of investment activity that had already started in the summer of 2012. A decline in major mining orders continued and we experienced a flat development of mining and construction services during 2013. Metso's existing EUR ~2 billion services business provides significant growth potential especially in mining and oil & gas. Services growth has been driven by services solutions and life-cycle services. Construction market were flat during 2013.

Automation developed well in 2013 with growing orders and profitability. Growth of the Automation business is mostly driven by the positive trend in oil & gas industry where we realized strong growth within product and service offerings. Development of automation solutions business for Pulp & Paper was stable.

We expect mining capex to return to the growth path during the coming years and all our automation markets are expected to continue to grow 2014 onwards. Metso's products and services are used in a range of customer industries around the world. More about our offering for the particular industry is presented separately on our website.

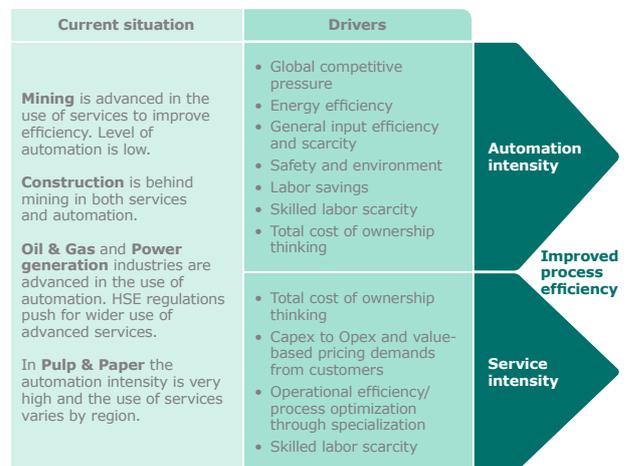
Automation and service trends in our customer industries

Metso's customers seek to continuously improve their performance and process efficiency. There are clear trends towards more automated processes and greater service intensity in our customers' operations due to their need to enhance the operational efficiency, safety, sustainability and achieve cost savings over the lifecycle of their investments.

Our mining customers are already quite advanced in their use of services as a part of their operations. Metso's mining services have grown substantially along with this trend. Our construction customers' service needs vary from those of mining customers. There is a great potential to develop more advanced automation solutions in mining and construction industries.

Oil & gas and power customer industries are advanced in the use of automation. HSE regulations push for wider use of advanced services. The automation solutions have often been natural part of our pulp & paper customers' processes and Metso has been developing the solutions for many years.

Thanks to the systematic and long-term development of service strategy and automation business portfolio, we are well positioned to benefit from the services and automation trends within our customer industries.



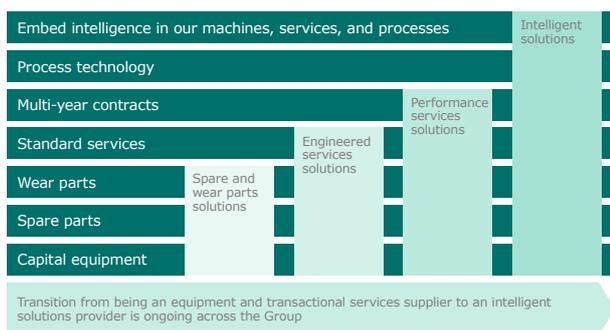
Our strategy

Our aim is to strengthen and expand our leading market positions in our core businesses in order to achieve faster-than-market growth and improved profitability. The unique combination of equipment, services and intelligence in our existing offering can deliver customer value propositions that improve the customers' operational efficiency, safety, sustainability and cost effectiveness over the life cycle. These elements can be supplied to our customers through our standard or value-based business models, either as stand-alone offerings or as different types of combinations.

1. We continue to strengthen our core businesses by improving profitability and expanding into new markets. This means

- Focusing on operational excellence (through procurement, capital efficiency and a more asset-light operating model, project management, productivity, streamlining our business footprint to match market situations)
- Developing a broader offering for our existing customers (e.g. renewing and expanding the offering of oil and gas valves, performance services and slurry handling solutions)
- Focusing on strengthening our position in key growth regions (investments in growth markets and channels)
- Growing the services businesses

Metso is running global Metso Services Development and Global Procurement Initiatives to accelerate the execution of the above strategic priorities. Metso is developing a full set of services-ranging from spare and wear parts solutions to performance services and intelligent solutions services for all its businesses and customer segments.



2. We develop unique customer value propositions by creating intelligence offerings and strengthening platforms.

Our customers are facing a growing scarcity of raw materials and a need for improvements in operational and energy efficiency and in process performance. These issues naturally drive an increased use of automation and services in operations, in other words, more intelligent ways to operate.

Our strategic ambition is to become the leading process performance provider for our customers to enable them to achieve sustainable process improvements. Our capabilities and our

market-leading businesses and technologies put us in a unique position to realize this ambition. The core of this strategy as an intelligent processes and services company is based on the ability to create significant and sustainable customer value by combining and integrating our core equipment, services and intelligence. The Metso advantage is based on owning products, services, skills and technologies that are robust and market-tested also on stand-alone basis.

We have R&D projects that offer good examples of novel applications and tailored intelligent solutions to help major mining companies radically reduce energy usage and greenhouse gas emissions. More about the concrete impact of our existing intelligent processes and services solutions is available in the Sustainability section's several cases.

Strengthening our platforms we need to develop more integrated and streamlined systems and support functions.

Strategic must-wins as a vehicle to drive our strategy

With the need to embed even more intelligence into machines, services and processes, we have adjusted our must-win agenda and its priorities. We will highlight the equipment and intelligent solutions much more in the future. Our strategy implementation will continue based on five Group-level must-wins.

-  **SERVICES**
Create excellent services, know-how, networks and services culture.
-  **OPERATIONAL EXCELLENCE**
Improve operational excellence to achieve profitable growth. Develop common global platforms, processes and ways to operate.
-  **TECHNOLOGY OFFERING**
Develop a cost-competitive and market driven technology offering. Build capability to embed intelligence into machines, services and processes.
-  **PEOPLE AND LEADERSHIP**
Develop a working environment that enables our business success.
-  **GROWTH COUNTRIES**
Increase presence in BRIC and other growth countries that are relevant for our business.

Key achievements and initiatives through must-wins

To achieve our strategic targets, we continued organic actions, acquisitions and structural arrangements in 2013. We also separated our Pulp, Paper and Power businesses into a separate company, Valmet Corporation.



1. Services

– Create excellent services, know-how, networks and a services culture

Key achievements 2013	Initiatives
Continued strong growth and further development of the full comminution life-cycle services and agreements and performance-based services	<p>Strengthening our full-scope comminution services offering by acquiring the Spanish grinding media supplier Sabo</p> <p>Strengthening of performance services by acquiring ExperTune. The acquisition is an example of our focus on intelligent technologies, as the software tools are used to analyze and monitor the performance of industrial processes and to identify the associated maintenance and improvement opportunities</p> <p>Long-term mining life-cycle services agreements with Russian Copper Company</p>
Better services coverage through investments in services parts supply and foundry capacity	<p>Continued expansion of local services presence and service centers and hubs (e.g. in Chile, Peru, Brazil, Mexico).</p> <p>Strengthening our services presence and capabilities to supply wear parts to our mining and construction industry customers in China and other markets in Asia-Pacific by acquiring the JX steel foundry</p>



2. Technology offering

– Develop a cost-competitive and market-driven technology offering. Build capability to embed intelligence into machines, services and processes

Key achievements 2013	Initiatives
Development of our mid-market offering	<p>Acquisition of Chinese mid-market crushing and screening equipment provider Shaorui Heavy Industries to penetrate markets in China and other emerging countries</p> <p>Joint venture with LiuGong Group to develop track-mounted crushing and screening business</p>
Automation platform development	Continued development of Metso DNA platform
Product gaps filled	<p>Integration of globe valves into our offering</p> <p>Big vertical mills and hydraulic roller crushers</p> <p>Slurry handling</p> <p>Engineering offering and solutions for mining processes continued</p>



3. Growth countries

– Increase presence in BRIC and other growth countries that are relevant for our business

Key achievements 2013	Initiatives
Presence strengthened in China and Asia-Pacific markets	<p>Development of Chinese and Indian area organizations</p> <p>Dissolving SNJ valve joint venture to gain control of our own direct valve production in China</p> <p>Strengthened position in the strongly growing Asian mid-market and reinforced the existing mid-market offering</p> <p>Acquisition of Shaorui and joint venture with LiuGong</p>
Presence strengthened in the Middle East	Strong development of automation in the Middle East
Presence strengthened in South America	Expanding our services network



4. Operational excellence

– Improve operational excellence to achieve profitable growth. Develop common global platforms, processes and ways to operate.

Key achievements 2013	Initiatives
Significant profitability improvement driven especially by Flow Control, and Services businesses in Automation as well as in Mining and Construction	<p>Direct and indirect procurement initiatives provided us with profitability and cost competitiveness improvements during 2013. We continued to harmonize our procurement organizations, processes and tools</p> <p>Continued focus on day-to-day cost awareness in our operations. Start of a global efficiency program targeting EUR 100 million annual savings in operating costs by the end of 2015 in response to weakening markets</p>
Resizing the non-core businesses resized and optimizing footprint	<p>Restructuring of the EMEA (Europe, Middle East, Africa) sales organization and reductions of locations to improve our performance and competitiveness</p> <p>Divestment of industrial conveyor belt manufacturing and related sales and services operations</p> <p>Transfers or closures of small local operations and streamlining of organizations</p>
Strengthening the footprint and supply chain	<p>Global supply chain operations developed in Construction and Flow Control business lines</p> <p>Expansion in China and other growth markets in Mining & Construction footprint</p> <p>Strengthening of sales organization in APAC</p> <p>Investments in service centers and hubs</p>
Good progress in Health, safety and environment (HSE) development	Lost time incident factor (LTIF) target is less than 1



5. People and leadership

– Develop a working environment that enables our business success

Key achievements 2013	Initiatives
Consistent development of leadership capabilities	Investment in leadership capabilities through global implementation of Leadership Essentials workshops to line managers, focusing on leadership development (in 2013 around 2,000 line managers attended). Global leadership development programs continued
Continued development of global compensation processes	Pay range system implemented globally, enhancing the global analytical capabilities of Metso's global HR information system (SAP HR). Understanding and visibility of country-specific pay practices also increased. In addition, compensation basics training for Metso's managers was developed.
Competencies on services along with value proposition thinking enhanced Recruitment and onboarding further strengthened	Services Management Programs implementation continued Renewed onboarding process and tools in place

Driving further integration

Our operating and management model is based on the following three premises to accelerate our growth and improve efficiency and scalability.

I. Mining and Construction and Automation continue to be our profit/loss responsible reporting segments that are also responsible for formulating the operating strategies for their businesses.

II. Focus on Metso's services business development will be continued and we will further develop services cooperation between the Mining and Construction and Automation. This means in practice the following development issues:

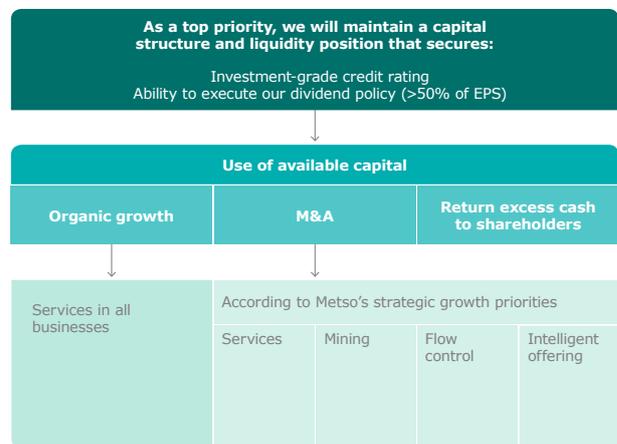
1. Shared new businesses to accelerate services growth
 - Intelligent performance solutions
 - Full slurry handling offering
2. Shared capabilities to drive efficiency and scalability
 - Service centers
 - Distribution centers
 - Service IT systems
 - Service processes

III. Our most relevant support functions have been organized per "business partner concept" to provide value to the businesses.

Capital allocation

Capital allocation is about how we divide our financial resources and sources of capital. We have refined our capital allocation policy to align with our new strategy.

CAPITAL ALLOCATION POLICY



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Financial Performance 2013



Metso's Annual Report

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Financial performance

Our orders received were EUR 3,709 million, of which EUR 2,038 million came from services orders. Our net sales were EUR 3,858 million, out of which services business accounted for 51%. Our EBITA margin excluding non-recurring items increased significantly, which resulted from cost efficiency and sales mix improvements across the Group.

HARRI NIKUNEN

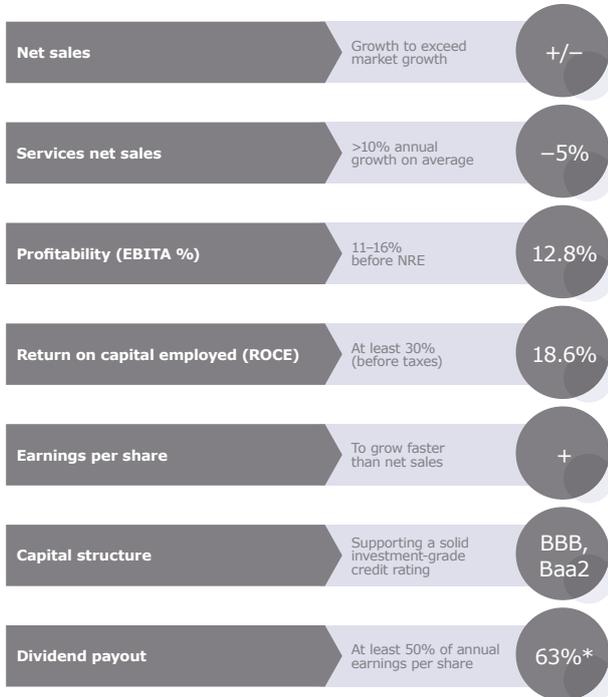
“Our mining customers continued to be cautious about new investments throughout the year, while good demand in the oil & gas industry yielded an all-time high annual order intake for our Automation segment. Lower order intake resulted in a drop in net sales during the last quarter and for the year as a whole. Given this background, we are pleased that we were able to improve our profitability.”



TABLE OF CONTENTS

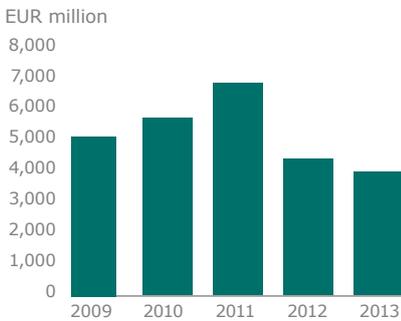
Financial targets and achievements	35	Quarterly information	43
Key figures	36	Financial statements 2013	43
Group key figures	36	Discontinued operations	43
Segment key figures	38		
Mining and Construction	38		
Automation	39		
Geographical key figures	40		
Prosperity for our stakeholders	41		
Purchases	41		
Wages and salaries	41		
Taxes	42		
Net financial expenses	42		
Dividends	42		

Financial targets and achievements



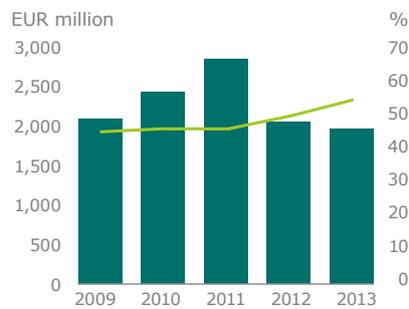
* The Board proposes a dividend of EUR 1.00 per share, i.e. 63% of earnings per share.

Net Sales



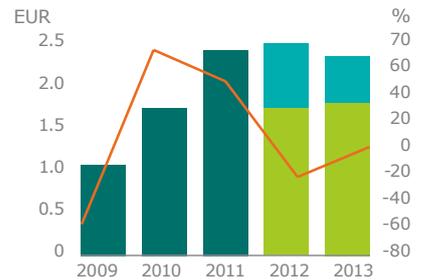
● Net Sales

Services net sales



● Services net sales
● % of external net sales

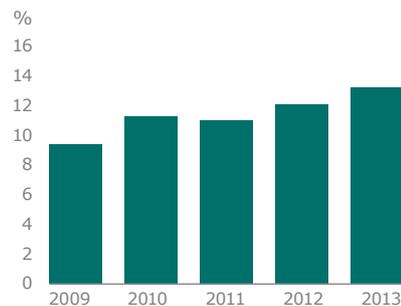
Earnings per share



● Earnings per share, EUR
● Earnings per share, continuing operations, EUR
● Earnings per share, discontinued operations, EUR
● Earnings per share growth (continuing operations), %

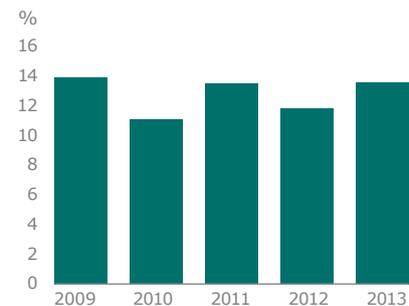
Earnings per share growth is targeted to exceed net sales growth

EBITA, % before non-recurring items Mining and Construction



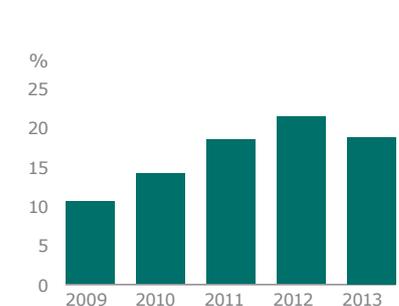
● EBITA before non-recurring items

EBITA, % before non-recurring items Automation



● EBITA before non-recurring items

Return on capital employed (ROCE) before tax



● Return on capital employed (ROCE) before tax

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Key figures

Group key figures

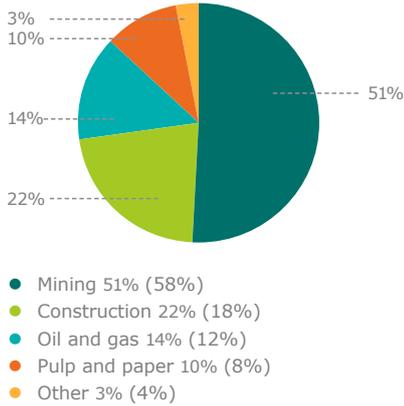
EUR million	2012	2013
Net sales	4,282	3,858
Services net sales	2,072	1,976
Services, % of net sales	48	51
Earnings before interest, tax and amortization (EBITA) and non recurring items	486	496
% of net sales	11.4	12.8
Operating profit	458	423
% of net sales	10.7	11.0
Profit before taxes	400	369
% of net sales	9.3	9.6
Profit from continuing operations	256	238
% of net sales	6.0	6.2
Procurements *		2,124
Research and development expenditure (excluding IPR expenses)	60	60
Research and development personnel	372	347
Priority applications, pcs *	215	33
Invention disclosures, pcs *	679	172
Gross capital expenditure (excluding business acquisitions)	93	95
Business acquisitions, net of cash acquired	4	44
Earnings per share, EUR, from continuing operations	1.71	1.59
Dividend per share, EUR **	1.85	1.00
Balance sheet total	3,923	3,678
Return on capital employed (ROCE), %	21.2	18.6
Return on equity (ROE), %	19.8	19.0
Equity to assets ratio, %	39.1	36.9
Gearing, %	28.4	41.6
Free cash flow	257	224
Orders received	4,215	3,709
Services orders received	2,153	2,038
Order backlog, Dec 31	2,324	1,927
Personnel, Dec 31	16,612	16,425

* Unaudited figure

** 2013 Boards proposal

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Orders received by customer industry



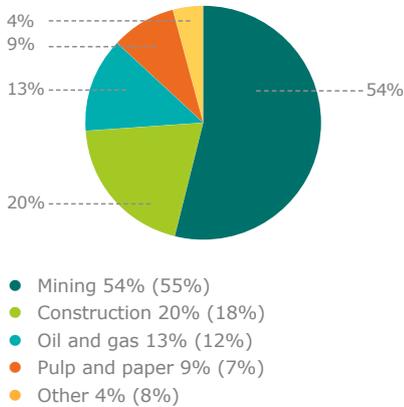
Net sales and EBITA before non-recurring items



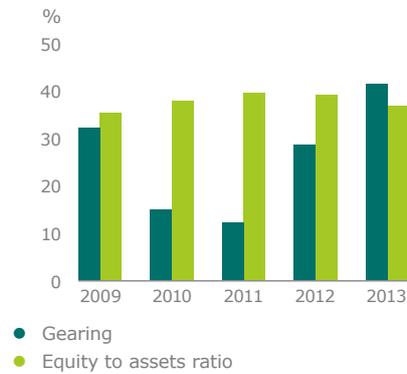
Orders received and order backlog



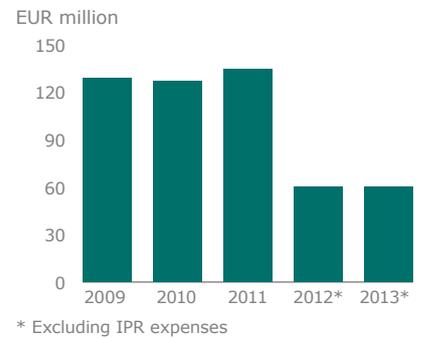
Net sales by customer industry
Net sales EUR 3,858 million
(2012: EUR 4,282 million)



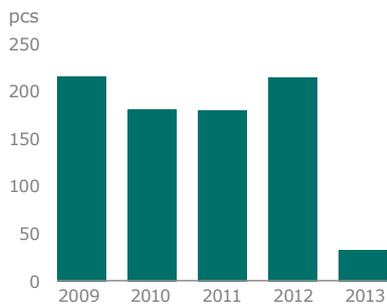
Gearing and equity to assets ratio



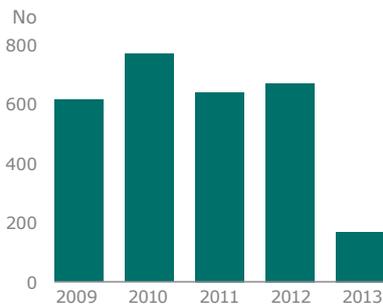
RTD expenditure



Priority applications



Invention disclosures



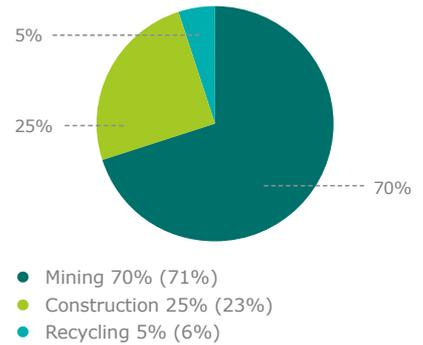
Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Segment key figures

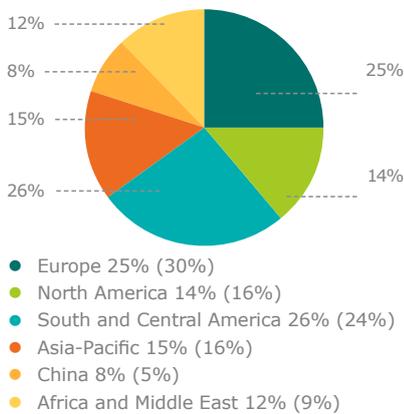
MINING AND CONSTRUCTION

EUR million	2012	2013
Net sales	3,492	3,070
Service net sales	1,692	1,579
Services, % of net sales	48	51
EBITA before non-recurring items	420	401
% of net sales	12.0	13.1
Operating profit	401	340
Capital employed, Dec 31	1,357	1,344
Gross capital expenditure	67	76
Research and development expenses	28	24
Orders received	3,436	2,855
Service orders received	1,771	1,616
Order backlog, Dec 31	1,983	1,555
Personnel, Dec 31	11,721	11,670

Net sales by customer industry



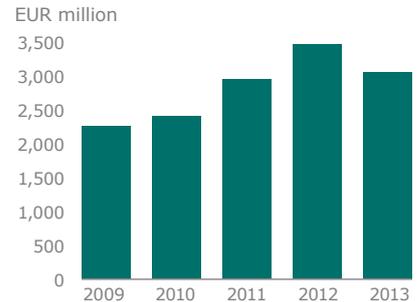
Orders received by market area



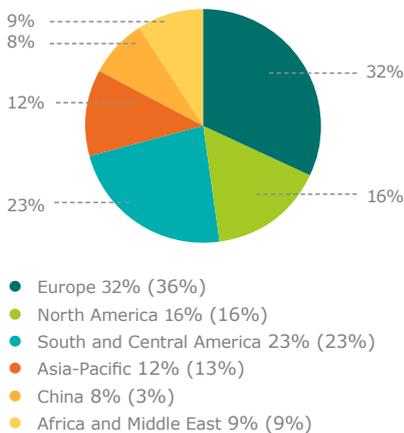
Orders received and order backlog



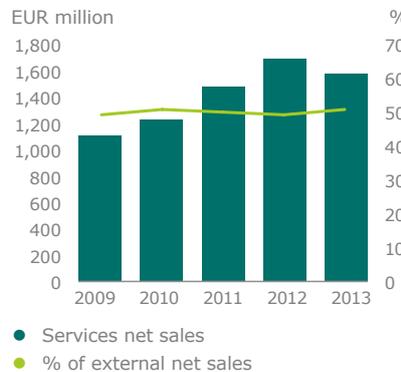
Net sales



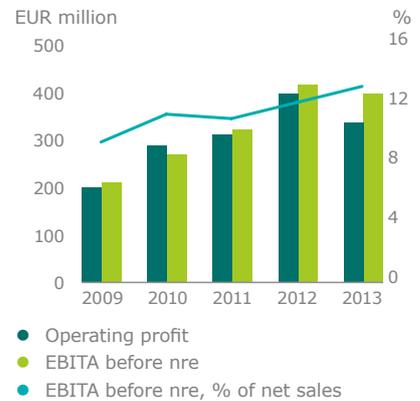
Personnel by area



Services net sales



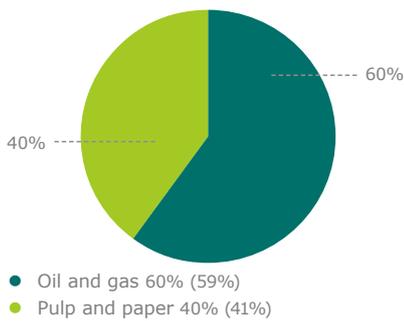
Operating profit and EBITA before non-recurring items



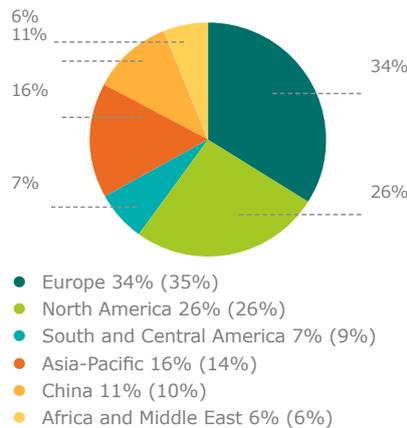
AUTOMATION

EUR million	2012	2013
Net sales	859	854
Service net sales	380	398
% of net sales	44	47
EBITA before non-recurring items	101	116
% of net sales	11.8	13.6
Operating profit	96	109
Capital employed, Dec 31	289	266
Gross capital expenditure	25	17
Research and development expenses	32	36
Orders received	845	902
Service orders received	382	422
Order backlog, Dec 31	343	373
Personnel, Dec 31	4,128	4,241

Net sales by customer industry



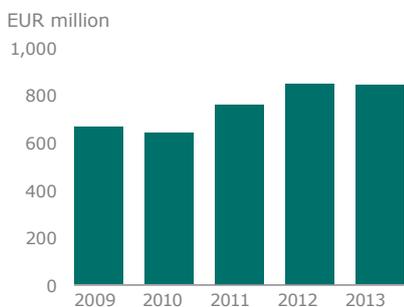
Orders received by market area



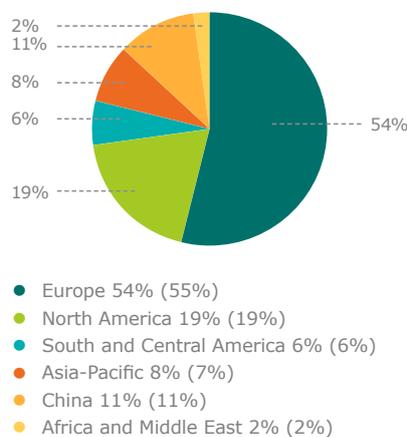
Orders received and order backlog



Net sales



Personnel by area

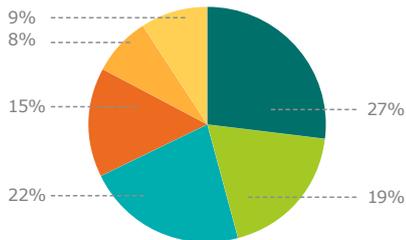


Operating profit and EBITA before non-recurring items



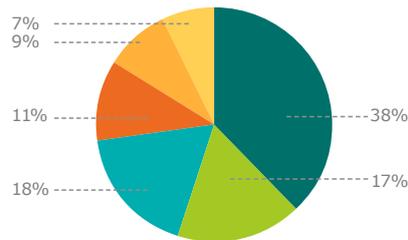
Geographical key figures

Net sales by market area



- Europe 27% (28%)
- North America 19% (18%)
- South and Central America 22% (23%)
- Asia-Pacific 15% (17%)
- China 8% (6%)
- Africa and Middle East 9% (8%)

Personnel by area
Personnel 16,425 (2012: 16,612)



- Europe 38% (41%)
- North America 17% (17%)
- South and Central America 18% (18%)
- Asia-Pacific 11% (11%)
- China 9% (6%)
- Africa and Middle East 7% (7%)

Net sales 20 largest countries in 2013, EUR million

	2012	2013
USA	567	555
Brazil	438	349
China	267	308
Australia	311	251
Russia	222	199
Finland	192	183
Canada	215	172
Chile	223	169
Sweden	248	162
India	183	160
Mexico	130	132
South Africa	132	100
Peru	117	97
France	96	87
Germany	96	82
United Kingdom	48	54
Kazakhstan	18	50
Norway	51	48
Ukraine	35	46
South Korea	47	44

Orders received 20 largest countries in 2013, EUR million

	2012	2013
USA	580	486
China	265	317
Brazil	414	314
Chile	177	245
Australia	283	213
Finland	175	183
Sweden	201	163
Canada	193	147
Russia	300	141
India	195	121
Mexico	114	110
France	89	109
South Africa	120	95
Kazakhstan	52	73
Germany	102	71
Peru	116	70
Indonesia	41	56
South Korea	34	54
Norway	60	54
United Kingdom	55	48

Personnel 20 largest countries in 2013

	2012	2013
Finland	3,122	2,769
USA	2,178	2,126
Brazil	1,927	1,880
China	911	1,493
South Africa	1,057	1,025
India	969	929
Sweden	915	852
France	626	619
Canada	654	614
Chile	577	613
Germany	706	583
Australia	567	548
Russia	279	339
Mexico	252	287
Czech Republic	298	264
Peru	238	237
United Kingdom	139	135
Spain	74	121
Denmark	109	98
Poland	81	83

Prosperity for our stakeholders

MONETARY FLOWS BY STAKEHOLDER GROUP



Procurement global supply footprint continues to develop

The value of Metso's purchases in 2013 was EUR 2,124 million. Approximately 70 percent of our purchases were directly related to products, such as components, raw materials and sub-contracting. The remaining 30 percent were indirect purchases, i.e. goods and services necessary to maintain operations, such as electricity, cleaning, IT, training, travel tickets, consultants, insurances.

Despite the strong shift of Metso's main markets towards growth countries, the procurement volume was still largest in our traditional production countries like USA, Finland, Sweden, and Brazil. However, China has now moved into the top 5 countries of supply during 2013. Additional growth countries such as Turkey, Mexico, and India also continue to supply an increasing share of Metso's spend. Whereas the target is towards an agile and cost effective supply chain, the supplier location is not the single deciding factor. Nonetheless, Metso's share of spend towards Competitive Cost Countries (CCC) reached about 23% of direct spend during 2013.

In order to gain further cost benefits from the global supply chain, Metso's management team has selected procurement as one of their main development focus areas for 2014. Many new development projects focusing on global sourcing and procurement were implemented during 2013, with a focused rollout of additional projects planned in 2014.

	2012	2013
Finland	622	432
USA	430	320
China	190	192
Brazil	254	180
Sweden	229	156
France	154	137
Australia	104	106
Germany	117	88
India	100	82
South Africa	99	71

Wages and salaries

Number of personnel was 16,425 after demerger

In 2013, we paid wages and salaries, excluding indirect employee expenses and discontinued operations, of EUR 701 million, or 18 percent of net sales (EUR 730 million and 17% in 2012). The number of employees and the performance-based bonuses and incentives have an impact on the total amount of wages and salaries. The wages and salaries on the income statement are the gross amount, a portion of which is paid by the employees as taxes to society. The wages and salaries also include holiday pay.

The amount of bonuses paid decreased about 19% from the comparison period. Within the framework of collective agreements, we apply profit- and performance-based incentive systems when it justifiably supports managing the company. In 2013, EUR 29 million (EUR 36 million) was paid in bonuses. Additionally, certain key persons at Metso were paid a share incentive, the value of which at the time of payment was about EUR 1 million (EUR 5 million in 2012).

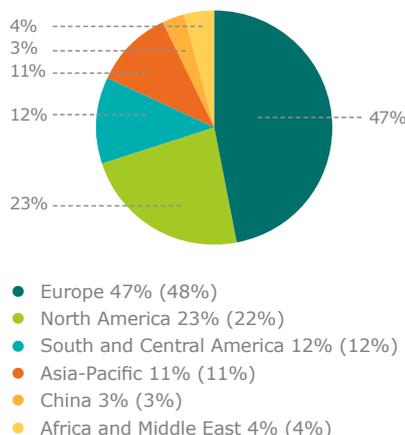
Indirect employee costs include payments related to pension insurance, social security, and unemployment and disability insurance based on the wages and salaries paid. Indirect employee costs depend on the scope of operations and the number of employees. In 2013 our indirect employee costs were EUR 145 million (EUR 139 million).

We monitor trends in base salary levels in comparable industries in each country. Number of personnel remained at the same level as year before, if just continuing operations are compared. The personnel increased in the emerging countries about 9%, but decreased about 8% in developed countries and the share of our personnel in developed countries was 54% (2012: 58%). Of our personnel, 47 percent (51%) work in EU countries and 38 percent (34%) in non-OECD countries.

Total wages and salaries (10 largest countries), EUR million

	2012	2013
Finland	156	155
USA	125	130
Brazil	58	51
Australia	56	49
Sweden	49	44
Germany	41	37
Canada	38	35
France	28	27
South Africa	26	22
Chile	19	21

Wages and salaries by area



Taxes

Most income taxes were paid in the USA and emerging countries

On December 31, 2013 Pulp, Paper and Power businesses were transferred to Valmet Corporation as a result of the partial demerger. Accordingly, the following presents only Metso's continuing operations for the year 2013. The taxes paid in 2012 are not comparable due to tax consolidations in certain countries.

Metso paid EUR 123 million in corporate income taxes. In addition to income taxes, Metso paid various other taxes, which were not based on the taxable income. The income tax cost on the income statement was EUR 131 million and our tax rate was 35 percent.

Metso reported the biggest profits again in the USA, where the corporate tax rate is relatively high (federal 35% and state taxes appr. 4-5%). After USA came Brazil, China and Mexico reflecting Metso's strong presence in emerging markets.

In Finland taxable income and income taxes were low due to restructuring and demerger costs.

Income taxes paid, 10 largest countries, EUR million

	2013
USA	57
Brazil	15
China	10
Mexico	10
Sweden	5
France	4
Chile	4
Singapore	3
Peru	3
Australia	2

Net financial expenses

Net interest-bearing liabilities continued to decrease

As the net interest-bearing liabilities continued to decrease, also our net financial expenses in 2013 decreased on the comparison period and were EUR 54 million (EUR 58 million in 2012), or 1.4 percent of net sales (1.4%). Our net interest expenses totaled EUR 40 million in 2013 (EUR 46 million).

As business volumes leveled off and large customer projects were completed during the year, EUR 73 million of working capital was released (in 2012 EUR 176 million was tied up), including the discontinued operations of Metso. Our free cash flow of the same was good, at EUR 224 million (EUR 257 million).

Interest-bearing liabilities mainly consisted of bonds and fixed and variable interest loans from international financial institutions. Our net interest-bearing liabilities at the end of 2013 totaled EUR 490 million (EUR 377 million). Net gearing was 41.6 percent (28.4%). Interest-bearing receivables and cash and equivalents stood at EUR 559 million (EUR 717 million) at year-end. In December 2010, we renewed the five-year EUR 500 million revolving credit facility, which was concluded with a syndicate of 14 banks. The facility has remained undrawn.

In June 2013, Standard & Poor's Ratings Services affirmed Metso's BBB long-term and A-2 short-term corporate credit ratings and stable outlook.

In November 2013, Moody's Investors Service affirmed Metso's Baa2 long-term credit rating and negative outlook.

Dividends

Metso's target, in line with its dividend policy, is to distribute at least 50 percent of annual earnings per share as dividend or in other forms of repatriation of capital.

Our EBITA before non-recurring items improved in 2013 and our earnings per share were EUR 1.59 for continuing operations (EUR 1.71 in 2012). Earnings per share including discontinued operations were EUR 1.97 (EUR 2.46 in 2012). The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 per share be distributed for 2013. This would be a total of EUR 150 million, representing 63 percent of the earnings per share.

In 2013, Metso paid dividend totaling EUR 277 million, i.e. EUR 1.85 per share for 2012 (EUR 254 million and EUR 1.70 per share for 2011).

Metso's share price declined 3 percent during 2013

The trading price on the NASDAQ OMX Helsinki in 2013 for Metso's share declined 3 percent, and the closing price at the end of the year was EUR 31.02. At the same time, the NASDAQ OMX Helsinki portfolio index, OMX Helsinki CAP, increased 26 percent.

Our market capitalization at year-end, excluding the shares held by the Parent company, was EUR 4,649 million (EUR 4,798 million in 2012). When the dividend paid and the change in share price are taken into consideration, Metso's total shareholder return (TSR) in 2013 was 8 percent positive (0.05% positive).

Quarterly information

Quarterly consolidated statements of income, balance sheets and segment information for 2013 are available in PDF format.

[Download the Quarterly information in English \(PDF file\)>](#)

[Download the Quarterly information in Finnish / Neljännesvuositulokset \(PDF file\)>](#)

Financial statements 2013

[Download the Metso financial statements for 2013 as a PDF file>](#)

Discontinued operations

A partial demerger of Metso resulted in the formation of Metso's Pulp, Paper and Power businesses into a new company called Valmet, effective at the beginning of 2014.

Metso's Extraordinary General Meeting approved the demerger on October 1, 2013, and the demerger was registered on December 31, 2013. Trading of Valmet shares began on January 2, 2014, when Valmet commenced its operations as an independent, listed company.

Valmet Corporation is a leading global developer and supplier of services and technologies for the pulp, paper and energy industries. A comprehensive services offering, a broad service network, and a large installed base provide a solid platform for Valmet's future. Read more about Valmet at www.valmet.com

Metso's holding in Valmet Automotive was reduced as part of an internal asset restructuring, and Valmet Automotive ceased to be a Metso subsidiary on December 31, 2013.

Metso is a leading process performance provider, with customers in the mining, construction, and oil & gas industries. Our focus is on the continuous development of intelligent solutions that improve sustainability and profitability. Metso's shares are listed on the NASDAQ OMX Helsinki Ltd. Metso employs around 16,000 professionals in 50 countries. Expect results.



Sustainability 2013



Metso's Annual Report

This PDF has been exported from
Metso's Online Annual Report 2013
www.metso.com/2013

Sustainability

Metso's strategic approach to sustainability strongly suggests that a company that supports positive, global social and environmental development through its offering will be a forerunner compared to its competitors and well-positioned to stay competitive and profitable also in the longer run. Our goal is to embed sustainability into Metso's daily business operations.

JOÃO NEY COLAGROSSI

"We help our customers improve the sustainability of their operations by using our technology and solutions."



TABLE OF CONTENTS

Sustainability at Metso	46	Health, safety and environment (HSE)	66
Sustainability targets and achievements	46	HSE targets	66
Sustainability risks and opportunities	47	HSE management	67
Stakeholder dialogue	47	HSE development projects	67
Case: Efforts to improve our stakeholder dialogue	48	Comprehensive tool for sustainability management	67
Case: WWF Green Office	48	Minimum safety standards	67
Sustainability highlights 2013	49	HSE auditing	68
Sustainability management	52	Other HSE initiatives	68
Sustainability auditing and assurance	52	Energy efficiency program	69
Sustainable supply chain	52	Highlights of the energy program 2013	69
Sustainability indices	53	Case: Practical energy efficiency improvements	70
Case: Dow Jones Sustainability Index	53	Product stewardship	70
Metso people	54	Case: Increased safety through product improvement	71
HR development focus areas	54	Case: Increased production and energy efficiency	71
Leadership	54	Case: Eco-efficient mining process	71
Case: An ambassador from Leadership Essentials	54	Environmental impacts of own production	72
Performance	55	Environmental figures	72
Case: Performance Review	55	Emissions to air	73
Learning and development	56	Materials	73
Case: Service management program	56	Energy	74
Wellbeing	57	Waste	74
Personnel structure	57	Water	75
Geographics	57	Reporting principles	76
Demographics	60	GRI and Global Compact Index	78
Changes in personnel	62	Independent Assurance report	87
Compliance with laws and ethical principles	62		
Responsible employment practices	63		
Cooperation with personnel and management	63		
Corporate citizenship	64		
Sponsorships and donations	64		
Case: Plan International	65		
Community involvement	65		
Case: A mining school in Ghana	65		

Sustainability at Metso

Metso continues to focus on embedding sustainability into its daily operations, guided by the Metso sustainability statement published in 2012. The work is divided among four focus areas, that are presented below.

OUR FOCUS AREAS IN SUSTAINABILITY

Metso People	Metso Environment	Society	Marketplace
			

Metso's sustainability focus areas

Metso People

We prioritize the wellbeing, health and safety of the individuals in all our operations. We actively promote equal opportunities and diversity, and we train our leaders to promote sustainability thinking and to link individual objectives to sustainability.

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 practice precautionary procedures to avoid any environmental accidents.

Society

We strive to act as 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 towards a more sustainable world.

Marketplace

We help our customers to improve the sustainability of their operations by using our technology and solutions, and we develop transparent and responsible supply chain management to support our own sustainability efforts.

[Read more about how sustainability is seen at Metso >](#)

Sustainability targets and achievements

Our target is to reach a thought leader position in sustainability by 2020. During 2013 Metso made good progress in its objective to integrate sustainability into its daily business operations. To reach our target we have outlined a practical approach including comprehensive action plans with short-term targets for 2015 and long-term targets for 2020.

In 2009 we published our global targets for workplace safety and energy consumption, and in 2012 we set targets also for water consumption and waste. In 2013 we continued our work in reaching these targets.

Global health and safety targets

Metso's Health, Safety and Environment (HSE) policy supports the development of a safe, healthy and well-managed work environment. Our long-term and short-term targets offer us the framework for continuous improvements.

We believe that every accident can be prevented. In accordance, our long-term target is zero work-related incidents. Our short-term occupational safety target has, until now, been to achieve a lost-time incident frequency (LTIF) of less than 5 in 2015. (LTIF reflects the number of accidents resulting in an absence of at least one workday per million hours worked.) In 2013, our LTIF was 4.2, and 78% of Metso's units reached the group LTIF target level of less than 5. The results of our efforts have thus been positive, and we are now raising the target to achieve an LTIF of less than 1.

Metso minimum safety standards create a strong foundation for our locations' safety programs. In 2012, the Metso minimum safety standard campaign was launched and covered eight minimum safety standards. During 2013 these standards were implemented, and the work will be an ongoing effort over the next few years. In 2014 Minimum safety standards will be complemented with additional standards. We will continue HSE training for our management and internal HSE audits targeting our own facilities.

Environmental targets for our own production

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. During 2013 the mapping was completed in the energy-intensive production units.

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 2012, we set our first targets to reduce water usage and the amount of waste generated in our own operations by 15% by 2020. During 2013, we increased the reporting frequency by including water-related indicators in our quarterly reporting. By increasing the reporting frequency, we obtain critical information about Metso's water usage. In 2014, we will focus on water-saving efforts, especially in the water-scarce areas where Metso operates.

During 2014, we will also focus on reducing the amount of waste generated. The emphasis is on reducing waste that is land-filled

and increasing recycling. To be effective, a working group has been created and is concentrating on reducing waste in locations that generate the most waste.

Targets for product stewardship

Product stewardship assures that our products provide environmental, social and economic benefits over their entire life cycle, from the extraction of raw materials to decommissioning and even recycling. Our goal is to manufacture products that are safe to operate, economically feasible and efficient, and help our customers gain maximum environmental benefits. During 2014, based on the successful development work of recent years, we will continue training our network and building competence internally about Life Cycle Assessments (LCA). We will also step up communication on product stewardship to raise awareness and to support sales and key account management. We will also strive to evaluate LCA information in different processes and in different product lines.

Targets for our social responsibility projects

During 2014 we plan to further emphasize our growth markets as locations for our social responsibility projects. According to our principles, we support social projects and programs in three areas: science, research and education, environmental protection and nature conservation as well as youth activities. We intend to continue supporting projects in these fields, but we aim for a balanced approach that takes into account both the geographical priorities and the substance of the projects. To support the evaluation and comparability of the success of individual projects, the introduction of KPIs is being discussed with partner organizations.

Sustainability risks and opportunities

Sustainability risk management at Metso

Managing sustainability risks and opportunities is integrated into a multi-disciplinary, company-wide risk management processes at Metso. We have a systematic method for regularly assessing the probability and impact of sustainability risks throughout our company. The assessed risks are based on a risk map document that includes all our acknowledged risks.

The potential risks and opportunities related to sustainability arise from our ability to develop and maintain our brand and reputation, the availability of sufficient competence resources, competitiveness and capabilities related to global sourcing, the health and safety of our personnel, our capability to develop our product and technology portfolio according to the changing needs of customers, and the adequacy and pricing of financing both for us and for our customers.

Metso's risk process promotes opportunities. Furthermore, it aspires to minimize the adverse impacts of strategic, financial and operational risks and to remove or mitigate hazard risks. The line management of Metso's businesses is operatively accountable for managing risks as part of its daily activities. Sustainability risks are assessed once a year at the Group level by Metso's Risk Management, based upon individual reporting segments' risk assessment reports, consolidated at the Group level. The results are annually

reported to the Metso Group Risk Management Team, the Metso Executive Team, as well as to the Metso Board of Directors and its Audit Committee. Read more about sustainability risks and opportunities on our website www.metso.com >

Stakeholder dialogue

Metso actively engages its stakeholders in sustainability-related topics, among them the development and implementation of energy and climate policy, legislation and regulation, and RTD activities in environmental technology. In 2013, we concentrated on strengthening our stakeholder dialogue processes. As part of that activity, we focused on the dialogue with our suppliers and on defining our supply chain. To help us improve, we conducted a review to better understand our stakeholders and their views and expectations towards Metso.

METSO STAKEHOLDERS



Existing and potential customers

Our customer relationships are built on a continuous exchange of experience, 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. An extraordinary communications topic in 2013 was the 80th anniversary of the beginning of Metso's business in China. This exceptionally long business relationship was highlighted in various media events and meetings in China and Finland.

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. Our target is 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.

Read more about our stakeholders and our memberships in organization >

CASE: OUR EFFORTS TO IMPROVE STAKEHOLDER DIALOGUE

Developing our stakeholder dialogue has been one of our main targets in sustainability during recent years. An active dialogue is essential in understanding our stakeholders and their views and expectations towards Metso. The work to improve the dialogue was started in 2011 with a survey targeted to our external stakeholders, such as customers, shareholders, suppliers, media representatives and analysts. In 2013 the work continued by conducting a second survey, this one targeted to the Metso employees who regularly interact with our external stakeholders. The objective of the study was to identify typical Metso stakeholders and their expectations towards Metso. Simultaneously, it concentrated on

the issues discussed by our stakeholders and on the issues that are relevant for future partnerships with them.

"We are very grateful for the input from the respondents. That input and the results of the survey will help us to invest in our processes and operations and to develop our stakeholder dialogue," comments Jukka Seppälä, Vice President, Stakeholder Relations and Trade Policy.

The conclusion of the survey conducted in 2013 was to learn more by creating a more systematic dialogue, not only with existing and potential customers, but also with industry organizations and research and educational institutes. The survey results will have a significant role in developing Metso's future business development processes and will create a framework for improving our operations.

CASE: WWF GREEN OFFICE ENVIRONMENTAL MANAGEMENT SYSTEM FOR OFFICES

The WWF Green Office environmental program was introduced at Metso's head office in Helsinki, Finland, in 2009. The WWF Green Office environmental program will be extended to several offices within Metso during 2014. The program is currently being applied at Mining and Construction's office in Tampere, Finland.

The Green Office program uses practical methods to reduce the ecological footprint of offices and introduces eco-efficient measures in the office environment. At the same time, these measures bring the company cost savings and help abate climate change.

"We are proud to be the first global company to bring Green Office to the international level of our operations. The program's environmental perspective is important to us in many ways. We want to take care of the environment where we live and for that reason make our offices more eco-efficient. Following good energy-savings and recycling principles at the workplace is also reflected in our mindset of developing our products and services, which also has a broader significance," says Jukka Seppälä, Vice President, Stakeholder Relations and Trade Policy.

Sustainability highlights 2013

Improving our supply chain

In order to focus on our core competencies, Metso outsources many work phases to its suppliers. We have issued guidelines and criteria for our suppliers, encouraging them to integrate sustainability throughout their production chain. We support our business partners to develop, manage and maintain a network of suppliers who are willing to actively promote sustainable principles and procedures. In 2013 we developed our supply chain based on the sustainability road map created in 2012. We investigated the environmental impacts of our supply chain, and we aim to further develop methods for calculating and understanding these impacts.

Minimizing environmental impacts by scope 3 calculations

Metso's aim is to minimize environmental impacts throughout its value chain, which is also supported by the scope 3 emissions calculations. 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 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 will now target the development of methods for calculating and understanding the environmental impacts of our supply chain. We will have the ability to better manage the environmental impacts of our value chain and also improve future reporting of our scope 3 emissions.

Metso sustainability handbook as part of our strategic approach to sustainability

Metso expects its suppliers to conduct their operations in a socially, environmentally and financially responsible manner. To support this expectation, the Metso sustainability handbook was published in 2013. The handbook introduces Metso's stakeholders and partners to our main policies and actions concerning sustainability. Simultaneously, it also outlines Metso's expectations on its suppliers. We encourage our suppliers to familiarize themselves with the handbook and the supplier criteria and to apply the standards in their own operations. Metso also expects its suppliers to identify their own material sustainability issues and to have policies and processes in place that address these issues. Read more in the Metso sustainability handbook >

Metso was selected for the Dow Jones Sustainability Index

Metso was selected for the Dow Jones Sustainability Index (DJSI) in 2013. Metso was among the five Finnish companies that were included in the Dow Jones Sustainability World and Europe Indices. Companies are selected for inclusion on the basis of their economic, environmental and social performance. The indices serve

as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for companies who want to develop their sustainable practices. Read more about our case: Dow Jones Sustainability Index >

Metso received the highest possible score in CDP's Climate Disclosure Leadership Index

Metso was again included in CDP's Climate Disclosure Leadership Index and received the highest possible transparency score of 100/100 and a performance band of A- in 2013. Metso's success reflects the importance its management places on maintaining a high level of transparency in its reporting. The Climate Disclosure Leadership Index ranks companies listed on the Nordic stock exchanges whose reporting takes a professional approach to disclosing actions and achievements to help mitigate climate change. Read more about Metso's top marks in Climate Disclosure Leadership Index >

Sustainability management system for handling environmental and occupational data

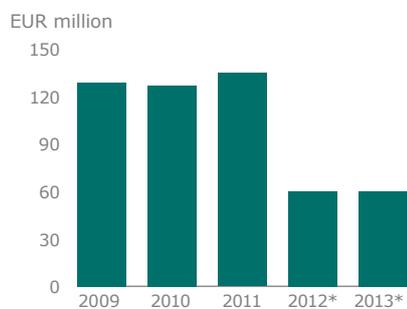
During 2013 a new Metso-wide sustainability management system was implemented for environmental reporting and sustainability auditing. The new management system enables Metso to pursue uniform environmental reporting throughout the Group. The sustainability management system will be expanded in 2014 to cover also occupational health and safety reporting as well as the management of environmental legislation and chemicals data. Read more about the sustainability management system >

Social data

- Number of employees 16,425 (16,612)
- Female employees 18% (18%)
- Females in management 13% (14%)

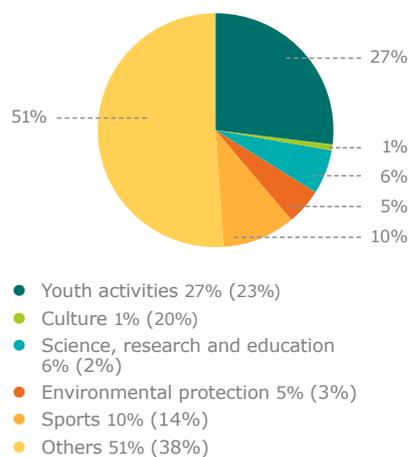
Please note that the 2012 and 2013 figures describe Metso's continuing operations.

RTD expenditure



* Excluding IPR expenses

Support for non-profit organizations



Certificates / Certified operations*	ISO 9001	ISO 14001	OHSAS 18001
2012	66%	29%	13%
2013	80%	34%	17%
Increase %	20%	20%	27%

* % of headcount

RTD	2013	Change from 2012
RTD Expenditures (1,000 eur)	60,470	1.6%
RTD Personnel amount	347	-6.7%

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Environmental balance sheet

	2009	2010	2011	2012*	2013*
Materials					
Ferrous metals, 1000t	139.57	232.86	258.98	139.45	123.98
Non-ferrous metals, 1000t	3.96	4.26	7.35	4.16	3.73
Paints, 1000t	0.74	0.98	1.06	0.78	0.64
Solvents, 1000t	0.44	0.43	0.60	0.43	0.41
Cardboard, 1000t	0.11	0.63	0.70	0.06	0.14
Wood, 1000t	4.67	5.67	8.50	5.52	6.43
Paper, 1000t	0.02	0.03	0.04	0.01	0.04
Plastics, 1000t	0.05	0.25	0.27	0.03	0.08
Recycled materials, 1000t	55.13	101.99	94.45	56.18	51.02
Energy					
Electricity, TJ	1,471.04	1,776.43	1,820.88	760.29	701.17
District heat, TJ	531.51	760.51	568.28	141.02	127.85
Steam, TJ	82.92	115.00	100.82	36.69	39.37
Natural gas, TJ	730.55	915.12	871.74	653.67	618.13
Coal, TJ	300.71	198.83	120.33	0.00	0.00
Heavy fuel oil (HFO), TJ	161.81	15.39	13.60	4.85	5.82
Light fuel oil (LFO), TJ	56.66	64.47	50.51	0.00	0.00
Diesel, TJ	29.87	38.97	47.19	23.94	20.75
Gasoline, TJ	6.07	5.99	2.93	0.71	0.16
Liquified petroleum gas (LPG), TJ	48.20	65.75	73.99	32.13	27.53
Total energy, TJ	3,419.33	3,956.46	3,670.26	1,653.28	1,540.76
Water					
Water consumption, 1,000 m ³ **	1,414.64	2,061.61	1,589.20	590.46	579.82
Air emissions					
CO ₂ , 1000t	257.86	282.61	266.51	127.16	120.22
Voc, 1000t	0.33	0.40	0.42	0.35	0.30
Waste					
Hazardous, 1000t	3.78	6.79	7.72	5.39	4.95
Non-hazardous, 1000t	68.96	95.60	108.94	56.06	53.15

* 2012 and 2013 figures describe Metso's continuing operations

** Excluding surface water and water from recycled source

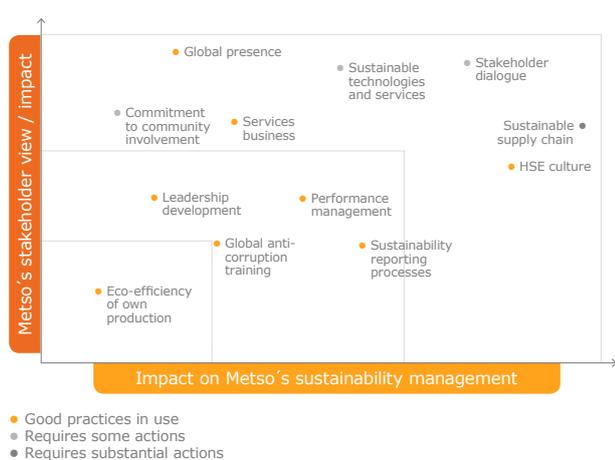
Sustainability management

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 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. Corporate Governance principles form the foundation for the management of the company. 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 highly value the development of sustainable products and solutions that are safe and impact the environment as little as possible.

MATERIALITY MATRIX 2013



Sustainability auditing and assurance

Metso controls and monitors sustainability issues through various internal and external processes aimed at ensuring the validity and reliability of our sustainability management practices and reporting. By regularly controlling and monitoring we receive valuable information about the results of our efforts, and it is therefore an important element in our continuous efforts to develop our reporting while also supporting our operations.

We monitor our internal operations through internal audit, internal control, reviewing of non-financial issues, certificates and assurance. Metso's certificates and assurance are significant in relation to our sustainability activities and to the sustainability report. More information about internal audit and reviewing of non-financial issues is available at our web site www.metso.com/sustainability.

Certificates

In our sustainability management we comply with several international standards, such as ISO 9001, ISO 14001 and OHSAS 18001, and many of our business units have gained certification to these standards. 34% of our relevant operations are covered by ISO 14001 certification, 17% by OHSAS 18001 certification and 80% by ISO 9001 certification. The coverage is calculated by the number of employees working in certified facilities, excluding discontinued operations.

Assurance

The consolidated quantitative sustainability performance data in our Annual Report 2013 has been externally assured by PricewaterhouseCoopers Oy. Metso's sustainability report follows GRI guidelines application level B+. Metso's sustainability data has been assured since 2010. Read more about the assurance process in our reporting principles and in the assurance report. The report content is not updated after assurance, and any amendments to the content will be reported in the following year.

Sustainable supply chain

In our operations we focus on our core competencies and outsource many work phases to our suppliers. The work that is outsourced to our suppliers can consist of high hazard and risk activities. It is therefore important that Metso has ethical and sustainable principles and that Metso expects its suppliers to follow these principles. Outsourcing decreases the environmental load of Metso's operations, but emphasizes 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 production chain.

Metso's sustainability criteria for its suppliers are Metso's basic requirements which aim to support our suppliers in developing their operations more sustainable. The criteria are 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 value 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.

Environmental impacts of supply chain

Outsourcing selected parts of the manufacturing process that are outside Metso's core competencies emphasizes our responsibility for the environmental efficiency of our subcontractors and suppliers. In 2013 an extensive assessment of our scope 3 carbon dioxide emissions was carried out to better understand the environmental impacts of our supply chain. In this assessment five relevant scope 3 emission categories were identified, which made it possible to calculate the emissions for four of these categories. Based on our assessment these four categories representing our direct and indirect purchases accounted for significantly higher CO₂ emissions than scope 1 and scope 2 emission sources combined.

Our target is to further develop methods for calculating and understanding the environmental impacts of our supply chain. Based on this, we will be able to better manage the environmental impacts of our supply chain and also publicly report our scope 3 CO₂ emissions.

Sustainable supply chain management targets

During 2014 we will continue in improving our sustainable supply chain management that was started in 2013. 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. For this, we will develop a Metso-wide supplier sustainability policy to set the standards for cooperation with our suppliers. We will further develop methods for supplier self-assessment and supplier risk assessment.

Sustainability indices

Sustainability supports us in creating long-term shareholder value and enables us to embrace opportunities and manage risks deriving from economic, environmental and social trends and challenges. We believe that adapting to global challenges through innovation, quality and productivity enhances our ability to generate long-term shareholder value.

Global sustainability indices track the performance of companies and rate how companies face and manage sustainability trends, such as resource scarcity, climate change or an aging population

within a company's competitive environment. Global frameworks also provide companies the possibility to develop through transparent and enduring indicators.

Metso performed well in the global sustainability indices in 2013. Metso was selected for the Dow Jones Sustainability Index, the world's leading sustainability index. Metso was again included in the Climate Disclosure Leadership Index and had the highest possible transparency score of 100/100 and a performance band of A-. The Climate Disclosure Leadership Index ranks companies listed on the Nordic stock exchanges whose reporting takes a professional approach to disclosing actions and achievements to help mitigate climate change. The ranking was announced in the CDP Nordic 260 Climate Change Report 2013. Metso's success reflects the importance its management places on maintaining a high level of transparency in its reporting.

In 2013 Metso was included in the Dow Jones World and Europe Indices, FTSE4GOOD index, Ethibel Sustainability Index, oekom Research AG index with Prime status, Storebrand Trippel Smart, OMX GES Ethical Finland Index, OMX GES Sustainability Finland Index, Kempen SNS SRI Universe Index and ECPI Ethical EMU Equity Index as well as in Vigeo rating.

Our target is to constantly improve our ratings in the significant sustainability indices.

CASE: DOW JONES SUSTAINABILITY INDEX

Metso was selected for the Dow Jones Sustainability Index, the world's leading sustainability index. The company was listed both in the Dow Jones Sustainability World and Europe indices. In addition to Metso, there were four other Finnish companies included in both the World and Europe indices. In 2013 the Dow Jones Sustainability World Index included 333 companies and the Europe index 177 companies.

"Thanks to our motivated people and their dedicated work, we have succeeded in reaching one of our goals on the way to becoming a thought leader in sustainability by 2020. To be included again in the Dow Jones Sustainability Index proves that we are on the right path," says Lennart Ohlsson, SVP, Sustainability and Technology Development.

The Dow Jones Sustainability Index is the first global index that assesses the corporate responsibility performance of leading companies investing in sustainability. The Dow Jones Sustainability World Index was launched in 1999, and today the index has expanded to measure company performance globally, locally and at the country level.

Metso people

Metso's success starts with our more than 16,000 employees around the world. The expertise and skills of our employees are critical for us and form a strong foundation to Metso's business 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 Group-level must-wins. It enables the realization of the other must-wins – we can reach our goals only with engaged and competent employees.

The people and leadership must-win focuses on developing four areas: leadership, performance, capabilities and resourcing. With 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 success.

HR development focus areas

Goals related to our people and leadership must-win areas

	2013 Achievements	2015 Targets
Leadership	<ul style="list-style-type: none"> The roll-out of the Leadership Essentials Workshops continued Metso global leadership development programs in place 	<ul style="list-style-type: none"> Strong leadership of a global organization Forward-looking succession planning Increased internal job rotation
Performance	<ul style="list-style-type: none"> Continued focus on performance management Performance review process well-established Increasing awareness of local rewarding practices 	<ul style="list-style-type: none"> Strong performance-driven culture Performance review process more consistently used across Metso globally Individual performance and targets closely linked to business goals
Capabilities	<ul style="list-style-type: none"> Development review process in place Wellbeing added as a new topic to development review 	<ul style="list-style-type: none"> Development review process more consistently implemented throughout Metso Clear link between required people capabilities and business strategy
Resourcing	<ul style="list-style-type: none"> Recruitment process further strengthened Enhanced onboarding process and tools in place 	<ul style="list-style-type: none"> Effective and efficient recruitment practices and channels Deep understanding of long-term business resource needs

Strong leadership is essential for our business success

To achieve business goals it is important that our managers are able to build a connection between the daily work and our strategy, customer needs and industry trends.

We have developed processes and tools that support line managers in their people management, help them to improve their leadership skills and enable more efficient performance management. In 2013 one of our focuses was to continue the implementation of Leadership Essentials Workshops globally. The main goal of the workshops is to clarify what is expected from Metso's managers and to deepen their insight to their role and to their own management style. During 2012–2013 around 2,500* of Metso's managers participated in Leadership Essentials Workshops all over the world with very positive feedback.

The Leadership Essentials Workshops are based on our consistent development of leadership over the past years. The approach is founded on our leadership principles, which form a common ground for developing leadership in a global and multicultural organization. The business needs are integrated into the leadership principles to further connect the significance of good leadership to successful business. We use a so-called business ambassador model in the Leadership Essentials Workshops. The ambassadors are experienced Metso leaders, who act as mentors to the participants.

Feedback to increase self-awareness

Another important way of supporting our managers is to enhance their self-awareness by systematic use of 360-degree feedback. The feedback model is integrated into all our global training programs – including the Leadership Essentials Workshops.

The extensive use of the 360-degree feedback model has given us valuable information on the overall development of leadership at Metso. The information is linked to the personal development of Metso's managers, for example in the Leadership Essentials Workshops.

* Including both continued and discontinued operations

CASE: LEADERSHIP IS REQUIRED MORE THAN EVER

The demand for and importance of leadership becomes stronger in challenging times, such as in today's quickly changing and unpredictable operating environment.

"Decision making and navigating in such an environment is challenging, so managers need to be able to adapt themselves to different situations and find the right perspective to respond to the matter or situation at hand," says Seth Quaye, Regional Manager, Western Africa, from Mining and Construction.

For him, the key thing to realize in leadership is the importance of giving direction and influencing teams to action. In challenging times like these, managers need support to do this, and that makes the Leadership Essentials Workshops perfectly timed.

"The workshops are based on Metso's leadership principles, which give managers a clear idea of what is expected from them and practical guidance on how they can support business success with their own behavior," says Quaye, who acted as an ambassador in two Leadership Essentials Workshops in Johannesburg, South

It's all about sharing

Quaye himself has been in a management position at Metso for 15 years now. Even though he has long experience and a keen personal interest in leadership, Quaye says that he too learned a lot in the Leadership Essentials Workshops.

"The Leadership Essentials Workshops were a fantastic experience. Learning from peers is very efficient; someone with 25 years of leadership experience has certainly come across similar situations or issues you are working with. During my years at Metso, I have found that learning by sharing is one of the best ways to develop leadership skills. Therefore I also want to share my experience with others."

He also notes that the combination of sharing experiences and receiving personal 360-degree feedback works extremely well. The 360-degree feedback helps to gain a better understanding of how others perceive one's own actions, and it helps to identify one's strengths and the areas that need improvement.

Common foundation for a performance-driven culture

Our long-term focus has been on building a common foundation for a performance-driven culture. In practice, this means that we want to create a working environment where everyone can reach their highest potential.

Focus on compensation practices in a global environment

Our target in recent years has been to support business in a global organization. To effectively lead a team with members from different countries, managers need good tools to help with, for example, decision making in a global environment. The first steps towards this goal were the implementation of a global job-leveling system and the creation of performance and reward principles in 2012.

In 2013 the development of global compensation processes continued and we implemented pay range system globally, that will enable more systematic base pay definition and enhance the global analytical capabilities of Metso's global HR information system (SAP HR). We also continued the work on increasing our understanding and visibility of country-specific pay practices. In addition, we have developed a compensation basics training for Metso's managers to increase their awareness of Metso's pay practices. These will support justified decision making in compensation matters in a global business environment.

In accordance with the people and leadership must-win, also cultural differences are taken into account in recognition practices. Metso's country-specific special rewards programs are a good example of locally planned and implemented recognition programs. These programs have been actively developed, especially in the Asia-Pacific region, such as in Australia, India, China and Singapore. The programs have been initiated as a result of, for example, strategic needs identified through our employee engagement survey.

Personal targets agreed in performance review

In the performance review, the manager and employee focus on setting and achieving personal targets in support of Metso's strate-

gic goals. To ensure that certain important aspects are covered in the official annual discussion, a uniform structure and tool is used throughout Metso.

In 2013 we focused especially on supporting managers to develop the quality of the discussions. The process itself is well established, and coverage has increased annually. In 2013, 65%* (2012: 60%) of all our personnel participated in the performance review process. The number of performance reviews completed in 2013 was 13,997 (2012: 11,790). The target is that performance reviews cover all our white-collar employees.

However, the performance review is just one piece of performance management, which is an essential part of daily work and interaction within the teams. Performance management is also strongly integrated in the Leadership Essentials Workshops.

* Including both continued and discontinued operations

CASE: EVERYBODY NEEDS GOALS FOR PROFESSIONAL DEVELOPMENT

At the end of April 2013, Wayne Irving, Senior Customer Engineer at Automation, sat down for his performance review with his manager Phillip van Rensburg, Country Manager in Australia and New Zealand. The purpose of the meeting was to discuss his performance during the past year and to set performance targets for 2013.

"In my daily work, it is natural and easy for me to fully focus on the customers' challenges and contract targets and thus end up in a situation where I might neglect my performance goals and personal development. Having set performance targets and the reviews scheduled helps to avoid this scenario," says Wayne Irving.

Metso's strategy and business targets provide a natural framework for individual performance targets, but the point of the performance review is to have an open discussion resulting in mutually agreed targets. Both Wayne and Phillip agree that it is the manager's role to provide guidance and direction in the setting of targets, and it is the employee's role to bring the personal point of view to the table.

Clarifying the individual's role in the team

They also both agree that the targets should be achievable and measurable within an agreed timeframe. Phillip notes that the targets also need to clarify the individual's role in the team.

"From my perspective, everybody needs goals and targets for their professional development. Everyone has a role in the team, and individual performance will impact the overall team result for the year. Therefore I think setting and reaching achievable targets has a big, positive impact for the employee, Metso and our customers," Phillip van Rensburg says.

"A good target is something that has a win-win for all parties. When goals are realistic and achievable, they are utilized in day-to-day duties, so the performance review process contributes to high performance throughout the year," Wayne Irving adds.

The uniform tool and database used in the performance review across Metso also guarantees that it is easy to follow up on the agreed targets. It also provides continuity in job transfer situations: when Phillip's role changed shortly after the review process, Wayne could continue to work according to his personal targets with his new manager with no disruption.

Opportunities for continuous learning

We encourage our employees to pursue continuous learning opportunities and to support their professional development. We aim to find effective ways to complement their know-how with different learning solutions.

E-learning materials are flexible and suitable for different situations, since they are not restricted by time and place. Therefore they offer a good way to enable learning as part of the work day. In 2013 we for example launched a new finance essentials e-learning program, which increases our employees' understanding of Metso's financial reports and the role employees have in Metso's finances and results.

Another example is our portfolio of product-specific training e-learning courses which are available to ensure that employees working within various functions have the right level of technical knowledge of our equipment. During 2013 and into 2014 we are extending our crushing and screening equipment general product knowledge and support e-learning courses to our distributor employees globally.

Global training programs

The majority of learning happens on the job and by networking, receiving feedback and sharing experiences when working with others. Additionally, we offer formal learning opportunities utilizing a wide variety of learning methods.

Metso's global Talent Development programs support and develop our leadership and people management at different levels; for example, Metso Compass focuses on operational excellence, Metso Navigator on strategic alignment and Metso Catalyst on pursuing new business opportunities. Additionally, Project Management and Service Management programs complement the global training offering. The overall goal of these programs is to enable people from different businesses and areas to network and to gain new perspectives and solutions for the challenges of everyday work.

In 2013 a total of around 320* (2012: 327) Metso employees participated in our global training programs, which added up to a total of 2,870 (2012: 2,840) training days.

Our local training offering complements our international programs. In the local training programs, we continued to advance Metso-wide cooperation. Our training expenses in 2013, excluding the wages and salaries of the participants, totaled EUR 8.9 (2012: 9.7) million.

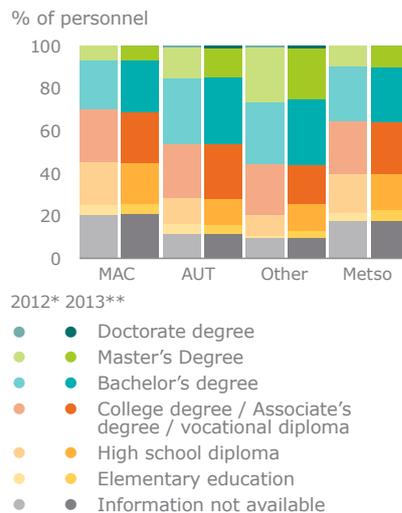
Development review focuses on personal development

During the development review, our employees and their managers discuss personal development needs and career plans. The development reviews have a uniform structure and tool used throughout Metso to ensure that they cover certain aspects. In 2013 we added wellbeing as a topic to the development review to make sure that it is discussed within the frame of daily work.

In 2013 64%* (2012: 64%) of all Metso personnel participated in the development review process. The number of completed de-

velopment reviews was 11,500 (2012: 15,481). Due to the demerger of the company, the development review process was postponed to 2014 for significant part of the employees. The target is for all our white-collar employees to be part of the development review process.

Personnel by education level



*2012 data coverage 97% of Metso personnel
**2013 data coverage 98% of Metso personnel

* Including both continued and discontinued operations

CASE: CUSTOMER VALUE TO THE CORE OF SERVICES

The Services business has a central role in Metso's strategy. To create a shared view on Metso's Services business, we launched a global Service Management Program in 2012. Miilla Koski, Senior Manager, Services Competence Development, from Automation participated in the program in spring 2013.

"The program contributes to the realization of our strategy. The main themes discussed during the program were customer value and how to commercialize, productize and industrialize services," Koski says.

She notes that customer value, in particular, has a central role in services, and it requires a certain mindset.

"Customer value should be present in everything we do, and every opportunity to reinforce its significance is important. We need to be able to shift our thinking more from products to solutions. However, customer value is not always easily measurable. In many cases, assessing the value of our services also depends on information we receive from the customer, which in turn requires good and close customer relationships."

Exchanging experiences

Koski had been involved with the productization of services in Automation, so the concept was already somewhat familiar to her before the training. To her, the Service Management Program opened up an opportunity to share experiences with other participants outside her own organization.

“Metso is a big company with many good practices already existing across the world and the businesses. Meeting people from various backgrounds and from different businesses offered insight to what others are working with and the kinds of challenges they might have. Sharing experiences was expanded to also outside Metso, since we had very interesting presentations from visitors from other companies.”

The practical business point of view is integrated into the program from the start. In addition to discussions and team work during the classroom training, the participants did project work in between the two modules of the program.

“All in all, I believe anyone working with services will find the program and its methodology useful,” Koski says.

Creating wellbeing in the work environment

To enable a shared understanding and increased awareness of wellbeing, we have created a wellbeing concept. The foundation of the concept is built on our people and leadership must-win and on our Code of Conduct, which highlights the importance of a safe, healthy and well-managed working environment. The focus is on professionalism, work community and supporting a work-life balance. Pilot training was held for managers in 2013, and the implementation will continue during 2014.

We can all contribute to wellbeing at work. However, good leadership and managerial work have an important role in creating a healthy work environment. Therefore in 2013 we included wellbeing as part of the development review discussion.

A further example of implementing wellbeing at work is the early intervention model in Finland. The model aims to support employees whose working capacity has reduced for some reason, and the target is to identify and influence on any work-related factors in such situations. So far, over 700* managers have participated in the early intervention training, and the use of the model is increasing.

In addition to our own employees, we also want to support wellbeing in the communities we work in. In 2013, for example, our employees in Brazil and Chile participated in local community projects promoting environmental preservation and health, among others. Some of these projects focused on social aspects, and they directly reached about 450 people and their families in the vicinity

of Metso units. Additionally, in 2013 Brazil started an open house program for our employees' families. By offering family members a chance to visit our facilities, we aim to promote a healthy balance between work and personal life for our employees.

* Including both continued and discontinued operations

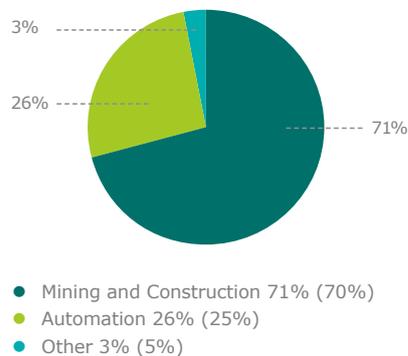
Personnel structure

At the end of 2013 we had a total of 16,425 (2012: 16,612) employees, and the average length of service was 9.2 years (2012: 9.3 years). The countries with the most Metso employees were Finland, the United States, China, Brazil and South Africa. These five countries employed 57 percent of Metso's total workforce.

GEOGRAPHICS

Comparison values for 2012 refer to the comparison period, i.e. the same period last year and all figures relate to Metso's continuing operations, unless otherwise stated.

Personnel by segment



Number of employees by country	2013				2013			
	Male	Female	Total	% of total	Male	Female	Total	% of total
Austria	86	25	111	0.7%	60	22	82	0.5%
Belgium	93	13	106	0.6%	43	6	49	0.3%
Bulgaria	0	0	0	0.0%	5	0	5	0.0%
Croatia	0	0	0	0.0%	2	0	2	0.0%
Czech republic	251	47	298	1.8%	222	42	264	1.6%
Denmark	82	27	109	0.7%	73	25	98	0.6%
Finland	2,402	720	3,122	18.8%	2,192	577	2,769	16.9%
France	501	125	626	3.8%	492	127	619	3.8%
Germany	591	115	706	4.2%	476	107	583	3.5%
Hungary	0	0	0	0.0%	3	0	3	0.0%
Italy	42	10	52	0.3%	40	10	50	0.3%
Macedonia	0	0	0	0.0%	7	1	8	0.0%
Netherlands	68	10	78	0.5%	27	6	33	0.2%
Norway	73	11	84	0.5%	43	9	52	0.3%
Poland	61	20	81	0.5%	63	20	83	0.5%
Portugal	23	6	29	0.2%	23	7	30	0.2%
Republic of serbia	0	0	0	0.0%	4	0	4	0.0%
Romania	0	0	0	0.0%	5	0	5	0.0%
Russia	197	82	279	1.7%	251	88	339	2.1%
Spain *	59	15	74	0.4%	N/A	N/A	121	0.7%
Sweden	753	162	915	5.5%	702	150	852	5.2%
Turkey	34	9	43	0.3%	40	6	46	0.3%
Ukraine	25	13	38	0.2%	26	14	40	0.2%
United kingdom	111	28	139	0.8%	110	25	135	0.8%
Uzbekistan	0	0	0	0.0%	3	2	5	0.0%
European countries total	5,452	1,438	6,890	41.5%	4,912*	1,244*	6,277	38.2%

Number of employees by country	2013				2013			
	Male	Female	Total	% of total	Male	Female	Total	% of total
Algeria	5	1	6	0.0%	7	1	8	0.0%
Ghana	42	6	48	0.3%	47	8	55	0.3%
Kazakhstan	16	10	26	0.2%	15	15	30	0.2%
South africa	935	122	1,057	6.4%	896	129	1,025	6.2%
United arab emirates	18	3	21	0.1%	20	5	25	0.2%
Zambia	8	2	10	0.1%	6	2	8	0.0%
Zimbabwe	5	1	6	0.0%	5	1	6	0.0%
Africa & Middle East countries total	1,029	145	1,174	7.1%	996	161	1,157	7.0%
EMEA total	6,481	1,583	8,064	48.5%	5,908*	1,405*	7,434	45.3%

Number of employees by country	2013				2013			
	Male	Female	Total	% of total	Male	Female	Total	% of total
Canada	556	98	654	3.9%	519	95	614	3.7%
USA	1,735	443	2,178	13.1%	1,710	416	2,126	12.9%
North America Total	2,291	541	2,832	17.0%	2,229	511	2,740	16.7%

Number of employees by country	2013				2013			
	Male	Female	Total	% of total	Male	Female	Total	% of total
Argentina	3	0	3	0.0%	3	0	3	0.0%
Brazil	253	1,674	1,927	11.6%	1,624	256	1,880	11.4%
Chile	514	63	577	3.5%	545	68	613	3.7%
Mexico	231	21	252	1.5%	262	25	287	1.7%
Peru	211	27	238	1.4%	209	28	237	1.4%
South And Central America total	1,212	1,785	2,997	18.0%	2,643	377	3,020	18.4%

Number of employees by country	2013				2013			
	Male	Female	Total	% of total	Male	Female	Total	% of total
Australia	463	104	567	3.4%	445	103	548	3.3%
China*	658	253	911	5.5%	N/A	N/A	1,493	9.1%
India	921	48	969	5.8%	883	46	929	5.7%
Indonesia	31	6	37	0.2%	36	5	41	0.2%
Japan	31	9	40	0.2%	28	7	35	0.2%
New Zealand	32	5	37	0.2%	3	2	5	0.0%
Singapore	34	28	62	0.4%	34	32	66	0.4%
South Korea	52	16	68	0.4%	65	16	81	0.5%
Thailand	12	12	24	0.1%	16	14	30	0.2%
Vietnam	4	0	4	0.0%	3	0	3	0.0%
Asia-Pacific countries total	2,238	481	2,719	16.4%	1,513*	225*	3,231	19.7%
Total Metso	12,222	4,390	16,612	100.0%	12,293*	2,518*	16,425	100.0%

* Gender distribution not available for all employees in Spain and China.

Personnel 20 largest countries in 2013	2012	2013
Finland	3,122	2,769
USA	2,178	2,126
Brazil	1,927	1,880
China	911	1,493
South Africa	1,057	1,025
India	969	929
Sweden	915	852
France	626	619
Canada	654	614
Chile	577	613
Germany	706	583
Australia	567	548
Russia	279	339
Mexico	252	287
Czech Republic	298	264
Peru	238	237
United Kingdom	139	135
Spain	74	121
Denmark	109	98
Poland	81	83

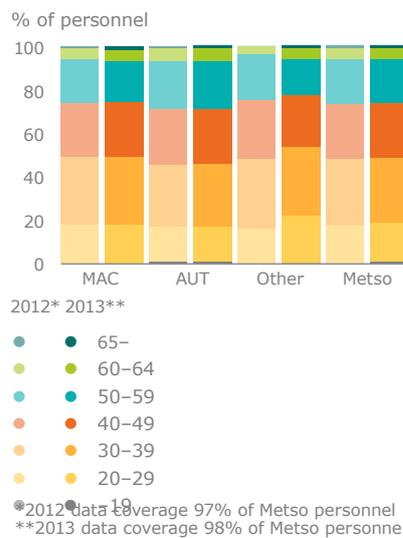
Employee total turnover rate by country / Top 20 countries 2013**	2012	2013
Finland	6.3%	9.9%
USA	10.4%	13.9%
Brazil	10.4%	17.7%
China	10.5%	9.9%
South Africa	15.3%	8.4%
India	7.7%	13.4%
Sweden	10.4%	9.6%
France	4.8%	4.0%
Canada	9.8%	12.7%
Chile	16.8%	18.8%
Germany	4.7%	12.8%
Australia	18.7%	19.2%
Russia	11.1%	11.2%
Mexico	7.9%	3.6%
Czech Republic	24.8%	14.9%
Peru	14.3%	10.9%
United Kingdom	7.9%	9.5%
Spain	8.1%	7.0%
Denmark	1.8%	4.8%
Poland	1.2%	2.4%
Metso all countries total	9.8%	12.3%

** 2013 data coverage 98% of Metso personnel. Calculation method re-defined compared to 2012, has minor effects on the end result.

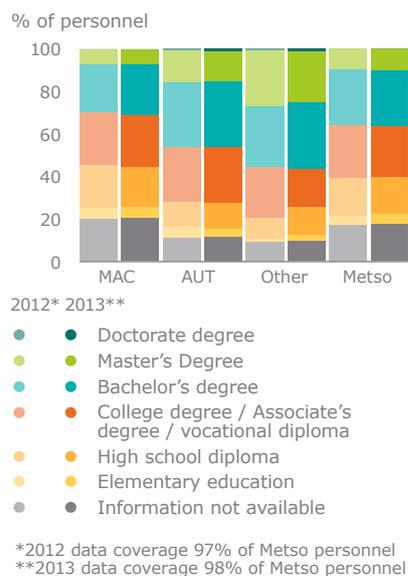
DEMOGRAPHICS

Comparison values for 2012 refer to the comparison period, i.e. the same period last year and all figures relate to Metso's continuing operations, unless otherwise stated.

Age structure



Personnel by education level



Gender distribution of personnel	2012		2013	
	Male	Female	Male	Female
Metso Board of Directors	71%	29%	71%	29%
Metso Executive team	86%	14%	83%	17%
Metso Employees *	82%	18%	82%	18%
Blue Collars **	96%	4%	96%	4%
White Collars **	75%	25%	75%	25%
Line managers**	86%	14%	87%	13%
Permanent Full-Time employees **	83%	17%	84%	16%
Permanent Part-Time employees **	41%	59%	39%	61%
Temporary Full Time Employees **	77%	23%	77%	23%
Temporary Part Time Employees **	71%	29%	71%	29%
Trainees **	76%	24%	71%	29%

* 2012 data coverage 100% of Metso personnel, 2013 data coverage 98% of Metso personnel

** 2012 data coverage 97% of Metso personnel, 2013 data coverage 98% of Metso personnel

Personnel structure by employment type	2012		2013*	
	total	% of total	total	% of total
Regular, Full-time	15,057	90.6%	13,946	86.9%
Regular, Part-time	286	1.7%	260	1.6%
Regular total	15,343	92.4%	14,206	88.5%
Temporary, Full-time	1,128	6.8%	1,720	10.7%
Temporary, Part-time	141	0.8%	118	0.7%
Temporary total	1,269	7.6%	1,838	11.5%
All total	16,612	100 %	16,044*	100 %
Number of trainees in headcount	190	1.1%	235	1.5%

* 2013 data coverage 98% of Metso employees

Personnel by function	2012		2013*	
	Headcount	% of total	Headcount	% of total
Engineering	1,565	9.4%	1,587	9.7%
Manufacturing	6,531	39.3%	6,552	39.9%
Service	2,790	16.8%	2,858	17.4%
Active personnel total, cogs	10,886	65.5%	10,997	67.0%
Sales and marketing	2,287	13.8%	3,098	18.9%
R&D	372	2.2%	347	2.1%
Administration	3,068	18.5%	1,983	12.1%
Active personnel total, S, G&A	5,726	34.5%	5,428	33%
Active personnel by function, total	16,612	100.0%	16,425	100.0%

COGS = Cost of Goods Sold, S, G&A = Sales, General & Administration.

CHANGES IN PERSONNEL

Comparison values for 2012 refer to the comparison period, i.e. the same period last year and all figures relate to Metso's continuing operations, unless otherwise stated.

External recruitment

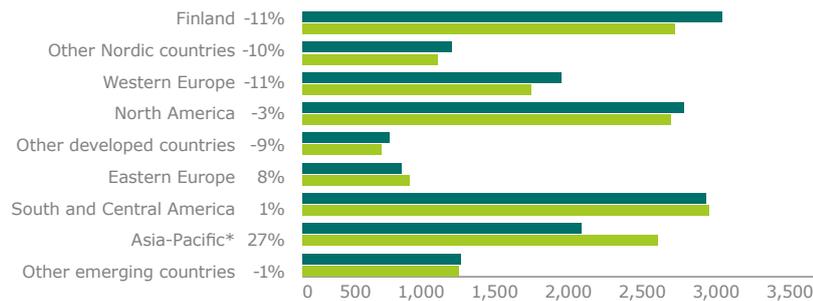
% of headcount



● 2012
● 2013*

*2013 data coverage 98% of Metso personnel

Personnel growth by area



● 2012
● 2013

*excl. Japan, Australia and New Zealand

Employee total turnover rate by country / Top 20 countries 2013	2012	2013**
Finland	6.3%	9.9%
USA	10.4%	13.9%
Brazil	10.4%	17.7%
China	10.5%	9.9%
South africa	15.3%	8.4%
India	7.7%	13.4%
Sweden	10.4%	9.6%
France	4.8%	4.0%
Canada	9.8%	12.7%
Chile	16.8%	18.8%
Germany	4.7%	12.8%
Australia	18.7%	19.2%
Russia	11.1%	11.2%
Mexico	7.9%	3.6%
Czech republic	24.8%	14.9%
Peru	14.3%	10.9%
United kingdom	7.9%	9.5%
Spain	8.1%	7.0%
Denmark	1.8%	4.8%
Poland	1.2%	2.4%
Metso all countries total	9.8%	12.3%

** 2013 data coverage 98% of Metso personnel. Calculation method re-defined compared to 2012, has minor effects on the end result.

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.

In 2013 the total number of incidents of discrimination was 0 (2012: 0) and actions taken 0 (2012: 0).

Human resources is responsible for people management policies at Metso

The Metso HR management team drafts policies, principles and guidelines related to people management. The HR management

team is also responsible for the monitoring of them in accordance with the governance model. Local HR organizations are responsible for implementing them and supporting the compliance with them as part of our way of operating.

Examples of Metso's global HR policies and guidelines:

- Health, Safety and Environment Policy
- Anti-drug Guidelines
- Metso Leadership Principles
- Metso Recruitment Policy
- Global Travel 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 resulting from financial or production reasons.

Our employees have the freedom to organize. Metso does not require or prevent the organization 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 the business change situations.

The wages and salaries of Metso employees are determined on the basis of local collective and individual agreements, job skills assessments and employee job performance. 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, and various sabbaticals supporting parenthood, family life and studying, and annual vacation time are determined on the basis of country-specific legislation and national policies.

In 2013, we analyzed the pension schemes to acquire better knowledge of the financial consequences that pension systems in different markets have for Metso. Another reason for the analysis was to make sure that our pension schemes are compliant with local legislation and requirements.

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

The Metso European Works Council is our European management and personnel cooperation body, which carries out the cooperation and communication defined in the EU's European Works Council directive. It offers our employees an opportunity to engage in an open dialogue about company issues.

The operating model changes agreed to in 2012 were effective in the Metso European Works Council meeting in 2013. For example, representation of six new countries was added to cover all the main European countries where Metso is present. A total of 31 employee representatives and several of our top management representatives participated in the Metso European Works Council in 2013. The key topics of the discussions covered the demerger plan and our other strategic themes as well as the current competition situation.

In 2014 the Metso European Works Council operating model will be reviewed due to the demerger of the company into the new Metso and Valmet.

Corporate citizenship

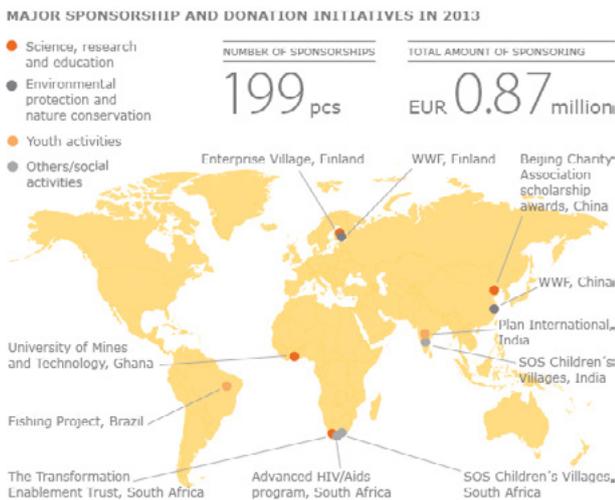
Our corporate citizenship has its foundation in our mission statement: We contribute to a more sustainable world by helping our customers to process natural resources and recycle materials into valuable products.

In order to serve our customers we need to be close to them wherever they conduct their business. Accordingly, our operations can be located next to mining operations in remote and sparsely populated areas or near serving construction companies building new megacities with millions of city dwellers. In all of these conditions, we aim to act responsibly as a good corporate citizen. Our aspiration is based on understanding mutual needs and expectations in our relationships with local communities. We are convinced that increased integration with the local community through the engagement of our local employees results in mutual benefits for Metso and the society.

The best examples of local-level corporate citizenship arise from local needs defined and responded to by our local people. The role of Metso's management is to set the framework and practices for resources used and to provide encouragement and support for local units and the employees involved. A number of local programs in, e.g., vocational training, life skills teaching, social support and health counseling have been developed and run by our local units. Another important area is our relationship with universities and research institutes, reflecting our roles as a technology company, a partner in science and research, and a potential employer.

Metso's sponsorship program comprises a number of joint activities with various external, often local partners with whom we share common interests and values. During 2013 the last year we focused on developing our health, safety and environment policies and practices, all of which are strongly linked to our view of a responsible employer and being a role model for the local business community and for all our employees worldwide.

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 this document.

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. As we operate globally and in various 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. for abatement of HIV/AIDS which has gained importance as a from of our local responsibility. Similarly, we have supported also local water and sanitation programs in schools nearby to our local facilities.

Additionally, 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 also 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)

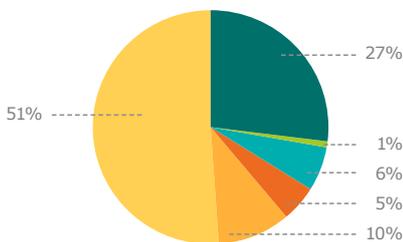
As a global company, Metso operates in local and international non-governmental organizations (NGOs) in many countries. In many instances, NGOs can provide the needed operations, services and experience to support the local communities, people and environment.

Total	EUR 866,453	100%
Youth activities	EUR 236,446	27%
Culture	EUR 6,398	1%
Science, research and education	EUR 49,144	6%
Environmental protection and nature conservation	EUR 42,382	5%
Sports	EUR 85,233	10%
Others	EUR 446,850	51%

During 2013 Metso continued and further developed social, educational and environmental programs, especially in growth markets like Brazil, India, China and South Africa. Being a technology company we have diverse university cooperation in all our major countries of operation.

In South Africa Metso's contributions are allocated to e.g. educational and health programs that fulfill also the criteria set by the national BBBEE (Broad Based Black Economic Empowerment) policy.

Support for non-profit organizations



- Youth activities 27% (23%)
- Culture 1% (20%)
- Science, research and education 6% (2%)
- Environmental protection 5% (3%)
- Sports 10% (14%)
- Others 51% (38%)

Metso's sponsorship responsibilities are rooted at various levels of our business organizations. The responsibilities include the managing and monitoring of sponsorship projects related to their business and customer industries.

Metso has a well-defined practical process for all its sponsorship projects. All projects must include a pre-agreement with the relevant partner, outlining the form, the focus and the desired outcome of the cooperation. Therefore, a written sponsorship cooperation agreement must always be drafted. Though we strive for long-term cooperation in sponsoring, we only make agreements that are a maximum of two years so that we can ensure agreements that are functional and flexible e.g. in terms of changes in the operating environment.

CASE: METSO SUPPORT PLAN IN IMPROVING CHILDREN'S RIGHTS IN INDIA

Metso supports local activities that aim to improve the welfare of local communities. Accordingly, Metso has chosen to support the international child-centered development organization, Plan International. Cooperation with Plan in India was started in 2012.

The program contributes to children's rights to education, and especially to water and sanitation facilities, in Indian schools. Plan's program in India supports 50 schools in the districts of Alwar, Lucknow Varanasi, Faizabad, Delhi, Andra Pradesh and Patna, and Metso supports 15 of the schools and 8,000 students.

The activities have been running at the local level for about six months, and already the feedback on the project has been positive.

The project will have a positive effect, especially on girls because lack of adequate and safe water and sanitation facilities in schools is one of the biggest reasons for girls dropping out of school. This project supports the local ethno-cultural environment and encourages families to send their children to schools.

"This is the first time a holistic approach towards developing school sanitation and hygiene has been taken into consideration in this area and with a special focus on girls. Promoting child-friendly toilet facilities in schools will encourage more girls to get an education," comments Rajiv Nagpal, Plan's State Manager for Rajasthan.

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, and also 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. We focus our sponsorships and support primarily on youth activities, science, research, education, and environmental and nature conservation.

Read more about our community involvement and projects related to it >

CASE: METSO SUPPORTING UNIVERSITY OF MINES AND TECHNOLOGY IN GHANA

During recent years Metso has collaborated with the University of Mines and Technology (UMaT) in Ghana, in Western Africa. The goal of the cooperation is to promote the scientific and technological developments of UMaT through seminars, symposiums and special short-term courses. Metso is a significant employer in the mining industry in Western Africa, and the cooperation enables Metso to support the local mining community.

The collaboration was started in 2006 with international lectures given by Metso's visiting experts. Over the years the program has expanded to include also a scholarship system, the annual Metso Award, which is granted to the two best students in Mining Engineering and Mineral Processing. In addition, Metso has become one of the main sponsors for the UMaT Biennial International Mining and Mineral conference in Ghana. Students studying for a PhD in mining and minerals have the possibility to take part in research projects sponsored by Metso. Additionally, Metso has provided materials, such as mining and laboratory equipment, for the university.

"With Metso, the future is bright. We are very proud of this project," says Professor Jerry S.Y. Kuma, Vice Chancellor of UMaT.

Health, safety and environment (HSE)

Health, safety and environment (HSE) is an essential element in all our activities. HSE is continuously present and must never be compromised. Prioritizing the health, safety and wellbeing of our employees, customers and partners is fundamental to everyone at Metso. We also require our partners and subcontractors to see that occupational health and safety issues are taken care of.

At Metso we all have a responsibility for safety, both as individuals and collectively, and we also have the right to expect a safe working environment. Therefore, safeguarding the health of the people who work for Metso is fundamental. World-class safety is also a sign of quality; safe businesses are productive businesses. Our customers and other stakeholders expect us to deliver quality products and services, but they also expect us to do it with no harm to individuals or to the environment. This means that all Metso employees must actively look out for things that threaten health, safety and wellbeing and help to eliminate or control risks. We believe that world-class safety comes from a combination of having the right attitude, making the right decisions and taking the right actions.

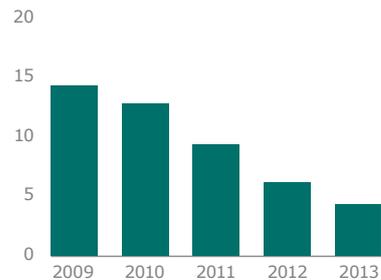
During 2013, we continued our strong focus on the development of health, safety and environmental issues. The Metso HSE Policy and Metso minimum safety standards, which were implemented in 2012, have strongly supported our safety work.

HSE self-auditing and internal HSE assurance practices were introduced at Metso in 2012 and during 2013 we further developed our HSE monitoring by improving the practices related to them. In 2013, we had a broad range of global HSE activities internally to raise awareness about health, safety and environmental issues and to train our personnel. We executed health and safety training modules for our business unit management and personnel. Various training programs, such as Metso Safe e-learning and local HSE training programs, are also available to support HSE orientation globally.

We developed our HSE Monitor reporting system, which currently covers 95% of our personnel globally. During 2012 and 2013, a global Metso safety pledge campaign was introduced to raise awareness of and enhance our uniform HSE practices, including Metso minimum safety standards. The campaign was implemented in all our production units around the world and received positive feedback from our personnel. Read more about HSE reporting and HSE management.

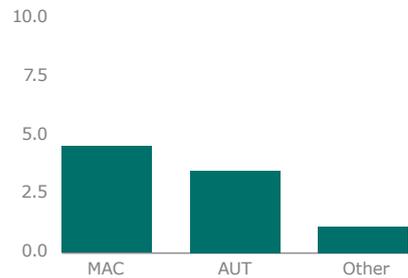
Please note that the 2012 and 2013 figures describe Metso's continuing operations.

LTIF at Metso



- LTIF
Lost-time incident factor reflects the number of incidents resulting in an absence of at least one workday per million hours worked.

LTIF by segments



HSE targets and results

Metso's long-term objective is zero work-related incidents. Our prime short-term occupational safety target has, until now, been to achieve a lost-time incident frequency (LTIF) of less than 5 in 2015. Encouraged by significant improvements in our health and safety performance, we have sharpened our prime occupational safety target, the LTIF, to reach a level of less than 1.

In 2013, Metso regrettably had to register 1 (1) work-related fatality. The number of recordable work-related incidents in 2013 was 297 (367). Recordable incidents are the sum of lost time, restricted work and medical treatment incidents. Metso's LTIF was 4.2 (6.0), while 60% of our units reached the new Group-level LTIF target of less than 1. Metso also monitors near-misses and risk observations. The 2013 near-miss and risk observation factor was 339 (243), an increase of 40% from 2012 due to our effective safety campaigning.

The number of absence days in 2013 totaled 6.6 (7.0) days per person on average, 6.2 (6.6) days due to illness and 0.4 (0.4) days due to injury at work.

Since 2009, we have succeeded in reducing the LTIF by 71% (59%), mainly by increasing employee awareness of work safety

and by encouraging every employee to take responsibility for work safety issues. During 2013, our LTIF decreased from 6.0 to 4.2. This is a reduction of 30%. The LTIF levels reported by Metso's units and operating countries vary, and there is still a lot of room for improvement in health and safety work.

HSE reporting

Incidents, first-aid situations, environmental damages, near-miss situations and observed risks related to occupational health and safety are entered into the HSE Monitor reporting tool. Following the success in implementing the incident reporting numbers, the next step is to focus on important leading indicators, such as near-miss reporting. The number of notices has been increasing, and today we receive about 850 new risk observations or near-miss notices monthly.

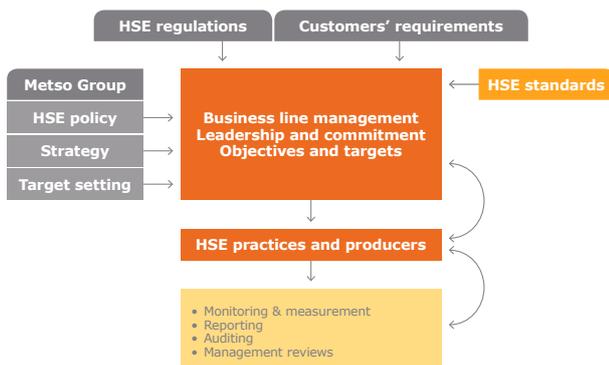
Read more about HSE reporting on our website, Sustainability in Metso >

HSE management

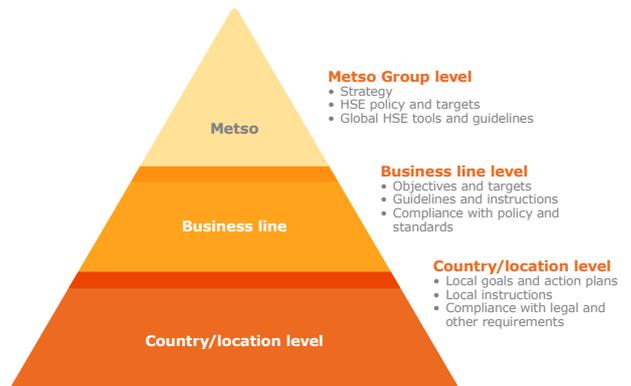
We take a precautionary approach by applying the requirements defined by our high HSE standards early in the development phase of our products and process solutions. In our own HSE management practices, we comply with ISO 9001, ISO 14001 and OHSAS 18001, and many of our business units have gained certification to these standards. 34% of our relevant operations are covered by the ISO 14001 certification, 17% by the OHSAS 18001 certification and 80% by the ISO 9001 certification. The coverage is calculated by the number of employees working in certified facilities excluding discontinued operations. We also strive to anticipate the development of HSE legislation on a national and international level.

Our health, safety and environmental (HSE) management is organized according to a semi-decentralized model in which our strategy, HSE policy and targets are set at the Group level, and the business line managements set business-specific targets, action plans and global instructions based on the Group's targets. The HSE management model was amended at the end of 2013, due to the demerger of Metso. The new HSE management model is regionally coordinated, but the responsibility for these issues lies, as earlier, with our business organizations.

HSE OPERATIONAL MODEL



HIERARCHY OF METSO HSE PROCEDURES



Read more about our global HSE network and how HSE is managed at Metso >

HSE development projects

2013 marked a year of development and increased strength for Metso's HSE projects around the world. We are actively developing our HSE performance through a range of actions and development projects. We strive to manage our HSE actions comprehensively by supporting and strengthening our performance further according to our sustainability strategy.

COMPREHENSIVE TOOL FOR SUSTAINABILITY MANAGEMENT

During 2013, major progress was made in the area of reporting. A new Metso-wide sustainability management system was implemented for environmental reporting and sustainability auditing. Metso's Sustainability and Technology Development team has been deeply involved in the implementation of the system, which enables uniform environmental reporting throughout Metso.

Reporting has been improved by including all Metso's environmental figures in the sustainability management system. In the near future, the sustainability management system will include occupational health, safety and environmental incident features as well as the environmental legislation monitoring and chemicals management functionality. The system is also used as a tool for internal HSE auditing.

"Improving our reporting of essential sustainability topics is a way for us to improve the understanding of Metso's position and performance in the area of sustainability, both internally and externally. The tool will also help us gain a comprehensive picture of ongoing legislative developments affecting our operational environment," says Lennart Ohlsson, SVP, Sustainability and Technology Development.

MINIMUM SAFETY STANDARDS

In 2012, Metso minimum safety standards were launched to create a safer working environment for Metso's employees. The target for the standards is to remove risk factors in the most common work

tasks in Metso's plants; the risk factors were chosen on the basis of an analysis of serious incidents that had occurred in Metso.

The Minimum safety standards give guidance in eight different risk factors: lock out/tag out procedure to prevent unexpected start-up, working at heights, lifting, working in confined spaces, operating tools and equipment, working with hazardous substances, personal protective equipment and maintaining good order.

Based on the positive impact on safety, and the positive feedback from our organization, new topics, such as safe road traveling, will be added to the Minimum safety standards for implementation during 2014.

The objective is to implement the Minimum safety standards locally at all Metso facilities. The goal is also to ensure that local procedures are communicated to every employee at the plants.

HSE AUDITING

Metso continued developing its safety culture by focusing on the HSE auditing practices and the HSE assurance practices. The HSE audit process supports our units in enforcing our Minimum safety standards and in finding best practices in daily operations. It also enables us to share these best practices globally. As a result of the increased transparency arising from audits, Metso's top management is also able to better support the segments and locations in their work to improve safety.

The audits were introduced globally in 2012, and accelerated during 2013. The positive results of the auditing process surpassed the expectations, in terms of the number of audited locations and the quality of the audits. Internal auditors visited 23 locations during 2013, revealing hundreds of needs for corrective actions. Every case will be followed up according to a case-specific plan. The new auditing practice has been well received and supported by our local organizations.

In 2013, the new mandatory HSE self-assessment tool, including a 12 elements model, was implemented to support the development of good local safety practices and to identify and prioritize the development areas for the local HSE work.

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.

OTHER HSE INITIATIVES

Global Metso safety pledge campaign to raise awareness in HSE issues

A safe workplace for everyone is at the core of our values and is the basis for our health and safety work at Metso. A global Metso safety pledge initiative was launched to remind us of the importance of safety and the personal responsibility for safety issues. The driving force of the campaign was to anchor the Metso minimum safety standards in the daily routines of each individual Metso factory worker.

Personal responsibility was central to the campaign and each employee took a personal safety pledge to ensure a safe workplace for everyone. The campaign was implemented in all of Metso's

production units globally and it resulted in thousands of safety promises. The campaign received very positive feedback around Metso locations globally. The safety pledge campaign was started as an initiative but it has continued as a reminder of the importance our own actions have on safety.

Mobile incident reporting

In 2013, we launched a mobile application for iPhones and iPads. Developed in-house, the application enables mobile risk observation and near-miss reporting from outside the office. The application can be used by all employees, but it is primarily targeted to sales and service personnel and management, who spend time traveling and visiting our sites. In addition to near-miss and risk observation reporting, the application features HSE contact information globally and a selection of permanent guidance documents, such as basic safety instructions and instructions on the correct actions to take in an incident situation. The aim of the new application is to make reporting even easier and faster than before. It is also a new way to engage our employees in safety.

HSE incident guide

We monitor our HSE indicators closely to ensure accurate HSE reporting. In 2013 we created a new HSE incident guide that clarifies the HSE incident classification and explains our HSE indicators. All HSE incident types are introduced with easy-to-understand explanations and examples. The guide also indicates what is recordable and non-recordable and gives guidance on reporting. The aim of the new guide is to strengthen the reporting routines and to increase the accuracy of our near-miss and accident reporting numbers.

HSE e-learning platform

A learning platform created in 2013 allows us to more effectively deliver safety e-learning programs to employees. The system supports all sites in the US, Mexico and Canada. Necessary safety training requirements were classified with all employees based on their identified benchmark job or function. The result is multiple sets of curricula or blocks of courses, that can be assigned systematically. The system is linked to our HR Information System (SAP) which reduces the need for administration and makes tracking of the training information easier. In the future, the platform can also be used for delivering other training such as ethics and compliance training.

Health, safety and environment as one of the Metso Award categories

Health, safety and environment acknowledged as one of the categories in a company-wide Metso Award recognition program for all Metso employees. The purpose of the program is to recognize projects that have improved our way of working and have generated new ideas, products or best practices. In the HSE category, recognition is given to projects that have driven significant activities in the area of health, safety and environment. Other categories in the program are customer care, innovation and operational excellence. The Metso Award initiative was first introduced at Metso in spring 2011. The annual award is granted in categories derived from Metso's values.

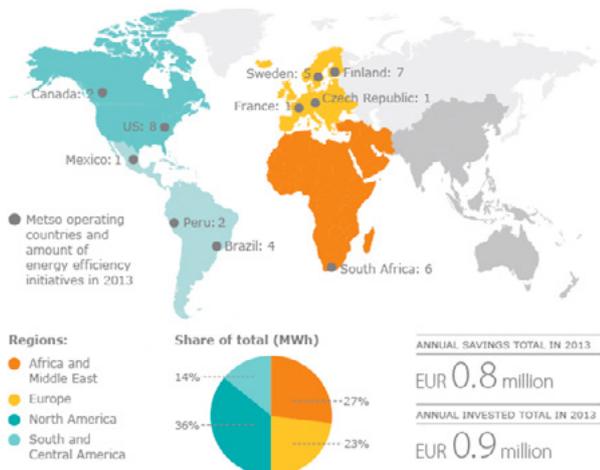
Metso's energy efficiency program

ENERGY EFFICIENCY ACTIONS OF OUR OWN PRODUCTION IN 2013

Alone in 2013 Metso saved **1.8%** of the energy of its own production, a total of 7,800 MWh.

Since the beginning of the program **10.7%** of energy, a total of 45,700 MWh of energy has been saved through a wide range of actions around the world.

Approximately **80%** of our production sites have participated in the program since 2010.



We strive to reduce the environmental footprint of our own production through a dedicated energy-efficiency program, while setting global, Group-wide targets for energy conservation and carbon dioxide emissions for our own production. Our global target is to reduce Metso's energy consumption and emissions by 15 percent by 2015 and by 20 percent by 2020 compared to our business volume.

Decreasing energy consumption will reduce emissions while also bringing financial benefits. The majority of our reported CO₂ emissions come from the use of energy. In 2013, Metso saved 1.8% of the energy of its own production, a total of 7,800 MWh (2,100 tons of CO₂). Since the beginning of the program, 10.7%, i.e. a total of 45,700 MWh of energy (12,340 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-savings actions; these metrics help to promote energy-efficiency improvements and monitoring at the Group level.

Identifying energy-efficiency improvements

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.

Since 2009, we have conducted energy audits at the sites that have the highest energy consumption and the greatest potential for energy savings. By the end of 2013, external audits of energy consumption were completed in most of the largest energy-consuming production units, and during 2014 we will focus on

the less energy-intensive units. Additionally, we will continue our internal research work and the implementation of measures to improve the efficiency of energy use, including the compiling of a global database for actions to improve energy efficiency. The most significant savings targets identified are related to the use fuel, e.g. natural gas, and heat. Potential savings were also found outside the production process, e.g. in cooling, compressed air systems and building services.

HIGHLIGHTS OF THE ENERGY PROGRAM 2013

During 2013, more than 30 different energy-efficiency projects started or implemented in Metso's own production generated a total savings of 2,100 tons of carbon dioxide. Additionally, a number of smaller initiatives and actions have taken place globally in our production units.

We have implemented 170 projects that have led to carbon dioxide savings of 12,300 tons since 2009 when Metso's energy-efficiency program was started. Since then, investments totaling EUR 4.1 million have resulted in savings of 45,700 MWh of energy, worth EUR 3.1 million; these investments have a payback time ranging from one to three years.

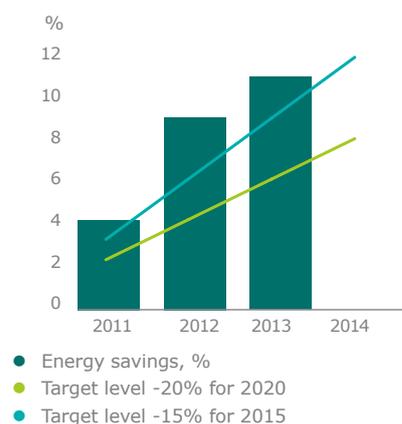
To speed up the energy and CO₂ savings in our production, we have a separate budget for energy and CO₂ investments.

Metso uses both intensity (e.g. MWh/ton) and absolute targets (MWh/a) in its energy and CO₂ emissions reductions program. An absolute target is used for specific sites, while the rest of Metso's production sites are using an intensity target. An absolute target is not applicable to all of Metso's sites due to their operating model. Both the intensity and absolute targets are actively monitored and reported.

We are ahead of our global targets for 2015 and 2020 in terms of intensity and absolute energy consumption targets. In terms of completed energy-saving actions, we are currently at our target level of a 20% reduction by 2020.

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Summary of energy saving actions



CASE: PRACTICAL ENERGY EFFICIENCY IMPROVEMENTS AT METSO LOCATIONS

Sometimes small things make a big difference – also cost-wise. This was noticed in two of Metso's undertakings, which emerged from eco-efficient thinking. These exceptional projects can be easily duplicated, and they are clear evidence of how eco-efficient solutions result in cost savings.

Tapani Suominen, Operational Excellence Manager at the Helsinki plant in Finland, was on his way home from work when he noticed that the office premises were fully lit late in the evening. This was against Tapani's values, so he informed the plant management of the issue; and was the starting point for improving the automation of lighting at the Hakkila plant. A decision was made to invest in lighting timers, a cost-effective solution to the problem.

At the Lachine plant in Montreal, Canada, studies showed that the location was perfect, from the weather point of view, for installing solar panels for heating purposes. The plant is heated entirely by natural gas, so the idea is to use the panels for heating purposes and thus substantially reduce the use of natural gas. During the cold winter months the panels will be used as one of the main sources of heat. The investment helps the environment and brings clear cost savings.

"The plant is very proud to have the panels in place, both from an energy-efficiency standpoint and with regards to the positive environmental impact through the reduction of greenhouse gases," comments Guy Lassier, Maintenance Supervisor in Lachine, Canada.

Product stewardship

Metso's product stewardship process aims to assure 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.

The sources of product stewardship are innovation and the continuous improvement of existing products. 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 our life-cycle assessments provide us with the necessary information about the environmental profile of our products in order to 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 are continuously developing our competence in the life-cycle assessments of our products. A 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.

Life cycle assessments also give us an opportunity to produce totally new knowledge. As a developer of new technologies, we are able to assess solutions that have not yet been subjected to research.

The main focus for Metso is on building life-cycle assessments into our research and product development processes. The aim is to use the results of the assessments to identify the relevant areas for product development and thus further reduce the environmental impact of our products.

In addition to product development, the results of the life-cycle assessments can be used for communication and marketing purposes. Providing fact-based information on the environmental performance of our products also supports our customers in the communication with their stakeholders.

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 and fuels, 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.

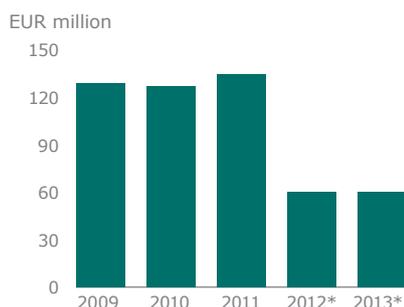
The environmental business solutions we offer are related particularly to the reduction of energy consumption in our customers' production processes, improved utilization of raw materials, enhanced water conservation, and the reduction of dust, noise, waste and emissions.

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

As Metso is focusing on the reduction of environmental impact in its RTD processes, most of our RTD projects are evaluated according to their environmental performance, a process that starts with identification of environmental aspects. Qualitative objectives are set for the most significant environmental issues, and the progress is followed during the entire development project.

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

RTD expenditure



* Excluding IPR expenses

CASE: INCREASED SAFETY THROUGH PRODUCT IMPROVEMENT

Safety is a high priority at Metso and was also emphasized during the product planning phase of the award-winning Metso Megaliner™. The new product innovation reduces the installation time of the mill lining, while simultaneously improving safety. Metso Megaliner™ was launched in 2012 and the contracts signed with the new technology have been among the largest mill lining orders Metso has ever received.

The new product innovation was a result of persistent research and development work by Metso's Mill Lining Solutions team. Large mills require quick replacements of linings because the downtime costs are high. While keeping downtime to a minimum, Megaliner™ also greatly improves worker safety. The liners are bolted into position from the outside of the mill, so the installation crew does not have to work close to the suspended heavy liners inside the mill during replacement.

"Megaliner™ boosts mill availability thanks to the faster liner replacement. And installation is not only faster, but easier too; compared to conventional liners, it only takes half the number of attachment points to secure Megaliner™. And because they are

larger in size, fewer liners are required," says Tage Möller, Vice President, Mill Lining Solutions from Mining and Construction.

CASE: INCREASED PRODUCTION AND ENERGY EFFICIENCY AT ANTAMINA MINE

Supported by Metso's process technology and innovation business unit, Compañía Minera Antamina is continuously exceeding its production targets and improving the energy efficiency of operations at the Antamina mine in Peru.

The cooperation started when Antamina approached Metso to assist in increasing production of the mine and plant. Compañía Minera Antamina experienced challenges in achieving similar throughputs with two different ore types, copper and zinc and was looking for a solution to achieve a similar result for both of them. Metso helped the customer by offering a cost effective and rapid route to increase overall production, reduce energy consumption, and achieve higher metal recovery and better overall process operation and stabilization.

The optimization project included review and benchmarking of the current operating practices at Antamina from drill and blasting to crushing and grinding operations. Metso ore characterisation, complete field surveys, SmarTag™ ore tracking system, mathematical models and simulation techniques were utilised to develop alternative operating strategies in the mine and plant. These strategies were implemented together with the customer and resulted in considerably less energy consumption per ton of product. The specific energy savings at the Antamina mine were ultimately 25%.

CASE: ECO-EFFICIENT MINING PROCESS

New approaches are being sought to find alternative technologies and practices in mining and mineral processes that minimize energy and water, consumption and reduce CO₂ emissions. In 2011, Metso established a three-year research and development project, Development of an Eco-efficient Mining Process, to address the growing need for more sustainable practices.

The project was initiated in cooperation with a major mining company in order to gain additional knowledge and to find new methods for eco-efficient mining services. The aim is to reduce energy usage by 30% and greenhouse gases by 50% compared to conventional processes.

The new findings have been shared with Metso's key customers and the cooperation enables Metso's experts to further expand on the project findings even further. Metso has had the ability to demonstrate its expertise in eco-efficient mining and to offer eco-efficient and optimized solutions. There has been an emphasis on sharing information about the project outcomes between Metso and the collaboration partners.

As a result, Metso has found new business opportunities and the most important findings of the project have been tested with the key customers that were part of the project. Metso has also been honored with several awards and recognitions based on the findings of the study.

"This project provides Metso with new knowledge to help our customers improve their processes. We have been able to deliver production increases from 5-30% with reduced operating costs and energy consumption," says Dr. Walter Valery, SVP, Process Technology and Innovation from Mining and Construction.

Environmental impacts of own production

Regarding the ecological footprint of our products and services only a small portion is related to our own production. As the volume of our production activities outsourced to our subcontractors increases, the relative significance of our own production further decreases. The most essential environmental impacts of our production are related to the energy consumption in our foundries. Globally, we have 36 production facilities and 34% of our relevant operations are covered by the ISO 14001 environmental standard. Our production facilities are constantly developing their environmental operations in accordance with our health, safety and environment (HSE) policy. The HSE policy 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.

Environmental reporting system

Our production facilities are required to report their environmental data at the Group level. Energy and water consumption data are reported quarterly and 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. During 2013, we implemented a new environmental reporting system to improve our data collecting procedures and to ensure the quality and accuracy of the data collected.

ENVIRONMENTAL FIGURES

Environmental balance sheet

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

	2009	2010	2011	2012*	2013*
Materials					
Ferrous metals, 1000t	139.57	232.86	258.98	139.45	123.98
Non-ferrous metals, 1000t	3.96	4.26	7.35	4.16	3.73
Paints, 1000t	0.74	0.98	1.06	0.78	0.64
Solvents, 1000t	0.44	0.43	0.60	0.43	0.41
Cardboard, 1000t	0.11	0.63	0.70	0.06	0.14
Wood, 1000t	4.67	5.67	8.50	5.52	6.43
Paper, 1000t	0.02	0.03	0.04	0.01	0.04
Plastics, 1000t	0.05	0.25	0.27	0.03	0.08
Recycled materials, 1000t	55.13	101.99	94.45	56.18	51.02
Energy					
Electricity, TJ	1,471.04	1,776.43	1,820.88	760.29	701.17
District heat, TJ	531.51	760.51	568.28	141.02	127.85
Steam, TJ	82.92	115.00	100.82	36.69	39.37
Natural gas, TJ	730.55	915.12	871.74	653.85	618.13
Coal, TJ	300.71	198.83	120.33	0.00	0.00
Heavy fuel oil (HFO), TJ	161.81	15.39	13.60	4.85	5.82
Light fuel oil (LFO), TJ	56.66	64.47	50.51	0.00	0.00
Diesel, TJ	29.87	38.97	47.19	23.93	20.75
Gasoline, TJ	6.07	5.99	2.93	0.71	0.16
Liquified petroleum gas (LPG), TJ	48.20	65.75	73.99	32.13	27.53
Total energy, TJ	3,419.33	3,956.46	3,670.26	1,653.28	1,540.76
Water					
Water consumption, 1,000 m ^{w**}	1,414.64	2,061.61	1,589.20	590.46	579.82
Air emissions					
CO ₂ , 1000t	257.86	282.61	266.51	127.16	120.22
VOC, 1000t	0.33	0.40	0.42	0.35	0.30
Waste					
Hazardous, 1000t	3.78	6.79	7.72	5.39	4.95
Non-hazardous, 1000t	68.96	95.60	108.94	56.06	53.15

* 2012 and 2013 figures describe Metso's continuing operations

** Excluding surface water and water from recycled source

EMISSIONS TO AIR

In 2013, our production activities caused 120.22 (127.16) tons of carbon dioxide emissions relating to the direct and indirect use of energy. The majority (about 68%) of our CO₂ emissions are created indirectly through purchased electricity, steam and district heat produced elsewhere. We managed to reduce CO₂ emissions by 5% in 2013 compared to the previous year mainly due to our energy-efficiency program.

VOC emissions resulting from our production are insignificant and related mainly to the use of solvent-based chemicals. In 2013, our VOC emissions were 300 (349) tons. Our production does not cause any other essential emissions to the air.

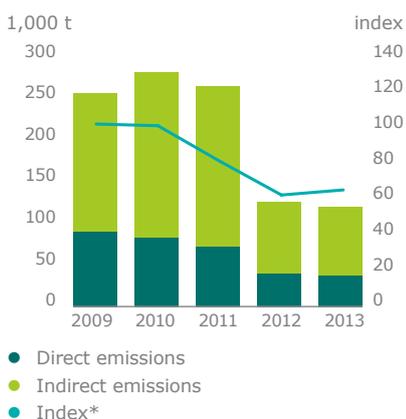
Emissions arising from business travel

In accordance with our travel policy, Metso strives to reduce its need for business travel by providing video conferencing equipment and opportunities to hold a web or telephone conference. 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 17.0 thousand CO₂ tons in 2013 and accounted for 48% of Metso's workforce. In other countries in which Metso operates, business travel data is monitored, although not systematically.

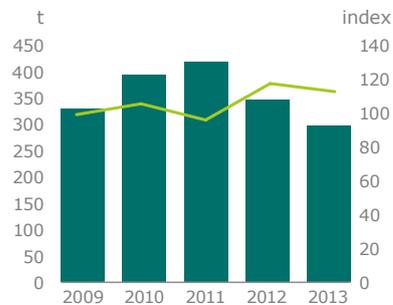
Please note that the 2012 and 2013 figures describe Metso's continuing operations.

CO₂ emissions



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

VOC emissions



- VOC
- Index*

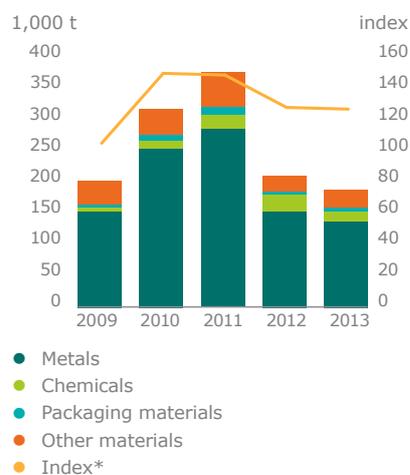
*The index is proportioned to Metso's net sales. For comparison, the reference year is 2009 = 100 index value

MATERIALS

The raw materials and components used in our production consist mainly (80%) of recyclable ferrous metals. In 2013 we used around 123,977 (139,446) tons of ferrous metals. Other materials include chemicals and various packaging materials (cardboard, wood, paper and plastics). Total new/virgin materials use in 2013 amounted to around 155,714 (172,002) tons, decrease of 9% compared to the previous year. The amounts of materials should be regarded as estimates as the reporting of materials is not comprehensive for all Metso production units.

Please note that the 2012 and 2013 figures describe Metso's continuing operations

Materials use



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

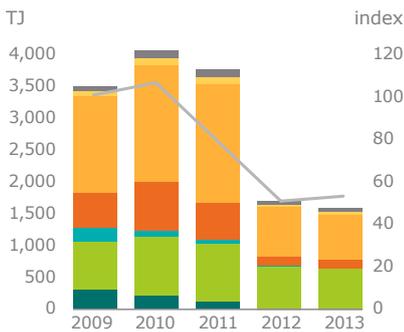
ENERGY

Some of Metso's production processes are energy intensive, e.g. iron and steel foundries. The majority of our energy consumption comes from indirect energy sources (electricity, district heat and steam), whereas natural gas is the major component of our direct energy consumption. The distribution of energy consumption among Metso's segments is shown in the graph. Brazil had the highest energy consumption, accounting for 22% of Metso's total energy consumption.

In 2013, our energy consumption was 1,540.76 (1,653.28) TJ. The figure does not include the fuels used in transportation and vehicles, nor does it include employee travel and transportation. In the energy consumption graph oil includes heavy fuel oil and light fuel oil and other energy includes gasoline, diesel and liquified petroleum gas. The total energy consumption at Metso decreased around 7% compared to 2012.

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

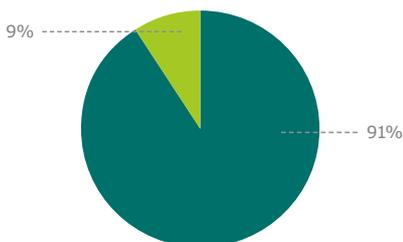
Energy consumption



- Coal
- Natural gas
- Oil
- District heat
- Electricity
- Steam
- Other
- Energy consumption index

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

Energy consumption per segment



- Mining and Construction 91% (92%)
- Automation 9% (8%)

WASTE

In 2013, our operations generated a total of 58,099 (61,455) tons of waste, of which 42% (45%) was recycled. The waste resulting from our operations consists mainly of metal, wood, cardboard, paper, municipal waste and foundry sand. The waste is reported by categorizing it as hazardous and non-hazardous waste and according to its treatment (recycled, transported to a landfill or incinerated). Hazardous waste is delivered to hazardous waste disposal facilities and includes substances such as oils, cutting fluids and paints. In 2013, around 4,950 (5,393) tons of hazardous waste was generated by our operations.

We continue to focus on our target to reduce the amount of waste arising from our operations by 15% by 2020. Our policy is to encourage our production units to take targeted measures to avoid the formation of waste in the first place and to increase the utilization of waste already generated. In 2013, we decreased the amount of total waste by 5% compared to the 2012 level.

Please note that the 2012 and 2013 figures describe Metso's continuing operations.

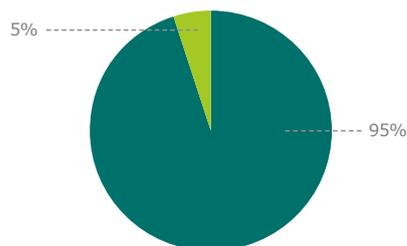
Annual waste / net sales



- Hazardous waste
- Non-hazardous waste
- Index, waste/net sales*

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

Annual waste per segment



- Mining and Construction 95% (96%)
- Automation 5% (4%)

WATER

The water usage in our operations is not significant and water is used mostly for catering and sanitation purposes. Our water consumption in 2013 was 579,818 (590,461) m³, consisting mainly of municipal water usage and excluding the usage of surface water as well as water from recycled source. We use surface water for cooling purposes mainly in our foundries where clean water is returned back to its source without causing any material environmental impacts. Therefore, surface water usage is not included in the reported water amount.

We have set a target to reduce our water usage by 15% by 2020. We continue to focus on this target set in 2012, and we encourage our production units to take targeted actions to decrease their usage of water. In 2013, the reduction was 2% compared to the previous year. We increased the water reporting frequency in 2013 by including the water-related indicators in the quarterly reporting.

Metso's production in water-stressed areas

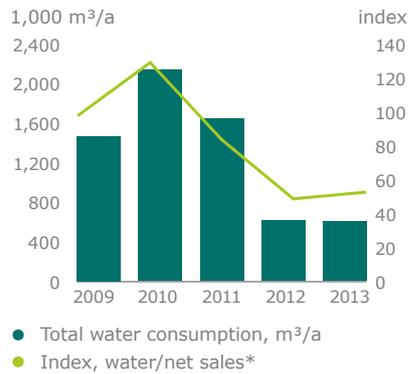
Metso operates in 50 countries around the world, including water-stressed areas. Our largest water-consuming plants in water-stressed areas are located in India, China, South Africa and Mexico, where we have initiated various actions to save water. As an example, at our production site in Isithebe, South Africa, all water meters are checked daily for abnormal consumption. Additionally they are reported individually on a monthly basis to ensure early detection of any leakages. The plant has also installed a rain-water catchment to fill heat-treat water quenching tanks, which reduces the need to refill for evaporation losses from quenching operations in high rain seasons.

Waste water management

Our goal to reduce water usage by 15% by 2020 is valid also for waste water. Metso monitors different waste water components where necessary for environmental reasons. To reduce the waste-water generated in our production, in 2010 we started sharing best practices between Metso's production units. Generally, our discharges to water are minor and not considered relevant to Metso's production operations.

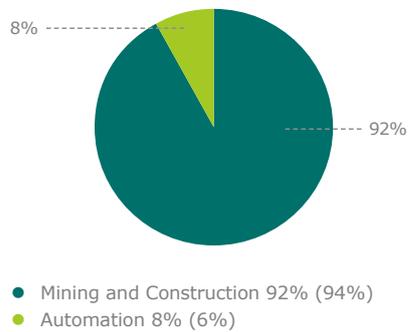
Please note that the 2012 and 2013 figures describe Metso's continuing operations.

Water consumption / net sales



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

Water consumption per segment



Reporting principles

Sustainable development is reflected in our daily activities through the overall management of, e.g., our business ethics and Code of Conduct, risk management, human resources, and health, safety and environmental work. Important subjects, such as compliance with laws and regulations, human rights, equal opportunities and non-discrimination, safety, sponsorship and the protection of the environment, are explained in more detail in Metso's Code of Conduct and apply to all Metso employees. Metso's sustainability work is based on our strategy, policies, targets and objectives, as well as performance indicators set at the Group level and implemented in our operating units globally.

Metso's Sustainability Report 2013 (i.e. the Sustainability section in the Annual Report) consists of eight sections. The first section describes Metso's approach to sustainable business operations, our focus areas and our sustainability strategy, as well as highlights of our key themes and data for 2013. The second section focuses on Metso's sustainability management, including general operating principles. The key themes of Metso's people are presented in the third section of the report. Metso's corporate citizenship frameworks, including sponsorships and donations as well as community involvement projects, are available in the fourth section. The fifth section focuses on Metso's health, safety and environment (HSE) aspects including the HSE targets and results, HSE management as well as the development projects. Metso's energy-efficiency program, product stewardship activities and the environmental impacts of Metso's own production are also described in section five. The sixth section includes Metso's reporting principles; the GRI and Global Compact index are presented in the seventh section of the report. The independent assurance report is available in section eight of the report.

Metso has been reporting sustainability principles and goals since 2002. Metso publishes its sustainability data annually and the reporting period is the calendar year, which is also the financial year, i.e. January 1 to December 31. Metso's sustainability data for 2013 can be found in the Sustainability section of our Annual Report 2013. The information disclosed in the Sustainability section is focused on material and dynamic information written in a compact format whereas more comprehensive or static sustainability information is disclosed on our web sites (Sustainability in Metso). The other sections of the Annual Report serve as supplementary sustainability information.

Metso's sustainability reporting in 2013 is based on the core indicators of the Global Reporting Initiative's (GRI) G3.1 Guidelines. The Global Reporting Initiative is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework, which is under continuous improvement and is applied worldwide. We have selected the indicators from the G3.1 Guidelines that are most relevant to Metso in terms of our operations, products and stakeholders. We have self-declared our reporting to be Application Level B+ of the GRI G3.1 Guidelines.

The essential focus areas of sustainability for 2013 are illustrated in the materiality matrix in the Sustainability section of our Annual

Report 2013. These focus areas have been carefully analyzed and selected by management representatives in collaboration with our Sustainability team. The material themes have been identified also based on our encounters with different stakeholder groups.

Metso develops its Group-wide reporting and the scope of its sustainability monitoring actively and in cooperation with its stakeholders. For instance, sustainability indices and raters are driving the performance of company reporting by developing the indices and the complexity of the questions for global companies. Also non-governmental organizations (NGOs), along with society in general, are demanding more transparency from business actors globally. In addition, Metso's internal stakeholders' dialogue is increasing on a global scale. Through active cooperation with all of Metso's stakeholders, we strive to create a more transparent and interactive platform for further cooperation and reporting structures.

The consolidated quantitative sustainability performance data in the Annual Report has been externally assured by PricewaterhouseCoopers Oy, which has also checked our reporting against GRI guidelines and has confirmed it to be Application Level B+ of the GRI G3.1 Guidelines. A comparison of the Annual Report's sustainability content against the G3.1 Guidelines and the UN Global Compact initiative is presented in the section of the Sustainability Report containing the GRI and Global Compact Index.

Scope of our reporting

Metso's Extraordinary General Meeting approved the demerger on October 1, 2013 resulting in the establishment of a separately listed company, Valmet Corporation, which consists of Metso's former Pulp, Paper and Power business with an effective date of December 31, 2013. Metso's holding in Valmet Automotive was reduced as part of an internal asset restructuring, and Valmet Automotive ceased to be a Metso subsidiary on December 31, 2013. Operations related to the Pulp, Paper and Power businesses as well as Valmet Automotive are in this report referred to as "discontinued operations". Metso's Mining and Construction business and its Automation business, as well as Group Head Office form Metso's continuing operations. The scope of Metso's Sustainability section in the Annual Report, along with the other sections of the Annual Report, cover Metso as it operates after the demerger. The qualitative and quantitative information for 2013 is therefore described and presented for Metso, excluding discontinued operations unless otherwise stated. Moreover, our scope of reporting excludes associated companies, joint ventures or companies that are our suppliers. The sustainability data is commonly presented at the group or segment level. Any other division of the data reported is noted separately.

We present the comparative information for 2012 in parentheses. The data for 2012 has been restated by excluding discontinued operations. Any further adjustment to prior-year data is indicated with a separate note.

In the appendix to the Sustainability section of Metso's Annual Report (sustainability appendix), sustainability key performance indicators are presented including both Metso's continuing and

discontinued operations, whenever relevant. A link to the appendix is included in the GRI and Global Compact Index section.

Metso's previous Annual Report with sustainability data was published in March 2013. Metso's sustainability performance in 2013 should be read together with other sections of the Annual Report 2013. Additional sustainability information can be found on our website, Sustainability in Metso.

Financial reporting

In our financial reporting, we follow the International Financial Reporting Standards (IFRS). Our financial reporting system data covers all Metso units. Each unit submits its financial report to the Group-wide reporting application, and the data is consolidated, validated and analyzed at both the reporting segment and corporate levels. The majority of the figures describing economic responsibility are derived from the audited financial statements. The purchases by country data has been collected separately from reporting units and the "by country division" is defined as the location of the supplier's domicile.

Sponsorship and donation expenditure data are collected annually from the relevant Metso units.

Health, safety and environmental reporting

The environmental data is collected from all our production facilities as the majority of Metso's environmental impacts are related to production activities. Altogether 36 (40) units (without discontinued operations) are included in environmental reporting. The energy and water-related data is reported quarterly and all other environmental data annually. Data collection is carried out using a web-based reporting tool and the reported data is approved by the unit manager and validated at the segment level. A new, more comprehensive sustainability reporting system was implemented during 2013. At the group level, the data is consolidated, validated and analyzed. The data is used, e.g., as an environmental risk management tool, for planning operational improvements and as a base for the Metso energy-efficiency program. As a result of our constant development work in our environmental reporting, the

revision of estimates and some errors found, we have made several changes to our historical data.

Our CO₂ emissions are calculated according to the principles of the GHG protocol.

Metso's health and safety (HS) data is collected from all worldwide locations and covers 95% of Metso's employees (excluding discontinued operations). Data is managed and reported by each business line's HSE Manager. The Metso-level report is collected by the General Manager of HSE. Metso has used a worldwide health and safety data reporting system, HSE Monitor, for collecting HSE data in 2013. The 'Lost-time incident frequency' has been calculated based on incidents resulting in one or more days of absence and the estimated hours worked. The factor is calculated per million hours worked.

Data related to our research and development activities is collected from our research and development units every six months. This is accomplished through a reporting chain that includes management at the unit, business line, segment and corporate level. Our reporting segments are responsible for the accuracy of the figures, after which the data is consolidated at the corporate level.

Reporting personnel data

Metso HR management is responsible for collecting and reporting personnel data with the support of local HR. Starting in 2010, Metso has implemented a global HR information system (SAP HR) that allows access to versatile and comparable HR data globally. This data is the main source of the personnel data in annual reporting and it is managed in conjunction with Metso's financial reporting. Together the global HR system and harmonized global HR reporting principles have created an excellent basis to data quality in our people reporting. The headcount information in our Annual Report 2013 covers all of Metso, and the more detailed personnel analysis covers the units included in the global SAP HR system (98% of all Metso personnel), excluding only the latest acquisitions that had not been implemented into the system by the end of 2013.

GRI and Global Compact Index

Comparison with Global Reporting Initiative guidelines and Global Compact principles.

Status

■ Fully reported (F)

■ Partly reported (P)

■ Not reported (N)

AR = Annual Report 2013

GC = Global Compact

GRI G3.1 guidelines

[Sustainability appendix \(downloads a PDF-file\) >](#)

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
Profile				
1. Strategy and Analysis				
1.1.	The CEO's statement	F	From the CEO	
1.2.	Key impacts, risks and opportunities	F	Sustainability at Metso, Climate change, Metso sustainability statement, Sustainability is part of Metso's strategy, Sustainability targets and achievements, Financial targets and achievements, Our strategy	www.metso.com/risks
2. Organizational Profile				
2.1.	Name of the organization	F	This is Metso, Essential Metso, Contact information	
2.2.	Primary brands, products and services	F	This is Metso, Strategic must-wins, Customer industries, Metso's businesses	
2.3.	Operational structure	F	This is Metso, Metso's businesses, Corporate governance	
2.4.	Location of organization's headquarters	F	This is Metso, Contact information	
2.5.	Number of countries and location of operations	F	This is Metso, Global presence, Geographical key figures, Strategic must-wins	
2.6.	Nature of ownership and legal form	F	Financial statements 2013	Available in our Financial Statements, on the page 80-81 in the PDF-file.
2.7.	Markets served	F	This is Metso, Global presence, Strategic must-wins, Geographical key figures	
2.8.	Scale of reporting organization	F	This is Metso, Reporting principles, Group key figures, Metso's businesses, Financial statements 2013	
2.9.	Significant changes	F	Reporting principles	
2.10.	Awards received in the reporting period	F	Sustainability indices	
3. Report Parameters				
3.1.	Reporting period	F	Reporting principles	
3.2.	Date of most recent previous report	F	Reporting principles	
3.3.	Reporting cycle	F	Reporting principles	
3.4.	Contact point for questions	F	Contact information	

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
Report Scope and Boundary				
3.5.	Process for defining report content	F	Sustainability management, Reporting principles, Prosperity for our stakeholders, Metso People, Corporate citizenship, Stakeholder dialogue	More information about stakeholder dialogue
3.6.	Boundary of the report	F	Reporting principles	
3.7.	Limitations on the report's scope or boundary	F	Reporting principles	
3.8.	Basis for reporting subsidiaries and joint ventures	F	Reporting principles	
3.9.	Data measurement techniques and bases of calculations	F	Reporting principles	
3.10.	Explanations of re-statements	F	Reporting principles	
3.11.	Significant changes from previous reporting periods	F	Reporting principles	
3.12.	GRI content index	F	GRI content index	
3.13.	Assurance policy and practice	F	Reporting principles, Independent assurance report	
4. Governance, Commitments and Engagement				
Governance				
4.1.	Governance structure	F	Corporate Governance, Governing bodies of Metso, Board of Directors, Board of Directors Dec 31, 2013	Corporate Governance Statement www.metso.com/governance
4.2.	Position of the Chairman of the Board	F	Board of Directors Dec 31, 2013	Corporate Governance Statement www.metso.com/governance
4.3.	Independence of the Board members	F	Board of Directors Dec 31, 2013	Corporate Governance Statement www.metso.com/governance
4.4.	Mechanisms for shareholder and employee consultation	F	Human resources management, Annual general meeting of shareholders	
4.5.	Executive compensation and linkage to organization's performance	F	Management remuneration	Management compensation are not directly linked to HSE indicators. Corporate Governance Statement www.metso.com/governance
4.6.	Processes for avoiding conflicts of interest	F	General operating principles	Follows corporate governance code, Corporate Governance Statement www.metso.com/governance
4.7.	Process for determining expertise	F	Corporate Governance, General operating principles, Nomination board	Follows corporate governance code and Metso's equal opportunity and diversity policy, Corporate Governance www.metso.com/governance
4.8.	Implementation of mission and values statements; code of conduct	F	Management model, General operating principles, Metso sustainability statement, Sustainability management, Metso strategy	www.metso.com Code of Conduct
4.9.	Procedures of the Board for overseeing management of economic, environmental, and social performance, risk management and compliance with internationally agreed standards and principles.	F	Management model, Risk and risk management, Corporate Governance	Corporate Governance Statement www.metso.com/governance
4.10.	Processes for evaluating the Board's performance	F	Corporate Governance, Board of Directors,	Follows corporate governance code, Corporate Governance Statement www.metso.com/governance
Commitments to External Initiatives				
4.11.	Precautionary principle	F	HSE management, Risk and risk management, Corporate Governance	Corporate Governance Statement www.metso.com/governance , Risks and risk management www.metso.com/risks More information about HSE management.

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
4.12.	Voluntary charters and other initiatives	F	General operating principles, Compliance with laws and ethical principles	
4.13.	Memberships in associations	F	Stakeholder dialogue, Memberships in organizations	More information about stakeholder dialogue.
Stakeholder Engagement				
4.14.	List of stakeholder groups	F	Stakeholder dialogue	More information about stakeholder dialogue.
4.15.	Identification and selection of stakeholders	F	Stakeholder dialogue, Sustainability management, Corporate citizenship	Metso has identified its key stakeholders through sustainability materiality process. More information about stakeholder dialogue.
4.16.	Approaches to stakeholder engagement	F	Stakeholder dialogue, Investor information, Strategic must wins	Read also from our Sustainability report cases More information about stakeholder dialogue.
4.17.	Key topics raised through stakeholder engagement	F	Sustainability management, Stakeholder dialogue	More information about stakeholder dialogue.
5. Management Approach and Performance Indicators				
	Economic management approach	F	Management model, Sustainability targets and achievements, Financial targets and achievements	
	Environmental management approach	F	Management model, HSE management, HSE targets and results, Sustainability targets and achievements	More information about HSE management.
	Social management approach	F	Management model, HSE management, Human resources management, Sponsorships and donations, Strategic must-wins, Sustainability targets and achievements	More information about HSE management.
	Human rights approach	F	Sustainability at Metso, Sustainability management, General operating principles, Management model	
	Society approach	F	Sustainability at Metso, Sustainability management, Corporate citizenship, Management model	
	Product responsibility approach	F	Sustainability at Metso, Sustainability management, Sponsorships and donations, Product stewardship, Management model	
Economic Performance Indicators				
EC1	Economic value generated and distributed	F	Prosperity for our stakeholders	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	F	Sustainability risks and opportunities, Climate change, Strategic must-wins, Risk and risk management,	Financial implications of climate change are assessed in our annual CDP Climate Change response. www.metso.com/risks Read more about Sustainability risks and opportunities
EC3	Coverage of the organization's defined benefit plan obligations	P	Human resources management, Performance, Corporate governance, Financial statements in 2013	
EC4	Significant financial assistance received from government	P	Financial statements in 2013	
EC5	Entry-level wage compared to minimum wage	P	Wages and salaries, Personnel structure	
EC6	Spending on local suppliers	P	Sustainable supply chain, Prosperity for our stakeholders	

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
EC7	Local hiring and proportion of senior management hired from the local community at locations of significant operation	N		
EC8	Infrastructure investments provided for public benefit	P	Corporate citizenship, Global presence, Community involvement cases	Community involvement cases
EC9	Significant indirect economic impacts	P	Global presence, Prosperity for our stakeholders	
Environmental Performance Indicators				
EN1	Materials used by weight or volume	P	Material use, Environmental figures, Environmental impacts of our own production	Materials use is part of our environmental reporting. However, the data obtained is not yet comprehensive for all Metso production units.
EN2	Recycled materials used	P	Material use, Environmental figures	Recycled materials use is part of our environmental reporting. However, the data obtained is not yet comprehensive for all Metso production units and hence not included in this report.
EN3	Direct energy consumption	F	Energy, Environmental figures, Environmental impacts of our own production, Energy efficiency program	
EN4	Indirect energy consumption	P	Energy, Environmental figures, Environmental impacts of our own production, Energy efficiency program	
EN5	Energy saved due to conservation and efficiency improvements	F	Energy efficiency program, Highlights of 2013 energy efficiency program	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	P	Strategic must-wins, Product stewardship	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	P	Energy efficiency program	Energy efficiency is part of our environmental reporting. However, any absolute figure at the Group level showing reductions in indirect energy consumption cannot yet be obtained and hence is not included in this report.
EN8	Total water withdrawal	P	Water	Metso reports water consumption from all production facilities.
EN9	Water sources significantly affected	N		
EN10	Percentage and total volume of water recycled and reused	N		Total volume of water recycled is part of our environmental reporting. However, the data obtained is not yet comprehensive for all Metso production units and hence not included in this report.
EN11	Location and size of land holdings in biodiversity-rich habitats	N		Metso is aware of the global problem of increasing biodiversity loss. However, our activities at our units do not cause significant impacts on biodiversity.
EN12	Description of significant impacts of activities, products, and services on biodiversity	N		Metso is aware of the global problem of increasing biodiversity loss. However, our activities at our units do not cause significant impacts on biodiversity.
EN13	Habitats protected or restored	N		Metso is aware of the global problem of increasing biodiversity loss. However, our activities at our units do not cause significant impacts on biodiversity.

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
EN14	Managing impacts on biodiversity	N		Metso is aware of the global problem of increasing biodiversity loss. However, our activities at our units do not cause significant impacts on biodiversity.
EN15	Species with extinction risk with habitats in areas affected by operations	N		Metso is aware of the global problem of increasing biodiversity loss. However, our activities at our units do not cause significant impacts on biodiversity.
EN16	Total direct and indirect greenhouse gas emissions by weight	F	Emissions to air, Environmental figures, Reporting principles	
EN17	Other relevant indirect greenhouse gas emissions	F	Emissions to air	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	F	Energy efficiency program, Highlights of 2013 energy efficiency program, Emissions to air	
EN19	Emissions of ozone-depleting substances	N		Emissions of ozone-depleting substances from Metso's operations are minor and not considered relevant to Metso's productions.
EN20	SOx, NOx and other significant air emissions	F	Emissions to air, Environmental figures	SOx and NOx emissions are included in our environmental reporting. However, these emissions resulting from Metso's operations are minor and not considered relevant to Metso's productions. VOC emissions are reported.
EN21	Total water discharge	N		BOD, COD and TSS are included in our environmental reporting. However, these discharges resulting from Metso's operations are minor and not considered relevant to Metso's productions.
EN22	Total amount of waste	F	Waste, Environmental figures	
EN23	Significant spills	F		No significant spills occurred in 2013
EN24	Transported, imported, exported or treated hazardous waste	P	Waste, Environmental figures	The total amount of hazardous waste can be found in the Environmental impacts of own production section.
EN25	Water bodies and habitats affected by discharges of water	N		BOD, COD and TSS are included in our environmental reporting as well as any negative effects these might have on the environment. However, these discharges resulting from Metso's operations are minor and not considered relevant to Metso's productions.
EN26	Mitigating environmental impacts of products and services	P	Product stewardship, Strategic must-wins, Segment key figures, Increased safety through product improvement, Eco-efficient mining process, Increased production and energy efficiency	Product sustainability cases
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	P		Many parts of Metso's products are made of recycled steel and many products are also recyclable at end of life.
EN28	Significant fines and sanctions for non-compliance with environmental regulations	F		No significant non-compliance cases were reported in 2013.
EN29	Environmental impacts on transportation	N		At present, this information is not collected at the Group level. However, this is planned to be done in the future.

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
EN30	Total environmental protection expenditures and investments	P	HSE management, HSE, Environmental impacts of our own production	More information about HSE and HSE management.
GC 7	Support for precautionary approach to environmental challenges	F	HSE management, General operating principles	Included in Metso's Code of Conduct www.metso.com More information about HSE management.
GC 8	Initiatives to promote greater environmental responsibility	F	Product stewardship, HSE management, Sustainability management, General operating principles	Included in Metso's Code of Conduct www.metso.com More information about HSE management.
GC 9	Development and diffusion of environmentally friendly technologies	F	Product stewardship, Strategic must wins, Segment key figures	Included in Metso's Code of Conduct www.metso.com
Social Performance Indicators				
LA1	Breakdown of workforce	F	Personnel structure	
LA2	Breakdown of employee turnover and new employee hires	P	Personnel structure	
LA3	Employee benefits	P	Human resources management	
LA4	Coverage of collective bargaining activities	P	Human resources management, General operating principles	Metso does not track the degree of employee organization on Group level. However, the recognition of the right to collective bargaining is included in the Metso Code of Conduct.
LA5	Minimum notice period regarding operational changes	F		Metso complies with national legislation.
LA6	Representation in joint management-worker health and safety committees	P	Human resources management, HSE management	More information about HSE management.
LA7	Rates of injury, occupational diseases, lost days, absenteeism and fatalities	P	HSE targets and results, Sustainability highlights 2013, People summary	
LA8	Education and prevention programs regarding serious diseases	N		This topic is not coordinated at the Group level.
LA9	Health and safety topics covered in formal agreements with trade unions	N		This topic is not coordinated at the Group level.
LA10	Average hours of training per year per employee by employee category	N		
LA11	Programs for skills management	F	Learning and development	
LA12	Employees receiving regular performance and career development reviews	P	Learning and development	
LA13	Composition of governance bodies and breakdown of employees	F	Human resources management, Personnel structure, Board of directors, Executive team	
LA14	Ratio of basic salary and remuneration of men to women	N		We do not engage in or tolerate discrimination based on gender. This data is not collected
LA15	Return to work and retention rates after parental leave, by gender	N		
GC 3	Freedom of association and the effective recognition of the right to collective bargaining	F	Human resources management	Included in Metso's Code of Conduct www.metso.com
GC 4	Elimination of all forms of forced and compulsory labor	F	Human resources management	Included in Metso's Code of Conduct www.metso.com
GC 5	Effective abolition of child labor	F	Human resources management	Included in Metso's Code of Conduct www.metso.com
GC 6	Elimination of discrimination in respect of employment and occupation	F	Human resources management	Included in Metso's Code of Conduct www.metso.com

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
Human Rights				
HR1	Investment agreements and contracts that include human rights clauses	P	General operating principles	Included in Metso's Code of Conduct www.metso.com
HR2	Significant suppliers and contractors that have undergone human rights screening	P	Sustainable supply chain	The most significant suppliers are informed of Metso's Code of Conduct, which includes human rights issues, through Metso's Sustainable Supplier Criteria.
HR3	Employee training on policies and procedures concerning aspects of human rights	P	General operating principles	Included in Metso's Code of Conduct www.metso.com
HR4	Incidents of discrimination and actions taken	F		No incidents of discrimination were reported in 2013.
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at risk	P		Included in Metso's Code of Conduct www.metso.com
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor	P	Sustainable supply chain	Included in Metso's Code of Conduct www.metso.com supplier sustainability criteria. Based on conducted audits, no risk of child labour have been found in Metso's operations and significant suppliers.
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor	P	Sustainable supply chain	Included in Metso's Code of Conduct www.metso.com and supplier sustainability criteria. Based on conducted audits, no risk of child labour have been found in Metso's operations and significant suppliers.
HR8	Human rights-related training for security personnel	P		Included in Metso's Code of Conduct www.metso.com
HR9	Incidents of violations involving rights of indigenous people and actions taken	F		No incidents were reported in 2013.
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	N		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	N		
GC 1	Support for the protection of internationally proclaimed human rights	F	General operating principles, Human resources management	Included in Metso's Code of Conduct www.metso.com
GC 2	Certainty of not being complicit in human rights abuses	F		Included in Metso's Code of Conduct www.metso.com
Society				
SO1	Operations with implemented local community engagement, impact assessments and development programs	P	Community involvement cases	
SO2	Number of business units analyzed for risks related to corruption	F	Corporate governance, Risk and risk management	Corporate Governance Statement www.metso.com/governance , Risks and risk management www.metso.com/risks
SO3	Employees trained in organization's anti-corruption policies	P	General operating principles	
SO4	Actions taken in response to incidents of corruption	F	Corporate governance, Sustainability auditing and assurance	Included in Metso's Code of Conduct www.metso.com . No incidents of corruption were reported in 2013. More information about sustainability auditing and assurance.

Code	Content	Status	Online Annual Report 2013	Comments/Remarks
SO5	Public policy positions and participation in public policy development and lobbying	P	Memberships in organizations, General operating principles	
SO6	Contributions to political parties, politicians and related institutions	F	General operating principles, Sponsorships and donations	Metso does not make political contributions.
SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	F		Included in Metso's Code of Conduct www.metso.com . No incidents of corruption were reported in 2013.
SO8	Fines and sanctions for non-compliance with laws and regulations	F		Included in Metso's Code of Conduct www.metso.com . No incidents of corruption were reported in 2013.
SO09	Operations with significant potential or actual negative impacts on local communities	N		
SO10	Operations with significant potential or actual negative impacts on local communities. Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	N		
GC 10	Work against corruption in all its forms, including extortion and bribery	F	General operating principles, Sustainability auditing and assurance	Included in Metso's Code of Conduct www.metso.com and Metso Global Anti-Corruption Policy. Any incidents can be reported anonymously through Metso's Whistleblower. More information about Sustainability auditing and assurance.
Product Responsibility				
PR1	Life cycle stages in which health and safety impacts of products are assessed	P	Product stewardship	
PR2	Non-compliance with regulations concerning health and safety impacts of products	F	Product stewardship, Financial statements	No cases of non-compliance regarding product or services reported in 2013, however Metso has old pending asbestos claims and lawsuits within the United States.
PR3	Type of product and service information required by procedures	N		
PR4	Non-compliance with regulations concerning product and service information and labeling	F	Product stewardship	No cases of non-compliance were reported in 2013.
PR5	Practices related to customer satisfaction	P	Stakeholder dialogue, Efforts to improve our stakeholder dialogue	Regular feedback through our comprehensive sales and service network. More information about stakeholder dialogue.
PR6	Adherence to marketing communications laws, standards and voluntary codes	P	Sponsorships and donations, Investor information	Corporate Governance Statement www.metso.com/governance
PR7	Non-compliance with regulations and voluntary codes concerning marketing communications	F		No cases of non-compliance were reported in 2013.
PR8	Complaints regarding breaches of customer privacy	F		No complaints were reported in 2013.
PR9	Fines for non-compliance concerning the provision and use of products and services	F		No cases were reported in 2013.

Sustainability Appendix	Metso Group 2010	Metso Group 2011	Metso Group 2012	Metso Group 2013	Continuing operations 2013	Discontinued operations 2013
Economic Indicators:						
Purchases. EUR million	3,470	4,319	5,020	3,679*	2,124	1,555
Wages and salaries. EUR million	1,106	1,229	1,336	1,300	701	599
Taxes and other indirect employee costs. EUR million	431	496	542	421	276	145
Net financial expenses. EUR million	75	65	49	63	54	9
Dividends. EUR million	105	254	277	150	150	n/a
Support for non-profit organization	3.12	1.15	1.38	1.51	0.87	0.65
Environmental Indicators:						
Direct energy consumption by primary energy source, TJ						
- Coal	199	120	41	91	0	91
- Natural gas	915	872	845	820	618	201
- Oil	80	64	41	63	6	57
Indirect energy consumption by primary source, TJ						
- Electricity	1,776	1,821	1,678	1,512	701	811
- District heat	761	568	555	495	128	367
- Steam	115	101	96	71	39	32
Total direct CO ₂ emissions (scope 1), 1,000 t	84	73	63	59**	35**	24**
Total indirect CO ₂ emissions (scope 2), 1,000 t	199	193	179	168	82	86
Total municipal water consumption, 1,000 m ³	1,858	1,385	1,240	1,067	454	613
Hazardous waste, 1,000 t	7	8	10	8	5	3
Non-hazardous waste, 1,000 t	96	109	95	84	53	31
Health & Safety Indicators:						
LTIF (Lost time incident frequency)	12.4	9.1	7.1	5.2	4.2	6.4
Work-related fatalities	1	4	1	1	1	0
Disability pensions	27	18	21	n/a	7	n/a
Average number of absence days per person due to illness	5.4***	4.6	6.5	n/a	6.2	n/a
Average number of absence days per person due to injury at work	n/a	0.3	0.4	n/a	0.4	n/a
Human Resource Indicators:						
Average personnel 2013	n/a	n/a	n/a	28,940	16,687	-
Personnel at year end	28,593	30,324	30,212	16,425	16,425	-
Average age (years)	42	42	42	41.1	41.1	-
Average length of service (years)	13	12	11	9.2	9.2	-
Performance review coverage rate	56%	51%	60%	65%	n/a	n/a
Training costs (million €)	11	12.4	16.2	n/a	8.9	n/a

n/a = value not available

*) Due to differences in calculation principles the figure is an estimation

**) Excluding CO₂ emissions resulting from the consumption of diesel, gasoline and liquefied petroleum gas

***) Average number of absence days per person due to illness or injury at work

Independent Assurance Report

To the Management of Metso Corporation

We have been engaged by the Management of Metso Corporation to perform a limited assurance engagement on the consolidated quantitative information on economic, social and environmental responsibility for the reporting period of January 1, 2013 to December 31, 2013, disclosed in Metso Corporation's Annual Report 2013 on Metso Corporation's website (hereinafter "Sustainability Reporting").

Management's responsibility

The Management of Metso Corporation is responsible for preparing the Sustainability Reporting in accordance with the Reporting criteria as set out in Metso Corporation's reporting instructions and the G3.1 Sustainability Reporting Guidelines of the Global Reporting Initiative.

Practitioner's responsibility

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

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Sustainability Reporting has not been prepared, in all material respects, in accordance with the Reporting criteria.

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

- Interviewing senior management of Metso Corporation.
- Visiting Metso Corporation's Head Office as well as six production units in China, Denmark, Finland and the United States.
- Interviewing employees responsible for collection and reporting of the information presented in the Sustainability Reporting at Metso Group level and at the different production units where our visits took place.
- Assessing how Metso Group employees apply Metso Corporation's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that Metso Corporation's Sustainability Reporting has not been prepared, in all material respects, in accordance with the Reporting criteria. When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Helsinki, 26 February 2014

PricewaterhouseCoopers Oy

Sirpa Juutinen
Partner
Sustainability & Climate Change

Maj-Lis Steiner
Director, Authorised Public Accountant
Sustainability & Climate Change

Metso is a leading process performance provider, with customers in the mining, construction, and oil & gas industries. Our focus is on the continuous development of intelligent solutions that improve sustainability and profitability. Metso's shares are listed on the NASDAQ OMX Helsinki Ltd. Metso employs around 16,000 professionals in 50 countries. Expect results.



Corporate governance 2013



Metso Corporate Governance Statement

We have prepared this corporate governance statement in accordance with recommendation 54 of the Finnish Corporate Governance Code published by the Securities Market Association, and it also covers other key corporate governance areas that we want to highlight for investors.

This corporate governance statement is issued separately from the Board of Director's report. We provide more detailed and updated information about our governance issues on our website at www.metso.com.

Regulatory framework

The duties of Metso Corporation's governing bodies are governed by Finnish legislation and the duties of its subsidiaries' bodies by the legislation of their place of business. Metso complies with the Finnish Corporate Governance Code (the Code) issued by the Securities Market Association, which came into effect on October 1, 2010, as well as with the corporate governance principles defined by our Board of Directors; these principles are based on the Finnish Companies Act and the Finnish Securities Markets Act. The Code is publicly available on www.cgfinland.fi. Metso complies with the Code entirely and does not deviate from its recommendations. In our decision-making and governance, we also comply with other Finnish legislation and regulations, our Articles of Association, the

guidelines for insiders published by NASDAQ OMX Helsinki Ltd, (hereinafter the Helsinki Exchange) as well as the Finnish Securities Market Association's Helsinki Takeover Code.

The Audit Committee of Metso's Board of Directors has reviewed this Corporate Governance Statement.

We prepare consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Finnish Securities Markets Act as well as the applicable Finnish Financial Supervision Authority's standards and Helsinki Exchange's rules. The Board of Directors' report of Metso and the Parent Company financial statements and Group consolidated financial statements are prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Finnish Accounting Board.



Governing bodies of Metso

Metso's supreme decision-making body is the Annual General Meeting of Shareholders. The Board of Directors (the Board) and the President and CEO are responsible for the management of Metso. Other Metso executives have an assisting and supporting role. The Board seeks to ensure the compliance of good corporate governance principles within Metso.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Every holder of Metso shares has the right to participate in the Annual General Meeting (AGM), and each share entitles its holder to one vote. Decisions, such as approving the financial statements, payment of dividends, election of Board members and auditors and their remuneration, and discharging from liability the members of the Board and the President and CEO, are primarily made by a simple majority of votes. A 2/3 qualified majority is required for some decisions such as authorizing the Board to issue shares or to repurchase the company's own shares or amending the company's Articles of Association.

Participation in the Annual General Meeting requires that the shareholder is registered in Metso's shareholder register on the record date of the meeting, which is eight business days before the meeting, and that he/she registers for the meeting by the date mentioned in the meeting notice. The holder of a nominee-registered share may be entered temporarily in the shareholder register for participation in the Annual General Meeting, if the shareholder based on his/her holding has the right to be registered in the shareholder register on the record date. In addition, participation requires advance notice of participation at the latest by the date mentioned in the meeting notice.

Shareholders are entitled to have an issue put on the agenda of the Annual General Meeting, provided that the issue requires a decision by the Annual General Meeting according to the Finnish Companies Act. The request must be submitted in writing to the Board early enough so that the issue can be included in the meeting notice. On our website we announce the date by which the shareholder must notify the Board of an issue to be added to the Annual General Meeting agenda. The request is always deemed submitted early enough if the Board has been notified about it at least four weeks prior to the delivery of the meeting notice.

We publish a notice of the Annual General Meeting no more than three months and no less than three weeks before the meeting on the company's website and in one or more widely circulated newspapers or we deliver it directly to shareholders when required by law. Additionally, we publish the meeting notice as a stock exchange release immediately after the Board has decided on the convening of the Annual General Meeting. The Annual General Meeting agenda, decision-making proposals and meeting documents are available on our website at least three weeks prior to the meeting.

2013

The Annual General Meeting was held in Helsinki on March 28, 2013. A total of 1,622 shareholders, representing about 53 percent of the company's votes, participated either in person or by power of attorney. All members of the Board, the chairman of Metso's

Nomination Board Kari Järvinen, Metso's President and CEO Matti Kähkönen, proposed new Board member Mikael Lilius and Metso's Executive Team as well as the responsible auditor representing the audit firm appointed by the Annual General Meeting participated in the meeting.

Metso's Extraordinary General Meeting was held in Helsinki on October 1, 2013 in order to approve Metso's partial demerger and decide to demerge Metso into two companies, Metso and Valmet. A total of 1,526 shareholders, representing about 52 percent of the company's votes, participated in the meeting either in person or by power of attorney. In addition, the members of the Metso's Board, the Chairman of Metso's Nomination Board Mr. Lars Förberg, the responsible auditor representing the audit firm appointed by the Annual General Meeting, Metso's President and CEO Matti Kähkönen, the proposed new members of Metso's Board, the proposed new members of Valmet's Board (except Pekka Lundmark who was prevented from attending due to other commitments), the responsible auditor representing the proposed auditor of Valmet, and the nominated CEO of Valmet Mr. Pasi Laine were present.

Annual General Meeting of shareholders

The General Meeting is the supreme decision-making body of Metso. The Annual General Meeting of Shareholders is held once a year before the end of June. It decides on the matters stipulated in the Finnish Companies Act and the Articles of Association. Such issues include:

- Adoption of the financial statements
- Use of the profit shown on the balance sheet
- Election of the Chairman, Vice Chairman and members of the Board and the decision on their remuneration
- Discharging from liability the members of the Board and the President and CEO
- Election of the Auditor and the decision on compensation
- Proposals made by the Board or a shareholder (e.g. amendments of the Articles of Association, the repurchase of the company's own shares, share issues, special authorizations)

NOMINATION BOARD

The shareholders' Nomination Board (the Nomination Board), a permanent corporate body established by the Annual General Meeting, prepares proposals regarding the composition of the Board and remuneration to its members for the Annual General Meetings. Metso has had the Nomination Board since 2004. The Nomination Board consists of representatives appointed by the four largest shareholders on September 1. If a shareholder chooses not to exercise its right to appoint a representative to the Nomination Board, the right is transferred to the next largest shareholder. In addition, the Nomination Board includes the Chairman of the Board as an expert member. The Chairman of the Board convenes the Nomination Board, which elects its chairman from among its members.

Nomination Board ahead of 2014 AGM

Metso's four largest shareholders announced on September 5, 2013, the following representatives for the Nomination Board: Lars Förberg (M.Sc. Econ. & Bus. Adm., b. 1965), Managing Partner of Cevian Capital; Kari Järvinen (M.Sc. Eng., MBA, b. 1962), Managing Director, Solidium Oy; Harri Sailas (M.Sc. Econ. & Bus. Adm., b. 1951), President and CEO of Ilmarinen Mutual Pension Insurance Company; and Matti Vuoria (Master of Laws, BA, b. 1951), President and CEO of Varma Mutual Pension Insurance Company. The Nomination Board elected Lars Förberg as its Chairman. Metso's Chairman of the Board (Jukka Viinanen until December 31, 2013, and Mikael Lilius as of December 31, 2013) served as the Nomination Board's expert member.

The Nomination Board convened four times and the participation rate of its members was 90 percent. On January 15, 2014, the Nomination Board provided Metso's Board with its proposal for the Annual General Meeting to be held on March 26, 2014. The Nomination Board proposes the re-election of Wilson Nélio Brumer, Christer Gardell, Ozey K. Horton, Jr., Lars Josefsson, Nina Kopola, Mikael Lilius and Eeva Sipilä. It proposed to re-elect Mikael Lilius as Chairman of the Board of Directors and Christer Gardell as Vice Chairman of the Board of Directors.

The Nomination Board proposes that the members of the Board of Directors be paid the following annual remuneration: to the Chairman EUR 100,000; to the Vice Chairman and the Chairman of the Audit Committee EUR 60,000; and to the other members EUR 48,000 each. The Nomination Board further proposes that for each meeting of the Board of Directors or the committees of the Board of Directors a fee of EUR 700 be paid to the members of the Board that reside in the Nordic countries, a fee of EUR 1,400 be paid to the members of the Board that reside in other European countries and a fee of EUR 2,800 be paid to the members of the Board that reside outside Europe. As a condition for the annual remuneration, the members of the Board are obliged to use 40% of the fixed annual remuneration for purchasing Metso shares.

The Nomination Board notes that a personnel representative will participate as an external expert in the Board meetings also in the next Board term within the limitations imposed by Finnish law. The new Board of Directors will invite the personnel representative as its external expert in its assembly meeting after the Annual General Meeting.

BOARD OF DIRECTORS

The Board oversees the management and operations of Metso. It also decides on significant matters related to strategy, investments, organization and finances.

Metso's Board consists of five to eight members, which the Annual General Meeting elects for a term that lasts until the end of the next Annual General Meeting. Pursuant to the Finnish Act on Personnel Representation in the Administration of Undertakings, a personnel representative participates in the meetings as an invited expert with no voting rights or legal liability for the Board's decisions. There is no specific order of appointment of Board members.

The Board is convened by the Chairman, or if the Chairman is unavailable, by the Vice Chairman. The Board has a quorum when more than half of the members are present and one of these is

the Chairman or the Vice Chairman. A decision of the Board shall be carried by a majority of those present or, in the case of a tie, the Chairman shall have the casting vote. Matti Kähkönen, Metso's President and CEO, and Harri Nikunen, CFO, participate in the Board meetings, and Aleksanteri Lebedeff, General Counsel, acts as secretary of the Board. Other Metso Executive Team members and other executives participate in the meetings when needed.

Main duties of the Board of Directors

The Board's main duties include the following:

- To approve Metso's long-term goals and strategy
- To approve annual business and other major action plans
- To approve Metso's organizational structure and the principles for the incentive systems
- To appoint and to dismiss the President and CEO; to approve the appointment and dismissal of the Deputy to the CEO, the Metso Executive Team members and the Presidents of the reporting segments based on proposal by the President and CEO
- To monitor and evaluate the performance of the President and CEO and to decide upon his/her remuneration and benefits
- To ensure that the supervision of accounting and financial matters is properly organized, and to ensure proper preparation of the interim and annual financial statements
- To ensure the adequacy of planning, information and control systems for monitoring the bookkeeping and handling of financial matters and risk management
- To make proposals for and convene the Annual General Meeting of Shareholders and Extraordinary Meetings of Shareholders
- To decide upon other matters that do not belong to day-to-day operations or matters that are of major importance, such as major investments, major joint ventures and loan agreements as well as major financial guarantees. The Board also decides upon principles, within the framework of which Metso's management can make decisions on investments, business acquisitions and divestitures, and financial guarantees
- To approve Metso's corporate policies in key management areas, like corporate governance, risk management, financial control, treasury, internal control, information security, corporate communications, human resources, environment and disclosure policy, sustainability and code of conduct. Metso's President and CEO approves more detailed and supplementary guidelines for the application of the Board approved policies

2013

The key themes of the Board's agenda were to improve the strategic focus and accelerate the growth and profitability of Metso's businesses, strengthen the competitiveness and global presence of the businesses, and further develop Metso's services businesses. The Board studied and implemented Metso's demerger by separating Metso's Pulp, Paper and Power businesses into Valmet Corporation, a new listed company established December 31, 2013.

The Board carried out a self-assessment of its performance. The assessment, consisting of a questionnaire and an interview of the Board members, conducted by the Chairman, covered issues like the composition of the Board, efficiency and quality of the Board and its Committees' work, the Board's strategy work, collaboration between the Board and operative management, and quality of the information, materials, and reporting and control systems provided to and used by the Board. The results of the assessment are used in developing the Board's work.

The 2013 Annual General Meeting elected eight members to the Board. Jukka Viinanen was elected as Chairman and Mikael von Frenckell as Vice Chairman. Mikael Lilius was elected as a new Board member and Christer Gardell, Ozey K. Horton, Jr., Erkki Pehu-Lehtonen, Pia Rudengren and Eeva Sipilä were re-elected for a new term. Eija Lahti-Jäntti, the personnel representative, participated in the meetings as an invited expert within the limitations prescribed by corporate governance legislation. All Board members were independent of the company and independent of Metso's significant shareholders, except for Christer Gardell, who was assessed as not independent of a significant shareholder as of July 26, 2013 when Metso received information that Cevian Capitals holding in Metso had exceeded the 10% threshold of all the shares and votes in Metso. The Board did not allocate to its members any specific operational focus areas to monitor. The Board met 21 times during 2013, and made five unanimous resolutions without convening. The meeting participation rate of its members was 95 percent.

The Extraordinary General Meeting on October 1, 2013 elected seven members to Metso's Board, effective as of the completion of the demerger, i.e. on December 31, 2013. Mikael Lilius was elected as Chairman and Christer Gardell as Vice Chairman. Ozey K. Horton, Jr. and Eeva Sipilä were re-elected as members and Wilson Nélio Brumer, Lars Josefsson and Nina Kopola were elected as new members. The terms of office of the new Board of Directors will continue until the closing of the Annual General Meeting 2014.

BOARD COMMITTEES

The Board has two permanent committees: the Audit Committee and the Remuneration and HR Committee. In 2013, the Board also had a Demerger Committee. The Board elects the members of the permanent committees from among its members at its annual assembly meeting and monitors the activities of the committees. The committees have charters approved by the Board.

AUDIT COMMITTEE

The Board's Audit Committee monitors the company's financial reporting and prepares issues for the Board related to the monitoring of Metso's financial situation, financial reporting, auditing, and risk management. Among other things, the Audit Committee:

- Assesses Metso's draft financial statements and interim reports, accounting policies, accounting principles of significant or exceptional business transactions, management forecasts and statements relating to Metso's short-term outlook
- Assesses compliance with laws and provisions and with internal instructions, as well as assesses the efficiency of internal control and risk management
- Reviews Metso's Corporate Governance Statement
- Approves the audit plans of internal and external auditors and follows up reporting related to these plans
- Prepares for the election of independent auditors, monitors the statutory auditing of the financial statements and consolidated financial statements, assesses and reviews the auditors' reports with the auditors, and assesses the quality and scope of the audit. Additionally, it assesses the independence of the auditors, particularly any impact on independence arising from other services they offer to Metso
- Assesses Metso's financial reporting and reporting methods in collaboration with the company's management, internal audit and an external auditor or other external experts
- Approves the procurement principles for external auditing services and an external auditor's annual auditing fees
- Maintains procedures enabling the receiving and processing of complaints related to accounting, internal control and internal auditing, and the possible anonymous and confidential reporting of misconduct, fraud, and accounting and auditing issues

The Audit Committee convenes at least four times per year. It consists of the committee's Chairman and two members, all of whom are elected by the Board from among the members independent of the company. At least one of the members must be independent of significant shareholders. The Audit Committee members must have the qualifications necessary to perform the responsibilities of the committee and at least one member must have expertise specifically in accounting, bookkeeping or auditing.

2013

In addition to its regulatory duties, among other things, the Audit Committee discussed the implementation and follow-up of Metso's anti-bribery policy, controls and procedures related to customer risk in large projects. Also demerger-related issues were covered. The Audit Committee also reviewed Metso's Corporate Governance Statement. The Audit Committee did not use any external advisors.

The Audit Committee comprised Pia Rudengren (Chairman), Erkki Pehu-Lehtonen and Eeva Sipilä. All committee members are independent of the company and of significant shareholders. The Audit Committee convened seven times, and the member attendance rate was 100 percent. Harri Nikunen, Metso's CFO, was the Secretary of the Audit Committee. Metso's President and CEO and the independent auditor also participated in the meetings.

REMUNERATION AND HR COMMITTEE

Among other things, the Remuneration and HR Committee:

- Reviews and monitors the competitiveness of Metso's remuneration and incentive systems and the development of Human Resources related issues, such as competence and talent development and the successor planning of Metso's senior management
- Evaluates the performance and compensation of the President and CEO
- Prepares and makes proposals to the Board for the compensation and benefits of the President and CEO
- Makes proposals to the Board for the appointment of the Metso Executive Team members, based on the President and CEO's preparations
- Decides upon the remuneration and benefits of the Metso Executive Team members. The committee may authorize its Chairman to decide upon the remuneration and benefits of these officers. The President and CEO submits the proposed remuneration and benefits of the other officers reporting to the President and CEO to the committee Chairman for approval

The committee convenes at least twice a year and consists of the committee chairman and at least two members. All the members are independent of the company. The President and CEO participates in the meetings, except when the agenda includes items relating to him.

2013

The main tasks of the Remuneration and HR Committee included monitoring the realization of the 2013 performance bonus plan and

planning of the 2014 plan. The committee used external advisors relating to the share-based incentive scheme and has ensured that the advisors were not simultaneously advisors to the HR department or the operating management.

The Remuneration and HR Committee comprised Jukka Viinanen (Chairman), Christer Gardell, Mikael von Frenckell and Mikael Lilius. Matti Kähkönen, President and CEO, also participated in the meetings and Merja Kamppari, Senior Vice President, HR, was the committee Secretary. The committee convened four times during the year and the participation rate was 80 percent.

DEMERGER COMMITTEE

The Board's Demerger Committee was established by Board decision on March 28, 2013 for the remainder of 2013 to supervise and monitor the process of studying the separation of the Pulp, Paper and Power businesses into a new company by way of demerger and the implementation of the demerger process. The Demerger Committee's duties included all matters that were necessary for the performance of Board's oversight function and preparation of Board decision making in relation to the demerger.

2013

The Demerger Committee comprised of Jukka Viinanen as the Chairman, and Pia Rudengren and Mikael Lilius as members. Matti Kähkönen, President and CEO, was an invited member and Aleksanteri Lebedeff, Senior Vice President, General Counsel, was the committee Secretary. The committee convened six times during the year and the participation rate was 89 percent.

BOARD MEMBER MEETING PARTICIPATION

The Board convened 21 times in 2013. The member participation rate was 95 percent. Additionally, the Board made five unanimous resolutions without convening. The Audit Committee convened seven times, and the member participation rate was 100 percent. The Remuneration and HR Committee convened four times, and its member participation rate was 80 percent. The Demerger Committee convened six times, and its member participation rate was 89 percent.

Board meeting participation	Board	Audit Committee	Remuneration and HR committee	Demerger Committee
Jukka Viinanen	21/21	-	4/4	6/6
Mikael von Frenckell	19/21	-	4/4	-
Christer Gardell	20/21	-	2/4	-
Ozey K. Horton, Jr.	21/21	-	-	-
Mikael Lilius (as of March 28, 2013)	15/16	-	2/3	5/6
Erkki Pehu-Lehtonen	20/21	7/7	-	-
Pia Rudengren	18/21	7/7	-	5/6
Eeva Sipilä	21/21	7/7	-	-
Eija Lahti-Jääntti (personnel representative)	21/21	-	-	-

In addition, Metso's Board, elected by Extraordinary General Meeting on October 1, 2013, held two preparatory meetings before the beginning of the terms of office on December 31, 2013

MANAGEMENT STRUCTURE

President and CEO

The President and CEO manages Metso's operations in accordance with the Finnish Companies Act, corporate governance rules and the instructions given by the Board. The President and CEO is appointed – and, if necessary, dismissed – by the Board, and he reports to the Board about, e.g., Metso's financial situation, business environment and other significant issues. The President and CEO prepares the matters on the agenda of the Board and its committees and implements their decisions. Additionally, the President and CEO acts as Chairman of the Metso Executive Team (MET).

Metso Executive Team (MET)

The President and CEO and other members appointed by the Board on the President and CEO's proposal constitute the Metso Executive Team. The MET assists the President and CEO in the preparation of matters, such as business plans, strategy, policies and other matters of joint importance.

Reporting segment management

The heads of the reporting segments report to Metso's President and CEO and provide him with information about their respective business's financial development and position, operational performance, operating environment development, customers and competitive situation. They are also responsible for the development of business line operations and strategy, for implementing Metso's plans, strategies and operating policies within the business lines, and for collaboration between the business lines.

Subsidiary boards

The subsidiary boards ensure that operations in all Metso companies are managed in accordance with prevailing laws, regulations and operating policies. Metso's President and CEO, as Chairman, and two to four other members appointed by the President and CEO, generally from the Metso Executive Team, constitute the boards of the major subsidiaries. The President and CEO decides on the possible additional responsibilities of the boards of holding and other similar companies belonging to Metso Group.

2013

The Metso Executive Team met 12 times during the year. Its main tasks included monitoring financial development, estimates and external guidance, preparation of the strategy, as well as planning and follow-up of key acquisitions and Metso wide projects. The MET also focused on demerger follow-up. Matti Kähkönen was Metso's President and CEO and Chairman of the Metso Executive Team. The other MET members were Andrew Benko, President, Mining and Construction segment; Perttu Louhiluoto, President, Automation segment; Pasi Laine, President, Pulp, Paper and Power segment, and Executive Vice President and Deputy to the CEO (deputy to the CEO until October 31, 2013 and member of the MET until October 1, 2013); Harri Nikunen, CFO and deputy to the CEO (deputy to the CEO from November 1, 2013 onwards); Merja Kamppari, Senior Vice President, HR; Kalle Reponen, Senior Vice President, Strategy and M&A (until October 31, 2013); Simo Sääskilähti, Senior Vice President, Strategy

and Business Development (from November 1, 2013 onwards); and João Ney Colagrossi, President, Services business line, Mining and Construction (President, Mining and Construction from January 1, 2014 onwards, member of the MET from October 2, 2013 onwards).

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

The internal control mechanism seeks to ensure the company's compliance with applicable EU laws, regulations and our operating principles as well as the reliability of financial and operational reporting. Furthermore, the internal control mechanism seeks to safeguard the company's assets and to ensure overall effectiveness and efficiency of operations to meet Metso's strategic, operational and financial targets. Internal control practices are aligned with Metso's risk management process. The goal of risk management is to support Metso's strategy and the achievement of objectives by anticipating and managing potential business threats and opportunities. The discussion below focuses on internal control and risk management related to the financial reporting process.

Metso's operating model of internal control and risk management related to financial reporting is designed to provide sufficient assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles (IFRS) and other requirements for listed companies. The overall system of internal control in Metso is based upon the framework issued by the Committee of Sponsoring Organizations (COSO) in 1992 and comprises five principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring.

CONTROL ENVIRONMENT

The Board of Directors bears the overall responsibility for the internal control over financial reporting. The Board has established a written formal working order that clarifies the Board's responsibilities and regulates the Board's and its committees' internal distribution of work. Furthermore, the Board has appointed an Audit Committee, the primary task of which is to ensure that established principles for financial reporting, risk management and internal control are adhered to and that appropriate relations are maintained with the company's auditors. The responsibility for maintaining an effective control environment and the ongoing work on internal control as regards the financial reporting is delegated to the President and CEO. The internal audit function reports all relevant issues to the Audit Committee and the President and CEO. The function focuses on developing and enhancing internal control over the financial reporting in Metso by proactively concentrating on the internal control environment and by monitoring the effectiveness of the internal control. Our internal steering instruments for financial reporting primarily comprise Metso's Code of Conduct, Internal Control Policy, Internal Control Standards, Treasury Policy and our accounting policies and reporting instructions, which define the accounting and reporting rules, and Metso's definition of processes and minimum requirements for internal control over financial reporting.

RISK ASSESSMENT

Metso's risk assessment as regards financial reporting aims to identify and evaluate the most significant threats affecting the financial reporting at the Group, reporting segment, unit, function and process levels. The assessment of risk includes, for example, risks related to fraud and unlawful activities, as well as the risk of loss or misappropriation of assets. The risk assessment results in control targets through which we seek to ensure that the fundamental requirements placed on financial reporting are fulfilled. Information on the development of essential risk areas and the activities executed and planned in these areas as well as the measures to mitigate them are communicated regularly to the Audit Committee.

CONTROL ACTIVITIES

We have established an internal Metso Compliance Program to ensure the correctness and credibility of our financial reporting and compliance with our governance principles in all our units. Its purpose is to create a coherent control environment at Metso by implementing proper, internal control principles for different business processes and to share internal control related best practices. The program stems from the listing of Metso's share in the United States until 2007 and the Sarbanes Oxley Act (SOX) requirements we complied with in conjunction with the listing. The Metso Compliance Program affects all our units and is more flexible, and in some respects, more comprehensive than SOX reporting. In line with the SOX requirements, our control standards define the basic level for internal controls that all units must achieve. Our internal audit function, assisted by trained Metso testers from different parts of our organization, is responsible for the testing of the units. Unlike with the SOX system, independent auditors do not issue a separate statement on the functionality of our internal controls, although in their work they do widely utilize the documentation created in conjunction with the Metso Compliance Program.

Our Internal Control Standards are designed to ensure that local management in every Metso unit designs and effectively implements the most important monitoring procedures related to selected key financial and business administration processes in all Metso units. This is complemented with proper segregation of key duties and management oversight controls in the organizations. Properly established internal control mechanisms safeguard us also from possible misconduct. The Internal Control Standards list the control standards for selected business processes, which are sales and project business, procurement, payroll, inventory, treasury, financial reporting, fixed assets and IT systems. For each of these processes, the tasks that must be segregated are also listed. The units document the control activities in use for each of their respective key business processes. In Metso's Compliance Program, the effectiveness of the monitoring procedures are assessed and tested. The program also requires the correction of any shortcomings.

2013

The integration of Metso's Compliance Program and internal audit activities continued as planned during the year. The use of testers for audit environment testing was active and the competence profile of the testers was diverse. The second round of a three-year

rotating test plan to cover all Metso units was finalized. For the next round, the program will be updated for content. Operational audits focused on, among other things, procurement, anti-bribery controls and sound business practices.

INFORMATION AND COMMUNICATION

In order to secure an effective and efficient internal control environment, we seek to ensure that Metso's internal and external communication is open, transparent, accurate and timely. Information regarding internal steering instruments for financial reporting, i.e. accounting principles, financial reporting instructions and the disclosure policy, are available on Metso's intranet. We arrange training for our personnel regarding internal control issues and tools. Metso's CFO and the head of internal audit report the results of the internal control work as a standing item on the agenda of the Audit Committee. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported to the Board after every Audit Committee meeting.

MONITORING

The effectiveness of internal control related to financial reporting is monitored by the Board of Directors, the Audit Committee, the CEO, Group management, internal audit, and the management of the reporting segments and Group companies. Monitoring includes the follow-up of monthly financial reports, review of the rolling estimates and plans, as well as reports from the internal audit and quarterly reports by independent auditors. Our internal audit annually assesses the effectiveness of Metso's operations and the adequacy of risk management and reports the risks and weaknesses related to the internal control processes. The internal audit compiles an annual audit plan, the status and findings of which it regularly reports to Metso management, auditors and the Audit Committee. Furthermore, our internal audit and independent auditor meet regularly to coordinate the monitoring efforts.

2013

During 2013, the monitoring of financial results was extended to cover projects with large risks at all control levels. The internal audit supported these efforts through special audit reports. The internal audit had also other specific monitoring duties defined by the Audit Committee.

Compliance with laws and Code of Conduct

In all our operations we seek to comply with applicable laws and statutes as well as generally accepted practices. Additionally, our operations are guided by Metso's Code of Conduct, internal policies and guidelines as well as values. Our Code of Conduct describes Metso's corporate culture, commonly accepted practices and commitment to complying with laws and regulations. It supports Metso's responsible operations, sustainability and our success. The foundation of our Code of Conduct is the UN Universal Declaration of Human Rights, the UN Global Compact initiative, which we have endorsed, and the International Labor Organization's (ILO)

declaration on Fundamental Principles and Rights at Work. When applicable, the OECD's Guidelines for Multinational Enterprises are also incorporated into our Code of Conduct.

We require that each one of our employees is familiar with the legislation and operating guidelines of their respective areas of responsibility. Business management is responsible for the internal control of the operations in their respective sector. In conjunction with internal audits, we strive to ensure that everyone in the unit being audited is familiar with and compliant with the laws, regulations and principles relating to their respective work. In addition to Metso's management, the due course of operations is monitored by the Board's Audit Committee, which reports any misconduct to the Board.

INTERNAL AUDIT

Metso's internal audit assesses the efficiency and appropriateness of our operations and examines the functioning of internal controls. It seeks to ensure the correctness of financial and operational reporting, compliance with applicable laws and regulations, and proper management of the company's assets.

Additionally, the internal audit proactively encourages the development of risk management in Metso's various operations. The head of the internal audit reports administratively to the CFO, but has direct access also to the President and CEO and to the Chairman of the Audit Committee.

REPORTING OF SUSPECTED FINANCIAL MISCONDUCT

Our guidelines on the prevention of financial misconduct define how suspected misconduct should be reported, how it is investigated and how the issue proceeds. Metso employees are encouraged to report suspected misconduct to their own supervisors, to other management or, if necessary, directly to the internal audit. Additionally, Metso employees and partners can report suspicions of financial misconduct confidentially via the Whistleblower channel, which is maintained by an independent party. The report can be submitted in several languages via the Internet, by phone or by email, and anonymously if necessary. Suspected misconduct is investigated immediately and confidentially. The internal audit decides how the matter will be investigated and reports the suspicion to the Audit Committee. The legal affairs and HR functions together implement any measures consequential to the misconduct.

2013

We received 5 reports of suspected financial misconduct via the Whistleblower channel. Additionally, the internal audit received 14 direct contacts. A total of 16 cases were investigated, 9 of the suspicions were classifiable as misconduct. There were also cases of misconduct revealed in conjunction with internal audits. The cases of misconduct were reviewed by the Audit Committee in line with our guidelines on reporting misconduct. The cases did not have a significant impact on our financial results, but corrective and disciplinary actions were taken.

AUDITORS

According to the Articles of Association, Metso has one auditor, which must be a firm of public accountants certified by the Finn-

ish Central Chamber of Commerce. The Board's Audit Committee prepares the auditor selection process. Since 2008, the policy in electing the auditor has been that the aggregate duration of the consecutive terms of a principal auditor may not exceed seven years. This means that Metso's principal auditor Roger Rejström can act in this capacity no later than for the audit of financial period 2018. There are no term limits regarding the duration of the auditing firm.

The auditor's statutory obligation is to audit the company's accounting, the Board of Directors' report, financial statements and administration for the financial year. The parent company's auditor must also audit the consolidated financial statements and other mutual relationships between Group companies.

In conjunction with our annual financial statements, the auditor gives Metso's shareholders an Auditor's Report as required by law. The auditor reports primarily via the Audit Committee and at least once a year to the Board. The Audit Committee evaluates the performance and services of the independent auditors each year and decides if there is a need to arrange an open tender process.

2013

The 2013 Annual General Meeting of Shareholders elected Authorized Public Accountant Ernst & Young Oy as the auditor, with Roger Rejström as principal auditor. Our auditor was last put out to tender in 2011. The fees related to auditing work in 2013 amounted to EUR 2.5 million.

Audit fees

EUR million	2009	2010	2011	2012*	2013*
Audit	2.5	2.5	2.6	2.6	2.5
Tax services	1.7	2.0	2.0	1.5	0.9
Other services	0.8	1.0	1.1	0.5	0.4
Total	5.0	5.5	5.7	4.6	3.8

* 2012 and 2013 figures describe Metso's continuing operations. In addition, other services related to the demerger EUR 1.6 million.

INSIDERS

We comply with the NASDAQ OMX Helsinki Guidelines for Insiders. Our permanent insiders are not permitted to trade in Metso's issued securities during the 21 days immediately prior to the publication of a Metso interim review or financial statements release. The ownership of Metso securities by statutory insiders (insiders subject to the disclosure obligation) and their interest parties is public. Statutory insiders include the Chairman, Vice Chairman and members of the Board of Directors, the President and CEO and his deputy, the principally responsible auditor of a firm of public accountants and Executive Team members.

Additionally, Metso also has permanent company-specific insiders and separately identified project-specific insiders whose securities ownership is not public. We maintain the register of our statutory insiders in the Euroclear Finland Ltd's Sire system, where information on the ownership of securities can be obtained directly from the book-entry system.

Management remuneration

The objective of remuneration at Metso is to encourage employees as individuals and as team members to achieve the set financial and operational targets and to strive for excellent performance. Remuneration is aligned with Metso's financial performance, internal and external references and with observing remuneration levels for similar positions among peer companies. Metso's remuneration package for key personnel and executives includes a competitive salary and employee benefits according to local market practices, short-term incentives based on predefined annual performance indicators and long-term incentives that align the interests of the key executives and shareholders.

REMUNERATION OF THE BOARD

The Annual General Meeting decides on the remuneration to the members of the Board for one term of office at a time. According to the decision of the 2013 Annual General Meeting, the annual fees paid to Board members were:

- Chairman of the Board EUR 100,000
- Vice Chairman of the Board EUR 60,000
- Chairman of the Audit Committee EUR 60,000
- Other Board members EUR 48,000

In addition, for Board members whose place of domicile is in the Nordic countries, a fee of EUR 700 per meeting was paid for each Board and committee meeting they attended. The meeting fee for members residing elsewhere in Europe was EUR 1,400 and for those residing outside of Europe EUR 2,800. Compensation for travel expenses and daily allowances was paid in accordance with Metso's travel policy.

Based on the decision of the Annual General Meeting in 2013, 40 percent of the Board's annual fees were used to buy Metso shares from the market. The shares were acquired within the two weeks following the April 24, 2013 publication of the interim report. Altogether, 6,304 shares were acquired, which is 0.004 percent of Metso's total share capital. There are no special terms or conditions associated with owning these shares.

The number of shares acquired in this conjunction for Board members are listed in the table below.

Board member and number of shares	
Jukka Viinanen	1,370
Mikael von Frenckell	822
Christer Gardell	658
Ozey K. Horton, Jr.	658
Erkki Pehu-Lehtonen	658
Pia Rudengren	822
Eeva Sijilä	658
Mikael Lilius	658
Total	6,304

The Board members, none of whom are employees of Metso, were paid annual remuneration and meeting fees totaling EUR 466,267 during the financial year that ended December 31, 2013. The Board members are not covered by Metso's bonus plans, share-based incentive schemes or pension plans.

The Extraordinary General Meeting decided the remuneration of the Board of Directors after the demerger until Metso's next Annual General Meeting: EUR 25,000 for the Chairman, EUR 15,000 for the Vice Chairman and Chairman of the Audit Committee, and EUR 12,000 for new members. Remuneration already paid for the corresponding part of the current term to members of the Board who continued in the Board was subtracted from this remuneration.

Decision-making process and main principles of remuneration of the CEO and other Executive Team members

The Board of Directors decides on the remuneration, benefits and other terms of employment of the President and CEO. The Board's Remuneration and HR Committee decides on the compensation and benefits of the other Executive Team members based on the President and CEO's proposal and general principles approved by the Board.

The remuneration of Executive Team members, including the President and CEO, comprises a monthly total salary (including monthly salary and customary fringe benefits, such as a car and a mobile phone) as well as both short- and long-term incentives. Short-term incentives are annual performance bonuses decided by the Board. As long-term incentives, the Executive Team members are included in share ownership plans that are decided and implemented by the Board and for which share repurchase and share issue authorizations are obtained from the Annual General Meeting. There are no options outstanding or available from any of Metso's prior option programs.

Additionally, executive management benefits include a supplementary defined contribution pension plan for all members of the Executive Team, with the exception of President and CEO Matti Kähkönen, who had already earlier been in a supplementary defined benefit pension plan. Metso's Board has outlined that no new supplementary defined benefit pension plans will be introduced.

Performance bonuses

The Board annually confirms the terms and targets of the performance bonuses on the Group level. The amount of the possible bonus payment, if any, is based on achieving set financial performance targets, such as EBITA and cash flow, of Metso and/or the business in question. In addition to these, individual and/or team targets are also used. The Remuneration and HR Committee evaluates the achievement of the predefined targets of the President and CEO. For the President and CEO and for other Executive Team members, the maximum annual performance bonus is currently 40–60 percent of their total annual salary.

Share-based incentive plans

The Board decides and implements Metso's share-based incentive plans, which are part of the remuneration program for Metso

management. The purpose of the plans is to align the goals of Metso's shareholders and management to enhance the value of the company. The plans also aim to ensure commitment of management and to offer them a competitive, ownership-based reward scheme. The plans that started in 2009, 2010 and 2011 required participants to make a personal investment in Metso shares. In the share-based incentive plans that started in 2012, 2013 and 2014, shares will be allocated to participants based on the achievement of predefined targets and the personal investment in Metso shares is not required. Any shares potentially rewarded are acquired through public trading, and therefore the incentive plans will have no diluting effect on the share value.

Share Ownership Plan 2009–2011

In the share-based incentive plan for management approved by the Board in October 2008, the plan included a three-year earning period and required participants to make a personal investment in Metso shares. The plan's performance criteria (total shareholder return and earnings per share) achieved 69 percent of the maximum. In April 2012, a reward of a total of 1,27,356 shares was paid to 82 individuals. The Executive Team's portion was 19,359 shares. The total reward, which includes the cash share used to cover taxes, corresponded to about 264,836 shares. The share transfer was carried out with a direct free share issue. The shares earned as a reward were under transfer restriction until April 2013.

Share Ownership Plan 2010–2012

In October 2009, the Board approved a similar share-based incentive plan for management, Metso Share Ownership Plan 2010–2012. The plan included a three-year earning period and required participants to make a personal investment in Metso shares. The plan's performance criteria (total shareholder return and earnings per share) achieved 60 percent of the maximum. In May 2013, a reward of a total of 108,585 shares was paid to 80 individuals. The Executive Team's portion was 17,632 shares. The total reward, which includes the cash share used to cover taxes, corresponded to about 230,824 shares. The share transfer was carried out with a direct free share issue. Any shares earned must be held for one year after the reward payment.

Share Ownership Plan 2011–2013

In September 2010, the Board approved a third, similar share-based incentive plan for management, Metso Share Ownership Plan 2011–2013. The plan includes one three-year earning period, which began on January 1, 2011 and ended on December 31, 2013. The plan was initially targeted to about 100 of Metso's key personnel, of which 66 were participating at the end of 2013. After the demerger, the number of Metso participants is 40. These Metso participants have invested in 21,500 shares (initial investment), and the rewards that can be paid on the basis of the plan correspond to a maximum total of 147,550 Metso shares. The reward from the plan consists of grants of the base matching shares and performance shares. The amount of base matching shares is based on Metso share price development and can be 2.5 or 1.25 times the number of shares in the initial investment. The potential reward in the form of performance shares is based on the combination of Metso's Total

Shareholder Return (TSR) over the three-year period and on the annual earnings per share (EPS) in 2011–2013. If the TSR is zero or negative over the three-year period, no performance shares shall be distributed. The maximum ratio of the performance shares for the President and CEO is six, for the other Metso Executive Team members five and for other participants four times the number of shares in the initial investment. In addition to meeting the performance targets, receiving the reward requires that the participant holds the initial investment for the entire earning period and is employed by Metso until the reward payment. The amount of the potential reward will be determined in February 2014, and it will be paid in both Metso and Valmet shares by the end of March 2014. In countries where the employer has a payroll tax withholding obligation, the company can pay a maximum of 60 percent of the reward in cash instead of shares, which is intended to cover taxes and related payments. Any shares earned must be held for a minimum of one year after the reward payment. Members of the current Metso Executive Team can receive a maximum total of 49,150 shares as share rewards.

The participant's annual reward payments (valued at the share's market price at the transfer date) from these ownership plans cannot exceed in any year the participant's total annual salary, defined as taxable annual gross income without bonus and long-term incentives, multiplied by 1.5 at the record date.

Long-term Incentive Plan 2012–2014

In December 2011, Metso's Board decided to establish a new share-based incentive plan that has three performance periods, which are calendar years 2012, 2013 and 2014. The Board shall decide on the performance criteria targets and participants in the beginning of each performance period. In the 2012 performance period, the reward was based on the net sales growth of the services business, return on capital employed (ROCE) before taxes and earnings per share. At the end of 2013, there were 93 managers participating in the plan, and the number of Metso participants after the demerger is 61. The reward to be paid to Metso participants on the basis of the 2012 performance period corresponds to a maximum of 277,094 Metso shares. The current Metso Executive Team's share of the 2012 earnings period can be a maximum of 65,422 shares. However, according to the Board's decision, the maximum number of shares will be recalculated in April 2014 to take into account the effect of the demerger on Metso share value.

The reward from the 2012 performance period will be paid at the end of an approximately two-year vesting period in 2015, partly in company shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the participants.

In December 2012, the Board decided to continue the share-based incentive plan approved in 2011. In the 2013 performance period, 99 managers participated in the plan at the end of 2013, and the number of Metso participants after the demerger was 65. The potential reward generated will be based on the same criteria as the 2012 performance period. The potential reward to be paid to Metso participants on the basis of the 2013 performance period will correspond to a maximum total of 284,327 Metso shares. The current Metso Executive Team can receive a maximum reward of

64,895 shares. However, according to the Board's decision, the maximum number of shares will be recalculated in April 2014 to take into account the effect of the demerger on Metso share value. The potential reward from the 2013 performance period will be paid at the end of an approximately two-year vesting period in 2016, partly in company shares and partly in cash.

In December 2013, the Board decided to continue the share-based incentive plan approved in 2011. The plan for the 2014

performance period will cover about 60 Metso managers, and the potential reward generated will be based on the same criteria as the 2013 performance period. The potential rewards to be paid on the basis of the 2014 performance period will correspond to a maximum total of 320,000 Metso shares. The current Metso Executive Team can receive a maximum reward of 77,147 shares. The potential reward from the 2013 performance period will be paid at the end of an approximately two-year vesting period in 2017, partly in company shares and partly in cash.

2012 Remuneration paid to the President and CEO, Executive Vice President and other Executive Team members

EUR	Annual salary	Paid performance bonus	Fringe benefits	Share-based payment	Total
President and CEO	551,820	201,965	16,487	300,489	1,070,761
Executive Vice President	383,386	222,348	11,624	300,489	917,847
Other Executive Team members	1,504,274	428,050	74,326	776,085	2,782,735
Total	2,439,480	852,363	102,437	1,377,063	4,771,342

2013

EUR	Annual salary	Paid performance bonus	Fringe benefits	Share-based payment	Total
President and CEO	551,820	212,598	16,665	282,030	1,063,113
Executive Vice President ¹⁾	326,206	205,443	12,750	282,030	826,429
Executive Vice President ²⁾	49,730	119,730	2,234	109,976	281,670
Other Executive Team members	1,654,235	615,717	54,565	655,451	2,979,968
Total	2,581,991	1,153,488	86,214	1,329,487	5,151,180

1) Pasi Laine, until October 31, 2013

2) Harri Nikunen, starting November 1, 2013

The reward for each performance period of the long-term incentive plan 2012-2014 may not exceed 120 percent of a participant's total annual base salary. If a participant's employment or service ends for reasons relating to the participant before the reward payment, no reward will be paid.

Additionally, Metso has subscribed pension plans for senior management and the beneficiaries include members of the Metso Executive Team. For the years ended December 31, 2012 and 2013, the pension insurance premium payments totaled approximately EUR 0,56 million and EUR 0,58 million, respectively.

Remuneration of the President and CEO

Metso's President and CEO Matti Kähkönen is entitled to participate in Metso's short- and long-term incentive programs according to the respective terms and conditions of those programs. The terms and conditions are decided by the Board. The Board assesses the work and performance of the President and CEO and decides on his remuneration. The remuneration of Matti Kähkönen is described in more detail in the following table.

Employment terms and conditions of President and CEO Matti Kähkönen

Base salary and fringe benefits	Total monthly salary EUR 45,000, including salary and fringe benefits (company car and mobile phone).
Short-term incentive (annual bonus)	Annual bonus can be earned in accordance with terms approved by the Board. The maximum bonus is 60 percent of total annual salary.
Long-term incentives	According to Metso's Share Ownership and Long-term Incentive Plans. In the share-based incentive plans starting in 2009, 2010 and 2011, the annual reward payment cannot exceed the total annual salary, defined as taxable annual gross income without annual bonus and long-term incentives, multiplied by 1.5. In the long-term incentive plan 2012-2014, the maximum bonus is 120 percent of the total annual salary.
Pension	Retirement age is 63 years. Kähkönen has a supplementary defined benefit pension plan. His total pension is 60 percent of average monthly earnings during the past four full calendar years prior to retirement.
Termination of assignment	Notice period for both parties is six months. Severance pay (if the company terminates the agreement) is six months' notice period compensation plus severance pay corresponding to the last total monthly salary multiplied by 18.

Board of Directors Dec 31, 2013



MIKAEL LILIUS
Chairman of the Board

Born: 1949
Nationality: Finnish citizen
Education: B.Sc. (Econ)

Chairman of the Board since December 31, 2013. Member of the Board since 2013. Chairman of the Board's Remuneration and HR Committee. Independent of the company and independent of significant shareholders.

Main occupation: Miscellaneous positions of trust

Metso shares Dec 31, 2013: 25,609

Key work experience: CEO, Fortum Oyj 2000–2009; CEO, Gambro AB 1998–2000; CEO, Incentive AB 1991–1998; CEO, KF Industri AB 1989–1991; President of the Packaging Division, Huhtamäki Oyj 1986–1989.



OZEY K. HORTON, JR.
Member of the Board

Born: 1951
Nationality: U.S. citizen
Education: MBA, BSE

Member of the Board since 2011. Member of the Board's Remuneration and HR Committee. Independent of the company and independent of significant shareholders.

Main occupation: Board professional, independent advisor

Metso shares Dec 31, 2013: 1,756

Key work experience: Various management positions, McKinsey & Company 1981–2011.



CHRISTER GARDELL
Vice Chairman of the Board

Born: 1960
Nationality: Swedish citizen
Education: M.Sc. (Business Administration and Economics)

Vice Chairman of the Board since December 31, 2013. Member of the Board since 2006. Member of the Board's Remuneration and HR Committee. Independent of the company and not independent of significant shareholder.

Main occupation: CEO, Cevian Capital

Metso shares Dec 31, 2013: 2,429

Key work experience: Founder and Managing Partner, Cevian Capital, 2001–; CEO, AB Custos 1996–2001; Partner at Nordic Capital and McKinsey & Company.



EEVA SIPILÄ
Member of the Board

Born: 1973
Nationality: Finnish citizen
Education: M.Sc. (Econ.), CEFA

Member of the board since 2012. Chairman of the Board's Audit Committee. Independent of the company and independent of significant shareholders.

Main occupation: Executive Vice President, CFO, Cargotec Corporation

Metso shares Dec 31, 2013: 1,304

Key work experience: CFO, Cargotec Corporation 2008–; Senior Vice President, Investor Relations and Communications, Cargotec Corporation 2005–2008; Vice President, Investor Relations Metso Corporation 2002–2005.



WILSON NÉLIO BRUMER

Member of the Board

Born: 1948

Nationality: Brazilian citizen

Education: BA

Member of the board since December 31, 2013.

Independent of the company and independent of significant shareholders.

Main occupation: Managing Partner GRP Investimentos Ltda & President at Vicenza Mineracao e Participacoes S.A

Metso shares Dec 31, 2013: –

Key work experience: CEO, Usiminas, 2010-2012; Secretary of Minas Gerais State for Economic Development 2003–2007.



LARS JOSEFSSON

Member of the Board

Born: 1953

Nationality: Swedish citizen

Education: M.Sc. in Engineering Physics

Member of the board since December 31, 2013. Member of the Board's Audit Committee.

Independent of the company and independent of significant shareholders.

Main occupation: Independent consultant

Metso shares Dec 31, 2013: –

Key work experience: CEO, Micronic Mydata, 2013; CEO, Alimak Hek AB, 2012; President, Sandvik Mining and Construction, 2003–2011.



NINA KOPOLA

Member of the Board

Born: 1960

Nationality: Finnish citizen

Education: BA

Member of the board since December 31, 2013. Member of the Board's Audit Committee.

Independent of the company and independent of significant shareholders.

Main occupation: President and CEO, Suominen Corporation

Metso shares Dec 31, 2013: 47

Key work experience: Various management positions in Dynea Oy 2000–2011.

Personnel representation in the Metso Board

In accordance with the Finnish law on personnel participation, a personnel representative participates in the Board meetings as an invited expert. The representative does not have voting rights, nor is she or he legally responsible for Board decisions. The representative is elected by Metso's Finnish personnel groups for the same term as that of the Board members. The new Board of Directors will invite the personnel representative as its external expert in its organizing meeting after the Annual General Meeting on March 26, 2014.

Metso Executive Team Dec 31, 2013



MATTI KÄHKÖNEN

President and CEO

Born: 1956
Nationality: Finnish citizen
Education: M.Sc. (Eng.)

Chairman of the Executive Team since 2011. Joined the company in 1980.

Metso shares Dec 31, 2013: 20,507

Key work experience: President, Mining and Constructions Technology 2008–2011; President, Metso Minerals 2006–2008; President, Metso Automation 2001–2006; President, Metso Automation, Field System Division 1999–2001; President, Neles Jamesbury, different divisions 1993–1999.



ANDREW BENKO

President, Mining and Construction (until Dec. 31, 2013)

Born: 1949
Nationality: U.S. citizen
Education: B.S., Mechanical Engineering, Master of Engineering

Member of the Executive Team since 2011. Joined the company in 1972.

Metso shares Dec 31, 2013: 14,503

Key experience: President, Metso Equipment and Systems 2009–2011, President, Mining business line 2007–2009, President, Minerals Processing business line 2001–2006, Various top management positions at Svedala 1993–2001.



HARRI NIKUNEN

CFO, Deputy to CEO

Born: 1955
Nationality: Finnish citizen
Education: BA (Finance and business administration)

Member of the Executive Team since 2011. Joined the company in 1986.

Metso shares Dec 31, 2013: 8,115

Key experience: Various senior management positions, Metso 1986–2011.



JOÃO NEY COLAGROSSI

President, Mining and Construction (January 1, 2014 onwards)

Born: 1955
Nationality: Brazilian
Education: M.Sc. (Eng.) M.Sc. (Economics)

Member of the Executive Team since 2013. Joined the company in 1979

Metso shares Dec 31, 2013: 14,029

Key experience: President, Services business line 2009–2013; President, Construction business line 2008–2009; President, Metso South America 2001–2008 Various management positions at Svedala 1979–1999.



PERTTU LOUHILUOTO

President, Automation

Born: 1964

Nationality: Finnish citizen

Education: Master of Laws, M.Sc.
(Economics)

Member of the Executive Team since 2009, 2011-. Joined the company in 2008.

Metso shares Dec 31, 2013: 2,753

Key experience: President, Energy and Environmental Technology 2011; Senior Vice President, EMEA Market Area, Mining and Construction Technology 2009–2011, Senior Vice President, Operational Excellence 2008–2009, Partner, McKinsey & Company 2000–2008, Various positions; McKinsey & Company 1991–1999.



MERJA KAMPPARI

Senior Vice President, Human resources

Born: 1958

Nationality: Finnish citizen

Education: M.Sc. (Economics)

Member of the Executive Team since 2011. Joined the company in 2009.

Metso shares Dec 31, 2013: 5,284

Key experience: Head of Operational Excellence, HR 2008–2009, Head of Global HR 2007–2008, Nokia Siemens Networks; various HR-management positions, Nokia Networks 1994–2007; HR specialist, Scansped Oy 1989–1994; Personnel Negotiator, Eilakaisla Oy 1984–1989 .



SIMO SÄÄSKILÄHTI

Senior Vice President, Strategy and Business Development

Born: 1971

Nationality: Finnish citizen

Education: M.Sc. (Economics), M.Sc. (Eng.)

Member of the Executive Team since 2013. Joined the company in 2011.

Metso shares Dec 31, 2013: –

Key Experience: Vice President, Business Development, Metso Automation 2011–10/2013; SVP, Corporate Development (Deputy to CEO 2011) 2001–2011, SVP, Products and Solutions 2008–2011, SVP, Convergent Charging Business Unit 2006–2007, CFO 2003–2006, VP, Corporate Planning 2001–2003, Comptel Corporation; Consultant, McKinsey & Company 1997–2001.