

Metso:Outotec

June 2022

Sustainability-Linked Finance Framework



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Summary of the Metso Outotec Sustainability-Linked Finance Framework

The rationale for sustainability-linked financing

Embedding sustainability across all areas of our business including our commercial and financing frameworks is central to our strategy work. Linking our sustainability performance with the terms of financing for the group is, therefore, an important element of our strategy. In this Framework, we have selected KPIs that cover the majority of our value chain from decreasing our own (KPI 1), our suppliers (KPI 2) and our customers' CO₂ emissions (KPI 3).

Selection of Key Performance Indicators (KPIs)

KPI 1: Scope 1 and 2 CO₂ emissions (tCO₂)

KPI 2: Suppliers signed up for the Science-Based Targets initiative

KPI 3: Annual increase in revenue from Planet Positive portfolio

Calibration of Sustainability Performance Targets (SPTs)

SPT 1: Reduce our scope 2 CO₂ emissions to net-zero by 2030

SPT 2: Commitment that 30% of direct suppliers by spend covering purchased goods and services, will have Science-Based targets by 2025

SPT 3: Increase Planet Positive sales annually at a 3 percentage point rate above that of the overall portfolio

Security characteristics

Specific financial characteristics for each Sustainability-Linked Security will be detailed in the final terms of the respective security.

Reporting

To ensure investors and other stakeholders have updated and adequate information about Metso Outotec's sustainability strategy and the progress on each SPT in relation to the respective KPIs, a Sustainability-Linked Finance Progress Report will be made publicly available on an annual basis.

Verification

Metso Outotec will ensure an external and independent verification of the performance of the KPIs listed in this Framework and their progression towards the respective SPTs in the form of limited assurance, on an annual basis.

Second Party Opinion (SPO)

Metso Outotec has obtained a Second Party Opinion from ISS ESG. ISS ESG confirmed the chosen KPIs to be relevant and core to Metso Outotec's business and sustainability strategy. In addition, it confirmed the alignment of this Framework with the Sustainability-Linked Bond Principles (June 2020) set out by ICMA and the Sustainability-Linked Loan Principles (May 2021).

1. Introduction

1.1 Metso Outotec – Partner for positive change

Metso Outotec aims to be customers' number one choice for equipment and services to sustainably produce the raw materials needed to enable modern life. We identify sustainability as one of our four strategic priorities. We are committed to Science-Based Targets in alignment with the Paris Agreement to limit global warming to 1.5 degrees, and our environmental sustainability targets are in line with this agreement.

We offer a comprehensive range of sustainable products and solutions for the aggregates, minerals processing, and metals refining industries to meet the world's growing needs for energy efficiency, emissions reduction, water resources management, optimized recovery and safety.

Metso Outotec has over 15,000 employees in more than 50 countries. Our headquarters are located in Helsinki, Finland and we are listed on Nasdaq Helsinki Ltd.

1.2 Our sustainability agenda

The most material aspects of Metso Outotec's sustainability agenda can be categorized as Metso Outotec's Sustainable offering and innovations (our handprint) and our commitment to being a Responsible and trusted partner (our footprint).



Our sustainability agenda and related action plans were updated in 2021 as "Agenda 2030" which is aligned with the UN Sustainable Development Goals (SDGs). The update was made on the basis of a materiality analysis, focusing on understanding customers' changing operational environments, on assessing stakeholder expectations by conducting surveys, interviews, and meetings, as well as by reviewing current sustainability trends and relevant sustainability Frameworks.



1.3 Our approach to climate change

While all aspects of sustainability are important to us, we have a particular focus on climate change. Climate change is one of the biggest global challenges. For the world to reach net-zero emissions, which is a prerequisite to staying within 1.5 degrees of global warming, a major transformation in our customer industries is needed: accelerating the shift towards electrification, moving to renewable energy sources, increasing usage of low-carbon technologies and continuous efficiency improvement. Global electrification and industrial decarbonization will increase the worldwide demand for metals, e.g. copper, nickel, and lithium. Given the energy intensity of our customers' operations, our sustainable offering can play a significant role in addressing this challenge.

As a major equipment supplier, our priority is to support our customers so they can maintain and expand production as required and meet increasing demands from stakeholders to do so in a sustainable way. Our solutions and technologies for comminution, beneficiation, and refining can significantly decrease our mining customers' CO₂ emissions. Our products offer energy-efficient alternatives for material transport, size reduction, mineral separation, and dewatering. In metals, we offer industry-leading, environmentally sustainable solutions.

Around 50% of our aggregates product portfolio is already electric. We are also developing a complete range of electrically driven track-mounted crushers and screens. This transformational technology will support our crushing and screening customers in their sustainability ambitions by providing easy-to-use diesel-electric equipment that can be run from an integrated genset or connected to an external power source. This lowers operational costs and allows better access to renewable energy sources.

We offer durable and environmentally efficient consumables equipment and parts that can be serviced easily. Our optimized wear part solutions help our customers lower their consumption of energy, water, and fuel as well as minimize material waste and emissions. When providing our services to improve existing equipment, we continuously strive to make incremental improvements. Over time, the cumulative gains for the customer can be very significant. In addition, by implementing upgrades to existing equipment we can reduce waste by giving new life to older machines.

Metso Outotec also has solutions that minimize water waste and water-related risks, enable water reuse, and improve water quality. This includes e.g. equipment for sustainable tailings processing, water recovery improvements with dry stacking, and converting tailings ponds into valuable resources.

In addition to helping our customers in their sustainability ambitions, we also make sure that we manage our own footprint. We aim to substantially decrease the carbon footprint of our own operations and our supply chain. Metso Outotec's commitment to Science-Based targets supports our aim to limit global warming to 1.5 degrees. We also encourage our suppliers to focus on reducing their CO₂ emissions and to sign up for Science-Based Targets.



1.3.1 Handprint: Sustainable offering and innovations

Central to our sustainability approach is our Planet Positive offering of over 100 products and services included in the Planet Positive portfolio are distinctive from a sustainability point of view, address customers' sustainability needs, and build on our competitive advantages.

The Planet Positive portfolio was launched in March 2021 and reassessed later the same year. We defined the level of performance needed to qualify as Planet Positive to ensure that Planet Positive products and services can make a meaningful contribution to our customers' efforts towards reaching their climate and other environmental targets. Specifically, we defined threshold levels for qualifying as Planet Positive by looking at what performance improvement level would be consistent with our customers achieving their own publicly stated climate change and other environmental targets — for example, commitments to reaching net-zero carbon footprint by 2050, which most major mining companies have made. Our approach to defining Planet Positive offerings is set out in more detail in Appendix.

We aim to grow our Planet Positive sales faster than our overall sales. At the moment, we track Planet Positive sales for equipment and consumables; during 2022, we will be expanding this to also include Services.

1.3.2 Footprint: Responsible and trusted partner

We aim to substantially decrease the CO₂ emissions footprint of our own operations and supply chain. One important way to drive emissions reductions is the implementation of energy-savings actions in our own operations, and our sites are actively finding ways to reduce their carbon footprint and increase their energy efficiency. Around 85% of the electricity consumption of our biggest locations already comes from renewable sources, which represents more than 90% of their total electricity consumption. Where renewable energy is not a viable option, we also manage our footprint by buying renewable energy certificates (RECs).

We encourage our suppliers to reduce their CO₂ emissions, and the aim is that 30% of our suppliers in terms of spend set Science-Based Targets for emissions by 2025, or an equivalent CO₂ emissions reduction commitment that is verified by a third-party and published on the supplier's website. We use supplier audits, corrective action plans, supplier sustainability scorecards, and supplier sustainability risk assessments to track their progress.

In 2020, our carbon emission targets were verified by the Science-Based Targets initiative as aligned with the 1.5 degrees scenario. In 2021, we set new, more ambitious carbon emissions reduction targets for our own operations:

- We target a 50% reduction by 2024 and net-zero CO₂ emissions by 2030.
- We track our logistics CO₂ emissions and target a 20% reduction by 2025.

1.4 Alignment with international initiatives and standards, and sustainability recognitions

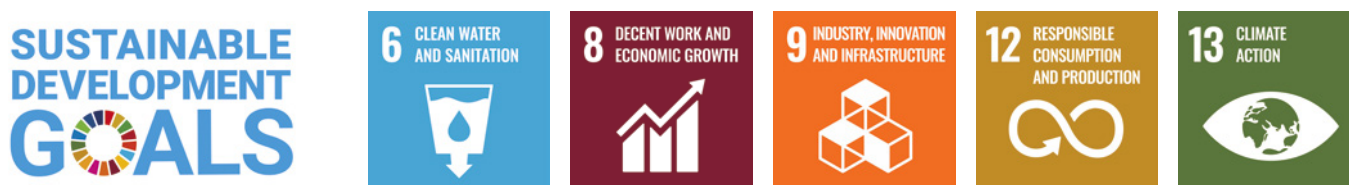
Stakeholders including investors are becoming increasingly interested in companies' sustainability including climate change-related management and performance. It is therefore important for a company to provide credible and transparent information to different stakeholder groups through a variety of channels. To demonstrate our commitment, we report our sustainability information according to international reporting frameworks, and we participate in a range of indices and external sustainability initiatives.

Task Force on Climate-Related Financial Disclosures

Metso Outotec is committed to sustainability transparency and disclosure. We support the Task Force on Climate-related Financial Disclosures (TCFD) and its recommendations. In our 2021 Annual Report, we describe our climate change-related governance, strategy, and risk management practices, aligned with the TCFD recommendations, as well as our metrics and targets to measure our impact and progress.

UN Sustainable Development Goals (UN SDGs)

Metso Outotec's sustainability agenda and related action plans, targets, and long-term goals are aligned with the UN Sustainable Development Goals (SDGs). We have integrated the most relevant Sustainable Development Goals into our sustainability agenda and targets. Five SDGs have been identified as the most relevant areas where we want to demonstrate our impact during this strategy period. These are SDG 6: Ensure availability and sustainable management of water and sanitation for all; SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; SDG 12: Ensure sustainable consumption and production patterns; and SDG 13: Take urgent action to combat climate change and its impacts.



UN Global Compact

Metso Outotec is a supporter of the UN Global Compact. As a supporter, we are committed to annually communicating on the UN Global Compact website how we have advanced in the development of our activities in the defined areas. We are committed to complying with the UN Declaration of Human Rights and UN Guiding Principles on Human Rights.

International Labor Organization (ILO)

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

Certifications

Metso Outotec's integrated management system complies with the requirements of international standards for management systems. The majority of Metso Outotec's major units are certified to ISO 9001 (quality), and the main operational units also have ISO14001 (environment), ISO 45001, or OHSAS18001 (safety) standards as a Framework.

External sustainability recognitions

Being rewarded as a sustainability leader in our industry demonstrates that we have managed to continuously improve our sustainability performance. Our current ratings are:

- MSCI ESG Rating: AAA
- Constituent of the FTSE4Good Index Series
- Corporate Knights ranking of the world's 100 most sustainable companies list: number 40 in 2022
- CDP: A- for climate change leadership and B for tackling water security
- CDP Supplier Engagement Leaderboard

2. Sustainability-Linked Finance Framework

2.1 Rationale for sustainability-linked financing

Metso Outotec, as a technology company serving the aggregates, minerals processing, and metals refining industries, can create the biggest positive change by enabling our customers to improve their operations —by working together for more sustainable processes and decarbonization of our industries.

Embedding sustainability across all areas of our business including our commercial and financing Frameworks, is central to our strategy work. Finance providers are also increasingly looking to link finance with sustainability considerations. Linking our sustainability performance with the terms of financing for the Group is, therefore, an important element of our strategy.

This Sustainability-Linked Finance Framework is designed to set out our proposals for sustainability-linked financing, including a set of KPIs that cover the majority of our value chain — from the way we strive to manage the footprint of suppliers and logistics providers, to our own footprint, and then the impact we can have through our customers using our sustainable technologies — our Planet Positive products and services. We believe that this further demonstrates to our customers and other stakeholders the credibility of our sustainability commitment.

This Framework is aligned with the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) in June 2020, and the Sustainability-Linked Loan Principles, as published by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) in March 2022.

The five core components of the Sustainability-Linked Bond and Loan Principles are:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Security characteristics
4. Reporting
5. Verification

Under this Framework, Metso Outotec may issue instruments with specific sustainability-related Key Performance Indicators attached to the terms of financing (“Sustainability-Linked Securities”), including but not limited to bonds and commercial papers.



2.2 Selection of Key Performance Indicators (KPIs)


Metso Outotec has selected the following KPIs, all part of Metso Outotec's sustainability strategy focused on climate action. The KPIs have been selected based on their materiality and relevance for the sustainability challenges of our customers and the management of our own and suppliers' CO₂ emission footprints.

2.2.1 Own emissions

We aim to substantially decrease the CO₂ emissions footprint of our own operations and supply chain. One important way to drive emissions reductions is the implementation of energy-savings actions in our own operations and our sites are actively finding ways to reduce their carbon footprint and increase their energy efficiency. Around 85% of the electricity consumption of our biggest locations already comes from renewable sources, which represents more than 90% of their total electricity consumption.

In 2020, our carbon emission targets were verified by the Science-Based Targets initiative as aligned with the 1.5 degrees scenario. In 2021, we set more ambitious new carbon emissions reduction targets for our own operations:

- we target a 50% reduction by 2024 and net-zero CO₂ emissions by 2030


KPI 1	SCOPE 1 AND 2 CARBON EMISSIONS (tCO ₂)			
DEFINITION	Reduction of absolute scope 1 and 2 carbon emissions (tCO ₂).			
SCOPE	Market-based emissions are used for Scope 2 emissions. Scope and calculations follow GHG Protocol. This KPI covers 100% of Metso Outotec's own operations.			
CALCULATION METHOD	Emission calculations are done in alignment with the GHG Protocol. More details on various conversion factors can be found from Metso Outotec's Annual Report 2021.			
HISTORICAL PERFORMANCE	tCO ₂	2019	2020	2021
	Scope 1	39,492	36,918	43,048
	Scope 2 (market-based)	83,376	7,995	9,168
	Scope 2 (location-based)	78,520	70,463	91,879
	Note: The large reduction in scope 2 emissions (market-based) is due to the fact that we started to buy Renewable Energy Certificates during 2020.			
CONTRIBUTION TO SDG				



2.2.2 Supplier emissions

Metso Outotec works with over 13,000 suppliers in more than 80 countries. We work closely with many of our suppliers to develop their sustainability practices and processes. There are many benefits to ensuring a sustainable supply chain. Firstly, it's about risk management, protecting reputation and minimizing business disruptions that could lead to increased delivery times. It's also an opportunity to create efficiencies across the supply chain and better meet customer requirements. It's important for suppliers to understand that we expect them to improve their sustainability practices and processes.


Alongside the broad 'responsible supplier' action plan that Metso Outotec has in place, Metso Outotec sees supplier emission reductions as a priority. In 2020, we started to engage with our largest and most energy-intensive suppliers to review their CO₂ emissions targets. Specifically, we strive to involve our suppliers in the battle against climate change by aiming to increase the share of our expenditure with suppliers committed to Science-Based Targets, or an equivalent CO₂ emissions reduction commitment.

KPI 2	SUPPLIERS SIGNED UP FOR SCIENCE BASED TARGETS INITIATIVE			
DEFINITION	Increasing the share of suppliers, as measured based on expenditure, that have set Science-Based Targets for emissions reduction.			
SCOPE	Direct spending on suppliers covering purchased goods and services.			
CALCULATION METHOD	The calculation is done based on the annual spend on suppliers. We calculate the share of spending with suppliers that have publicly set Science-Based Targets, or an equivalent CO ₂ emissions reduction commitment, as a proportion of total spend on suppliers during the financial year.			
HISTORICAL PERFORMANCE		2019	2020	2021
	Spend with suppliers having set Science-Based Targets	2.2%	2.5%	10.1%
CONTRIBUTION TO SDG				



2.2.3 Customer sustainability

The biggest environmental impacts of Metso Outotec's products are generated when in use in customers' operations. Our Planet Positive products are more energy- or water-efficient than the market standard, help our customers cut their CO₂ emissions, or achieve other sustainability priorities such as reducing pollution. Planet Positive Services can improve customers' processes to achieve similar benefits. The Planet Positive qualification criteria have been set to ensure alignment with our customers achieving their own publicly stated climate change and other environmental targets.

KPI 3	ANNUAL INCREASE IN REVENUE FROM PLANET POSITIVE OFFERING			
DEFINITION	Increasing the share of revenue derived from products and services classified as Planet Positive.			
SCOPE	Revenue from products and services that help customers improve their water and energy efficiency and reduce CO ₂ emissions.			
CALCULATION METHOD	The calculation is done by adding up revenue from the sales of all Planet Positive products and services (Planet Positive definition in the Appendix).			
HISTORICAL PERFORMANCE	EURM	2019	2020	2021
	Planet Positive Sales (including capital equipment and consumables)	n/a	n/a	592
	Total Sales	4,030	3,897	4,236
	SHARE OF TOTAL SALES	N/A	N/A	14.0%
	Overall sales growth	-	-3.3%	+8.7%
	Note: Historical data is not available for 2019 and 2020 as this is a new KPI.			
CONTRIBUTION TO SDG				

2.3 Calibration of Sustainability Performance Targets (SPTs)

Metso Outotec has set near-term Science-Based Targets in alignment with limiting global warming to 1.5°C. These targets will serve partly as a basis for the calibration of the SPTs.

The SPTs chosen for each Sustainability-Linked Security will vary depending on the tenor of the considered instrument. All such SPTs will be consistent with trajectories presented on the following pages and a linear calculation to determine an SPT for a certain year will always be performed based on the latest available full-year data in connection to a new Sustainability-Linked Security. The trajectory and chosen SPT will be detailed for each financing in the dedicated security documentation.



SPT 1: Reduce our scope 1 and 2 emissions to zero by 2030

Historical performance and proposed target

Metso Outotec has a Science-Based Targets initiative approved emission reduction target of cutting scope 1 and 2 emissions by 50% by 2030. This target has been confirmed by SBTi to be consistent with the reductions required to limit the global mean temperature increase to 1.5 degrees Celsius, the most ambitious goal of the Paris Agreement. Given that the company has already achieved this emission reduction target, Metso Outotec has set a new, more ambitious target of achieving net-zero emissions by 2030 (scope 1 and 2).

SPT 1 trajectory for the reduction of absolute scope 1 and 2 emissions

SPT 1 TARGET TRAJECTORY		
2019 (BASELINE)	2021 (ACTUAL)	2030
122,868 tCO ₂	52,216 tCO ₂	-100%

The above table on SPT 1 illustrates the 2030 target level and outlines the latest full-year baseline. For possible target setting purposes between 2022-2030, a linear pathway from the latest available full-year performance level to 2030 will be drawn.

Strategy to achieve the target

Achieving the SPT target in the future will require a combination of investments into on-site renewable electricity production, energy efficiency improvements, the purchase of renewable energy and the purchase of renewable energy certificates and equivalent instruments for natural gas.

Challenges in achieving the target

Metso Outotec expects the volume of its business to grow between now and 2030. In this context achieving net-zero by 2030 is an ambitious target.

SPT 2: Commitment that 30% of direct suppliers by spend covering purchased goods and services, will have Science-Based Targets by 2025

Historical performance and proposed target

In 2020, Metso Outotec started to engage with its largest and most energy-intensive suppliers to review their CO₂ emissions targets. Metso Outotec has set a target that 30% of suppliers in terms of spend set Science-Based emissions targets by 2025. The 2025 target was approved by the SBTi in 2019 as being consistent with the reductions required to limit global mean temperature increases to 1.5 degrees Celsius.

SPT 2 trajectory for the coverage of suppliers by spend who have committed to Science-Based Targets

SPT 2 TARGET TRAJECTORY		
2019 (BASELINE)	2021 (ACTUAL)	2025 (SBTi)
2.2%	10.1%	30%

The above table on SPT 2 illustrates the 2025 target level and outlines the latest full-year result. For possible target setting purposes between 2022-2025, a linear pathway from the latest available full-year performance level to 2025 will be drawn.

Strategy to achieve the target

Achieving this target will require a combination of encouraging suppliers to sign up and commit to Science-Based Targets, and eventually redirecting spend towards suppliers that have signed up.

Challenges in achieving the target

Achieving this target will be challenging, as this is a metric that Metso Outotec can only partially control.

SPT 3: Increase Planet Positive sales annually at a 3 percentage point rate above that of the overall portfolio

Historical performance and proposed target

The Planet Positive portfolio was launched in March 2021. These products are more energy- or water-efficient than the market standard, help our customers cut their CO₂ emissions or achieve other sustainability priorities such as reducing pollution. Planet Positive Services can improve customers' processes to achieve benefits in the same fields. The Planet Positive portfolio consisted of over 100 products at the end of the year 2021. We aim to grow sales of the Planet Positive portfolio at a rate above that of our overall sales growth.

SPT 3 trajectory for the Planet Positive sales growth

SPT 3 TARGET TRAJECTORY		
	2021 (BASELINE)	ANNUAL
EUR	EUR 592m	Overall sales growth % + 3.0 percentage points
Share of total sales	14.0% (including capital equipment and consumables)	

The above table on SPT 3 illustrates the annual target levels. Baseline is for reference purposes but does not impact the SPT 3 target levels.

Strategy to achieve the target

We aim to increase the scope of the Planet Positive product portfolio; in 2021 95% of R&D projects spend was on projects with annual energy efficiency, emissions, circularity, water, or safety target.

Challenges in achieving the target

Achieving sales growth at a rate above that of overall sales over the long term, on a substantial proportion of the portfolio, will be challenging.



2.4 Security characteristics

Characteristics outlined in this Framework are applicable to all Sustainability-Linked Securities issued under it. The financial characteristics of the instrument issued under this Framework including but not limited to bonds, loans, commercial paper, revolving credit facilities, or other financing facilities will be impacted depending on the achievement of the SPTs indicated in this Framework. Metso Outotec may choose to include one or more KPIs and respective SPTs for each security to be issued, and each security may have one or more Target Observation Date(s).

Specific financial characteristics for each instrument will be detailed in the final terms of the respective instrument, loan or facility. Furthermore, characteristics specific to any single Sustainability-Linked Security issued under this Framework, such as the Target Observation Date(s) and the corresponding SPT(s) based on the SPT Trajectory, will be included in its security-specific documentation. Unless otherwise agreed in security specific documentation, the Target Observation Date falls on the year-end of each SPT's final target trajectory date, as outlined in the SPT tables on pages 13-14.

2.4.1 Trigger events

Should Metso Outotec fail to provide due support for it having achieved the applicable SPT(s) referring to sections 2.5 Reporting and 2.6 External review for details for the applicable Target Observation Date(s) as set out in the security-specific documentation (trigger event), the financial characteristics of the Sustainability-Linked Security will change as outlined in the security-specific documentation. This may include, but is not limited to, margin adjustment, coupon adjustment or re-payment amount adjustment.

For the avoidance of doubt, the trigger event is the result of an observation as to whether, or not, each of the KPIs individually has achieved their respective SPTs and is defined as any of the following events.

- A KPI included in an instrument issued under this Framework has not achieved the SPT on the Target Observation Date as stipulated by each security documentation, or
- The reporting for an individual instrument issued under this Framework does not meet the requirements as set out in the Reporting section of this Framework, or
- The verification (as per the Verification section of this Framework) of the SPTs has not been provided and made public within 120 days post the applicable Target Observation Date(s).

2.4.2 Fallback mechanisms

Recalculations to baseline CO₂ emission levels (scope 1 and 2, related to KPI 1 and SPT 1) will take place in case of any significant changes in Metso Outotec Group's structure (e.g. acquisition, divestment, merger, insourcing or outsourcing). Following the recommendation of SBTi, a threshold value for significant change constitutes an increase or decrease of 5% or more in the 2019 baseline level for KPIs 1 and 2. Significant changes will be reported in the annual Sustainability-Linked Finance Progress Report and to the Science-Based Targets initiative and will be verified by a qualified external reviewer. Similarly, should Metso Outotec update its existing Science-Based Targets and set new, more ambitious targets (defined as aiming to achieve net-zero CO₂ emissions for scope 1 and 2 in a shorter timeframe compared to the existing target of 2030), these targets will automatically replace the KPI 1 and SPT 1 targets set out in this Framework and within any outstanding Sustainability-Linked Security that utilizes KPI 1 and SPT 1. In such situations where more ambitious SBTi targets, covering scope 1 and 2 absolute emissions, are set, and there are outstanding Sustainability-Linked Securities affected by this change, it should be noted that the Target Observation Date shall not change, and the only impact will be on the baseline and SPT levels, calculated as a linear trajectory from the new baseline towards the new target year and will be validated by the Science-Based Targets initiative and reviewed by an external reviewer.

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to Metso Outotec's sustainability strategy. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. However, any changes to the calculation methodology for a KPI or significant changes in data due to better data accessibility will result in a change in baseline and respective SPT trajectories. Any new or updated Sustainability-Linked Finance Framework, in relation to any subsequent securities issuance, shall not have any implications on the securities issued under this Framework. However, in case Metso Outotec updates the SPT trajectories to be more ambitious in connection to a Framework update, such updates will be applied to already outstanding Sustainability-Linked Securities issued under this Framework to ensure that investors receive equal impact on their holdings of such securities.



2.5 Reporting

To ensure investors and other stakeholders have updated and adequate information about Metso Outotec's sustainability strategy and the progress on each SPT in relation to the respective KPIs, a Sustainability-Linked Finance Progress Report will be made publicly available on an annual basis. The Sustainability-Linked Finance Progress Report will be published on Metso Outotec's website no later than 120 days after each calendar year-end.

The Sustainability-Linked Finance Progress Report will form the basis for evaluating the impact on respective security characteristics as outlined in 2.4 Security characteristics as well as in the respective security documentation. The progress report will include relevant information needed to assess the potential need for variation of the security characteristics. The Sustainability-Linked Finance Progress Report may include the following reporting points.

- The performance of the KPIs, as per the relevant reporting period and, when applicable, as per the Target Observation Date including the calculation methodology and baselines when relevant
- Information about potential recalculations of baselines
- A verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the security characteristics
- Information on any updates to Metso Outotec's sustainability strategy and/or governance with an impact on the KPIs and SPTs

Where feasible and possible the Sustainability-Linked Finance Progress Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors (including M&A activities) behind the evolution of the performance on the KPIs on an annual basis
- Illustration of the positive sustainability impacts of the performance improvement
- Any re-assessments of KPIs and/or restatement of the SPT and/or proforma adjustments of baselines or KPI scope
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs

The performance level against each SPT for each KPI outlined above shall be verified by a qualified external reviewer(s) with relevant expertise as described in the Verification section under 2.6 External review.

Metso Outotec may choose to provide the Sustainability-Linked Finance Progress Report in relation to other finance instruments than bonds, directly and non-publicly, to the lenders or counterparts.



2.6 External review

To ensure alignment with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles as well as best market practice, Metso Outotec will obtain the external reviews listed below. The external reviewer(s) will be chosen by Metso Outotec in accordance with the Voluntary Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds and may at the discretion of Metso Outotec be changed subject to fulfilling the requirements set out in this Framework. This Framework and the below reports will be published on our website.

2.6.1 Annual verification

Metso Outotec will ensure an external and independent verification of its actual performance relative to the SPT Trajectory on an annual basis and in relation to any Target Observation Date(s). The verification shall be conducted by an external party with relevant expertise in non-financial assurance and verification practices. The verification shall be made public together with the Sustainability-Linked Finance Progress Report no later than 120 days after year-end as well as no later than 120 days post the applicable Target Observation Date(s) as outlined in section 2.4 Security characteristics.

Failure to provide the ex-post verification before the reporting end date shall result in an automatic adjustment in the financial characteristics as outlined in the security-specific documentation.

2.6.2 Second Party Opinion

Metso Outotec has obtained a Second Party Opinion from ISS ESG. Amongst other things, it confirms the alignment of this Framework with the Sustainability-Linked Bond Principles June 2020 set out by ICMA and the Sustainability-Linked Loan Principles May 2021 set out by the LMA, APLMA and LSTA. The Second Party Opinion confirms that the chosen KPIs are relevant and core to Metso Outotec's business and sustainability strategy. SPT-specific assessment on the level of ambition can be found from the Second Party Opinion document.

3. Appendix

Planet Positive definition

The products and services included in the Planet Positive portfolio are distinctive from a sustainability point of view, address customers' sustainability needs, and build on our competitive advantages. Planet Positive products are demonstrably more energy- or water efficient than the industry benchmark or Metso Outotec previous generation product in the market, help our customers cut their CO₂ emissions, or achieve other sustainability priorities such as reducing pollution. Planet Positive Services can improve customers' processes to achieve similar benefits. We have also defined the scope of Planet Positive to not only cover offerings that directly reduce the environmental footprint of a customer's operations but to also consider embedded carbon, i.e., the carbon emitted in manufacturing and delivering products, as well as the potential for recycling materials used, producing products with less materials or using more sustainable materials.



We define the required level of performance to qualify as Planet Positive portfolio to ensure that designated products and services can make a meaningful contribution to our customers' efforts towards reaching their climate and other environmental targets. Specifically, we define Planet Positive qualification requirements and threshold levels for qualifying as Planet Positive by looking for such performance improvement level which would be consistent with our customers achieving their own publicly stated climate change and other environmental targets, e.g. for reducing their carbon footprint.

A Planet Positive product or service always needs to be as good, or preferably better, than the industry benchmark product(s) in terms of health and safety, pollution, and biodiversity impact. We are therefore confident in stating that Planet Positive products are demonstrably better than the industry benchmark.

Planet Positive for capital equipment and consumables

We compare all Planet Positive products with industry benchmarks and use concrete data to evidence the sustainability performance and related performance claims such as energy efficiency improvements. This evidence includes one or several of the following: specific improvements compared to an industry benchmark or a previous generation product in the market, performance analytics and simulations, as well as comparisons using product calculators. For each case, we have included an assessment to ensure there is no indication that using a Planet Positive product could result in any negative impact to safety or environmental performance when compared to using the benchmark product, based on the typical customer use case.

Planet Positive for Services

The Planet Positive designation for Services follows the same logic as for capital equipment and consumables. However, the thresholds for aftermarket are lower than for equipment because when using services to improve existing equipment, it is an ongoing process to make incremental improvements, i.e. there are many opportunities to progressively accumulate benefits over the lifetime of the flowsheet. Over time, such cumulative gains can be very significant. In addition, by implementing sustainable upgrades to existing equipment we can reduce waste by giving new life to older machines.

Assessing embedded carbon to qualify for Planet Positive

Embedded carbon in a product can be minimized in multiple ways, and the following factors are included in the Planet Positive assessment:

- Less raw material for the same performance (% reduction ¹⁾)
- Increase in output for constant raw materials (% improvement ¹⁾)
- Decreased carbon raw material for the same performance (% reduction ¹⁾)
- Extending equipment life (% increase in average life ¹⁾)
- Maximizing (%) recycled materials used as input (% compared to market average)
- Enabling recycling of waste output (% recycled)
- Lower logistics emissions (% reduction ¹⁾)
- % of embedded carbon that is offset

¹⁾ compared to industry benchmark or Metso Outotec previous generation product



[illegible]