



2020

Remuneration Report

**Partner for
positive
change**

Metso:Outotec

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

Our company is built on partnerships.

From empowering our clients today
to innovating for tomorrow.

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

From leading our industry
to learning from our history.

From transforming production lines
to inspiring people.

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

Together, we are the partner for positive change

Annual Report 2020

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

METSO OUTOTEC CHANNELS

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Business Overview
Strategy, value creation and sustainability



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



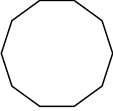
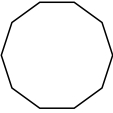
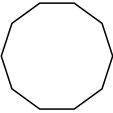
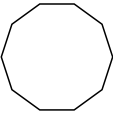
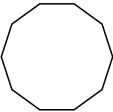
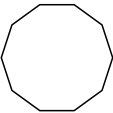
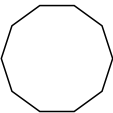
Corporate Governance Statement
Corporate Governance, Internal Control and Risk Management systems



Remuneration Report
Remuneration of the Board of Directors and the CEO



GRI Supplement
Externally assured sustainability information compliant with the GRI Standards

Metso Outotec's Annual Report 2020 consists of five sections. This is the Remuneration Report, consisting of the Remuneration of the Board of Directors and the CEO.

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Letter from the Chair of the Remuneration and HR Committee



Dear Shareholders,

Metso Outotec's remuneration report has been developed in line with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association. A separate remuneration report is a way for us to transparently and openly illustrate how the Board of Directors and President and CEO were rewarded last year.

A milestone was reached on July 1, 2020, when the combination of Metso's Minerals business and Outotec took place and Metso Outotec was formed. Metso's President and CEO Pekka Vauramo was appointed as President and CEO of the new company, and the Board of Directors, with Mikael Lilius as Chair, started their term. Metso Outotec's employees have worked hard to ensure efficient integration and are committed to deliver quality products and services to our customers.

Rewarding at Metso Outotec is aligned with the company's strategy and guides our employees to reach their full potential through excellent performance and a forward-looking attitude. Metso Outotec's aim is to be a sustainability leader in our industry, which also has influenced the target setting for variable pay programs. We already announced that the LTI plan period, starting in 2021, includes an ESG target which is linked to sustainable development.

President and CEO Pekka Vauramo's rewarding is aligned with the Remuneration policy, approved by the shareholders in the Annual General Meeting 2020. The Board is responsible for annually evaluating the President and CEO's remuneration as well as setting and evaluating the targets for variable pay programs. The guiding principle of remuneration is to align the interests of the President and CEO with the shareholders and to drive high performance.

Furthermore, the Board of Directors decided to recognize the leadership and extraordinary efforts President and CEO Pekka Vauramo has demonstrated during the integration journey of Metso Outotec and in building and leading the combined organization in unprecedented times of the pandemic. As a deviation to the Remuneration policy, a one-time reward was exceptionally granted to President and CEO to be paid in 2021.

Metso Outotec continues to ensure that rewarding is linked to the employee and company performance and that the remuneration levels are aligned with market practices.

Antti Mäkinen
Chair of the Remuneration and HR Committee

Acknowledgement

This document has been prepared in accordance with Finnish Corporate Governance code 2020 issued by the Securities Market Association. Due to the combination of Metso's Minerals business and Outotec, the governance reporting is based on Outotec Corporation for January–June 2020 period and on Metso Outotec Corporation for July–December 2020. In addition to governance reporting, Metso Outotec's Financial statement includes IFRS-based reporting for the Board of Directors' and the President and CEO's remuneration for period January–December 2020. Metso Minerals was used as the reporting entity for January–June period and Metso Outotec for July–December.

Remuneration and company performance

The Metso's Minerals business and Outotec merger took effect on July 1, 2020. Therefore, there is no prior history on business performance or remuneration comparison. The main operational performance indicators used at Metso Outotec are orders received, sales and adjusted EBITA. Metso Outotec's aim in remuneration is to create a clear link between paid variable pay and company performance. This is achieved through utilizing key performance indicators and ensuring that targets are set on levels which support the achievement of company strategy and financial targets.

The remuneration of the Board of Directors is decided by the Annual General Meeting, based on the proposal by the Shareholders' Nomination Committee. Metso Outotec Board's remuneration was approved by the Outotec AGM on March 11, 2020 and the remuneration consists of a fixed annual fee based on the role in the Board (e.g. a chair or a committee member) and an additional compensation for participation in the Board and committee meetings. In Metso Outotec, the fixed fee is used partly to purchase company shares for the Board member and partly compensated in cash. The Board of Directors' compensation does not entitle participation in the company's variable pay programs.

The compensation of the President and CEO is decided by the Board, based on proposal by the Board's Remuneration and Human Resources Committee in line with the Remuneration policy. Pekka Vauramo has acted as the President and CEO of Metso Outotec since the merger on July 1, 2020 and Markku Teräsvasara held the role of President and CEO of Outotec Corporation until the end of June 2020. The short-term incentive payments made in 2020 were earned based on 2019 performance. The total compensation of the President and CEO includes base salary, benefits, supplementary pension, and short- and long-term incentives paid during the evaluation period.

An average compensation evaluation is illustrated from the legal entity perspective where the reporting months January–June (6) refer to Outotec Corporation and July–December (6) to Metso Outotec. The reported figures are calculated from the financial reporting system and do not include other indirect employment costs.

Average compensation (in KEUR)	1–6/2020	7–12/2020
Members of Board	23	77
President and CEO ¹⁾	439	517
Average employee in Finland ²⁾	37	41
Average employee Globally ²⁾	34	23

¹⁾ Markku Teräsvasara for reporting period January–June and Pekka Vauramo for July–December

²⁾ Average employee personnel expenses without indirect employee costs divided by the average number of personnel during the evaluation period.

Key performance indicators for 2020

Orders received	Sales	Adjusted EBITA
4,150 MEUR	3,897 MEUR	448 MEUR

Performance indicators are based on IFRS for July–December 2020 and illustrative combined for January–June.

Remuneration of the Board of Directors for the previous financial year

The Annual General Meeting decides on the remuneration to the members of the Board, based on the proposal of the Nomination Committee for one term of office at a time, until the closure of the next Annual General Meeting.

The COVID-19 pandemic affected many companies and their employees in 2020. Metso's Board of Directors decided to waive the annual fixed fee for their term between April 1, 2020 until the completion of the merger on July 1, 2020. Outotec's Board of Directors decided to void 20% of their annual fixed fee paid for the term between Outotec's Annual General Meeting and the completion of the merger.

IFRS-based full year reporting is available in the Financial statement.

July–December 2020: Metso Outotec Corporation

Metso Outotec Board of Directors' term started on July 1, 2020 and the 2020 Annual General Meeting confirmed the annual fixed fee to the Metso Outotec Board members as follows:

- Chair – EUR 150,000
- Vice Chair – EUR 80,000
- Other members – EUR 65,000

Additional annual fixed fee:

- Chair of the Audit Committee (AC) – EUR 23,000
- Chair of the Remuneration and HR Committee (RHRC) – EUR 12,000
- Committee members (AC) – EUR 10,000
- Committee members (RHRC) – EUR 5,000

The annual fixed fees shall be paid to the Board members of Metso Outotec in proportion to the actual length of their term of office.

Meeting fees (including committee meetings) based on residence:

- Nordic countries – EUR 900
- Other European countries – EUR 1,800
- Outside Europe – EUR 2,700

The Board members of Metso Outotec could choose to receive either 40% or 20% of their annual fixed fee in shares of Metso Outotec. Board members shall be reimbursed the direct costs arising from board work.

Metso Outotec Board of Directors' compensation July-December 2020 (in EUR)

Board member	Annual fixed fee ¹⁾	Number of shares acquired ²⁾	Meeting fees	Total
Mikael Lilius, Chair	125,000	8,670	4,500	129,500
Matti Alahuhta, Vice Chair	66,666	4,624	4,500	71,166
Klaus Cawén	62,500	4,335	7,200	69,700
Christer Gardell	58,333	4,046	7,200	65,533
Hanne de Mora	58,333	4,046	14,400	72,733
Antti Mäkinen	72,500	5,029	9,900	82,400
Ian W. Pearce	54,166	3,757	13,500	67,666
Emanuela Speranza	54,166	1,878	9,000	63,166
Kari Stadigh	54,166	3,757	9,000	63,166
Arja Talma	73,333	2,543	7,200	80,533
Total	679,163	42,685	86,400	765,563

¹⁾ Annual fixed fee paid partly in cash, partly in shares.

²⁾ Part of annual fixed fee was used to purchase Metso Outotec shares on behalf of the Board member

January–June 2020: Outotec Corporation

Outotec Board of Directors' term ended on June 30, 2020 at the completion of the merger of Metso's Minerals business and Outotec.

Based on the decision of the 2020 Annual General Meeting, the members of the Outotec Board of Directors were paid the following annual remuneration:

- Chair of the Board of Directors – EUR 72,000
- Other members of the Board of Directors – EUR 36,000 each

as well as an additional:

- Vice Chair of the Board and Chair of Audit and Risk Committee – EUR 12,000 each
- Chair of Human Capital Committee – EUR 10,000

Members of the Board were each be paid EUR 600 for attendance at the board and committee meetings, and they were additionally reimbursed for direct costs arising from the board work.

The above-mentioned annual fixed fees were paid in cash and in proportion to the actual length of the term of office of each respective Board member. The fixed and meeting fees were be paid in cash.

Outotec Board of Directors' compensation January–June 2020 (in EUR)

Board member	Annual fixed fee	Meeting fees	Total
Matti Alahuhta, Chair	21,871	10,200	32,071
Ian W. Pearce, Vice Chair	14,581	9,000	23,581
Klaus Cawén	10,936	9,000	19,936
Anu Hämäläinen	14,581	9,000	23,581
Anja Korhonen	10,936	8,400	19,336
Hanne de Mora	13,973	10,200	24,173
Patrik Nolåker	10,936	9,600	20,536
Teija Sarajärvi	10,936	9,600	20,536
Total	108,747	75,000	183,747

Remuneration of the President and CEO for the previous financial year

The COVID-19 pandemic affected many companies in 2020, forcing them to implement various efficiency measures. The President and CEO of Metso, Pekka Vauramo, and the President and CEO of Outotec, Markku Teräsvasara, independently decided to temporarily reduce their pay during the first half of the year.

IFRS-based full year reporting is available in the Financial statement.

July–December 2020: Metso Outotec Corporation

President and CEO's compensation (in EUR)

President and CEO	Fixed salary (including customary fringe benefits)	Supplementary Pension	Total compensation
Pekka Vauramo ¹⁾	413,713	103,125	516,838

¹⁾ Served as the President and CEO of Metso Outotec during July 1 – December 31, 2020

Metso Outotec's Board of Directors decides on the remuneration of the President and CEO on the basis of the proposal by the Board's Remuneration and Human Resources Committee. The available remuneration elements are defined in the company's Remuneration policy. In December 2020, the Board of Directors decided to make one-time deviation to the Metso Outotec Remuneration policy and grant a one-time reward to the President and CEO Pekka Vauramo. The reward, gross value of EUR 825,000, was paid in February 2021. This decision is in accordance with Remuneration policy's deviation clause and will not constitute a permanent change to the policy. Metso Outotec has not exercised any rights to reclaim or cancel any paid or unpaid incentives.

The total compensation for Metso Outotec's President and CEO Pekka Vauramo during July–December consisted of a fixed salary and a supplementary pension contribution. The full year remuneration details for the President and CEO Pekka Vauramo can be found in the Financial statement.

Metso Outotec President and CEO Pekka Vauramo's 2020 short-term incentive payment will be made in 2021. The bonus payment is based on two separate periods: January–June and July–December. The target setting includes orders received, adjusted EBITA, free cash-flow and progress of integration initiatives. The earned 2020 STI payment is 63% of the fixed annual salary.

No LTI plan payments were made to Pekka Vauramo during 2020. Due to the merger of Metso's Minerals business and Outotec, two existing Metso long-term incentive plans were evaluated in June 2020. The LTI plan for 2018–2020 did not yield any result. The performance targets of the LTI plan 2019–2021 were partly achieved, and the share reward will become payable in accordance with the terms of the original plan in the spring of 2022.

The supplementary pension is a defined contribution plan with a 25% contribution of the President and CEO's annual fixed salary. Metso Outotec published a stock exchange release on October 28, 2020 confirming that Pekka Vauramo will continue as the President and CEO of Metso Outotec until the end of 2023.

January–June 2020: Outotec Corporation

President and CEO's compensation (in EUR)

President and CEO	Fixed salary (including customary fringe benefits)	2019 short-term incentive payment	Share-based incentive payment ²⁾	Total compensation
Markku Teräsvasara ¹⁾	310,869	86,867	41,712	439,448

¹⁾ Served as the President and CEO of Outotec during January 1 – June 30, 2020

²⁾ Includes payment from employee share saving plan O'Share

The total compensation for Outotec's President and CEO Markku Teräsvasara during January–June 2020 consist of a fixed salary, 2019 short-term incentive payment and the delivery of free shares from years 2017–2019 based on Outotec's O'Share employee share saving plan.

The maximum 2019 short-term incentive for Markku Teräsvasara was 60% of his fixed annual salary. The ratio for 2019 STI payment (paid in 2020) was around 14% of the fixed annual salary. The performance was based on the following Outotec metrics: adjusted EBIT, order intake, sales, free cash flow, global customer NPS and voluntary attrition.

Upon the completion of the Metso's Minerals business and Outotec merger, Markku Teräsvasara was paid a retention bonus in July 2020, with a gross value of 600,000 EUR in accordance with the decision by Outotec's Board of Directors in April 2019.

Metso Outotec Corporation

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