



Metso

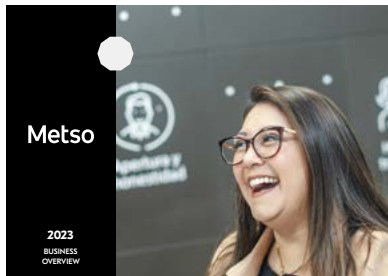
2023

**REMUNERATION
REPORT**



Metso's Annual report 2023 consists of five sections:

BUSINESS OVERVIEW



Strategy, value creation and sustainability

FINANCIAL REVIEW



Board of Directors' report, financial statements and investor information

GRI SUPPLEMENT



Externally assured sustainability information compliant with the GRI standards

CORPORATE GOVERNANCE STATEMENT



Corporate governance, internal control and risk management systems

REMUNERATION REPORT



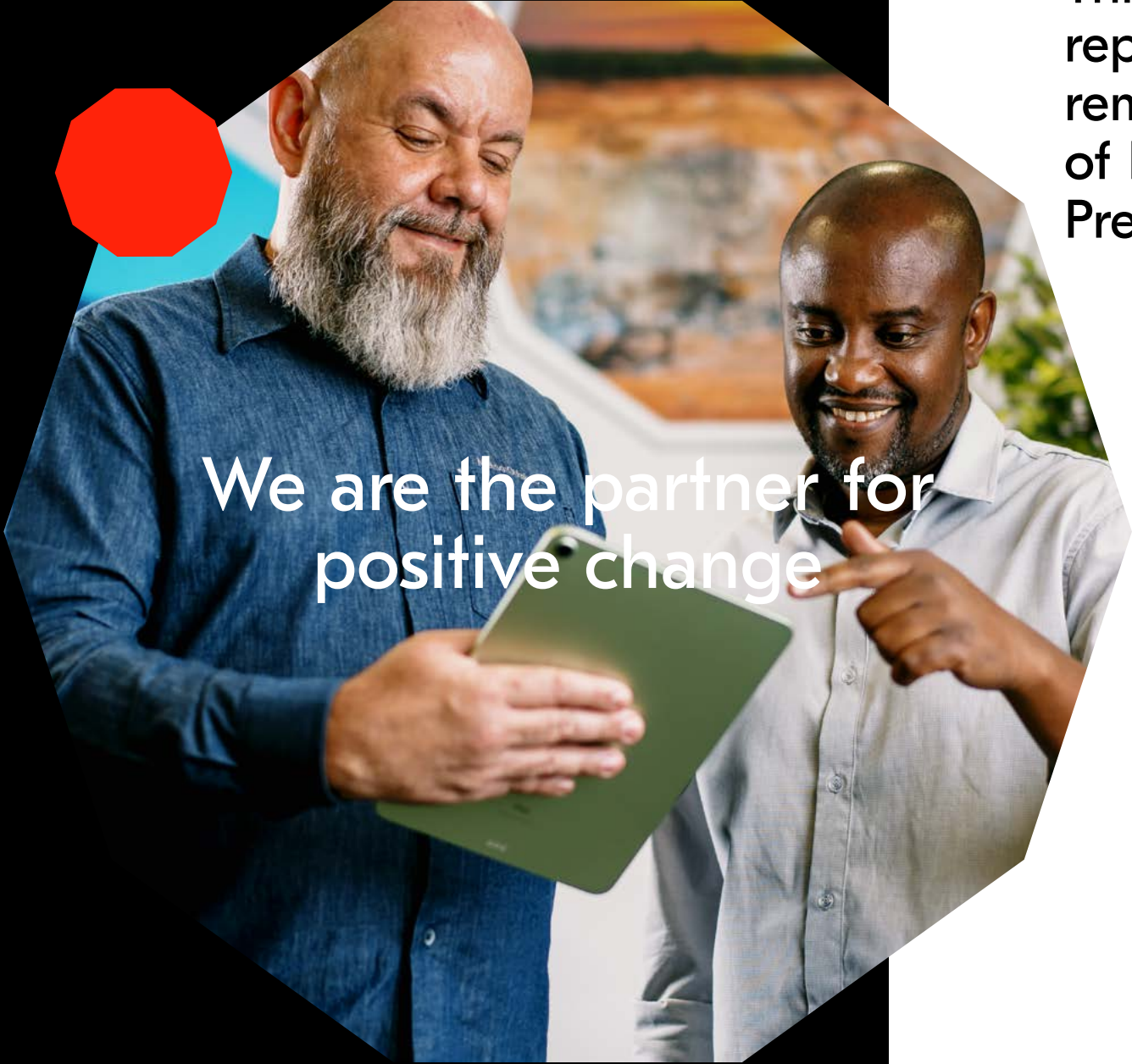
Remuneration of the Board of Directors and the CEO

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All Annual report sections are available in English and in Finnish.

They are downloadable on our Annual report website at metso.com/annualreport. In this Annual report, we apply integrated reporting elements.



We are the partner for positive change

This is the Remuneration report, consisting of the remuneration of the Board of Directors and the President and CEO.

- Letter from the Chair of the Remuneration and HR Committee 4
- Introduction 5
- Summary of the Remuneration Policy 7
- Remuneration of the Board of Directors 8
- Remuneration of the President and CEO 9
- Short-term incentives 10
- Long-term incentives 11



Letter from the Chair of the Remuneration and HR Committee

Dear Shareholders,

I am delighted to present Metso's 2023 Remuneration report on behalf of the Board's Remuneration and HR Committee. This fourth consecutive Remuneration report for the Board of Directors and the President and CEO has been prepared in line with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association. In addition to this report, Metso's Remuneration Policy will be presented at the next Annual General Meeting (AGM) for advisory vote. During previous years, we have received support from our shareholders in the advisory vote.

Metso's profitability and sales performance during 2023 was good and our teams around the world together with President and CEO Pekka Vauramo and the leadership team, worked well in executing strategy and creating customer and shareholder value. I am pleased that the portion of our Planet Positive offering, which is our way of helping our customers meet their sustainability targets, has increased to 27% of overall sales and at the same time Metso's EBITA margin from 2023 increased to 16.5% of sales. On October 27, 2023, the Board of Directors decided to update the company's profitability target for Adjusted EBITA margin exceeding 17% over the cycle from previous target of 15%. Metso has successfully strengthened its results and profitability since the merger in 2020, and we are confident that possibilities to further improve financial results continue.

Metso's Remuneration Policy is to be presented in the next AGM for shareholders' advisory vote. The Remuneration Policy defines the structure for rewarding the Board of Directors and the President and CEO. We consider that the current policy has worked well as a framework for guiding remuneration decisions and the Company doesn't propose major changes to it.

President and CEO Pekka Vauramo's remuneration is fully aligned with Metso's Remuneration Policy. Based on the recommendation of the Remuneration and HR Committee, the Board is responsible for annually evaluating the President and CEO's remuneration as well as setting and reviewing targets for variable pay programs. During 2023, the President and CEO received a short-term incentive (STI) payment based on performance from 2022 and a long-term incentive (LTI) payment from performance period 2020–2022. The STI outcome for President and CEO was driven by Company's performance during 2022 with sales growth of 25 percent and adjusted EBITA growth of 34 percent. During the LTI period 2020–2022, Metso's share price increased 94 percent and we were able to complete the integration and synergy project by the end of 2021, almost a year ahead of schedule.



Metso continues to ensure that its remuneration practices are transparent, driven by pay equity, linked to employee and Company performance and that remuneration levels are aligned with market practices. The Remuneration report, together with our Remuneration Policy, outlines the principles and practices Metso utilizes in rewarding decisions. This report illustrates the payments made to the Board of Directors and the President and CEO in 2023. I welcome any feedback and comments on Metso's 2023 Remuneration report and Remuneration Policy.

Reima Rytsölä
Chair of the Remuneration and HR Committee



Introduction

The Remuneration and HR Committee of Metso's Board of Directors has prepared this report in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive and the Finnish Corporate Governance Code 2020. Reporting and remuneration practices are based on the Metso's Remuneration Policy. This Remuneration report and the Remuneration Policy will be presented at Metso's 2024 Annual General Meeting (AGM) and the resolution on the matter will be advisory.

Metso's Remuneration and HR Committee regularly reviews Metso's Remuneration Policy to ensure alignment with market practices, the Company strategy, and the long-term aspiration of the Company. The policy is valid for four years from its approval, with the next advisory resolution taking place at the 2024 AGM.

This Remuneration report presents the terms of the payments made during 2023 and illustrates the alignment of the paid remuneration with the Company performance and strategy. The 2022 Remuneration report was presented at Metso's AGM on May 3, 2023, and received the support of the shareholders in the advisory resolution. Based on this, Metso has maintained the structure for reporting the remuneration and practices of the Board of Directors and the President and CEO.

The remuneration of the Board of Directors in 2023 consisted of a fixed annual fee, based upon each director's role on the Board, and meeting fees. The fixed annual fee was paid partly in Metso's shares and partly in cash.

For 2023, the metrics set for the President and CEO were based on the key performance indicators of the Company and its aspiration for sustainability. Short-term incentive (STI) metrics for 2023 were adjusted EBITA, sales, net promoter score (NPS) and achievement of other strategic objectives. The metrics for the long-term incentive (LTI) plan, commencing in 2023 (PSP 2023–2025), were absolute total shareholder return (TSR), earnings per share (EPS) and sales growth of the Company's Planet Positive product offering (ESG). The same metrics continue to be applied in the 2024 LTI plan (PSP 2024–2026). ESG metrics support Metso's commitment to the 1.5-degree journey in line with the Paris Agreement.





Remuneration and Company performance

Metso's remuneration objective is to create a clear link between Company performance and variable pay. This is achieved by utilizing key performance indicators and ensuring that targets are set at levels that support the achievement of the Company's strategy and financial targets. The main operational performance indicators at Metso are sales, adjusted EBITA and orders received. These indicators are also reported as part of the Company's quarterly and annual reviews. Since 2020, the Company has seen strong improvement, especially in sales and adjusted EBITA performance: sales have improved 38 percent over the reported four years and adjusted EBITA has improved 98 percent.

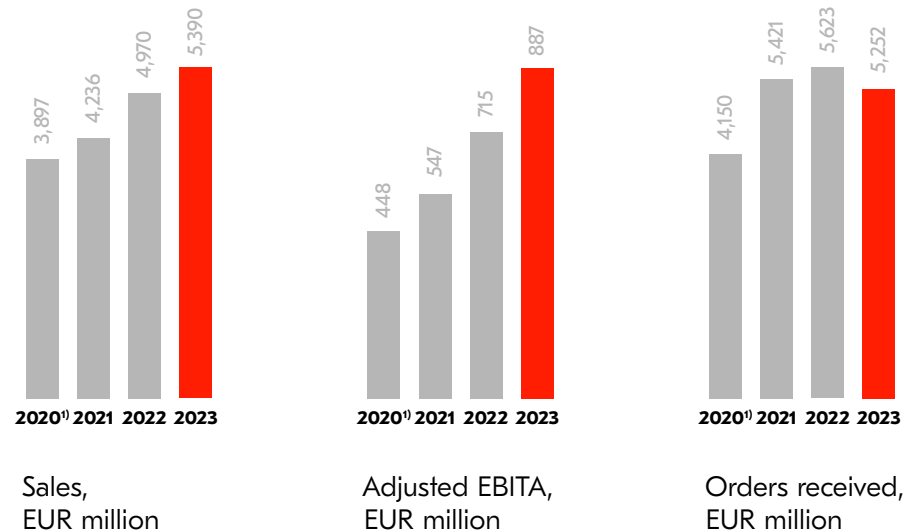
The compensation of the President and CEO is decided by the Board based on the evaluation and proposal by the Board's Remuneration and HR Committee and guided by the Company's Remuneration Policy. The short-term incentive payment made to the President and CEO in 2023 was based on 2022 targets and performance. The total compensation of the President and CEO generally includes base salary, benefits, supplementary pension, and short- and long-term incentives paid during the evaluation period.

Average compensation (in EUR thousands)	2023	2022	2021	2020 ¹⁾
Members of the Board	88	106	81	100
President and CEO	4,728	4,368	2,749	956
Average employee in Finland ²⁾	80	81	83	78
Average employee globally ²⁾	59	58	54	57

¹⁾ Average compensation for 2020 is from Outotec Corporation for January–June and illustrative from Metso Outotec Corporation for July–December

²⁾ Average personnel expenses excluding indirect employee costs divided by the average number of personnel during the evaluation period

Key Performance Indicators for Metso



The figures for years 2023 and 2022 are comparable. Key figures for the years 2020 and 2021 have not been restated.

¹⁾ Performance indicators for 2020 are based on IFRS for July–December 2020 and illustrative combined for January–June 2020



Summary of the Remuneration Policy

The Remuneration Policy, originally adopted at the 2020 Annual General Meeting, outlines the remuneration structure for the members of the Board of Directors and for the President and CEO. Remuneration of the Board of Directors is decided by the Annual General Meeting based on the proposal by the Shareholders' Nomination Board, and the President and CEO's remuneration is decided by the Board based on the proposal by the Remuneration and

HR Committee. Metso considers the current policy to be a good framework for guiding the remuneration decisions for the President and CEO, and the Company doesn't propose major changes to it. The policy presented at the 2024 AGM for advisory resolution has been visually updated and contains the same key remuneration elements and definitions as the previous policy.

Remuneration Policy's key elements for President and CEO remuneration:

Remuneration element <i>Purpose and link to long-term strategy</i>	Key features of the policy
Fixed salary <i>To recruit and retain key talent</i>	The fixed salary is typically reviewed annually. The Board may consider various factors when determining fixed salary changes, including the level of salary increases for the Company's employees globally, external market benchmark data, business performance, scope of role, and individual performance.
Short-term incentives (STI) <i>To reward and encourage achievement of the Company's performance targets</i>	Performance measures, weightings, and targets for the selected measures are set annually by the Board to ensure they continue to support the Company's short-term business strategy. These can vary from year to year to reflect business priorities and typically include a set of the Group's financial performance measures (for example, profitability and growth) and non-financial measures (for example, key operational, strategic, environmental, social, governance or other sustainability-related measures). Following the end of the year, the Board reviews the performance and evaluates the extent to which each of the targets has been achieved, to determine the final pay-out level.
Long-term incentives (LTI) <i>To commit and reward for targets supporting the Company's long-term strategy and to offer a competitive, ownership-based reward scheme</i>	Performance measures, weightings, and targets for the selected measures, for each annual plan, are set by the Board of Directors to ensure they continue to support the Company's long-term strategy. Following the end of the performance period, the Board of Directors reviews the performance and evaluates the extent to which each of the targets has been achieved, to determine the final pay-out level.
Pension <i>To provide a retirement benefit in line with the prevailing market practice</i>	The President and CEO may participate in a supplementary pension program.
Other benefits and programs <i>To provide a competitive level of benefits</i>	Benefits are aligned with the prevailing market practice and may evolve year by year. Other benefits may include but are not limited to phone, company car, health insurance, private accident, life and disability insurance, business travel, and director's and officers' liability insurance. The President and CEO is eligible to participate in programs that may be offered to the Company's other employees at any given point.
Shareholding recommendation	The President and CEO is required to own Company shares either by retaining the shares earned as long-term incentive awards or by acquiring shares as determined by the Board at its discretion.



Remuneration of the Board of Directors

The remuneration of the Board of Directors is decided by the Annual General Meeting (AGM) based on the proposal by the Shareholders' Nomination Board, for one term of office at a time until the closure of the next Annual General Meeting. The Board of Directors remuneration for the 2023–2024 period was approved by the 2023 AGM, and the remuneration consists of a fixed annual fee based on the role in the Board (e.g., Chair or committee member) and additional compensation for participation in Board and committee meetings. A portion of the fixed fee is used to purchase Metso's shares for the Board members and the balance of the fixed fee is paid in cash. The members of the Board of Directors are not entitled to participate in the Company's variable pay programs.

The 2023 AGM resolved that the members of the Board of Directors will be paid as follows (in EUR)

	2023
Chair	164,000
Vice Chair	85,000
Other members	69,000
Committee membership (additional fee)	
Chair of the Audit and Risk Committee	24,500
Member of the Audit and Risk Committee	10,500
Chair of the Remuneration and HR Committee	12,650
Member of the Remuneration and HR Committee	5,250
Meeting fees (including Committee meetings)	
Meetings requiring travel within the Nordic countries	900
Meetings requiring travel within the continent	1,800
Meetings requiring intercontinental travel	3,000
Meetings with remote attendance	900

A condition for receiving the annual remuneration is that Board members are obliged, based directly on the AGM's decision, to use 20 or 40 percent of their annual fixed fee for the purchase of Metso's shares from the market at a price formed in public trading; the purchase was required to be carried out within two weeks from the date of the 2023 AGM.

Details of Board and Committee memberships and meeting participation are reported in Metso's Corporate governance statement.

Metso Board of Directors compensation 2023 (in EUR)

Board member	Fixed annual fee ¹⁾	Number of shares acquired ²⁾	Meeting fees	Total
Kari Stadigh, Chair	169,250	6,346	15,300	184,550
Klaus Cawén, Vice Chair	95,500	3,581	13,500	109,000
Brian Beamish	74,250	1,392	15,300	89,550
Christer Gardell ³⁾			3,600	3,600
Terhi Koipjärvi	79,500	2,981	13,500	93,000
Antti Mäkinen ³⁾			3,600	3,600
Niko Pakalén ⁴⁾	74,250	1,392	8,100	82,350
Ian W. Pearce	79,500	2,981	25,200	104,700
Reima Rytsölä ⁴⁾	81,650	3,061	9,000	90,650
Emanuela Speranza	79,500	1,490	16,200	95,700
Arja Talma	93,500	3,506	13,500	107,000
Total	826,900	26,730	136,800	963,700

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

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

³⁾ Board member until May 3, 2023

⁴⁾ Board member since May 3, 2023



Remuneration of the President and CEO

Metso's Board of Directors decides on the remuneration of the President and CEO based on the proposal by the Board's Remuneration and HR Committee. The available remuneration elements are defined in the Company's Remuneration Policy and aligned with market practices. During 2023, Metso did not exercise any rights to reclaim or cancel any paid or unpaid incentives of the President and CEO.

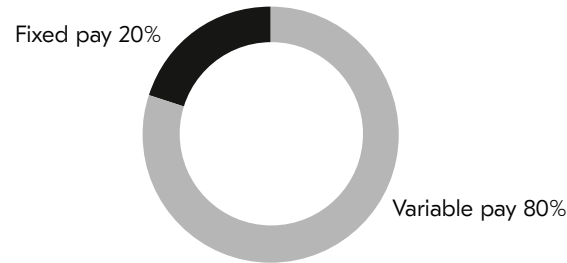
In 2023, variable pay for the President and CEO included a short-term incentive (STI) payment for performance in 2022 and a long-term (LTI) payment from the Performance Share Plan (PSP) 2020–2022 plan. The supplementary pension is a defined contribution plan with a 25% contribution of the President and CEO's fixed annual salary.

Incentive program payments during 2023 are well aligned with the 2022 result and growth of Metso. The STI payment was based on multiple targets, including the Company's performance and strategic objectives. The LTI payment from the PSP 2020–2022 plan was based on the Company's share price development and performance with synergy improvements.

President and CEO's compensation in 2023 (in EUR)

Pekka Vauramo	2023
Fixed annual salary (including fringe benefits)	900,885
STI (from 2022 performance period)	773,107
LTI (Performance Share Plan 2020–2022)	2,829,126
Supplementary Pension	224,425
Total compensation	4,727,543

Fixed and variable pay for the President and CEO in 2023



Variable pay includes STI and LTI payments (supplementary pension contributions excluded)



CEO's remuneration elements are defined in the Remuneration Policy and aligned with market practices.



Short-term incentives

The President and CEO's short-term incentives (STI), including the terms and conditions for these plans, are determined by Metso's Board of Directors. The Board annually sets and evaluates targets for the President and CEO. Based on the Company's Remuneration Policy, the maximum STI reward is limited to 100% of the fixed annual salary.

STI performance period 2022 (payable in 2023)

The STI payment made in 2023 was based on performance and targets from 2022. The targets were set for the full year, and the Board defined the maximum STI earning for 2022 to be 100% of the fixed annual salary. The Board evaluated the President and CEO's performance against the targets set, and the earned STI payment was 90% of the fixed annual salary. In 2022, as reported on February 17, 2023, Metso's orders received exceeded EUR 6 billion, sales grew by 25 percent, and adjusted EBITA increased by 34 percent. The STI was paid in April 2023, as per Company practices.

Performance metrics for 2022	Weight	Result ¹⁾
Metso Adjusted EBITA	40%	200%
Metso Sales	30%	200%
Metso SGA cost development compared to sales	15%	183%
Strategic objectives	15%	50%

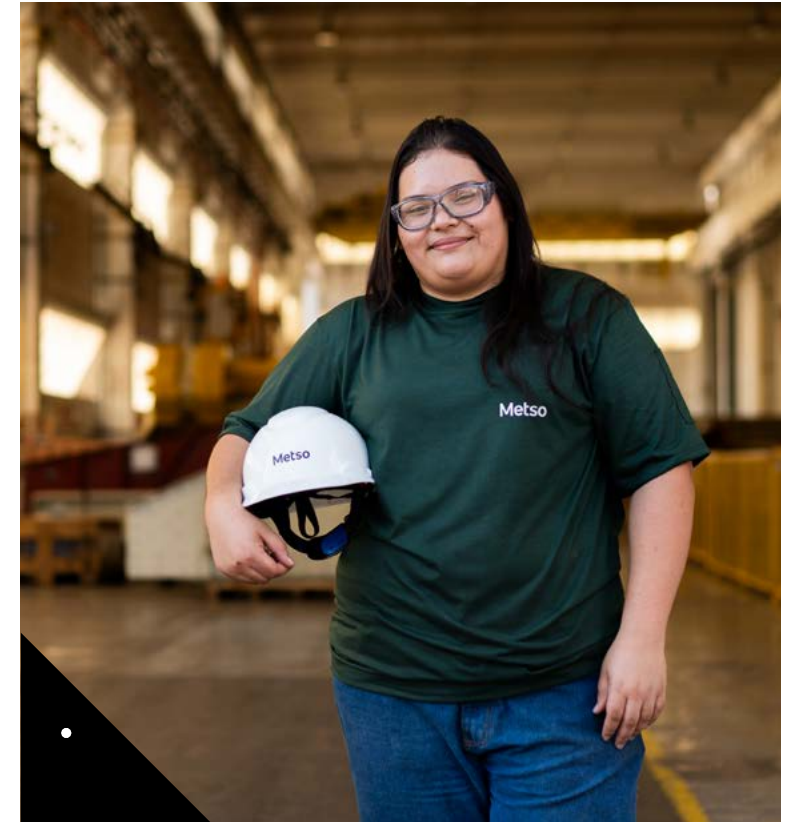
¹⁾ Target achievement is 100%, maximum is 200%

STI performance period 2023 (payable in 2024)

The STI payment to be made in 2024 is based on performance and targets from 2023. The targets were set for the full year, and the Board defined the maximum STI earning for 2023 to be 100% of the fixed annual salary. The Board evaluated the President and CEO's performance against the targets set, and the earned 2023 STI payment is 90 percent of the fixed annual salary. During 2023, the Company's adjusted EBITA improved by 24 percent, and, in addition to profitability, sales also grew by 8 percent. The STI is payable in April 2024, as per Company practices.

Performance metrics for 2023	Weight	Result ¹⁾
Metso Adjusted EBITA	40%	200%
Metso Sales	30%	200%
Metso Net Promoter Score (NPS)	10%	200%
Strategic objectives	20%	75%

¹⁾ Target achievement is 100%, maximum is 200%



Incentive program payments during 2023 are well aligned with the 2022 result and growth of Metso.



Long-term incentives

The Board of Directors decides on and implements Metso's long-term incentive (LTI) plans and the earning opportunity for the President and CEO, in alignment with plan's terms and conditions and the Company's Remuneration Policy. The purpose of these plans is to align the interests of the President and CEO and shareholders in driving the Company's long-term sustainable growth and success. Based on the Company's Remuneration Policy, the maximum LTI value at grant is limited to 200% of the fixed annual salary. LTI plans are also capped to 350% of President and CEO's fixed annual salary at payout.

The Company applies a share ownership recommendation policy for the President and CEO. In accordance with this policy, at least 50 percent of the share rewards (net shares after deduction of the applicable payroll tax) received under the performance-based share plans shall be retained until the share ownership is equal to the annual fixed salary.

Metso's LTI performance metrics currently include measurements related to share-price development, profitability and sustainability. Metso continues to utilize ESG (environmental, societal and governance) metrics in the Company's LTI plan. For the PSP 2024–2026 plan, for the third consecutive plan period, the ESG metric included will be the 'Sales growth of Planet Positive offering'. More information about Planet Positive and its criteria is available on the [Metso website](#).

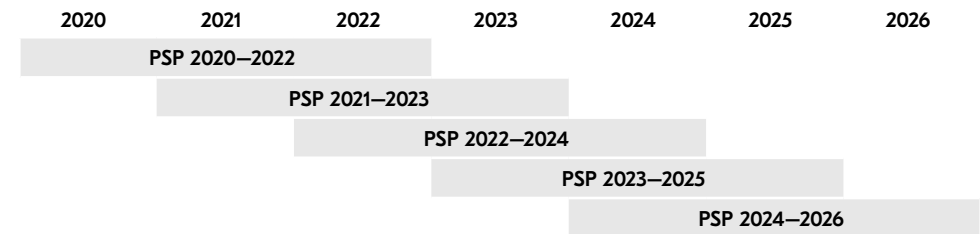
The Planet Positive metric drives Company performance towards development of a broader and more sustainable product and service offering to customers and ensures that the share of overall sales from the Planet Positive offering increases yearly. The growth ambition for Planet Positive is high, with the threshold set at +3 percentage points compared to the Group's total sales growth. For the PSP 2021–2023 plan, the ESG metric set was a CO₂-equivalent emissions reduction in operations, with a threshold of 24 percent reduction against the 2019 baseline.

President and CEO Vauramo is eligible to participate in the Metso Performance Share Plan for the 2021–2023, 2022–2024, 2023–2025 and 2024–2026 plan periods. The PSP 2020–2022 was paid in March 2023 based on the performance of the absolute Total Shareholder Return and synergy improvement metrics.

Plan	Payout year	Performance metrics	Weight	Result ²⁾
PSP 2020–2022	2023	Total shareholder return (TSR)	50%	200%
		Synergy improvements	50%	175%
PSP 2021–2023	2024	Total shareholder return (TSR)	50%	
		Earnings per share (EPS) ¹⁾	40%	
		ESG: CO ₂ -equivalent emissions improvement	10%	
PSP 2022–2024	2025	Total shareholder return (TSR)	40%	
		Earnings per share (EPS) ¹⁾	40%	
PSP 2023–2025	2026	ESG: Sales growth of Planet Positive offering	20%	
		Total shareholder return (TSR)	40%	
		Earnings per share (EPS) ¹⁾	40%	
PSP 2024–2026	2027	ESG: Sales growth of Planet Positive offering	20%	
		Total shareholder return (TSR)	40%	
		Earnings per share (EPS) ¹⁾	40%	

¹⁾ Measured as adjusted earnings per share (EPS)

²⁾ Target achievement is 100%, maximum is 200%





Performance Share Plan 2020–2022

On July 1, 2020, Metso announced the start of the PSP 2020–2022 plan; after completion of the performance period, the share reward conveyance was made on March 15, 2023. The plan's targets were absolute total shareholder return and synergy improvements. During the plan period (July 1, 2020 to December 31, 2022), Metso's share price increased 94 percent (from EUR 4.95 to 9.61), 44 cents of dividends were paid and on February 10, 2022, as part of 2021 Financial Statements Review, Metso published that Company's integration and synergy project had been completed by the year end and almost a year ahead of schedule.

The overall achievement of the plan was 93.8 percent of maximum. The President and CEO received a net amount of 129,876 Metso shares on March 15, 2023, in alignment with the performance achieved and the terms of the plan.

Performance Share Plan 2021–2023

PSP 2021–2023 commenced in 2021 and the potential share rewards will be paid in 2024, provided that the plan's performance targets set by the Board of Directors are achieved.

The President and CEO may earn a maximum of 280,700 gross shares (target 50% of maximum) based on achievement of three targets supporting Company performance and strategic targets. In addition to total shareholder return and EPS, an ESG metric was set to reward for the Company's CO₂-equivalent emission reduction in its own operations. This metric supports Metso's commitment to the 1.5-degree journey.

Performance Share Plan 2022–2024

PSP 2022–2024 commenced in 2022 and the potential share rewards will be paid in 2025, provided that the performance targets set for the plan by the Board of Directors are achieved.

The President and CEO may earn a maximum of 177,000 gross shares (target 50% of maximum) based on achievement of three targets supporting Company performance and strategic targets. These targets include total shareholder return (TSR), earnings per share (EPS) and development in sustainability, which is linked to sales growth of the Company's Planet Positive products. Metso's Planet Positive product portfolio consists of products and technologies that have the most significant impact on customers' targets related to the reduction of emissions or the improvement of energy and water efficiency.

Performance Share Plan 2023–2025

PSP 2023–2025 commenced in 2023 and the potential share rewards will be paid in 2026, provided that the performance targets set for the plan by the Board of Directors are achieved.

The President and CEO may earn a maximum of 215,000 gross shares (target 50% of maximum) based on achievement of three targets supporting Company performance and strategic targets. These targets include total shareholder return (TSR), earnings per share (EPS) and development in sustainability, which is linked to sales growth of the Company's Planet Positive products.

Performance Share Plan 2024–2026

PSP 2024–2026 commenced in 2024 and the potential share rewards will be paid in 2027, provided that the performance targets set for the plan by the Board of Directors are achieved.

The President and CEO may earn a maximum of 205,000 gross shares (target 50% of maximum) based on achievement of three targets supporting Company performance and strategic targets. These targets include total shareholder return (TSR), earnings per share (EPS) and development in sustainability, which is linked to sales growth of the Company's Planet Positive products.

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