



# Capital Markets Day 2018

Sustainability at Valmet

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# Valmet's value creation is the foundation of its sustainability agenda

## Inputs

### Financial

- Equity, debt and cash

### Natural

- Purchased components and metals
- Energy and water consumption

### Human

- Employees and subcontractors
- Investment in occupational health and safety

### Infrastructure

- Operations in 33 countries
- Suppliers in over 50 countries

### Intellectual

- Own technology centers and pilot facilities
- R&D focus on cost-competitiveness and sustainability

### Social and relationship

- Stakeholder dialogue, university cooperation and local community engagement

## Business model

### Customers

- Pulp and paper industry
- Energy industry
- Other process industries



### Key processes

R&D  
Marketing  
Sales  
Engineering  
Procurement  
Production  
Delivery  
Service



### Our employees, expertise and experience

### Valmet's Way Forward:

Mission, Strategy, Must-Wins, Vision and Values



## Outputs

### Process technologies

### Automation

### Services

### Other outputs

#### CO<sub>2</sub> emissions:

- Direct emissions (Scope 1-2): 86,000 tCO<sub>2</sub>
- Indirect emissions (Scope 3): 1.7 million tCO<sub>2</sub>

#### Waste:

- Non-hazardous waste 39,000 t
- Hazardous waste 2,400 t

## Outcomes

### Economic

- Economic value distributed EUR 3.12 bn

### Social

- Employment
- Occupational health and safety
- Trust, reputation and customer loyalty
- License to operate

### Environmental

#### Valmet's own operations

- More efficient processes reduce the use of natural resources and lowers CO<sub>2</sub> emissions

#### Customers' operations

- Valmet's technology and services enable the production with less energy, water and raw materials and replacement of fossil fuels with renewable ones

## Customers' end products



Board



Paper



Tissue



Pulp



Process steam



District heating



Electricity

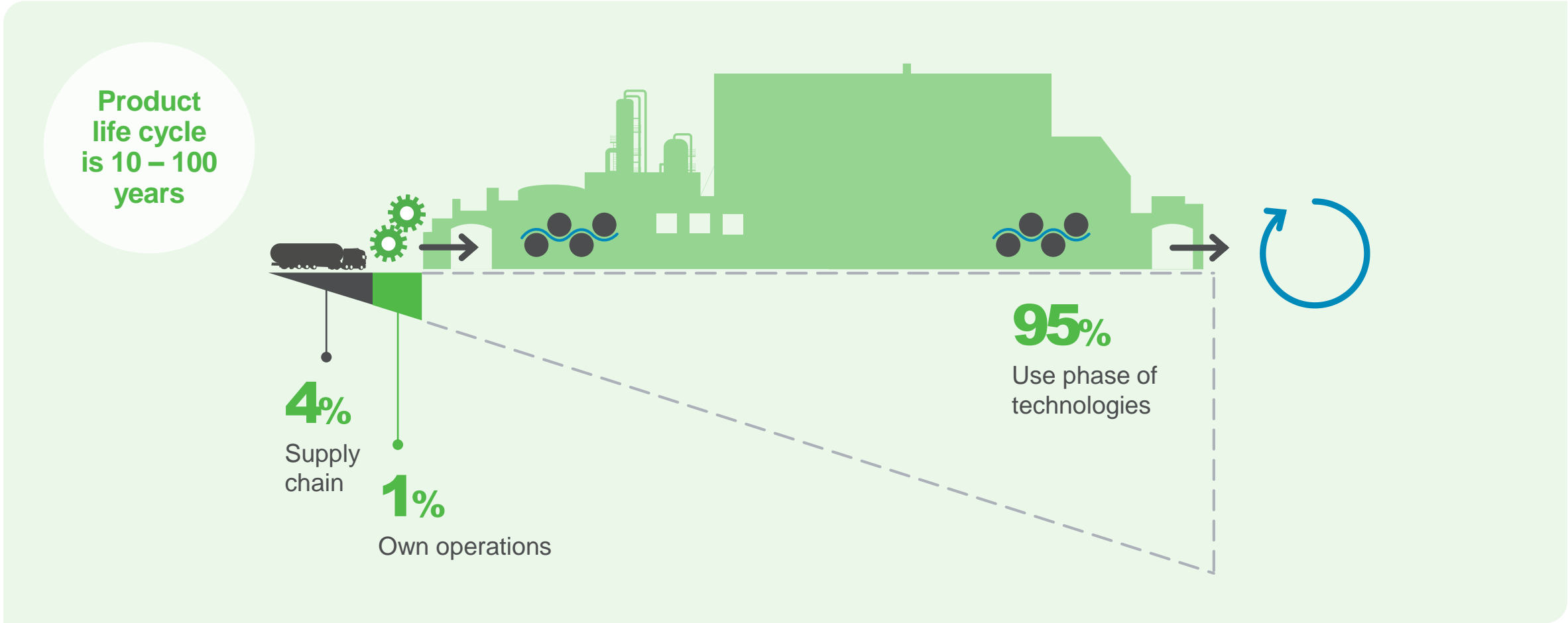


Biofuels



Bio-materials

# The main environmental impacts of Valmet's products are emitted when they are used



# Valmet's sustainability 360° approach supports growth, cost efficiency and risk mitigation



**Growth**



**Cost efficiency**



**Risk mitigation**

# Key sustainability achievements in 2017

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



**99.8%**

of employees completed Code of Conduct training

**21%**

of orders received from new products and services



**56**

Supplier sustainability audits

**~2,300**

corrective actions at suppliers since 2015

**5.5**

Total recordable incident frequency (TRIF) of own employees

**14%**

Reduction of water consumption in own operations





**Valmet is a recognized  
industry leader in sustainability**





# Sustainability Agenda Focus Areas

# Valmet has a systematic approach to manage supply chain sustainability



- Valmet evaluates its suppliers' sustainability and thereby mitigates risks
- 76% of direct purchases origin from low sustainability risk countries
- Valmet's sustainable supply chain process:
  - Global supplier evaluation secures transparent and unified supplier sustainability management
  - Evaluation process is a mandatory and automated step for all new suppliers
  - Systematic approach to conduct audits and findings are followed up with a corrective action plan with supplier

## Valmet's global supplier management process

### Required from all suppliers

#### 1. Sustainable supply chain policy

All suppliers are required to sign Valmet's Sustainable Supply Chain policy

#### 2. Sustainability risk assessment

All suppliers are evaluated based on a five-level sustainability risk assessment

### Required based on supplier risk assessment

#### 3. Supplier self-assessments

Risk assessments may lead to supplier self-assessments

#### 4. Sustainability audits

Self-assessments may lead to a sustainability audit



# Key achievements in sustainable supply chain key figures since 2015



## Sustainability policy and risk assessment

**100%**

of suppliers are required to sign Valmet's Sustainable supply chain policy

**100%**

of new direct suppliers are automatically screened for potential sustainability risk

## Sustainability self- assessments

**65%**

of all medium and high-risk suppliers have conducted a sustainability self-assessment

**1/3**

Self-assessment is used as one criteria for supplier sustainability audit

## Sustainability audits

**206**

supplier sustainability audits

In over

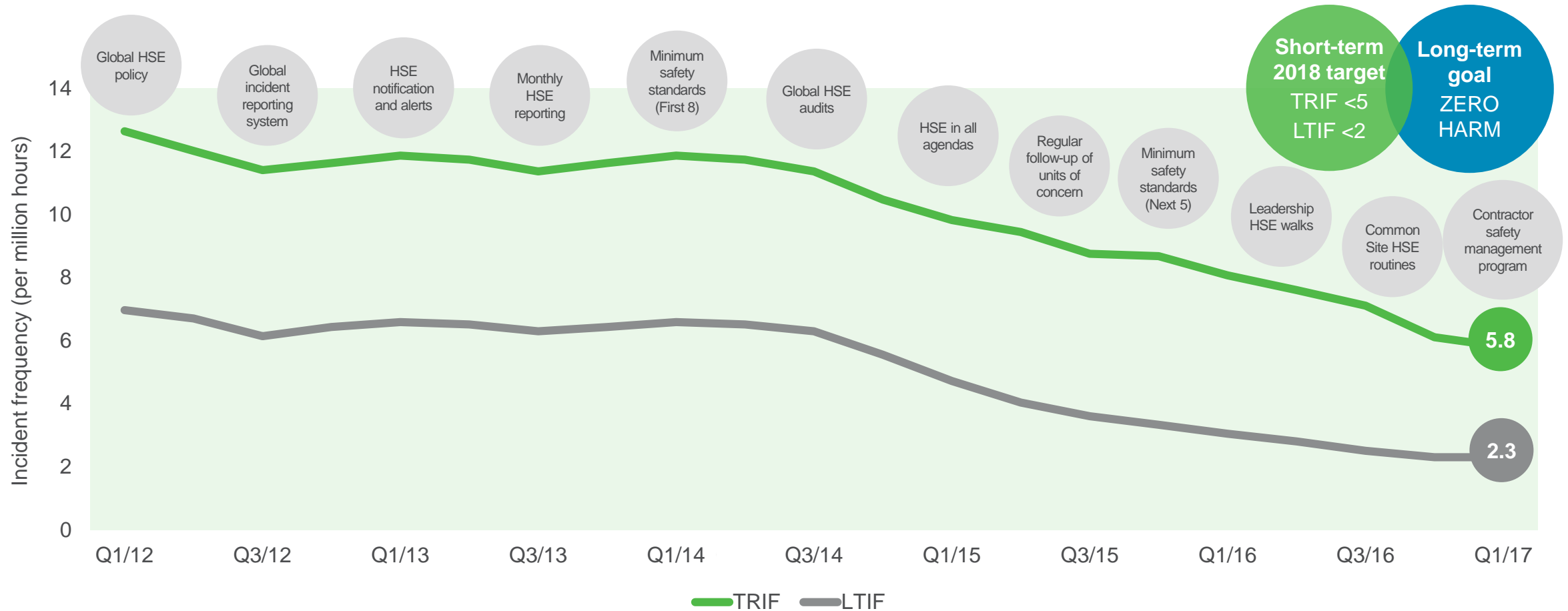
**20**

countries

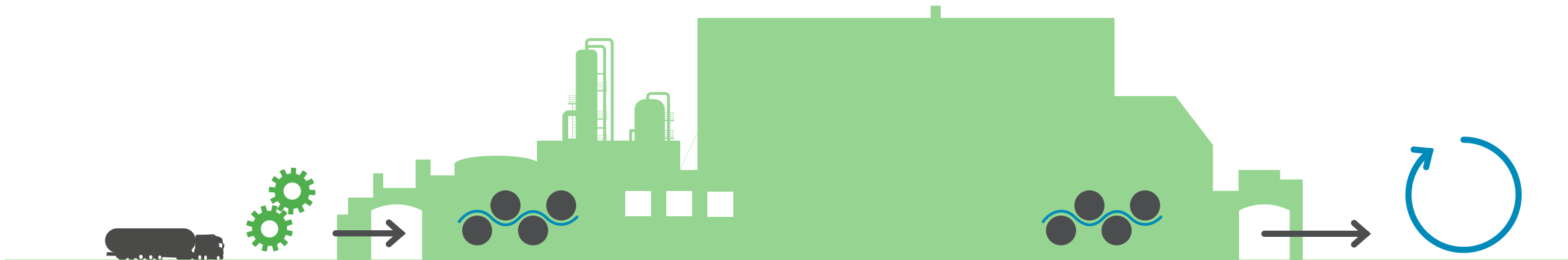
**70%**

of corrective actions verified

# Valmet has systematically implemented actions to improve safety performance



# Valmet's environmental targets aim to reduce negative impact of its value chain



## Sustainable supply chain

**100%**

of new direct suppliers go through sustainability risk screening process

## Own operations

**60%**

Reduce CO<sub>2</sub> emission by 2030

**20%**

Reduce water consumption by 2030

**30%**

Reduce energy consumption

**80%**

Reduce waste to landfill

## Sustainable solutions

**100%**

R&D projects include criteria and gates for increased safety and environmental efficiency

**>25%**

Orders received from new products and services by the end of 2018



# Key achievements in HSE management in 2017



## Management practices

**2.6**

Lost-time incident frequency (LTIF) for own employees

**5.5**

Total recordable incident frequency (TRIF) for own employees

**92%**

Coverage of safety committees

## Safety culture

**65%**

of employees completed Safety@Valmet awareness e-learning

**80hrs**

HSE training/person/ year

**>850**

Leadership safety walks and conversations

## Site safety

**100%**

common Valmet site safety procedures in use

HSE audits of

**12** customer sites

**20** Valmet locations

# Valmet is committed to respecting human rights

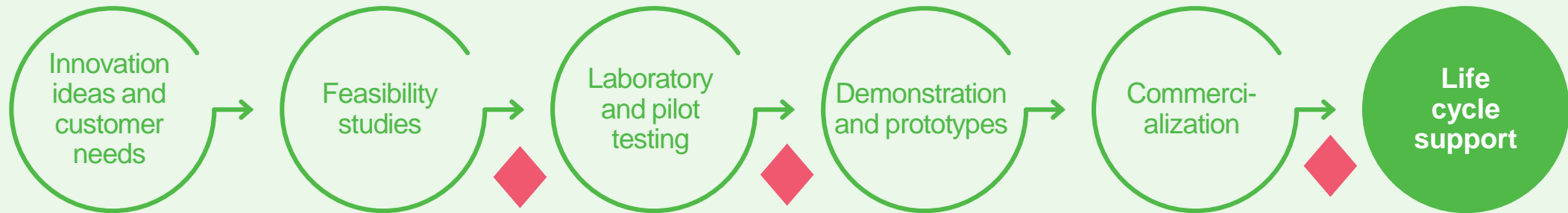


- As a global company, Valmet recognizes its responsibility to respect human rights and requires its business partners to do the same
- Valmet supports and promotes the principles set in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN SDGs, the Declaration on Fundamental Principles and Rights at Work of the ILO and the OECD's Guidelines for Multinational Enterprises
- Valmet has published a statement to promote its commitment and respect to human rights

## **Action plan 2018-2020 in place to ensure compliance with 3 main actions:**

1. New assessments and checks on internal policies and processes
2. Internal training
3. In-depth site assessments

# Sustainability gates and criteria are fully integrated into Valmet's innovation process



- Minimize raw material, energy, chemicals and water use for all existing and new technologies
- Maximize use of renewable raw materials
- Ensure lower emissions to air, water and soil
- Improve safety

- Ensure compliance with product and process safety legislation

- Ensure sustainability benefits are integrated in the launched products



## Case

# OptiConcept M modular board and paper production line



A completely new, modular way to build a board or paper machine with

Savings in energy, water and raw-materials

**30%**

lower energy consumption compared to average

Less fiber through light-weight end product

**30%**

saving in fresh water consumption

Built-in safety and usability

Safe and easy daily operations:

**70%**

fewer stairs compared to conventional machine

**85%**

fewer platforms compared to conventional machine

**Safe daily maintenance**  
no need to remove walkway parts during fabric changes or other maintenance work

Smaller carbon footprint through compact design

**Up to 40%**

less hall space

**Up to 430,000kg**

less CO<sub>2</sub> emissions

**61 times**

Corresponds to a car driving around the world

# Valmet reports in an open and transparent manner



- Valmet reports on its sustainability performance annually according to global standards (Global Reporting Initiative, GRI G4)
- The sustainability data is assured by a third party
- We also report to leading global sustainability indices:
  - Dow Jones sustainability index (DJSI) and
  - CDP's Climate Disclosure
  - Ethibel Sustainability Index Excellence Europe



