Sustainability Statement **2024**

The Sustainability Statement is also included within the Financial Statements and Report of the Board of Directors 2024, which was published on February 27th, 2025.

Sustainability Statement

General information

Basis for preparation

BP-1: General basis for preparation of sustainability statements

BP-2: Disclosure in relation to specific circumstances

Valmet Oyj (the "Company" or the "parent company"), a public limited liability company, and its subsidiaries (together "Valmet," "Valmet Group" or the "Group") form a global developer and supplier of process technologies, automation and services for the pulp, paper and energy industries. With its automation and flow control solutions, Valmet also serves a wide base of other global process industries.

The European Union (EU) Corporate Sustainability Reporting Directive (CSRD) 2022/2464 applies to Valmet from 2024 onwards. EU law requires companies subject to the CSRD to report social, environmental and governance information according to European Sustainability Reporting Standards (ESRS). This Sustainability Statement was prepared in accordance with the ESRS standards as adopted by the EU and the Finnish Accounting Act chapter 7 and with Article 8 in the Taxonomy Regulation. For previous years until the end of 2023, Valmet has reported its sustainability performance in accordance with the Non-Financial Reporting Directive (NFRD) and in the GRI supplement, in accordance with the global GRI standards from the Global Reporting Initiative (GRI).

Valmet's Sustainability Statement covers the Valmet Group unless otherwise stated. The reporting scope of Valmet's own operations is the same as in Valmet's consolidated financial statements. In addition to Valmet's own operations, the information in this Sustainability Statement has been extended to include information about the material sustainability impacts and sustainability related financial risks and opportunities connected with Valmet through its direct and indirect business relationships in the upstream and downstream value chain, where applicable. The extent of the reported value chain information has been explained in more detail under IRO-1.

The material sustainability matters, and related impacts, risks and opportunities included in this Sustainability Statement are based on the outcome of a double materiality assessment. The double materiality assessment process is described in more detail under IRO-1. Valmet has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation. Specific circumstances related to value chain estimation have been disclosed under E1-6 and E5-4. Sources of estimation and outcome uncertainty have been disclosed under E5-4 and G1-6.

Use of phase-in provisions

Valmet has decided to use the following phase-in provisions according to Appendix C of ESRS 1 in 2024 reporting.

- SBM-1 - Strategy, business model and value chain: paragraphs 40b and 40c
- SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model: paragraph 48e
- E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E5-6 - Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities
- S1-7 - Characteristics of non-employee workers in Valmet's own workforce
- S1-14 - Health and safety: reporting of health and safety information concerning non-employees in Valmet's own workforce omitted

Governance

GOV-1: The role of the administrative, management and supervisory bodies

GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Valmet's administrative, management, and supervisory bodies consist of Valmet's Board of Directors and its committees, President and Chief Executive Officer, and Executive Team. Valmet's Board of Directors is responsible for the administration and proper organization of operations. The Board also decides on significant matters related to strategy, investments, organization, and financing, ensuring that Valmet operates in accordance with its established values in all its operations. Valmet's Board of Directors oversees Valmet's sustainability reporting, and they sign on the information in this Sustainability Statement as part of the Report of the Board of Directors. Valmet's Board of Directors consists of five to eight members, whom the Annual General Meeting elects for a term that lasts until the end of the next Annual General Meeting. In addition to board members, a personnel representative participates as an invited expert in meetings of the Board of Directors. In 2024, all board members were non-executive and 75 percent of the board members were independent of the significant shareholders.

Information about members' experience, including competence related to industry, sustainability and international experience, is presented in the following table.

Valmet Board Competence Matrix

	Industry experience	Financial/ Accounting	Corporate risk management	Corporate governance	Corporate strategy development	Corporate acquisitions	Corporate HR	CEO experience	International experience	Sustainability
Mikael Mäkinen	●	●	●	●	●	●	●	●	●	●
Jaakko Eskola	●		●	●	●	●	●	●	●	
Anu Hämäläinen	●	●	●	●	●	●	●		●	
Pekka Kemppainen	●	●	●	●	●	●	●		●	
Per Lindberg	●		●	●	●	●	●	●	●	●
Annareetta Lumme-Timonen	●	●	●	●	●	●				●
Monika Maurer		●	●	●	●	●	●	●	●	●
Annika Paasikivi			●	●	●	●		●		

Valmet recognizes the importance of diversity, including gender, nationality, age, background, and education, at the board level and all levels of the Group and is committed to increasing diversity across all its operations. Valmet's principles of board diversity include the promotion of experience and a varied educational background, relevant qualifications, balanced gender diversity, and an adequate commitment regarding time contribution, availability, and engagement. Board members should have sufficient expertise and knowledge of and competence in Valmet's field of business and industry.

Board diversity

Gender	**%**	
Male	**50.0%**	**4/8**
Female	**50.0%**	**4/8**
Nationality	**%**	
Finnish	**75.0%**	**6/8**
German	**12.5%**	**1/8**
Swedish	**12.5%**	**1/8**
Age	**%**	
41–50 years	**12.5%**	**1/8**
51–60 years	**25.0%**	**2/8**
61–70 years	**62.5%**	**5/8**
Tenure	**%**	
Less than 1 year	**25.0%**	**2/8**
1–2 years	**25.0%**	**2/8**
3–5 years	**25.0%**	**2/8**
Over 5 years	**25.0%**	**2/8**

Board committees

The Board of Directors has two permanent committees: the Audit Committee and the Remuneration and Human Resources Committee. The Board of Directors elects the members of the committees from among its members at its annual organizing meeting and monitors the activities of the committees. Both committees have charters approved by the Board of Directors and report to the Board on their activities after each meeting.

The Audit Committee monitors Valmet's financial reporting and CSRD reporting and prepares issues for the Board of Directors related to the monitoring of Valmet's financial position, financial reporting, auditing, and risk management.

Chief Executive Officer and Executive Team

The President and Chief Executive Officer manages, guides, and supervises the operations of Valmet and its businesses. The President and Chief Executive Officer reports to the Board of Directors and prepares the matters on the agenda of the Board of Directors and its committees and implements their decisions. The President and Chief Executive Officer and other members appointed by the Board of Directors constitute the Executive Team of Valmet. The Executive Team assists the President and Chief Executive Officer in the preparation of matters such as Valmet's business plan, strategies, policies and other operative matters of joint importance. The President and Chief Executive Officer acts as chair of Valmet's Executive Team, which on 31.12.2024 consisted of 16 executive members. All members of Valmet's Executive Team have a combination of industry and international experience, and they are experienced in overseeing Valmet's sustainability work.

Executive Team diversity

Gender	**%**	
Male	**75.0%**	**12/16**
Female	**25.0%**	**4/16**
Nationality	**%**	
Brazilian	**6.3%**	**1/16**
Chinese	**6.3%**	**1/16**
Danish	**6.3%**	**1/16**
Finnish	**75.0%**	**12/16**
Finnish/USA	**6.3%**	**1/16**
Age	**%**	
41–50 years	**37.5%**	**6/16**
51–60 years	**62.5%**	**10/16**

Sustainability matters addressed by the administrative, management and supervisory bodies

Valmet's Board of Directors is responsible for overseeing the organization's sustainability due diligence and other sustainability processes to identify and manage the impacts on the environment and people. The President and Chief Executive Officer and the Executive Team lead Valmet's sustainability work and related material sustainability impacts, risks and opportunities. Valmet's Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, member of Valmet's Executive team, is responsible for sustainability at Valmet.

Publicly available policies and commitments approved by the Board of Directors:

- Valmet's Code of Conduct
- Valmet's Health, Safety and Environment (HSE) Policy
- Valmet's Disclosure Policy
- Valmet's Remuneration Policy

Publicly available policies and commitments approved by the President and Chief Executive Officer:

- Valmet's Human Rights Statement
- Valmet's Information Security Policy
- Valmet's Supplier Code of Conduct
- Valmet's Quality Policy
- Valmet's Anti-Corruption Policy

Publicly available policies and commitments approved by a member of Valmet's Executive Team:

- Valmet's Equal Opportunity and Diversity Policy
- Valmet's Non-Discrimination and Anti-Harassment Policy

The Executive Team has approved Valmet's Sustainability360° Agenda, which defines the focus themes and targets of Valmet's sustainability work. The Agenda addresses Valmet's material sustainability impacts, risks and opportunities. The President and Chief Executive Officer oversees the progress of actions to achieve the targets set in the Agenda. Valmet's sustainability performance, with the progress of Valmet's Sustainability360° Agenda implementation is reviewed annually by the Executive Team, quarterly by the President and Chief Executive Officer, and one to two times a year by the Board of Directors.

The Board of Directors and the Executive Team have approved Valmet's Climate Program, which includes CO_2 emissions reduction targets and tangible actions for the whole value chain, and addresses Valmet's climate-related impacts, risks and opportunities. The progress of Valmet's Climate Program is reviewed annually by the Board of Directors and biannually by the Executive Team. Valmet's Climate Program Steering Team includes three members of the Executive Team. The Steering Team is responsible for the Climate Program, follows the progress of the targets, and status updates quarterly.

Valmet's President and Chief Executive Officer and the Executive Team were engaged in Valmet's double materiality assessment process and the evaluation of Valmet's material sustainability impacts and sustainability related financial risks and opportunities. The results of the double materiality assessment have been approved by Valmet's Board of Directors. In 2024, Valmet's Chief Financial Officer reported on the progress of CSRD reporting development and external assurance in every meeting of the Board of Directors and the Audit Committee. In 2024, Valmet's CSRD Steering Committee included two members of the Executive Team: Chief Financial Officer and Senior Vice President of Marketing, Communications, Sustainability, and Corporate Relations.

Sustainability impacts, risks and opportunities as a part of Valmet enterprise risk management process

Valmet's Risk Management supports the achievement of the strategic and business goals, compliance with legal and regulatory requirements and also ensures the continuity of Valmet's operations in changing circumstances. The assessment of risks related to sustainability matters plays an important role in risk management. If such threats materialized, they could have adverse effects on Valmet's reputation, business, financial situation and operating result, or on the value of shares and other securities. The Board of Directors and the Executive Team consider sustainability impacts, risks and opportunities when overseeing Valmet's strategy and its decisions on major transactions.

G1 Business conduct, GOV-1: The role of the administrative, management and supervisory bodies

The Valmet Board Audit Committee oversees the development of Valmet's Ethics & Compliance Program, which targets the maintaining of an ethical corporate culture at Valmet, and handling of identified misconduct cases. Internal Audit and Ethics & Compliance report the progress to the Board Audit Committee.

Valmet has a Compliance Committee structure to supervise the implementation of the Ethics & Compliance Program and oversee misconduct investigations. The Chief Financial Officer and Senior Vice President of Human Resources are members of the global Corporate Compliance Committee. Valmet Area organizations have their own Area Compliance Committees for the Ethics & Compliance work at an Area level and to decide on and supervise local misconduct investigations. The Area Compliance Committees report their work to the Corporate Compliance Committee. Area Presidents are a member of their own Area's Compliance Committee. All Compliance Committees meet at least quarterly.

The expertise of the administrative, management, and supervisory bodies in corporate governance, including business conduct, is presented under GOV-1 Board Competence Matrix.

GOV-3: Integration of sustainability related performance in incentive schemes

E1 Climate change, GOV-3: Integration of sustainability related performance in incentive schemes

Valmet's remuneration principles are defined in the Remuneration Policy, which is approved by the Annual General Meeting for a four-year period. Remuneration at all levels of the organization is built on the principles of Driving high performance, Competitive remuneration to retain talent with the best fit, and Fairness and sustainability. Valmet's variable pay schemes (i.e., short-term and long-term incentive plans) support sustainable business by linking selected sustainability topics such as the Climate Program, health and safety and supply chain sustainability to remuneration.

All remuneration-related decisions require grandparent approval. In other words, the remuneration of an employee must always be approved by the manager's manager. The Annual General Meeting decides on the remuneration of the members of the Board of Directors and the Board's Committees for one term of office at a time. The Board of Directors decides on the remuneration, benefits, and other terms of employment of the President and Chief Executive Officer based on the preparatory work by the Remuneration and Human Resources Committee and in accordance with the guidelines in the Remuneration Policy presented to the General Meeting. The Board's Remuneration and Human Resources Committee decides on the compensation and benefits of the Executive Team members other than President and Chief Executive Officer, based on the President and Chief Executive Officer's proposal and general principles approved by the Board.

Valmet's Board of Directors decides on the short-term and long-term incentive plans. Given the nature of the Board's duties and responsibilities, the members of the Board do not participate in the short- and long-term incentive plans. Board members receive a fixed remuneration (annual fee) only, which can be paid in cash or shares, or a combination of cash and shares. Based on the decision of the Annual General Meeting, 40 percent of the Board's annual fees were reinvested to buy Valmet shares from the market in 2024.

The short-term incentive for the President and Chief Executive Officer is an annual performance bonus for which the Board of Directors sets the performance measures. The incentive includes Group-level key financial targets and strategic individual targets. The individual targets set for the President and Chief Executive Officer are related to sustainability progress and other strategic targets. The maximum annual performance bonus opportunity for the President and Chief Executive Officer is 100 percent of the annual base salary, and the weight of the individual targets is 20 percent.

Valmet's other Executive Team members besides the President and Chief Executive Officer are eligible for an annual short-term incentive plan, the Global Bonus Plan. The maximum Global Bonus Plan opportunity for the Executive Team members is 60 percent of the annual base salary.

The Board of Directors approves the comparable EBITA minimum and maximum values used for the Global Bonus Plan. The Valmet-level targets are cascaded to Business Line, Areas and Business Unit levels. Financial and operational targets are predefined and assigned to an individual according to the organization to which they belong. The sustainability-related measure in the Global Bonus Plan is Total recordable incident frequency (TRIF). As stated in our Health, Safety and Environment (HSE) Policy, we believe all incidents can be prevented, and we pursue the goal of zero harm to people which is measured in TRIF. The weight of the TRIF measure is 5 percent of the maximum bonus opportunity.

The long-term incentive is a share-based incentive plan with performance targets decided by the Board of Directors for each plan period. The performance targets for the long-term incentive plan can be, for example, related to growth, profitability, and sustainability, as determined and decided by the Board of Directors annually. The predetermined performance targets are measurable, and the achievement of these targets determines the payout level of the share-based incentive plan. Valmet has two share-based long-term incentive plans, one of which is directed at the Executive Team members, including the President and Chief Executive Officer.

The Performance Share Plan has predefined performance measures for a three-year performance period, and the Board of Directors has decided always to include a sustainability measure in one of the ongoing plan periods. The 2022–2024 Performance Share Plan has a sustainability index as a three-year strategic performance measure, and it has a weight of 25 percent of the long-term incentive maximum opportunity for all Executive Team members with half of the sustainability index linked to climate-related topics. The strategic performance measure is linked to the implementation of Valmet's Sustainability360º Agenda and Climate Program. The long-term incentive maximum opportunity for the Executive Team members in the 2022-2024 Performance Share Plan was 130 percent of the annual base salary and converted to shares at grant. For the President and Chief Executive Officer, it was 150 percent.

GOV-4: Statement of due diligence

Valmet is committed to carrying out sustainability due diligence to identify, address, prevent, and limit negative impacts on the environment and people connected with its business. Valmet's sustainability due diligence framework is based on the UN (United Nations) Guiding Principles on Business and Human Rights and OECD Guidelines for multinational enterprises.

Valmet has embedded environmental, human rights, and governance due diligence into its management systems and in key processes. The table below presents the main aspects of Valmet's sustainability due diligence process, and a mapping of the information provided in this Sustainability Statement about the due diligence process.

Sustainability due diligence process	Upstream – supply chain	Own operations	Downstream – use phase of technologies
Embedding due diligence in governance, strategy and business model	• Valmet's Code of Conduct • Valmet Human Rights Statement • Valmet Health, Safety, and Environment Policy • Valmet Supplier Code of Conduct • Know Your Business Partner Policy	• Valmet's Code of Conduct • Valmet Human Rights Statement • Valmet Health, Safety, and Environment Policy • Valmet Human Resources Policy • Valmet Equal Opportunities and Diversity Policy • Valmet Anti-corruption Policy • Valmet's Non-Discrimination and Anti-Harassment Policy	• Valmet's Code of Conduct • Valmet Human Rights Statement • Valmet Health, Safety, and Environment Policy • Valmet Guidelines for sustainable and responsible research, product development and design • Know Your Business Partner Policy
Paragraphs in the Sustainability Statement: E1-2, E2-1, E3-1, E4-2, E5-1, S1-1, S2-1, G1-1			
Identifying and assessing adverse impacts *Ongoing screening of salient sustainability risks throughout value chain*	• Sustainable supply chain process: 1) Supplier Code of Conduct 2) Sustainability Risk Assessment 3) Supplier Sustainability Self-Assessment 4) Supplier Sustainability Audits conducted by external auditor 5) Social and Human Rights Impact Assessment for high-risk suppliers • Screening of suppliers' risk profiles (sanctions, adverse media) • Valmet's global Management System process for health and safety and quality performance monitoring	• Regular employee surveys • Health and safety hazard identification and risk assessment of locations and tasks • Environmental aspect and impact assessment of locations • Sustainability impact assessment when there is a significant change in market presence • Location-level Social and Human Rights Impact Assessment carried out by an independent 3rd party • Screening of Valmet industrial locations using the World Wide Fund for Nature (WWF) Water Risk Filter and the WWF Biodiversity Risk Filter • External Audits by ISO standard certification bodies and customers • Corporate Internal Audits	• Environmental aspect and impact assessments of products and services • Sustainability impact assessment for large customer projects with identified high impact on environment, people or local communities • Country & industry Sustainability Risk Assessment: – Business ethics – Human and labor rights – Environmental management – Health and safety. • Screening of customers' risk profiles (sanctions, adverse media) • Product safety assessments
Paragraphs in the Sustainability Statement: E1 SBM-3, E1 IRO-1, E4 SBM-3, E4-1, S1 SBM-3, S1-2, S1-4, S1-14, S2 SBM-3, S2-2, S2-3, S2-4, G1-1, G1-3			
Taking actions to address adverse impacts	• Training of suppliers • Supplier Engagement Program • Sourcing category-specific tools and guidelines • Sustainability requirements for suppliers and in supplier contracts • Strategic Must-Win initiative including sustainability in supply chain • Sustainability360º agenda and Valmet's Climate Program supplier engagement	• Training of employees on: – Valmet's Code of Conduct – Health, Safety and Environment – Human Rights – Sustainability – Climate Program – Sustainable Supply Chain – Anti-Corruption • Action plans for mitigating identified Health, Safety and Environment and social risks and impacts • Sustainability impact assessment results monitoring and follow-up. • Multi-site certification to ISO 9001, 14001 and 45001 standards • Strategic Must-Win initiatives to Continue Health, Safety and Environment improvement and to Boost high performance and engagement • Sustainability360º agenda and Valmet's Climate Program	• Beyond Circularity research and development program and ecosystem (2022-2025) • Strategic Must-Win initiative to 'Develop new products and technologies to create new revenue and enable customers' carbon neutral operations' • Sustainability360º agenda and Valmet's Climate Program
Paragraphs in the Sustainability Statement: E1-1, E1-3, E1-4, E5-5, S1-4, S1-5, S2-4, S2-5, G1-1, G1-3			
Engaging with affected stakeholders and access to remedy	• Valmet maintains active dialogue with employees and other workers as described in S1-2 • Valmet encourages its employees and stakeholders to speak up and voice their concerns. Valmet offers TrustLine channel maintained by external party for reporting suspected violations of our Code of Conduct. It provides Valmet employees and other stakeholders with the possibility to report concerns anonymously and in their native language. • As a part of Valmet's due diligence framework, Valmet has a remediation process in place. If a serious violation occurs, an Incident Management Team is established to coordinate the remediation actions and to ensure their implementation. • Valmet's Compliance Committee organization and it's committees oversees misconduct investigations • Valmet has following guidelines: – Remediation of serious sustainability violations in supplier operations – Health, Safety and Environment event reporting and management procedures – Guideline for reporting and handling misconduct		
Paragraphs in the Sustainability Statement: S1-2, S1-3, S1-4, S2-3, S2-4, G1-1, G1-3			
Tracking effectiveness and communication	• KPIs to follow up sustainable supply chain process (e.g. number of audits, number of suppliers engaged, corrective actions closed) • Regular internal reporting on strategic Must-Wins • Annual Global Management System (GMS) reviews in management teams • Annual sustainability reporting in the Sustainability Statement • Annual disclosures to sustainability indices and ratings • Internal and external communications channels (intranet and valmet.com) • Reporting based on UN Guiding Principles Reporting Framework and UN Global Compact		
Paragraphs in the Sustainability Statement: E1, E2, E3, E4, E5, S1, S2, G1			

GOV-5: Risk management and internal controls

Valmet's internal control processes follow the framework issued by the Committee of Sponsoring Organizations (COSO) and comprises five principal components of internal control: the control environment; risk assessment; control activities; information and communication; and monitoring. Valmet's control environment is based on Valmet's corporate culture: the integrity, values, ethical behavior, and competence of Valmet's personnel, as well as the direction provided to the personnel by the Board of Directors. Valmet's values and control environment provide the Board of Directors and Valmet's management with the basis for reasonable assurance of Valmet achieving the objectives for internal control. The President and Chief Executive Officer and the Executive Team define Valmet's values and ethical principles (reflected in the Code of Conduct) and set the example for the corporate culture, which creates the basis for the control environment. The same parties, with the business lines and Areas are responsible for communicating Valmet's values to the organization.

In Valmet, sustainability reporting is centrally managed by the Marketing and Communications, Sustainability and Corporate Relations function. The relevant experts in Valmet's functions and businesses are responsible for producing the required sustainability reporting information on their areas of expertise, with the support of the Sustainability Team and Group Finance.

In addition to a general assessment of risks related to sustainability reporting, Valmet has conducted its risk assessment by a close analysis of the disclosure requirements in the ESRS standards and of the individual data points, as well as using prior experience of the sustainability reporting requirements to evaluate the risks and prioritization.

Risks related to sustainability reporting have been evaluated following the guidelines and principles of internal controls and risk assessment. Based on its assessment, Valmet has concluded that the main risk areas are related to disclosures involving estimates, significant judgments, and information derived from external sources in its value chain. The main identified reporting risks concern the availability, accuracy, completeness and timeliness of reporting.

Based on the acknowledged control principles and methods, Valmet mitigates these risks by sustainability reporting training and instructions, with relevant system controls, defined responsibilities, established review and approval processes and schedules, and by segregation of duties. Valmet's policies, guidelines, and working instructions support the control processes and risk mitigation efforts.

Risks related to sustainability reporting are assessed by relevant business process owners together with the Sustainability function and Group Finance. They are in charge of establishing an appropriate internal control framework. Business lines and functions are responsible for applying these controls as part of the sustainability reporting process. Sustainability matters are subject to regular reviews by Valmet's Business line and function management. The findings of risk assessment and internal controls are monitored by the CSRD Steering Committee, and any significant findings are reported to Valmet's Executive Team and the Audit Committee of the Board of Directors.

Strategy

SBM-1: Strategy, business model and value chain

Valmet supplies process technologies, automation systems, flow control solutions, and services for the pulp, paper, and energy industries, as well as municipal and industrial heat and power producers. Valmet's customer base also includes other process industries and marine, where automation and flow control solutions are widely used. In the process technologies business, the Group's revenue arises from projects, the scope of which ranges from the delivery of complete mill facilities on a turnkey basis to single-section machine rebuilds, which may or may not include process automation solutions. Services business revenue includes revenue from maintenance contracts, smaller improvement and modification contracts, rebuilds, and the sale of spare parts and consumables. Process technologies and services business revenue largely arises from the same customers, with the services offering focused on maintaining the installed base of equipment and automation solutions. Valmet has no products or services banned in any market.

Valmet's Way Forward is the strategic roadmap, a guide for achieving Valmet's vision of becoming the global champion in serving our customers and moving the industries forward. It identifies megatrends and lays out Valmet's mission and strategic goals, along with the initiatives undertaken to achieve them. Valmet's mission is to help its customers convert renewable resources into sustainable results and make industrial processes reliable and efficient. This defines Valmet's core purpose and drives solution development. With Valmet's solutions, customers can refine renewable raw materials into sustainable products and energy. Valmet thus helps increase the utilization of renewable resources and promote circularity. Valmet's technologies and services ensure that customers' production processes run smoothly and safely without interruptions. Valmet enables customers to improve their environmental performance, product quality, and productivity over the lifecycle with minimal wasted resources.

Valmet believes that technology plays a crucial role in mitigating climate change and global warming, and protecting the environment. The aim of Valmet's research and development work is to create new technologies, products, and services that help enhance circularity and the efficient use of raw materials, water, and energy, promote the use of renewable raw materials, and reduce emissions. Valmet's Beyond Circularity is a research and development program in which Valmet and its ecosystem come together to innovate, renew, and enable their customer industries in the shift to carbon neutrality and to facilitate the green transition. The program targets are closely connected to Valmet's Technology vision 2035 and Climate Program – Forward to a carbon neutral future.

Valmet's process technologies, new board, paper and tissue lines, pulp mills, energy boilers and rebuilds of these technologies aim to enhance the environmental performance of customers by enabling improved raw material, energy, water, and chemical efficiency. Valmet's automation solutions, distributed control systems (DCS), industrial applications, quality management systems, analyzers and measurements, Industrial Internet solutions and automation services aim to help customers' businesses by improving production performance and cost-effectiveness, environmental performance and efficient use of materials. Valmet's valves, pumps, and valve automation technologies improve the reliability, and safety of customers' production processes.

Valmet's services aim to extend the lifetime of customers' process technologies with solutions for rebuilds, upgrades, conversions, and maintenance services. Machine modernization and single-section business improves the performance and extends the lifetime of machines and equipment by replacing old or obsolete parts, installing new technologies, optimizing process parameters, and enhancing quality and efficiency, for example.

Value chain

Own operations

Valmet has operations globally in approximately 40 countries. Valmet's production operations cover Valmet's own manufacturing, foundries, and further processing of supplied components. Most of Valmet's production comprises machining and assembly. Valmet's service operations range from spare part deliveries to maintenance of wear parts in Service workshops and complete outsourcing of customer mill functions.

In 2024, Valmet had 19,310 employees. The largest countries in terms of headcount are Finland, China, the USA, Sweden, Brazil and India. The breakdown of Valmet's employees by country is disclosed under S1-6.

Valmet serves customers in more than 100 countries, and many of Valmet's workforce operate on customers' project sites, mills, or plants on a daily basis. Valmet's strategic goal is to strengthen its local presence close to customers and growth markets, which is an important consideration when hiring new employees in respective areas.

Upstream value chain

Valmet purchases components, products, materials, and services from some 36,000 active suppliers in more than 60 countries. Valmet's strategic target is to increase procurement close to customer projects and its own operations. All indirect purchases supporting Valmet's operations are procured locally. The ten largest countries in terms of purchases (EUR million) are Finland, China, the USA, Sweden, Germany, Brazil, Poland, Estonia, Canada and India.

Downstream value chain – use phase of the technologies

Valmet provides services, automation, and process technologies for the pulp, paper, energy, and other process industries around the world. Valmet's technologies have a lifetime of between 10 to 100 years. In 2024 the biggest countries in terms of net sales are the USA, China and Finland, and in terms of income taxes, the USA, Finland and Brazil.

The potential impacts, risks and opportunities and their possible relationship with Valmet's business model and value chain are disclosed under SBM-3.

SBM-2: Interest and views of stakeholders

S1 Own workforce and S2 workers in the value chain, SBM-2: Interest and views of stakeholders

Valmet's stakeholders are existing and potential customers, existing and potential employees and workers in the value chain, suppliers and subcontractors, Valmet's existing and potential shareholders, media, non-governmental organizations, the authorities, and local communities, as well as research institutes, universities, colleges, vocational schools and other existing and potential partners in research, development and innovation.

The entities or individuals identified as stakeholders can reasonably be expected to be significantly affected by Valmet's activities, products, and/or services, and their actions can reasonably be expected to affect Valmet's ability to successfully implement its strategies and achieve its objectives.

Stakeholder dialogue

Valmet's own workforce is a key affected stakeholder. Valmet takes into account the interests, views, and rights of people in its own workforce, including respect for human rights, to inform its strategy and business model through various mechanisms, including active dialogue, surveys, feedback, and other inputs from employees, which are carefully analyzed and utilized by Valmet management teams at different levels with a direct impact on strategy, planning business model considerations, and annual planning. Specific examples include the employee survey, interactions with the European and other employee representative bodies, and regular Social and Human Rights Impact Assessments.

Valmet maintains active dialogue with customers through regular meetings and other direct contact such as customer seminars and events, fairs, reputation and customer satisfaction surveys, and through specific industry organizations. In research and development, Valmet collaborates closely with its customers to collect information about their product development needs to innovate solutions. In addition, Valmet asks for regular feedback from the customers regarding how Valmet is perceived in the market, how its products and services meet customer needs and expectations, and how Valmet can improve its customer relationships.

Valmet has an external reporting portal for its stakeholders for collecting information on and managing incidents and events related to health, safety, environment, and continuous improvement in all Valmet operations. The tool is also used by Valmet's own workforce. With the tool, Valmet collects ideas for research and development purposes as well.

Valmet engages and collaborates with its suppliers and supply-chain workers through its Due diligence framework. These due diligence activities encompass for example Valmet's Supplier Engagement Program, Social and Human Rights Impact Assessments, Supplier Sustainability Audits, local health, safety and environment activities at sites and tools for reporting. Valmet also meets suppliers regularly to share Valmet's vision, strategy, and expectations and discuss how to improve collaboration and performance. In addition, Valmet regularly organizes supplier health, safety and environment events globally, at which Valmet's requirements are discussed and best practices on health, safety and environment are shared among supply chain partners.

Valmet has a long tradition of cooperating with customers and universities to research sustainable production technologies and find new solutions. Beyond Circularity, Valmet's current Research and Development program, improves Valmet's readiness to support the green transition in Valmet's customer industries based on the Group's Technology vision 2035. To achieve the ambitious program targets, Valmet has built an ecosystem and leads a multitude of internal and external projects that involve customers, suppliers, universities, research institutes, and other partners. Through this ecosystem, participants contribute to the renewal of the pulp and paper industry and the acceleration of the green transition. The ecosystem already has more than 280 partners and 35 ecosystem projects, exceeding the initial program partner target for 2025.

Valmet engages shareholders, investors and analysts in dialogue to ensure that the capital markets have correct and sufficient information to determine the value of Valmet shares and to increase awareness of Valmet as an investment. The communication channels include financial statements and interim reviews, stock exchange releases and press releases, general meetings, investor meetings, site visits, seminars, the company website, social media, and webcasts. By reporting to selected third-party sustainability ratings and assessments, Valmet seeks to help its stakeholders assess its sustainability performance. The rankings also serve as a management tool in helping continuously raise our sustainability performance and define areas for improvement in our sustainability strategy.

Valmet interacts with various media representatives through regular meetings and interviews and direct contact. Valmet shares timely information about its operations through press, stock and trade press releases, information events, the company website, reports and several publications, and social media channels.

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Valmet's material topics, sub-topics, and sub-sub-topics

Material sustainability topic	Material sub-topic	Material sub-sub topic	Material from own operation's perspective	Material from value chain's perspective
E1 Climate change	Climate change mitigation	-	Yes	Yes
	Energy	-	Yes	Yes
E2 Pollution	Pollution of air	-	No	Yes
	Pollution of water	-	No	Yes
E3 Water and marine resources	Water	Water consumption	No	Yes
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	No	Yes
		Pollution	No	Yes
E5 Resource use and circular economy	Resource inflows, including resource use	-	Yes	Yes
	Resource outflows related to products and services	-	Yes	Yes
S1 Own workforce	Working conditions	Social dialogue	Yes	No
		Freedom of association and collective bargaining	Yes	No
		Health and safety	Yes	No
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Yes	No
		Diversity	Yes	No
S2 Workers in the value chain	Working conditions	Working time	No	Yes
		Adequate wage	No	Yes
		Social dialogue	No	Yes
		Freedom of association and collective bargaining	No	Yes
		Health and safety	No	Yes
	Other work-related rights	Child labor	No	Yes
		Forced labor	No	Yes
G1 Business conduct	Corporate culture	-	Yes	No
	Protection of whistleblowers	-	Yes	No
	Management of relationships with suppliers including payment practices	-	Yes	No
	Corruption and bribery	-	Yes	No

Valmet's material sustainability matters have been disclosed in the table above. Related material sustainability impacts, risks and opportunities have been described in the following pages. The double materiality assessment process is described under IRO-1.

E1 Climate change related impacts, risks and opportunities

Material sustainability matter	Climate change mitigation
Sustainability impacts * short- and medium-term	● Greenhouse gas (GHG) emissions are caused by the use of fuels and production of electricity, district heat, and steam consumed in Valmet locations (actual negative impact in own operations) ● Significant upstream and downstream GHG emissions are caused by the production of raw materials and components used in Valmet's technologies, transportation, and distribution, and the use of installed technologies by Valmet's customers (actual negative impact in upstream and downstream value chain)
Financial opportunities * medium- and long-term	● Tightening climate-related regulation creates opportunities in the market for Valmet's solutions due to increased demand for resource efficiency in processes and the use of renewable and recycled raw materials (in own operations and upstream and downstream value chain)
Financial risks * short-, medium-, and long-term	● Transition risk due to emerging climate-related regulation and carbon pricing mechanisms, which may affect Valmet's technologies and cause financial risk (in own operations and upstream and downstream value chain)

Material sustainability matter	Energy
Sustainability impacts * short- and medium-term	● Fuel, electricity, district heat, and steam consumption in Valmet locations (actual negative impact in own operations) ● The primary material for Valmet's solutions is steel. The production process of steel in Valmet's upstream value chain is energy intensive (actual negative impact in upstream and downstream value chain) ● Valmet delivers technologies to the energy and energy-intensive pulp and paper industries (actual negative impact in upstream and downstream value chain)
Financial opportunities * medium- and long-term	● Opportunity for Valmet as i.a. regulation drives the demand for more energy-efficient technologies, as well as energy solutions using renewable energy (in own operations and downstream value chain)
Financial risks * short-, medium-, and long-term	● Transition risk due to emerging energy-related regulation and carbon pricing mechanisms, which may affect Valmet's own operations and technologies (in own operations and upstream and downstream value chain)

E1 Climate change, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The successful management of climate-related risks and opportunities is a key element in the delivery of Valmet's strategy. Valmet has conducted a resilience analysis of its strategy and business model in relation to climate change across the value chain, including the supply chain, Valmet's own operations, and customers' use phase of Valmet's technologies. The potential long-term impacts of climate change have been analyzed in 2021 through two different scenarios: in the first, the global warming is limited to 1.5 °C; in the second, the global warming has reached 4 °C (ESRS 2 E1 IRO-1).

The resilience analysis concluded that Valmet would probably benefit from its energy- and water-efficient technologies and its position as one of the enablers of climate change mitigation.

Demand for technologies enabling pulp, paper, and energy production, with alternative energy sources such as biomass and carbon-free electricity, is likely to increase rapidly. There are also reputational opportunities for Valmet if pulp and paper and bioenergy industries reach carbon neutrality enabled by Valmet's technologies.

The differences between the 1.5 °C and 4 °C climate scenarios are expected to become more evident between 2030 and 2050 as negative climate events become more frequent and severe, especially in the 4 °C scenario. In the 1.5 °C scenario, emerging climate-related regulation and carbon pricing mechanisms will play a bigger role globally, and the related transition risk will become more significant. In the 4 °C scenario, physical impacts such as floods, volatile forest yield, storms, and drought dominate.

E2 Pollution related impacts, risks and opportunities in value chain

Material sustainability matter	Pollution of air
Sustainability impacts * short- and medium-term	● Valmet's upstream value chain includes manufacturing of components, which contributes to environmental impacts such as air pollution, including particulate matter and volatile organic compounds (actual negative impact in upstream and downstream value chain) ● While using Valmet's process technologies and automation in pulp, paper, energy, and other process industries, customers generate air emissions such as particulate matter, hazardous air pollutants, nitrogen oxides, sulfur oxides, carbon monoxide, and volatile organic compounds that require emission control (actual negative impact in upstream and downstream value chain)
Financial opportunities * short- and medium-term	● Customers increasingly need to reduce air emissions, which creates a business opportunity for Valmet's air emission control solutions (in own operations and downstream value chain)

Material sustainability matter	Pollution of water
Sustainability impacts * short- and medium-term	● While using Valmet's process technologies and automation in pulp, paper, energy, and other process industries, customers generate water emissions such as biological and chemical demands (BOD and COD) and other pollutants that require wastewater treatment (actual negative impact in downstream value chain)
Financial opportunities * short- and medium-term	● Customers increasingly need to reduce water effluent, which creates a business opportunity for Valmet's wastewater control solutions (in own operations and downstream value chain)

E3 Water related impacts, risks and opportunities in value chain

Material sustainability matter	Water consumption
Sustainability impacts * short- and medium-term	● Valmet's upstream value chain includes water consuming processes, such as steel manufacturing (actual negative impact in upstream and downstream value chain) ● Valmet's customers in the pulp, paper, tissue, and board industries operate water-intensive process technologies (actual negative impact in upstream and downstream value chain)
Financial opportunities * short- and medium-term	● Increasing customer demand for solutions that improve water management efficiency and closed loop water systems is a business opportunity for Valmet (in own operations and downstream value chain)

E4 Biodiversity and ecosystems related impacts, risks and opportunities in value chain

Material sustainability matter	Direct impact drivers of biodiversity loss
Sustainability impacts * long-term	● Valmet's own operations and upstream and downstream value chain contribute to climate change, which is a driver of biodiversity loss (actual negative impact in upstream and downstream value chain) ● Valmet's upstream and downstream value chain contribute to air and water pollution, which is a driver of biodiversity loss (actual negative impact in upstream and downstream value chain)

E4 Biodiversity and ecosystems, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Biodiversity is intrinsically linked to climate change and is integral to Valmet's strategy and business model. Valmet's strategic mission is to create sustainable results by converting renewable resources and making industrial processes reliable and efficient.Valmet's own operations and upstream and downstream value chain depend on biodiversity for ecosystem services such as water, raw materials, and energy.

Valmet's business model and strategy is centered around the continuous improvement and research and development of its technologies, which aim to improve environmental performance. Valmet helps its customers optimize resource and energy use, utilize recycled materials and bioenergy technologies as well as reduce pollution with wastewater treatment and air emission control solutions. Improving environmental performance can also reduce pressures on biodiversity and ecosystems in the value chain. Valmet requires its suppliers to account for their biodiversity impacts by committing to its Supplier Code of Conduct.

Valmet performed an initial biodiversity assessment of its strategy and business model between 2023-2024 using the ENCORE and Science Based Targets for Nature (SBTN) sectoral materiality tools and will continue with a comprehensive resilience analysis in relation to biodiversity in 2025.

Valmet's locations are situated on land zoned for commercial or industrial use by the local authorities. The WWF Biodiversity Risk Filter tool was used to identify the following Valmet locations near protected or biodiversity-sensitive areas: workshops in Gorizia, Italy and Swiecie, Poland. Valmet's activities do not cause significant direct environmental impacts to nearby biodiversity sensitive areas and these sites are managed in compliance with environmental permits and requirements. Nor do Valmet's own operations directly affect threatened species or directly negatively impact land degradation, desertification, or soil sealing. Valmet has environmental aspect and impact assessments for all industrial locations. Mitigation measures for protecting the environment are implemented in accordance with operating permits and Valmet's global management system (GMS) and ISO 14001:2015 standards and certifications. These measures include operational controls for hazardous substances, air emissions, noise, water effluent, and waste, as well as emergency preparedness and response. Valmet also conducts Sustainability impact assessments when changes in market presence occur to ensure negative environmental impacts, including biodiversity impacts, are identified.

E5 Resource use and circular economy related impacts, risks and opportunities

Material sustainability matter	Resource inflows - Valmet's use of materials
Sustainability impacts * short- and medium-term	● The production of Valmet's products requires large quantities of materials. The most material resource inflows are steel, polymers, electronic components, and packaging materials (actual negative impact in own operations and upstream value chain) ● Valmet decreases resource use by aiming to design modular and lightweight products (actual positive impact in own operations) ● Valmet uses recycled steel in its own foundries to reduce the impact from virgin raw materials (actual positive impact in own operations) ● Valmet delivers process technologies, which enable customers to use and recover energy, water, and chemicals more efficiently or minimize waste by using production side streams from other applications, processes, or even industries. These technologies positively contribute to the material inflows in the industries Valmet services. (actual positive impact in downstream value chain)

Material sustainability matter	Resource outflows - Valmet's solutions
Sustainability impacts * short- and medium-term	● Valmet's solutions and services enable extension of the lifetime of technologies used by customers (actual positive impact in downstream value chain) ● Valmet's process technologies and automation enable the conversion of renewable and recycled resources into solutions in the pulp, paper, board, tissue, and energy industries and renewable resource use in the energy and other process industries (actual positive impact in downstream value chain) ● Valmet's solutions enable circularity for customers through material recovery and conversion to same or other uses; longer circulation cycles; reduced use of virgin materials; and cascaded use across industries concerning process residuals (actual positive impact in downstream value chain)
Financial opportunities * short- and medium-term	● Increasing demand for process technology and automation that improve resource efficiency, and enable renewable resource use is a significant business opportunity for Valmet (in own operations and downstream value chain) ● Valmet's services enabling life cycle extension of installed technology and automation is a significant business opportunity for Valmet (in own operations and downstream value chain)

S1 Own workforce related impacts, risks and opportunities

Material sustainability matter	Working conditions
Sustainability impacts * short- and medium-term (positive impact) * short-, medium- and long-term (negative impact)	● Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries (actual positive impact in own operations) ● Valmet has operations in countries where collective bargaining and/or freedom of association is either limited or not a common practice (actual negative impact in own operations) ● Valmet's workforce are exposed to health and safety risks during work activities which can cause injuries and illnesses (actual negative impact in own operations)

Material sustainability matter	Equal treatment and opportunities for all
Sustainability impacts * short- and medium-term (positive impact) * short-, medium- and long-term (negative impact)	● Proactive measures to address potential inequalities in hiring, career progression, and pay equity can lead to a more engaged and inclusive workplace (potential positive impact in own operations) ● Gender imbalance poses a risk of unintentional discrimination and inequalities, e.g., in hiring, career progression, and pay equity (potential negative impact in own operations)

S1 Own workforce, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Valmet's strategy and business model include being close to its customer base, its own production for key products, and providing at-customer installation, installation, maintenance, and modernization services. Some of Valmet's operations are in high-risk countries with systemically limited possibility of freedom of association and collective bargaining and social dialogue which are identified negative impacts arising from this strategy and business model. Valmet's business model is also connected with negative health and safety impacts from individual work-related incidents, particularly in the production and service environments. The connected positive impacts arising from the strategy and business model occur through the execution of the Valmet's Must-Wins, which include specific initiatives to continuously improve health and safety and to boost employee engagement which impact all employees.

Valmet employees who could be materially impacted include the following groups: permanent employees, temporary employees, and trainees. The materially impacted non-employee workforce is leased workers.

Analysis of work-related injury and illness data shows that Valmet's workforce in the operations and manufacturing, project management, and service job families are more at risk of being negatively affected by health and safety impacts. The main risks of work-related injury and illness are associated with the unexpected start-up of machinery, mechanical lifting, working at heights or in confined spaces, the use of tools and equipment, manual handling, hot work, exposure to hazardous substances and radiation, electrical work, road travel, exposure to infectious diseases, and the social and organizational work environment. These hazards can result in:

- Fatal injuries
- Severe injuries such as lacerations, fractures, burns, amputations, loss of eyesight, concussion
- Minor injuries such as cuts, contusions, sprains
- Skin disease caused by physical, chemical, or biological agents
- Hearing impairment caused by noise from equipment
- Diseases caused by vibration from using handheld equipment
- Musculoskeletal disorders from manual handling (lifting, pulling, pushing) and repetitive movements
- Respiratory diseases from dust and chemical exposure
- Infections from viruses, bacteria, and parasites
- Stress-related ill health.

Valmet does not have own operations which are at significant risk of forced labor or child labor. Valmet frequently monitors and updates its definition of high-risk regions and geographies by assessing the country risks matrix, which is based of Zurich's Risk Room and contains country- and industry-level data to assess economic, societal, technological, environmental, and geopolitical risks. Based on the classification, many cost competitive countries (CCC), especially in South East Asia, South America and Africa, are classified as high-risk.

S2 Workers in the value chain related impacts, risks and opportunities

Material sustainability matter	Working conditions
Sustainability impacts * short- and medium-term (positive impact) * short-, medium- and long-term (negative impacts)	● Valmet has operations in countries where collective bargaining and/or freedom of association are limited or not common practice. Value-chain workers in high-risk countries may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours (actual negative impact in upstream and downstream value chain) ● Value-chain workers can be exposed to health and safety risks during work activities which can cause injuries and illnesses in the provision of products and services to Valmet (actual negative impact in upstream and downstream value chain) ● Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers (potential positive impact in upstream and downstream value chain)

Material sustainability matter	Other work-related rights
Sustainability impacts * short-, medium- and long-term	● Young workers and migrant workers are identified as vulnerable groups within value-chain workers. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work (potential negative impact in upstream and downstream value chain)

S2 Workers in the value chain, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain workers who could be materially impacted by Valmet's operations include the following workers in Valmet's value chain:

- Upstream: Valmet's suppliers' workers who are working mainly in the suppliers' own premises.
- Own operations: Valmet's suppliers' workers who are working as service providers in Valmet's premises, and the supplier controls the work. These include, for example, consultants, engineering services workers, maintenance contractors, and workers from outsourced services such as cleaning, security, and logistics.
- Downstream: Valmet's supplier's workers who are working as a Valmet site subcontractor for construction, installation, and maintenance services in the customer's premises, and the supplier controls the work.

Valmet strives to develop ethical practices and ensure decent working conditions throughout the value chain, as well as opportunities for local employment and economic activity. As a part of Valmet's due diligence -process Valmet conducts for example human rights salient risk screening, Social and Human Rights Impact Assessments in its own operations and upstream value chain as well as, Health, Safety and Environment and Supplier Sustainability Audits. Based on this Valmet has identified negative impacts and potential positive impact related to working conditions and other work-related rights in its value chain as outlined in the table above.

The potential positive impact related to working conditions involves improving the working conditions and health and safety of value-chain workers through Valmet's supplier engagement processes.

The actual and potential negative impacts related to value-chain workers involve working conditions and other work-related rights.

Valmet continuously screens potential negative social and human rights impacts throughout its value chain. The most salient human rights risks connected to Valmet's value chain are related to inadequate wages and excessive working hours, lack of freedom of association and collective bargaining, the risk of bonded and forced labor, the position of young workers and migrant workers, and occupational health and safety. Possible migrant workers and young workers are identified as vulnerable groups in the value chain, and they have a heightened risk of being exposed to negative impacts. In Valmet's value chain possible migrant workers are typically employed by site sub-contractors in construction and installation of projects.

Negative impacts related to lack of freedom of association and collective bargaining, inadequate wages, and excessive working hours remain a risk in all supplier categories in high-risk countries. Value-chain workers are exposed to similar hazards in their work activities as Valmet's own workforce, as described in S1-4. Valmet's site subcontractors working in customer premises are at risk of severe work-related injuries and illnesses associated with the unexpected start-up of machinery, working at heights and in confined spaces, and mechanical lifting. Young workers may be especially exposed to hazardous or harmful work or unsafe working conditions.

Valmet frequently monitors and updates its definition of high-risk regions and geographies by assessing the country risks matrix, which is based on Zurich's Risk Room and contains country- and industry-level data to assess economic, societal, technological, environmental, and geopolitical risks. Based on the classification, many cost-competitive countries (CCC), especially in South East Asia, South America, and Africa, are classified as high-risk.

G1 Business Conduct related impacts, risks and opportunities

Material sustainability matter	Corporate culture
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally, that employees feel safe working for Valmet, and that stakeholders consider Valmet a trusted business partner (actual positive impact in own operations) ● Failures in creating an ethical corporate culture can lead to unethical or illegal business conduct. It can subject employees to negative effects such as unfair treatment or discrimination (potential negative impact in own operations)

Material sustainability matter	Protection of whistleblowers
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's actions to promote corporate culture ensure that employees and stakeholders feel comfortable raising concerns, and the whistleblowers are protected and any potential misconduct is caught before severe consequences (actual positive impact in own operations) ● Failure to protect whistleblowers can lead to retaliation against the reporter (potential negative impact in own operations)

Material sustainability matter	Corruption and bribery
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's successful measures to prevent corruption and bribery promote the reputation as a reliable partner, with whom ethical business conduct principles are implemented (actual positive impact in own operations) ● Valmet's inadequate measures to prevent corruption and bribery may lead to violation of the Code of Conduct and illegal behavior. Being involved in a corruption or bribery incident would have negative effects on people and society (potential positive impact in own operations)

Material sustainability matter	Management of relationships with suppliers
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's purchases of goods and services contributes to the employment of value-chain workers. Valmet's Supplier Code of Conduct promotes sustainable business practices in the supply chain (actual positive impact in upstream value chain) ● Failure to comply with Valmet's payment practices could cause negative impacts to suppliers (potential negative impact in upstream value chain)

Impact, risk and opportunity management

IRO-1: Description of the process to identify and assess material impacts, risks and opportunities

General

Valmet has conducted a double materiality assessment to identify and assess actual and potential negative and positive impacts on the environment and people, as well as sustainability related financial risks and opportunities across the value chain in the short, medium, and longer terms. The double materiality assessment determined the disclosure requirements to be included in Valmet's CSRD reporting scope. Valmet will review the results of the double materiality assessment annually as a part of the CSRD reporting process.

The double materiality assessment process was based on comprehensive study, internal workshops, and interviews with subject matter experts, as well as external and internal stakeholders. The process comprised four steps:

1. Scoping of the assessment
2. Identification of impacts, risks, and opportunities
3. Double materiality assessment
4. Consolidation of the findings

Valmet assessed the impacts, risks and opportunities encompassing own operations, the upstream and downstream value chain. Affected internal and external stakeholders were engaged in the assessment through interviews and workshops. Internal functions engaged in the assessment were Sustainability, Human Resources, Health, Safety and Environment, Research and Development, Investor Relations, Ethics and Compliance, Risk Management, Internal Audit, Group Accounting, and Supply Chain. In addition, external stakeholder representatives from Valmet's customers and business partners participated in the assessment.

Scoping of the assessment

For the purposes of the double materiality assessment and sustainability reporting, Valmet has defined its value chain to include the following stages where it is causing or contributing to impacts:

- Upstream value chain: suppliers' manufacturing of components; Valmet's sourcing of raw materials; and transportation to Valmet
- Own operations: research and development; engineering; own production; project deliveries; services; and maintenance of customers' technologies
- Downstream value chain: the use phase of Valmet's technologies

Valmet has not included in the reporting boundary following activities on which Valmet does not have a direct impact, or which Valmet does not control:

- Upstream value chain: activities and sourcing by sub-suppliers or sub-sub-suppliers who are not in a direct relationship with Valmet.
- Downstream value chain: activities and sourcing of raw materials by our customers and end-of-life treatment of the products.

The assessment dimensions follow guidance provided by the ESRS standards. For impact materiality, the assessment thresholds were based on the OECD Guidelines for Multinational Enterprises for Responsible Business Conduct, the UN Guiding Principles, the European Financial Reporting Advisory Group's (EFRAG) working paper "[Draft] European Sustainability Reporting Guidelines 1 – Double materiality conceptual guidelines for standard setting." For financial materiality, the thresholds followed Valmet's enterprise risk management process.

Identification of impacts, risks and opportunities

The impacts of Valmet's operations and business relationships were determined through a comprehensive desktop study that included both internal and external sources. In addition, three mapping workshops were conducted with internal stakeholders and external subject matter experts. These workshops were designed to identify and analyze potential impacts, risks and opportunities, as well as to pinpoint the specific areas of the value chain where these might occur. Based on the results of the mapping workshops, the most affected stakeholder groups were selected for interviews to capture their overall opinion on the impacts that Valmet has on their stakeholder group.

Double materiality assessment

The material impacts, risks and opportunities were identified through a comprehensive double materiality assessment.

In Valmet's impact assessment, both positive and negative impacts and actual and potential impacts related to sustainability matters were considered. Valmet prioritized negative impacts based on their relative severity (scale, scope, irremediably) and likelihood, and positive impacts on their relative benefit (scale, scope) and likelihood.

The assessment scale used for determining the severity or benefit of impacts was guided by the sustainability due diligence process defined in the UN Guiding Principles and Business and Human Rights and the OECD Guidelines for Multinational Enterprises for Responsible Business Conduct, as well as the EFRAG Implementation Guidance for Materiality Assessment.

In the process of assessing, identifying, and prioritizing risks and opportunities that have or could potentially have financial impacts, Valmet employed a scale measuring the size of the financial effect and its likelihood. This scale was the same as in Valmet's risk assessment process. The estimations of the financial impact focused on the scale of impacts, rather than on the precise valuation of the financial effects. The estimated potential magnitude of financial effects was based on EBITA. For financial effects that could not be reliably quantified, the assessment relied on qualitative factors and ranges, as outlined in the EFRAG Implementation Guidance for Materiality Assessment.

In the double materiality assessment process, Valmet utilized following information sources: outcomes of workshops, feedback from interviews with external stakeholders, prior impact assessments and audits carried out by Valmet, expert knowledge of the subject matter, research and articles from external sources.

Consolidation of the findings

The materiality of disclosure requirements and related data points were determined based on the materiality assessment results at sub-topic or sub-sub-topic level.

E1 Climate change, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

Valmet has a continuous multidisciplinary enterprise risk management process in which climate-related issues are integrated. Valmet has a systematic method to regularly identify, assess, and manage the probability and impact of climate-related risks at all stages of the value chain at a Group level and within each business line in the short, medium, and long terms.

Climate-related risks related to direct operations, as well as the upstream and downstream are identified, assessed, and responded to with the same risk assessment process as other types of risks in Valmet Corporate Risk Management. Risk management covers strategic, financial, operational, and hazard risks, including climate-related physical and transition risks. The assessed risks are based on Valmet's risk profile, which lists the risks at the headline level and covers all operations.

Valmet's risk management process promotes opportunities and treats risks. Valmet aspires to manage the adverse impacts of strategic, financial, and operational risks and to remove or mitigate hazard risks. The line management of Valmet's businesses is accountable for managing risks as part of its daily activities. Climate change and environmental risks are assessed once a year at a Group level by Valmet's Risk Management function.

Climate-related risks and opportunities

Valmet's exposure to climate-related risks and opportunities has been analyzed under the following risk categories: physical (acute and chronic); regulatory; technological; market; reputational; and social. Exposure refers to an organization's vulnerability to negative impacts or ability to realize positive impacts from the transition to a low-carbon economy and the impacts of climate change itself.

Valmet has analyzed the potential impact of climate change on its operations and business environment across the value chain, including the supply chain, its own operations, and customers' use phase of Valmet's technologies. The potential long-term impacts of climate change have been analyzed through two different scenarios: In the first, global warming is limited to 1.5 °C; in the second, global warming has reached 4 °C. The scenarios are in line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting. The scenario analysis has enabled Valmet to identify and quantify climate-related risks and opportunities and assess its business resilience in different climate scenarios. As part of its annual reporting process, Valmet analyzes its GHG emissions inventory across the value chain as reported in E1-6.

The scenarios are set for 2030, as it is far enough in the future to analyze the potential business impacts when climate-related risks have most likely materialized, and to analyze outcomes from company strategy and risk management perspective. The two scenarios have been chosen as they represent different climate states of the future. Physical risks have been further analyzed until 2050.

In the analysis, short term is defined as one year, medium term as two to five years, and long-term as more than five years. The analysis considers the likelihood, magnitude, and duration of physical hazards or transition events.

Physical risks

Physical risks and exposure to climate-related hazards have been identified in the short, medium, and long terms in both 1.5 °C and 4 °C climate scenarios until 2030 and 2050.

Acute physical risks

Acute physical risks in the short and medium terms may be increases in the frequency and severity of extreme weather events such as floods and storms that may impact Valmet's own production sites in India, China, Europe, and North America by causing production shutdowns and having a financial impact.

Chronic physical risks

Chronic physical risks include long-term shifts in climate patterns causing sea level rise and posing a risk to Valmet's operations in China and Indonesia, for example. Access to raw materials in the supply chain may also be impacted by chronic changes in the environment. Forest yield volatility and regional differences are likely to increase, impacting the supply chains of Valmet's customers in the pulp and paper industries and consequently creating both risks and opportunities for Valmet. Increasing drought increases the risk of forest fires, and warmer winters are likely to increase the impact of pests and diseases on forestry yield.

Transition risks and opportunities

Transition risks and opportunities have been identified in the short, medium, and long terms in a 1.5 °C climate scenario until 2030.

Opportunities

Valmet benefits from its energy- and water-efficient technologies, as well as its position as one of the enablers of climate change mitigation. Valmet's technologies help customers in the pulp and paper and energy industries in their decarbonization efforts bringing market and reputational opportunities. Increasing regulation related to energy transition, carbon capture and climate change mitigation are expected to increase demand for Valmet's solutions. Customer demand and market opportunity are increasing for air emission control systems, wastewater treatment and closed loop water solutions. Demand for process technology and automation that

increase resource efficiency and enable renewable and recycled resource use is a significant business opportunity for Valmet. The Services business line enables life cycle extension of installed technology and automation creates a significant business opportunity for Valmet. Valmet's sustainable business may increase its opportunities to reduce the cost of capital through better green finance terms.

Transition risks

If Valmet's adaptation to regulation and market changes is low, there is a risk that competitiveness will be lost, and thus customers, revenue, and profits. Carbon pricing is expected to increase the price of Valmet's key raw materials such as steel. High demand for bio-based products, as well as the competition for bio-based and forest-based raw materials, may increase costs for customers. An increasing risk that forest utilization as raw material will be seen more negatively may also increase reputational risks for Valmet as a technology provider.

Details of climate-related scenario analysis

Physical risks and exposure to climate-related hazards have been identified using Intergovernmental Panel on Climate Change's (IPCC) RCP2.6 (1.5 °C) and RCP8.5 (4 °C) climate scenarios. Transition scenarios were considered for the whole value chain according to the International Energy Agency (IEA) (Sustainable Development Scenario and World Energy Outlook 2020) and International Renewable Energy Agency (IRENA) (Global Renewables Outlook: Energy Transformation 2050) scenarios. IIASA's Shared Socioeconomic Pathways (SSPs) were used alongside the RCPs to analyze the feedback between climate change and socioeconomic factors such as world population growth, economic development, and technological progress.

First scenario: The global warming is limited to 1.5 ºC

Valmet is committed to the Paris Climate Agreement's 1.5-degree pathway. In this 1.5-degree scenario, where global warming is limited to 1.5 °C, the Paris Climate Agreement goals have been met, and the mitigation of climate change has been strong.

In this scenario, it is expected that regulations will be more ambitious, globally consistent, and will aim for a low-carbon economy. The demand for sustainable and climate-resilient solutions will create opportunities for Valmet. Potential risks arise from the high demand for bio-based products, which will increase competition for forest-based raw material. The availability of forest-based raw material for customers in the pulp and paper and energy industries may face limitations also due to need for carbon sinks and protecting biodiversity.

Second scenario: The global warming has reached 4 ºC

The second scenario reflects a situation in which global warming has reached 4 °C, which means that emissions have continued to rise at current rates. In this scenario, the transition to a low-carbon economy is disorganized, as climate policies are fragmented, carbon markets are not integrated, and carbon leakage will increase due to large differences in carbon regulations between countries. Demand for energy- and water-efficient technologies will grow in advanced economies, whereas in developing markets, demand is unlikely to change.

Overall, Valmet's offering in low-carbon and water-efficient solutions will provide a limited competitive advantage. There is also a risk that customers will be unwilling to pay for such solutions, and that the expectations of customers between regions will increasingly differ.

Results of the scenario analysis

The results of the scenario analysis are utilized to support Valmet's strategy and capacity to adapt to and mitigate climate change. The analyzed drivers mobilize developments that in the short and medium terms also affect the operating environment. In both scenarios, Valmet is seen to benefit from its energy- and water-efficient technologies and its position as one of the enablers of climate change mitigation. Demand for technologies enabling carbon neutral pulp, paper, and energy production with alternative energy sources such as biomass and carbon-free electricity, is likely to increase rapidly. There are also reputational opportunities for Valmet if the pulp and paper and bioenergy industries reach carbon neutrality enabled by Valmet's technologies.

The differences between the 1.5 °C and 4 °C climate scenarios are expected to become more evident between 2030 and 2050 as negative climate events become more frequent and severe, especially in the 4 °C scenario. In the 1.5 °C scenario, emerging climate-related regulation and carbon pricing mechanisms will play a bigger role globally, and the related transition risk will become more significant. In the 4 °C scenario, physical impacts such as floods, volatile forest yield, storms, and drought dominate.

E2 Pollution, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet evaluated its business activities to identify actual and potential pollution-related impacts, risks, and opportunities, and mapped where in the value chain these might occur. The sources of the screening included Valmet's Supplier Sustainability Audit reports and information obtained from the analysis conducted with the WWF biodiversity risk filter. Valmet has screened all its locations against the WWF biodiversity risk filter, and the indicators of the assessment include pollution. In assessing its pollution-related impacts, Valmet did not conduct consultations with affected communities.

E3 Water and marine resources, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet evaluated its business activities to identify actual and potential water-related impacts, risks, and opportunities, and to recognize the specific areas of the value chain where these might occur. In the assessment, Valmet utilized the results of the water risk analysis conducted for its sites using the WWF Water Risk Filter in 2021. With the Water

Risk Filter, Valmet assessed three types of water-related business risks: physical; regulatory; and reputational. In assessing its water-related impacts, Valmet did not conduct consultations with affected communities.

E4 Biodiversity and ecosystems, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet screened its activities to identify the most material impacts, dependencies, risks, and opportunities related to biodiversity and ecosystems. The WWF biodiversity risk filter, ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), and SBTN (Science Based Targets Network) sectoral materiality tools, as well as local environmental impact assessments, were used. In assessing its biodiversity- and ecosystem-related impacts, Valmet did not conduct consultations with affected communities.

Valmet locations in or nearby biodiversity-sensitive areas are listed in E4 SBM3. Valmet's activities do not negatively impact these areas. As part of due diligence practices, Valmet implements biodiversity mitigation measures such as environmental impact assessments for all its existing and planned industrial locations globally.

E5 Resource use and circular economy, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet screened its activities to identify the most material impacts, risks, and opportunities related to resource use and the circular economy. Valmet selected procurement spend as one factor in determining the most material product categories and resource inflows in its value chain. In addition to procurement spend, Valmet analyzed its own product portfolio and the materials of which products consisted. For this purpose, Valmet utilized information from a product's Bill of Materials (BOM) or the Life Cycle Assessment (LCA). The resource outflows materiality assessment focused on Valmet's product and service offerings. In assessing its resource-use- and circular-economy-related impacts, Valmet did not conduct consultations with affected communities.

G1 Business conduct, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

In the double materiality assessment process related to business conduct matters, the main work was done in a desktop study followed by a mapping workshop, which was held with relevant functions for governance topics. The scope of the process was global, covering all locations, actions, sectors, and activities. Valmet's own operations in the mapping process were divided into five operational sections: sales; procurement; planning; production; and projects. In addition, upstream and downstream value chains were reviewed as entities without more granular steps. It was assessed per each potential sub-topic what the activities with a potential impact were, and where in the value chain the potential impact was.

IRO-2: Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement

The materiality of disclosure requirements and related data points was determined based on the double materiality assessment results at sub-topic or sub-sub-topic level. The explanation of how Valmet has determined the material information to be disclosed in relation to the impacts, risks and opportunities, including the use of thresholds, has been disclosed under ESRS 2 IRO-1.

According to the ESRS standards, cross-cutting standards ESRS 1 and ESRS 2 are mandatory for all companies, regardless of the outcome of the materiality assessment. Further topical standards E1–E5, S1–S4, and G1 are to be reported based on the results of the double materiality assessment. Based on Valmet's double materiality assessment results all Environmental standards E1–E5, Social standards S1–S2, and Governance standard G1 include material disclosure requirements for Valmet.

All ESRS Disclosure Requirements complied with in preparing this Sustainability Statement have been listed in the following table. In addition, a list of data points derived from other EU legislation can be found in the following pages.

ESRS Disclosure Requirements complied with in preparing this Sustainability Statement

ESRS standard	Disclosure requirement	Disclosure requirement description	Page number
ESRS 2			
Basis for preparation			
	BP-1	General basis for preparation of the Sustainability Statement	1
	BP-2	Disclosures in relation to specific circumstances	1
Governance			
	GOV-1	The role of the administrative, management, and supervisory bodies	1
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1
	GOV-3	Integration of sustainability-related performance in incentive schemes	4
	GOV-4	Statement on due diligence	4
	GOV-5	Risk management and internal controls over sustainability reporting	6
Strategy			
	SBM-1	Strategy, business model and value chain	6
	SBM-2	Interests and views of stakeholders	7
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	9
Impact, risk and opportunity management			
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	16
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement	19
Topical Standards			
E1	**Climate change**		33
	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	33
	E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	33
	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	33
	E1-1	Transition plan for climate change mitigation	33
	E1-2	Policies related to climate change mitigation and adaptation	33
	E1-3	Actions and resources in relation to climate change policies	35
	E1-4	Targets related to climate change mitigation and adaptation	36
	E1-5	Energy consumption and mix	39
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	40
E2	**Pollution**		43
	E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	43
	E2-1	Policies related to pollution	43
	E2-2	Actions and resources related to pollution	44
	E2-3	Targets related to pollution	44
E3	**Water and marine sources**		44
	E3.IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	45
	E3-1	Policies related to water and marine resources	45
	E3-2	Actions and resources related to water and marine resources	46
	E3-3	Targets related to water and marine resources	47
E4	**Biodiversity and ecosystems**		48
	E4.SBM-3	Material impacts, risks and opportunities related to biodiversity	48
	E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	48
	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	48
	E4-2	Policies related to biodiversity and ecosystems	48
	E4-3	Actions and resources related to biodiversity and ecosystems	49
	E4-4	Targets related to biodiversity and ecosystems	50
E5	**Resource use and circular economy**		51
	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	51
	E5-1	Policies related to resource use and circular economy	51
	E5-2	Actions and resources related to resource use and circular economy	53
	E5-3	Targets related to resource use and circular economy	54
	E5-4	Resource inflows	55
	E5-5	Resource outflows	55

ESRS standard	Disclosure requirement	Disclosure requirement description	Page number
S1	**Own workforce**		56
	S1.SBM-2	Interests and views of stakeholders	56
	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	56
	S1-1	Policies related to own workforce	56
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	58
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	59
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	60
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	63
	S1-6	Characteristics of the undertaking's employees	65
	S1-8	Collective bargaining coverage and social dialogue	66
	S1-9	Diversity metrics	66
	S1-14	Health and safety metrics	67
	S1-16	Compensation metrics (pay gap and total compensation)	67
	S1-17	Incidents, complaints and severe human rights impacts	68
S2	**Workers in the value chain**		69
	S2.SBM-2	Interests and views of stakeholders	
	S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	69
	S2-1	Policies related to value chain workers	56
	S2-2	Processes for engaging with value chain workers about impacts	70
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	71
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	72
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	75
G1	**Business Conduct**		76
	G1.GOV-1	The role of the administrative, supervisory and management bodies	76
	G1.IRO-1	Description of the processes to identify and assess material business conduct-related impacts, risks and opportunities	76
	G1-1	Business conduct policies and corporate culture	76
	G1-2	Management of relationships with suppliers	78
	G1-3	Prevention and detection of corruption and bribery	79
	G1-4	Confirmed incidents of corruption or bribery	80
	G1-6	Payment practices	80

Data points derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5, Annex II		Material	2
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	1
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	33
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	33
ESRS E1-4 GHG emission reduction target, paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	36

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	39
ESRS E1-5 Energy consumption and mix, paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	39
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	39
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	40
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	40
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Regulation (EU)2021/1119 , Article 2(1)	Not material	N/A
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased in 1-3 years	N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66(c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			Phased in 1-3 years	N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)		Article 449a Regulation(EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased in 3 years	N/A
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased in 3 years	N/A

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1; Indicator number 2 Table #2 of Annex 1; Indicator number 1 Table #2 of Annex 1; Indicator number 3 Table #2 of Annex 1				Not material	N/A
ESRS E3-1 Water and marine resources, paragraph 9	Indicator number 7 Table #2 of Annex 1				Material	45
ESRS E3-1 Dedicated policy, paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	N/A
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	N/A
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	N/A
ESRS E3-4 Total water, consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	N/A
ESRS 2 IRO1-E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Material	11
ESRS 2 IRO1-E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Material	11
ESRS 2 IRO1-E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Material	11
ESRS E4-2 Sustainable land / agriculture practices or policies, paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies, paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	N/A
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	N/A
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	N/A
ESRS 2 SBM3 - S1 Risk of incidents of forced labour, paragraph 14 (f)	Indicator number 13 Table #3 of Annex 1				Material	13
ESRS 2 SBM3 - S1 Risk of incidents of child labour, paragraph 14 (g)	Indicator number 12 Table #3 of Annex 1				Material	13
ESRS S1-1 Human rights policy commitments, paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	56
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	56

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS S1-1 processes and measures for preventing trafficking in human beings, paragraph 22	Indicator number 11 Table #3 of Annex 1				Material	56
ESRS S1-1 workplace accident prevention policy or management system, paragraph 23	Indicator number 1 Table #3 of Annex 1				Material	56
ESRS S1-3 grievance/complaints handling mechanisms, paragraph 32 (c)	Indicator number 5 Table #3 of Annex 1				Material	59
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	67
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	Indicator number 3 Table #3 of Annex 1				Phased in 1 year	N/A
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	68
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	Indicator number 8 Table #3 of Annex 1				Material	68
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex 1				Material	68
ESRS S1-17 Non- respect of UNGPs on Business and Human Rights and OECD, paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	68
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex 1				Material	14
ESRS S2-1 Human rights policy commitments, paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	69
ESRS S2-1 Policies related to value chain workers, paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	69
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guideline, paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	69
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU)2020/1816, Annex II		Material	70

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	73
ESRS S3-1 Human rights policy commitments, paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	N/A
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines, paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	N/A
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	N/A
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material	N/A
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	N/A
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material	N/A
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Not material	N/A
ESRS G1-1 Protection of whistle-blowers, paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	77
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	80
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	80

Environmental information

EU taxonomy for sustainable finance

The European Union Sustainable Finance Taxonomy Regulation 2020/852 (the EU taxonomy) requires large companies subject to the European Union Corporate Sustainability Report Directive (CSRD) 2022/2464 to disclose the extent to which their economic activities have a substantial positive environmental impact. The EU taxonomy is intended to encourage financial markets to invest and finance more sustainably. It sets the criteria for activities that the EU has classified as environmentally sustainable. The activities described in the taxonomy are referred to as eligible activities. Eligible activities that also meet set criteria of *(1) a substantial contribution to one of the six environmental objectives, (2) do no significant harm to the remaining five environmental objectives, and (3) meet minimum safeguards*, are referred to as taxonomy-aligned activities. Only with the cumulative fulfillment of all three requirements is the economic activity taxonomy-aligned.

The currently available criteria allow companies to demonstrate their contribution to the following environmental objectives: *Climate change mitigation; Climate change adaptation; Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; and Protection and restoration of biodiversity.*

Eligibility and alignment assessment

Valmet is a supplier of process technologies, automation and services for the pulp, paper and energy industries, and with the automation and flow control solutions serves and even wider base of process industries. Valmet has reviewed its offering against the Taxonomy activities to assess eligibility based on the eligible economic activities listed in the Climate and Environmental Delegated Acts and related Annexes. It has also taken into consideration the amendments to the Climate Delegated Act.

Valmet reports eligibility and alignment for the *Climate change mitigation* and the *Transition to a circular economy* objective in accordance with the Taxonomy Regulation.

In 2024, Valmet's approach to identifying and reporting sustainable economic activities consisted of:

1. Eligibility assessment: Mapping of economic activities to taxonomy activity descriptions and NACE codes.
2. Substantial contribution assessment: Screening of activities against technical screening criteria.
3. Do no significant harm (DNSH) assessment: Screening of Valmet's procedures to ensure that our operations do not cause significant harm to relevant environmental objectives.
4. Minimum safeguards assessment: A review of Valmet's corporate safeguards to ensure that our operating instructions, company policies, and management system are compliant with the OECD Guidelines for Multinational Enterprises (OECD), the UN Guiding Principles on Business and Human Rights (UNGP) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The minimum safeguards assessment covers the following social and governance aspects: human and labour rights; taxation; corruption and bribery; and fair competition.

As a result of the 2024 assessment, the following economic activities in the taxonomy were identified where Valmet has taxonomy-eligible activities:

- Climate change mitigation (CCM) 3.1 Manufacture of renewable energy technologies
- Climate change mitigation (CCM) 3.2 Manufacture of equipment for the production and use of hydrogen
- Climate change mitigation (CCM) 3.6 Manufacture of other low-carbon technologies
- Circular economy (CE) 4.1 Provision of IT/OT data-driven solutions
- Circular economy (CE) 5.1 Repair, refurbishment and remanufacturing

Circular economy (CE)

According to the taxonomy, the Circular economy is a system in which the value of products, materials and other resources in the economy are maintained for as long as possible. When reporting its contribution to Circular economy according to EU taxonomy Valmet has identified activities under 5.1. "Repair, refurbishment and remanufacturing" and 4.1. "Provision of IT/OT data-driven solutions".

5.1 Repair, refurbishment and remanufacturing

Valmet supplies services for the pulp, paper and energy industries and reports its services and solutions aimed at extending the lifecycle of machinery and equipment under 5.1. Valmet offers paper machine modernization solutions and maintenance services that cover the entire machine life cycle. Valmet's solutions include rebuilds, upgrades, conversions, and maintenance services for various types of paper machines and industrial processes, such as renewable energy plants.

Paper machine modernization and single section business are the process of upgrading and improving the performance and extending the lifetime of papermaking machines and equipment. It can involve replacing old or obsolete parts, installing new technologies, optimizing process parameters, and enhancing quality and efficiency. The paper machine modernization business can help paper manufacturers increase productivity, while improving product quality, extending lifetime and meeting environmental standards. Although spare parts, performance parts and consumables play a key role in keeping machinery and equipment functional, they were excluded in the analysis, which was conducted conservatively, based on the argument that it might be difficult to prove their substantial contribution to exclusively extending the lifetime of equipment.

4.1. Provision of IT/OT data-driven solutions

When defining activities under 4.1. "Provision of IT/OT data-driven solutions" Valmet reports automation systems such as Condition

monitoring solutions built for purpose of remote or on-site monitoring and predictive maintenance systems for paper, pulp and energy industry.

Climate change mitigation (CCM)

According to EU taxonomy climate change mitigation includes activities that contribute to the reduction or prevention of greenhouse gas emissions or enhance carbon sinks. An economic activity that is eligible under the environmental objective of climate change mitigation should contribute substantially to the stabilization of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals. When reporting its contribution to Climate change mitigation according to EU taxonomy, Valmet has identified activities under 3.1. "Manufacture of renewable energy technologies", 3.2 "Manufacture of equipment for the production and use of hydrogen" and 3.6. "Manufacture of other low carbon technologies".

3.1. Manufacture of renewable energy technologies

Valmet's technologies under CCM 3.1. include energy solutions that enable the use of biomass or biomass originating feedstocks and technologies enabling use of biomass in installations with significant greenhouse gas emission savings. These solutions include CFB (circulating fluidized bed) boilers and BFB (bubbling fluidized bed) boilers utilizing biomass, bark, wood chips and recycled wood.

Furthermore Valmet's renewable energy technologies (3.1) include Flow control solutions and Automation solutions such as Combustion optimization, Network optimization, Emission reporting and Energy management systems, as well as Distributed control systems (DCS), for renewable energy production.

3.2. Manufacture of equipment for the production and use of hydrogen

Valmet's solutions under CCM 3.2. include automation solutions including advanced process controls and energy management systems for Power to X and green hydrogen projects to optimize e-methane or methanol production.

3.6. Manufacture of other low carbon technologies

Valmet's solutions under CCM 3.6. include pulp technologies such as LignoBoost and BioTrac. LignoBoost is Valmet's patented technology for producing lignin from pulp mill black liquor. BioTrac is a pre-treatment technology of biomass to produce fuels, chemicals, pellets and other valuable end products.

Key performance indicators

Valmet has made some estimations in the calculation of the key performance indicators (KPIs), net sales[1], capital expenditure (CapEx), and operating expenditure (OpEx), due to our interpretation of the Taxonomy Regulation. Double counting has been avoided by classifying external revenue streams into taxonomy-eligible economic activities only once. The shares of eligible and aligned net sales have been used as a key for calculating eligible and aligned OpEx and CapEx. Intangible and tangible assets as well as right-of-use assets acquired in business combinations were not included in the calculation of eligible and aligned CapEx based on net sales key.

Taxonomy net sales[2] are calculated according to the EU Taxonomy definition of turnover and in line with revenue recognition standard IFRS 15, and are included in Valmet's total net sales presented in Valmet's consolidated financial statements. It includes the external sales of taxonomy eligible activities. Net sales have been calculated separately in each business line for eligible and aligned activities.

Taxonomy CapEx[3] is presented and measured in line with the CapEx presented in the Group's financial statements. It consists of additions to property, plant and equipment, and intangible assets as well as investments in right-of-use assets. Total CapEx also covers additions to tangible and intangible assets, as well as right-of-use assets resulting from business combinations. Additions to goodwill are not included in CapEx.

The Taxonomy Regulation's definition of OpEx consists of expenses related directly to the maintenance and servicing of assets, including facility improvements and research and development projects supporting the transition to a low-carbon economy. Valmet has applied a conservative interpretation of the Taxonomy OpEx definition. Raw materials and salaries of employees performing repairs, maintenance and services of eligible fixed assets, are excluded.

The following tables present Valmet's 2024 Taxonomy KPIs associated with Valmet's taxonomy-eligible economic activities and template 1 presents information on nuclear and fossil gas related activities according to the Complementary Climate Delegated Act.

[1] Valmet uses the term net sales in its financial statements, while the EU Taxonomy Regulation refers to the term Turnover.
[2] Consolidated financial statements, note 3. Revenue recognition.
[3] Consolidated financial statements, note 4. Intangible assets and property, plant and equipment and note 5. Leases.

Turnover[4]		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover (EUR million)	Proportion of turnover 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies																			
Manufacture of renewable energy technologies	CCM 3.1	149	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.3%	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Manufacture of other low carbon technologies	CCM 3.6	5	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Provision of IT/OT data-driven solutions	CE 4.1	13	0.2%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Repair, refurbishment and remanufacturing	CE 5.1	1,065	19.9%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,232	23.0%	2.9%	—%	—%	—%	20.1%	—%	Y	Y	Y	Y	Y	Y	Y	5.3%		
Of which Enabling		1,232	23.0%	2.9%	—%	—%	—%	20.1%	—%	Y	Y	Y	Y	Y	Y	Y	5.3%	E	
Of which Transitional		0	—%	—%													—%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	234	4.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.9%		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	1	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Manufacture of other low carbon technologies	CCM 3.6	4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Provision of IT/OT data-driven solutions	CE 4.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.3%		
Repair, refurbishment and remanufacturing	CE 5.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								23.3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		239	4.5%	4.5%	—%	—%	—%	—%	—%								25.8%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1,470	27.4%	7.3%	—%	—%	—%	20.1%	—%								31.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		3,889	72.6%																
TOTAL		5,359	100%																

[4] Net Sales is used in other parts of Valmet's financial statements, while the EU Taxonomy Regulation uses the term Turnover.

CapEx		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	CapEx (EUR millions)	Proportion of CapEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	3	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.6%	E	
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Manufacture of other low carbon technologies	CCM 3.6	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Provision of IT/OT data-driven solutions	CE 4.1	0	0.1%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Repair, refurbishment and remanufacturing	CE 5.1	32	12.9%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		34	14.0%	1.1%	—%	—%	—%	12.9%	—%	Y	Y	Y	Y	Y	Y	Y	0.6%		
Of which Enabling		34	14.0%	1.1%	—%	—%	—%	12.9%	—%	Y	Y	Y	Y	Y	Y	Y	0.6%	E	
Of which Transitional		0	—%	—%													—%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	4	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Manufacture of other low-carbon technologies	CCM 3.6	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Provision of IT/OT data driven solutions	CE 4.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
Repair, refurbishment and remanufacturing	CE 5.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								10.6%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5	1.9%	1.9%	—%	—%	—%	—%	—%								11.0%		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		39	15.8%	2.9%	—%	—%	—%	12.9%	—%								11.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		207	84.2%																
TOTAL		246	100%																

OpEx		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	OpEx (EUR millions)	Proportion of OpEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	5	2.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.7%	E	
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Manufacture of other low carbon technologies	CCM 3.6	1	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Provision of IT/OT data-driven solutions	CE 4.1	0	0.1%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Repair, refurbishment and remanufacturing	CE 5.1	37	17.4%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		43	20.1%	2.6%	—%	—%	—%	17.5%	—%	Y	Y	Y	Y	Y	Y	Y	0.9%		
Of which Enabling		43	20.1%	2.6%	—%	—%	—%	17.5%	—%	Y	Y	Y	Y	Y	Y	Y	0.9%	E	
Of which Transitional		0	—%	—%													—%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	1	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.3%		
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Manufacture of other low-carbon technologies	CCM 3.6	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Provision of IT/OT data driven solutions	CE 4.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
Repair, refurbishment and remanufacturing	CE 5.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								23.4%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2	0.7%	0.7%	—%	—%	—%	—%	—%								26.0%		
A. OpEx Taxonomy eligible activities (A.1 + A.2)		44	20.8%	3.3%	—%	—%	—%	17.5%	—%								26.9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		169	79.2 %																
TOTAL		214	100 %																

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E1: Climate change

Governance

ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes

This information is disclosed under ESRS 2 GOV-3.

Strategy

E1-1: Transition plan for climate change mitigation

Climate change and the transition to a carbon neutral economy are among the key megatrends behind Valmet's strategy and Must-Win program. Valmet believes technology plays a key role in mitigating climate change in the transition to a carbon neutral economy. Valmet has created a comprehensive Climate Program with the goal of mitigating climate change, adapting to global warming, and driving the transition of the pulp and paper industry to carbon neutrality by enabling energy- and resource-efficient pulp, paper, and energy production with fossil-free energy sources for its customers.

Valmet's Climate Program includes Scope 1, 2, and 3 greenhouse gas (GHG) emission reduction targets and action plans covering its own operations and the value chain. Scope 1 emissions are direct GHG emissions that occur from sources that are owned by Valmet, such as fuels used at Valmet locations. Scope 2 emissions are indirect GHG emissions associated with the consumption of purchased electricity, steam, heat, or cooling. Scope 3 GHG emissions occur in Valmet's value chain, such as in the supply chain and during customers' use of Valmet's technologies.

Valmet's Climate Program is approved by the Board of Directors and the Executive Team. The Climate Program Steering team is responsible for monitoring implementation of the Climate Program. In 2024, the Steering team was chaired by the Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, who reported to the President and Chief Executive Officer and was a member of the Executive Team.

The GHG emission reduction targets are in line with the Paris Agreement's 1.5-degree pathway (E1-4). Valmet has identified its decarbonization levers (E1-4) and the related actions and investments required (E1-3) to reach the targets. The action plans to reach the Climate Program targets are embedded in the annual plans and financial planning of the Sustainability; Health, Safety and Environment; Supply Chain; Research and Development; and Risk Management functions, as well as relevant business lines. The action plans are supported with EUR 158 million investments in environmental management and improvement actions in own operations and research and development expenses. In 2024, Valmet's taxonomy-aligned capital expenditure was EUR 34 million (with reference to KPI of taxonomy-aligned capital expenditure). Progress towards reaching the targets of the Climate Program is reported in E1-4.

Valmet has identified potential locked-in GHG emissions in its own operations from natural gas consumption in the USA and fossil-fuel based electricity consumption in India and China, but they will not impact reaching the 2030 Scope 1 and 2 GHG emission reduction target. GHG emissions from the use of sold products depend on the source of energy the customer chooses. Valmet's technologies already enable fossil-free board, tissue, and paper production for customers with access to fossil-free energy sources. Valmet's biomass-based energy solutions and energy conversions have long enabled fossil-free heat and power production. Furthermore, many customers' chemical pulp mills using Valmet's technologies are bioenergy self-sufficient.

Valmet works continuously to align its taxonomy-eligible economic activities, including revenues, capital expenditure, and operating expenditure. Valmet is not excluded from the EU Paris-aligned Benchmarks.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

This information is disclosed under ESRS 2 SBM-3.

Impact, risk and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E1-2 MDR-P: Policies related to climate change mitigation and adaptation

Valmet has adopted the Valmet's Code of Conduct; the Valmet Health, Safety, and Environment (HSE) Policy; the Valmet Supplier Code of Conduct; and the Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design to manage the following material impacts, risks, and opportunities related to climate change mitigation and energy.

Related to climate change:

- GHG emissions from Valmet's own operations: GHG emissions are caused by the use of fuels and production of electricity, district heat, and steam consumed at Valmet locations (actual negative impact)
- GHG emissions in value chain: Significant upstream and downstream GHG emissions are caused by the production of raw materials and components used in Valmet's technologies, transportation and distribution, and the use of installed technologies by Valmet's customers (actual negative impact)
- Tightening climate-related regulation creates opportunities in the market for Valmet's solutions due to increased demand for resource efficiency in processes and the use of renewable and recycled raw materials (opportunity)
- Transition risk due to emerging climate-related regulation and carbon pricing mechanisms, which may affect Valmet's technologies and cause a financial risk (risk).

Related to energy:

- Fuel, electricity, district heat, and steam consumption at Valmet locations (actual negative impact)
- The primary material for Valmet's solutions is steel. The production process of steel in Valmet's upstream value chain is energy intensive. (actual negative impact)
- Valmet delivers technologies to the energy and energy-intensive pulp and paper industries (actual negative impact)
- Opportunity for Valmet as regulation drives demand for more energy-efficient technologies, as well as energy solutions using renewable energy (opportunity)
- Transition risk due to emerging energy-related regulation and carbon pricing mechanisms, which may affect Valmet's own operations and technologies (risk).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations, for example, in terms of climate and circularity in products and services, the environmental efficiency of its own operations, and the sustainable supply chain. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety and Environment (HSE) Policy defines Valmet's commitments to constantly reduce the climate, biodiversity, and water impacts of its value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services, and solutions that enable our customers to improve their energy, environmental, and safety performance. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines sustainability principles with which suppliers are required to comply. The Supplier Code of Conduct requires suppliers to strive for the continuous development of environmental performance and the reduction of emissions and any negative impacts on the environment. Suppliers are expected to commit to mitigating climate change and to establish an appropriate organizational structure or resources for the effective management of climate and environmental risks and impacts. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called the Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

The guidelines integrate sustainability into research and development by aiming to minimize resource consumption and reduce emissions. Improving environmental performance and mitigating climate change through technology are important objectives in the guidelines. The content and requirements set in the guidelines are described in more detail in section E5-1.

E1-3 MDR-A: Actions and resources in relation to climate change policies

Material sustainability topic	Related material impact in brief	Action	Decarbonization lever	Scope	Time horizon	Achieved and expected GHG emission reduction	Related target
Climate change	GHG emissions from own operations	Purchase of renewable fuels	Carbon-free and low-carbon energy	1	2019-2030	Achieved: Biofuel in use in Valmet's Sundsvall facility in Sweden Expected: Scope 1 GHG emission reduction by 2030: -60%	Scope 1 and 2 emission reduction target
		Purchase of carbon-free and low-carbon electricity and district heat	Carbon-free and low-carbon energy	2	2019-2030	Achieved: Reduction of 58% in Scope 2 GHG emissions through purchase of carbon-free and low-carbon electricity and district heat. Expected: Scope 2 GHG emission reduction by 2030: -98%	
Energy	Energy consumption in own operations	Continuous improvement in operational energy efficiency	Energy efficiency	1 and 2	2019-2030	Calculated as reduction in energy consumption. Achieved: 7% reduction in energy consumption in Valmet's own operations. Expected: Reduction of 10% in energy consumption by 2030.	Energy reduction target
Climate change	GHG emissions from upstream value chain	Supplier climate engagement	Supplier climate engagement	3	2021-2024	Engaged suppliers have reduced their Scope 1 and 2 emissions by 13% between 2021-2023 based on Valmet's 2024 supplier survey	Supplier climate engagement target
		Use of recycled steel	Recycled raw materials	3	2019-2030	Using recycled steel in Valmet's own foundries reduced emissions 24 000 tCO_2e in 2024	Scope 3 supply chain emission reduction target
		Freight planning and selection of suppliers offering low-carbon transportation	Logistics	3	2019-2030	Achieved: Logistics emissions have reduced by 10% since the base year. Expected: Logistics GHG emission reduction by 2030: -20%	
Climate change	GHG emissions from downstream value chain	Valmet's pulp, paper and energy technologies enable fossil-free production for customers with access to fossil-free energy sources	Valmet's technologies and solutions	3	2019-2030	Valmet's customers can reduce their emissions by choosing to use Valmet's fossil-free technologies together with fossil-free energy sources	Valmet's technologies and solutions target
Energy	Energy consumption in downstream value chain	Improving energy efficiency of current offering	Energy efficiency in technologies	3	2019-2030	Valmet measures energy efficiency in pulp, paper, board and tissue technologies. The average reduction in these technologies in 2024 is 10% compared to the 2019 baseline.	Target for improving energy efficiency in Valmet's pulp, paper, board, and tissue technologies

In 2024, Valmet invested EUR 35 million in environmental management and improvement actions in own operations. The downstream actions are related to research and development. Valmet's research and development expenses for 2024 totaled EUR 123 million (Consolidated financial statements, note 18. Selling, general and administrative expenses).

Ability to implement the actions depends on the continuous availability and allocation of resources into energy efficiency improvements and low-carbon energy in own operations and research and development.

In 2024, Valmet established a Green Finance Framework applicable for the issuance of green debt instruments. The Green Finance Framework is designed to support financing or refinancing eligible assets and expenditures that promote two key environmental objectives: enabling transition to a circular economy and mitigating climate change. During 2024, Valmet issued a EUR 200 million green bond and signed a EUR 50 million green term loan agreement with Swedish Export Credit Corporation (SEK).

Metrics and targets

E1-4, MDR-T: Targets related to climate change mitigation and adaptation

Targets related to climate change mitigation

Related material impact in brief	Decarboni-zation lever	KPI and scope	Target	Base year	Base year value	Share of respective scope covered by target	Progress towards target in 2024	Related policy
GHG emissions from own operations	Carbon-free and low-carbon energy Energy efficiency	Reduction in Scope 1 and 2 (market-based) GHG emissions (%)	-80% by 2030	2019	130,000 tCO_2e	100% of Scope 1 and 2	Since the base year, Scope 1 and 2 emissions have decreased by 49%. In 2024, emissions reduction actions included purchasing carbon-free and low-carbon energy and the production of renewable energy from solar installations.	Code of Conduct; Health, Safety and Environment Policy
GHG emissions from upstream value chain	Recycled raw materials Logistics	Reduction in Scope 3 GHG emissions from supply chain (Category 1 purchased goods and services, Category 4 transportation and distribution) (%)	-20% by 2030	2019	1,600,000 tCO_2e	4% of Scope 3	Since the base year, Scope 3 category 1 and 4 emissions have remained at base year level. Actions to reduce emissions include increasing the use of recycled steel in products, redesigning lightweight steel products, introducing alternative raw materials and optimizing components' manufacturing methods. Logistics emissions reduction actions include freight planning and the selection of suppliers offering low-carbon transportation.	Code of Conduct; Health, Safety and Environment Policy
GHG emissions from upstream value chain	Supplier climate engagement	Number of suppliers engaged in Valmet's Climate Program	150 suppliers by the end of 2024	2022	0 suppliers	Not applicable	In 2024, 181 new suppliers were engaged in Valmet's Climate Program. A total of 271 suppliers have been engaged since 2022, exceeding the target for 2024.	Code of Conduct, Supplier Code of Conduct
GHG emissions from downstream value chain	Valmet's technologies and solutions	Technologies using fossil-free energy sources	Use of fossil-free energy sources possible for all of Valmet's Pulp, Paper, and Energy technologies and solutions by 2030	2019	Use of fossil-free energy sources not possible for all of Valmet's Pulp, Paper, and Energy technologies and solutions in 2019	95% of Scope 3	Valmet's technologies enable fossil-free board, tissue, and paper production for customers with access to fossil-free energy sources. Valmet's biomass-based energy solutions have long enabled fossil-free heat and power production. Furthermore, many customers' chemical pulp mills using Valmet's technologies are bioenergy self-sufficient.	Code of Conduct; Health, Safety and Environment Policy; Guidelines for sustainable and responsible research, product develop-ment and design

Targets related to energy

Related material impact in brief	Decarboni-zation lever	KPI and scope	Target	Base year	Base year value	Share of respective scope covered by target	Progress towards target in 2024	Related policy
Energy consumption in own operations	Energy efficiency	Reduction of energy consumption in own operations (%)	-10% by 2030	2019	457,284 MWh	Not applicable	Since the base year, energy consumption in Valmet's own operations has reduced by 7%. In 2024, 15 significant energy-efficiency improvements were implemented in 11 locations. Energy efficiency improvement actions in Valmet facilities included machinery replacements; maintenance, renovation and repair; upgraded heating and ventilation systems including heat recovery; switches to energy efficient lighting; and process optimization.	Code of Conduct; Health, Safety and Environment Policy
Energy consumption in downstream value chain	Energy efficiency of technologies	Reduction of energy use intensity in Valmet's technologies (%)	-20% by 2030	2019	0%	Not applicable	Valmet measures energy efficiency (kWh/ton or GJ/air dried ton) in pulp, paper, board and tissue technologies. In 2024, the average reduction in these technologies was -10% compared to the 2019 baseline.	Code of Conduct, Health, Safety and Environment Policy, Guidelines for sustainable and responsible research, product development and design in Valmet

The targets listed in the table above address the objectives of the Valmet's Code of Conduct; the Health, Safety and Environment (HSE) Policy; and the Supplier Code of Conduct to mitigate climate change. The targets are part of Valmet's Climate Program and have been set to manage climate-related impacts, risks, and opportunities. Internal stakeholders, including key experts and management from relevant functions and business lines were included in the target-setting process. Emissions reduction targets have been set to mitigate the negative impacts of energy consumption in Valmet's own operations and the value chain. In addition, the Climate Program targets to offer customers energy-efficient technologies using fossil-free energy sources were set to mitigate the regulatory transition risk, as well as to contribute to realizing the related opportunities in developing Valmet's technologies. The targets are absolute targets except for the downstream energy reduction target which is a relative target.

In the overall combined Scope 1 and 2 emission reduction target, Scope 1 represents 16 percent of the overall target, while Scope 2 represents 84 percent. The scopes' boundaries are consistent with the GHG inventory described in E1-6. Carbon removals, carbon credits, and avoided emissions are not included in achieving the emission reduction targets.

The emission reduction targets for Scopes 1, 2, and 3 are aligned with the Paris Agreement's 1.5-degree pathway and have been validated by the Science Based Targets initiative. The targets were set using an absolute contraction approach (ACA) using the Science-based Target Setting Tool v1.2.1. and a 1.5-degree scenario. The Sectoral Decarbonization Approach (SDA) was not used. The targets were set during 2020-2021 and 2019 was chosen as the base year as 2020 operations were affected by the COVID-19 pandemic and were not considered representative. The Scope 1 and 2 target was set using a cross-sector (ACA) reductions pathway, with 2019 as the base year and the following reference targets for the pathway: -46 percent by 2030; and -100 percent by 2043. Activities contributing to Scope 1 and 2 emissions remain relatively stable, and the base year value can be considered representative.

The critical assumptions used for setting the targets included the increasing availability of carbon-free energy, especially in Asia and North America, which impacts emissions from Valmet's own operations and value chain. The IEA Scenario for current policies (STEPS) power sector emission intensity reduction (CAGR) was utilized in projecting electricity and steam lifetime emissions. It was assumed net sales would grow at a steady annual rate.

Valmet has identified its main decarbonization levers and estimated their potential impact in reducing GHG emissions for Valmet's own operations and its value chain, presented in the tables below. Climate scenario analysis was used to identify decarbonization levers and related dependencies. The main dependencies include the global transition away from fossil fuels in the steel, logistics, and energy industries, as well as regulatory changes and carbon pricing mechanisms which enable a just global transition to a carbon neutral economy.

The Climate Program Steering team is responsible for monitoring implementation of the Climate Program. In 2024, the Steering team was chaired by the Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, who reported to the President and Chief Executive Officer and was a member of the Executive Team.

Own operations: Scope 1 and 2		Base year	2025 target	2030 target
	GHG emissions ($1,000 tCO_2e$)	130	78	26
Decarbonization lever	Carbon-free and low-carbon energy	—	-45.5	-91
	Energy efficiency	—	-6.5	-13

Value chain: Upstream Scope 3		Base year	2030 target
	GHG emissions ($1,000 tCO_2e$)	1,600	1,300
Decarbonization lever	Supplier engagement	—	-170
	Recycled raw materials	—	-100
	Logistics	—	-30

Value chain: Downstream Scope 3		Base year	2030 target
	GHG emissions ($1,000 tCO_2e$)	48,700	19,500
Decarbonization lever	Valmet's technologies and solutions	—	-28,100
	Energy efficiency of technologies	—	-1,100

E1-5: Energy consumption and mix

Energy consumption and mix	2024
(1) Fuel consumption from coal and coal products (MWh)	**0**
(2) Fuel consumption from crude oil and petroleum products (MWh)	**4,109**
(3) Fuel consumption from natural gas (MWh)	**80,992**
(4) Fuel consumption from other fossil sources (MWh)	**11,985**
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	**116,100**
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**213,186**
Share of fossil sources in total energy consumption (%)	**50%**
(7) Consumption from nuclear sources (MWh)	**128,585**
Share of consumption from nuclear sources in total energy consumption (%)	**30%**
(8) Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	**2,092**
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	**81,963**
(10) The consumption of self-generated non-fuel renewable energy (MWh)	**155**
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**84,210**
Share of renewable sources in total energy consumption (%)	**20%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**425,981**

Energy production	2024
Non-renewable energy production (MWh)	**900**
Renewable energy production (MWh)	**424**
Total energy production (MWh)	**1,324**

Valmet's energy consumption data includes fuel use and purchased electricity, heat, and steam from all locations with production operations in 22 countries. These locations include six foundries, seven fabrics production units, 32 service workshops, six research and development pilot facilities, 10 supply centers, and 36 assembly and manufacturing units, as well as the associated office facilities at the locations. Electricity consumption at other office locations is estimated based on an average consumption per employee resulting in one percent of total energy consumption. Valmet produces solar electricity at its Bologna, Italy facility and district heat at its research and development center in Tampere, Finland.

Energy data is collected monthly in an environmental reporting system based on local invoice, measurement, and consumption records. In locations where the source of electricity or district heat is unknown, the consumption is reported under fossil sources. Energy data for December is estimated based on the previous year's data.

All Valmet's operations are reported under high climate impact sector Manufacturing (NACE C).

Energy intensity per net revenue[1]	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/EUR million)	**79.5**

[1] Net revenue: Net Sales in Consolidated financial statements, note 3. Revenue recognition

E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective		Milestones and target years		
	Base year 2019	2024	2025	Target year 2030	Annual % target / Base year
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions (tCO_2e)	21,522	**20,395**	—	8,609	7.0%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0.0%	**0.0%**	—	0.0%	
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions (tCO_2e)	—	**74,812**	—	—	
Gross market-based Scope 2 GHG emissions (tCO_2e)	108,939	**45,923**	—	2,179	11.0%
Significant Scope 3 GHG emissions					
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	50,349,000	**39,559,000**	—	20,815,000	
1 Purchased goods and services	1,441,000	**1,462,000**	—	1,153,000	1.8%
4 Upstream transportation and distribution	161,000	**144,000**	—	129,000	1.8%
6 Business travel	47,000	**53,000**	—	33,000	2.7%
11 Use of sold products	48,700,000	**37,900,000**	—	19,500,000	5.5%
Total GHG emissions					
Total GHG emissions (location-based) (tCO_2e)	—	**39,654,207**	—	—	
Total GHG emissions (market-based) (tCO_2e)	50,479,461	**39,625,318**	—	20,825,788	

Valmet's GHG inventory is prepared in accordance with the GHG Protocol Corporate Standard (Version 2004) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). The GHG inventory is prepared as described under ESRS Basis for preparation (BP) 1 and 2 and IRO-1, under paragraphs concerning 'Scoping of the assessment'. All subsidiaries are included in the GHG inventory. Valmet does not have operational control of its associated companies, and they are not included in Valmet's GHG inventory.

GHG intensity per net revenue[1]	2024
Total GHG emissions (location-based) per net revenue (tCO_2e / EUR million)	**7,399**
Total GHG emissions (market-based) per net revenue (tCO_2e / EUR million)	**7,394**

[1] Net revenue: Net Sales in Consolidated financial statements, Note 3. Revenue recognition.

Scope	Inclusion in GHG inventory	Information about methodology, assumptions, and emission factors or justification for exclusion from GHG inventory	% calculated using primary data obtained from value chain partners
Scope 1	Included	Scope 1 GHG emissions are calculated using fuel consumption data based on invoice and consumption records and relevant GHG emission factors. The emission factors are from "UK Government GHG Conversion Factors for Company Reporting" - Department for Environment, Food & Rural affairs (Defra) 2024. Supplier-specific GHG emission factors based on contractual instruments are applied to biofuel consumption in Sundsvall, Sweden. In 2024, the biogenic CO_2 emissions from the combustion of biomass were 18 tCO_2.	Not applicable
Scope 2	Included	Scope 2 GHG emissions are calculated as CO_2 equivalents using electricity, district heat, and steam data based on local invoice, measurement, and consumption records. Emissions from office locations with no production are estimated based on electricity consumption per employee. For all locations except those in the United States, Scope 2 location-based GHG emissions are calculated with GHG emission factors from International Energy Agency (IEA) (2023). For locations in the United States, Scope 2 location-based GHG emissions are calculated with regional GHG emission factors from United States Environmental Protection Agency (eGRID 2022). Scope 2 market-based GHG emissions are calculated with GHG emission factors as follows: Contract-based GHG emission factors are applied for carbon-free electricity purchased with guarantees of origin (GO) in Sweden and Finland. Supplier-specific GHG emission factors are applied for documented renewable or carbon-free electricity and district heat in Brazil, Canada, China, Finland, France, Germany, Italy, Poland, Sweden, and the USA. Additionally, regional GHG emission factors from the following sources are applied: European Residual Mixes (Association of Issuing Bodies) for electricity and steam in Europe (2023); International Energy Agency (IEA) (2023) for district heat in Europe; Brazilian Science, Technology and Innovation Ministry for Brazil; Chile Ministry of Energy for Chile; China Ministry of Ecology and Environment for China (excluding Shanghai area); China Shanghai Ecological Environment Bureau for China Shanghai area; United States Environmental Protection Agency (eGRID 2022) for United States; International Energy Agency (IEA) (2023) for India, Indonesia, Saudi Arabia, Singapore, South Africa, South Korea and Thailand. For CH_4 and N_2O, GHG emission factors from International Energy Agency (IEA) (2023) are applied. In 2024, Valmet made electricity and district heat purchases with contractual instruments such as Guarantees of Origin and contracts with suppliers (65%). The GHG emission factors applied in Scope 2 calculations do not separate the percentage of biomass or biogenic CO_2.	Not applicable
Scope 3 by Category			
1 Purchased goods and services	Included	GHG emissions are estimated using the spend-based method based on the monetary value of purchased goods and services by purchase category and supplier country. The emission flows are calculated based on environmentally extended input-output analysis and emission factors from Exiobase (3.8.2). The data includes direct purchase order spend on raw materials, casting and forging, fabrication and machining, components, electronics, and business services. For undefined spend data, Valmet's average emission factor is applied. Purchase order spend data is based on Valmet's internal data systems. Spend data for December is estimated based on the previous year's data. The spend-based emissions calculation is an estimation with inherent uncertainty and used with the intent to indicate the scale of the category.	0%
2 Capital goods	Excluded	Valmet's spend-based emissions from capital goods in 2023 were 0.1 percent of total emissions, so the category is not significant and is excluded.	-
3 Fuel- and energy-related Activities (not included in Scope 1 or 2)	Excluded	GHG emissions from fuel- and energy-related activities have been calculated based on the breakdown of Valmet's energy consumption by country and source. DEFRA emission factors have been utilized. The calculated emissions cover the same sources of energy as Scope 1 and 2 calculations. Valmet's emissions from fuel- and energy-related activities in 2023 were estimated to be 0.02 percent of total emissions, so the category is not significant and is excluded.	-
4 Upstream transportation and distribution	Included	GHG emissions from upstream transportation and distribution are based on suppliers' emission reports, and when unavailable, the monetary value of purchased transportation services following the same spend-based calculation methodology as for Category 1. Spend data for December is estimated based on the previous year's data. In 2024, suppliers' emission reports covered 39 percent of reported emissions. The calculated transportation modes include air, rail, sea, and road transportation.	39%
5 Waste generated in operations	Excluded	Valmet's emissions from waste generated in operations in 2023 were estimated to be 0.0004 percent of total emissions, so the category is not significant and is excluded.	-
6 Business travel	Included	GHG emissions from business travel are based on emission, mileage, and spend data from travel agencies and internal systems. Travel agencies' emission reports covered around 47 percent of reported emissions in 2024. The calculation includes air and rail travel, travel by rental cars, compensated mileages, and hotel nights. The data covered 99 percent of Valmet's global workforce in 2024.	47%
7 Employee commuting	Excluded	Valmet's emissions from employee commuting in 2023 were estimated to be 0.1 percent of total emissions, so the category is not significant and is excluded.	-
8 Upstream leased assets	Excluded	Valmet's emissions from upstream leased assets in 2023 were estimated to be 0.1 percent of total emissions, so the category is not significant and is excluded.	-
9 Downstream transportation	Excluded	Valmet's emissions from downstream transportation in 2023 were estimated to be 0.03 percent of total emissions, so the category is not significant and is excluded.	-
10 Processing of sold products	Excluded	Valmet does not sell intermediate products to downstream companies, so the category is excluded.	-

Scope	Inclusion in GHG inventory	Information about methodology, assumptions, and emission factors or justification for exclusion from GHG inventory	% calculated using primary data obtained from value chain partners
11 Use of sold products	Included	GHG emissions from the use of products sold in the reporting year includes Valmet's Paper and Pulp and Energy business lines. For the purposes of estimating use of sold products emissions, Valmet uses orders received as an indicator for defining sold products in 2024. The calculation method based on orders received is aligned with Valmet's previously reported emissions information on the use of sold products. In practice this means product lifetime emissions (25 future years) are reported in the year when the order has been received and most often not in the year of the delivery and start-up of the technology. Delivery times vary and can be up to around 3 years for large orders. For the Paper business line, the calculation includes major paper, board, and tissue machine orders received and excludes basic machine unit assembly groups and smaller equipment deliveries. For the Pulp and Energy business line, the calculation includes pulp mill, lime kiln and fluidized bed boiler orders received. Sold products from Valmet's Automation Systems and Flow Control business lines are excluded from the calculation, because their impact on the total use phase emissions is estimated to be insignificant (below 0.2 percent). The Services business line is excluded, as it is assumed services and spare parts do not consume energy or cause emissions during the use phase. The assumed lifetime for all sold products is 25 years. The emission calculations are based on Valmet's average product-specific energy consumption and product specifications, including delivered capacity and intended fuel mix. N_2O and CH_4 are included from the biomass combustion of pulp and energy production. Emissions from electricity are calculated based on the IEA (2020) country-specific emission factors. Emissions from steam are calculated based on Fisher International installed base fuel mix data. Emission factors for fuels are based on IPCC, DEFRA, and Statistics Finland. The IEA Scenario for current policies (STEPS) power sector emission intensity reduction (CAGR) is utilized in projecting the lifetime emissions for electricity and steam. The annual fossil emissions of the sold products were around 1,800,000 tCO_2e, whereas biogenic emissions were around 8,300,000 tCO2 in 2024. The calculation is an estimation based on assumptions and projections, and actual emissions will depend on the choices customers make during the lifetime of the technologies. Due to the long lifetimes of Valmet's technologies (average 25 years) included in the annual use phase calculation, the magnitude of the category in relation to other categories of emissions is considerable.	0%
12 End-of-life treatment of sold products	Excluded	Valmet's products consist almost entirely of steel. It is assumed that customers recycle all materials, including steel, at the technologies' end-of-life in 25 years. To avoid double counting, the recycled content method is used to calculate GHG emissions. Emissions from recycling materials are therefore included in the emission factors of recycled materials in Category 1. The emission factor for recycling materials at end of life is 0, and the related emissions are 0. The category is not significant and is excluded.	-
13 Downstream leased assets	Excluded	Valmet has no downstream leased assets, so the category is excluded.	-
14 Franchises	Excluded	Valmet has no franchises, so the category is excluded.	-
15 Investments	Excluded	Valmet's emissions from investments in 2023 were estimated to be 0.01 percent of total emissions, so the category is not significant and is excluded.	-

E2: Pollution

Impacts, risks and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E2-1 MDR-P: Policies related to pollution in value chain

Valmet has adopted the Valmet Health, Safety, and Environment (HSE) Policy and Valmet Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design to manage the following material impacts and opportunities related to pollution of air and water in the value chain.

Impacts and opportunities related to pollution of air in the value chain:

- Valmet's upstream value chain includes the manufacture of components, which contributes to environmental impacts such as air pollution, including particulate matter and volatile organic compounds (actual negative impact)
- While using Valmet's process technologies and automation in the pulp, paper, energy, and other process industries, customers generate air emissions such as particulate matter, hazardous air pollutants, nitrogen oxides, sulfur oxides, carbon monoxide, and volatile organic compounds that require emission control (actual negative impact)
- Customers increasingly need to reduce air emissions, which creates a business opportunity for Valmet's air emission control solutions in the short and medium term (opportunity).

Impacts and opportunities related to pollution of water in the value chain:

- While using Valmet's process technologies and automation in the pulp, paper, energy, and other process industries, customers generate water emissions such as biological and chemical demands (BOD and COD) and other pollutants that require wastewater treatment (actual negative impact)
- Customers increasingly need to reduce water effluent, which creates a business opportunity for Valmet's wastewater control solutions in the short and medium terms (opportunity).

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety, and Environment (HSE) Policy defines Valmet's commitments to constantly reduce the climate, biodiversity, and water impacts of our value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services, and solutions that enable our customers to improve their energy, environmental, and safety performance. The content and requirements set in the Policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines the sustainability principles that suppliers must comply with. The requirements mandate that suppliers establish an appropriate organizational structure or resources for effective management of environmental risks and impacts. This includes preventing pollution and environmental incidents, maintaining emergency action plans to manage environmental accidents and minimize their consequences, and striving to continually reduce emissions to air and water. Suppliers shall put in place effective control measures and targets to mitigate these risks and reduce negative impacts. The content and requirements of the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design integrate sustainability, environmental and health and safety aspects into Valmet's product research and development process. The aim is to ensure Valmet designs solutions that meet sustainability objectives, including the elimination and minimization of emissions to water and air, set quantitative performance targets for emission reduction, and comply with already applicable and anticipated upcoming regulatory developments related to emission control. The content and requirements set in the guidelines are described in more detail in section E5-1.

E2-2 MDR-A: Actions and resources related to pollution

Material sustainability topic	Related material impacts in brief	Actions	Expected outcome	Scope	Time horizon	Related target
Pollution of air and water in value chain	Valmet's upstream value chain contributes to environmental impacts such as air emissions	Commit suppliers to Valmet's Sustainable Supply Chain policy, which addresses pollution prevention	Pollution prevention in suppliers' operations	Upstream and downstream value chain	2024, continuous	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy by 2025
	The use phase of Valmet's process technologies and automation generate air emissions that require emission control in the downstream value chain	Continuous development of air emissions control technologies	Reduced air emissions, heat recovery and improved energy efficiency in the customers' processes	Own operations	2024, continuous	Air emission control technology: 7.5% growth (over the cycle) of orders received by 2025

The actions listed in the table above address the material impacts related to pollution of air and water in the value chain. The actions address the objectives of the Supplier Code of Conduct, and the Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design.

Metrics and targets

E2-3 MDR-T: Targets related to pollution

Material sustainability topic	Related material impact in brief	Targets	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Target monitoring	Relevant policy
Pollution of air and water in value chain	Valmet's upstream value chain contributes to environmental impacts such as air emissions	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain policy by 2025, which addresses, inter alia, pollution prevention	% of suppliers by spend who have signed Valmet's Sustainable Supply Chain policy	2022	82%	Upstream value chain	By the end of 2024, 94.3% of our existing suppliers had signed the policy	Monthly in Supply Chain management team	Supplier Code of Conduct (previously Sustainable Supply Chain policy)
	The use phase of Valmet's process technologies and automation generate air emissions that require emission control in the downstream value chain	Air emission control technology: 7.5% growth (over the cycle) of orders received by 2025	Rolling 4-year compounded annual growth (CAGR) of orders received	2024	1.8%	Own operations	Growth achieved despite challenging market conditions	Annually in Pulp and Energy business line management team	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet has set the voluntary targets listed in the table above to reduce negative impacts related to pollution of air and water in the upstream and downstream value chain. The targets address the objectives of the Supplier Code of Conduct and the Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

The target related to the Sustainable Supply Chain policy is part of Valmet's Sustainability360° Agenda implementation and is being executed jointly by Valmet's Supply Chain and Sustainability functions. The targets were set as part of a materiality assessment process which included, for example, an analysis of the business environment, benchmarks, market trends, future regulatory requirements, and engagement with relevant stakeholders, including employees and experts. Internal stakeholders, including key experts and management from relevant functions and business lines, were included in the target-setting process.

The target related to air emission control technology was set by the Pulp and Energy business line management. The target progress is monitored at least annually in the Pulp and Energy business line management team. The target is based on conclusive measurable scientific evidence and related to prevention and control of air pollutants and respective specific loads.

E3: Water and marine resources

Impacts, risks and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material water and marine resources -related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E3-1 MDR-P: Policies related to water and marine resources in value chain

Valmet has adopted the Valmet Health, Safety, and Environment (HSE) Policy, Valmet Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design to manage the following material impacts and opportunities related to water consumption in the value chain:

- Valmet's upstream value chain includes water consuming processes such as steel manufacturing (actual negative impact)
- Valmet's customers in the pulp, paper, tissue, and board industries operate water-intensive process technologies (actual negative impact)
- Increasing customer demand for solutions that improve water management efficiency and closed loop water systems is a business opportunity for Valmet (opportunity).

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety, and Environment (HSE) Policy defines Valmet's commitments to constantly reduce the climate, biodiversity, and water impacts of our value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services and solutions that enable Valmet's customers to improve their energy, environmental and safety performance. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines the sustainability principles that suppliers must comply with. The requirements mandate that suppliers establish an appropriate organizational structure or resources for effective management of environmental risks and impacts, including the degradation of water ecosystems. This includes preventing pollution and environmental incidents and striving to continually reduce emissions to water. Suppliers must put in place effective control measures and targets to mitigate these risks and reduce negative impacts. In addition, the supplier must track and document relevant data and statistics on continuous improvement of water consumption. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1. Valmet's Sustainable Supply Chain Policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design integrate health, safety and environment aspects into Valmet's product research and development process. The aim is to ensure Valmet designs solutions that meet sustainability objectives, including minimizing water consumption and using water efficiently. The guidelines aim to ensure that designed solutions meet set quantitative performance targets for water consumption and efficiency and comply with both current and anticipated regulatory developments related to water protection. The content and requirements set in the guidelines are described in more detail in section E5-1.

Valmet's policies contain commitments to reduce water consumption in the upstream and downstream value chain, including both areas at water risk and other areas.

E3-2 MDR-A: Actions and resources related to water and marine resources

Material sustainability topic	Related material impact in brief	Actions	Expected outcome	Scope	Time horizon	Related target
Water consumption in the value chain	Valmet's upstream value chain includes water consuming processes such as steel manufacturing	Commit suppliers to Valmet's Supplier Code of Conduct, which addresses efficient use of water	Improved water management and efficiency in supplier' processes	Upstream value chain	2024, continuous	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy
	Valmet's downstream value chain includes water-intensive process technologies.	Beyond circularity research and development program and ecosystem: Closed water loops substream	Improved concepts and processes on water consumption, recovery and optimization	Own operations and downstream value chain	2022-2025	Development of water management concepts
		Continuous development of board and tissue technologies to reduce and optimize fresh water consumption	Reduced and optimized fresh water consumption in customers' processes	Own operations and downstream value chain	2024, continuous	Reduction of fresh water consumption in recycled board mills: -70% by 2030. Reduction of fresh water consumption in tissue technology: -70% by 2030.

The actions listed in the table above address the material impacts related to water consumption in the value chain. The actions address the objectives of the Valmet Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

Metrics and targets

E3-3 MDR-T: Targets related to water and marine resources

Material sustainability topic	Related material impact	Targets	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Target monitoring	Relevant policy
Water consumption in the value chain	Valmet's upstream value chain includes water consuming processes such as steel manu-facturing	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy by 2025, which, inter alia, addresses efficient use of water	% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy	2022	82%	Upstream and downstream value chain	By the end of 2024, 94.3% of our existing suppliers had signed the policy	Monthly in Supply Chain management team	Sustainable Supply Chain policy
	Valmet's downstream value chain includes water-intensive process technologies	Reduction of fresh water consumption in recycled board mills: -70% by 2030	Reduction in fresh water consumption intensity (m^3/t)	2022	0%	Paper Business line - Board	Target towards year 2030 for reduction of fresh water consumption in recycled board mills was set at -70 % in 2024. Technology development actions on reducing fresh water consumption continued actively in 2024, although reduction in fresh water use remained at 0% compared to 2022 baseline.	Annually in Valmet's Research and Development management team	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design
		Reduction of fresh water consumption in tissue technology : -70% by 2030	Reduction in fresh water consumption intensity (m^3/t)	2019	0%	Paper Business line - Tissue	Target towards year 2030 for reduction of fresh water consumption in Tissue technology was set at -70% in 2024. Technology development actions on reducing fresh water consumption continued actively in 2024. Fresh water use has reduced 39% compared to 2019 baseline.	Annually in Valmet's Research and Development management team	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet has set the voluntary targets listed in the table above to reduce negative impacts related to water consumption in the value chain. The absolute supply chain related target and the relative process technology related targets address the objectives of the Valmet Supplier Sustainable Supply Chain policy and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

The target related to the Sustainable Supply Chain policy is part of Valmet's Sustainability360° Agenda implementation and is being executed jointly by Valmet's Supply Chain and Sustainability functions. The targets of Valmet's Sustainability360° Agenda were set as part of a materiality assessment process which included an analysis of the business environment, benchmarks market drivers, future regulatory requirements, and engagement with relevant stakeholders and experts. Internal stakeholders, including key experts and management from relevant functions and business lines, were included in the target-setting process.

Valmet's targets to reduce water consumption in the downstream value chain impact both areas at water risk and other areas. The targets are based on conclusive measurable scientific evidence. Valmet's Research and Development management team sets the technology specific targets and follows up progress annually at minimum. Targets are set together with key technology experts and management from business lines and relevant functions. The targets follow water use intensity in Valmet's key technologies and in terms of significant assumptions, this target setting is based on best available technology.

E4: Biodiversity and ecosystems

Strategy

E4-1: Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Information about the consideration of biodiversity and ecosystems in the strategy and business model is disclosed under ESRS 2 SBM-3.

Valmet's E1 Climate change and E2 Pollution impacts are direct drivers of biodiversity loss and degradation and are material impacts in Valmet's value chain. Climate and biodiversity are intrinsically linked. Climate change impacts such as droughts, wildfires, and flooding accelerate biodiversity impacts, and loss of nature is in turn a key driver of climate change.

Valmet is currently developing its transition plan to ensure the alignment of its business model and strategy with the Kunming-Montreal Global Biodiversity Framework. A working group was established in 2024 to explore how the Valmet Climate Program described in E1-1 could evolve into a Climate and Nature Program that manages climate-nature synergies and trade-offs.

ESRS 2 SBM-3: Material impacts, risks and opportunities related to biodiversity

This information is disclosed under ESRS 2 SBM-3.

Impact, risk and opportunity management

ESRS 2 IRO-1: Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E4-2 MDR-P: Policies related to biodiversity and ecosystems

Valmet has adopted the Valmet's Code of Conduct; the Valmet Health, Safety, and Environment (HSE) Policy; and the Valmet Supplier Code of Conduct to manage the following material impacts related to biodiversity in the value chain:

- Valmet's own operations and upstream and downstream value chain contribute to climate change, which is a direct driver of biodiversity loss (actual negative impact).
- Valmet's upstream and downstream value chain contribute to air and water pollution, which is a direct driver of biodiversity loss (actual negative impact).

Valmet has not adopted a sustainable land or agriculture policy, sustainable oceans policy, deforestation policy, or an ecosystem protection policy covering operational sites owned, leased, or managed in or near biodiversity-sensitive areas. Valmet is currently preparing a Climate and Nature Policy Statement that is expected to be finalized during 2025.

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of commitment to international conventions and guidelines, laws and regulations, climate and circularity in products and services, the environmental efficiency of Valmet's own operations, and a sustainable supply chain, for example. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety and Environment (HSE) Policy defines Valmet's approach to reducing the climate, biodiversity, and water impacts of our value chain through the efficient and circular use of resources, the use of carbon-free energy, waste minimization, and pollution prevention. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines sustainability principles with which suppliers are required to comply. The Supplier Code of Conduct requires suppliers to establish an appropriate organizational structure or resources for effective management of climate and environmental risks and impacts, including but not limited to air pollution, climate change, pollution and degradation of land, water ecosystems, deforestation, and biodiversity loss. Suppliers must put in place effective control measures and targets to mitigate risks and reduce such impacts. In addition, suppliers must be prepared to identify the sources of materials and to show the tracking of the supply chain. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

E4-3 MDR-A: Actions related to biodiversity and ecosystems

Material sustainability topic	Related material impact in brief	Actions	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Direct impact drivers of biodiversity loss	Valmet's own operations and upstream and downstream value chains contribute to climate change and pollution, which are drivers of biodiversity loss	Initial Group biodiversity assessment	Prioritization of future biodiversity actions and understanding the current biodiversity impacts	Own operations and upstream and downstream value chain	2024	Sustainability, Health, Safety and Environment, Supply chain, Research and Development	Climate and Nature Program with targets and action plans by 2026
		Preparing Valmet's Climate and Nature Policy Statement	Climate and Nature Policy Statement	Own operations and upstream and downstream value chain	2024–2025	Sustainability, Health, Safety and Environment, Supply Chain, Research and Development	Climate and Nature Policy Statement during 2025

The actions listed in the table address the material impacts related to biodiversity and ecosystems. In 2024, Valmet started to prepare its Climate and Nature Policy Statement and plan the evolution of its Climate Program described in E1-1 into a Climate and Nature Program with an expectation to be finalized during 2025. In the process of preparing the updated program, Valmet will decide on the use of biodiversity offsets and aims to incorporate local and indigenous knowledge and nature-based solutions into biodiversity and ecosystems-related actions.

Metrics and targets

E4-4 MDR-T: Targets related to biodiversity

Material sustainability topic	Related material impact in brief	Targets	Key performance indicator	Base year	Baseline	Scope	Progress in 2024	Relevant policy
Direct impact drivers of biodiversity loss	Valmet's own operations and upstream and downstream value chains contribute to climate change and pollution, which are drivers of biodiversity loss	Climate and Nature Policy Statement during 2025	Policy Statement published and nature aspect embedded in due diligence	2024	Not applicable	Own operations and upstream and downstream value chain	Climate and Nature Policy Statement under preparation	New Climate and Nature Policy Statement in 2025 Health, Safety and Environment policy
		Climate and Nature Program with targets and action plans by 2026	Climate and Nature Program published and implemented	2024	Not applicable	Own operations and upstream and downstream value chain	Nature work initiated in cross-functional working group	New Climate and Nature Policy Statement in 2025 Health, Safety and Environment policy
		Training for employees on Climate and Nature Program during 2025-2026	% of targeted employees participated in training	2024	0%	Own operations and upstream and downstream value chain	Nature work initiated in cross-functional working group	Health, Safety and Environment Policy

Valmet has set the targets listed in the table to reduce negative impacts related to biodiversity and ecosystems. The targets address the objectives of Valmet's Code of Conduct, the Valmet Health, Safety, and Environment (HSE) Policy, and the Supplier Code of Conduct.

Valmet is preparing a new Climate and Nature Policy Statement to guide its nature work in the value chain and own operations. The targets have been set as a result of the initial biodiversity assessment conducted in 2024. These targets support the process of preparing the Climate and Nature Program and gathering an in-depth understanding of Valmet's biodiversity impacts. In addition, the targets relate to internal and external capacity building and awareness raising of biodiversity and can be allocated to the avoidance layer of the biodiversity mitigation hierarchy.

Valmet will set new biodiversity and ecosystem-related targets as part of its ongoing Climate and Nature Program work. Application of ecological thresholds and alignment of the targets with the Kunming-Montreal Global Biodiversity Framework will be considered. Valmet will also consider its position on using biodiversity offsets in its Climate and Nature Program. Internal stakeholders, including key experts and management from the Sustainability and Health, Safety and Environment functions, will be included in the target-setting process.

The Climate Program Steering team is responsible for monitoring the development and implementation of the Climate and Nature Program. The Steering team is chaired by the Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, who reports to the President and Chief Executive Officer and is a member of the Executive Team.

E5: Resource use and circular economy

Impact, risk and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

This information is reported under ESRS 2 IRO-1.

Metrics and targets

E5-1 MDR-P: Policies related to resource use and circular economy

Valmet has adopted Valmet's Code of Conduct; the Valmet Health, Safety, and Environment (HSE) Policy; the Valmet Supplier Code of Conduct; and the Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design to manage the following material impacts and opportunities related to resource inflows and resource outflows:

Impacts related to resource inflows:

- The production of Valmet's products requires large quantities of materials. The most significant material categories are steel, polymers, electronic components, and packaging materials (actual negative impact in the value chain and Valmet's own operations)
- Valmet decreases resource use by aiming to design modular and lightweight products (actual positive impact in Valmet's own operations)
- Valmet uses recycled steel in its own foundries to reduce the impact from virgin raw materials (actual positive impact in Valmet's own operations)
- Valmet delivers process technologies, which enable customers to use and recover energy, water, and chemicals more efficiently or minimize waste by using production side streams from other applications, processes, or even industries. These technologies positively contribute to the material inflows in the industries Valmet services (actual positive impact in the value chain)

Impacts and opportunities related to resource outflows:

- Valmet's solutions and services enable extension of the lifetime of technologies used by customers (actual positive impact in downstream value chain)
- Valmet's process technologies and automation enable the conversion of renewable and recycled resources into solutions in the pulp, paper, board, tissue, and energy industries and renewable resource use in the energy and other process industries (actual positive impact in downstream value chain)
- Valmet's solutions enable circularity for customers through material recovery and conversion to same or other uses; longer circulation cycles; reduced use of virgin materials; and cascaded use across industries concerning process residuals (actual positive impact in downstream value chain)
- Increasing demand for process technology and automation that improve resource efficiency, and enable renewable resource use is a significant business opportunity for Valmet (opportunity)
- Valmet's services enabling life cycle extension of installed technology and automation is a significant business opportunity for Valmet (opportunity).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of circularity in products and services, the environmental efficiency of its own operations, and the sustainable supply chain, for example. The Code of Conduct addresses the use of renewable resources. According to the Code of Conduct, Valmet promotes circularity in our operations and enables its customers to apply circularity through longer circulation, closed cycles and the use of renewable and recycled raw materials. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Health, Safety and Environment (HSE) Policy

Among other topics, the Health, Safety, and Environment (HSE) Policy includes Valmet's commitment to constantly reduce the climate, biodiversity, and water impacts of the value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services, and solutions that enable customers to improve their energy, environmental, and safety performance. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines sustainability principles with which suppliers are required to comply. The Supplier Code of Conduct requires suppliers to strive for the continuous development of environmental performance and the reduction of emissions and any negative impacts on the environment. Supplier shall put in place effective control measures and targets to mitigate climate and environmental risks and reduce such impacts, supported by actions such as transitioning to renewable energy, energy efficiency improvements, responsible management of natural resources, responsible disposal of waste and circularity actions. In addition, suppliers must be prepared to identify the sources of materials and to show the tracking of the supply chain. The content and requirements set in the Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design integrate sustainability, environmental, and health and safety aspects into research, product development, and design. They are part of Valmet's research and development process and provide a systematic way to anticipate challenges and develop new solutions throughout the product or service life cycle. The guidelines highlight efficient resource use and

the principles of a circular economy throughout the product life cycle. It encourages the minimization of raw material consumption, the use of renewable resources, and the implementation of practices such as repair, disassembly, remanufacturing, reuse, and recycling to promote sustainability and reduce waste.

The monitoring of this guideline is conducted through gate reviews within the Valmet research and development process; project monitoring within the research and development project portfolio tool; annual follow up of research and development portfolio development; and monthly, quarterly and/or annual reporting practices at business line and corporate level. The Senior Vice President of Operational Development is the most senior level accountable for the implementation of the policy.

E5-2 MDR-A: Actions and resources related to resource use and circular economy

Material sustainability topic	Related material impact in brief	Actions	Expected outcome	Scope	Time horizon	Related target (if applicable)
Resource inflows	The production of Valmet's products requires large quantities of materials. The most significant material categories are steel, polymers, electronic components, and packaging materials	Improve data quality and visibility of the resource inflows in Valmet's own operations and value chain	Improved data quality and reporting of resource inflows	Own operations	2024	Not applicable
Resource outflows	Valmet's technologies and automation enable the use and conversion of renewable and recycled resources into solutions and help customers transition to circularity	Lead Beyond Circularity research and development program and ecosystem to transform waste and emissions into valuable resources for sustainable growth and accelerating the green transition.	Process technologies, automation and services that create value by utilizing renewable and recycled materials, industrial side stream rejects, and waste	Together with 280 ecosystem partners, Valmet works within 35 ecosystem projects	2022–2025	35 ecosystem project applications by 2025

The action listed in the table address the material impacts related to resource inflows and resource outflows in Valmet's own operations and in the value chain.The actions address the objectives of Valmet's Code of Conduct, Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

Research and development work is carried out mainly in Finland and Sweden by the Research and Development organizations in our business lines. Valmet operates 34 Research and Development centers that are also pilot facilities for customer projects and internal testing. At the end of 2024, Valmet Research and Development employed 564 people, while research and development expenses for the year totaled EUR 123 million. Between 2022 and 2025, Valmet plans to invest EUR 40 million in the Beyond Circularity research and development program. The program is partly funded by Business Finland and is part of the "Veturi" initiative, which invites international companies to solve some of society's most pressing challenges through increased research, development, and innovation.

Valmet has in 2024 established a Green Finance Framework applicable for the issuance of green debt instruments. The Green Finance Framework is designed to support financing or refinancing eligible assets and expenditures that promote two key environmental objectives: enabling transition to a circular economy and mitigating climate change. During 2024, Valmet issued a EUR 200 million green bond and signed a EUR 50 million green term loan agreement with Swedish Export Credit Corporation (SEK).

E5-3 MDR-T: Targets related to resource use and circular economy

Material sustainability topic	Related material impact in brief	Targets	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Relevant policy
Resource inflows	The production of Valmet's products requires large quantities of materials. The most significant material categories are steel, polymers, electronic components, and packaging materials	Increase the use of recycled steel in own foundries	Share of recycled steel in own foundries	2020	54%	All Valmet foundries	The amount of recycled steel used in Valmet's foundries increased to 77% in 2024.	Health, Safety and Environment policy, Supplier Code of Conduct
Resource outflows	Valmet's technologies and automation enable the use and conversion of renewable and recycled resources into solutions and help customers transition to circularity	Sustainability categorization done for 100% of all new Research and Development projects by 2025	% of new research and development projects where sustainability categorization has been done	2024	12%	All new research and development projects from 2025 onwards	Sustainability impact assessment implemented as a mandatory requirement for all new research and development projects in related tool	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design
	Valmet's solutions and services enable extension of the lifetime of technologies used by customers	Increase the net sales of EU taxonomy aligned activities under criteria: Circular economy (CE) 5.1 Repair, refurbishment and remanufacturing by 2030	Growth in net sales (%)	2024	EUR 1,065 million	Valmet's EU taxonomy aligned activities under criteria: Circular economy (CE) 5.1 Repair, refurbishment and remanufacturing	Target set in 2024.	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet has set the targets listed in the table to reduce negative impacts and to advance positive impacts related to resource inflows and resource outflows in own operations and in the value chain. The absolute resource inflow target addresses the objectives of Health, Safety and Environment Policy and Supplier Code of Conduct. The target relates to sustainable sourcing and the increase of circular material use. The target has been set on a voluntary basis and is not based on legislation. The target is part of Valmet's Climate Program and internal stakeholders, including key experts and management from relevant functions and business lines were included in the target-setting process. The progress of the target is monitored annually in the Supply Chain and Health, Safety and Environment function.

The absolute resource outflow targets address the objectives of the Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design. The targets relate to sustainable product design and are part of Valmet's Technology vision and roadmap, which has been prepared in the process led by Valmet's corporate Research and Development function in collaboration with Business Lines' Research and Development. Valmet's Research and Development management team sets the technology specific targets and follows up progress annually at minimum. Targets are set together with key technology experts and management from business lines and relevant functions.

E5-4: Resource inflows

Resource use

Valmet has identified steel, electronics and electrical components, polymers, and packaging materials as the most significant resource inflows. The primary material for Valmet's solutions is steel. Valmet purchases steel assemblies, structures, and components globally, using them at its own production and customers' sites to deliver customer solutions, particularly in process technologies. Polymers are especially essential for the Services business line. They are used to manufacture products such as press felts, shoe press belts, filter fabrics, and forming fabrics for process technologies. Electronics and electrical components are essential across all business lines. They are integral to automation solutions and incorporated into various process technology solutions. Packaging materials are used in logistics to ensure the safe and efficient transportation of goods.

Resource inflows reporting for steel, polymers, and electronics and electrical components is based on purchase order data compiled from Valmet's Enterprise Resource Planning systems. Purchase orders have been allocated based on the receipt date and internal purchases between Valmet's companies have been excluded to avoid double counting. Products lacking weight information have been estimated by using weight-cost ratio and statistical analysis. Information regarding packaging materials has been extracted by conducting a supplier survey. The consumption of packaging materials in 2024 has been estimated based on January-June 2024 data, as demand for packaging materials remains stable during the year, with no significant variation.

The calculation for recycled steel is based on the volume of recycled steel in own foundries, which represents 14 percent of the total steel volume. In other material categories, data availability limits the reporting of recycled material volume.

Resource inflows

Material category	Total volume (metric tons)	Recycled volume (metric tons)	Recycled volume (%)
Steel	**159,639**	**21,626**	**14%**
Electronics and electrical components	**5,574**	**—**	**—%**
Polymers	**8,153**	**—**	**—%**
Packaging material	**15,477**	**—**	**—%**

E5-5: Resource outflows

Circular solutions

Valmet launches around 100 new products to the market every year. These products are often created in close cooperation with our customers or our network of leading universities, research institutes, suppliers, and other research partners around the world.

The integration of sustainability topics in our Research and Development operations is ensured through the sustainability criteria that are an integral part of the innovation process. The criteria ensure that an innovation increases resource efficiency, reduces emissions, and improves safety. They also help ensure the innovation's compliance with product and process safety legislation. Finally, they guarantee that sustainability benefits are integrated into the final product or solution to be launched.

Valmet's Technology Vision sets the long-term direction for research, development and innovation activities. Valmet's research and development focus areas are:

- Enabling the circular economy
- Improving efficiency with digitalization
- Resource efficiency – more with less
- From fossil to renewable materials
- Toward carbon neutral production processes

The expected lifetime of Valmet's technologies is between 10 and 100 years. The information about the industry average of the expected durability of all the products is difficult to obtain. One of the aims in our research and development is maximizing the operating time of our technologies for our customer. Our services extend the lifetime of customer technologies through reuse, rebuilds, and maintenance activities. Modular design enables efficient reuse and replacement possibilities. Valmet products are in essence recyclable but due to various sizes, complex product structures and other variability it is not possible to disclose the rate of recyclable content.

Beyond Circularity research and development program and ecosystem

Beyond Circularity is Valmet's research and development program and ecosystem to transform waste and emissions into valuable resources for sustainable growth and accelerating the green transition. The Beyond Circularity program aims to develop process technologies, automation solutions, and services to create value by utilizing renewable and recycled materials, industrial side stream rejects, and waste.

The program is implemented through seven streams: program management; recycling technologies; bio-refining/value adding to waste; resource-efficient industries; automated and digitalized industry and services; service life cycle concepts; and emerging new process concepts and disruptive business.

A new green transition ecosystem is being built as part of the Beyond Circularity program to create value and business for the participants and expand competences to new areas. More than 280 partners have joined the ecosystem to work within 35 ecosystem projects. Internally, Valmet has almost 100 ongoing program-related research and development projects. Valmet plans to invest EUR 40 million in the Beyond Circularity program between 2022 and 2025. The program is partly funded by Business Finland and is part of the "Veturi" initiative, which invites international companies to solve some of society's most pressing challenges through increased research, development, and innovation.

Social information

S1: Own workforce

Strategy

ESRS 2 SBM-2: Interests and views of stakeholders

This information is disclosed under ESRS 2 SBM-2.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

This information is disclosed under ESRS 2 SBM-3.

Impacts, risk and opportunity management

S1-1 MDR-P: Policies related to own workforce

Policies adopted to manage working conditions

Valmet has adopted Valmet's Code of Conduct, Valmet Human Rights Statement, Health, Safety and Environment (HSE) Policy, Health, Safety and Environment (HSE) Committee Guideline, and Valmet Human Resource Policy to manage the following material impacts related to working conditions in its own operations:

- Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries (actual, positive impact).
- Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not common practice (actual, negative impact).
- Valmet's workforce is exposed to health and safety risks during work activities which can cause injuries and illnesses (actual, negative impact).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of ethical business practices, human rights, equal opportunities, diversity and inclusion, respectful work environment and health, safety and wellbeing, for example. Valmet's Code of Conduct explicitly addresses human rights violations such as forced labor and child labor. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Human Rights Statement

Valmet's Human Rights Statement defines the Group's commitment to respecting and promoting human rights in compliance with the UN Guiding Principles on Business and Human Rights, and it acknowledges that promoting human rights is fundamental for carrying out its business responsibly. The statement is applicable to all employees and entities within Valmet and to all its stakeholder relationships. Valmet works with and encourages its business partners to uphold the principles in this statement within their businesses. The Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations is the most senior level accountable for the policy's implementation. The process for monitoring the implementation of the Valmet Human Rights Statement includes reporting and following up on incidents and complaints filed through a third-party-operated reporting channel (TrustLine), Valmet's Social and Human Rights Impact Assessments, and Sustainable Supply Chain process.

Information about the measures to provide and enable remedy for human rights impacts is disclosed under S1-3, S2-3, and S2-4 in this Sustainability Statement. Valmet's approach to engagement with value chain workers can be found under S2-2.

In addition to the Valmet Human Rights Statement, Valmet has a Modern Slavery Statement based on the Modern Slavery Act to prevent modern slavery and human trafficking. It covers Valmet's own operations and its supply chain.

Valmet Health, Safety and Environment (HSE) Policy

Valmet's Workplace Accident Prevention Policy is defined in its Health, Safety and Environment (HSE) Policy. This policy states Valmet's commitment to protecting the health and safety, of its people, partners, suppliers, and customers, as well as the environment and the communities where it operates. The policy is applicable to Valmet's own workforce, as well as partners, suppliers, and business contacts. The Senior Vice President of Operational Development is the most senior level accountable for its implementation. Policy monitoring is done through health, safety and environment notification routines, weekly Health, Safety and Environment function reviews, monthly health, safety and environment reporting practices as part of business reviews, and quarterly strategic initiative reviews at the Corporate Office, and annual management reviews of the certified global management system (GMS). Valmet maintains a multi-site certification of the GMS to the international health and safety management system standard, ISO 45001:2018 and the international environmental management system standard, ISO 14001:2015. Currently 79 percent of all employees are covered by ISO 45001:2018 certification, and 80 percent by ISO 14001:2015 certification.

Valmet Health, Safety and Environment (HSE) Committee Guideline

Valmet's Health, Safety and Environment (HSE) Committee Guideline sets the framework for ensuring consultation and participation of own workforce in health and safety management in locations with 30 or more employees. Currently 95 percent of all employees are represented by a local Health, Safety and Environment Committee. The Senior Vice President of Operational Development is the most senior level accountable for its implementation. Monitoring of the guideline is done through annual reporting and auditing programs.

Valmet Human Resource Policy

Valmet's Human Resource Policy provides a framework for the management of the Human Resources function, which is committed to developing an engaged and performance-driven community and continuously driving the global development of Valmet employees' capabilities. The policy is applicable to all Valmet employees, and the Senior Vice President of Human Resources is the highest level accountable for policy implementation. Human Resources continuously assesses the impact of its processes and tools. Human

Resources uses regular assessment and reporting tools, including the employee survey, stakeholder survey, and a third-party-operated reporting channel, TrustLine, to enhance the positive impacts and to avoid, mitigate, and remediate negative impacts on key stakeholders.

Polices adopted to manage equal treatment and opportunities for all

Valmet has adopted the Valmet Non-Discrimination and Anti-Harassment Policy and the Valmet Equal Opportunity and Diversity Policy to manage the following material impacts related to equal treatment and opportunities for all in its own operations:

- Proactive measures to address potential inequalities in hiring, career progression, and pay equity can lead to a more engaged and inclusive workplace (potential positive impact).
- Gender imbalance poses a risk of unintentional discrimination and inequalities, e.g., in hiring, career progression, and pay equity (potential negative impact).

Valmet Non-Discrimination and Anti-Harassment Policy

This policy outlines the measures Valmet takes to ensure a respectful and inclusive workplace free of discrimination and harassment. The policy is applicable to all Valmet employees and the Senior Vice President of Human Resources is the most senior level accountable for the implementation of the policy. Policy monitoring happens through the Valmet raising concerns process, which is described in more detail in the Compliance Reporting Guideline.

Valmet's Non-Discrimination and Anti-Harassment Policy includes a provision for positive discrimination as provided for within local legislation. However, the policy does not state specific vulnerability groups or specific commitments to these groups.

Valmet Equal Opportunity and Diversity Policy

Valmet's Equal Opportunity and Diversity Policy defines Valmet's approach to promoting equal opportunities for all employees. The policy is applicable to all Valmet employees and the Senior Vice President of Human Resources is the most senior level accountable for the implementation of the policy. Policy monitoring happens through the Valmet raising concerns process, which is described in more detail in the Compliance Reporting Guideline.

The following grounds for discrimination are specifically covered in Valmet's policies: gender; age; race; religion; ethnic or national origin; political opinion; family status; sexual orientation; gender identity; disability; or other characteristics protected by law. Color, sex, and national extraction or social origin are not specifically covered.

Global and local policies, guidelines, and practices for non-discrimination, anti-harassment and equal opportunities direct the Valmet way of operating. The principles of these policies, guidelines, and practices are built into people processes, such as recruitment and salary planning processes. In addition, equal opportunities, diversity and inclusion and respectful work environment are covered as separate sections in the Code of Conduct training, which is mandatory for all Valmet employees and is renewed and updated regularly.

S1-2: Processes for engaging with own workforce and workers representatives on impacts

Valmet utilizes the following channels to identify, assess, and inform decision making on actual and potential impacts.

	Engagement type	Stakeholder group	Frequency	Function responsible	Most senior role responsible	Outcomes
Dialogue	Management–employee dialogue	Select employee groups, e.g., town hall meetings	Varies	Management Teams	Respective Executive Team member	Information sharing and direct dialogue with employees
	Health, Safety and Environment and Social Committees	Locations with >30 employees	At least annually	Health, Safety and Environment & Human Resources	Area Health, Safety and Environment and Human Resources heads	Consultation and communication with employees and their representatives on Health, Safety and Environment and wellbeing management
	Works Councils and other similar forums	Select groups, for example, the European Works Council	Varies	Human Resources	Area Human Resources head	Information sharing and direct dialogue with workers and their representatives
	Consultation and negotiation	National works councils and trade unions	Varies	Human Resources	Area Human Resources head	Expectations related to, e.g., local laws, regulations and market practices
Surveys	Employee survey	Own employees	Biennial	Human Resources	Vice President of Talent Management	Perspectives and trend data on, e.g., engagement, safety, fair pay; insights into employee groups who may be vulnerable to impacts
	Pulse/ad-hoc surveys	Select employee groups, e.g., in conjunction with mergers and acquisitions, and with change negotiations	Varies	Human Resources & Health, Safety and Environment	Head of the business	Employee perspectives on, e.g., change impacts, workability, social and organizational work environment, safety culture
Reporting channels	Reporting on continuous improvement and Health, Safety and Environment events	Own employees	Ongoing	Health, Safety and Environment & Quality	Vice President of Health, Safety and Environment and Vice President of Quality	Inputs to support continuous improvement, especially in health, safety and environment topics and sustainability-related topics
	Misconduct reporting (TrustLine)	Own employees	Ongoing	Ethics & Compliance	General Counsel	Complaints against Valmet and confirmed misconduct cases
Control mechanisms	Audits	Multi-site and/or certified locations	Ongoing	Multiple	Vice President of Quality	Process compliance and adherence to ISO standards (9001, 14001, 45001)
	Social and Human Rights Impact Assessment	High-risk locations	Annually	Sustainability	Vice President of Sustainability	Identifying risks and impacts, especially amongst vulnerable groups

S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns

Valmet encourages its own workforce to raise concerns about possible violations of Valmet's Code of Conduct, unethical business behavior, or other misconduct. This includes grievances and complaints related to employee matters.

Processes for providing or contributing remedies for material negative impacts on own workforce depend on the nature of the case. Valmet has an Incident Management Team process with defined responsibilities for ensuring that the most severe cases are handled appropriately, and the remedies are effective. For serious health and safety incidents, Valmet has a Health and Safety incident investigation guideline, which includes the approach for corrective actions. Assessing the effectiveness of the remedy is built into the health and safety incidents handling process.

Valmet employees are advised to report misconduct or grievances to their own managers or other management, the Human Resources function, or directly to the Legal and the Internal Audit functions. Valmet also offers a third-party-operated reporting channel, TrustLine, for reporting suspected breaches of our Code of Conduct or other grievances. It provides Valmet employees the possibility of reporting possible concerns confidentially in their native language, and anonymously if desired. TrustLine is available for everyone 24/7 in Valmet's intranet and on its external website, and it is designed to guarantee anonymity. The reporter can make a report either online or by calling a call center. Reported grievances and complaints are handled in accordance with a process that is described in detail in the Compliance Reporting Guideline. The content and requirements set in the guideline are described in more detail in section G1-1.

The matters are handled in accordance with Valmet's Compliance Reporting Guideline. The process, and how individuals who use the process are protected, is disclosed in G1-1.

Valmet Ethics & Compliance with Internal Audit monitors and tracks the ongoing cases to ensure that all reported matters are investigated in a timely manner, and follow-up actions are agreed. Valmet has a Compliance Committee structure consisting of the Corporate Compliance Committee and Area Compliance Committees. All reported cases are handled in at least one of these committees. The Compliance Committees are responsible for making decisions on the results of cases, their corrective actions, and follow-up. This includes ensuring that provided remedies are effective. Valmet has defined by subject matter and outcome which cases are reported to the Chief Executive Officer, and which are also reported to the Valmet Board Audit Committee. Any human rights issues in Valmet's own workforce are reported to the Board Audit Committee.

In 2024, Valmet trained employees on the availability of the grievance reporting process through the Code of Conduct e-learning course, which is mandatory for all Valmet employees. As a part of Corporate Internal Audits, knowledge of the raising concerns process and TrustLine is assessed. It is planned to include a Group-wide assessment of whether Valmet's employees are aware of and trust the process in 2025.

Valmet does not tolerate any form of retaliation against individuals who in good faith raise their concerns or assist in the investigations. The protection of whistleblowers is described in detail in section G1-1.

S1-4 MDR-A: Taking action on material impacts on own workforce, and effectiveness of those actions

Actions and resources related to material sustainability matters

Material sustainability topic	Related material impact	Action	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Working conditions	Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries. Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not a common practice. Valmet's workforce are exposed to health and safety risks during work activities which can cause injuries and illnesses.	Location-specific Social and Human Rights Impact Assessment	Identification and control of risks	Locations in high-risk countries	Assessment annually in own operations or in upstream value chain	Sustainability	At least one Social and Human Rights Impact Assessment in own operations and in the value chain based on the risks identified
		Provide human rights training through e-learning	Awareness building	Line managers	Continuous	Sustainability, Human Resources	
		Sustainability assessment when there is a significant change in the market presence	Identification and control of risks	Own operations	When significant change in the market presence	Sustainability	
		Ensure clear practices to boost social dialogue and other types of dialogue throughout the organization	Dialogue on working conditions in all locations	Own employees	Continuous	Human Resources, Health, Safety and Environment, senior management, line managers	Increase employee engagement by 1 percentage point per employee survey
		Increase the number of Valmet employees working in locations certified to ISO 45001:2018	Effective global management system (GMS) and common standards in locations securing workplace conditions are as healthy and safe as possible	All locations with Valmet workforce	Continuous	Health, Safety and Environment, Quality, line managers, internal auditors, external certification partner	>90% of employees work in ISO 45001 certified locations by 2030
		Implement and maintain Health, Safety and Environment committees in locations with 30 or more employees	Active joint workforce-management consultation and engagement on managing local health and safety impacts	All locations with Valmet workforce	Continuous	Worker health and safety representatives, Health, Safety and Environment, line managers, committee budgets	All locations with 30 or more employees have a Health, Safety and Environment committee
		Targeted prevention programs based on injury and illness analysis	Reduction in high consequence and/or high frequency injuries and illnesses	Own workforce	Continuous	Health, Safety and Environment, Occupational health service providers, line managers	Reduction in injury and illness severity and frequency rates
		Developing safety culture, leadership and mindset through training, communication and performance metrics	Promotion of a strong safety culture by leaders, and workforce engagement in it	Own workforce	Continuous	Line managers, Health, Safety and Environment, employees	
Equal treatment and opportunities for all	Proactive measures to address potential inequalities in hiring, career progression and pay equity can lead to a more engaged and inclusive workplace. Gender imbalance poses a risk of unintentional discrimination and inequalities e.g., in hiring, career progression and pay equity.	Adhere to common global Human Resources processes, e.g., related to recruitment	Consistent ways of working	Own employees	Continuous	Human Resources, line managers, employees	
		Provide diversity, equity and inclusion training	Awareness building	Own employees	Continuous	Human Resources	
		Continue with pay equity and transparency project	Ensure equal treatment and fair remuneration of employees at all levels of the organization	Own employees	2024–2027	Human Resources	

Approach to managing material impacts

Valmet recognizes and actively engages with employee representation bodies and promotes practices that create opportunities for active dialogue in the workplace. Working conditions are determined by the employer (Valmet) for employees who are not part of a collective agreement. When determining working conditions, Valmet is committed to meeting or exceeding all compliance obligations. Compliance with applicable local laws and regulations is the foundation for all operations.

Collective bargaining and social dialogue

Valmet's operations are partially located in regions where collective bargaining is limited or not common practice, which places Valmet's employees in those countries at increased risk of lack of sufficient opportunity to engage in freedom of association and collective bargaining and social dialogue. Based on this identified impact, Valmet continues to conduct Social and Human Rights Impact Assessments in high-risk locations and provide human rights training to its employees through a globally available e-learning course. The effectiveness of these measures is tracked through the number of significant findings in the assessments carried out and e-learning completion. Valmet determines appropriate actions for specific material negative impacts, e.g. reported confirmed cases in TrustLine, on a case-by-case basis and relies on trend data to identify the need for possible wider action.

Valmet understands the benefits of active dialogue with its employees and therefore supports activities that foster different forms of dialogue. Besides the types of engagement shown in table S1-2, Valmet also recommends holding regular one-to-ones and team meetings, site-specific town–halls, feedback surveys, info sessions, and local management-employee forums such as Breakfast with the President events and Dialogue with People sessions. Valmet assesses the effectiveness of these measures by monitoring employee engagement levels in different employee groups through Valmet's employee survey.

Health and safety

Valmet aims to ensure that a strong safety culture, excellent processes, and effective practices are in place to identify and control hazards before they cause harm. Everyone is expected to take responsibility for healthy and safe behaviors as defined in the Valmet senior manager, manager, and employee roles. To support a fair, just, and caring safety culture Valmet continuously invests in training and awareness activities to enhance safety leadership, engagement and mindset. For example, the Safety Dialogue training is part of everyone's onboarding, and a global Health, Safety and Environment awareness week is held in September each year.

Valmet promotes joint workforce-management Health, Safety and Environment Committees in all locations and currently 95 percent of the employees are represented by a committee that focuses on local safety risk reduction and health promotion. In addition, Valmet collaborates actively with customers and suppliers to promote best practices and improve health, safety and environment in common worksites in customer facilities.

Valmet's Global Management System (GMS) ensures a strong health and safety management is integrated into business processes. Valmet has four Life Saving Rules and fifteen Minimum Safety Standards to ensure the hierarchy of controls is implemented globally in all high-risk activities. Locations with health, safety and environment risks are certified according to the ISO 45001:2018 (health and safety) management standard and are regularly audited. Valmet monitors and openly communicates health and safety performance to enable the continuous development of Valmet's approach.

'Continue Health, Safety and Environment improvement' is one of Valmet's Strategic Must-Win initiatives with action areas defined each year and cascaded through annual planning and target setting across the organization. As a key element in this initiative Valmet's operations implement annual injury and illness prevention actions. During 2024, quarterly campaigns were implemented through training, communications, inspections and procedure development on four focus areas on reducing injuries related to working at heights and confined spaces, mechanical lifting, and the unexpected start up of machinery.

To drive and inform continuous improvement employees and other stakeholders are encouraged to report health and safety incidents, improvement ideas, and observations through our reporting portal, including anonymously. All injuries and illness cases, as well as near-miss cases, are thoroughly investigated, and actions are taken to prevent similar incidents in the future. Employees are covered by work-related injury and illness insurances in all our operations with access to compensation and support mechanisms.

Effectiveness of initiatives and actions to protect health and safety is tracked by following trends in injury and illness frequency and severity as well as other proactive safety performance indicators as part of business reporting and management.

Equal treatment and opportunities for all

As stated in the Equal Opportunity and Diversity Policy, Valmet is committed to promoting equal opportunities for all employees, regardless of gender, age, race, religion or beliefs, ethnic or national origins, marital/civil partnership status, sexuality, or disability. Valmet recognizes the business benefits of having a diverse workforce and aims to create and sustain a work environment that values diversity and provides equal opportunities to everyone.

Valmet has a gender imbalance in its workforce, partly due to the industry in which it operates, which creates a risk of unintentional bias and unfair treatment for the under-represented groups, e.g., in recruitment and career progression. Valmet mitigates this risk mainly by ensuring common ways of operating as outlined below:

- Global-level non-discrimination, anti-harassment and equal opportunities policies direct how Valmet operates. The principles of these policies are built into Valmet's people processes such as the recruitment and salary planning processes.
- Global procedures for compensation management, performance management, and resourcing are documented in Valmet's Global

Management System and implemented via Valmet's Human Resources system.
- Communication and training on Valmet's people processes is provided to stakeholder groups.
- Reporting on process outcomes is used for continuous improvement, to evaluate effectiveness, and to identify and establish plans to correct gaps and inconsistent practices which may exist in the organization. For example, a gap analysis for the recruitment process was undertaken in 2024.

Effectiveness of actions is also tracked and assessed through the complaints monitoring process and identifying significant developments.

Valmet takes proactive measures to create a more equitable workplace, for example, through an ongoing pay equity project, activities to increase the share of women in science, technology, engineering, and mathematics (STEM) positions, and the launch of a new diversity, equity, and inclusion toolbox. Evidence of the effectiveness of these actions will be visible in the characteristics of Valmet's workforce data, employee survey data, and certain recruitment metrics.

Due diligence processes

Valmet has embedded human rights due diligence into its management systems and in key processes. Valmet systematically manages operational changes to ensure that potential negative social impacts are identified in the planning stage and prevented or mitigated during change execution. Risk assessments are conducted, action plans created, and audits and other checks performed.

As part of due diligence processes, Valmet conducts Social and Human Rights Impact Assessments in high-risk locations and in the value chain. Valmet is committed to conducting at least one large assessment annually. Assessments are carried out by an independent third party. Impact assessment methodology is based on dialogue with affected stakeholders and aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups. As a part of the process, corrective action plans are drafted based on the assessment findings, and the progress of the remediation plans are followed up. More information about Valmet's due diligence process is disclosed under ESRS 2 GOV-4.

Metrics and targets

S1-5 MDR-T: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Material sustain-ability topic	Related material impact	Target	Key performance indicator	Base year	Base-line	Scope	Progress and trends in 2024	Target monitoring	Relevant policy
Working conditions	Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries. Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not a common practice. Valmet's workforce are exposed to health and safety risks during work activities which can cause injuries and illnesses.	At least one Social and Human Rights Impact Assessment per year in own operations and in the upstream value chain based on the risks identified [1]	Number of assessments conducted	2017	1	Own operations and upstream value chain	Valmet conducted one Social and Human Rights Impact Assessment, including fieldwork in the value chain.	Annually in Sustainability function	Human Rights Statement
		Increase employee engagement by 1 percentage point per employee survey	Valmet engagement index, % favorable responses to four survey questions, where % favorable scores equals % Agree plus % Strongly Agree on a five-point scale	2021	69%	Own employees voluntarily responding to employee engagement survey. Response rate for the 2023 survey was 80 %	% engaged in 2023 was 70%; no survey in 2024.	Biennially in management teams	
		>90% of employees work in ISO 45001 certified locations by 2030	% employees in Valmet's Human Resources system working in a location listed on Valmet's multi-site ISO 45001 certificate	2022	75%	Own employees	In 2024, 12 additional locations achieved certification. At the end of the year 79% of employees worked in an ISO 45001 certified location.	Annually in management teams and monthly in business management and review processes	Health, Safety and Environment Policy
		Reduction in injury severity	Number of high consequence injuries leading to permanent disability, loss of life or more than 180 days absence reported in Spotlight	2022	9	Own employees	In 2024, there were 3 high consequence injuries.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Continuous reduction in injury frequency	Total recordable injury frequency (TRIF): calculated injuries reported in Spotlight and theoretical work hours of 160 hours per employee in Valmet's Human Resources system per month	2022	3.2	Own employees	In 2024, TRIF remained at 3.2. Integration of acquired operations to Valmet's HSE culture, processes and practices remained a focus.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Four Health, Safety and Environment walks, inspections and conversations per manager per year in 2025	Number of reports in Spotlight per line manager in Valmet's Human Resources system per year	2022	4.7	Line managers	The number of Health, Safety and Environment walks, inspections and conversations continued to increase to 8.4 per line manager in 2024.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Four Health, Safety and Environment event reports per employee in 2025	Number of Health, Safety and Environment events reports in Spotlight per number of employees in Valmet's Human Resources system	2022	2.6	Own employees	The number of Health, Safety and Environment events reported increased during the year to 3.4 per employee.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
Equal treatment and opportunities for all	Proactive measures to address potential inequalities in hiring, career progression and pay equity can lead to a more engaged and inclusive workplace. Gender imbalance poses a risk of unintentional discrimination and inequalities e.g. in hiring, career progression and pay equity.	Increase the share of women in science, technology, engineering and mathematics (STEM) positions to 12% by 2024	% women with STEM-related education in Valmet's Human Resources system, with the assumption that individuals with STEM-related education work in STEM-related roles.	2021	11.5%	Own employees with education data in Valmet's Human Resources system	In 2024, the share of women in STEM-related roles increased to 12.4%.	Annually in annual reporting	Equal Opportunity and Diversity Policy

[1] Target scope related to Social and Human Rights Impact Assessment has been extended to cover value chain workers in 2024, and therefore, the KPI has also been updated.

Valmet has set the targets listed in the table to reduce negative impacts and advance positive impacts on its own workforce. All metrics are calculated based on the data in Valmet's global Human Resources system, and/or Valmet's global health, safety and environmental management system, Spotlight, as of the end of reporting year. More details on used calculation methods are described below each table where necessary.

The targets are part of Valmet's Sustainability360° Agenda implementation 2022–2024. The targets were set as part of a materiality assessment process which included, for example, an analysis of the business environment, benchmarks and peer reviews, industry and corporate sustainability trends, market drivers, future regulatory requirements, UN Sustainable Development Goals and engagement with relevant stakeholders including employees and experts to understand their expectations. The topics were then assessed based on their significance to Valmet and its stakeholders at an internal workshop with key experts and management.

S1-6: Characteristics of the undertaking's employees

Employees by country (headcount for countries with >50 empl. representing >10% total empl.)

	2024
Finland	6,186
China	2,388
US	2,191
Total	10,765

Employees by gender (headcount)[1]

	2024
Male	15,222
Female	4,087
Not disclosed	1
Total	19,310

[1] Consolidated financial statements, Note 13. Personnel expenses and number of personnel.

Key employee figures end of period

	Gender[1]			
2024	Female	Male	Not disclosed	Total
Number of employees (headcount)	4,087	15,222	1	19,310
Number of permanent employees (headcount)	3,600	14,132	1	17,733
Number of temporary employees (headcount)	487	1,090	—	1,577
Number of non-guaranteed hours employees (headcount)	94	185	—	279
Number of full-time employees (headcount)	3,842	14,831	1	18,674
Number of part-time employees (headcount)	245	391	—	636

[1] Gender as disclosed by employees themselves.

Turnover[1] in 2024	Number of leavers	Rate
Employees	1,709	8.8%

[1] The number of leavers consists of all leavers during the reporting period as defined in AR 59 relating to DR S1-6 in the standard. However, the rate percentage is calculated based on the number of leavers divided by the average headcount across the reporting period, excluding employees from acquisitions and disposals during the reporting period.

Key employee figures by region

2024	North America	South America	EMEA	China	Asia-Pacific	Total
Number of employees (headcount)	2,497	1,519	11,188	2,388	1,718	19,310
Number of permanent employees (headcount)	2,496	1,470	10,594	1,489	1,684	17,733
Number of temporary employees (headcount)	1	49	594	899	34	1,577
Number of non-guaranteed hours employees (headcount)	—	—	279	—	—	279
Number of full-time employees (headcount)	2,490	1,519	10,567	2,388	1,710	18,674
Number of part-time employees (headcount)	7	—	621	—	8	636

The employee data is reported in headcount as of the end of the reporting period and includes all active employees and employees from the companies acquired during the year. The number of employees excluded from the active employee data, namely, employees on leave of absence, e.g., study-leave, long-term sick leave, or parental leave, is minor, and amounting to less than 2 percent of the total number of employees.

S1-8: Collective bargaining coverage and social dialogue

Overall, 62 percent of Valmet employees are covered by collective bargaining agreements, including multiple collective agreements within the EEA countries in which Valmet has operations. Working conditions are determined by the employer (Valmet) for employees who are not part of a collective agreement.

Valmet has a European Works Council (EWC), which has representatives from Valmet countries in the European Union (EU). According to the Agreement on the European Works Council of Valmet Corporation, the purpose of the group is to give employees access to information and the opportunity to be heard in multinational corporate-level matters, and to enhance dialogue between the employer and personnel at the European level.

	Collective Bargaining Coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
0-19%		North America	—
20-39%			—
40-59%		China[1]	—
60-79%			—
80-100%	Finland		Finland

[1] China data is not stored in people management solution, but instead collected with a country-specific process.

S1-9: Diversity metrics

Employees by age group

	2024	%
Under 30 years old	**2,140**	**11.1%**
Between 30 and 50 years old	**10,399**	**53.9%**
Over 50 years old	**6,771**	**35.1%**
Total	**19,310**	

Employees at top management[1] level

	2024	%
Female	**40**	**21.4%**
Male	**147**	**78.6%**
Not disclosed	**—**	**—%**
Total	**187**	

[1] Executive team and Senior management (one and two levels below ET)

S1-14: Health and safety indicators

The percentage of people in Valmet's own workforce who are covered by the ISO 45001 health and safety management system based on legal requirements and/or recognized standards or guidelines and certified by an external party

	2024
ISO 45001:2018 (Occupational health and safety management)	**79%**

The number of fatalities as a result of work-related injuries[1]

	2024
Employees	**0**
Other workers[2]	**0**
Total	**0**

[1] Valmet omits separate non-employee data reporting in 2024.
[2] Contracted workforce whose work or workplace is controlled by Valmet (including non-employees in 2024).

The number of fatalities as a result of work-related ill health[1]

	2024
Employees	**0**
Other workers[2]	**0**
Total	**0**

[1] Valmet omits separate non-employee data reporting in 2024.
[2] Contracted workforce whose work or workplace is controlled by Valmet (including non-employees in 2024).

The number of recordable work-related accidents[1]

Employees	2024
North America	**16**
South America	**10**
EMEA	**80**
China	**11**
Asia-Pacific	**1**
Total	**118**

[1] A recordable work-related accident results in death, days away from work, restricted work or transfer to another job, or medical treatment beyond first aid (first aid cases are excluded). Valmet omits non-employee data reporting in 2024.

The rate of recordable work-related accidents (Total recordable incident frequency by region, TRIF)[1]

Employees	2024
North America	**3.6**
South America	**4.0**
EMEA	**3.6**
China	**2.4**
Asia-Pacific	**0.3**
Total	**3.2**

[1] A recordable work-related accident results in death, days away from work, restricted work or transfer to another job, or medical treatment beyond first aid (first aid cases are excluded). Valmet omits non-employee data reporting in 2024.

The number of cases of recordable work-related ill health subject to legal restrictions on the collection

Employees	2024
North America	**3**
South America	**0**
EMEA	**17**
China	**0**
Asia-Pacific	**0**
Total	**20**

The number of days lost to work-related injuries and fatalities from work-related accidents

Employees	2024
North America	**592**
South America	**22**
EMEA	**1,480**
China	**624**
Asia-Pacific	**17**
Total	**2,735**

The number of days lost to work-related ill health and fatalities from ill health

Employees	2024
North America	**217**
South America	**0**
EMEA	**205**
China	**0**
Asia-Pacific	**0**
Total	**422**

S1-16: Remuneration metrics (pay gap and total remuneration)

Remuneration metrics

	2024
Gender pay gap	**11.6%**
Total remuneration ratio	**48.60**

The gender pay gap is defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees. The total remuneration ratio is the ratio of the highest paid individual to the median annual total remuneration for all employees. Valmet calculates the gender pay gap and total remuneration ratio using the base salary data available in Valmet's Human Resources system and any short- and/or long-term incentives paid out during the calendar year. The calculation does not include any other pay elements, such as overtime payments or benefits in kind, which is a potential limitation in the data.

S1-17: Incidents, complaints and severe human rights impacts

The number of work-related incidents of discrimination, including harassment, and complaints filed through channel for own workforce

	2024
Discrimination, including harassment	**8**
Complaints filed through channel for own people to raise concerns	**12**

A work-related incident of discrimination, including harassment is considered confirmed behavior that is against Valmet's Non-Discrimination and Anti-Harassment Policy or Valmet's Equal Opportunity and Diversity Policy. The discrimination, including harassment, cases are compiled from a monthly Human Resource reporting process and the Compliance Reporting Guideline process.

Complaints filed through channels to raise concerns by own workforce are defined as those cases that are handled in accordance with the Compliance Reporting Guideline process that are related to working conditions, equal treatment and opportunities for all, or other work-related rights. The content of the process is disclosed in more detail in G1-1. The number of complaints received from own workforce is collected from a summary of all the cases that were handled in accordance with the misconduct investigation process that is described in detail in the Compliance Reporting Guideline.

Valmet has not received any fines, penalties, or paid compensation in 2024 for damages as a result of the incidents and complaints disclosed in S1-17.

The number of severe human rights incidents connected to own workforce

	2024
Number of cases of severe human rights incidents	**0**
Amount of fines, penalties and compensation issued/paid for damages for severe human rights incidents (EUR)	**0**

S2: Workers in the value chain

Strategy

ESRS 2 SBM-2: Interests and views of stakeholders

This information is disclosed under ESRS 2 SBM-2.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

This information is disclosed under ESRS 2 SBM-3.

Impact, risk and opportunity management

S2-1 MDR-P: Policies related to value chain workers

Valmet has adopted Valmet's Code of Conduct, Valmet Human Rights Statement, Valmet Supplier Code of Conduct, and Valmet Health, Safety, and Environment (HSE) Policy to manage, among other impacts, the following material impacts related to working conditions and other work-related rights of value-chain workers:

- Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not common practice. Value-chain workers in high-risk countries may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours (actual, negative impact).
- Value-chain workers can be exposed to health and safety risks during work activities which can cause injuries and illnesses in the provision of products and services to Valmet (actual, negative impact).
- Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers (potential, positive impact).
- Young workers and migrant workers are identified as vulnerable groups within value chain workers. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work (potential, negative impact).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of ethical business practices, human rights, equal opportunities, diversity and inclusion, a respectful work environment, and health, safety, and wellbeing, for example. Valmet's Code of Conduct is applicable to all Valmet employees, as well as external stakeholders, including value-chain workers. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines principles that suppliers are required to comply with. The requirements are applicable to Valmet's suppliers. The supplier shall ensure that all its employees, permanent and temporary, as well as its suppliers, and sub-suppliers, recognize and comply with the requirements set out in the Supplier Code of Conduct.

Valmet's Supplier Code of Conduct covers Human Rights and Valmet expects suppliers to respect internationally recognized human rights and have a due diligence process in place to measure, prevent, and mitigate negative human rights impacts and to avoid causing, contributing, or being linked to negative human rights impacts. Compliance with all applicable national and international laws and regulations is the starting point of adhering to the Supplier Code of Conduct. Following human rights topics are addressed in the Supplier Code of Conduct: minimum wage, work contract, fair compensation and living wage, freedom of association and collective bargaining, child labor, special protection for young workers, forced labor, modern slavery and trafficking in human beings, working hours and rest periods, discrimination, harassment, occupational health and safety, local communities and indigenous people and business ethics.

Suppliers are expected to have effective grievance mechanisms in place for concerns raised by workers within their operations and to ensure that those who report suspected or actual violations are protected from retaliation. Additionally, value-chain employees can report their concerns anonymously 24/7 using the Valmet's third-party managed channel, TrustLine. The Senior Vice President of Operational Development, member of Valmet's Executive team, is responsible for implementation of the Supplier Code of Conduct. The process for monitoring the implementation of the requirements includes Supplier Sustainability Audits, Social and Human Rights Impact Assessments and following up the cases reported through TrustLine.

Valmet's Sustainable Supply Chain Policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Health, Safety, and Environment (HSE) Policy

This policy states Valmet's commitment to protecting the health, safety, and environment of its people, partners, suppliers, and customers, as well as the communities where it operates. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Human Rights Statement

Valmet's Human Rights Statement defines Valmet's commitment to respecting and promoting human rights in compliance with the UN Guiding Principles on Business and Human Rights and acknowledges that promoting human rights is fundamental for carrying out its business responsibly. The statement is applicable to all employees and entities within Valmet and to all the Group's stakeholder relationships. Valmet works with and encourages its business partners to uphold the principles in this statement within their businesses. The Senior Vice President, Marketing, Communications, Sustainability and Corporate Relations, member of Valmet's Executive team, is the most senior level accountable for the implementation of the statement.

To ensure compliance with its Human Rights Statement, Valmet has a process for sustainability due diligence. The process is based on the UN Guiding Principles on Business and Human Rights and OECD

Guidelines for Multinational Enterprises. More information about Valmet's due diligence process is disclosed under GOV-4 and S2-4 in this report.

As stated in Valmet's Human Rights Statement, Valmet respects and promotes the protection of human rights as expressed in all internationally recognized human rights declarations and conventions such as the UN Universal Declaration of Human Rights, the UN Covenant on Civil and Political Rights, the UN Covenant on Economic, Social and Cultural Rights and the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work. Valmet also operates according to and promotes the principles described in the United Nation's (UN) Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

In addition to Valmet Human Rights Statement, Valmet's commitment to respecting and promoting human rights is fully integrated into the Group's operating policies such as Valmet's Code of Conduct and Valmet Supplier Code of Conduct. As a global enterprise and employer, Valmet aims to operate in full compliance with all applicable national and international laws, regulations, and generally accepted practices and our own Code of Conduct, whichever sets higher standards.

Information about the measures to provide and enable remedy for human rights impacts is disclosed under S1-3, S2-3, and S2-4 in this Sustainability Statement. Valmet's approach to engagement with value chain workers can be found under S2-2.

S2-2: Process for engaging with value chain workers about impacts

Valmet engages and collaborates with its suppliers and supply-chain workers and assesses the effectiveness of the engagement with suppliers' workers through its Due Diligence Framework, sustainable supply chain process and health, safety and environment activities. These activities encompass Valmet's Supplier Engagement Program, Social and Human Rights Impact Assessments, Sustainability impact assessment when there is a significant change in market presence, Supplier Sustainability Audits, and local Health, Safety and Environment activities on sites and reporting portals.

Valmet has implemented a Supplier Engagement Program based on the principles of its Sustainable Supply Chain Policy. The program supports and monitors suppliers' performance and provides hands-on tools and training for suppliers to take the most critical steps to develop their sustainability practices. This program also serves as a means to engage value-chain workers on both actual and potential material impacts.

The Supplier Engagement Program includes access to a capacity-building library with tangible development tools, e-learning courses, and practical handbooks, which aim to increase awareness and give practical advice on how to develop more sustainable business practices. As part of the program, supplier-specific targets and key Performance Indicators are set, and related actions are followed up for each participating supplier, aiming for visible improvements in their operations.

Valmet encourages its suppliers and business partners to contribute development ideas via an external reporting portal, Spotlight. This portal is designed for Valmet's customers, value-chain workers, suppliers, contractors, and other stakeholders for managing events related to health, safety, environment, and continuous improvement in all Valmet operations. Spotlight is used for reporting all incidents, non-conformities, near misses, observations, and improvement ideas in Valmet workplaces, including at customer sites. Valmet continually refines and enhances its processes based on the feedback received through this portal.

Social and Human Rights Impact Assessments are specifically designed to engage directly with affected stakeholders, value chain workers and local stakeholders alike, and the methodology is based on dialogue. The impact assessment aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups. Valmet aims to conduct at least one in-depth impact assessment in a year and the number of the interviews conducted per impact assessment depends on the scope and location. Value-chain workers are also always engaged in individual interviews during the Supplier Sustainability Audits. A minimum of 10 value chain worker interviews is conducted in each audit. More information about Supplier Audits and Human Rights Impact Assessments is disclosed under S2-4. Valmet engages with value chain workers also when conducting Sustainability impact assessment when there is a significant change in the market presence. More information about this assessment is disclosed under S2-3.

Valmet's value-chain workers in Valmet and Customer premises are continuously engaged in local Health, Safety and Environment activities and events where feedback is actively sought and collected, including Health, Safety and Environment induction training before starting work, daily toolbox talks, Injury Prevention Programs, and Health, Safety and Environment days. In 2024, 27 Subcontractor Health, Safety and Environment Days were held. In Valmet's premises, Health, Safety and Environment Committees interact with location-based value-chain workers as part of their agenda every day.

To support capacity building, Valmet offers employee e-learning courses such as Valmet's Code of Conduct e-learning course, Human rights e-learning, and Sustainability at Valmet e-learning, also freely available to value chain workers in the online PartnerAcademy platform.

Vice President of Supply Chain, Vice President of Sustainability, and Vice President of Health, Safety and Environment are the most senior roles in the organization that have operational responsibility for ensuring that the engagement with value chain workers happens.

S2-3: Process to remediate negative impacts and channels for value chain workers to raise concerns

Valmet encourages its own workforce and all its stakeholders, including value-chain workers, to raise concerns about possible violations of Valmet's Code of Conduct, unethical business behavior, or other misconduct. Valmet also offers TrustLine channel for reporting suspected violations of Valmet's Code of Conduct. TrustLine is available for everyone 24/7 in Valmet's intranet and on its external website, and it is designed to guarantee anonymity. It provides Valmet employees and other stakeholders, including value-chain workers, with the possibility to report concerns anonymously and in their native language. The process of tracking and monitoring issues raised, and how individuals who use the reporting channel are protected, is described in more detail under G1-1.

As a part of Valmet's human rights due diligence process, Valmet has a remediation process in place. Actions to provide or contribute to remedies for material negative impacts on value-chain workers depend on the nature of the case. In the event of a serious human rights violation occurring, an Incident Management Team is established to coordinate the remediation actions and to ensure their implementation. For serious health and safety incidents, Valmet has a Health and Safety incident investigation guideline, which includes the approach for corrective actions.

Valmet supports its business partners in continuous improvement and does not terminate cooperation with a supplier that undertakes to resolve the grievances identified in the Supplier Audits or Human Rights Impact Assessments. The implementation of corrective action plans and the follow-up of the remediation process are integral components of both Supplier Audits and Social and Human Rights Impact Assessments. Suppliers are excluded from contracting if they cannot achieve a remediation plan within a set time frame, or if suppliers are unwilling to comply with the corrective actions.

S2-4, MDR-A: Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Material sustainability topic	Related material impact in brief	Action	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Working conditions & other work-related rights	Value chain workers in high-risk countries[1] may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours. Value chain workers can be exposed to hazards in their work activities which can cause injuries and illnesses. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work. Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers.	Social and Human Rights Impact Assessment in value chain for suppliers with a heightened risk	Identification and control of risks	Upstream value chain	2024	Sustainability function	At least one Social and Human Rights Impact Assessment per year in own operations and in the value chain based on the risks identified
		Preparation and publishing of Valmet's Supplier Code of Conduct	Publishing of Valmet's Supplier Code of Conduct to replace old Sustainable Supply Chain Policy	Upstream value chain	2024	Supply Chain function	No target, work completed
		Sustainable Supply Chain process, including Supplier Sustainability Audits	Management of social and environmental sustainability risks and improvement of working conditions in the upstream value chain	Upstream value chain	2024, continuous	Supply Chain function	95 % of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy by 2025 Minimum of 40 Supplier Sustainability Audits conducted per year
		Sustainability impact assessment when there is a significant change in market presence	Identification and control of risks	Own operations	2024	Sustainability function	No target, impact assessment performed always when there is a significant change in the market presence
		Site sub-contracting and service supplier Health, Safety and Environment management process	Provision of safe and healthy workplaces for all	Own operations and Valmet's operations in customer premises	2024, continuous	Health, Safety and Environment function	Continuous reduction in injury frequency to value chain workers (contracted workforce) whose work or workplace is controlled by Valmet
		Social Responsibility Program	Contribute to additional positive impacts in the value chain	Value chain	2024, continuous	Sustainability function, Areas	Continue implementing Social Responsibility Programs in all Valmet Areas through sponsorships and donations to local communities and affected stakeholders.

[1] The definition of a high-risk country is disclosed in ESRS 2 S2 SBM-3

The key actions listed in the table address the material impacts related to working conditions and other work-related rights of value chain workers.

Valmet's Sustainability Due Diligence Framework

Valmet's due diligence process covers Valmet's whole value chain and includes actions and processes used to manage, i.a., material impacts related to working conditions and other work-related rights of value-chain workers. Valmet has embedded sustainability due diligence into management systems and integrated it into Valmet processes. More details about Valmet's due diligence process can be found under ESRS 2 GOV-4. The key actions listed in the table above are part of Valmet's Due Diligence Framework through which Valmet mitigates and prevents negative material impacts on value chain workers and aim to achieve positive impacts for value chain workers.

Sustainable supply chain process

To identify, assess, and manage social and environmental sustainability risks among its workers in the supply chain, Valmet has a global supplier sustainability management process which is integrated into Valmet's systems.

The sustainable supply chain process consists of:

1. Supplier Code of Conduct
2. Sustainability Risk Assessment
3. Supplier Sustainability Self-Assessment
4. Supplier Sustainability Audits conducted by external auditor
5. Social and Human Rights Impact Assessment for suppliers with a heightened risk

Supplier Sustainability Risk Assessment and Self-Assessment

Suppliers' commitment to Valmet's Supplier Code of Conduct is the starting point for entering into a business relationship with Valmet. In addition, from 2024, suppliers of manufactured goods must follow Valmet's minimum quality and health, safety and environment requirements for suppliers.

Valmet screens all new direct suppliers from a sustainability risk perspective, using environmental and social criteria based on the country of purchase and the purchasing category. Based on this assessment, Valmet's suppliers have been categorized with sustainability risk levels. Suppliers, depending on their risk category, are obliged to carry out a Sustainability Self-Assessment. The results of this assessment, in conjunction with risk factors, may subject them to Sustainability Audits.

Supplier Sustainability Audits

To ensure compliance with the requirements of the Supplier Code of Conduct and with related local and international laws, Valmet has a systematic auditing framework in place. Valmet's Sustainability Audits follow Valmet's own auditing methodology based on Valmet's Supplier Code of Conduct and on SA8000 and SMETA auditing frameworks, and the methodology covers human and labor rights, environmental impacts, and governance-related topics. In 2024, Valmet conducted 45 Supplier Sustainability Audits in 15 countries with a certified third-party auditor. Audits are carried out globally in all five areas where Valmet operates and are coordinated by local area coordinators. Suppliers' workers are always engaged during the Sustainability Audits. In 2024, the findings of these audits were mainly related to human and labor rights and health, safety and environmental management.

Valmet focuses on ensuring the audit follow-up process and the verification of agreed corrective actions. All the audited suppliers have an agreed corrective action plan in place, and Valmet supports suppliers with the implementation of identified corrective actions. Of all corrective actions agreed with suppliers in 2024, 68 percent had been completed and verified by the end of the year. Altogether, 94 percent of all actions agreed with suppliers as part of the auditing process since 2015 had been completed and verified by the end of 2024.

Valmet has identified increased sustainability risks at customers' sites, where many subcontractors and their subcontractors operate. Valmet has developed a specific auditing process for site works suppliers to engage with the workers at sites, monitor sub-contractors' compliance more efficiently, and further increase the visibility of the supply chain beyond tier 1 suppliers.

Social and Human Rights Impact Assessments

Valmet conducts Social and Human Rights Impact Assessments in own locations and in its value chain. Valmet is committed to conducting at least one large assessment annually. Assessments are carried out by an independent third party. The assessments include desktop research, extensive fieldwork and engagement with affected stakeholders; employees, local communities, leased workforce, and value chain workers such as service providers and suppliers' workers. Impact assessment methodology is based on dialogue with affected stakeholders and aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups.

Since 2017, Valmet has conducted assessments globally in China, Indonesia, Thailand, India, Poland and Portugal. The majority of the findings were related to the position of service providers and subcontractors, collective bargaining, adequate wages, working hours and rest periods. As a part of the process, corrective action plans are drafted based on the assessment findings, and the progress of the remediation plans are followed up.

Valmet started conducting supplier-specific Social and Human Rights Impact Assessments in the supply chain conducted by third party in 2024 to assess suppliers with an identified high sustainability risk. The scope of the assessments covers value-chain workers, and the methodology is based on dialogue with affected stakeholders.

Sustainability assessment when there is a significant change in market presence

Valmet carries out a comprehensive Sustainability Assessment whenever there is a significant change in the market presence, such as constructing a new site or service center, relocation of an existing site, new market entry or large customer project with identified high impact on environment, people or local communities. During the

assessment, local stakeholders, local community representatives, employees, and workers in the value chain are engaged. Assessment findings are followed up and systematically mitigated, and the results are taken for management review.

Health and safety management in Valmet and Customer premises

Valmet works to provide safe and healthy workplaces for all and actively collaborates with suppliers and customers to secure safety in common work premises. Valmet's approach to health and safety described in S1-4 includes processes for the management of supplier workers in our own operations and in customer premises.

Valmet's site sub-contracting and service supplier Health, Safety and Environment management process includes the following steps:

- Health, Safety and Environment requirements are considered when selecting suppliers and are then also included in purchasing agreements.
- Supplier workers are required to complete an Health, Safety and Environment induction to both Valmet and the specific workplace before starting work.
- Risk assessment approval, safe work procedure review, and permits-to-work are done during work execution.
- Regular inspections, and audits check supplier health, safety and environment compliance and secure improvement actions if required.
- Supplier workers are recognized and rewarded by Valmet for good health, safety and environment performance and receive direct feedback in the event of unsafe behavior or conditions.
- Supplier workers are encouraged to report health, safety and environment observations and improvement ideas, and provide health, safety and environment feedback to others in the workplace.
- Supplier-related health, safety and environment near misses and incidents are reported, investigated, and improvement actions agreed.
- Supplier workers are involved in Health, Safety and Environment activities such as toolbox talks.
- Every year, Valmet holds multiple Key Supplier Health, Safety and Environment days where health, safety and environment commitment and expectations are aligned, management practices reviewed, and lessons and best practices shared.

Social Responsibility Program

Valmet's global Social Responsibility Program, initiated in 2020, is part of the Group's Sustainability360° Agenda implementation. The Social Responsibility Program aims to contribute positive impacts in Valmet's operating areas and enhance Valmet's engagement in communities through donations to local communities, affected stakeholders, and non-profit organizations.

The program is based on three themes promoting science, nature, and equal opportunities: "Towards the future with science," "Protecting the planet for the next generations," and "Equal opportunities for wellbeing." Based on these themes, local projects in all Valmet's five operating areas around the world have been selected for the program. In 2024, the global social responsibility program continued with six projects. This year's projects supported local social and environmental development initiatives in Indonesia, Poland, Brazil, Chile, China, and North America.

Management of material impacts

The Vice President of Supply Chain is responsible for managing supply chain operations across Valmet's business lines and areas, including the Sustainable Supply Chain Process. The Vice President of Supply Chain reports to the Senior Vice President of Operational Development. Resources include global category managers and the sustainable supply chain manager. The Vice President of Health, Safety and Environment is responsible for managing Health, Safety and Environment operations across Valmet's business lines and areas, including the Health, Safety and Environment management process, and reports to the Senior Vice President of Operational Development. The Vice President of Sustainability is responsible for the Human Rights Statement, Sustainability360° Agenda, and Sustainability Due Diligence process, and reports to the Senior Vice President of Marketing, Communications, Sustainability, and Corporate Relations.

Metrics and targets

S2-5 MDR-T: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Material sustainability topic	Related material impact in brief	Target	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Target monitoring	Related policy
Working conditions & other work-related rights	Value-chain workers in high-risk countries[1] may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours. Value chain workers can be exposed to hazards in their work activities which can cause injuries and illnesses. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work. Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers.	At least one Social and Human Rights Impact Assessment per year in own operations and in the upstream value chain based on the risks identified [2]	Number of assessments conducted	2017	1	Own operations and upstream value chain	Valmet conducted one Social and Human Rights Impact Assessment including field work in value chain.	Annually in Sustainability function	Supplier Code of Conduct, Human Rights Statement
		Reduction in number of recordable work-related injuries to non-employee workers and contracted workforce whose work or workplace is controlled by Valmet	The number of recordable work-related injuries	2022	87	Own operations in Valmet and Customer premises	North America 1 South America 13 EMEA 34 China 3 Asia-Pacific 0 TOTAL 51	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Reduction in injury frequency to non-employee workers and contracted workforce whose work or workplace is controlled by Valmet	Total recordable injury frequency (TRIF)	2022	4.7	Own operations in Valmet and Customer premises	In 2024, TRIF increased slightly to 4.8. Collaboration with sub-contractors on HSE improvement was ramped during the year.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Minimum 25 supplier Health, Safety and Environment events per year	Number of Supplier Health, Safety and Environment events	2024	27	Contracted workforce in our own operations in Valmet and Customer premises	In 2024, 27 Supplier Health, Safety and Environment events were held.	Monthly in Health, Safety and Environment management team	Health, Safety and Environment Policy, Supplier Code of Conduct
		Minimum 40 Supplier Sustainability Audits conducted per year	Number of Supplier Sustainability Audits conducted	2022	45	Upstream value chain	Valmet conducted 45 Supplier Sustainability Audits with a third-party auditor	Monthly in Supply Chain management team	Supplier Code of Conduct (previously Sustainable Supply Chain policy)
		95% of suppliers have signed Valmet's Sustainable Supply Chain Policy by 2025	% of suppliers by spend who have signed Valmet's Sustainable Supply Chain Policy	2022	82%	Value chain	By the end of 2024, 94.3% of our existing suppliers had signed the policy.	Monthly in Supply Chain management team	Supplier Code of Conduct (previously Sustainable Supply Chain policy)

[1] The definition of a high-risk country is disclosed in ESRS 2 S2 SBM-3
[2] Target scope related to Social and Human Rights Impact Assessment has been extended to cover value chain workers in 2024 and therefore the KPI has also been updated.

Valmet has set the targets listed in the table to reduce negative impacts and advance positive impacts on value chain workers. The absolute targets address the objectives of Human Rights Statement, Health, Safety and Environment (HSE) Policy, and Supplier Code of Conduct.

The targets are part of Valmet's Sustainability360° Agenda implementation. The targets are being executed by Valmet's Supply Chain, Health, Safety and Environment, and Sustainability functions and are cascaded through the organization in Strategic Must-Win initiatives, Valmet's annual planning process and in personal target setting. The targets of Valmet's Sustainability360° Agenda were set as part of a materiality assessment process which included an analysis of the business environment, benchmarks market drivers, future regulatory requirements, and engagement with relevant stakeholders and experts. Progress on the targets is publicly available on the Company website.

Governance information

G1: Business conduct

Governance

ESRS 2 GOV-1: The role of the administrative, supervisory and management bodies

This information is reported under ESRS 2 GOV-1.

Impact, risks, and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material business conduct - related impacts, risks and opportunities

This information is reported under ESRS 2 IRO-1.

G1-1, MDR-P: Corporate culture and business conduct policies

Valmet has adopted Valmet's Code of Conduct, Anti-Corruption Policy, Compliance Reporting Guideline and Supplier Code of Conduct to manage the following material impacts related to business conduct matters:

- Valmet's actions to promote corporate culture ensures that Valmet does business ethically and legally (actual positive impact)
- Failures in creating an ethical corporate culture can lead to unethical or illegal business conduct. (potential negative impact)
- Valmet's actions to promote corporate culture ensure that employees and stakeholders feel comfortable raising concerns, and the whistleblowers are protected and any potential misconduct is caught before severe consequences (actual positive impact)
- Failure to protect whistleblowers can lead to retaliation against the reporter (potential negative impact)
- Valmet's measures to prevent corruption and bribery promote the reputation as a reliable partner, with whom ethical business conduct principles are implemented (actual positive impact)
- Valmet's inadequate measures to prevent corruption and bribery may lead to violation of the Code of Conduct and illegal behavior. Being involved in a corruption or bribery incident would have negative effects on people and society (potential negative impact)
- Valmet's purchases of goods and services contributes to the employment of value-chain workers. Valmet's Supplier Code of Conduct promotes sustainable business practices in the supply chain (actual positive impact)
- Failures to comply with Valmet's payment practices could cause negative impacts to suppliers (potential negative impact)

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations for corporate culture and includes topics such as ethical business practices, human rights, compliance with laws, protection of Valmet's assets, anti-corruption compliance, respectful work environment, health, safety, and wellbeing; and raising concerns. Valmet's Code of Conduct is applicable to all Valmet employees, as well as external stakeholders. The Chief Executive Officer is the most senior level accountable for the policy's implementation.

Valmet Anti-Corruption Policy

Valmet's Anti-Corruption Policy contains the requirements, rules and procedures that ensure all Valmet employees and those acting on Valmet's behalf understand and comply with all applicable anti-corruption laws in all of Valmet's business operations and are not involved in any forms of bribery or corruption. It is applicable to all Valmet employees and those who act on Valmet's behalf. The Chief Financial Officer is the most senior level accountable for the policy's implementation.

Valmet Compliance Reporting Guideline

Valmet's Compliance Reporting Guideline describes the process for raising concerns on potential misconduct within Valmet and determines the investigation process. It also guarantees the protection of whistleblowers and includes a details on how they are protected. It is applicable to all Valmet employees. The Chief Financial Officer and Senior Vice President of Human Resources are the most senior level accountable for the implementation of the guidelines.

Valmet's Supplier Code of Conduct

The Supplier Code of Conduct defines principles that suppliers are required to comply with. The supplier shall ensure that all its employees, permanent and temporary, as well as its suppliers, and sub-suppliers, recognize and comply with the requirements set out in the policy. Valmet's Supplier Code of Conduct covers human rights and requires the suppliers to comply with all applicable national laws and regulations regarding human and labor rights, as well as acknowledge changes in them. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Corporate Culture and business conduct

Valmet's daily operations are directed by our general operating principles, which include Valmet's Code of Conduct and related policies. These principles form the basis of our ethical corporate culture and sustainable business practices. Valmet policies, business processes, procedures, guidelines, work instructions, and templates are stored and managed in the Valmet Handbook, accessible to all Valmet employees.

Valmet's Code of Conduct guides the actions and decisions of both Valmet's employees and its business partners. It is approved by the Valmet Board of Directors. Valmet's Code of Conduct covers topics such as Valmet's commitment to integrity, compliance with applicable laws, protection of Group property and personal data, rejection of corruption, respect for human rights, health, safety and wellbeing, quality, and environmental topics. The Code of Conduct applies to everyone, everywhere, every day. The Code of Conduct includes references to Valmet's most important policies and other guidance related to business conduct, which must be followed by Valmet employees.

Valmet's Ethics & Compliance Program ensures that every employee understands their responsibility to maintain a strong corporate culture and conduct business ethically and legally. The program's purpose is to establish and develop an ethical corporate culture. This is achieved by creating and implementing policies and processes that support this goal. To ensure the Ethics & Compliance Program reaches all Valmet Business Lines and Areas, Valmet has established an Ethics & Compliance network. This network, representing all Valmet businesses and areas, ensures that ethical business conduct requirements and updates to the Ethics & Compliance Program are communicated and promoted globally throughout Valmet.

Valmet has a Group-level risk assessments that covers all Valmet's operations. One tool for risk assessments is the FRIME Audits, which cover five key units annually and account for about 80 percent of Valmet's net sales within a five-year evaluation cycle. Corruption risks are assessed as part of compliance and crime-related risks, e.g., fraud and misconduct, in the FRIME Audits, and in Valmet's annual Group-level Risk Assessment Process, including corporate Internal Audits. In 2024, four corporate Internal Audits were conducted at Valmet's locations, including an evaluation of the effectiveness of anti-corruption and misconduct reporting.

Valmet provides Code of Conduct training and communications to our employees on all our available internal channels to inform them of the Group's expectations and requirements related to corporate culture and business conduct. A renewed Code of Conduct was published at the end of 2023, and in 2024, the focus was on ensuring all Valmet employees knew its requirements and were committed to following them. The revised Code of Conduct e-learning course was assigned in 2024 to all Valmet employees. It reached a completion rate of 98 percent by year-end. 100 percent of the Executive Team completed the e-learning course. In some locations, the training was held as classroom training for blue-collar employees who lacked access to laptops. The e-learning course includes sections on ethical business practices, the content of the Code of Conduct, and how to report potential concerns related to unethical behavior or misconduct. It is mandatory for all Valmet employees, and it must be completed by everyone every second year. All e-learning completion percentages are extracted automatically from Valmet's Human Resources system.

In 2024, Valmet completed a functions-at-risk assessment to identify functions and business that were at a higher risk of being involved in bribery and corruption. The result was that these functions included Business Line and Area management, sales and procurement in certain countries, and the logistics function.

Protection of whistleblowers

Valmet encourages employees and stakeholders to voice concerns about potential violations of our Code of Conduct, unethical business behavior, or other misconduct. Employees are advised to report suspected issues to their managers, other management, the Human Resources function, or directly to the Legal and Internal Audit functions. Additionally, Valmet offers TrustLine, a third-party-operated reporting channel, for confidential and, if desired, anonymous reporting of suspected breaches. TrustLine is available 24/7 in Valmet's intranet and on its external website, allowing reports to be made online or via a call center. Valmet welcomes reports from both internal and external stakeholders.

Valmet does not tolerate retaliation against any person who reports suspected misconduct in good faith or assists in investigations. If a reporter feels that they are being subject to retaliation, they are advised to contact Head of Internal Audit directly. All cases of retaliation are also reported to Valmet's Board Audit Committee.

To investigate potential misconduct, including allegations or suspected incidents of corruption and bribery, Valmet follows its Compliance Reporting Guideline. The process described in the guideline ensures that all matters within the scope of the process are investigated promptly, independently, and objectively. The guideline states that the reporting system and the process of handling the reports are managed by the Ethics & Compliance and Internal Audit functions. The guideline requires investigations to be led by an impartial person or department. Any persons who are or may be involved in the alleged misconduct will not be allowed to perform any investigative actions. The guideline contains details on how the investigations are handled, how potential consequences and follow-up are determined, and how the conclusions of the investigations are communicated to the whistleblower. In addition to the Compliance Reporting Guideline, Valmet has an Investigation documentation template with instructions on how case investigations are planned, conducted, and documented. They are both available to all employees in Valmet's intranet. The entire process has been amended in accordance with the requirements of Directive (EU) 2019/1937 and its applicable national implementations.

Valmet's Compliance Committee organization, which oversees misconduct investigations, consists of several Compliance Committees that meet quarterly. These committees ensure that follow-up actions and remedies are effective based on the facts of each case. Area Compliance Committees have the authority to decide on and implement follow-up actions for locally investigated cases. The Corporate Compliance Committee ensures that Areas have appropriately investigated, handled, and concluded reported cases, and that their follow-up actions align with corporate standards. Matters that cannot be handled locally due to the nature of the case or potential conflicts are escalated to be handled by the Corporate Compliance Committee. It has been agreed which cases are also reported to the Chief Executive Officer and/or Board Audit Committee. In 2024, four cases were reported to the Board Audit Committee.

G1, MDR-A: Taking action on material impacts on business conduct, and effectiveness of those actions

Material sustainability topic	Related material impact in brief	Action	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Corporate culture	Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally. This enables employees to feel safe working for Valmet, and stakeholders to consider Valmet a trusted business partner	Employee Code of Conduct e-learning	Valmet's own workforce is committed to ethical and legal corporate culture	Own operations	2024	Ethics & Compliance, Human Resources, Valmet line managers	100% of employees have completed Valmet's renewed Code of Conduct e-learning course
Corruption and bribery	Successful measures to prevent corruption and bribery promote Valmet's reputation as a reliable partner, with whom ethical business conduct principles are implemented	Assessment of functions at risk of being involved in bribery and corruption	Ability to target trainings to relevant functions	Own operations	2024	Ethics & Compliance	Not applicable

The actions listed in the table address the material impacts related to Corporate culture and Corruption and bribery. The actions address the objectives of Valmet's Code of Conduct.

G1, MDR-T: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Material sustainability topic	Related material impact in brief	Target	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Related policy
Corporate culture	Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally. This enables employees to feel safe working for Valmet, and stakeholders to consider Valmet a trusted business partner	100% of employees have completed Valmet's renewed Code of Conduct e-learning course	% of employees having completed the Code of Conduct e-learning course	2023 (previous version of Code of Conduct e-learning)	89%	Own operations	98% of employees completed Valmet's renewed Code of Conduct e-learning course	Valmet's Code of Conduct

Valmet has set the targets listed in the table to reduce negative impacts and advance positive impacts on Corporate culture. The absolute targets address the objectives of Valmet's Code of Conduct. Targets are part of Valmet's Sustainability360° Agenda implementation 2022–2024, and are executed jointly by Ethics & Compliance and Human Resources functions, and Valmet's line managers. Targets were set by Valmet's Corporate Compliance Committee, which also monitors their progress.

G1-2: Management of relationships with suppliers

Valmet's Supply Chain manages all Valmet's direct and indirect procurement and logistics sourcing through a network of teams in Valmet's business lines and areas.

The Supplier Relationship Management Program is Valmet's systematic way of managing and developing Valmet's supplier relationships to optimize company value through proactive interaction, two-way performance monitoring, and risk minimizing. Valmet's target is to develop mutually beneficial relationships with suppliers.

Valmet develops and manages supplier relationships to ensure that its supply meets demand expectations. Valmet's Supply Chain aims to prevent risks related to the supplier base as much as possible. Risks are mitigated by systematic supplier relationship management and clear communication. Such risks can include the business continuity and financials of suppliers and their capacity, logistics, late deliveries and poor quality, reputational risks due to non-compliance of sustainability, legal and IPR risks, and profitability risks due to cost inflation. In addition, risks are managed by avoiding monopolistic suppliers, the early involvement of the supply chain and suppliers, by making sound contracts with suppliers, using suitable and reliable suppliers, order and quality follow-up, and through audits and training.

Valmet's global payment policies define uniform guidelines for its supplier payment strategy and methods applicable in all Valmet units. Valmet aims for payment no later than the due date. Valmet's payment practices are described in section G1-6 – Payment practices.

Valmet screens all new direct suppliers from a sustainability risk perspective, using environmental and social criteria. The screening criteria are based on Valmet's requirements in the Supplier Code of Conduct, covering business ethics, compliance, human and labor rights, health, safety, climate, and environmental management, and product compliance and safety topics. Valmet has integrated both environmental and social criteria into its policies and related processes to ensure the environment and human rights are respected and promoted throughout the value chain.

The applicable policies, processes and actions are further outlined in sections S2-1 and S2-4.

G1-3: Prevention and detection of corruption and bribery

Valmet has zero tolerance of all forms of bribery and corruption. Valmet is committed to conducting all activities in accordance with applicable anti-bribery and corruption laws and preventing corruption and bribery. Valmet's anti-corruption approach is set out in the Code of Conduct and related Anti-Corruption Policy, which clearly prohibits bribery and corruption. Valmet's Anti-Corruption Policy contains the rules, and procedures that ensure all Valmet employees and those acting on our behalf understand and comply with applicable anti-corruption laws in all our business operations.

To have a more effective procedure for preventing and detecting incidents of corruption and bribery, Valmet updated the Anti-Corruption Policy in 2024 and issued a new Anti-Corruption Guideline. The new Guideline contains more detailed requirements and instructions for Valmet employees to ensure that they are not involved in any form of corruption or bribery. Valmet's Anti-Corruption Policy also contains the requirement to report any detected potential incidents of corruption or bribery. Valmet's Anti-Corruption Policy is also available publicly on Valmet's external website, and the Anti-Corruption Guidelines are available in Valmet's intranet.

If a Valmet employee detects an allegation or incident of corruption, they are required to report it to one of Valmet's misconduct reporting channels. The process for raising concerns on unethical behavior and misconduct (including incidents corruption or bribery) is described in more detail in G1-1. In addition, identifying possible incidents of corruption are part of Corporate Internal Audits.

All cases of confirmed corruption or bribery are reported to the President and Chief Executive Officer, Chief Financial Officer, and Board's Audit Committee.

In addition to the Anti-Corruption Policy and Guideline being available to Valmet employees, all Valmet employees need to complete a mandatory training session on the Code of Conduct, which includes a section on corruption and bribery. The e-learning course was updated in 2024, and it was issued as mandatory training for all Valmet employees, reaching a completion percentage of 98 by the end of 2024. Valmet's Chief Executive Officer and Executive Team completed Valmet's Code of Conduct course in 2024.

Valmet also has a more detailed Anti-Corruption e-learning course, which was updated in 2024. It goes through Valmet's rules and requirements related to corruption and bribery in more detail and includes several example cases for employees to apply the rules in practice. It was issued in November 2024 to management and functions-at-risk of corruption and bribery. The completion percentage by year-end was 72 percent, covering the equivalent percent of the functions-at-risk. It is clearly stated in the policy and training what the implications for being involved in corruption or bribery are.

All e-learning completion percentages are extracted from Valmet's Human Resources system.

Metrics and targets

G1-4: Confirmed incidents of corruption and bribery

Confirmed violations of anti-corruption and anti-bribery laws

	2024
Number of convictions	0
Amount of fines (EUR)	0

No actions were required to address breaches in anti-corruption and anti-bribery procedures and standards in 2024. Improvements made to the Anti-corruption Compliance Program in 2024, including the launch of a new policy, guideline, and e-learning course, are detailed in section G1-3.

The number of convictions and amount of fines are extracted from Valmet's internal disputes register database.

G1-6: Payment practices

Valmet pays its suppliers on average 53 days after the date when the contractual payment term starts to be calculated.

Valmet's standard payment terms are 60 days for all suppliers and geographies. Depending on the circumstances, the payment terms may vary, and shortened payment terms can be acknowledged for smaller suppliers. On average 98 percent of invoices received by Valmet are aligned with payment terms of 60 days or less.

The above disclosures are based on data covering approximately 75 percent of Valmet's direct and indirect purchases.

Valmet is not party to any legal proceedings due to late payments.