Valmet

GRI Supplement
2022

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GRI SUPPLEMENT 2022

Sustainability is at the core of Valmet's business strategy and operations.

Our values, Code of Conduct and related policies, and selected globally acknowledged initiatives and principles create the foundation for sustainable performance at Valmet.

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Valmet's sustainability reporting in 2022

Valmet has been reporting its sustainability performance since 2002 on an annual basis. Our sustainability reporting in 2022 is in accordance with the GRI Standards from the Global Reporting Initiative. Standard disclosures, with a reference to external assurance in the GRI content index, have been externally assured by an independent third party.

Valmet's annual reporting in 2022 consists of the Annual Review, Financial Statements, GRI Supplement, Remuneration Report and Corporate Governance Statement.

The GRI Supplement defines the scope and principles of our GRI reporting, the selected topics and the topic boundaries. The GRI content index included in the GRI supplement specifies where the information for each indicator can be found and explains any omissions in the reported data.

Reporting principles

Our reporting covers the Valmet Group unless otherwise stated. Neles, a Finnish stock-listed company, was merged into Valmet, forming a new Flow Control business line within Valmet starting from April 1, 2022. Valmet targets the reporting of complete data in all GRI indicators, including the acquired businesses from 2022 onwards. Only new supplier data from the merged businesses are excluded in 2022.

In the GRI disclosures, the group sustainability reporting excludes associated companies and joint ventures. In the GRI supplement, Valmet reports three-year trend data for material indicators in the respective columns. For some indicators, the 2021 numbers are shown in brackets after the 2022 numbers. Any other deviations in the reported data is noted separately.

Economic data

In our group financial reporting, we follow the International Financial Reporting Standards (IFRS). Figures describing economic responsibility are mainly based on the financial statements. The data on purchases by country have been collected separately from the reporting units, and the country division is determined based on the supplier's domicile. The data on support for non-profit organizations are collected annually from the relevant Valmet units.

Health and safety data

Valmet's Health, Safety and Environment (HSE) organization is responsible for collecting and reporting occupational health and safety data. Harmonized global HSE reporting principles and a systematic data validation process form the basis of data quality for our HSE reporting. Health and safety data from the new Flow Control business line are reported for the first time in 2022, starting from April 1, 2022.

Injury data are reported continuously by all employees in a global HSE event management system. The data are consolidated and analyzed in accordance with the European Statistics on Accidents at Work (ESAW) methodology. This methodology is based on the code of practice of the International Labour Organization (ILO) "Recording and notification of occupational accidents and diseases."

Environmental data

Valmet's HSE organization is responsible for collecting and reporting environmental data from Valmet's own locations. Environmental data are collected monthly and quarterly in a global environmental reporting system based on local invoice, measurements, and consumption records. Environmental data from the new Flow Control business line are reported for the first time in 2022, starting from April 1, 2022. Baselines for reduction targets were restated in 2022 to include data from recently acquired operations. We apply the financial control method outlined in the GHG Protocol "Corporate Accounting and Reporting Standard" of the World Business Council for Sustainable Development (WBCSD).

Valmet assesses its Scope 1 and 2 (location- and market-based) emissions based on the GHG Protocol's "A Corporate Accounting and Reporting Standard" and Scope 3 emissions based on the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard." Valmet reports data on five relevant categories (cat.) of Scope 3: cat. 1: purchased goods and services; cats. 4 and 9: upstream and downstream transportation and distribution; cat. 6: business travel; and cat. 11: use of sold products. Valmet's Sustainability team is responsible for collecting and reporting Scope 3 data, and they are collected from various systems and consolidated annually.

Personnel data

Valmet's Human Resources organization is responsible for collecting and reporting personnel data. The personnel and payroll data published in the financial statements are obtained in conjunction with financial reporting and are managed by Valmet's HR system specialists using a global people management system. Valmet's global people management system allows access to versatile and comparable HR data globally.

Harmonized global HR reporting principles and a systematic data validation process form the basis of data quality for reporting related to our personnel. The employee data reported in our sustainability reporting for 2022 include all active Valmet employees. The gender category includes three options (Female, Male, Not Declared). In 2022, the number of individuals in the Not Declared category was not large enough to impact the overall gender figures shown in this report and is therefore not included as a separate gender column. The number of employees not included in the published data – namely, all inactive employees on leave of absence (e.g., study-leave, long-term sick leave, parental leave) – is minor and amounts to less than 1.5 percent of the total number of employees.

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GRI content index

STATEMENT OF USE	Valmet has reported in accordance with the GRI Standards for the period January 1–December 31, 2022.
GRI 1 USED	GRI 1: Foundation 2021

				OMISSIONS			
GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	ASSURANCE
GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	2-1 Organizational details	AR 10 FS 38, 89–90	Valmet Oyj is a public company, and its shares are listed on the Nasdaq Helsinki. The head office is in Espoo, Finland. All Valmet locations				
	2-2 Entities included in the organization's sustainability reporting	FS 89–90	All group companies covered in the financial reporting are also included in Valmet's sustainability reporting.				
	2-3 Reporting period, frequency and contact point	GR 44	January 1,2022 to December 31, 2022 Annual				
	2-4 Restatements of information	GR 28–29, 32, 37, 39–40	Valmet restates the previously reported figures if errors in the data are identified, and/or if the calculation methodology has changed. Restated figures are noted, and an explanation is provided in the footnotes below the respective data tables. In 2022, some of the health, safety, environmental and ISO management system data were restated.				
	2-5 External assurance	Assurance report: GR 44–45	The GRI content index indicates the general and material topic-specific disclosures that have been externally assured.				
	2-6 Activities, value chain and other business relationships	AR 9–10, 13–26, 32–37 FS 2–3, 9–10, 13	Sector: Machinery and equipment Value creation In 2022, Valmet merged with one stock-listed company in Finland. In 2022, Valmet had more than 270 locations in more than 40 countries. Procurement Customers' end products				
	2-7 Employees	GR 14 AR 11, 54 FS 16	The non-guaranteed employee category is less than 1.6 percent. In 2022, the number of individuals in the "Non-guaranteed" category was not large enough to impact the overall Valmet figures shown in this report and is therefore not included as separate columns.				x

Abbreviations:
GR = GRI Supplement 2022
AR = Annual Review 2022
FS = Financial Statements 2022 and Information for Investors
CG = Corporate Governance Statement 2022
RR = Remuneration report 2022

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| GRI STANDARD | DISCLOSURE | LOCATION | COMMENTS | OMISSIONS | | | ASSURANCE |
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-8 Workers who are not employees	See omission		2-8-a and 2-8-b	Information unavailable/ incomplete	Valmet does not collect information on all external workforce at the moment. We are developing on this area and will be able to report selected strategic external groups in 2023 reporting.	x
	2-9 Governance structure and composition	CG	Governance				
	2-10 Nomination and selection of the highest governance body	CG 2, 8–9	Nomination board				
	2-11 Chair of the highest governance body	CG 5	Chairman of the Board of Directors is independent of the Company and of significant shareholders.				
	2-12 Role of the highest governance body in overseeing the management of impacts	GR 15, CG 4, 9–10					
	2-13 Delegation of responsibility for managing impacts	GR 15, CG 9–10					
	2-14 Role of the highest governance body in sustainability reporting	GR 15					
	2-15 Conflicts of interest	CG 13					
	2-16 Communication of critical concerns	GR 15	Raising concerns at Valmet				
	2-17 Collective knowledge of the highest governance body	See comments	In 2022, Valmet arranged training for the Company's personnel, including the Board of Directors and Executive Team, regarding sustainability and climate change mitigation to develop collective knowledge.				
	2-18 Evaluation of the performance of the highest governance body	CG 6					
	2-19 Remuneration policies	RR Valmet's Remuneration Policy	Remuneration				

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GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS	OMISSIONS			ASSURANCE
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	RR Remuneration policy	Remuneration				
	2-21 Annual total compensation ratio	RR 4 See omission	Valmet reports compensation figures for the President and CEO and the average employee in the Remuneration report.	2-21-a, 2-21-b, 2-21-c	Information unavailable/ incomplete	Our reporting systems currently do not enable calculating median compensation.	
	2-22 Statement on sustainable development strategy	AR 5–6					
	2-23 Policy commitments	GR 15–16 FS 14–15, 17–18	Code of Conduct Valmet's policies Ethical business practices Human rights management Sustainable supply chain				
	2-24 Embedding policy commitments	GR 36 CG 12–13 FS 13–15, 17–18 AR 36, 41, 44, 47–48, 52, 54, 60, 63–64	Valmet arranges training related to its Code, Anti-Bribery, Human Rights, Diversity and Inclusion, Sustainability, Climate Change, Health and Safety, Cybersecurity and Privacy, and Competition Compliance. Read more: Code of Conduct Human rights management Sustainable supply chain Procurement				
	2-25 Processes to remediate negative impacts	See comments	The remediation process in part of Valmet's human rights due diligence framework: Valmet's human rights due diligence framework				
	2-26 Mechanisms for seeking advice and raising concerns	GR 16					
	2-27 Compliance with laws and regulations	GR 17					x
	2-28 Membership associations	GR 17					
	2-29 Approach to stakeholder engagement	GR 17–18					
	2-30 Collective bargaining agreements	GR 19					x

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| GRI STANDARD | DISCLOSURE | LOCATION | COMMENTS | OMISSIONS | | | ASSURANCE |
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
MATERIAL TOPICS							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	GR 19					x
	3-2 List of material topics	GR 9–13	The list of material topics can be found in the following rows in this GRI content index.				x
ECONOMIC PERFORMANCE							
GRI 3: Material Topics 2021	3-3 Management of material topics	CEO review: AR 4–5, Strategy and financial targets: AR 28–32 GR 20, 22, 24	At Valmet, economic responsibility refers to the creation of long-term economic benefits for our stakeholders. Financial reporting and planning are based on the group management system, and development is monitored through financial reporting.				x
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	AR 59 Value creation: AR 9	Taxes are reported by the 10 largest countries to give a comprehensive overview of Valmet's global tax footprint.				x
	201-2 Financial implications and other risks and opportunities due to climate change	Valmet's TCFD report	Valmet has analyzed the potential impact of climate change on its operations and business environment by 2030 across the value chain, including the supply chain, Valmet's own operations, and customers' use phase of Valmet's technologies.				
PROCUREMENT PRACTICES							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 24					x
Valmet's own indicator	Purchases by 10 largest countries	AR 37					x
ANTI-CORRUPTION							
GRI 205: Anti-corruption 2016	3-3 Management of material topics	GR 24					x
	205-1 Operations assessed for risks related to corruption	GR 26	Valmet's Risk management				x
	205-2 Communication and training about anti-corruption policies and procedures	GR 26					
	205-3 Confirmed incidents of corruption and actions taken	GR 26					
ENERGY							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 20					x
GRI 302: Energy 2016	302-1 Energy consumption within the organization	GR 27					x
	302-3 Energy intensity	GR 27					x
	302-5 Reductions in energy requirements of products and services	GR 33 See omission	Valmet has identified its most environmentally efficient technologies by comparing our best available technology with the market average. Read more about our Unique offering. Read also about a customer case where the paper machine's energy consumption was significantly reduced. On page 33, read also about how we have reduced the overall Environmental impacts of our products and services.	Not reported	Information unavailable/ incomplete	Due to the complexity of Valmet's product portfolio, Valmet is unable to report this indicator. Valmet is developing its reporting so that it will be in a position to report in the coming years.	

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GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS	OMISSIONS			
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	ASSURANCE
WATER AND EFFLUENTS							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 20					x
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	GR 28					x
	303-2 Management of water discharge-related impacts	GR 28 AR 50–51					x
	303-3 Water withdrawal	GR 28					x
EMISSIONS							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 20					x
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GR 29					x
	305-2 Energy indirect (Scope 2) GHG emissions	GR 29					x
	305-3 Other indirect (Scope 3) GHG emissions	GR 29					x
	305-4 GHG emissions intensity	GR 29					x
	305-5 Reduction of GHG emissions	AR 47–51	Read more about Valmet's reduction initiatives and their impact in the Annual Review 2022.				
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	GR 30					x
WASTE							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 20					x
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	GR 30–31					x
	306-2 Management of significant waste-related impacts	GR 30–31					x
	306-3 Waste generated	GR 32					x
	306-4 Waste diverted from disposal	GR 32					x
	306-5 Waste directed to disposal	GR 32					x

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| GRI STANDARD | DISCLOSURE | LOCATION | COMMENTS | OMISSIONS | | | ASSURANCE |
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
VALMET-SPECIFIC TOPIC: ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 20					x
Valmet's own indicator	Environmental impacts of products and services	GR 33	Environmental efficiency				
SUPPLIER SUSTAINABILITY ASSESSMENT							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 20, 22, 24					x
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	GR 42–43, FS 15	Sustainable supply chain Procurement	Supplier data from the new Flow Control business line is not included in the 2022 figures.			x
	308-2 Negative environmental impacts in the supply chain and actions taken	GR 42, AR 44, 47–48, 63–64					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	GR 42–43, FS 15	Sustainable supply chain Procurement	Supplier data from the new Flow Control business line is not included in the 2022 figures.			x
	414-2 Negative social impacts in the supply chain and actions taken	GR 43, AR 61–64	Human rights management Sustainable supply chain				
EMPLOYMENT							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 22					x
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	GR 34					x
OCCUPATIONAL HEALTH AND SAFETY							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 22					x

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| GRI STANDARD | DISCLOSURE | LOCATION | COMMENTS | OMISSIONS | | | ASSURANCE |
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	AR 56–57, 62					x
	403-2 Hazard identification, risk assessment, and incident investigation	GR 35					x
	403-3 Occupational health services	GR 35					x
	403-4 Worker participation, consultation, and communication on occupational health and safety	GR 35	Data privacy, including confidentiality of personal health-related information, is strictly managed in Valmet. The European Union's General Data Protection Regulation (GDPR) lays the foundation for our global Privacy Program.				x
	403-5 Worker training on occupational health and safety	GR 36					x
	403-6 Promotion of worker health	GR 36, AR 56–57					x
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GR 36, AR 56–57, 63–64					x
	403-8 Workers covered by an occupational health and safety management system	GR 37, AR 56–57, 62	Since we do not have a global tracking system for external worker headcount, coverage of the occupational health and safety management system is calculated based on employee headcount, and it is assumed that this is also representative of the average coverage of external workers. Valmet also reports on workers covered by a certified quality and environmental management system.				x
	403-9 Work-related injuries	GR 37–39, AR 56	Work hours for external workers (external workers under our supervision, or whose workplace we control) are consolidated from local reporting systems. They are based on both theoretical and actual workhours.				x
	403-10 Work-related ill health	GR 39–40		Work-related ill health data for workers who are not employees.	Information unavailable/ incomplete	Our reporting systems currently do not enable tracking of work-related ill health for workers who are not employees.	x

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GRI STANDARD	DISCLOSURE	LOCATION	COMMENTS	OMISSIONS			ASSURANCE
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
TRAINING AND EDUCATION							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 22					x
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	GR 40					x
	404-2 Programs for upgrading employee skills and transition assistance programs	GR 40					x
	404-3 Percentage of employees receiving regular performance and career development reviews	GR 40					x
DIVERSITY AND EQUAL OPPORTUNITY							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 22					x
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	GR 41–42					x
CHILD, FORCED AND COMPULSORY LABOR							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 22, 24					x
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	GR 42					x
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	GR 42					x
CUSTOMER HEALTH AND SAFETY							
GRI 3: Material Topics 2021	3-3 Management of material topics	GR 22					x
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	GR 43					x

Information on general disclosures

This section provides information on the general disclosures that are not reported in the Annual Review or the GRI content index.

Employees (GRI 2-7)[1]

GRI 2-7: Total number of employees by employment contract and gender[2]

	Female	Female %	Male	Male %	Total	Total %
Regular	3,185 (2,529)	18	12,595 (10,344)	72	15,781 (12,874)	90
Fixed-Term	508 (414)	3	1,259 (958)	7	1,767 (1,372)	10
Total	**3,693 (2,943)**	**21**	**13,854 (11,302)**	**79**	**17,548 (14,246)**	**100**

GRI 2-7: Total number of permanent employees by employment type and gender[2]

	Female	Female %	Male	Male %	Total	Total %
Full-time	3,066 (2,427)	19	12,441 (10,227)	79	15,508 (12,655)	98
Part-time	119 (102)	1	154 (117)	1	273 (219)	2
Total	**3,185 (2,529)**	**20**	**12,595 (10,344)**	**80**	**15,781 (12,874)**	**100**

GRI 2-7: Total workforce by region and gender[2]

	Female	Female %	Male	Male %	Total	Total %
North America	338 (204)	2	1,701 (1,296)	10	2,040 (1,500)	12
South America	163 (118)	1	670 (486)	4	833 (604)	5
EMEA	2,443 (2,068)	14	8,344 (7,227)	48	10,787 (9,296)	62
China	551 (442)	3	1,772 (1,469)	10	2,323 (1,911)	13
Asia-Pacific	198 (111)	1	1,367 (824)	8	1,565 (935)	9
Total	**3,693 (2,943)**	**21**	**13,854 (11,302)**	**79**	**17,548 (14,246)**	**100**

GRI 2-7: Total workforce by region and type of employment contract

	Regular	Regular %	Fixed term	Fixed term %	Total	Total %
North America	2,039 (1,500)	12	1 (0)	0	2,040 (1,500)	12
South America	764 (593)	4	69 (11)	0.4	833 (604)	5
EMEA	10,073 (8,636)	57	714 (660)	4.1	10,787 (9,296)	62
China	1,360 (1,226)	8	963 (685)	5.4	2,323 (1,911)	13
Asia-Pacific	1,545 (919)	9	20 (16)	0.1	1,565 (935)	9
Total	**15,781 (12,874)**	**90**	**1,767 (1,372)**	**10**	**17,548 (14,246)**	**100**

[1] The non-guaranteed employee category is less than 1.6 percent. In 2022, the number of individuals in the "Non-guaranteed" category was not large enough to impact the overall Valmet figures shown in this report and is therefore not included as separate columns.
[2] The Female and Male percentage figures are reported for the first time in 2022.

Role of the highest governance body in overseeing the management of impacts, delegation of responsibility for managing impacts and sustainability reporting (GRI 2-12, GRI 2-13, GRI 2-14)

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 finances and ensures that Valmet operates according to its established values in all its operations.

The President and CEO manages, guides and supervises the operations of Valmet and its businesses. The President and CEO 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. Valmet's Board of Directors and the President and CEO are responsible for overseeing the organization's due diligence and other processes to identify and manage the impacts on the economy, environment, and people.

The President and CEO and other members appointed by the Board of Directors constitute the Executive Team of Valmet. The Executive Team assists the President and CEO in the preparation of matters such as Valmet's business plan, strategies, policies, and other operative matters of joint importance. The President and CEO acts as chairman of Valmet's Executive Team.

Valmet's Sustainability360° Agenda has been approved by the Executive Team. The President and CEO oversees the progress of actions to reach Valmet's targets set in the Agenda. Valmet's Executive Team determines and monitors the Agenda and targets, as well as all related policies. Valmet's sustainability performance is reviewed annually by the Executive Team. The progress of Valmet's Sustainability360° Agenda is reported to the President and CEO quarterly and one to two times per year to the Board of Directors of Valmet.

Valmet's Board of Directors have oversight on sustainability reporting, and they sign on the disclosure of non-financial information as part of the Report of the Board of Directors in Valmet's Financial Statements and Information for Investors.

Valmet's Senior Vice President for Marketing, Communications, Sustainability and Corporate Relations is responsible for sustainability at Valmet and approves Valmet's Annual Review and GRI Supplement. She is a member of Valmet's Executive Team and the Chair of Valmet's Climate Program Steering team, reporting to the President and CEO.

Valmet's Climate Program Steering team is responsible for the Climate Program; follows the progress of the targets, and provides status updates and guidance on governance and content quarterly. The Steering team includes two members of the Executive Team, the Vice President of Sustainability, the program part owners: Vice President of HSE, R&D and Supply Chain, and other key persons. The progress of Valmet's Climate Program is reviewed bi-annually by the Executive Team and annually by the Board of Directors.

Valmet's Sustainability team is part of the Marketing, Communications, Sustainability and Corporate Relations function. The Sustainability team is responsible for coordinating and developing sustainability and related processes at the Valmet level and manages the Groupwide Sustainability Agenda and the initiatives it contains. It also coordinates the reporting and third-party assurance of sustainability data in accordance with GRI Standards, engages with stakeholders, and communicates sustainability issues to internal and external stakeholders.

Our business lines and area organizations are responsible for ensuring that all Groupwide initiatives are implemented to meet Valmet's sustainability goals. They are responsible for reporting sustainability data to the Group Head Office and ensuring the accuracy of the data.

Communication of critical concerns (GRI 2-16)

All reported critical concerns are communicated to Valmet's Board Audit Committee. Major substantiated cases, if any, are reviewed at Board Audit Committee meetings. In 2022, two cases were communicated to the Committee. See GRI disclosure 205-3 on page 26 for more information.

See also GRI disclosure 2-26 on page 16 for more information about reporting concerns about ethics and the Code of Conduct.

Policy commitments (GRI 2-23)

Valmet's and its employees' actions are guided by company policies, guidelines, and commitments. Valmet is committed to the UN Global Compact and supports and promotes the principles set in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and the OECD's Guidelines for Multinational Enterprises.

Valmet also promotes and encourages global compliance in all operations with international standards for health and safety, environmental and quality management, such as ISO 45001:2018, ISO 14001:2015, and ISO 9001:2015. In addition, some parts of the business comply locally with the ISO 50001:2018 standard for energy management and the ISO 27001:2017 for information security.

Publicly available policies and commitments approved by the Board of Directors:
- Valmet's Health, Safety and Environment Policy
- Valmet's Disclosure Policy

Publicly available policy approved by Valmet's shareholders at the Annual General Meeting:
- Valmet's Remuneration Policy

Publicly available policies and commitments approved by the President and CEO:
- Valmet's Code of Conduct
- Valmet's Human Rights Statement
- Valmet's Information Security Policy
- Valmet's Sustainable Supply Chain Policy
- Valmet's Quality 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

Other internal policies approved by the Board of Directors:
- Valmet's Corporate Governance Policy
- Valmet's Enterprise Risk Management Policy
- Valmet's Human Resources Policy
- Valmet's Internal Control Policy
- Valmet's IT Policy
- Valmet's Treasury Policy

Other internal policies and guidelines approved by the President and CEO or a member of Valmet's Executive Team:
- Valmet's Anti-Corruption Policy
- Valmet's Competition Compliance Guidelines
- Valmet's Drugs and Alcohol Guidelines
- Valmet's Global Travel Policy
- Valmet's Health, Safety and Environment Committee Guideline
- Valmet's Intellectual Property Rights (IPR) Policy
- Valmet's Minimum Safety Standards
- Valmet's Social Committee Guideline

Mechanisms for advice and concerns about ethics (GRI 2-26)

Valmet encourages employees and stakeholders to speak up and voice concerns about possible violations of Valmet's Code of Conduct, unethical business behavior or other misconduct. Valmet employees are advised to report suspected misconduct to their own supervisors or other management, the Human Resources function, or directly to Legal Affairs and the Internal Audit function.

Valmet also offers a third-party-operated reporting channel, TrustLine, for reporting suspected breaches of our Code of Conduct. It provides Valmet employees and other stakeholders with the possibility of reporting possible misconduct 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. The reporting system and the process of handling the reports are managed by the Legal Affairs and Internal Audit functions. Reported cases are investigated and resolved in accordance with Valmet's Compliance Reporting Guideline. Valmet does not tolerate retaliation against any person who reports suspected violations in good faith or assists in investigations.

In 2022, 36 concerns or allegations of potential Code of Conduct violations were reported through the external reporting channel or other channels that met the threshold to be reported to the company group, such as direct reporting to local HR, the Legal function or to Internal Audit. Most of the reported cases were allegations related to HR matters and anti-bribery and corruption topics. Six cases of discrimination and harassment were reported through TrustLine and reviewed in 2022. A total of 33 cases (including 11 cases from 2021) were closed. There were no cases with major financial impacts in 2022. Statistics and a summary of major substantiated cases are reported periodically at Board Audit Committee meetings.

Valmet provides Code of Conduct training and communications to our employees on all our available channels to inform them of the company's ethical expectations and protect the business. In 2022, Valmet also organized a global internal communication campaign to inform employees about the process of raising concerns. By the end of 2022, 87 percent of active employees had completed the Code of Conduct e-learning course.

GRI 2-26: Reported cases of potential Code of Conduct violations

	Number of cases	Cases closed	Open cases
Cases reported via external reporting channel[1]	22 (21)	16 (11)	7
Cases reported via other channels[1]	14 (15)	6 (11)	10
Total	**36 (36)**	**22 (22)**	**17**

GRI 2-26: Cases closed by Valmet Code of Conduct category

	Number of cases
Rejection of corruption and bribery	13
Respectful work environment	9
Equal opportunities, diversity and inclusion	7
Intellectual property and company assets	4
Health, safety and wellbeing	1
Integrity	1
Reporting misconduct	1
Total	**36**

[1] Open cases figure includes cases also from 2021.

Compliance with laws and regulations (GRI 2-27)

There were no significant fines, non-monetary sanctions, or incidents regarding non-compliance with laws and regulations in 2022.

One minor occupational safety non-compliance incident resulted in an administrative fine at the Waukesha foundry in the USA. This incident was related to the provision of personal protective equipment (PPE). Immediate improvement actions were adopted to the satisfaction of the local authorities.

Memberships in associations (GRI 2-28)

The following table lists Valmet's key memberships by country or area. Valmet is also involved in the work of several national associations of engineers, technical and R&D networks, standardization institutes, chambers of commerce, and business forums.

Finland

Federation of Finnish Technology Industries
Confederation of Finnish Industries (EK)
Finnish Marine Industries
Bioenergy Association of Finland
Finnish Energy
Finnish Forest Industries
Finnish Water Utilities Association (FIWA)
Association of Finnish Foundry Product Industries
WEC Finland
Foundation for the Global Compact
Finnish Business & Society (FiBS)

Sweden

Confederation of Swedish Enterprise (Svenskt Näringsliv)
Värme och Kraftföreningen (VoK)
Swedenergy (Energiföretagen Sverige)
Swedish Waste Management (Avfall Sverige)

EU

Energy Technologies Europe (ETE)
Bioenergy Europe
Confederation of European Paper Industries (CEPI)
Exhaust Gas Cleaning Systems Association (EGCSA)
European Federation of Corrugated Board Manufacturers (FEFCO)
Paper Machine Clothing Association (PCA)

North America

Energy Recovery Council (ERC)
European Disposables and Nonwovens Association (EDANA)
Council of Industrial Boiler Owners (CIBO)
American Forest and Paper Association (AF&PA)
Association for the Suppliers to the Paper Industry (ASPI)

South America

Asociación de Fabricantes de Celulosa y PapelPapel (AFCP)
Brazilian Machinery and Equipment Association (ABIMAQ)
Corporación Chilena de la Madera (CORMA)

Asia-Pacific

Vietnam Pulp and Paper Association
Korea Paper Association (KPA)

China

China National Household Paper Industry Association
China Paper Associations

Approach to stakeholder engagement (GRI 2-29)

Valmet's stakeholders are existing and potential customers, existing and potential employees, suppliers and subcontractors, shareholders and investors, the media, non-governmental organizations, the authorities, and local communities, as well as research institutes, universities, colleges, and vocational schools.

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 the ability of Valmet to successfully implement its strategies and achieve its objectives.

Stakeholder dialogue

Valmet promotes its own and its stakeholders' operations through active stakeholder dialogue on sustainability themes such as the development and implementation of energy and climate, the environment, research and innovation, digitalization policies and legislation, and research and technology development in environmental technology. Valmet develops low-emission and resource-efficient technology, and has a long tradition of supporting e.g., universities in researching sustainable production technologies and finding new solutions. We also share our knowledge and raise awareness of eco-efficient products among our stakeholders to initiate further discussion.

We maintain a dialogue with our customers through regular meetings and other direct contact such as fairs, seminars, and customer satisfaction surveys, and through specific industry organizations.

With our own employees, we conduct annual review discussions and mid-year review discussions at which we emphasize open and active dialogue. We also conduct regular engagement surveys to measure how engaged we are as a company. The survey gives everyone at Valmet the opportunity to be part of the discussion and influence how we move the Company forward. The survey is run every second year, and the results are used to develop the Company over a two-year period.

We meet our suppliers regularly. During 2022, Valmet arranged the fourth Global Valmet Supplier Day as a virtual event live-streamed three times to four different continents: Asia, Europe and the Americas. The event's discussion topics focused on three main themes: Building the future together; Moving forward to a carbon-neutral future; and Enabling Supplier innovation. The Valmet Supplier Day was also held in Pune, India as an onsite event for suppliers in India. This year's theme was "Sustainable Sourcing Development and Opportunities from Asia Pacific Supplies," emphasizing the fact that by working with our suppliers, all parties can excel. To ensure good supplier performance management, the Supplier Lean Improvement Program (Lean@supplier) is used as an improvement strategy for supplier relationship management. Valmet also launched an e-learning video for our suppliers to learn more about Valmet's Climate Program. A promotional video to communicate how suppliers can share ideas and innovations with Valmet via our continuous improvement channel was launched.

During 2022, Valmet arranged three Supplier HSE Day events in China. The Supplier HSE Day is a program to drive the sharing of good HSE practices with Valmet's key suppliers. It also supports us in achieving the common goal of zero harm in our suppliers' workshops. In 2022, Valmet continued the implementation of the Supplier Sustainability Engagement Program for selected key suppliers globally, in addition to auditing and assessing suppliers regularly.

Valmet also launched a new R&D and innovation program called Beyond Circularity, which improves Valmet's readiness to support the green transition in Valmet's customer industries based on the company's technology vision 2030. To support Valmet in achieving these ambitious project aims, Valmet will start building an ecosystem that aims to attract suppliers, universities, research institutes, startups, and customers to participate in making the green transition a reality within the pulp and paper industry. This ecosystem is expected to have more than 100 partners in 2025.

Valmet engages shareholders, investors, and analysts in dialogue to ensure that the markets have correct and sufficient information for determining the value of Valmet shares. The financial community's interest in sustainability issues and responsible (ESG) investing continued to increase in 2022. In particular, there was increasing interest in sustainable finance, including reporting related to EU taxonomy and TCFD recommendations. In 2022, we organized a record amount of meetings with our financial stakeholders by introducing our role and progress in the transition to a carbon neutral economy and continued to develop our ESG equity story. The dialogue includes financial statements, interim reviews, the company website, stock exchange releases, press releases, investor meetings, seminars, webcasts, results news conferences, site visits and general meetings. Valmet is also active on social media, for example, on Twitter and LinkedIn, and publishes videos for the investor community. In 2022, Valmet's IR team organized 32 roadshow days and engaged with investors and analysts approximately 300 times through different channels such as conference calls, roadshows, and in-person meetings.

Valmet meets with various media representatives through regular meetings and interviews and direct contact at fairs, seminars, and other events. Valmet shares timely information about its operations through press and trade releases, the company website, several publications, and social media channels. In research and development, Valmet collaborates closely with its customers to collect information on their product development needs and to innovate new solutions. We also engage in dialogue with research institutes, as well as universities and vocational schools through joint development projects and specific industry organizations.

Continuous improvement through active feedback gathering

In addition to the feedback gathered through regular business relationships and other forms of stakeholder dialogue, Valmet actively collects feedback from its stakeholders through specific surveys. For instance, suppliers, investors and customers are systematically asked for feedback at various events.

Valmet has an external reporting portal for its stakeholders for collecting feedback on and managing events related to health, safety, environment (HSE) and continuous improvement (CI) in all Valmet operations. The tool is also used to collect innovation ideas for R&D purposes. It is also used by Valmet's own employees. For example, in 2022, we continued collecting ideas regarding the Climate Program and how to reduce CO_2 emissions in our own operations, in the supply chain or during the use phase of our technologies.

Internally, we use employee surveys to collect feedback. We also participate in externally conducted surveys assessing Valmet's reputation. In addition, we ask for regular feedback from our customers regarding how Valmet is perceived in the market, how its products and services meet customer needs and expectations, the role sustainability plays in customer perception and expectations, and how Valmet can improve its customer relationships. 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 to continuously raise our sustainability performance and define areas for improvement.

Collective bargaining agreements (GRI 2-30)

Valmet supports its employees' right to freedom of association and collective bargaining. We recognize and actively engage with employee representation bodies such as the European Works Council, which has representatives from Valmet countries in the European Union. 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 ensuring we meet or exceed all compliance obligations. Compliance with applicable local laws and regulations is the foundation for all operations.

Overall, 65 percent of Valmet employees are covered by collective bargaining agreements. Participation in collective bargaining agreements varies significantly between regions, with the highest participation in EMEA (85%), South America (82%), and China (57%), and the lowest in North America (7%) and Asia-Pacific (2%). This reflects common practice in these regions.

Disclosures on material topics (GRI 3-1, GRI 3-2, GRI 3-3)

In accordance with the GRI 1: Foundation standard, the principles for defining report content were applied in determining material topics.

The process was initially conducted in 2013 and updated in 2018 and in 2021 as part of Valmet's Sustainability360º Agenda renewal. The renewal process started with an analysis of the business environment, benchmarks and peer reviews, industry and corporate sustainability trends, market drivers, future regulatory requirements, and engagement with relevant stakeholders and experts to understand their expectations.

On this basis, we identified Valmet's actual and potential negative and positive impacts on the economy, the environment, and people across our value chain, both in the short and longer term. The topics were then assessed on the basis of their significance to Valmet and its stakeholders at an internal workshop with key experts and management. As a result of the process, we defined three sustainability focus areas (ESG) covering the most material sustainability topics for Valmet. The material topics were approved by Valmet's Executive Team.

The list of material topics can be found on the GRI content index in this report on pages 9–13.

Management of material topics

Sustainability is an integral part of Valmet's strategy process and related Must-Wins. It is integrated in our processes through our Sustainability360º Agenda. The Agenda takes a comprehensive approach to sustainability across Valmet's value chain covering the supply chain, Valmet's own operations, and the use phase of Valmet's technologies. The agenda is aligned with the Paris Climate Agreement's 1.5-degree pathway and with the United Nations Sustainable Development Goals, and it is executed through concrete annual action plans.

The material topics included in Valmet's 2022 reporting are based on the process described in GRI 3-1 above and create the basis for Valmet's Sustainability360º Agenda, which was initially defined in 2014 and updated every three years, with the latest renewal in 2022.

The agenda is based on the assessment and evaluation of the topics that are most material to the company's business and stakeholders within Valmet's value chain. The nine main material topics of the agenda are grouped around three focus areas: Environment, Social and Governance. For all the material topics, Valmet has defined targets, actions and KPIs, and they are integrated into Valmet's strategic process and annual planning.

The topics and indicators related to each focus area are presented in the following tables, which also define the topic boundaries. More information about each focus area and specific actions, targets and achievements can be found in the sustainability sections of the Annual Review (AR 43–65).

Valmet ties selected sustainability topics such as health and safety and sustainable supply chain KPIs to remuneration. Safety targets are part of team performance targets in bonus plans for the majority of employees and management. Individual performance targets may also include targets for emissions reductions or other sustainability-related topics. In the supply chain functions, Sustainable supply chain targets are used as performance targets or bonus targets for selected groups. The progress of actions related to Valmet's Sustainability360º Agenda and its related Climate Program is used as a strategic target for Valmet's Executive Team in the company's long-term share-based incentive plan for the performance period 2022–2024.

The management approach for the selected material topics is described in more detail in the following tables.

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ENVIRONMENTAL

Management approach

We are committed to protecting the environment everywhere we operate. Based on life cycle analysis (LCA) and market data on the customer use phase of Valmet's technology, we estimate that around one percent of the environmental impact of Valmet's entire value chain is from our own locations, and four percent from our supply chain. Most of Valmet's value chain's environmental impact originates from the customer use of its technologies (not applicable to pulp mills). The main aspects are direct and indirect energy consumption and associated CO_2 emissions, material consumption, water use, waste production, emissions into the air, discharges of effluent, the use of hazardous substances and noise.

Our approach aims to ensure that appropriate management systems, competence and behaviors are in place to protect the environment and promote circularity, climate change mitigation and environmental efficiency across the value chain. Everyone is expected to take responsibility for environmental management as defined in the Code of Conduct, HSE Policy and Sustainable Supply Chain Policy. Compliance with regulatory obligations, internal standards and customer requirements is the basis for all operations and supplier partnerships. We integrate sound environmental management practices in all aspects of our business and promote best practice with our customers, suppliers and partners. We ensure worker participation and engage other interested parties in active and collaborative dialogue toward environmental goals. We have a continuous improvement approach and work proactively through strategic objectives and targets that are cascaded into annual plans for location-based environmental improvement programs, sustainable supplier engagement to minimize impacts, as well as for developing the environmental benefits of our product and service offering. In addition, we monitor and openly communicate our environmental performance to enable the continuous development of our approach.

We strive in our locations and supply chain for efficient use of resources, renewable fuels and carbon neutral energy, and to minimize waste and prevent pollution. We design and supply sustainable products and services that help our customers improve their energy, environmental and safety performance and promote the circular economy. We have implemented sustainability guidelines and practices into research and development, product design and engineering. We actively promote the environmental benefits of Valmet's offering to increase awareness among customers, and we educate and encourage our customers to use the products they purchase from us in environmentally responsible ways. We then offer our customers product life cycle support that ensures the best long-term environmental performance. We encourage all our personnel to participate in innovation and finding ways to reduce the environmental impact of our products and services. The aim of our research and development work is to create new technologies, products and services that address customer needs and help respond to climate change, circularity and efficiency needs. Valmet aims to enable fully carbon neutral production for its pulp and paper customers by 2030.

Our focus:

- Enhancing circularity and environmental efficiency, as well as reducing CO_2 emissions by setting ambitious 2030 targets and concrete roadmaps to extend them across the value chain.
- Enabling our customers to apply circularity through longer circulation, closed cycles, and the use of renewable and recycled raw materials.
- Continuously enhancing environmental efficiency in our own operations. In 2022, we invested EUR 24.7 million in environmental management and improvements.
- Supporting and developing our sustainable supply chain by securing environmental management practices, engaging in improvement actions and supporting supplier innovation.
- Ensuring our main operations are certified according to the ISO 14001:2015 (environmental) management standards, with a focus on implementing global standards and practices.

Reported topics and indicators

Energy: GRI 302-1, GRI 302-3, GRI 302-5

Water and effluents: GRI 303-1 (2018), GRI 303-2 (2018), GRI 303-3 (2018)

Emissions: GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-7

Waste: GRI 306-1 (2020), GRI 306-2 (2020), GRI 306-3 (2020), GRI 306-4 (2020), GRI 306-5 (2020)

Material Valmet topic: Environmental impacts of products and services

Responsibilities

The HSE, R&D and Supply Chain functions are responsible for continuously improving processes, performance, awareness, and ways to operate. Part of remuneration at Valmet is linked to the Sustainability360° Agenda, Climate Program performance, and Health and Safety.

- The Valmet Executive team has overall responsibility for the management and oversight of Valmet's day-to-day business.
- The Senior Vice President (SVP) for Human Resources (HR) and Operational Development (OD) is responsible for HR at Valmet and driving the development of Valmet's Supply Chain, R&D, Sales Management, Project Management, Quality and HSE operations; she is a member of Valmet's Executive Team.
- The Senior Vice President for Marketing, Communications, Sustainability and Corporate Relations is the Chair of Valmet's Climate Program Steering team and a member of the Valmet Executive Team.
- The Vice President (VP) of HSE is responsible for Valmet's environmental standards, procedures, and systems, including reporting processes, as well as for ensuring environmental compliance, driving environmental performance development, and leading the global HSE team. She coordinates the Climate Program in Valmet's own operations, as well as the other Environmental Program objectives. The global HSE management team (Valmet's Vice President HSE with the relevant business line and area HSE experts) is a matrix management team responsible for developing common processes, procedures, and tools and for sharing best practices to accelerate improvement across all operations. Local HSE managers/specialists provide support to the organization and coordinate and facilitate the development of unit-/location-based environmental activities. The VP of HSE reports to the SVP of HR and OD.
- The Vice President of Research and Development (R&D) is responsible for managing Valmet-level R&D functions. Technology development and product management are managed by the respective technology organizations of the Business Lines (BL), supported by the sales, marketing and engineering functions. Each BL has a person or persons coordinating its internal R&D within the BL. Each technology unit within the BL has technology and/or R&D responsible for product development. The Valmet R&D Management Team, consisting of the technology/R&D responsibles for all BLs, leads and coordinates joint technology and R&D activities. R&D managers are responsible for systematic R&D activities associated with the search for and discovery of new knowledge and expertise required in developing new and existing products, services, processes, or technologies.
- The Vice President of Supply Chain (SC) is responsible for managing Valmet's SC function globally, including direct and indirect procurement and logistics. He leads the global SC team with representatives from every BL and Area, as well as the global SC functions. The team is responsible for developing common processes, procedures and tools for driving systematic efficiency improvements across all SC operations. The VP of SC is responsible for coordinating environmental actions in supply chain operations across the organization as part of the Climate program and Sustainable Supply Chain management process.
- The Vice President of Sustainability is responsible for leading the Climate Program and reports to the SVP for Marketing, Communications, Sustainability and Corporate Relations, who is also the chair of the Climate Program Steering team.
- The Director of Treasury Market Operations is responsible for the Nordic electricity purchases in the Climate Program.
- The Director of Group Real Estate Management is responsible for promoting and guiding energy efficiency improvements in Valmet's own facilities in the Climate Program.

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Targets and specific actions	We pursue the long-term goal of enhancing circularity, improving environmental efficiency, and reducing CO_2 emissions. Read more about the Environmental focus area on pages 43–50 of the Annual Review.
	Key performance indicators and targets are set for specific environmental topics: See the FS page 17 and AR on pages 43, 49 and 51.
Evaluation of management approach	We continuously assess the effectiveness of our environmental management processes by monitoring key performance indicators and non-compliance cases, as well as through regular assessments via engagement, stakeholder, and reputation surveys. Local HSE compliance with internal standards, regulations and customer requirements is audited regularly in daily, weekly, and monthly HSE inspections, periodic evaluations of compliance, inspections by the authorities, internal and external management system audits, corporate HSE audits, risk management audits, and as an element of corporate internal audits. We also regularly benchmark the approach and performance of our peers and customers for best practices. The results of HSE performance, including highlights and challenges, are consolidated, and necessary actions are planned on a monthly basis in management reviews held in the Executive Team, BL and Area management teams, and down to department meetings. HSE is reviewed by the Board of Directors at all its meetings.
	We assess the impact of our processes and tools concerning our supply chain activities. We have a supplier sustainability management process, which includes policy, internal risk assessment, self-assessment, and external third-party audits. The aim is to assess the potential negative indirect environmental impacts and to improve risk management and ensure compliance with Sustainable Supply Chain Policy requirements. In addition, Valmet has a Supplier Sustainability Engagement Program for selected suppliers to support and monitor their environmental performance.
	We assess the impact of our processes and tools concerning our R&D and innovation activities and product and service management. Environmental evaluation and criteria are built in to the R&D and Product and Service life cycle management processes and R&D performance reporting. R&D performance is regularly reviewed by the Executive Team, the Business Line management teams and the global R&D management team, as well as in product-/technology-specific management teams. We work in close cooperation with customers, suppliers, universities, research centers, and other stakeholders when it comes to environmental performance and conduct benchmarking to sustain and develop our progress toward our targets, to address customer needs and to help respond to some of the most important global megatrends: enhancing the efficient use of raw materials, water and energy, promoting the use of renewable raw materials, and reducing emissions. Overall, we utilize feedback and input and engage the whole value chain in the long-term development of our strategic technology approach, where environmental and sustainability topics are key areas.
	The management approach is assessed continuously as part of our operations, and processes are improved accordingly to ensure that the goals that have been set are achieved.
Boundaries	**Own operations:** Valmet's environmental reporting covers all Valmet's locations with significant environmental impacts: six foundries; five fabrics production units; 32 service workshops; six pilot facilities; four automation supply centers; and 16 machine assembly and manufacturing units (the locations acquired during 2022 are not included). Environmental data from the new Flow Control business line were reported for the first time in 2022, starting from April 1, 2022. Mill maintenance outsourcing in customer mills is excluded from environmental reporting.
	Valmet's technology organization is responsible for product development and ensuring that Valmet's solutions meet all applicable environmental requirements. Valmet's sales organizations globally are responsible for ensuring that the solutions we deliver meet customer needs and support their environmental targets.
	Upstream and downstream value chain: Valmet provides services, automation and process technologies for the pulp, paper and energy industries around the world. The majority of the life cycle environmental impacts arises from the use of Valmet's technologies and services. Valmet serves close to 2,000 customer mills and plants globally. Services are provided especially in Europe and North America, which both have a large installed base. Valmet delivers new installations and rebuilds to all its market areas.
	Valmet purchases components, products, materials, and services from some 30,000 active suppliers in around 60 countries. Special attention is paid to assessing environmental issues in risk 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, Sweden, the USA, Germany, Brazil, India, Poland, Canada and Italy. China, India, Indonesia and Thailand are defined as having greater potential for negative environmental impacts than the other countries from which Valmet purchases goods and services.

SOCIAL

Management approach

We promote an engaging work environment, commit to the health and safety of our people and partners, and strive to be a responsible corporate citizen.

We develop an engaged and performance-driven community, and we continuously drive the development of our employees' capabilities globally. Our efforts in capability development focus on ensuring we are operating with the best tools and processes and offering training opportunities to match our strategic needs. We encourage development throughout the employee's career at Valmet, ensuring our people continuously develop their competences. We believe that success starts with people – strong teams form the foundation for strong performance. We recognize the business benefits of having a diverse workforce, and we aim to create and sustain a work environment that values diversity and provides equal opportunities for everyone.

We are committed to protecting the health and safety (HS) of our people, partners, customers and the communities where we operate. Since we spend about a third of our time at work, the quality of our working lives is an important topic for our overall wellbeing. Our people and the external workers in our operations are exposed to potential health and safety hazards at work in our workshops, in our offices, during business travel and when working at our customers' construction sites, mills and plants. The main risks of occupational injury and illness are associated with the unexpected startup of machinery, the use of tools and equipment, mechanical lifting, working at heights or in confined spaces, 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.

Based on the above impacts, we intend to provide safe and healthy workplaces for all. Our approach aims to ensure that appropriate systems, competence and behaviors are in place to identify and control hazards and impacts before they cause harm. Compliance with regulatory obligations, internal standards and customer requirements is the basis for all operations. We use a continuous improvement approach and work proactively through strategic objectives and targets that are cascaded through annual improvement plans to all to secure healthy and safe operations.

Everyone is expected to take responsibility for HS as defined in the Valmet Manager and Employee roles. We integrate sound HS management practices in all aspects of our business and promote best HS practice with our customers, suppliers and partners. Constant emphasis is placed on risk management, prevention and learning. We ensure worker participation and engage other interested parties in active and collaborative dialogue. We monitor and openly communicate our HS performance to enable the continuous development of our approach.

We want to have a positive impact on society and the environment locally and globally and believe that increased integration into local communities results in mutual benefits. Valmet participates in selected local programs around the world based on its Guidelines for Sponsorships and Donations and works in close cooperation with selected universities and research organizations globally. Valmet's sponsorships and donations focus on science, research, education, environmental protection, nature conservation and youth activities. We want to ensure that our operations are socially responsible.

Our focus:

• We continuously look for ways to increase employee engagement and develop the best talent.

• We value diversity and promote an inclusive and well-managed work environment.

• We invest in a positive safety culture and leadership.

• We constantly improve our HSE processes and practices toward our common goal of zero harm. Our main operations are certified according to the ISO 45001:2018 (health and safety) management standard.

• We collaborate with our customers and partners to improve contractor and customer site safety.

• We implement injury prevention programs.

• We participate in selected local programs under the following themes: Towards the future with science; Protecting the planet for next generations; and Equal opportunities for wellbeing. We work in close cooperation with selected universities and research organizations globally.

Reported topics and indicators

Employment: GRI 401-1

Occupational health and safety: GRI 403-1 (2018); GRI 403-2 (2018); GRI 403-3 (2018); GRI 403-4 (2018); GRI 403-5 (2018); GRI 403-6 (2018); GRI 403-7 (2018); GRI 403-8 (2018); GRI 403-9 (2018); GRI 403-10 (2018).

Training and education: GRI 404-1, GRI 404-2, GRI 404-3

Diversity and equal opportunity: GRI 405-1

Customer health and safety: GRI 416-1

Responsibilities	The Human Resources function defines and guides the processes around talent management, learning and development, compensation and benefits, and people reporting. Part of remuneration at Valmet is linked to the Sustainability360° Agenda, Climate Program performance and Health and Safety. The HSE function is responsible for continuously improving HS processes, performance, awareness, and ways to operate. The Sustainability function manages the Social responsibility programs.
	• The Valmet Executive Team has overall responsibility for the management and oversight of Valmet's day-to-day business.
	• The Senior Vice President for Human Resources and Operational Development is responsible for Human Resources at Valmet and driving the development of Valmet's Procurement, Supply Chain, R&D, Sales Management, Project Management, Quality and HSE operations; she is a member of Valmet's Executive Team.
	• The Vice President, HR Operations is responsible for leading HR operations across all five regions, including corporate functions.
	• The Director of Compensation and Benefits is responsible for the performance review process and for remuneration.
	• The Vice President of Talent Management is responsible for processes related to talent attraction and development, including learning programs, talent reviews and successor plans.
	• The Vice President, HSE is responsible for Valmet's HSE standards, procedures, and systems, including reporting processes, as well as for ensuring HSE compliance, driving HSE performance development and leading the global HSE team
	• The global HSE management team (Valmet's Vice President HSE with the relevant Business Line and Area HSE experts) is a matrix management team responsible for developing common processes, procedures, and tools and for sharing best practices to accelerate improvement across all operations. These experts are the company's serious incident investigators and lead HSE auditors.
	• Local HSE managers/specialists provide HSE support to the organization and coordinate and facilitate the development of unit-/location-based HSE activities.
	• All Valmet managers are responsible for ensuring the health and safety of their employees and for the management and compliance of their operations with applicable HSE regulations and standards.
	• All Valmet employees are responsible for taking care of their own health and safety and for looking out for the health and safety of others. All employees are accountable for following the company's rules and procedures.
	• The Vice President, Sustainability is responsible for sustainability at corporate level and reports to the SVP of Marketing Communications, Sustainability and Corporate Relations, who is a member of the Valmet Executive Team.
Targets and specific actions	Read more about the Social focus area on pages 52–59 of the Annual Review.
	Key performance indicators and targets are set for specific social material topics: See the FS page 15 and AR on pages 43, 54, 57 and 59.
	The Covid pandemic management and response continued in 2022. The network of global, regional and local Incident Management Teams (IMTs) continued to manage Valmet's response to the pandemic. In addition to active communication, global guidelines and instructions, safe work protocols for locations and customer sites were updated through the year with the aim of protecting everyone.
Evaluation of management approach	The management approach is assessed continuously as part of our operations and processes. We use regular assessment and reporting tools, including our engagement, stakeholder and reputation surveys, and our anonymous reporting channel to enhance the positive impacts and to avoid, mitigate and remediate any negative impacts on our most material topics.
	We continuously assess the effectiveness of our HSE management processes by monitoring HSE KPIs and non-compliance cases, as well as through regular assessments via engagement, stakeholder, and reputation surveys. Local HSE compliance with internal standards, regulations and customer requirements is audited regularly in daily, weekly, and monthly HSE inspections, periodic evaluations of compliance, inspections by the authorities, internal and external management system audits, corporate HSE audits, risk management audits and as an element of corporate internal audits. We also regularly benchmark the approach and performance of our peers and customers for best practices. The results of HSE performance, including highlights and challenges, are consolidated, and necessary actions are planned on a monthly basis in management reviews held in the Executive Team, in Business Line and Area management teams, and down to department meetings. HSE is reviewed by the Board of Directors at all its meetings.
Boundaries	**Own operations:** Valmet has approximately 17,500 employees in more than 40 countries around the world. The largest countries in terms of headcount are Finland, China, the USA, Sweden and India. Valmet's Health and Safety reporting covers all active employees, including employees working in companies acquired in 2022. Health and safety data from the new Flow Control Business Line were reported for the first time in 2022, starting from 1 April, 2022.
	Upstream and downstream value chain: Valmet has truly global operations in more than 40 countries and a broad stakeholder base in all market areas. For example, we provide added value to our stakeholders in the form of dividends, jobs and business opportunities. The biggest countries in terms of net sales are China, the USA, Finland, Brazil and Sweden, and in terms of income taxes, Finland, the USA, Brazil, China, and Sweden.
	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.
	Valmet serves close to 2,000 customer mills and plants globally. Services are provided especially in Europe and North America, which both have a large installed base. Valmet delivers new installations and rebuilds to all its market areas. Valmet includes its external workers' incidents in its reporting.

Valmet

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GOVERNANCE

Management approach

We follow ethical business practices, ensure a sustainable supply chain and report transparently. Valmet strives to ensure that all its operations are carried out in a socially responsible and globally aligned manner to minimize the potential negative impacts and enhance positive impacts on the economy and people. We aim to be seen as a trusted local partner and to build mutual relations with our stakeholders. With global operations, we provide employment and business opportunities to a wide range of stakeholders and indirectly build wealth in local societies. By delivering more sustainable and cost-competitive solutions and services to our customers, we can generate added value for our shareholders and support the global efforts to combat climate change.

Our daily operations are guided by Valmet's general operating principles, which comprise Valmet's Code of Conduct and related policies. These create the foundation for sustainable business practices. They define how we deal with human rights, labor practices, environmental issues, compliance with laws and regulations, fair competition, occupational wellbeing and safety, and ethical standards through the entire value chain. We have integrated sustainability criteria into our compliance and due diligence processes.

Valmet's Ethics and Compliance Program focuses on ensuring that all employees understand that everyone is responsible for ensuring that Valmet does business ethically and legally.

We also have a comprehensive due diligence framework to monitor and manage social impacts related to our own operations and our supply chain. To ensure compliance with international laws and the UN Guiding Principles on Business and Human Rights, we have embedded human rights due diligence into our management systems.

Global multisite certification of our operations assures our customers and other stakeholders that we have a process-oriented and standardized global way of working according to the international ISO standards for quality (9001:2015), environment (14001:2015), and health and safety (ISO 45001:2018) management systems.

We constantly work to improve the transparency of our value chain to ensure responsible purchasing practices and to mitigate any risks to us or our stakeholders related to potential violations in such practices. The realization of such risks could impact Valmet's financial position and/or reputation. Through comprehensive supply chain management, we also aim to minimize the environmental and social impacts of our value chain. We have integrated sustainability into our supply chain processes, and our target is to continuously improve sustainability in our supply chain and enhance the transparency of our value chain. We want to ensure that we operate responsibly throughout the value chain.

We promote transparency in our communications with our stakeholders and actively engage with our stakeholders to learn about their expectations. Valmet strives for globally consistent and transparent management and reporting practices, and participates in several third-party sustainability ratings to help its stakeholders assess its sustainability performance.

Reported topics and indicators

Economic performance: GRI 201-1

Anti-corruption: GRI 205-1, 205-2, 205-3

Occupational health and safety management system: GRI 403-1

Child labor: 408-1

Forced or compulsory labor: GRI 409-1

Supplier sustainability assessment: GRI 308-1, 308-2, 414-1, 414-2

Material Valmet Topic: Purchases by ten largest countries

Material Valmet Topic: Employees covered by certified management systems

Responsibilities

The Sustainability function develops and coordinates Valmet's Sustainability Agenda within the company. The Supply Chain function manages purchases and is responsible for ensuring that all purchasing is done sustainably and cost-effectively. The initiatives under the Sustainable supply chain focus area are jointly coordinated by the Sustainability and Group, Business Line and Area Supply chain functions.

The Human Resources function defines and guides the processes around talent management, learning and development, compensation and benefits, and people reporting. The HSE function is responsible for continuously improving HS processes, performance, awareness, and ways to operate. Remuneration at Valmet is partly linked to sustainability topics such as HS performance. The Sustainability function manages the Social responsibility programs.

• The Valmet Executive Team has overall responsibility for the management and oversight of Valmet's day-to-day business.

• The Chief Financial Officer (CFO) is responsible for Valmet's Finance and Legal; she is a member of Valmet's Executive Team and reports to the CEO.

• The Senior Vice President for Human Resources and Operational Development is responsible driving the development of Valmet's Supply Chain, Quality and HSE operations; she is a member of Valmet's Executive Team and reports to the CEO.

• The Senior Vice President for Marketing, Communications, Sustainability and Corporate Relations is responsible for driving Valmet's brand and marketing performance, internal and external communications, the Sustainability360° Agenda, and corporate relations; she is a member of the Valmet Executive Team and reports to the CEO.

• The Vice President, Sustainability is responsible for driving sustainability at corporate level and supporting other corporate functions, Business Lines and Areas with the planning and implementation of Sustainability360° Agenda-related action plans. She reports to the SVP of Marketing, Communications, Sustainability and Corporate Relations.

• The General Counsel is responsible for the legal adherence of Valmet, Corporate Governance, Code of Conduct and Ethics & Compliance. He reports to the CFO.

• The Vice President of Supply Chain is responsible for coordinating supply chain operations across the four Business Lines and five Areas, including the Sustainable Supply Chain process. He reports to the SVP HR and Operational Development.

• The Vice President, Quality is responsible for Valmet's global management system and its global ISO certification, as well as conformity to the quality management standard. He reports to the SVP HR and Operational Development.

• The Vice President, HSE is responsible for the conformity of the global management system to the ISO standard for occupational health and safety, and environmental management. She reports to the SVP HR and Operational Development.

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Targets and specific actions	Read more about the Governance focus area on pages 60–66 of the Annual Review.
	Key performance indicators and targets are set for specific governance material topics: See the FS page 15 and AR on pages 43, 62 and 64–65.
Evaluation of management approach	The management approach is monitored continuously as part of our operations and processes. We continuously assess the impact of our processes and tools.
	Valmet measures the effectiveness of its Ethics and Compliance Program through regular reporting on taken actions and targeted auditing.
	We have a process in place for supplier sustainability risk management that enables the assessment of suppliers by the potential negative indirect impacts and risks related to human rights, labor practices, ethical business practices, environmental performance, and health and safety. Based on the supplier sustainability risk assessment, we may request that our suppliers self-assess their sustainability performance and management. We also conduct supplier sustainability audits with an independent third party to ensure suppliers' compliance with Valmet's Sustainable Supply Chain Policy requirements.
	We evaluate the management approach with external performance ratings such as Dow Jones Sustainability Index inclusion, the CDP Climate ranking and the EcoVadis score.
Boundaries	**Own operations:** All Valmet functions and employees work in compliance with our Code of Conduct to ethically create added value for our broad stakeholder base globally. Valmet's Supply Chain organization manages purchases and is responsible for ensuring that all purchasing is done sustainably and cost-effectively.
	Upstream and downstream value chain: Valmet has truly global operations in more than 40 countries and a broad stakeholder base in all market areas. For example, we provide added value to our stakeholders in the form of dividends, jobs and business opportunities. The biggest countries in terms of net sales are China, the USA, Finland, Brazil and Sweden, and in terms of income taxes, Finland, Brazil, China, the USA and Sweden.
	Valmet purchases components, products, materials, and services from some 30,000 active suppliers in around 60 countries. Special attention is paid to assessing business ethics and legal compliance, human and labor rights, health and safety, and environmental issues in risk 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, Sweden, the USA, Germany, Brazil, India, Poland, Canada and Italy. China, India, Indonesia and Thailand are defined as having greater potential for negative social and enviromental impacts than the other countries from which Valmet purchases goods and services.

Information on specific standard disclosures

This section provides information on the specific standard disclosures which are not reported in the Annual Review or the GRI content index.

Operations assessed for risks related to corruption (GRI 205-1)
Group-level risk assessments cover 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 turnover 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 internal audits. In 2022, nine internal audits were conducted at Valmet's locations, including evaluating the effectiveness of anti-corruption and misconduct measures.

The most significant corruption risks relate to financial impacts and reputation.

Communication and training about anti-corruption policies and procedures (GRI 205-2)
Valmet has zero-tolerance of all forms of bribery and corruption. Valmet is committed to conducting our activities in accordance with applicable anti-bribery and corruption laws. Valmet's approach to anti-corruption is based on the Code of Conduct and related Anti-Corruption Policy, which clearly prohibits bribery and corruption. Valmet's Anti-Corruption Policy contains the guidelines, standards and procedures that ensure that all Valmet employees and those acting on our behalf understand and comply with applicable anti-corruption laws in all our business operations.

Compliance with the Code of Conduct as an integral part of the employment relationships and the onboarding program is the personal responsibility of each Valmet employee. Corporate Legal, Internal Audit and the Ethics and Compliance functions regularly conduct training sessions and audits. General Managers are responsible for the compliance of their companies with applicable laws, internal regulations, including the Code of Conduct, and for the information and training of their staff.

All Valmeteers need to complete a mandatory training session on the Code of Conduct, which includes anti-corruption measures. In addition, we have a specific Valmet Anti-bribery Compliance e-learning course available.

Confirmed incidents of corruption and actions taken (GRI 205-3)
In 2022, Valmet concluded investigations on two confirmed incidents of corruption. They were both incidents of minor monetary value, and no evidence was found in either case of repeated practice. Valmet has a formal disciplinary procedure for employees who breach Valmet's Code of Conduct or other policies. Individuals who are found to have violated Valmet's Code of Conduct and/or our policies receive appropriate disciplinary action, which may include the termination of their employment. One of the cases occurred in a company before it was under Valmet's ownership. Valmet could not issue consequences for the incident because the employee involved was no longer working for the company. In the other case, two employees were disciplined for the incident in accordance with Valmet's disciplinary procedure.

GRI SUPPLEMENT 2022

Energy consumption within the organization (GRI 302-1[1], GRI 302-3[2])

GRI 302-1: Fuel consumption

TJ	2022	2021	2020
Renewable fuels	0	0	0
Non-renewable fuels	351	370	331
Total	**351**	**370**	**331**

GRI 302-1: Energy consumption by source

TJ	2022	2021	2020
Electricity	871	833	799
Electricity, renewable[3]	176		
District heating, total	274	301	223
District heating, renewable[3]	127		
Steam	22	20	9
Total	**1,168**	**1,154**	**1,031**

GRI 302-1: Energy sold

TJ	2022	2021	2020
Electricity	9	9	10
Heating	3	3	0
Total	**12**	**12**	**10**

GRI 302-1: Total energy consumption

TJ	2022	2021	2020
Total	1,519	1,524	1,362

GRI 302-3: Energy intensity

TJ	2022	2021	2020
TJ/EUR Million Net sales	0.30	0.39	0.36

[1] Consumption is reported based on local invoicing. Standard conversion factors are used in our reporting system. Electricity is consumed in production processes and the use of equipment and facility services such as lighting, cooling and heating. Fuel used for internal transportation is comparatively insignificant and is excluded from fuel consumption amounts.

[2] The ratio uses energy consumed within the organization from the following types: electricity, heating, cooling, and steam and fuel (excluding fuel for internal transportation).

[3] Consumption of renewable electricity or district heat produced or purchased locally from renewable sources or purchased with certificates of guarantees of origin. New data point reported in 2022.

Interactions with water as a shared resource and the management of water discharge-related impacts (GRI 303-1[1], GRI 303-2)

Based on life cycle analysis (LCA) and market data from selected product families, we estimate that around 95 percent of the environmental impacts of Valmet's entire value chain, including water impacts, occur when Valmet's solutions (not applicable to pulp mills) are used for production at customer sites. We design and develop all our technologies for water efficiency. Water efficiency is a key design and performance parameter for our pulp, paper and bio-industry customers, and we engage actively with them to minimize their water impacts.

Our own operations account for less than 1 percent of the total environmental impact of the value chain. Within our own operations, significant amounts of water are used for cooling in our foundry operations and as process water in our pilot machines at our Nordic R&D centers. We have targets for reducing the overall consumption of water in our operations. Environmental impact assessments are completed when establishing new operations and when planning significant changes in existing operations to ensure that water impacts are considered and mitigated. All our new service workshops are located inside managed industrial estates. Valmet follows local discharge permits and requirements.

Valmet's water withdrawal from areas with water stress is small. Based on an analysis using the WWF Water Risk Filter 2021 our workshops or supply centers in Changzhou, Jiaxing, Tianjin, Waigaoqiao, Xian and Zibo (China); Pune and Vadodara (India); Dammam (Saudi Arabia); Johannesburg (South Africa); Pescia (Italy); Horgau (Germany) and Jelenia Gora (Poland) are in geographical areas with a high basin physical risk. In basins with a very high risk, we do not have any workshops or production facilities. One small office in Gurugram (India) is in a geographical area with a very high basin physical risk.

The remaining 4 percent of our water impact is from the supply chain, and Valmet has a systematic process for engaging with key suppliers to improve their sustainability practices, including environmental and water management. Read more in our Annual Review on pages 43–45, 50–51 and 64.

Water withdrawal (GRI 303-3)

GRI 303-3: Water withdrawal[1]

1,000 m³	2022	2021	2020
Third-party water[2]	600	511	472
Surface water[3]	1,071	1,031	926
Ground water[4]	9	9	11
Total	**1,681**	**1,551**	**1,408**

[1] Water data reported according to GRI 303: Water and Effluents 2018. There is no water withdrawal from areas of water stress. Valmet merged with Neles on April 1, 2022. The data from the new Flow Control business line are included in the 2022 data from the merger date.

[2] Third-party water includes municipal water use and other third-party water. Municipal and other water utilities are reported by each unit based on invoicing.

[3] Surface water includes also rainwater. Surface water consumption is in some cases estimated based on pump capacity. The 2021 surface water figure were restated due to minor corrections concerning the surface water data in two Valmet locations and rainwater data in one Valmet location. The restated figure is less than one percent lower than previously reported.

[4] Ground water data is based on local records and methodologies.

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GRI SUPPLEMENT 2022

Valmet's sustainability reporting in 2022

Reporting principles

GRI content index

Information on general disclosures

> Information on specific standard disclosures

Independent assurance report

Greenhouse gas emissions (GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4)

GRI 305-1 and GRI 305-2: Greenhouse gas (GHG) emissions (Scope 1 and 2)[1]

1,000 tCO$_2$	2022	2021	2020	Baseline[1]
Scope 1[2]	21.1	21.5	19.1	21.5
Scope 2 (location-based)[3]	76.1	73.4	60.5	
Scope 2 (market-based)[4]	65.1	81.2	87.3	108.9

GRI 305-4: Greenhouse gas (GHG) emissions intensity (Scope 1 and 2)[5]

	2022	2021	2020	Baseline[1]
1,000 tCO$_2$/EUR Million Net sales	0.017	0.026	0.028	0.029

[1] Only CO_2 is included in the calculation. The amount of Biogenic Scope 1 emissions is 1.9 percent of total Scope 1 emissions in 2022. Baseline 2019 and net sales for emissions intensity for this baseline are calculated based on Valmet's and Neles' emissions and net sales data from 2019 and emissions and net sales from acquisitions from 2019-2021: 21,500 tCO$_2$ (Scope 1) and 108,900 tCO$_2$ (Scope 2, market-based), net sales EUR 4,510 Million. The methodology used to calculate emissions is the direct measurement of energy sources consumed based on invoicing at the location level and conversion to CO_2 emissions. Valmet merged with Neles on April 1, 2022. Data from the new Flow Control business line is included in the 2022 data from the merger date.

[2] Scope 1 emissions are based on default CO_2 conversion factors for combustion from the "2006 ICPP Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy". Supplier specific CO_2 conversion factors were applied to natural gas consumption in Horgau, Germany and to biofuel consumption in Sundsvall, Sweden.

[3] Location-based CO_2 emission factors are based on 2018 emissions as given by "the International Energy Agency (IEA) (2020) Emission Factors."

[4] The following emissions factors have been applied to the 2019 data: "eGRID 2019 Subregion GHG Output Emission Rates" (United States Environmental Protection Agency), "China eGRID 2019 Emission Output Rates" (Clean Development Mechanism China), "CO$_2$ emission factors of the National Interconnected System of Brazil" for 2019 (Brazilian Technology and Science Ministry) and "European Residual Mixes 2019" (Association of Issuing Bodies). The following emissions factors have been applied to the 2020 and 2021 data: "eGRID 2019 Subregion GHG Output Emission Rates" (United States Environmental Protection Agency), "China eGRID 2019 Emission Output Rates" (Clean Development Mechanism China), "CO$_2$ emission factors of the National Interconnected System of Brazil" for 2020 (Brazilian Technology and Science Ministry), "European Residual Mixes 2020" (Association of Issuing Bodies) for electricity in Europe and "International Energy Agency (IEA) (2020) Emission Factors" for district heating in Europe. The following CO$_2$ conversion factors have been applied to the 2022 data: "eGRID 2020 Subregion GHG Output Emission Rates" (United States Environmental Protection Agency), "China 2022 Emission factors" (China Ministry of Ecology and Environment) for China (excluding Shanghai area), "China Shanghai 2022 Emission factors" (China Shanghai Ecological Environment Bureau) for China Shanghai area, "CO$_2$ emission factors for Brazil" for 2022 (Brazilian Science, Technology and Innovation ministry), "Annual average CO$_2$ factors" for 2022 (Chile Energia Abierta - National energy commission) for Chile, "European Residual Mixes 2021" (Association of Issuing Bodies) for electricity and steam in Europe and "International Energy Agency (IEA) (2020) Emission Factors" for district heating in Europe. Supplier-specific CO$_2$ conversion factors were applied for electricity consumption in Canada; France; Indonesia; Lenox, the USA; Swiecie, Poland; and hydro-based electricity in Jiading, China, as well as for carbon neutral district heating in Finland and in Swiecie, Poland and solar energy consumption in Brazil, China and Finland. Contract-based specific CO$_2$ conversion factors were applied for carbon neutral electricity in Scandinavia which is purchased with guarantees of origin. Location-based factors were applied in India, Saudi-Arabia, South Africa, South Korea, Thailand.

[5] Emissions intensity ratio includes direct (Scope 1) and indirect (Scope 2, market-based) CO$_2$ emissions per EUR Million Net sales.

GRI 305-3: Other indirect greenhouse gas (GHG) emissions (Scope 3)[6]

1,000 tCO$_2$ e	2022	2021	2020
Category 1: CO_2 emissions from purchased goods and services[7]	2,237	1,656	1,694
Category 4: CO_2 emissions from upstream transportation and distribution[8]	45	41	40
Category 6: CO_2 emissions from business travel[9]	37	18	15
Category 9: CO_2 emissions from downstream transportation and distribution[8, 10]	75	71	69
Category 11: CO_2 emissions from use of sold products[11]	73,951	70,971	54,141

[6] The specific emission factors used in calculating the greenhouse gas emissions are based on databases and publicly available sources using monetary values and technical data from Valmet's monitoring and reporting tools.

[7] The analysis is based on the monetary value of purchased goods and services by category and supplier country. The emission flows have been calculated based on environmentally extended input output analysis and emission factors from Exiobase (www.exiobase.eu). The data include direct purchase order amount, excluding personnel, facilities, marketing and communications, office IT, professional services, Maintenance, Repair and Operations (MRO), travel, transportation, and taxes and charges related indirect spend. Travel and transportation related emissions are covered in Scope 3 category 4, 6 and 9 figures. The direct purchase order amount data used in the calculation cover approximately 73 percent (2021: 80%) of Valmet's total external purchase spend. The 2020 and 2021 figures have been restated due to updated emission factors and improved data accuracy. The restated figures are approximately 40 percent less for 2021 and 16 percent less for 2020 than previously reported.

[8] The analysis of upstream and downstream transportation and distribution emissions is based on suppliers' CO$_2$ emission reports, and when not available, the monetary value of purchased transportation services following the same calculation methodology as for category 1 emissions. Suppliers' CO$_2$ reports cover around 30 percent of reported emissions in 2022. The calculated transportation modes include air, rail, ocean and road transportation. Data from the new Flow Control business line are excluded from the 2022 reporting. The 2021 and 2020 data has been restated due to the spend and emission allocation methodology change for the upstream and downstream transportation. The upstream transportation is estimated to be around 40 percent of the total transporation emissions. The remaining 60 percent is allocated to downstream transportation. The restated figures are around 30 percent less for upstream and 360 percent more for downstream than previously reported, but the total of upstream and downstream transportation emissions remained on the same level as previously reported.

[9] The analysis of business travel emissions is based on emission, mileage and spend data from travel agencies and internal systems. Travel agencies' CO$_2$ reports cover around 40 percent of reported emissions. The calculation includes air and rail travel, rented cars, compensated mileages and hotel nights. The data used covers 97 percent (2021: 99%) of Valmet's global workforce, including the new Flow Control business line from the merger date. The 2020 figure has been restated due to error in the calculation, the restated figure is 17 percent less than previously reported.

[10] The emissions from downstream transportation and distribution are based on an estimated volume of downstream transportation services. The distribution of transportation modes and emission intensity from upstream transportations has been applied for downstream transportations. The upstream transportation is estimated to be around 60 percent of the total transporation emissions paid by Valmet. The downstream transportation and distribution emissions figure is also including the transportations paid by Valmet's customers, which has been estimated to be 10 percent (2021: 15%) of Valmet's total transportation spend.

[11] The data include Valmet's entire sold paper, board and tissue production lines, fossil-fired fluidizer bed boilers and lime kilns, during their expected lifetime (25 years). The CO$_2$ calculation is based on Valmet's average product-specific energy consumption and product specifications, including delivered capacity and intended fuel mix. N2O and CH4 included from biomass combustion in pulp and energy production. CO$_2$ emissions from electricity are calculated based on the IEA (2020) country-specific emission factors. CO$_2$ 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. Quantifying and projecting the future emissions from use of sold products involves many assumptions, and the actual emissions from the use of sold products largely depend on the choices our customers make. For these reasons, the figure reported is an estimate to understand the magnitude of category 11 lifetime emissions, which represents more than 95 percent of Valmet's value chain emissions. The included paper, board and tissue machines represent 71 percent of Paper (PAP) business line's total orders received in 2020–2022, excluding basic machine unit assembly groups and smaller equipment deliveries. The fossil-fired boilers and lime kilns represent 24 percent of Pulp and Energy (P&E) business line's 2020–2022 orders received. The remaining 76 percent of P&E's orders received is assumed to be carbon neutral (incl. bioenergy self-sufficient pulp mills and biomass-fired boilers). The share of total orders received is calculated based on a three-year average (2020–2022) to balance the annual differences between project revenue realizations. The data used cover 86 percent of Valmet's three-year average of total PAP and P&E orders received. The annual fossil emissions of the sold products were around 3,500,000 tCO$_2$e, whereas biogenic emissions were around 5,400,000 tCO$_2$e in 2022. Data has been restated for 2020 and 2021 due to data accuracy improvement and an error in the calculation. The restated figures are 9 percent and 30 percent less than previously reported, respectively. Valmet's Services, Automation Systems and new Flow Control business line products are excluded from the calculation as their impact to the total use phase CO$_2$ emissions are insignificant comparing to Paper and Pulp and Energy business line products.

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NO$_X$, SO$_X$, and other significant air emissions (GRI 305-7)[1]

GRI 305-7: NO$_X$, SO$_X$, and other significant air emissions

t	2022	2021	2020
Hazardous air pollutants (HAP)	4.6	1.8	1.7
NO$_X$	16.0	20.5	12.7
Particulate Matter (PM)	20.1	12.5	9.7
SO$_X$	2.1	2.1	0.7
Volatile organic compounds (VOC)	60.7	58.9	73.7
Other standard categories	4.3	4.1	0.7

[1] Significant air emissions are defined as those listed in environmental permits of local operations. Calculations are based on published emissions factors. Valmet merged with Neles on April 1, 2022. The data from the new Flow Control business line are included in the 2022 data from the merger date.

Waste generation and significant waste-related impacts and their management (GRI 306-1(2020), GRI 306-2(2020))

Based on life cycle analysis (LCA) and market data of selected product families, we estimate that around 95 percent of the environmental impacts of Valmet's entire value chain, including waste impacts, occur when Valmet's solutions (not applicable to pulp mills) are used for production at customer sites, and when our solutions reach their end of life. We design and develop all our technologies to support circular material flows and minimize waste amounts.

Valmet's process technologies, automation and services enable the circular economy for our customers. For example:
- Our solutions improve energy, water and raw material efficiency in customer processes.
- Our solutions for biobased products decrease the need for non-renewable materials and enable cascaded use across industries.
- Our technologies for onsite recovery of energy and chemicals allow materials to circulate longer and reduce the need for virgin materials.
- Our energy technologies reduce the need for non-renewable fuels and the amount of waste.
- Modular machine design and smart engineering enable the use of the same equipment for new uses.
- Our services support well-planned maintenance and partial replacements, and rebuild solutions significantly prolong our equipment lifetime.
- We have take-back programs for products like refiner segments and are actively developing other programs.
- Our products contain mainly recyclable materials. Read more about our technologies in our Annual Review on page 35.

About one percent of our environmental impact, including waste, is from our own operations. We invest continuously in process efficiency improvements, and we implement the waste management hierarchy in all facilities with a focus on eliminating landfill waste and reducing hazardous waste amounts. We partner with certified waste handlers in waste disposal. The remaining four percent of our waste impact is from the supply chain, and Valmet has a systematic process for engaging with key suppliers to adopt circularity measures, identify opportunities for waste prevention and improve their waste management practices. Read more about our supplier engagement in our Annual Review on page 64.

Waste flow in Valmet's value chain

Around 95 percent of the environmental impacts of Valmet's entire value chain, including waste impacts, occur during the use phase of Valmet solutions by our customers.

Circular material flows and waste management

- Resource efficient processes
- Utilizing side streams
- Extending technology lifetime by repairing, rebuilding and converting
- Reusing, recycling and recovering waste materials
- Responsible disposal of waste through landfill and incineration

Use phase of Valmet's technologies

Production
Distribution
Consumption
End-of-life

4%
<1%
95%

SUPPLY CHAIN   OWN OPERATIONS   USE PHASE OF TECHNOLOGIES

Supply chain

Production
Distribution
Site installation

Own operations

Production units
Service centers
Technology centers
Offices
Site services

Inputs

Renewable and non-renewable resources (virgin and recycled):

- Metals
- Minerals
- Chemicals
- Gases
- Polymers
- Electronics
- Components
- Cardboard
- Wood
- Plastic
- Other supplies
- Energy
- Water

GRI SUPPLEMENT 2022

Waste generated (GRI 306-3 (2020))[1]

1,000 t	2022	2021	2020
Reuse[2]	11.74	11.99	8.64
Recycling[2]	16.45	14.73	15.41
Energy recovery	9.18	9.61	2.72
Incineration[2]	1.77	1.46	1.58
Landfill	3.84	4.02	14.52
Other[3]	0.49	0.31	1.46
Total[2]	**43.47**	**42.12**	**44.33**

Waste diverted from disposal (GRI 306-4 (2020))[1, 4]

Hazardous waste (offsite)

1,000 t	2022	2021	2020
Reuse	0.15	0.16	0.08
Recycling	0.44	0.36	0.58
Other recovery	0.01	0.00	0.00
Total	**0.60**	**0.52**	**0.66**

Non-hazardous waste (offsite)

1,000 t	2022	2021	2020
Reuse[2]	11.59	11.83	8.56
Recycling[2]	16.02	14.38	14.83
Other recovery	0.09	0.03	1.01
Total[2]	27.70	26.24	24.40

Total of hazardous and non-hazardous waste (offsite)

1,000 t	2022	2021	2020
Total[2]	**28.29**	**26.76**	**25.06**

Waste directed to disposal (GRI 306-5 (2020))[1, 2, 4]

Hazardous waste (offsite)

1,000 t	2022	2021	2020
Energy recovery	0.67	0.29	0.37
Incineration[2]	1.10	1.04	1.17
Landfill	0.72	0.35	0.16
Other[3]	0.25	0.19	0.38
Total[2]	**2.74**	**1.87**	**2.08**

Non-hazardous waste (offsite)

1,000 t	2022	2021	2020
Energy recovery	8.51	9.31	2.35
Incineration[2]	0.66	0.42	0.41
Landfill[2]	3.12	3.68	14.36
Other[3]	0.15	0.08	0.07
Total	**12.44**	**13.49**	**17.19**

Total of hazardous and non-hazardous waste (offsite)

1,000 t	2022	2021	2020
Total[2]	**15.17**	**15.37**	**19.27**

[1] Waste disposal method is determined based on information provided by the waste disposal contractor according to national classification regulations. Valmet merged with Neles on April 1, 2022. Data from the new Flow Control business line is included in the 2022 data from the merger date.

[2] Some of the 2021 figures have been restated due to improvements made in data accuracy. For reuse, the restated figures are 19 percent more than previously reported. For recycling, the restated figures are 3 percent more than previously reported. For incineration, the restated figures are 4 percent more than previously reported. For landfill, the restated figures are 55 percent less than previously reported. For waste total, the restated figures are 1 percent less than previously reported.

[3] Other includes composting, deep well inject or onsite storage.

[4] Valmet only reports offsite waste amounts.

Environmental impacts of products and services (Material Valmet topic)

Based on life cycle analysis (LCA) and market data of selected product families, we estimate that around 95 percent of the environmental impacts of Valmet's entire value chain occur when Valmet's solutions (not applicable to pulp mills) are used for production at customer sites. Since Valmet's solutions are complex in nature, their environmental impacts such as energy, water, raw material and chemical use, as well as the amount of emissions, depend on the project specifications. The actual impact of the technologies also depends on factors such as how they are operated and the selection of raw materials.

The following examples demonstrate actions concerning the mitigation of the environmental impact of Valmet's products and services.

Chip to Board

Valmet's holistic Chip to Board approach for linerboard producers enables sustainable packaging with lower wood and power consumption and a decreased carbon footprint – both for existing and new production lines. This unique approach provides many advantages when one supplier covers everything from wood handling to final board, including mill-wide optimization and process control solutions for maximized cost competitiveness and energy efficiency across the line. Stronger pulp and stronger board are achieved through innovative chip impregnation, refining and stock preparation technologies, which reduce the need for virgin pulp and allow its replacement with recycled fibers, while preserving the strength of the board and saving energy. What is more, with advanced tools for board machines, Valmet can maximize the final strength properties of the fibers. With this combination, the basis weight and the overall carbon footprint of the linerboard can be reduced, and companies worldwide can produce linerboard that is both profitable and sustainable. Inspired by the Chip to Board concept, Valmet has started to develop a similar holistic approach for recycled boards.

Stationary lime cooler

Rebuilding existing technology with innovative solutions can significantly improve the environmental performance of Valmet's customers. Rebuilding existing lime coolers with stationary lime coolers is one example where great environmental benefits can be achieved. In general, compared to normal lime coolers, the stationary lime cooler has a higher cooling efficiency with a lime product temperature of less than 100 °C. Also, as there is no mechanical load on the kiln shell, rings or bearings, the lifetime is longer, with lower overall maintenance costs. Furthermore, the stationary cooler system is flexible, with high availability compared to traditional coolers. The high heat recuperation not only reduces fuel consumption-related emissions, it can also enable higher capacity in the kiln. With this solution, fuel consumption in the lime kiln can be reduced by 3–5 percent or more. Upgrading coolers in existing mid-size to large lime kilns with a stationary cooler provides opportunities to reduce fuel consumption, increase availability, improve operational flexibility, and respond to stricter environmental regulations. Read more here.

Versatile butterfly valves

Valmet's new generation of Neldisc™ metal-seated and Jamesbury™ Wafer-Sphere™ soft-seated butterfly valves is built to deliver sustainable performance today and tomorrow. Versatility, reliable performance and sustainability have been driving forces behind the design of our new butterfly valves. The compact design ensures the best possible efficiency while using as little raw materials as possible. The valves help reduce fugitive CO_2 and other greenhouse gas emissions while delivering the best possible energy efficiency thanks to clever innovations and the latest manufacturing technology. Our reliable valves are designed to deliver long-lasting, consistent and safe performance with longer maintenance intervals and fewer shutdowns over the extended valve lifecycle. Read more here.

The next-generation intelligent valve controller

Valmet's Flow Control business line has a long history of developing valve automation technologies. The Neles NDX™ 2.0 is a next-generation intelligent valve controller offering more sustainable valve control performance for all process industries, valves and applications. With its modular design, Neles NDX™ 2.0 is easy to install, use and service. The Neles NDX™ 2.0 offers significant savings in air consumption and therefore in energy efficiency. The pneumatic relay of the controller has been redesigned so that it consumes approximately 80 to 90 percent less air than the conventional controllers. Thanks to the lower air consumption, the NDX 2.0 provides significant energy savings and reduces CO_2 emissions throughout its life cycle. The controller usability and simplicity have also been improved, enabling safer and even more reliable day-to-day operations. Read more here.

Process controls and measurements in pulp mill recovery islands

The pulp mill recovery island plays a major role in maximizing biobased heat recovery and the energy efficiency of the pulp mill. Especially in market pulp mills, the recovery boiler can produce more energy than the pulp mill needs for its own operations. This energy can be sold to the grid as green biobased electricity. Valmet's advanced process control (APC) solution can increase the heat recovery per ton of pulp by maximizing black liquor dry solids content and heat recovery in the recovery boiler and by minimizing the inorganic dead load in the liquor circulation. The lime kiln is still often the most significant fossil fuel consumer in older pulp mills, and by maximizing the energy efficiency of the lime kiln, direct CO_2 reductions can be achieved. In modern pulp mills, the lime kiln is combined with the biomass gasification process, in which the flame profile measurement from Valmet's camera systems plays an essential role in ensuring high reburned lime quality and continuous production efficiency.

New employee hires and employee turnover (GRI 401-1)

NEW HIRES[1]

GRI 401-1: Total number and rate of new employee hires by age

	New hires	New hires, %
Under 30	624 (501)	31.4 (32.9)
30–50	1,085 (839)	54.5 (55.1)
Over 50	281 (184)	14.1 (12.1)
Total	**1,990 (1,524)**	**100 (100)**

GRI 401-1: Total number and rate of new employee hires by gender

	New hires	New hires, %
Female	447 (366)	22.5 (24.0)
Male	1,543 (1,158)	77.5 (76.0)
Total	**1,990 (1,524)**	**100 (100)**

GRI 401-1: Total number and rate of new employee hires by region

	New hires	New hires, %
North America	294 (172)	14.8 (11.3)
South America	196 (171)	9.8 (11.2)
EMEA	1,062 (883)	53.4 (57.9)
China	243 (196)	12.2 (12.9)
Asia-Pacific	195 (102)	9.8 (6.7)
Total	**1,990 (1,524)**	**100 (100)**

[1] New hires calculation: (new hires per category/total number of new hires in 2022) *100. New hires also exclude summer trainees.

TURNOVER[2]

GRI 401-1: Total number of leavers, voluntary leavers and turnover rate by age

	Number of leavers	Number of voluntary leavers	Voluntary turnover %	Turnover, %
Under 30	203 (198)	174	13.5	15.8 (18.1)
30–50	730 (616)	574	7.0	8.9 (7.8)
Over 50	491 (450)	139	2.7	9.4 (8.9)
Total	**1,424 (1,264)**	**887**	**6.0**	**9.7 (9.0)**

GRI 401-1: Total number of leavers, voluntary leavers and turnover rate by gender

	Number of leavers	Number of voluntary leavers	Voluntary turnover %	Turnover, %
Female	314 (288)	229	7.3	10.1 (9.7)
Male	1,100 (976)	657	5.7	9.6 (8.8)
Total	**1,424 (1,264)**	**886**	**6.0**	**9.7 (9.0)**

GRI 401-1: Total number of leavers, voluntary leavers and turnover rate by region

	Number of leavers	Number of voluntary leavers	Voluntary turnover %	Turnover, %
North America	260 (205)	133	8.5	16.6 (13.4)
South America	77 (98)	52	8.0	11.8 (17.3)
EMEA	864 (761)	531	5.6	9.1 (8.3)
China	137 (139)	94	4.8	7.0 (7.4)
Asia-Pacific	86 (61)	77	7.9	8.8 (6.7)
Total	**1,424 (1,264)**	**887**	**6.0**	**9.7 (9.0)**

[2] Turnover rate calculation: (number of leavers/total number of employees per category as of December 31, 2022) *100. Total turnover includes voluntary, involuntary and retirements. Voluntary turnover figures are reported for the first time in 2022.

Hazard identification, risk assessment, and incident investigation (GRI 403-2 (2018))

Valmet managers identify, assess and control risks to HSE performance appropriate to the severity of the hazard or aspect liable to be encountered by the business, and following legal, contractual and internal risk management requirements. The duty to conduct risk assessments of the HSE hazards and aspects of work activities is satisfied by applying a multi-layered risk assessment methodology, including:

- Location-specific HSE risk registers
- Job-specific risk assessments and safe operating procedures
- Pre-task dynamic hazard assessments
- Chemical risk assessments
- Risk and opportunity assessments in sales and delivery projects, including HSE aspects
- HSE risk assessment of change in operations (such as a new organization, new plant, new/rebuilt facilities, new processes).

HSE impacts and risks are managed until they are eliminated, reduced or controlled (based on the hierarchy of controls) to the point of being acceptable through the implementation of safe work systems before any work activities commence. Workers participate in and are informed about the HSE risk and impact management related to their work. HSE risk assessments are reviewed periodically, with an emphasis on ensuring the effectiveness of critical controls, and always in the event of significant changes, as well as after injuries and serious near misses have occurred.

Everyone working for Valmet or in a workplace controlled by Valmet is responsible for reporting all incidents, as well as observations of hazards and hazardous situations, without delay to their manager and our global reporting system. This reporting triggers various activities within Valmet to ensure good incident management. Managers are responsible for incident investigations, including root cause analysis and corrective actions, all of which are documented in the reporting system. Workers and their representatives participate in and support the investigation and corrective actions. HSE alerts are produced for all recordable and high-potential near misses and are shared globally as part of monthly reporting.

Managers and workers are trained in how to perform risk assessments, incident reporting and investigations. All workers have the right to refuse unsafe work and should inform their manager or site contact immediately of all concerns. Valmet's HSE function ensures the quality of hazard identification, risk assessment and incident investigation processes, and that improvements and lessons are shared globally.

Occupational health services (GRI 403-3 (2018))

Valmet ensures employees' access to qualified occupational health services through country-based approaches that also comply with local legal requirements and provide service in the local language. Information on the available occupational health services is provided to employees during their onboarding. Services are provided during work hours. In the larger production units, these services are available at the location. Valmet contractually requires that the employer of workers who are not Valmet employees ensures their access to these services.

Worker participation, consultation and communication on occupational health and safety (GRI 403-4 (2018))

As stated in our HSE Policy, we facilitate the participation and consultation of our people and partners in HSE activities and practices. The backbone of our approach lies in joint management-worker safety committees in all locations with more than 30 employees. Following a global guideline, these committees meet at least once a year and more often in production locations, have elected worker representatives, establish annual budgets and action plans, and follow standard agenda items covering all aspects of the development, implementation and evaluation of the local HSE management system.

In addition, we deploy a variety of other methods, including making HSE a routine meeting agenda item at team meetings, townhall events and one-on-one discussions, toolbox talk practices, management safety walk-and-talks, elected worker safety representatives, employee surveys, employee participation in risk assessments and pre-task safety discussions, HSE information on noticeboards, and intranet communications about HSE.

GRI 403-4: Percentage of employees represented in health and safety committees by region

	%
North America	94 (97)
South America	97 (100)
EMEA	92 (96)
China	93 (97)
Asia-Pacific	90 (98)
Total	**92 (97)**

Worker training on occupational health and safety (GRI 403-5 (2018))

Valmet's global HSE training framework consists of four layers – global, worksite, role-specific and task-specific training. Its design is based on an assessment of legal, customer and industry HSE obligations, as well as HSE risks and impacts. All HSE training is provided free of charge and during paid work hours. Training effectiveness is evaluated through competence tests during the training session.

We have two mandatory global training programs, both available in the main employee languages. All employees complete the General Valmet HSE induction e-learning course during their onboarding, as well as any additional location-specific HSE induction. This e-learning course covers Valmet's HSE Policy, rules and minimum safety standards. This e-learning course is also available for all external workers on our Partner Academy platform. All Valmet employees are also expected to participate in Safety Dialogue training as part of their onboarding. In this program, managers and employees explore attitudes, behaviors and skills to promote a positive safety culture at Valmet. Standard training material for our minimum safety standards, travel safety and other global HSE routines is also available in various languages in our learning systems.

All employees and external workers are required to continuously complete relevant worksite HSE inductions. During onboarding, inductions in local languages are held for the Valmet location and the specific HSE risks, rules and routines. Valmet HSE inductions are also held for everyone entering our temporary and remote worksites in our installation projects in the main project language and in English if required. In addition, everyone working for Valmet is required to complete customer mill inductions.

Role-specific HSE training requirements are defined in country- or location-based HSE training matrices reflective of local regulatory and industry requirements, as well as the Valmet minimum safety standards. These training programs are mainly provided for our employees by qualified external training service providers at the defined frequency and always in the local language. We require that all external workers are provided with relevant role-specific training meeting our requirements by their own employer. All workers are given task-specific training on safe operating procedures as required.

Promotion of worker health (GRI 403-6 (2018))

Valmet implements a global approach in which locations with 30 or more employees have a social committee comprised of employees based in the location and with the purpose of hosting social events and coordinating activities that build engagement and collaboration, as well as promoting wellbeing at work. Social committees support wellbeing at work through five evidence-based action areas – connect, be active, take notice, keep learning, and give. The social committee can be combined with the HSE committee – see GRI 403-4 on page 35.

Valmet facilitates employees' access to non-medical and healthcare services through a country-based approach utilizing a mix of mechanisms such as health insurance, company clinics and financial contributions. For workers who are not employees, their employer facilitates their access to these services.

Percentage of employees represented in social committees by region

	Headcount, %
North America	68 (98)
South America	90 (100)
EMEA	82 (95)
China	80 (99)
Asia-Pacific	80 (70)
Total	**81 (94)**

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (GRI 403-7 (2018))

A value chain perspective is embedded in our global management system (GMS) and our health and safety objectives, actions and routines.

Workers covered by an occupational health and safety management system (GRI 403-8)

All employees and external workers are covered by Valmet's global management system (GMS), an integrated quality, health, safety and environmental management system. Read more about the system in the Annual Review on page 62. The GMS is audited through several Groupwide internal processes, including risk management, logistics, HSE, corporate internal audit, sustainability assurance, and internal audits of the global management system.

The GMS is certified as a global multisite system by a third party according to the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards, but to varying scopes of coverage – see the table below. We are continually expanding our coverage, and the target is that all production locations and at least 90 percent of all workers will be covered by the system by 2025. We have defined an expansion roadmap toward this target. Currently, the ISO 45001:2018 certification covers the main production locations and project installations.

GRI 403-8: Workers covered by a certified management system (GRI 403-8 2018))[1]

	2022	2021	2020
ISO 9001:2015 (Quality management)[2]	87	85	84
ISO 14001:2015 (Environmental management)[2]	78	76	74
ISO 45001:2018 (Occupational health and safety management)[2]	75	72	64

[1] Valmet does not have a global tracking system for external worker headcount. Coverage of the occupational health and safety management system is calculated based on employee headcount, and it is assumed that this is also representative of the average coverage of external workers.
[2] Data for year 2021 restated due to errors found in the data of locations Atlanta, Neenah and Pune. This resulted one percent lower coverage for ISO 9001, four percent lower coverage for ISO 14001 and ISO 45001 than previously reported.

Work-related injuries (GRI 403-9 (2018))[1]

Based on a consolidation of local health and safety risk registers and an analysis of injuries and near misses, Valmet has identified twelve main hazards that pose a risk of high-consequence injury and defined them for each Minimum Safety Standard – as described in the management approach description (see page 22). These standards are designed to ensure the hierarchy of controls is implemented in all operations to eliminate hazards and minimize risks. Valmet's operations continuously implement injury prevention actions as part of annual improvement plans. In 2022, there were seven high-consequence injuries and two fatal injuries related to working at heights and the use of tools, equipment and machines during work tasks (read more in our Annual Review on page 56). All injuries are investigated, and improvement actions are taken to prevent similar incidents in the future.

GRI 403-9: Number of hours worked by region (employees)[2]

	2022	2021	2020
North America	3,633,600	2,899,200	3,023,040
South America	1,460,640	1,107,200	1,057,280
EMEA	20,055,680	17,782,240	16,932,800
China	4,242,560	3,591,200	3,479,040
Asia-Pacific	2,657,280	1,752,960	1,716,800
Total	**32,049,760**	**27,132,800**	**26,208,960**

GRI 403-9: Number of hours worked by region (external workers)[3]

	2022	2021	2020
North America	195,225	165,862	92,068
South America	7,246,428	9,932,084	4,619,860
EMEA	8,586,188	5,207,832	3,593,038
China	913,841	895,072	855,529
Asia-Pacific	1,692,658	1,911,573	961,056
Total	**18,634,339**	**18,112,423**	**10,121,550**

GRI 403-9: Number of fatalities as a result of work-related injury (employees and external workers)

	2022	2021	2020
Employees	0	0	1
External workers	2	1	0

[1] The European Statistics at Work Methodology is used for recording and reporting accident statistics. This methodology follows the ILO Code. Incident data are collected in the global Spotlight reporting system. It covers all countries and operations, including work on customer and delivery project sites.
[2] Work hours for Valmet employees are calculated according to theoretical work hours based on active headcount.
[3] External workers are leased or contracted workforce whose work or workplace is controlled by Valmet. Work hours for external workers are consolidated from local reporting systems and are calculated based on both theoretical and actual work hours.

GRI 403-9: Number of high-consequence work-related injuries by region (employees)[4]

	2022	2021	2020
North America	2	0	0
South America	0	0	0
EMEA	3	0	1
China	0	1	2
Asia-Pacific	0	0	0
Total	**5**	**1**	**3**

GRI 403-9: Number of high-consequence work-related injuries by region (external workers)[4]

	2022	2021	2020
North America	0	0	0
South America	1	2	1
EMEA	0	0	1
China	1	0	0
Asia-Pacific	0	0	0
Total	**2**	**2**	**2**

GRI 403-9: Number of recordable work-related injuries by region (employees)[5]

	2022	2021	2020
North America	23	20	17
South America	5	2	3
EMEA	68	51	50
China	6	11	10
Asia-Pacific	1	0	1
Total	**103**	**84**	**81**

GRI 403-9: Number of recordable work-related injuries by region (external workers)[5]

	2022	2021	2020
North America	2	5	3
South America	26	56	28
EMEA	47	55	47
China	8	0	0
Asia-Pacific	4	6	1
Total	**87**	**122**	**79**

[4] A high-consequence work-related injury results in either more than six months of days away from work or permanent disability.
[5] A recordable work-related injury 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).

GRI 403-9: Rate of fatal work-related injuries by region (employees)[6]

	2022	2021	2020
North America	0	0	0
South America	0	0	0
EMEA	0	0	0.1
China	0	0	0
Asia-Pacific	0	0	0
Total	**0**	**0**	**0.04**

GRI 403-9: Rate of fatal work-related injuries by region (external workers)[6]

	2022	2021	2020
North America	0	0	0
South America	0	0	0
EMEA	0.1	0	0
China	0	0	0
Asia-Pacific	0.6	0.5	0
Total	**0.1**	**0.06**	**0**

GRI 403-9: Rate of high-consequence work-related injuries by region (employees)[7]

	2022	2021	2020
North America	0	0	0
South America	0	0	0
EMEA	0.1	0	0.1
China	0	0.3	0.6
Asia-Pacific	0.6	0	0
Total	**0.1**	**0.4**	**0.1**

GRI 403-9: Rate of high-consequence work-related injuries by region (external workers)[7]

	2022	2021	2020
North America	0	0	0
South America	0.1	0.2	0.2
EMEA	0	0	0.3
China	1.1	0	0
Asia-Pacific	0	0	0
Total	**0.1**	**0.1**	**0.2**

[6] The rate of fatal work-related injuries is based on the number of fatal injuries per million hours worked.
[7] The rate of high-consequence work-related injuries is based on the number of high-consequence injuries per million hours worked.

GRI 403-9: Lost time incident frequency, LTIF, by region (own employees)[8]

	2022	2021	2020
North America	2.5	2.4	1.7
South America	0.7	0	0.9
EMEA	2.0	1.6	1.7
China	0.5	0.8	1.1
Asia-Pacific	0	0	0
Total	**1.6**	**1.4**	**1.5**

GRI 403-9: Lost time incident frequency, LTIF, by region (external workers)[8]

	2022	2021	2020
North America	5.1	18.1	0.0
South America	0.7	1.1	0.6
EMEA	3.7	7.9	6.4
China	4.4	0	0
Asia-Pacific	0.6	0.5	1.0
Total	**2.3**	**3.1**	**2.7**

GRI 403-9: Total recordable incident frequency, TRIF, by region (own employees)[9]

	2022	2021	2020
North America	6.3	6.9	5.6
South America	3.4	1.8	2.8
EMEA	3.4	2.9	3.0
China	1.4	3.1	2.9
Asia-Pacific	0.4	0	0.6
Total	**3.2**	**3.1**	**3.1**

GRI 403-9: Total recordable incident frequency, TRIF, by region (external workers)[9]

	2022	2021	2020
North America	10.2	30.1	32.6
South America	3.6	5.6	6.1
EMEA	5.5	10.6	13.1
China	8.8	0	0
Asia-Pacific	2.4	3.1	1.0
Total	**4.7**	**6.7**	**7.8**

[8] LTIF is based on the number of work-related injuries resulting in at least one calendar day away from work per million hours worked.
[9] TRIF is based on the number of recordable work-related injuries per million hours worked.

Work-related ill health (GRI 403-10 (2018))[1]

Valmet maintains up-to-date risk maps for all its operations to identify health hazards, implements necessary controls with the aim of preventing ill health and continuously monitors health. Workers in production and construction environments are at risk of:

- 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 dusts and chemical exposure
- Infectious diseases

In 2022, 4 cases of musculoskeletal disorders, 1 skin disease, and 9 infectious diseases were diagnosed by local social insurance and the worker compensation authorities.[2]

GRI 403-10: Number of fatalities as a result of work-related ill health (employees)

	2022	2021	2020
Employees	0	0	0
Total	**0**	**0**	**0**

GRI 403-10: Number of recordable cases of work-related ill health by region (employees)[2]

	2022	2021	2020
North America	2	3	3
South America	0	0	0
EMEA[3, 4]	12	17	2
China	0	0	0
Asia-Pacific	0	1	0
Total[4]	**14**	**21**	**5**

[1] Valmet does not collect occupational health data for external workers due to data privacy. This is done by the responsible employer.
[2] A recordable work-related ill health case is a diagnosed occupational disease case that has been registered at and accepted by the local social insurance or workers' compensation body.
[3] The data from Sweden and Germany are omitted due to data privacy issues.
[4] The 2021 figure has been restated due to that in Finland, SARS-CoV2 has been determined a biological exposure and Covid-19 is an occupational disease and listed like all other occupational diseases in Finland.

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GRI 403-10: Absentee rate by region (employees)[5]

	2022	2021	2020
North America	2.0	1.8	1.9
South America	1.7	0.4	0.6
EMEA	3.8	3.3	3.3
China	0.7	0.7	0.8
Asia-Pacific	1.4	0.9	0.8
Total	**2.9**	**2.6**	**2.5**

GRI 403-10: Occupational disease rate by region (employees)[6]

	2022	2021	2020
North America	0.5	1.0	1.0
South America	0	0	0
EMEA[3,4]	0.6	0.9	0.1
China	0	0	0
Asia-Pacific	0	0.6	0
Total[4]	**0.4**	**0.8**	**0.2**

[3] The data from Sweden and Germany are omitted due to data privacy issues.
[4] The 2021 figure has been restated due to that in Finland, SARS-CoV2 has been determined a biological exposure and Covid-19 is an occupational disease and listed like all other occupational diseases in Finland.
[5] The absentee rate reflects the actual absentee days lost expressed as a percentage of total days scheduled to be worked by the active and inactive employees for the same period.
[6] The occupational disease rate is based on the number of recordable cases of work-related ill health per million hours worked.

Average hours of training per year per employee (GRI 404-1)

Total training hours recorded in 2022 were around 184,000 hours, with an average training investment per employee of EUR 325. The average number of training hours for a Valmet employee in 2022 was 12.3 hours (female employees 11.9 hours, male employees 12.5 hours). Training hours are reported for all employees, based on the information available in Valmet's people management system.

Programs for upgrading employee skills and transition assistance programs (GRI 404-2)

We encourage development throughout an employee's career at Valmet, making sure our people develop their competence continuously. We follow a 70-20-10 learning philosophy, with 70 percent occurring through on-the-job learning, 20 percent through learning relationships, and 10 percent through formal learning.

We always adhere to legal requirements and country practices regarding the management of career endings. In situations that have a significant impact on individuals and local communities, we take steps to provide additional support in the form of outplacement training, individual skill development, financing for new enterprises, entrepreneur training and compensation for relocation costs.

Percentage of employees receiving regular performance and career development reviews (GRI 404-3)

Valmet carries out a documented annual review discussion comprising a performance review and development plan for its white-collar employees. Annual review discussions are also encouraged for Valmet's blue-collar employees, some of which take place as documented group discussions.

GRI 404-3: Employees receiving regular performance and career development reviews

	Female, %	Male, %	Total, %
White-collar	99.1 (98.8)	99.4 (99.1)	99.3 (99.1)
Senior management	100 (100)	100 (100)	100 (100)
Managerial and specialist	99.1 (98.8)	99.4 (99.1)	99.3 (99.0)
Blue-collar	83.7 (97.9)	75.7 (72.9)	77.2 (78.0)

[1] Employees hired after September 1, 2022, not included.
[2] Employees category definitions:
  White-collar has the following two categories
  • Senior Management: Executive and Senior management roles responsible for strategy development and long-term operational plans
  • Managerial and Specialists: Functional and department managers, team leaders, supervisors and white-collar specialist roles
  Blue-collar: Workers in operational roles, mainly in manufacturing and field service

Composition of governance bodies and employee breakdown (GRI 405-1)

GRI 405-1: Board of Directors

Years	Female total, %	Male total, %	Total, %
Under 30	0 (0)	0 (0)	0 (0)
30–50	0 (0)	0 (0)	0 (0)
Over 50	33.3 (33.3)	66.7 (66.7)	100 (100)
Total	**33.3 (33.3)**	**66.7 (66.7)**	**100 (100)**

GRI 405-1: Executive Team

Years	Female total, %	Male total, %	Total, %
Under 30	0 (0)	0 (0)	0 (0)
30–50	21.4 (7.7)	7.1 (7.7)	28.6 (15.4)
Over 50	7.1 (7.7)	64.3 (76.9)	71.4 (84.6)
Total	**28.6 (15.4)**	**71.4 (84.6)**	**100 (100)**

GRI 405-1: Breakdown of employees by employee category and gender

	Female total, %	Male total, %	Total, %	Total
White-collar	17.4 (17.1)	54.8 (55.9)	72.2 (73.0)	12,674 (10,367)
Senior management	0.2 (0.3)	0.8 (0.9)	1.0 (1.2)	186 (166)
Managerial and specialist	17.1 (16.8)	54.0 (55.0)	72.2 (71.8)	12,488 (10,201)
Blue-collar	3.7 (3.6)	24.1 (23.4)	27.8 (27.0)	4,874 (3,836)
Total	**21.0 (20.7)**	**78.9 (79.3)**	**100 (100)**	**17,548 (14,203)**

GRI 405-1: Breakdown of employees by employee category and age group

	Age in years				
	Under 30, total, %	30–50, total, %	Over 50, total, %	Total, %	Total
White-collar	7.6 (6.9)	39.1 (38.9)	25.6 (27.2)	72.2 (73.0)	12,674 (10,367)
Senior management	0 (0)	0.4 (0.5)	0.6 (0.7)	1.0 (1.2)	186 (166)
Managerial and specialist	7.6 (6.9)	38.7 (38.4)	24.9 (26.5)	71.2 (71.8)	12,488 (10,201)
Blue-collar	3.4 (2.8)	14.8 (14.5)	9.6 (9.7)	27.8 (27.0)	4,874 (3,836)
Total	**11.0 (9.6)**	**53.9 (53.4)**	**35.1 (37.0)**	**100 (100)**	**17,548 (14,203)**

GRI 405-1: Breakdown by nationality for the ten largest employee groups

Nationality	Line managers by country, %	Total, %
Finnish	33.2 (42.2)	35.8 (37.0)
Chinese	12.9 (12.3)	13.3 (13.5)
American	11.7 (11.7)	9.6 (8.3)
Swedish	9.3 (10.3)	9.4 (11.4)
Indian	5.9 (1.9)	5.6 (3.1)
Brazilian	4.4 (3.8)	4.3 (3.8)
Polish	3.4 (3.5)	3.4 (3.9)
German	2.3 (0.2)	2.4 (1.9)
Portuguese	1.6 (1.8)	2.4 (2.9)
Spanish	0.7 (2.3)	1.6 (1.7)

GRI 405-1: Share of women in the workforce[1]

	Female total, %
All employees	21.0 (20.7)
All managers	18.5 (17.6)
Senior managers	22.3 (19.7)
Junior managers	18.2 (17.4)
Managers in revenue-generating roles	15.7 (15.1)
All STEM-related roles[2]	12.0 (11.5)

[1] All managers: All line managers
Senior managers: All employees in job grades E, 14 and 13
Junior managers: Line managers in job grades 6–12
Managers in revenue-generating roles: Line managers in engineering, general management, operations and manufacturing, procurement and logistics, project management, sales, and service job families.
All STEM-related roles: All employees with qualifications in science, technology, engineering and mathematics (excluding new Flow Control business line employees).
[2] New Flow Control Business Line employees are excluded from these numbers.

Operations and suppliers at significant risk for incidents of child, forced and compulsory labor (GRI 408-1, GRI 409-1)

Valmet employs more than 17,500 professionals around the world in more than 40 countries. Valmet has an extensive supplier network, including 30,000 active direct suppliers in around 60 countries with different sustainability risk levels.

In compliance with the UN Guiding Principles on Business and Human Rights, Valmet has published a statement to promote its commitment to and respect for human rights. Valmet enforces the Human Rights Statement by actively assessing the fulfillment of human rights in its own operations and in its supply chain through supplier sustainability audits.

In all its business relations, Valmet requires its business partners to respect all internationally recognized human rights and comply with the international principles related to human rights. Furthermore, the company's suppliers are required to comply with Valmet's Sustainable Supply Chain Policy, and the company has built a comprehensive process for ensuring compliance. The process includes suppliers' commitment to the Sustainable Supply Chain Policy, risk assessments, supplier self-assessments, and supplier sustainability audits executed with a third party. Compliance with Valmet's Sustainable Supply Chain Policy is the starting point for entering into and maintaining any kind of business relationship with Valmet. We expect all our suppliers to comply with the requirements in the policy, and we have zero tolerance of the use of forced labor or child labor.

Suppliers provide Valmet with various metals-based products and components, electronics, as well as different services. According to our assessment, one third of our suppliers have an increased risk in terms of sustainability. We have assessed potential negative social rights impacts and identified Valmet's most salient risks that are connected to Valmet's operations. One of the identified potential salient risks is related to the possible use of forced and child labor.

Valmet has also acknowledged that countries such as China, India, Indonesia, Thailand, Mexico and Brazil, where it has both its own operations and makes purchases, are commonly identified as risk countries in terms of social impacts. Valmet has identified local communities, migrant workers, and third-party contracted labor as potentially vulnerable groups related to the salient social impacts.

New suppliers that were screened using environmental and social criteria (GRI 308-1, GRI 414-1)

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 set in the Sustainable Supply Chain Policy, covering business ethics, compliance, human and labor rights, health, safety, climate and environmental management, and product compliance and safety topics.

Sustainability screening is an automated and integrated feature of Valmet's supplier approval process globally. Valmet's key performance indicators related to the sustainable supply chain are integrated into the global supplier sustainability management process. In 2022, 99 percent (94%) of all new direct suppliers were automatically screened for sustainability. The remaining suppliers have been manually assessed regarding potential sustainability risk.

Negative environmental and social impacts in the supply chain and actions taken (GRI 308-2, GRI 414-2)

Valmet has integrated both environmental and social criteria into company policies and related processes to ensure the environment and human rights are respected and promoted throughout the value chain.

Valmet has around 30,000 active direct suppliers in around 60 countries. Suppliers provide Valmet with various metals-based products and components, electronics, and different services. We have assessed that one third of our suppliers have a potential negative environmental and social impact. We have estimated that our supply chain accounts for approximately four percent of the environmental impacts of our entire value chain. Valmet strives to develop the transparency and traceability of its entire value chain from the sourcing of raw materials to the recycling of our products.

Valmet has assessed potential negative social rights impacts and identified Valmet's most salient risks that are connected to Valmet's value chain. The identified potential salient risks relate to freedom of association, possible use of forced and child labor, and occupational health and safety. Valmet has identified local communities, migrant workers, and third-party contracted labor as potentially vulnerable groups related to the salient social impacts both in our own operations and in our supply chain.

Through our sustainable supply chain activities, we collaborate with our suppliers and develop our products to reduce negative environmental and social impacts. In 2022, we conducted 45 supplier sustainability audits in 14 countries with a certified third-party auditor. The majority of audits took place in countries where the potential negative environmental and social impact is highest, such as China, India, Indonesia, Thailand, Mexico and Brazil. The findings of these audits were mainly related to human and labor rights and environmental management. Of all corrective actions agreed

with suppliers in 2022, 47 percent had been completed and verified by the end of the year. 90 percent of all actions agreed with suppliers as part of the auditing process since 2015 had been completed and verified by the end of 2022.

Valmet has a social impact assessment process for assessing negative social impact in our high-risk locations. Valmet conducts social impact assessments in its own operations, carried out by an independent third party. In addition to its own employees, the assessment covers contractors working at Valmet's premises. Since 2018, Valmet has conducted four assessments globally, covering 67 percent of Valmet employees. The latest assessment was conducted in late 2022 in India. The findings of the assessment were mainly related to occupational health and safety and working conditions. We will define and implement the corrective action plan, and the corrective actions will be completed and verified during 2023.

Assessment of the health and safety impacts of product and service categories (GRI 416-1)

Safety is an integral part of Valmet's technologies, automation and services. The safety requirements of all Valmet's solutions are carefully reviewed and assessed in the R&D process, and must be fulfilled in each product development phase.

Valmet's solutions are required to be safe to use, and they are designed to meet or exceed all applicable safety standards and regulations. To ensure safe operations, customer training is included in all project deliveries. Moreover, the majority of Valmet's operations are certified to quality, health and safety, and environmental management standards, and processes that ensure product safety are followed.

In 2022, we started to strengthen the cooperation between our business lines in the area of product safety. Our target is to improve our way to operate on the Valmet level, as well as to increase the synergy between our different operations. A new Product safety management team was introduced in January 2022. The purpose of this team is to develop product safety management processes and practices, create common product safety policies, and increase communication across the business lines and area organizations.

Independent Limited Assurance Report

To the Annual General Meeting of Valmet Group

We have been engaged by the Management of Valmet Group (hereinafter also the "Valmet") to perform a limited assurance engagement on selected sustainability information for the reporting period from 1 January 2022 to 31 December 2022, disclosed in selected Information presented in the Report of the Board of Directors in Valmet's Financial Statements, Annual Review and GRI Supplement 2022 (hereinafter the Selected sustainability information).

Selected sustainability information

The selected sustainability information within the scope of assurance covers:

The economic, social and environmental sustainability indicators as identified in the GRI Content Index, which are included in the Valmet's GRI Supplement 2022.

Management's responsibility

The Management of Valmet is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria set out in Valmet Group's internal reporting instructions described in Valmet Group's GRI Supplement 2022 and the GRI Standards of the Global Reporting Initiative (collectively Reporting criteria). The Management of Valmet Group is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence, other ethical requirements and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers Oy applies International Standard on Quality Control (ISQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Conducting five site visits in China, Sweden, Germany, Brazil and the USA.
- Interviewing employees responsible for collecting and reporting the information presented in the Selected sustainability information at the group level as well as at the site level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Valmet Group's Selected sustainability information

Valmet

GRI SUPPLEMENT 2022

for the reporting period ended 31 December 2022 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Valmet Group's for our work, for this report, or for the conclusions that we have reached.

Helsinki 10 February 2023

PricewaterhouseCoopers Oy

Mikael Niskala   Karsten Westerling
Partner   Partner
ESG Reporting & Assurance   Authorised Public Accountant
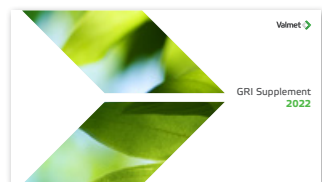
Valmet reports 2022
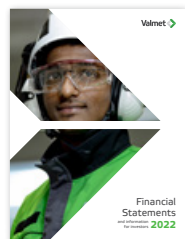
FINANCIAL STATEMENTS 2022 AND INFORMATION FOR INVESTORS
The report includes Valmet's Financial Statements for 2022 and information about its share, shareholders and management.
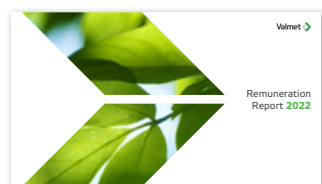
ANNUAL REVIEW 2022
The report covers Valmet's market environment and the progress of its strategy, operations and sustainability in 2022.
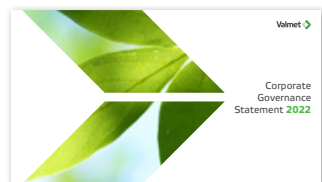
GRI SUPPLEMENT 2022
The report includes Valmet's sustainability reporting indicators and principles, and its alignment with the Global Reporting Initiative (GRI) Standards framework in 2022.

REMUNERATION REPORT 2022
The report covers Valmet's remuneration principles and remuneration in 2022.

CORPORATE GOVERNANCE STATEMENT 2022
The report covers Valmet's governance principles and activities, Board of Directors and management in 2022.

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