

Remuneration Report 2023

Introduction

Valmet's Remuneration Report describes the remuneration of the Board of Directors and the President and CEO of Valmet in 2023. The report has been prepared by Valmet's Remuneration and HR Committee to openly communicate the practices and processes Valmet uses to ensure fair and consistent remuneration, drive high performance, and secure the Company's long-term financial success.

The remuneration of the Board of Directors and the President and CEO is implemented in accordance with Valmet's Remuneration Policy, which was approved for the ongoing four-year cycle by Valmet's shareholders at the Annual General Meeting (AGM) in June 2020. Due to the four-year cycle ending in 2024, Valmet has reviewed its Remuneration Policy during the year based on stakeholder feedback, and a renewed Remuneration Policy for the next four-year cycle, 2024–2028, will be brought for a vote at the AGM in March 2024.

This report shows that the remuneration practices set by the Remuneration and HR Committee continue to be effective in driving Valmet's long-term business performance and supporting the implementation of the Company's key strategic priorities.

This report follows the requirements outlined in the EU Shareholder Rights Directive (SRD) and the Finnish Corporate Governance Code 2020 and is presented each year at the Company's Annual General Meeting for an advisory vote.

Comments on Valmet's Remuneration Report 2022

The Remuneration Report 2022 was presented at the Annual General meeting on March 22, 2023, for an advisory vote, and it received a for vote from a majority of shareholders. In preparation for this year's Remuneration Report, we have taken

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into consideration feedback from the proxy advisors and major shareholders regarding the elements included in the Report.

Based on the feedback, among other things, we define our peer groups and the benchmarks used, disclose the performance measures and weight used in the short- and long-term incentive plans, and describe incentive structures in more detail. Disclosing the target or threshold levels of the performance measures used even ex-post is challenging, since Valmet operates in a highly competitive oligopolistic market.

Valmet's remuneration approach

Valmet's remuneration approach is built on the principles of driving high-performance, competitive remuneration to retain talent with the best fit, as well as fairness and sustainability. We are committed to developing a strong pay-for-performance culture for employees at all levels and corners of the organization, combined with a healthy mix of non-monetary rewarding practices. This leads to truly engaged and

performance-driven teams – and ultimately, a more successful and profitable company.

The President and CEO's remuneration package is aligned with and supported by our pay-for-performance culture. A significant portion of the President and CEO's remuneration package is based on variable pay in the form of short- and long-term incentives. This ensures we maintain a strong connection between the Company's financial performance and the CEO's remuneration. In addition, the President and CEO is expected to build and maintain a minimum shareholding in the Company to further support and align shareholder interest with management interest.

Chair's foreword

Dear Shareholder,

The year 2023 marked ten years since Valmet became an independent stock-listed company. Over these ten years, Valmet has grown into a more stable, a more profitable, and a much larger company. This year was significant in many ways. The renewal of the Executive Team continued with long-serving members, including Valmet's President and CEO, announcing plans to leave the Company. Valmet executed significant strategic M&As, welcoming the NovaTech Automation's Process Solutions employees in January and Körber's Business Area Tissue employees in November to the Valmet family. Additionally, the Company again succeeded in improving its profitability, reaching 11.2 percent for the full year comparable EBITA. During the year, Valmet also faced challenges spurred by the economic downturn, especially in relation to orders received and cash flow, both of which were a clear focus during the second half of the year.

In 2023, the Remuneration and HR Committee (RHRC) and the Board of Directors renewed Valmet's Remuneration Policy, based on an active dialogue with our stakeholders with the aim of ensuring the transparency and fairness of remuneration. The updated policy continues to ensure Valmet has a strong set of remuneration principles that drive business performance, motivate and engage key personnel, support strategy implementation, and meet shareholder expectations.

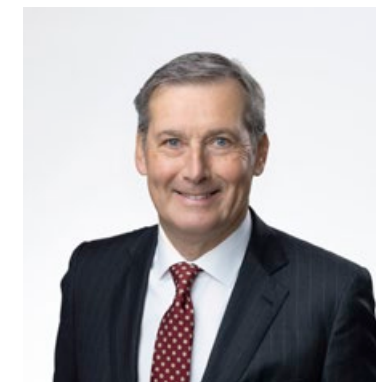
Valmet will continue to offer long-term incentive plans for its Executive Team, including the President and CEO and a limited group of key personnel and management talents. Valmet's long-term incentive plans are designed to drive performance based on long-term strategic and financial performance measures set for a three-year period to support the Company in achieving its strategic targets, while aligning the interests of management and our shareholders.

In recent years, we have made improvements to Valmet's performance measures, for instance, deciding to always include a significant, concrete and ambitious sustainability measure and to connect rewards to the development of Valmet's share in comparison to a peer group. The RHRC continues to actively develop long-term incentivization to meet stakeholder expectations during the upcoming plan period 2024–2026.

The President and CEO's total earned remuneration in 2023 was approximately EUR 2.7 million, of which 56 percent was in the form of variable pay. The variable pay percentage is directly affected by the 2023 financial result, in which absolute comparable EBITA, comparable EBITA margin and stable business orders received were within their targeted ranges. The President and CEO's shareholding in Valmet at the end of 2023 was six times the recommended minimum for Executive Team members, which is set at 100 percent of annual base salary.

On August 18, 2023, the Company announced that the current President and CEO will resign from Valmet during 2024. The Board of Directors has initiated a search for a successor to President and CEO Pasi Laine. Based on the proposal of the RHRC, the Board of Directors will ensure that the remuneration for the incoming President and CEO is in accordance with the updated Remuneration Policy.

To conclude, I want to congratulate all our Valmeteers on a remarkable ten-year journey. I look forward to seeing what the next ten years will bring.



Mikael Mäkinen

Chair of the Board of Directors

Remuneration linked to long-term business performance

Valmet's business performance has been consistent, with a steady year-on-year improvement in net sales each year during Valmet's history. Stable business orders received has been growing steadily over the years, only declining in 2020 due to COVID-19 restrictions but already bouncing back to growth mode in 2021 and continuing to grow organically, as well as through mergers and acquisitions. Our stable business order intake has grown significantly over the years, reaching EUR 3.1 billion in 2023 supported by favorable development in both the Automation and Services segments. Profitability continued to develop favorably in 2023, reaching 11.2 percent, in line with our long-term financial target of 12–14 percent.

The ratio between the paid-out compensation for the President and CEO and the average Valmet employee decreased over the past year. The President and CEO's remuneration decreased in 2023, which reflects the impact of variable pay, i.e., short- and long-term incentives, on the President and CEO's total remuneration. As our performance targets for short- and

long-term incentives are linked to our business result, business performance is directly reflected in the variable incentives paid to the President and CEO.

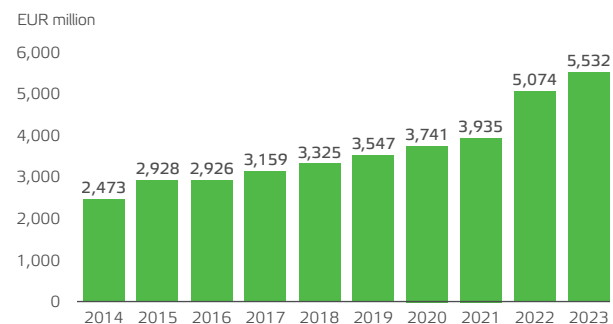
In the table, we present the paid compensation for the last five years for the members of the Board of Directors, the President and CEO, and the average Valmet employee. For members of the Board of Directors, paid-out compensation is impacted

by meeting fees. The fluctuation in the compensation to the President and CEO is driven by annual changes in short- and long-term incentive achievement linked to business performance. The development of our average Valmet employees' compensation is based on all personnel expenses without indirect employee costs divided by the average number of personnel during the year and impacted by the changes in our employee structures globally.

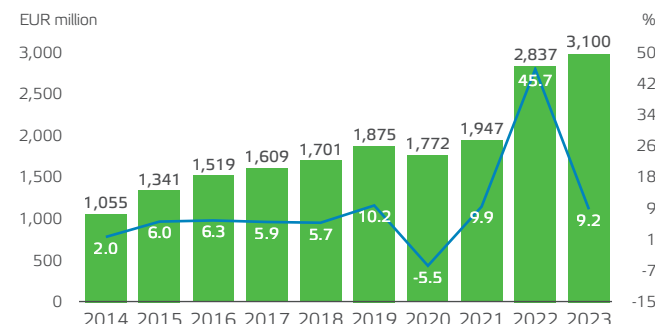
Paid compensation (in EUR)

	2019	2020	2021	2022	2023
Chair of Board of Directors	123,004	137,836	141,005	167,260	166,500
Vice Chair of the Board of Directors	79,522	87,332	89,198	81,558	94,500
Other members of the Board of Directors (average)	75,357	85,665	78,633	83,047	83,333
President and CEO	1,948,234	1,756,724	1,868,841	2,669,525	2,169,371
Average Valmet employee	59,470	57,784	59,182	61,801	62,376

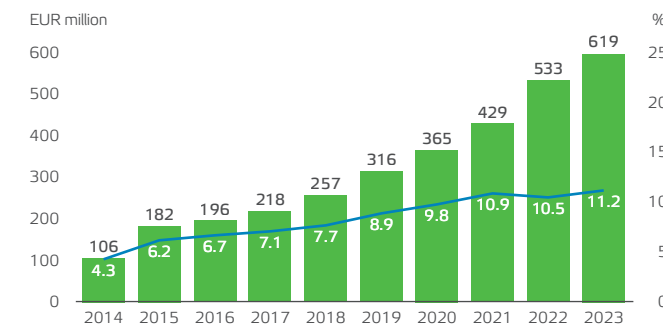
Net sales



Stable business orders received and growth, %



Comparable EBITA and EBITA margin, %



■ Stable business orders received
— Stable business orders received growth

■ Comparable EBITA
— Comparable EBITA margin

Remuneration Policy for the Board of Directors

The remuneration of the Board of Directors is decided for one term of office at a time by the General Meeting, based on the proposal of the Shareholders' Nomination Board.

Given the nature of the Board's duties and responsibilities, the members of the Board do not participate in the Company's variable pay schemes. Board members receive fixed remuneration (annual fee) which can be paid in cash or shares, or a combination of cash and shares.

The remuneration of the members of the Board of Directors consists of an annual fee and a fee per meeting. Furthermore, an additional annual fee is paid to the members of the Board's committees. In addition, Board members' travel expenses and daily allowances are compensated in accordance with Valmet's travel expense policy. The Board of Directors' personnel representative is entitled to a meeting fee for the meetings which they have been invited to attend and have attended.

Remuneration of the Board of Directors for the previous financial year

Board of Directors' compensation in 2023 (in EUR)

Name	Total annual fee ¹	Share reward portion	Cash portion	Committee fee	Meeting fees	Total
Aaro Cantell Member of the Board's Remuneration and HR Committee	64,000.00	25,584.30	38,415.70	4,000.00	13,500.00	81,500.00
Jaakko Eskola Vice Chair of the Board	80,000.00	31,988.00	48,012.00	4,000.00	10,500.00	94,500.00
Anu Hämäläinen Member of the Board's Audit Committee	64,000.00	25,584.30	38,415.70	7,000.00	12,000.00	83,000.00
Pekka Kempainen Member of the Board's Audit Committee	64,000.00	25,584.30	38,415.70	7,000.00	11,250.00	82,250.00
Per Lindberg Member of the Board	64,000.00	25,584.30	38,415.70	0.00	8,250.00	72,250.00
Monika Maurer Member of the Board's Remuneration and HR Committee	64,000.00	25,584.30	38,415.70	4,000.00	24,000.00	92,000.00
Mikael Mäkinen Chair of the Board Chair of the Board's Remuneration and HR Committee	145,000.00	57,999.21	87,000.79	8,000.00	13,500.00	166,500.00
Eriikka Söderström Chair of the Board's Audit Committee	64,000.00	25,584.30	38,415.70	16,000.00	12,000.00	92,000.00
Total	609,000.00	243,493.01	365,506.99	50,000.00	105,000.00	764,000.00

¹ Total annual fee consists of a Share reward portion, transfer tax and a Cash portion.

Compensation of the Board of Directors' personnel representative in 2023 (in EUR)

Name	Total annual fee	Share reward portion	Cash portion	Committee fee	Meeting fees	Total
Juha Pöllänen	0.00	0.00	0.00	0.00	6,750.00	6,750.00

The Shareholder's Nomination Board reviews benchmark data for board remuneration annually to determine the right market compensation levels for the Chair of the Board, the Vice Chair of the Board and the members of the Board. According to the Nomination Board's proposal at the Annual General Meeting, no changes to the remuneration of the Board of Directors were implemented in 2023.

Based on the decision of the Annual General Meeting, 40 percent of the Board's annual fees were reinvested to buy Valmet shares from the market. No special terms or conditions are associated with share ownership.

Remuneration Policy for the President and CEO at a glance

The Remuneration Policy provides a remuneration structure that aligns the remuneration for the President and CEO with the Company's long-term value creation and the achievement of its strategic objectives in accordance with its remuneration principles. The table below describes the policy's content at a glance.

The table below summarizes the elements of the President and CEO's remuneration:

Remuneration element	Purpose and link to strategy	Operation
Fixed base salary	Core reward for the role at an appropriate level to attract and retain.	Valmet conducts a remuneration analysis against a peer group of large-cap companies to determine the salary market level and to set the President and CEO's base salary level in accordance with the benchmark, considering experience, business performance and individual performance. The base salary is normally reviewed annually with effect from January 1. Salary market movement and company performance, as well as individual performance, are considered when determining any salary increase, which is approved by the Board of Directors.
Pension and insurance benefits	Provides a retirement benefit in addition to the statutory pensions, in line with local market practices, and supports attraction, engagement and retention.	Pension arrangements for the President and CEO follow local market practice and legislation: Finland has a statutory pension system (Finnish TyEL) in which the President and CEO participates. Under the Finnish TyEL pension, base salary, short-term incentives and other taxable benefits are included in the definition of earnings, while gains from share-based plans are not. According to local market practice, the President and CEO has an additional pension benefit in the form of a defined contribution pension plan of 20 percent of annual fixed base salary. The President and CEO's retirement age is 63, which was the statutory retirement age at the commencement of the President and CEO's employment. Other insurance benefits will be provided in line with appropriate levels indicated by the local market practice and requirements in the country of employment.
Short-term Incentive	To incentivize and recognize the achievement of specific annual financial and business objectives in support of the Company's strategy.	The short-term incentive is an annual performance bonus for which the Board of Directors sets the annual maximum incentive opportunity (as a percentage of the base salary), performance measures and target levels for the President and CEO. The short-term incentive performance criteria include Company-level key financial targets with a significant weight and strategic individual targets defined by the Board of Directors.
Long-term incentive	To align the objectives of shareholders and executives to increase the value of the Company, commit executives to the Company, and offer a competitive reward plan based on a long-term shareholding in Valmet.	The President and CEO is included in share-based incentive plans decided and implemented by the Board of Directors, and for which share repurchase and share issue authorizations are obtained from the General Meeting. The plan mainly follows a three-year earning period with Company-level strategic and financial performance targets. The performance targets for the long-term incentive plan can be for example, related to growth, profitability and sustainability, as determined and decided by the Board of Directors annually. The predetermined performance targets are measurable, and the achievement of these targets determines the payout level of the share-based incentive plan. For the President and CEO, the reward for each performance period is capped at grant to a maximum number of shares.

Remuneration of the President and CEO

President and CEO total compensation in 2023 (in EUR)

	Fixed Annual Salary (incl. taxable benefits)	Variable Compensation		Post-retirement benefit	Total
		Short-term incentive payment	Share-based incentive payment	Supplementary pension	
President and CEO	797,490	686,484	525,899	159,498	2,169,371

The Total Compensation for the President and CEO in 2023 refers to the paid compensation based on the 2022 performance period, whereas the sum on page 3 in the Chair's foreword refers to the total earned remuneration for the 2023 performance period.

Valmet conducts a remuneration analysis to benchmark the remuneration levels of its peer group of large-cap companies of similar size, scope and complexity to determine the correct remuneration level for the President and CEO. Salary market movement and Company performance, as well as individual performance, are considered when determining any salary increase, which is approved by the Board of Directors. The President and CEO's remuneration and other terms of the agreement are in accordance with Valmet's Remuneration Policy.

The merger with Neles resulted in an increase in the size and scope of the Company in terms of industry reach, product range and geographical presence. In line with our Remuneration Policy, this resulted in a compensation adjustment for the President and CEO.

In 2023, the President and CEO's monthly fixed compensation was EUR 63,293. The fixed salary includes a company car and phone allowance as fringe benefits.

Variable pay, meaning short- and long-term incentives, constitutes a substantial part of the President and CEO's total remuneration. In 2023, the paid short- and long-term incentives corresponded to approximately 56 percent of total compensation, and the fixed annual salary to 37 percent. The supplemental pension paid to the President and CEO corresponded to approximately 7 percent of total remuneration. Variable pay paid in 2023 is based on the performance period corresponding to the calendar year 2022. The President and CEO received no other financial benefits in 2023.

Remuneration of the President and CEO in 2024

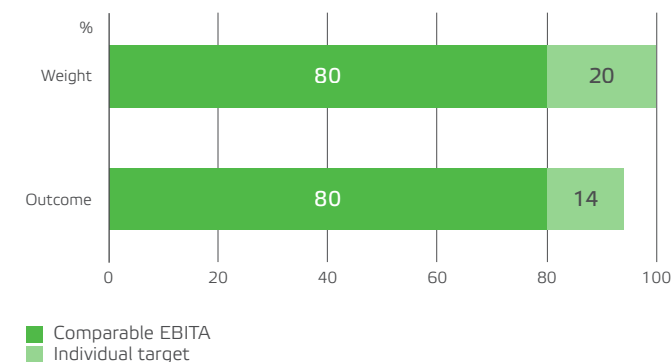
The remuneration of the President and CEO for 2024 was decided in August 2023 in conjunction with his resignation. The Board of Directors decided to increase the fixed annual base salary of the President and CEO to 900,000 EUR as of January 2024 and to continue salary payments until July 2025. The Company will make a severance payment of 1,125,000 EUR to the President and CEO on July 1, 2025. The President and CEO is considered a good leaver for the purposes of long- and short-term incentives and retains the rights to all earned incentives, as well as future incentives for the performance period 2024–2026. Supplementary pension payments will continue until the end of the year 2024.

Performance outcomes

Short-term incentives for 2022, paid in 2023

The maximum short-term incentive for the President and CEO corresponded to 100 percent of the annual base salary for 2022. The short-term incentive is based on the company’s comparable EBITA development with 80 percent weight, and strategic targets set by the Board of Directors with a weighting of 20 percent. The outcome of the 2022 Valmet-level comparable EBITA target was 100 percent of the min/max range. In 2022, the Board of Directors set individual targets for the President and CEO Pasi Laine related to sustainability progress and other strategic targets. President and CEO Pasi Laine’s individual targets were partially achieved in 2022 (70%). The accrued incentives for 2022 were paid in March 2023. The graph on the right presents the STI target setting and outcome for the President and CEO Pasi Laine for the financial year 2022.

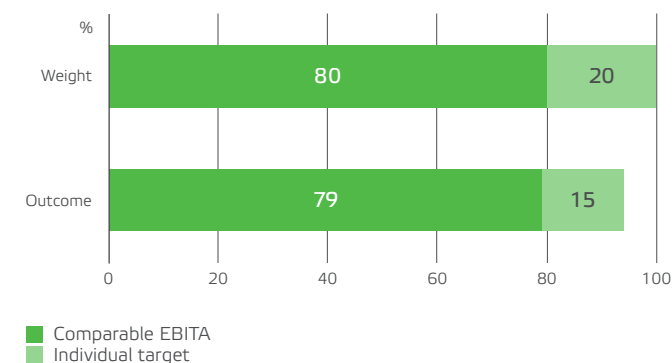
Short-term incentives for 2022, paid in 2023



Short-term incentives for 2023, payable in 2024

The maximum short-term incentive for the President and CEO corresponds to 100 percent of the annual base salary for 2023. The short-term incentive is based on the company’s comparable EBITA development with 80 percent weight, and strategic targets set by the Board of Directors with a weighting of 20 percent. The outcome of the 2023 Valmet-level Comparable EBITA target was 99 percent of the min/max range. In 2023, the Board of Directors had set individual targets for the President and CEO Pasi Laine related to sustainability development and other strategic targets. President and CEO Pasi Laine’s individual target achievement in 2023 reached 75 percent. The accrued incentives for 2023 will be paid in March 2024. The graph on the right presents the STI target setting and outcome for the President and CEO Pasi Laine for the financial year 2023.

Short-term incentives for 2023, payable in 2024



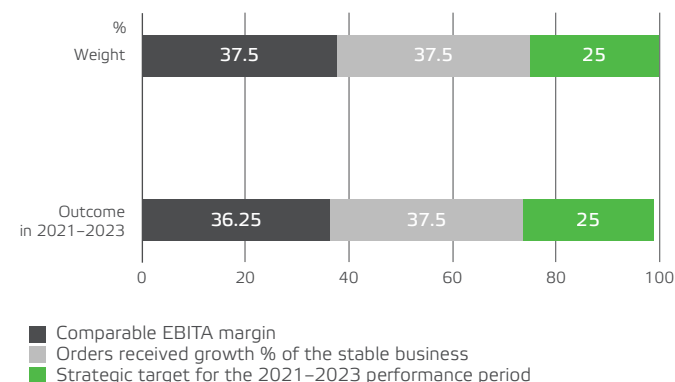
Performance Share Plan 2021–2023 (PSP 2021–2023), paid partially in 2022 and payable partially in 2024

The maximum long-term incentive reward for the President and CEO was 150 percent of annual base salary determined as a number of shares with the average share price of December 2020. The maximum reward corresponded to 45,879 shares. The potential reward for the 2021–2023 performance period was based on the achievement of a predefined strategic performance measure, as well as measures supporting Valmet’s long-term strategic and financial development. The strategic performance measure was linked to the company’s strategic development and growth through successful mergers and acquisitions, more specifically, the completion of the Neles merger. The performance measures supporting long-term strategic and financial development are set for the full three-year period. They are comparable EBITA margin and orders received growth (%) of the stable business, that is, Services and Automation segments. The outcome for the 2021 performance period was 98.34 percent of the maximum, and the share delivery took place in March 2022. The strategic performance measure’s outcome was determined after the full 2021–2023 performance period. Part of the reward was paid in the spring of 2022, and it was followed by a two-year restriction period, after which the value of this portion of the share reward is final as shares are free of restriction. A portion based on the achievement of the strategic performance measure will be paid out in March 2024. The aggregate reward based on the Performance Share Plan 2021–2023 is 98.75 percent of the maximum opportunity.

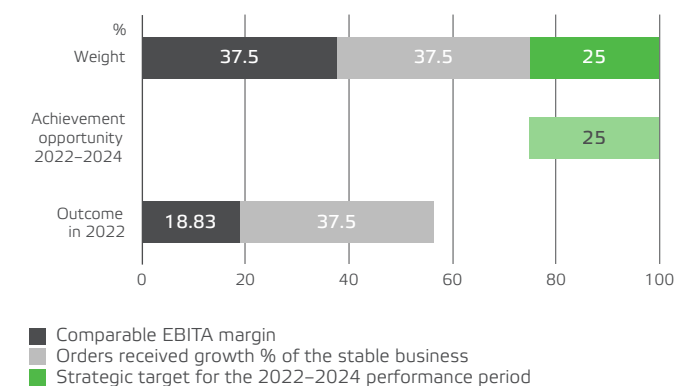
Performance Share Plan 2022–2024 (PSP 2022–2024), payable in 2023 and 2025

The maximum long-term incentive reward for the President and CEO was 150 percent of annual base salary determined as a number of shares with the average share price of December 2021. The maximum reward corresponds to 31,279 shares. The potential reward for the 2022–2024 performance period is based on achieving a predefined strategic ESG performance measure, as well as measures supporting Valmet’s long-term strategic and financial development. The strategic performance measure is linked to the progress of Valmet’s comprehensive Sustainability Agenda and Climate Program and rewards plan participants for achieving our ambitious environmental, social and governance targets. The performance measures supporting long-term strategic and financial development are set for the full three-year period. They are comparable EBITA margin and orders received growth (%) of the stable business, that is, Services and Automation. The outcome for the 2022 performance period was 75.1 percent of the maximum, driven by a strong stable business order intake. The strategic performance measure’s outcome will be determined after the full 2022–2024 performance period. Part of the total reward will be paid in the spring of 2023, followed by a two-year restriction period, which determines the final value of this portion of the share reward, while a portion based on the strategic performance measure will be paid out in the spring of 2025 after the performance measures’ final outcome has been determined. The aggregate reward based on the Performance Share Plan 2022–2024 will be available in the spring of 2025, when the reward will be paid out in full.

Performance Share Plan 2021–2023 (PSP 2021–2023), paid partially in 2022 and payable partially in 2024



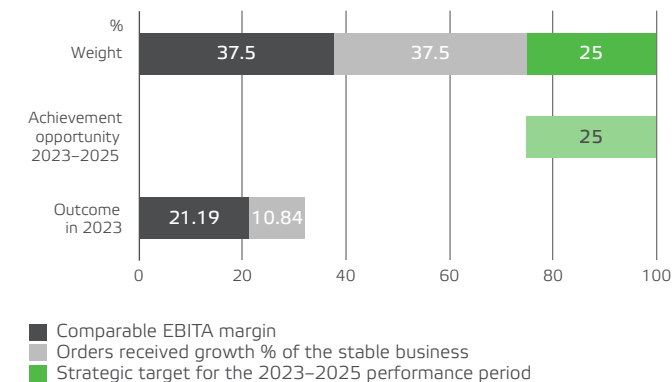
Performance Share Plan 2022–2024 (PSP 2022–2024), paid partially in 2023 and payable partially in 2025



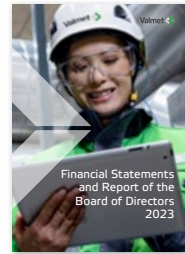
Performance Share Plan 2023–2025 (PSP 2023–2025), payable in 2024 and 2026

The maximum long-term incentive reward for the President and CEO was 150 percent of annual base salary determined as a number of shares with the average share price of December 2022. The maximum reward corresponds to 47,136 shares. The potential reward for the 2023–2025 performance period is based on the development of a valuation multiple of Valmet’s share in comparison to project business peers mainly in Nordic engineering, as well as targets supporting the Company’s long-term strategic and financial development. The performance measures supporting long-term strategic and financial development are set for the full three-year period. They are comparable EBITA margin and orders received growth (%) of the stable business, that is, the Services and Automation segments. The outcome for the 2023 performance period was 42.7 percent of the maximum, driven by favorable comparable EBITA margin development. The strategic performance measure’s outcome will be determined after the full 2023–2025 performance period. Part of the total reward will be paid in the spring of 2024, followed by a two-year restriction period, which determines the final value of this portion of the share reward, while a portion based on the strategic performance measure will be paid out in the spring of 2026 after the performance measures’ final outcome has been determined. The aggregate reward based on the Performance Share Plan 2023–2025 will be available in the spring of 2026, when the reward will be paid out in full.

Performance Share Plan 2023–2025 (PSP 2023–2025), payable in 2024 and 2026



Valmet reports 2023



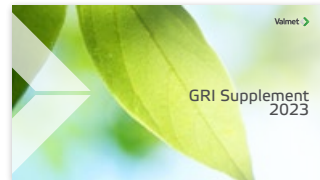
FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS 2023

The report includes Valmet's Financial Statements and Report of the Board of Directors for 2023.



ANNUAL REVIEW 2023

The report covers Valmet's market environment and the progress of its strategy, operations and sustainability in 2023.



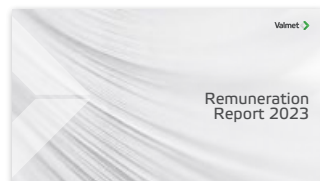
GRI SUPPLEMENT 2023

The report includes Valmet's sustainability reporting indicators and principles, and its alignment with the Global Reporting Initiative (GRI) Standards framework in 2023.



CORPORATE GOVERNANCE STATEMENT 2023

The report covers Valmet's governance principles and activities, the Board of Directors and management in 2023.



REMUNERATION REPORT 2023

The report covers Valmet's remuneration principles and remuneration in 2023.

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