

GRI SUPPLEMENT 2020

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.



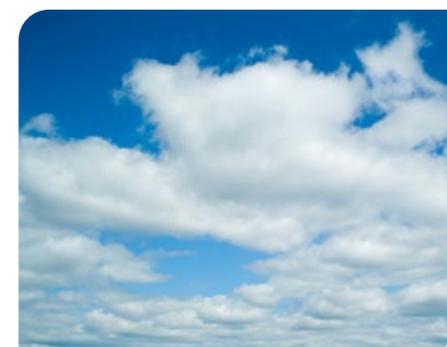


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Reported cases of potential Code of Conduct violations **14**



Scope 1, Scope 2, and Scope 3 Greenhouse gas emissions **25**

VALMET'S SUSTAINABILITY REPORTING IN 2020

Valmet has been reporting its sustainability performance since 2002 on an annual basis.

Our sustainability reporting in 2020 is in accordance with the Core option of 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 2020 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 to the reported data.

REPORTING PRINCIPLES

Our reporting covers the Valmet Group unless otherwise stated. However, there are some exceptions in the GRI indicator data from 2020: GRI disclosures related to Human Resources and Occupational Health and Safety include combined total headcount and work-related injury and illness data from Valmet and the companies acquired in 2020, unless stated otherwise. The GRI indicators related to other topics exclude data from the acquired companies. Valmet targets the reporting of complete data in all GRI indicators, including the acquired businesses from 2021 onwards.

In the GRI disclosures the group sustainability reporting excludes associated companies and joint ventures. Data on suppliers is provided to the extent required by the reported GRI indicators. In the GRI supplement, Valmet reports three-year trend data for material indicators in the respective columns. For some indicators, the 2019 numbers are shown in brackets after the 2020 numbers. Any other deviation of the data reported is noted separately.

Financial reporting

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 has 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 is collected annually from the relevant Valmet units.

Health, safety and environmental data

Valmet's Health, Safety and Environment (HSE) organization is responsible for collecting and reporting HSE data, also covering work-related injuries for external workers. Harmonized global HSE reporting principles and a systematic data validation process form the basis of data quality for our HSE reporting. Some of the 2018 and 2019 HSE data has been re-stated based on improvements in data quality.

Injury data is reported continuously by all employees in a global HSE event management system. The data is 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 Labor Organization (ILO) "Recording and notification of occupational accidents and diseases."

Environmental data based on local invoice, measurements and consumption records is reported annually. Environmental data from the businesses acquired in 2019 is reported for the first time in 2020. Environmental data from the businesses acquired in 2019 is reported for the first time in 2020. We apply the financial control method outlined in the GHG Protocol "Corporate Accounting and Reporting Standard" of the WorldBusiness Council for Sustainable Development (WBCSD).

Valmet assesses its Scope 1 and 2 emissions based on the GHG Protocol's "A Corporate Accounting and Reporting Standard."

Valmet assesses its Scope 3 emissions based on the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard." Valmet reports data on four selected relevant categories of Scope 3: category 1: purchased goods and

services; category 4: upstream transportation and distribution; category 6: business travel, and category 9: downstream transportation and distribution.

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 is obtained in conjunction with financial reporting and is 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 2020 includes all active Valmet employees. 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 2 percent of the total number of employees.

GRI CONTENT INDEX

GENERAL DISCLOSURES							
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	GENERAL DISCLOSURES	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
ORGANIZATIONAL PROFILE							
GRI 102	102-1	Name of the organization	Name of the organization	See comments	Valmet Oyj		
GRI 102	102-2	Activities, brands, products and services	Activities, primary brands, products and services	AR 16-17			
GRI 102	102-3	Location of headquarters	Location of headquarters	See comments	Keilasatama 5 / P.O. Box 11, 02150 Espoo, Finland		
GRI 102	102-4	Location of operations	Countries in which operations are located	AR 10			
GRI 102	102-5	Ownership and legal form	Nature of ownership and legal form	See comments	Valmet Oyj is a public company, and its shares are listed on Nasdaq Helsinki.		
GRI 102	102-6	Markets served	Markets served	AR 10-11			
GRI 102	102-7	Scale of the organization	Scale of organization	Personnel and net sales: AR 9 Total capitalization, FS 25: Consolidated Statement of Financial Position	The total number of locations is 182.		
GRI 102	102-8	Information on employees and other workers	Breakdown of employees by contract type, employment type, region and gender	GR 12, FS 11		Valmet does not collect information in its global people management system about workers who are not employees of the company. Valmet's business model has no significant seasonal variations.	x
GRI 102	102-9	Supply chain	Description of supply chain	AR 48-51, GR 17			
GRI 102	102-10	Significant changes to the organization and its supply chain	Significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain	See comments	In 2020, Valmet acquired one company in Poland.		
GRI 102	102-11	Precautionary principle or approach	Addressing the precautionary principle or approach	www.valmet.com/riskmanagement	Valmet has a comprehensive risk management process in place that enables Valmet to efficiently manage risks in order to avoid any harm to the environment and to ensure the continuity of its operations.		
GRI 102	102-12	External initiatives	External charters, principles or initiatives endorsed	AR 60-62, GR 13			
GRI 102	102-13	Membership of associations	Memberships in associations	GR 13			

Abbreviations:
 AR = Annual Review 2020
 FS = Financial Statements 2020 and Information for Investors
 GR = GRI Supplement 2020

GENERAL DISCLOSURES							
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	GENERAL DISCLOSURES	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
STRATEGY							
GRI 102	102-14	Statement from senior decision-maker	Statement from the President and CEO	AR 2-3			
GRI 102	102-15	Key impacts, risks and opportunities	Sustainability risk management	AR 12-13, 36-38, GR 13, FS 10-14	Read more: www.valmet.com/sustainability/sustainability-agenda/risks-and-opportunities/ www.valmet.com/investors/valmet-as-an-investment/sustainable-investment/TCFD		
ETHICS AND INTEGRITY							
GRI 102	102-16	Values, principles, standards and norms of behavior	Organization's values, principles and codes	AR 36, 56-63			
GRI 102	102-17	Mechanisms for advice and concerns about ethics	Mechanisms for advice and concerns about ethics	GR 12, CG 12	Read more: www.valmet.com/about-us/code-of-conduct/		
GRI 102							
GRI 102	102-18	Governance structure	Governance structure	CG			
STAKEHOLDER ENGAGEMENT							
GRI 102	102-40	List of stakeholder groups	List of stakeholder groups engaged in the organization	GR 14	Read more: www.valmet.com/sustainability/sustainability-agenda/stakeholders/		
GRI 102	102-41	Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements	GR 14			x
GRI 102	102-42	Identifying and selecting stakeholders	Identification and selection of stakeholders	GR 14			
GRI 102	102-43	Approach to stakeholder engagement	Organization's approach to stakeholder engagement	GR 15			
GRI 102	102-44	Key topics and concerns raised	Key topics and concerns raised through stakeholder engagement	GR 15			



GENERAL DISCLOSURES							
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	GENERAL DISCLOSURES	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
REPORTING PRACTICE							
GRI 102	102-45	Entities included in the consolidated financial statements	Entities included in the organization's consolidated financial statements	FS 74–75	All group companies are included in Valmet's sustainability reporting.		
GRI 102	102-46	Defining report content and topic boundaries	Process of defining the report content	GR 16			
GRI 102	102-47	List of material topics	Material topics identified	GR 16			
GRI 102	102-48	Restatements of information	Restatements of information provided in previous reports	See comments	Some of the 2018 and 2019 HSE data has been restated based on improvements in data quality.		
GRI 102	102-49	Changes in reporting	Significant changes from previous reporting periods in the scope and topic boundaries	See comments	No significant changes.		
GRI 102	102-50	Reporting period	Reporting period	See comments	January 1, 2020–December 31, 2020.		
GRI 102	102-51	Date of most recent report	Date of the most recent previous report	See comments	Valmet's Annual Review describing the company's operations and sustainability in 2019 and a GRI supplement for 2019 were published on February 25, 2020.		
GRI 102	102-52	Reporting cycle	Reporting cycle	See comments	Annual		
GRI 102	102-53	Contact point for questions regarding the report	Contact point for questions	GR 43			
GRI 102	102-54	Claims of reporting in accordance with the GRI Standards		GR 2	Valmet's sustainability reporting in 2020 has been prepared in accordance with the GRI Standards (2016 and 2018): Core option.		
GRI 102	102-55	GRI content index	GRI content index	GR 4–11			
GRI 102	102-56	External assurance	Organization's policy with regard to external assurance	Assurance report: GR 40–41	The GRI content index indicates the general and topic-specific disclosures that have been externally assured.		

Abbreviations:

AR = Annual Review 2020

FS = Financial Statements 2020 and Information for Investors

GR = GRI Supplement 2020

SPECIFIC STANDARD DISCLOSURES						
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
GRI 200 ECONOMIC STANDARD SERIES						
ECONOMIC PERFORMANCE						
GRI 103	103-1	Explanation of the material topic and its Boundary	CEO review: AR 2-3, Strategy and financial targets: AR 36-38, AR 42, GR 16	At Valmet, economic responsibility refers to creating 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.		
GRI 103	103-2	The management approach and its components	GR 16			
GRI 103	103-3	Evaluation of the management approach	AR 2-3, 36-38			
GRI 201	201-1	Direct economic value generated and distributed	AR 61-62	Taxes are reported based on the 10 largest countries to give a comprehensive overview of Valmet's global tax footprint. Read more about Valmet's value creation: AR 12-13.		x
ANTI-CORRUPTION						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 22			
GRI 103	103-2	The management approach and its components	GR 22			
GRI 103	103-3	Evaluation of the management approach	GR 22			
GRI 205	205-1	Operations assessed for risks related to corruption	GR 23	Read more: www.valmet.com/riskmanagement		x
VALMET-SPECIFIC TOPIC: PURCHASES						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 17			
GRI 103	103-2	The management approach and its components	GR 17			
GRI 103	103-3	Evaluation of the management approach	GR 17			
	Own indicator	Purchases by 10 largest countries	AR 49			x
GRI 300 ENVIRONMENT STANDARD SERIES						
ENERGY						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 18-19			
GRI 103	103-2	The management approach and its components	GR 18			
GRI 103	103-3	Evaluation of the management approach	GR 19			
GRI 302	302-1	Energy consumption within the organization	GR 23			x
GRI 302	302-3	Energy intensity	GR 23			x
WATER						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 18-19			
GRI 103	103-2	The management approach and its components	GR 18			
GRI 103	103-3	Evaluation of the management approach	GR 19			
GRI 303	303-1 (2018)	Interactions with water as a shared resource	GR 24			x
GRI 303	303-2 (2018)	Management of water discharge-related impacts	GR 24	Valmet follows local discharge permits and requirements. Valmet's water withdrawal from areas with water stress is not significant and is not material.		x
GRI 303	303-13 (2018)	Water withdrawal by source	GR 24			x



SPECIFIC STANDARD DISCLOSURES						
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
EMISSIONS						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 18–19			
GRI 103	103-2	The management approach and its components	GR 18			
GRI 103	103-3	Evaluation of the management approach	GR 19			
GRI 305	305-1	Direct (Scope 1) GHG emissions	GR 25			x
GRI 305	305-2	Energy indirect (Scope 2) GHG emissions	GR 25			x
GRI 305	305-3	Other indirect (Scope 3) GHG emissions	GR 25		Scope 3 category 11: use of sold products ¹	x
GRI 305	305-4	GHG emissions intensity	GR 25			x
GRI 305	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	GR 26			x
EFFLUENTS AND WASTE						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 18–19			
GRI 103	103-2	The management approach and its components	GR 18			
GRI 103	103-3	Evaluation of the management approach	GR 19			
GRI 306	306-2	Waste by type and disposal method	GR 26			x
GRI 306	306-3	Significant spills	See comments	There were no significant spills in 2020.		x
VALMET-SPECIFIC TOPIC: ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 21			
GRI 103	103-2	The management approach and its components	GR 21			
GRI 103	103-3	Evaluation of the management approach	GR 21			
	Own indicator	Environmental impacts of products and services	GR 27	Impacts are calculated per project or solution.		
ENVIRONMENTAL COMPLIANCE						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 18–19			
GRI 103	103-2	The management approach and its components	GR 18			
GRI 103	103-3	Evaluation of the management approach	GR 19			
GRI 307	307-1	Non-compliance with environmental laws and regulations	FS 11			x

¹ We estimate that around 95 percent of the environmental impacts of Valmet’s entire value chain are emitted when Valmet’s solutions are being used for production at customer sites. Therefore, we have started to develop the CO₂ emission calculation for the use phase of our technology to ensure even more accurate, comprehensive and transparent CO₂ emission reporting in the upcoming years.

SPECIFIC STANDARD DISCLOSURES						
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
GRI 400 SOCIAL STANDARD SERIES						
EMPLOYMENT						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 20			
GRI 103	103-2	The management approach and its components	GR 20			
GRI 103	103-3	Evaluation of the management approach	GR 20			
GRI 401	401-1	New employee hires and employee turnover	GR 28–29			x
OCCUPATIONAL HEALTH AND SAFETY						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 18–19			
GRI 103	103-2	The management approach and its components	GR 18			
GRI 103	103-3	Evaluation of the management approach	GR 19			
GRI 403	403-1 (2018)	Occupational health and safety management system	AR 52			x
GRI 403	403-2 (2018)	Hazard identification, risk assessment and incident investigation	GR 30			x
GRI 403	403-3 (2018)	Occupational health services	GR 30	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
GRI 403	403-4 (2018)	Worker participation, consultation and communication on occupational health and safety	GR 30			x
GRI 403	403-5 (2018)	Worker training on occupational health and safety	GR 30–31			x
GRI 403	403-6 (2018)	Promotion of worker health	GR 31, AR 52–54	See comment on 403-3 above.		x
GRI 403	403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GR 31, AR 44–52, 54, 60			x
GRI 403	403-8 (2018)	Workers covered by an occupational health and safety management system	GR 31, AR 53	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.		x
GRI 403	403-9 (2018)	Work-related injuries	GR 32–35	Workhours 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.	Lost day rates are not calculated in our reporting systems.	x
GRI 403	403-10 (2018)	Work-related ill health	GR 36–37		Our reporting systems currently do not enable tracking of work-related ill health for workers who are not employees.	x



SPECIFIC STANDARD DISCLOSURES						
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
TRAINING AND EDUCATION						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 20			
GRI 103	103-2	The management approach and its components	GR 20			
GRI 103	103-3	Evaluation of the management approach	GR 20			
GRI 404	404-1	Average hours of training per year per employee	GR 37		Training hours are not reported by employee category.	x
GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs	GR 37, AR 56-59			x
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews	GR 37			x
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 20			
GRI 103	103-2	The management approach and its components	GR 20			
GRI 103	103-3	Evaluation of the management approach	GR 20			
GRI 405	405-1	Diversity of governance bodies and employees	GR 38-39		As Valmet's HR principles are based on equal treatment of all employees, collecting data on minority groups is not material for Valmet.	x
FORCED AND COMPULSORY LABOR						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 17			
GRI 103	103-2	The management approach and its components	GR 17			
GRI 103	103-3	Evaluation of the management approach	GR 17			
GRI 409	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Identified risk areas GR 39, Measures taken AR 48-51			x
SUPPLIER SOCIAL ASSESSMENT						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 17, AR 48			
GRI 103	103-2	The management approach and its components	GR 17			
GRI 103	103-3	Evaluation of the management approach	GR 17			
GRI 414	414-1	New suppliers that were screened using social criteria	GR 39, AR 48-49			x

SPECIFIC STANDARD DISCLOSURES						
GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
CUSTOMER HEALTH AND SAFETY						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 21			
GRI 103	103-2	The management approach and its components	GR 21			
GRI 103	103-3	Evaluation of the management approach	GR 21			
GRI 416	416-1	Assessment of the health and safety impacts of product and service categories	GR 39			x
SOCIO-ECONOMIC COMPLIANCE						
GRI 103	103-1	Explanation of the material topic and its Boundary	GR 21			
GRI 103	103-2	The management approach and its components	GR 21			
GRI 103	103-3	Evaluation of the management approach	GR 21			
GRI 419	419-1	Non-compliance with laws and regulations in the social and economic area	GR 39			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.

Breakdown of employees by contract type, employment type, region and gender (GRI 102-8)

GRI 102-8: Total number of employees by employment contract and gender

	Female	Male	Total
Regular	2,523 (2,387)	10,229 (9,944)	12,752 (12,331)
Fixed-Term	385 (394)	909 (873)	1,294 (1,267)
Total	2,908 (2,781)	11,138 (10,817)	14,046 (13,598)

GRI 102-8: Total workforce by region and employment contract

	Regular	Fixed term	Total
North America	1,541 (1,683)	1 (17)	1,542 (1,700)
South America	533 (537)	9 (11)	542 (548)
EMEA	8,581 (8,071)	621 (583)	9,202 (8,654)
China	1,220 (1,151)	652 (646)	1,872 (1,797)
Asia-Pacific	877 (889)	11 (10)	888 (899)
Total	12,752 (12,331)	1,294 (1,267)	14,046 (13,598)

GRI 102-8: Total number of permanent (regular) employees by employment type and gender

	Female	Male	Total
Full-time	2,424 (2,278)	10,114 (9,837)	12,538 (12,115)
Part-time	99 (109)	115 (107)	214 (216)
Total	2,523 (2,387)	10,229 (9,944)	12,752 (12,331)

GRI 102-8: Total workforce by region and gender

	Female	Male	Total
North America	228 (233)	1,314 (1,467)	1,542 (1,700)
South America	100 (103)	442 (445)	542 (548)
EMEA	2,040 (1,919)	7,162 (6,735)	9,202 (8,654)
China	436 (418)	1,436 (1,379)	1,872 (1,797)
Asia-Pacific	104 (108)	784 (791)	888 (899)
Total	2,908 (2,781)	11,138 (10,817)	14,046 (13,598)



Policies and commitments (GRI 102-12)

- Valmet's Anti-Corruption Policy
- Valmet's Code of Conduct
- Valmet's Competition Compliance Guidelines
- Valmet's Drugs and Alcohol Guidelines
- Valmet's Equal Opportunity and Diversity Policy
- Valmet's Global Travel Policy
- Valmet's Health, Safety and Environment Policy
- Valmet's Health, Safety and Environment Committee Guideline
- Valmet's Human Resources Policy
- Valmet's Human Rights Statement
- Valmet's Intellectual Property Rights (IPR) Policy
- Valmet's Minimum Safety Standards
- Valmet's Social Committee Guideline
- Valmet's Sustainable Supply Chain Policy
- Valmet's Quality Policy
- Valmet is a signatory of the UN Global Compact (UNGC)
- Valmet supports and commits to the UN Sustainable Development Goals
- Valmet supports and promotes the principles set by the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO)
- Valmet promotes and encourages compliance with international standards for health and safety, environmental and quality management, such as ISO 14001, ISO 45001 and ISO 9001
- Valmet supports and promotes the principles set by the OECD's Guidelines for Multinational Enterprises

Memberships in associations (GRI 102-13)

Valmet's key memberships by country or area are listed here. 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
 Exhaust Gas Cleaning Systems Association (EGCSA)
 Bioenergy Association of Finland
 Finnish Energy
 Finnish Forest Industries
 Association of Finnish Foundry Product Industries
 WEC Finland
 Foundation for the Global Compact
 Finnish Business & Society (FiBS)

Sweden

Svenskt Näringsliv
 Teknikföretagen
 Föreningen Sveriges Skogsindustrier
 Värme och Kraftföreningen (VoK)
 Swedenergy (Energiföretagen Sverige)

EU

Energy Technologies Europe (ETE)
 Bioenergy Europe (AEBIOM)
 Confederation of European Paper Industries (CEPI)
 EDANA
 Exhaust Gas Cleaning Systems Association (EGCSA)

North America

European Disposables and Nonwovens Association (EDANA)

Energy Recovery Council (ERC)
 Council of Industrial Boiler Owners (CIBO)
 International District Energy Association (IDEA)
 American Forest and Paper Association (AF&PA)
 Association for the Suppliers to the Paper Industry (ASPI)
 BioRenewable Deployment Consortium (BDC)

South America

Associação Brasileira Técnica De Celulose e Papel (ABTCP)
 Brazilian Machinery and Equipment Association (ABIMAQ)
 Corporación Chilena de la Madera (CORMA)

Asia-Pacific

Vietnam Pulp and Paper Association
 Australian Industry Group (VIC & NSW)
 Japan Paper Association
 Korea Paper Association (KPA)
 Industry Edge

China

China National Household Paper Industry Association
 China Paper Associations
 China Nonwovens & Industrial Textiles Association (CNITA)

Sustainability risk management (GRI 102-15)

Valmet's business and competition environment is subject to a wide range of risks (threats and opportunities) due to the company's broad scope of global operations and its technological and industrial diversity. In this context, the role of Valmet's risk management is to support the achievement of Valmet's strategic targets and business objectives, and the continuity of operations.

Valmet has a systematic method for regularly assessing the probability and impact of sustainability and climate related threats and opportunities. The topics include health and

safety, environmental management, human rights and labor rights, ethical business practices, transition and physical risks throughout our value chain.

Management of sustainability and climate-related risks is integrated into the multidisciplinary group-wide risk management process at Valmet. Each Valmet business line annually assesses the probability and impact of e.g. climate-related and environmental risks, and defines the need and priority of the actions to remove, mitigate, minimize, retain or utilize risks using Valmet’s risk map.

Valmet discloses information on climate-related financial risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the Disclosure of non-financial information, Valmet’s Financial Statements 2020 and Information for Investors, and on Valmet’s website.

Mechanisms for advice and concerns about ethics (GRI 102-17)

Valmet encourages our employees and stakeholders to speak up and voice their concerns. Valmet employees are encouraged to report suspected misconduct to their own supervisors, the Human Resources function, to other management or, if necessary, directly to Legal Affairs and the Internal Audit function.

Valmet offers an anonymous, web-based channel and call center for reporting suspected violations of our Code of Conduct. It provides Valmet employees and other stakeholders with the possibility to report anonymously and in their native language. This reporting channel is maintained by an external party and is designed to guarantee anonymity. The reporting system and the process of handling the reports are managed by the Legal Affairs and the Internal Audit functions.

Valmet provides Code of Conduct training and communications to our employees on all of our available channels to inform them of the company’s ethical expectations and

protect the business. In 2020, Valmet’s Code of Conduct and related e-learning course were updated.

In 2020, 40 concerns or allegations of potential Code of Conduct violations were reported through the external reporting channel or other channels, such as direct reporting to local HR, the Legal function or to Internal Audit. A total of 16 cases were closed. Most of the reported cases were related to Intellectual property and company assets and Rejection of corruption and bribery.

Stakeholder engagement (GRI 102-40, GRI 102-41, GRI 102-42, GRI 102-43, GRI 102-44)

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

The identified entities or individuals 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.

Employees covered by collective bargaining agreements (GRI 102-41)

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.

Overall, 73 percent of Valmet employees are covered by collective bargaining agreements. Participation in collective bargaining agreements varies significantly between regions, with the highest participation in South America (89%),

GRI 102-17: Reported cases of potential Code of Conduct violations in 2020

	Number of cases	Cases closed	Open cases as of Dec 31, 2020
Cases reported via external reporting channel	23	5	18
Cases reported via other channels	17	11	6
Total	40	16	24

GRI 102-17: Cases closed by Valmet Code of Conduct category

	Number of cases
Integrity	4
Rejection of corruption and bribery	4
Compliance with laws and regulations	3
Intellectual property and company assets	2
Data privacy	1
Equal opportunities, diversity and inclusion	1
Respectful work environment	1
Total	16

EMEA (84%) and China (67%), and the lowest in North America (9%) and Asia-Pacific (3%). This reflects common practice in these regions.

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, 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 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 where we emphasize open and active dialogue. In 2020, we conducted a pulse survey among our personnel, consisting of ten questions on working together, keeping connected, managing wellbeing and staying engaged. 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 aim to meet our suppliers regularly. During 2020, Valmet arranged a Supplier Day event in China. The event aimed to achieve more sustainable, better quality performance and open relationships with our suppliers and to increase

their ability to deliver added value and innovative solutions for our businesses. The topics discussed included quality, sustainability and safety in everyday business. The importance of mutual collaboration, commitment and communication was also highlighted in building long-term competitiveness throughout the value chain. A total of 50 supplier companies attended the event. We also audit and assess our global suppliers regularly. In 2020, Valmet continued to implement a global sustainability engagement program for selected key suppliers in EMEA, China and Asia-Pacific.

Valmet engages shareholders, investors and analysts in dialogue to ensure that the markets have correct and sufficient information for determining the value of the Valmet shares. 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 2020, Valmet's IR team participated in 35 roadshows and engaged with investors and analysts approximately 300 times through different channels such as conference calls, roadshows, and face-to-face 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 gathering of feedback

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

In 2020, Valmet launched 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 by Valmet's own employees.

Internally, we use employee surveys to collect feedback from employees. 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 enhance our sustainability performance and define areas for improvement.

Main topics highlighted in 2020

The COVID-19 pandemic also impacted key topics and concerns raised through our stakeholder engagements in 2020. Protecting the health and safety of employees, partners and customers, as well as the communities in which we operate highlighted the year.

The most significant topics in our stakeholder survey in 2020 concerned the safety of Valmet's products and services, in addition to Valmet's employees and subcontractors. Mitigating environmental impacts was considered important

throughout Valmet's value chain in its own operations, supply chain and technology in the customer use phase. Human and labor rights, the prevention of corruption, and employees' health, wellbeing and development opportunities were also raised as some of the main topics. The majority of the stakeholder survey respondents (79%) assessed Valmet's sustainability performance as excellent or very good.

We found new ways of engaging with our stakeholder groups and despite the challenges created by the pandemic, we made solid progress in our stakeholder engagement actions in 2020.

Reported topics, topic boundaries and management approach (GRI 102-46, GRI 102-47, GRI 103-1)

Reported topics and topic boundaries

In accordance with the GRI 101 Foundation standard, the principles for defining report content were applied in assessing material topics and boundaries. A list of material topics can be found in the GRI content index in this report on pages 4-11. The process was initially conducted in 2013 and was last updated in 2018. It included a stakeholder survey sent to 9,000 stakeholders, including customers, employees, and institutional investors and owners; interviews with key customers; and a benchmark study. The current business environment and the most important market drivers affecting the industries in which Valmet and its customers operate were also reviewed as part of the process of building a comprehensive understanding of all potential sustainability topics.

The topics were then assessed on the basis of their importance to Valmet and its stakeholders at an internal workshop with key experts and management. As a result of the process, we defined five sustainability focus areas, covering the most material sustainability topics for Valmet. The results of Valmet's stakeholder review, conducted in late 2018, indi-

cated that Valmet's main stakeholders – such as customers, investors, suppliers and Valmet's own personnel – confirmed Valmet's current view of what is important for the company's sustainability performance.

Sustainability agenda

The topics included in Valmet's 2020 reporting are based on the process described and create the basis for Valmet's Sustainability Agenda, which was initially defined in 2014 and is renewed every three years, with the latest update in 2018. Valmet has defined action plans for its Sustainability Agenda for 2019–2021. The action plans include detailed actions and targets for each sustainability focus area.

Valmet's Sustainability Agenda is called Sustainability360°, and it focuses on five core areas of our operations: a sustainable supply chain; health, safety and environment; people and performance; sustainable solutions; and corporate citizenship.

The material topics are grouped according to the five focus areas of Valmet's Sustainability Agenda, with corresponding goals, actions and KPIs. 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 action plans, targets and achievements can be found in the sustainability sections of the Annual Review (AR 32–35). The Sustainability Agenda has been approved by Valmet's Executive Team.

Management approach

Valmet has a strategic approach to sustainability, and therefore sustainability including climate-related issues, are discussed as part of Valmet's Sustainability agenda by the Board of Directors and the President and CEO. The Board of Directors of Valmet have oversight on sustainability and climate-related matters, and they sign off the disclosure of non-financial information, which is included into Valmet's Financial Statements 2020 and Information for Investors. The President and

CEO oversees the progress of Valmet's targets set in Valmet's Sustainability agenda.

Valmet's Executive Team determines and monitors Valmet's Sustainability Agenda and targets, as well as all related policies. Valmet's sustainability performance is reviewed annually by the Executive Team. Valmet's Senior Vice President for Marketing, Communications, Sustainability and Corporate Relations is responsible for sustainability at Valmet; she is a member of Valmet's Executive Team and reports to the CEO.

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 group-wide Sustainability Agenda and the initiatives within it. 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 group-wide 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.

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 selected employee groups and top management. Individual performance targets may also include targets for emissions reductions or other sustainability-related topics. Sustainable supply chain targets are part of selected groups' performance targets in Valmet's global procurement.

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

Sustainable supply chain

Management approach	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. 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 impacts of our value chain.
Reported topics and indicators	Forced or compulsory labor: GRI 409-1 Supplier social assessment: GRI 414-1 Material Valmet Topic: Purchases by ten largest countries
Goals and targets	<ul style="list-style-type: none"> • Develop sustainable procurement practices globally <ul style="list-style-type: none"> – 100 percent of new direct suppliers undergo supplier approval process – 40 supplier sustainability audits per year • Support selected key suppliers to meet the level of sustainability expected by Valmet <ul style="list-style-type: none"> – Engage 100 percent of selected suppliers in supplier sustainability engagement program
Responsibilities	<p>The Sustainability function develops and coordinates Valmet’s Sustainability Agenda within the company. The Procurement 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 procurement functions.</p> <ul style="list-style-type: none"> • 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, sustainability and corporate relations; she is a member of the Valmet Executive Team and reports to the CEO. • The Head of Sustainability is responsible for sustainability at corporate level and reports to the SVP of Marketing, Communications, Sustainability and Corporate Relations. • 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 and reports to the CEO. • The Vice President of Procurement is responsible for coordinating procurement operations across the four business lines and five areas, including the sustainable supply chain process. He reports to the SVP HR and Operational Development.
Specific actions	Read more about the “Sustainable supply chain” focus area on pages 48–51 of the Annual Review. The Sustainable supply chain progress table and key achievements in 2020 can be found in the Sustainability 360° agenda progress report on page 46. The action plan for 2019–2021 can be found on Valmet’s website.
Evaluation of management approach	<p>We continuously assess the impact of our processes and tools concerning our sustainable supply chain activities. We have a systematic method for supplier sustainability risk assessment that enables assessment of suppliers by country of origin and purchasing category. The aim is to assess 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. The self-assessment may lead to a supplier audit conducted by an independent third party and Valmet. With the self-assessments and audits, we aim to enhance risk management and ensure compliance with the policy requirements.</p> <p>The management approach to the sustainable supply chain is assessed continuously as part of our operations and processes. The improvement actions taken in 2020 include:</p> <ul style="list-style-type: none"> • Updated supplier sustainability self-assessment survey as an important part of the global sustainability management within the new supplier opening process • Continued supplier sustainability audits, on site and remotely • Developed annual target for share of verified corrective actions of all agreed corrective actions • Launched two new supplier e-learning courses to increase awareness and to give practical guidance on more sustainable business practices
Topic boundaries	<p>Within the organization (entire Group): Valmet’s Procurement organization manages purchases, and is responsible for ensuring that all purchasing is done sustainably and cost-effectively.</p> <p>Outside the organization: Valmet purchases components, products, materials and services from some 17,000 active suppliers in more than 50 countries. Special attention is paid to assessing human 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, Sweden, China, the USA, Germany, Poland, Estonia, India, Canada and Italy. China, India, Indonesia and Thailand are defined as having higher potential for negative human rights impacts than the other countries from which Valmet purchases goods and services.</p>

Health, safety and environment (HSE)

<p>Management approach</p>	<p>We are committed to protecting the health, safety and environment (HSE) 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 start-up of machinery, use of tools and equipment, mechanical lifting, working at height or in confined spaces, manual handling, hot work, exposure to hazardous substances and radiation, electrical work, road travel, and the social and organizational work environment.</p> <p>Our operations also impact their local environment and contribute to climate change as well as other global environmental challenges. The main aspects are direct and indirect energy consumption and associated CO₂ emissions, water consumption, waste production, emissions into the air, discharges of effluent, use of hazardous substances, material consumption and noise. 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 emitted from our own locations.</p> <p>Based on the above-mentioned impacts, we intend to provide safe and healthy workplaces for all and to design and operate our facilities to promote the sustainable use of resources and prevent pollution. Our approach aims to ensure 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 have a continuous improvement approach and work through strategic objectives and targets that are cascaded through annual improvement plans to all to drive environmental impact reduction, and to secure healthy and safe operations.</p> <p>Everyone is expected to take responsibility for HSE as defined in the Valmet Manager and Employee roles. We integrate sound HSE management practices in all aspects of our business and promote best HSE 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 HSE performance to enable the continuous development of our approach.</p> <p>We focus on:</p> <ul style="list-style-type: none"> • Ensuring risk-based HSE management in all operations: We ensure processes for effective HSE management are in place wherever we operate, with a focus on defining and implementing global standards and best practice. Our main operations are certified according to the ISO 14001 (environmental), ISO 45001 (health and safety) and ISO 9001 (quality) management standards. • Continuously improving safety performance: We systematically enhance leadership, engagement and mindsets to drive our safety culture forward. We implement preventive programs. • Minimizing the environmental impact of our operations and products: We continuously develop our operational footprint, our supply chain and the solutions we provide to our customers to improve environmental performance across the value chain. • Promoting health and wellbeing: We support wellbeing at work through five evidence-based action areas – connect, be active, take notice, keep learning, and give – in local health promotion activities. Our location-based social committees ensure we have programs in place.
<p>Reported topics and indicators</p>	<p>Energy: GRI 302-1, GRI 302-3 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 305-7 Effluents and waste: GRI 306-2, GRI 306-3 Environmental compliance: GRI 307-1 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).</p>
<p>Goals and targets</p>	<p>We pursue the long-term goal of zero harm to people and the environment by investing in a safety culture and effective HSE processes and practices, and through collaboration with customers and partners to improve HSE results. Key performance indicators and targets for 2025 are set for specific HSE areas supporting these goals: See the Annual Review on page 54.</p>



Responsibilities

- The HSE function is responsible for continuously improving HSE processes, performance, awareness and ways to operate. Valmet remuneration is tied to HSE performance.
- The Valmet Executive team has overall responsibility for the management and oversight of Valmet's day-to-day business, including HSE aspects and impacts.
- 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 and reports to the CEO.
- Valmet's 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; she reports to the SVP HR and Operational Development.
- 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.

Specific actions

Read more about the "Health, safety and environment" focus area on pages 52–55 of the Annual Review. The Health, safety and environment progress table and key achievements in 2020 can be found in the Sustainability360° agenda progress report on page 47. The action plan for 2019–2021 can be found on Valmet's website.

The COVID-19 pandemic management and response was a key action in 2020. Valmet set up a network of global, regional and local incident management teams (IMTs) at the beginning of the year to manage Valmet's response to the pandemic. Global guidelines and instructions, safe work protocols for locations and customer sites, and communication efforts have been deployed with the aim of protecting everyone.

Evaluation of management approach

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, with 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, is 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 the department meetings. HSE is annually reviewed by the company's Board of Directors.

Topic boundaries

Within the organization (entire Group): Valmet's environmental reporting covers all 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 2020 are not included). Locations acquired in 2019 are reported for the first time in 2020. Mill maintenance outsourcing in customer mills is excluded from environmental reporting. Valmet's Health and Safety reporting covers all active employees, and includes combined data from Valmet and the companies acquired in 2020.

Outside the organization: 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 aims to cover its contractors' incidents in its reporting.

People and performance

Management approach	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.
Reported topics and indicators	Employment: GRI 401-1 Training and education: GRI 404-1, GRI 404-2, GRI 404-3 Diversity and equal opportunity: GRI 405-1
Goals and targets	<p>We boost employee engagement and develop the best talent: Valmet believes that an engaged and performance-driven community is built from within. We use the OurVoice survey to measure engagement, performance excellence and values awareness levels, which are important for growing as a company and building a strong Valmet community. We encourage our people to live our shared values by connecting them to our way forward as a company.</p> <p>We continuously seek ways to enable individual performance and support development. We utilize our global training portfolio to inspire new thinking, bring minds together, and ultimately support growth and drive our strategic initiatives and Must-Wins. We follow a 70-20-10 approach to learning, in which 70 percent occurs through on-the-job learning, 20 percent through learning relationships, and 10 percent through structured learning.</p> <p>We are a responsible employer and promote diversity: We value teamwork as an important part of our organization's success, and emphasize respectful behavior and a safe, healthy and well-managed working environment in all locations. We set clear expectations for managers and employees through our manager and employee role descriptions, which focus on driving performance, building engagement, supporting development and living our values.</p> <p>The Valmet community is diverse. We continuously work to build and develop teams from different backgrounds, genders and cultures. Having a diverse workforce creates a more dynamic work environment, and leads to new ideas and more competitive products.</p>
Responsibilities	<p>The Human Resources function defines and guides the processes around talent management, learning and development, compensation and benefits, and people reporting. Remuneration at Valmet is partly tied to sustainability topics.</p> <ul style="list-style-type: none"> • 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 and reports to the CEO. • 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. • The Vice President of Talent Management is responsible for processes related to talent attraction and development, including learning programs, talent reviews and successor plans.
Specific actions	Read more about the "People and Performance" focus area on pages 56–59 of the Annual Review. The People and Performance progress table and key achievements in 2020 can be found in the Sustainability360° agenda progress report on page 47. The action plan for 2019–2021 can be found on Valmet's website.
Evaluation of management approach	We continuously assess the impact of our processes and tools on our material topics. 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.
Topic boundaries	<p>Within the organization (entire Group): Valmet has around 14,000 employees in 37 countries around the world. The largest countries in terms of headcount are Finland, China, Sweden, the USA and Poland.</p> <p>Outside the organization: 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 areas such as South America, China and Asia-Pacific.</p>

Sustainable solutions

Management approach

We provide our customers with sustainable solutions that help to improve safety and environmental performance. 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 are emitted when Valmet's solutions are being used for production at customer sites. Choosing efficient production technologies therefore plays a key role in mitigating climate impacts. We provide our customers with safe, reliable, cost-effective and sustainable solutions that improve environmental and process efficiency, and respond to the needs of the changing market environment and legislative requirements.

We have created, and are continuously developing, management systems to ensure that the whole value chain works as one for customer success. We have implemented sustainability guidelines and practices in product design and engineering, and we follow product and process safety standards. We offer our customers product life cycle support that ensures the best long-term environmental performance. We educate and encourage our customers to use the products they purchase from us in environmentally responsible and safe ways. We encourage all our personnel to participate in innovation and finding ways to reduce the environmental impact and increase the safety of our products and services.

Reported topics and indicators

Customer health and safety: GRI 416-1
 Socio-economic compliance: GRI 419-1
 Material Valmet topic: Environmental impacts of products and services

Goals and targets

Valmet's mission is to convert renewable resources into sustainable results. This means that our technology and services will make it possible for our customers to manufacture products sustainably, and for us and our customers to make profits responsibly. We aim to:

- Create technologies and services that enhance renewable raw materials, and water and energy efficiency:
 - Orders from new products and services >25 percent of total orders received until 2021
 - Selected fossil-based product parts to be replaced with renewable or recyclable materials
- Actively promote sustainability benefits of Valmet's offering to meet customers' needs
 - Increased awareness of sustainability benefits of Valmet's offering among customers

Responsibilities

Technology development and product management are managed by the respective technology organizations of the business lines, supported by the sales, marketing and engineering functions.

- 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 and reports to the CEO.
- The Vice President of Research and Development is responsible for managing Valmet-level R&D functions. He reports to the Senior Vice President for Human Resources and Operational Development.
- Each business line has a person or persons coordinating R&D within the business line.
- Each technology unit within the business line has technology and/or R&D responsible for product development.
- The Valmet R&D Management Team, consisting of technology/R&D responsible for all business lines and areas, leads and coordinates joint technology and R&D activities.
- R&D managers are responsible for systematic research and development activities associated with the search for and discovery of new knowledge and expertise required in developing new and existing products, services, processes or technologies.

Specific actions

The Sustainable solutions progress table and key achievements in 2020 can be found on the Sustainability360° agenda progress on page 47. The action plan for 2019–2021 can be found on Valmet's website.

Evaluation of management approach

The management approach is assessed continuously as part of our operations, and processes are improved accordingly to ensure that the set goals are achieved. The improvement actions taken in 2020 include:

- A new R&D project portfolio management tool in full and active use in all four business lines
- Identification of several new product opportunities utilizing renewable or recyclable materials
- The launch of products which enhance more sustainable operations: belt-roll structure, new generation of fabric insertion unit, fuel flexibility concept and marine ultrafilter water treatment unit
- Improvement of material efficiency in several products through product design
- Creating new CO₂ emission reduction portfolio with a target to define and highlight our products' positive environmental impacts
- Advanced process control-based optimization solutions applied for NO_x and CO₂ footprint reductions in the energy industry
- Several technology events conducted with key customers to identify potential for CO₂ reduction and water savings

Topic boundaries

Within the organization (entire Group): Valmet's technology organization is responsible for product development and ensuring that Valmet's solutions meet all applicable environmental and safety requirements. Valmet's sales organizations globally are responsible for ensuring that the solutions we deliver meet customer needs and support their safety and environmental targets. Two locations were removed from the reporting scope in 2020 due to changes in operations. They were also removed from the historical data.

Outside the organization: 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 arise from the use of Valmet's technologies and services. Valmet delivers new installations and rebuilds in all its market areas.

Corporate citizenship

Management approach	We want to ensure that our operations are socially responsible, and sustainably create added value for all our stakeholders.
Reported topics and indicators	Economic performance: GRI 201-1 Anti-corruption: GRI 205-1
Goals and targets	<ul style="list-style-type: none"> • We ensure our global human rights compliance through a due diligence framework <ul style="list-style-type: none"> – Conduct three full scope human rights impact assessments with corrective actions and follow-up plans by 2021 • We are a trusted local partner and promote transparent reporting <ul style="list-style-type: none"> – Maintain our position as an industry leader in sustainability and further develop sustainability reporting – 100 percent of our white-collar employees complete the sustainability e-learning course to understand and promote their role in Valmet’s sustainability – Collaborate actively with stakeholders
Responsibilities	<ul style="list-style-type: none"> • The Accounting and Finance function is headed by the CFO. Financial reporting and planning are based on the group management system, and development is monitored through financial reporting. • The Legal function is part of Valmet’s Group Finance, and is responsible for the legal governance of Valmet and for monitoring the proper and consistent application of and adherence to the rules and principles of the company, such as the Code of Conduct. The Code of Conduct and related policies are regularly reviewed and approved by the Board of Directors and/or the Executive Team. • The Group Risk Management function is part of Valmet’s Group Finance, and is responsible for supporting and controlling the implementation of the Enterprise Risk Management Policy and the annual Risk Management Program, as well as for developing common processes, practices, instructions and tools to be enforced throughout Valmet. • The Internal Audit function acts as an independent and objective assurance and consulting function for evaluating and improving the effectiveness of risk management, control, and governance processes such as the reporting of misconduct to the Audit Committee. • The Sustainability function develops and coordinates Valmet’s Sustainability Agenda within the company. The Head of 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 Management Team and reports to the CEO.
Specific actions	Read more about the “Corporate citizenship” focus area on pages 60–63 of the Annual Review. The Corporate citizenship progress table and key achievements in 2020 can be found on the Sustainability360° agenda progress on page 46. The action plan for 2019–2021 can be found on Valmet’s website.
Evaluation of management approach	<p>The management approach to anti-corruption is assessed continuously as part of our operations and processes. The improvement actions taken in 2020 include:</p> <ul style="list-style-type: none"> • Started to implement the new long-term social responsibility program • Updated Valmet’s Code of Conduct and launched mandatory e-learning course for all employees • Launched new Human rights e-learning course to further emphasize its importance in all our locations • Verified all the corrective actions related to two human rights impact assessments conducted by an independent third party in Indonesia and China • Continued the implementation of sustainability training for all Valmet employees through three different e-learning course modules: Sustainability at Valmet; Sustainable supply chain; and Developing and selling sustainable solutions • Initiated the development of our climate-related financial disclosure in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations
Topic boundary	<p>Within the organization (entire Group): All Valmet functions and employees work in compliance with our Code of Conduct to ethically create added value for our broad stakeholder base globally.</p> <p>Outside the organization: Valmet has truly global operations in around 40 countries and a broad stakeholder base in all market areas. We provide added value to our stakeholders in the form of dividends, jobs and business opportunities, for instance. The biggest countries in terms of net sales are the USA, China, Brazil, Finland and Germany, and in terms of income taxes are Finland, Brazil, China, the USA and Sweden.</p>

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.

Anti-corruption (GRI 205-1)

Group-level risk assessments cover all of Valmet's operations. One tool for risk assessments are 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. The most significant corruption risks relate to financial impacts and reputation.

Energy consumption within the organization (GRI 302-1¹, GRI 302-3²)

GRI 302-1: Fuel consumption

TJ	2020	2019	2018
Renewable fuels	0	0	2
Non-renewable fuels	331	304	298
Total	331	304	300

GRI 302-1: Energy consumption by source

TJ	2020	2019	2018
Electricity	799	787	820
Heating	223	227	231
Steam	9	21	25
Total	1,031	1,035	1,076

GRI 302-1: Energy sold

TJ	2020	2019	2018
Electricity	10	10	10
Heating	0	2	2
Total	10	12	12

GRI 302-1: Total energy consumption

TJ	2020	2019	2018
	1,362	1,339	1,374

GRI 302-3: Energy intensity

	2020	2019	2018
TJ/MEUR Net sales	0.36	0.38	0.41

¹ Consumption is reported based on local invoicing. Standard conversion factors are used in our reporting system. Electricity is consumed in production processes, use of equipment and facility services such as lighting, cooling and heating. Fuel used for internal transportation is comparatively minor 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).

Interactions with water as a shared resource (GRI 303-1 (2018))¹

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 water impacts, occur when Valmet's solutions are being 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 one 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 in 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 5.0, our Pune (India) and Xi'an, Zibo and Tianjin (China) workshops are in areas with high overall basin risk. We have no operations in basins with very high risk.

The remaining four percent of our water impact is from the supply chain, and Valmet has a systematic process for engaging with key suppliers to improve their water management practices. Read more in our Annual Review on page 50.

Water withdrawal (GRI 303-3 (2018))¹

GRI 303-3: Water withdrawal

1,000 m ³	2020	2019	2018
Municipal water ²	471	470	519
Surface water	1,993	1,983	2,512
Other ³	12	14	29
Total	2,476	2,467	3,060

¹ Municipal supplies and other water utilities are reported by each unit based on invoicing. Surface water consumption is in some cases estimated based on pump capacity. Ground water and rain water are based on local records and methodologies.

² Data has been restated for 2019.

³ Ground water, rainwater, water from other organizations.

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	2020	2019	2018
Scope 1 ²	19.1	17.6	17.7
Scope 2 (location-based) ³	60.6	59.8	66.0
Scope 2 (market-based) ⁴	87.6	85.6	87.9

GRI 305-3: Other indirect greenhouse gas (GHG) emissions (Scope 3)⁵

1,000 tCO ₂	2020	2019	2018
Category 1: CO ₂ emissions from purchased goods and services ⁶	1,815	1,581	1,441
Category 4: CO ₂ emissions from upstream transportation and distribution ⁷	72	76	63
Category 6: CO ₂ emissions from business travel ⁸	17	38	34
Category 9: CO ₂ emissions from downstream transportation and distribution ⁹	13	13	11

GRI 305-4: Greenhouse gas (GHG) emissions intensity (Scope 1 and 2)¹⁰

	2020	2019	2018
1,000 tCO ₂ /MEUR Net sales	0.021	0.022	0.025

¹ Only CO₂ is included in the calculation. The amount of Biogenic Scope 1 emissions is 1.5 percent of total Scope 1 emissions. The base year reference is the yearly average CO₂ emissions for 2005–2009: 32,000 tCO₂ (Scope 1) and 91,600 tCO₂ (Scope 2, location-based). A yearly average is taken to ensure that the baseline is a representative yearly consumption across the business cycle. The methodology used to calculate emissions is direct measurement of energy sources consumed based on invoicing at the location level and conversion to CO₂ emissions.

² Scope 1 emissions are based on default CO₂ emission factors for combustion from the “2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 Energy.”

³ Location-based CO₂ emission factors are based on 2018 emissions as given by the “International Energy Agency (IEA) (2020) Emission Factors”. Data for 2018, 2019 and 2020 has been restated using the 2018 factor.

⁴ The following emissions factors have been applied to the 2018 data: “eGRID 2018 Subregion GHG Output Emission Rates” (United States Environmental Protection Agency), “China eGRID 2018 Emission Output Rates” (Clean Development Mechanism China), “CO₂ emission factors of the National Interconnected System of Brazil” for 2018 (Brazilian Technology and Science Ministry) and “European Residual Mixes 2018” (Association of Issuing Bodies). The following emissions factors have been applied to the 2019 and 2020 data: “eGRID 2018 Subregion GHG Output Emission Rates” (United States Environmental Protection Agency), “China eGRID 2019 Emission Output Rates” (Clean Development Mechanism China), “CO₂ emission factors of the National Interconnected System of Brazil” for 2019 and 2020 (Brazilian Technology and Science Ministry) and “European Residual Mixes 2019” (Association of Issuing Bodies). Supplier specific emission factors were applied for electricity consumption in Portugal and Canada, as well as for carbon-neutral district heating and solar energy consumption in Finland. Location-based factors were applied in Thailand, Indonesia and Australia. Data has been restated for 2018 and 2019 due to updated emission factors.

⁵ The specific emission factors used in calculating the greenhouse gas emissions are based on databases and publicly available sources using monetary values from Valmet’s monitoring and reporting tools.

⁶ The analysis of purchased goods and services 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 purchasing spend data used covers approximately 98% (2019: 99%) of Valmet’s total direct supplier spend. Data has been restated for 2018 and 2019 due to improved data quality.

⁷ The analysis of upstream and downstream transportation and distribution emissions is based on suppliers’ emission reports, and when not available, the monetary value of purchased transportation services, following the same calculation methodology as for category 1 emissions. The calculated transportation modes include air, train, ocean and road transportation.

⁸ The analysis of business travel emissions is based on emission, mileage and spend data from travel agencies. Valmet’s business travel emissions: the air travel data used covers Austria, Czech Republic, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Russia, South Africa, Spain, Sweden, Turkey, UK, UAE, USA, Canada, Brazil, Australia, New Zealand, India, Indonesia, Japan, Korea, Thailand, Vietnam, China and represents 99% (2019: 87%) of Valmet’s global workforce. For other business travel modes, including rented vehicle, compensated mileages as well as hotel nights, data used covers Austria, Czech Republic, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Russia, South Africa, Spain, Sweden, UK, USA, Canada, Brazil, Australia, New Zealand, India, Indonesia, Japan, Korea, Thailand, Vietnam, China and represents 95% of Valmet’s global workforce.

⁹ 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 transportation has been applied for downstream transportation. The downstream transportation and distribution data includes air, train, ocean and road transportation, and is estimated to be 15 percent of total transportation emissions.

¹⁰ Emissions intensity is calculated based on location-based emission factors. The ratio covers includes CO₂ gases from direct (Scope 1) and energy indirect (Scope 2) emissions.

NO_x, SO_x and other significant air emissions (GRI 305-7)¹

GRI 305-7¹: NO_x, SO_x and other significant air emissions

t	2020	2019	2018
Hazardous air pollutants (HAP)	1.7	1.6	2.1
NO _x	12.7	13.2	14.8
Particulate Matter (PM)	9.7	10.8	7.1
SO _x	0.7	0.6	1.4
Volatile organic compounds (VOC)	73.7	73.3	77.9
Others standard categories	0.7	1.2	1.8

¹ Significant air emissions are defined as those listed in environmental permits of local operations. Calculations are based on published emissions factors.

Total weight of waste by type and disposal method (GRI 306-2)¹

GRI 306-2: Hazardous waste

1,000 t	2020	2019	2018
Reuse ²	0.08	0.09	0
Recycling ²	0.68	0.58	0.76
Energy recovery	0.37	0.17	0.06
Incineration	1.17	1.63	1.59
Landfill	0.16	0.16	0.26
Other ³	0.38	0.31	0.20
Total	2.84	2.94	2.87

GRI 306-2: Non-hazardous waste

1,000 t	2020	2019	2018
Reuse	8.56	7.05	7.69
Recycling ²	14.88	15.06	20.11
Energy recovery	2.35	2.45	2.44
Incineration	0.41	0.48	0.21
Landfill ²	14.36	10.57	13.2
Other ^{2,3}	1.09	0.61	0.24
Total	41.65	36.22	43.89

GRI 306-2: Total waste

1,000 t	2020	2019	2018
	44.49	39.15	46.77

¹ Waste disposal method is determined based on information provided by the waste disposal contractor according to national classification regulations.

² Data has been restated for 2019.

³ Other includes composting, deep well inject or on site storage.

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 being 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 quantified actions concerning the mitigation of the environmental impact of Valmet's products and services.

Belt-roll structure

The new SymBelt roll has an excellent weight/performance ratio due to optimized beam design and improved manufacturing methods. A new casting method makes it possible to minimize working allowances and thus to minimize the amount of material to be removed in machining. The typical material saving of beam casting is 30–38 percent, and the amount of removed material in machining is up to 48 percent smaller. Consequently, energy consumption in roll manufacturing is remarkably lower.

Marine ultrafilter water treatment unit

Valmet's Marine Water Treatment unit (Marine WTU) is a complete process, consisting of the Ultrafilter CR membrane filter and auxiliary equipment. The Ultrafilter CR was originally developed for the paper business, and it has been used successfully in production for several decades. The Ultrafilter CR and other process equipment have been further developed for marine applications. The actions have included the careful selection of materials for freshwater and seawater applications, consideration of demanding space limitations onboard and optimization of the process in a challenging environment. The Marine WTU is a fully automatic water treatment system, which allows closed loop operation with minimal chemical consumption and minimal production of hazardous sludge (>75% reduction compared to common reference technologies), thus providing reliable operation with minimal OPEX for the shipowner.

New generation of fabric insertion unit

Fabrics play an important role in papermaking, and they need to be changed regularly. Traditionally, due to the fabric change operation arrangement, the steel structures of the paper machine have been heavy. Valmet's Fabric Insertion Unit (FIU) offers a new way to change fabrics with lighter steel structures. At the same time, space is saved, which makes it easier to move around the machine and maintain it. Smaller steel structures lead to cost and energy savings throughout the supply chain due to reduction in manufacture, transportation and installation. The customer also saves on mill construction costs, energy and shopfloor space when the paper machine structures are smaller and lighter.

Fuel flexibility concept

Fuel is by far the biggest operating cost in a Power boiler, and the choice of fuel also has a significant impact on the environmental footprint, as well as on maintenance costs. Valmet has a deep knowledge of how fuel chemistry and characteristics influence the design, operation and maintenance of a boiler. Based on this, we have developed a concept for Fuel flexibility. Starting with the specific customer's requirements, we use our combined resources in Technology, Automation and Service to help the customer achieve a reliable operation with optimum fuel usage.

Total number and rates of new employee hires and employee turnover by age group, gender, and region (GRI 401-1)

New hires¹

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

	New hires	New hires, %
Under 30	475 (694)	43.2 (41.0)
30–50	524 (826)	47.7 (48.8)
Over 50	100 (174)	9.1 (10.2)
Total	1,099 (1,694)	100.0 (100.0)

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

	New hires	New hires, %
Female	295 (440)	26.8 (26.0)
Male	804 (1,254)	73.2 (74.0)
Total	1,099 (1,694)	100.0 (100.0)

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

	New hires	New hires, %
North America	94 (205)	8.6 (12.1)
South America	45 (86)	4.1 (5.1)
EMEA	807 (1,080)	73.4 (63.7)
China	95 (193)	8.6 (11.4)
Asia-Pacific	58 (130)	5.3 (7.7)
Total	1,099 (1,694)	100.0 (100.0)

¹ New hires calculation: (new hires per category/total number of new hires in 2020) *100.
New hires include also summer trainees.

Turnover²

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

	Number of leavers	Turnover, %
Under 30	128 (449)	9.5 (33.0)
30-50	366 (523)	4.9 (7.3)
Over 50	455 (430)	8.7 (8.5)
Total	949 (1,402)	6.8 (10.3)

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

	Number of leavers	Turnover, %
Female	165 (347)	5.7 (12.5)
Male	784 (1,055)	7.0 (9.8)
Total	949 (1,402)	6.8 (10.3)

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

	Number of leavers	Turnover, %
North America	250 (205)	16.2 (12.0)
South America	35 (58)	6.5 (10.6)
EMEA	492 (914)	5.3 (10.6)
China	105 (150)	5.6 (8.3)
Asia-Pacific	67 (75)	7.5 (8.3)
Total	949 (1,264)	6.8 (10.3)

² Turnover rate calculation: (number of leavers/total number of employees per category as of December 31, 2020) *100.
Turnover includes summer trainees.

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 cor-

rective 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 shared globally as part of the 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 will 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 workhours. In the larger production units such as Jyväskylä, Ovar, Jiading, Tampere, Araucária and Karlstad, 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 is 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 annu-

al 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 in 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 on HSE.

GRI 403-4: Percentage of employees represented in formal joint management-worker health and safety committees

	Headcount, %
North America	99 (87)
South America	100 (100)
EMEA	96 (97)
China	97 (100)
Asia-Pacific	99 (88)
Total	97 (96)

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 workhours. 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 Safety at Valmet awareness e-learning course during their onboarding. This e-learning course covers Valmet's HSE policy and objectives, an exercise on personal risk tolerance,

and our approach to risk, incident and emergency management. This e-learning course is also available for all external workers in our Partner Academy platform. All Valmet employees are also expected to participate in the Safety Dialogue training by mid 2021 (read more in the Annual Review on page 52). In this program, managers and employees explore attitudes, behaviors and skills for promoting 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 library.

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 where 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 30.

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, the employer of those workers facilitates their access to these services.

Percentage of employees represented in social committees

	Headcount, %
North America	99 (-)
South America	100 (-)
EMEA	94 (-)
China	99 (-)
Asia-Pacific	74 (-)
Total	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 (2018))

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 Report on page 52. The GMS is audited through a number of Group-wide internal processes, including risk management, logistics, HSE, corporate internal, sustainability assurance, and internal audits of the global management system.

The GMS is certified as a global multi-site system by a third party according to the ISO 9001, ISO 14001 and ISO 45001 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 are covered by the system by 2025. We have defined an expansion roadmap toward this target. Currently, the ISO 45001 certification covers the main production locations and project installations.

GRI 403-8: Workers covered by a certified management system¹

	2020	2019	2018
ISO 9001:2015 (Quality management)	84	87	87
ISO 14001:2015 (Environmental management)	74	71	77
ISO 45001:2018 (Occupational health and safety management)	64	62	67

¹ Includes the operations acquired in 2019 and 2020.

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 18). 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 2020, there were five high-consequence injuries and one fatal injury related to the use of tools, equipment and machines during work tasks (read more in our Annual Review on page 52). All injuries are investigated and improvement actions are taken to prevent similar incidents in the future.

GRI 403-9: Number of hours worked by area (employees)²

	2020	2019	2018
North America	3,023,040	2,996,960	2,320,000
South America	1,057,280	1,023,520	1,010,080
EMEA	16,932,800	16,467,678	15,916,146
China	3,479,040	3,397,760	3,315,840
Asia-Pacific	1,716,800	1,634,880	1,425,280
Total	26,208,960	25,520,798	23,987,346

GRI 403-9: Number of hours worked by area (external workers)³

	2020	2019	2018
North America	92,068	302,288	24,494
South America	4,619,860	1,158,403	900,205
EMEA	3,593,038	4,577,988	6,419,378
China	855,529	942,877	575,313
Asia-Pacific	961,056	347,515	221,115
Total	10,121,550	7,329,071	8,140,505

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

	2020	2019	2018
Employees	1	0	0
External workers	0	0	0

¹ The European Statistics at Work Methodology is used for recording and reporting accident statistics. This methodology follows the ILO Code. Incident data is collected in the global HSE monitor reporting system. It covers all countries and all operations, including work on customer and delivery project sites.

² Workhours for Valmet employees are calculated according to theoretical workhours based on active headcount.

³ External workers are leased or contracted workforce whose work, or workplace, is controlled by Valmet. Workhours for external workers are calculated based on both theoretical and actual workhours.

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

	2020	2019	2018
North America	0	1	0
South America	0	0	0
EMEA	1	0	2
China	2	0	0
Asia-Pacific	0	0	0
Total	3	1	2

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

	2020	2019	2018
North America	0	0	0
South America	1	0	0
EMEA	1	2	1
China	0	0	1
Asia-Pacific	0	0	0
Total	2	2	2

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

	2020	2019	2018
North America ⁶	17	19	9
South America	3	2	4
EMEA	50	80	74
China	10	10	14
Asia-Pacific	1	2	5
Total	81	113	106

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

	2020	2019	2018
North America	3	5	0
South America	28	5	10
EMEA	47	54	60
China	0	0	5
Asia-Pacific	1	3	0
Total	79	67	75

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).

⁶ Data has been restated for 2019.

GRI 403-9: Rate of fatal work-related injuries (employees)⁷

	2020	2019	2018
North America	0.0	0.0	0.0
South America	0.0	0.0	0.0
EMEA	0.1	0.0	0.0
China	0.0	0.0	0.0
Asia-Pacific	0.0	0.0	0.0
Total	0.04	0.0	0.0

GRI 403-9: Rate of high-consequence work-related injuries by area (employees)⁸

	2020	2019	2018
North America	0.0	0.3	0.0
South America	0.0	0.0	0.0
EMEA	0.1	0.0	0.1
China	0.6	0.0	0.0
Asia-Pacific	0.0	0.0	0.0
Total	0.1	0.1	0.1

GRI 403-9: Rate of high-consequence work-related injuries by area (external workers)⁸

	2020	2019	2018
North America	0.0	0.0	0.0
South America	0.2	0.0	0.0
EMEA	0.3	0.4	0.2
China	0.0	0.0	1.7
Asia-Pacific	0.0	0.0	0.0
Total	0.2	0.3	0.2

GRI 403-9: Lost time incident frequency, LTIF, by area (own employees)⁹

	2020	2019	2018
North America ⁶	1.7	2.7	0.4
South America	0.9	0.0	1.7
EMEA	1.7	2.6	2.8
China	1.1	1.2	1.5
Asia-Pacific	0	0.6	0.8
Total	1.5	2.2	2.3

⁶ Data has been restated for 2019.

⁷ Rate of fatal work-related injuries is based on the number of fatal injuries per million hours worked.

⁸ Rate of high-consequence work-related injuries is based on number of high-consequence injuries per million hours worked.

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

GRI 403-9: Lost time incident frequency, LTIF, by area (external workers)⁹

	2020	2019	2018
North America	0	3.3	0
South America	0.6	2.6	7.7
EMEA	6.4	8.1	5.3
China	0	0.0	3.5
Asia-Pacific	1.0	2.9	0
Total	2.7	5.7	5.3

GRI 403-9: Total recordable incident frequency, TRIF, by area (own employees)¹⁰

	2020	2019	2018
North America ⁶	5.6	6.0	3.9
South America	2.8	2.0	5.1
EMEA	3	4.9	4.6
China	2.9	2.9	4.2
Asia-Pacific	0.6	2.9	2.4
Total	3.1	4.4	4.4

GRI 403-9: Total recordable incident frequency, TRIF, by area (external workers)¹⁰

	2020	2019	2018
North America	32.6	16.5	0
South America	6.1	4.3	11
EMEA	13.1	11.8	9.3
China	0.0	0.0	8.7
Asia-Pacific	1.0	8.6	0.0
Total	7.8	9.1	9.2

⁶Data has been restated for 2019.

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

¹⁰TRIF 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

In 2020, two cases of repetitive strain injury were diagnosed by local social insurance and workers compensation authorities².

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

	2020	2019	2018
Employees	0	0	0
Total	0	0	0

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

	2020	2019	2018
North America	0	0	0
South America	0	0	0
EMEA ^{3,4}	2	3	2
China	0	0	0
Asia-Pacific	0	0	0
Total	2	3	2

GRI 403-10: Absentee rate by area (employees)⁵

%	2020	2019	2018
North America	1.9	2.4	2.3
South America	0.6	1.0	0.8
EMEA	3.3	3.2	3.3
China	0.8	1.0	1.0
Asia-Pacific	0.8	1.2	1.2
Total	2.5	2.6	2.6

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 Data from Sweden and Germany is omitted due to data privacy issues.

⁴ Data has been restated for 2018 and 2019.

⁵ 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.

GRI 403-10: Occupational disease rate by area (employees)⁶

	2020	2019	2018
North America	0	0	0
South America	0	0	0
EMEA ^{3,4}	0.1	0.2	0.1
China	0	0	0
Asia-Pacific	0	0	0
Total	0.1	0.1	0.1

³ Data from Sweden and Germany is omitted due to data privacy issues.

⁴ Data has been restated for 2018 and 2019.

⁶ Occupational disease rate is based on the number of recordable cases of work-related ill health per million hours worked.

Training hours (GRI 404-1)

Total training hours recorded in 2020 was around 228,000 hours. The average number of training hours for a Valmet employee in 2020 was 16.3 hours (females 16.1 hours, males 16.3 hours). Training hours are reported for all employees, based on the information available in Valmet’s people management system.

Learning 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.

Performance 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^{1,2}

	Female, %	Male, %	Total, %
White-collar	99.6 (97.1)	99.4 (97.2)	99.5 (97.1)
Senior management	100.0 (96.8)	99.3 (100.0)	99.4 (99.4)
Managerial and specialist	99.6 (97.1)	99.4 (97.1)	99.5 (97.1)
Blue-collar	67.7 (66.7)	72.2 (37.4)	71.9 (41.6)

¹ Employees hired/acquired after September 1, 2020 not included.

² Employee category definitions:

White-collar has the following two sub-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 (12.5)	0 (0)	0 (12.5)
Over 50	50.0 (37.5)	50.0 (50.0)	100.0 (87.5)
Total	50.0 (50.0)	50.0 (50.0)	100.0 (100.0)

GRI 405-1: Executive Team

Years	Female total, %	Male total, %	Total, %
Under 30	0 (0)	0 (0)	0 (0)
30-50	7.7 (7.7)	7.7 (7.7)	15.4 (15.4)
Over 50	7.7 (7.7)	76.9 (76.9)	84.6 (84.6)
Total	15.4 (15.4)	84.6 (84.6)	100.0 (100.0)

GRI 405-1: Breakdown of employees by employee category and gender¹

	Female total, %	Male total, %	Total, %	Total
White-collar	16.7 (16.0)	55.9 (55.0)	72.6 (71.0)	9,692 (9,662)
Senior management	0.2 (0.2)	0.9 (1.0)	1.1 (1.2)	167 (166)
Managerial and specialist	16.5 (15.8)	54.8 (54.0)	71.3 (69.8)	9,525 (9,496)
Blue-collar	4.3 (4.4)	23.1 (24.5)	27.4 (28.9)	3,666 (3,936)
Total	21.0 (20.5)	79.0 (79.5)	100.0 (100.0)	13,358 (13,598)

¹ Acquired employees (688) not included.

GRI 405-1: Breakdown of employees by employee category and age group¹

	Age in years			Total, %	Total
	Under 30, total, %	30-50, total, %	Over 50, total, %		
White-collar	6.0 (6.2)	38.7 (37.8)	27.8 (27.0)	72.5 (71.0)	9,692 (9,662)
Senior management	0 (0)	0.5 (0.5)	0.7 (0.7)	1.2 (1.2)	167 (166)
Managerial and specialist	6.0 (6.2)	38.2 (37.3)	27.1 (26.3)	71.3 (69.8)	9,525 (9,496)
Blue-collar	3.3 (3.8)	14.4 (15.0)	9.8 (10.2)	27.5 (29.0)	3,666 (3,936)
Total	9.3 (10.0)	53.1 (52.8)	37.6 (37.2)	100.0 (100.0)	13,358 (13,598)

¹ Acquired employees (688) not included.

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

Nationality	Total, %
Finnish	37.1 (38.0)
Chinese	13.1 (13.2)
Swedish	11.5 (11.8)
American	9.1 (10.1)
Polish	4.9 (0.9)
Brazilian	3.4 (3.9)
Indian	2.6 (2.9)
Portuguese	2.9 (2.8)
German	1.9 (2.0)
Spanish	1.9 (1.9)

Measures taken to eliminate forced or compulsory labor in risk areas (GRI 409-1)

In the industries from which Valmet makes most of its purchases, the potential human rights risks relate to freedom of association, possible use of forced labor, and occupational health and safety. Valmet has also acknowledged that countries such as China, India, Indonesia and Thailand, where it has both its own operations and makes purchases, are commonly identified as risk countries in terms of human rights impacts. Child labor and forced labor are part of the indicators assessed to define country-specific risk.

Valmet has a global process in place to ensure compliance with the requirements set out in its Sustainable Supply Chain policy. All suppliers are required to sign the policy as part of their contract with Valmet. Valmet has an automated sustainability risk assessment for all its suppliers. Based on the risk assessment, Valmet may ask its suppliers to evaluate their sustainability performance by conducting a self-assessment through an online tool, which is used as one of the criteria to define the need for a potential sustainability audit. Valmet conducts supplier sustainability audits with certified independent third-party auditor.

New suppliers that were screened using social criteria (GRI 414-1)

Screening of new direct suppliers from a sustainability risk perspective 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 in the global supplier sustainability management process. In 2020, 92 percent (99%) of all new direct suppliers were automatically screened on sustainability. The remaining suppliers have been manually assessed regarding potential sustainability risk. The screening covers business ethics, compliance, human and labor rights, health, safety and environmental management, and product safety topics.

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.

Non-compliance with laws and regulations in the social and economic area (GRI 419-1)

There were no significant fines regarding non-compliance with social and economic laws and regulations in 2020.

INDEPENDENT LIMITED ASSURANCE REPORT TO THE MANAGEMENT OF VALMET

Scope of Engagement

Valmet Oyj (“Valmet”) commissioned DNV GL Business Assurance Finland Oy/AB (“DNV GL”) to conduct a limited assurance engagement over Selected Information presented in the Valmet’s Financial Statements, Annual Review and GRI Supplement 2020 (the “Report”) for the reporting period January 1–December 31, 2020.

Selected Information

The scope and boundary of our work is restricted to the non-financial indicators presented in the Report of the Board of Directors in Valmet Financial Statements 2020 and key sustainability performance indicators and metrics presented in Valmet Annual Review 2020 and GRI Supplement 2020. The indicators that have been assured as part of the scope of work are all non-financial disclosures in pages 10–14 in the Report of the Board of Directors and selected GRI-based sustainability disclosures identified with ‘x’ in the Assurance column of the GRI content index in Valmet GRI Supplement 2020 in pages 4–11 (the “Selected Information”).

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Global Sustainability Standard Board’s GRI Standards and Valmet’s reporting principles, (the “Criteria”, see page 3).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Valmet’s website for the current reporting period.

Our 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 the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, 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.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower

than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced, but not completely eliminated.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with Valmet’s management to obtain an understanding of the data management systems and processes used to generate, aggregate, and report the Selected Information;
- Reviewing processes and systems for preparing site level data consolidated at Head Office. Six remote site visits were conducted in Chile, Poland, Portugal, Sweden and the United States. DNV GL were free to choose the sites on basis of materiality and type of sites visited in previous assurance engagements;
- Reviewing data at source and following this through to consolidated group data;
- Reviewing whether the evidence, measurements, and scope of the Selected Information is prepared in accordance with the Criteria; and
- Reviewing the Report and narrative accompanying the Selected Information in the Report with regard to the Criteria.

Inherent limitations

Our assurance relies on the premise that the data and information provided by Valmet to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. Energy use data utilized in Greenhouse Gas (GHG) emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Report.

Our competence, independence and quality control

DNV GL established policies and procedures are designed to ensure that DNV GL, its personnel and – where applicable – others are subject to independence requirements (including personnel of other entities of DNV GL) maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals, whose members have not been involved in the development of any of the Criteria. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Responsibilities of the Management of Valmet and DNV GL

The Management of Valmet have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Valmet in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

**For and on behalf of DNV GL
Business Assurance Finland Oy/AB
Espoo, Finland**

12th February 2021

Mikael Niskala
Lead Auditor
DNV GL
– Business Assurance

Souvik Kumar Ghosh
Principal Consultant and Reviewer
DNV GL
– Business Assurance

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VALMET REPORTS 2020



ANNUAL REVIEW 2020
The report covers Valmet's market environment and the progress of its strategy, operations and sustainability in 2020.



FINANCIAL STATEMENTS 2020 AND INFORMATION FOR INVESTORS
The report includes Valmet's Financial Statements for 2020 and information about its share, shareholders and management.



GRI SUPPLEMENT 2020
The report includes Valmet's sustainability reporting indicators and principles, and its alignment with the Global Reporting Initiative (GRI) Standards framework in 2020.



CORPORATE GOVERNANCE STATEMENT 2020
The report covers Valmet's governance principles and activities, Board of Directors and management in 2020.



REMUNERATION REPORT 2020
The report covers Valmet's remuneration in 2020.

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This report is from sustainably managed forests and controlled sources. PEFC certification requires that the forests are managed well with regard to biodiversity, forest health and maintenance, as well as recreational use. The PEFC logo promotes responsible consumption.

The Nordic Ecolabel ensures that products that are used in printed matter fulfill certain criteria. Inks are mineral-oil free, and for all other materials, those that are recyclable and environmentally friendly are preferred.

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Miltton Oy

PAPER

Maxioffset 250 g

Maxioffset 120 g

PRINTING

Grano Oy



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