

An aerial photograph showing a winding asphalt road that curves through a dense, lush green forest. To the left of the road is a large, calm body of water with a deep blue-green hue. The road has a white car visible in the distance. The overall scene is serene and natural.

NELES

GRI  
supplement  
2020



# Who are we?

The Neles Corporation (formerly Metso Flow Control) is an independent listed company with a 100% focus on delivering mission-critical flow control innovations, technologies and services for the continuously evolving needs of global process industries.

# GRI supplement 2020

**This is the GRI Supplement for Neles’ 2020 Annual Report. The GRI Supplement includes the independent practitioner’s assurance report.**

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## About this GRI Supplement

Neles publishes its sustainability data annually. The quantitative data for 2020 contained in this supplement has been prepared in accordance with GRI Standards: Core option. Neles’ sustainability principles, targets and progress have been reported as part of Metso since 2002. The key performance indicators presented in this report are Metso’s Valves Business Area from 2018 – June 30, 2020, and Neles’ numbers from July 1, 2020 onwards.

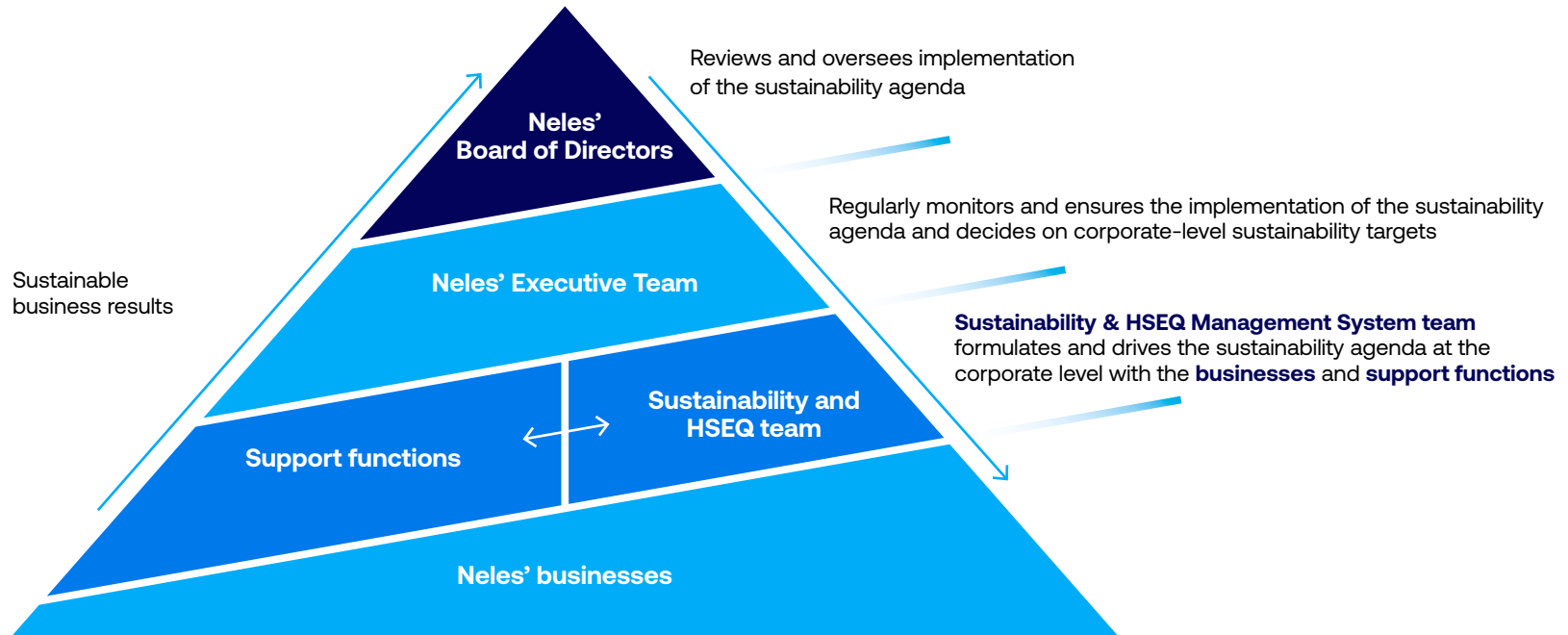
The scope of reporting is the Neles Group unless otherwise stated. It excludes associated companies and joint ventures. Supplier-related information includes spending on local suppliers, supplier sustainability audits, the Lost Time Incident Frequency (LTIF) of contractors and supervised workers, and the CO<sub>2</sub> emissions of purchased goods and services. The sustainability data is presented at the Neles Group level unless otherwise stated.

The GRI reporting principles for defining report content and report quality, and the GRI 101 Foundation Standard have been taken into consideration in producing the sustainability-related content.

The sustainability data is presented in various sections of this report, and the key figures are summarized in conjunction with the “GRI Content Index” and “key performance indicators.”

DNV GL Business Assurance Finland Oy/Ab, an independent third party, has provided limited assurance on the sustainability information disclosed in Neles’ 2020 Annual Report. The scope of the assured information is indicated in the independent assurance report on pages 24–25 of this report.

# Sustainability governance



Sustainability is fundamental to Neles' business and everyday work at all levels of the organization.

Neles' Board of Directors oversees the effectiveness of Neles' sustainability governance and the impact of the sustainability agenda. The Neles Executive Team acts as a sustainability committee that regularly monitors and ensures the implementation of the sustainability agenda and makes decisions on corporate-level sustainability targets.

The Sustainability and HSEQ Management System Team drives the implementation of the sustainability agenda at the corporate level, in cooperation with the businesses and support functions. The Sustainability and HSEQ Management System Team manages Neles' material sustainability issues and coordinates the development of sustainability practices and communications, and the implementation of corporate policies. The team provides a key input into sustainability-related training, risk management and external reporting in cooperation with different corporate support functions, and is also responsible for the proactive management of key stakeholders' expectations.

# Neles' stakeholders

**Continuous interaction with Neles' stakeholders is a key aspect of approach to sustainability. Neles' stakeholders are entities or individuals that have an impact on company's business or are affected by its activities, products and services. The focus areas and channels of communication vary by stakeholder need.**

## Customers

Customer relationships are built on continuous interaction, extensive expertise and long-term commitment. Neles' ambition is to create mutual business success and be the best choice and a reliable partner in everything we do.

## Employees

Employees and their knowledge, expertise and skills are one of Neles' competitive advantages. Neles continuously develops managers' leadership skills and endorse employees' competence development.

## Suppliers and subcontractors

Neles works closely with many suppliers and subcontractors. The cooperation is based on solid partnership and long-term collaboration. Neles is transparent in its supplier requirements, and expects suppliers to act in compliance with Supplier Code of Conduct embracing the same ethical business principles as Neles does. Neles conducts internal supplier sustainability audits and third-party supplier audits for higher-risk areas suppliers.

## Shareholders and investors

Neles is committed to long-term value creation for its shareholders. Neles has continued the development of sustainability communications for investors in different channels. Neles actively engages with investors and shareholders at events, and in meetings, calls and digital channels.

More information about customers and sustainability, employees, suppliers and Neles' investor dialogue in 2020 is available in the Neles 2020 Annual Report and in the non-financial information.

## Media

Neles provides clear and accurate information. Neles communicates proactively and responsibly in many channels.



## Non-governmental organizations

In the past Neles had good long-term cooperation with non-governmental organizations such as the John Nurminen Foundation and Plan India. After the partial demerger of Metso, Neles' social responsibility policies were redefined, and Neles has been evaluating potential partners based on the company's current business structure and footprint.

## Local communities

Neles is a responsible corporate citizen, and works closely with the local communities around its operating sites. Neles creates value by providing employment opportunities, and supports local community projects for the common good.

## Universities, vocational schools and research centers

Neles considers cooperation with universities and research institutes important, and a crucial element in innovations that benefit both Neles' customer industries and societies at large. Neles arrange cooperation projects, school visits, apprenticeship training, internships and dissertation positions.

# Key performance indicators

## Location of operations (102-4)

### 10 largest countries by personnel

	2020	2019	2018
Finland	807	775	727
United States	470	520	527
India	427	412	382
China	360	370	331
Germany	186	183	176
Brazil	124	85	74
Republic of Korea	66	77	80
South Africa	47	48	41
France	36	33	34
United Kingdom	32	30	30

## Information on employees and other workers (102-8)

2020	Female	Male	Total
<b>By employment contract</b>			
Permanent	545	1,990	2,535
Temporary	94	211	305
<b>By employment type</b>			
Full-time	599	2,175	2,774
Part-time	40	26	66
<b>Total</b>	<b>639</b>	<b>2,201</b>	<b>2,840</b>
<b>2020</b>			
	<b>Permanent</b>	<b>Temporary</b>	<b>Total</b>
<b>By region</b>			
EMEIA	1,658	61	1,719
North America	487	1	488
South and Central America	124	28	152
Asia Pacific	266	215	481
<b>Total</b>	<b>2,535</b>	<b>305</b>	<b>2,840</b>

## External initiatives (102-12)

Neles joined the UN Global Compact in 2020. As a supporter, Neles is committed to reporting annually on the UN Global Compact website how Neles has advanced in the development of its activities in the defined areas. Neles is committed to complying with the UN Declaration of Human Rights and UN Guiding Principles on Human Rights. Neles also supports and operates in accordance with the principles described in the OECD Guidelines for Multinational Enterprises and the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work.

## Membership in associations (102-13)

Neles is involved with various industry, trade, and expert organizations. On the national level in Finland, Neles is a member of the Federation of Finnish Technology Industries and the Confederation of Finnish Industries, and participates in issue-specific working groups related to energy, competitiveness, training and logistics. Neles is a member of the International Chamber of Commerce (ICC).

## Collective bargaining agreements (102-41)

Neles supports freedom of association and the right to collective bargaining for all our employees. 40% of Neles' employees were covered by bargaining agreements in 2020.

**GRI 201: ECONOMIC PERFORMANCE****Direct economic value generated and distributed (201-1)**

EUR million	2020	2019	2018
Customers: Sales and other income	576	660	593
Suppliers: Operating costs	260	305	267
Employees: Wages and benefits	134	141	134
Public sector: Taxes	16	22	20
Creditors: Interest	6	6	4
Communities: Sponsorships and donations	0.03	0.05	0.06
Shareholders Payments to providers of capital	44	36	31
Economic value retained	117	150	137

Metso Oyj paid dividends in the amount of EUR 221 in 2020. The amounts set out above have been allocated to Neles on the basis of the carve-out.

**Income taxes\*, largest countries**

EUR million	Neles 2020	Metso** 2019	Metso** 2018
United States	8	26	19
China	3	7	5
Chile	3	7	6
Brazil	2	9	6
Canada	1	4	1
Germany	1	1	-1
Singapore	0	0	0
Italy	0	0	0
Austria	0	0	0
Sweden	0	7	13

\* Presented on accrual basis.

\*\* Includes the Metso Group before the partial demerger of Metso Oyj.

**GRI 204: PROCUREMENT PRACTICES****Proportion of spending on local suppliers (204-1)**

EUR million	2020	2019	2018
United States	60%	58%	50%
Finland	66%	63%	65%
China	85%	88%	94%
India	80%		
Germany	73%	72%	65%
Brazil	45%	37%	39%
South Korea	89%	93%	94%

Definition of "local supplier": sourced from the same country as the plant location

Definition of "significant location of operation": the biggest countries for Neles procurement

**GRI 205: ANTI-CORRUPTION****Operations assessed for risks related to corruption (205-1)**

Fraud, misconduct and crime are relevant threats to Neles due to its global presence, various counterparties and large number of business transactions. Systematic measures described in Non-Financial Information aim at preventing or mitigating the risks.

**GRI 302: ENERGY****Energy consumption within the organization (302-1), TJ**

	2020	2019	2018
<b>Direct energy consumption by fuel</b>			
Natural gas	27	32	41
Coal	0	0	0
Heavy fuel oil (HFO)	0	0	0
Diesel	1	0	0
Liquefied petroleum gas (LPG)	1	1	1
<b>Indirect energy consumption</b>			
Electricity	64	65	62
District heat	4	6	6
Steam	0	0	0
<b>Total energy consumption</b>	<b>97</b>	<b>103</b>	<b>110</b>

Energy consumed for cooling is included in electricity. The consumption figures are calculated based on invoicing. Standard conversion factors (SI) are used in the calculations. No fuel consumption from renewable sources in 2020.

**Reduction of energy consumption (302-4), TJ**

	2020	2019	2018
	16	19	20

Reduction in energy consumption as a direct result of conservation and efficiency initiatives.

Reductions in energy consumption include electricity, heating, cooling, steam and fuel since the 2010 baseline year. New baseline year 2019 for reporting will be taken into use in 2021 reporting.

**GRI 303: WATER****Water withdrawal by source (303-3), 1,000 m<sup>3</sup>**

	2020	2019	2018
Surface water	0	0	0
Groundwater	0	0	0
Rainwater	0	0	0
Municipal water or other utilities	29	42	29
<b>Total</b>	<b>29</b>	<b>42</b>	<b>29</b>

Municipal water and other water utilities are reported by each unit, based on invoicing.

**GRI 305: EMISSIONS****Direct (Scope 1) greenhouse gas emissions (305-1), tCO<sub>2</sub>**

	2020	2019	2018
Scope 1 emissions	1,614	1,883	2,373

GHG emissions reporting covers only CO<sub>2</sub>.

Energy savings are calculated based on the reduction in energy consumption since the baseline year 2010. The new baseline year 2019 will be taken into use in the 2021 reporting.

The resulting emissions are based on invoicing and converted from MWh to CO<sub>2</sub> emissions.

Standard conversion factors (SI) are used in the calculations.

The source for emission factors is IEA "CO<sub>2</sub> emissions from fuel combustion", 2016 edition

**Energy indirect (Scope 2) greenhouse gas emissions (305-2), tCO<sub>2</sub>**

	2020	2019	2018
Scope 2 emissions	8,444	8,335	7,543

GHG emissions reporting covers only CO<sub>2</sub>.

Calculation is location-based. Market-based calculation is not presented. Energy savings are calculated based on the reduction in energy consumption since the 2010 baseline year. The new baseline year 2019 will be taken into use in the 2021 reporting.

The resulting emissions are based on invoicing and converted from MWh to CO<sub>2</sub> emissions.

Standard conversion factors (SI) are used in the calculations.

The source for emission factors is IEA "CO<sub>2</sub> emissions from fuel combustion", 2016 edition

**Other indirect (Scope 3) greenhouse gas emissions (305-3), tCO<sub>2</sub>**

	2020	2019	2018
Purchased goods and services	70,645	75,933	71,395
Upstream transportation	12,767	19,406	19,110
Downstream transportation	6,124	4,361	3,939

Based on the analysis of all Scope 3 emission categories, six emission categories were identified: purchased goods and services; fuel- and energy-related emissions; upstream transportation; business travel; and downstream transportation. No quantitative information is available for the sixth relevant category, the use of sold products.

Neles has assessed its indirect Scope 3 emissions based on the GHG Protocol's Corporate Value Chain Accounting and Reporting Standard. GHG emissions reporting covers only CO<sub>2</sub>. Neles has no biogenic CO<sub>2</sub> emissions in its operations.



The Scope 3 emissions of purchased goods and services cover direct spend accounts for approximately 79% of the total spend. The analysis is based on the monetary value of purchased goods and services by the supplier type, and on the environmentally extended input-output matrices from EXIOBASE.

Upstream transportation emissions are based on the analysis of the monetary value of transportation services by transportation mode and country, and on the environmentally extended input-output matrices from EXIOBASE. Coverage is 100%.

Downstream transportation Scope 3 emissions are based on an estimate (according to which the downstream emission intensity is roughly the same as for upstream, i.e. downstream transportation emissions were extrapolated based on upstream transportation data).

### Reduction of greenhouse gas emissions (305-5), tCO<sub>2</sub>

	2020	2019	2018
Reduction of emissions	2,086	2,560	2,607

The emissions reduction is calculated based on the reduction in energy consumption since the 2010 baseline year, based on invoicing and conversion to CO<sub>2</sub> emissions. The new baseline year 2019 will be taken into use in the 2021 reporting.

GHG emissions reporting covers only CO<sub>2</sub>. Neles has no biogenic CO<sub>2</sub> emissions in its operations.

The energy savings 2010 baseline year has been used to calculate the reduction in energy consumption.

The reported emissions are based on invoicing and are converted from MWh to CO<sub>2</sub> emissions.

Standard conversion factors (SI) are used in the calculations. The source for emission factors is the IEA "CO<sub>2</sub> Emissions from Fuel Combustion", 2016 edition.

### GRI 306: EFFLUENTS AND WASTE

#### Waste by type and disposal method (306-2), T

	2020	2019	2018
<b>Hazardous</b>			
Recycling	11	25	31
Recovery	0	0	0
Incineration	306	407	348
Landfill	5	17	5
On-site storage	9	0	0
<b>Total</b>	<b>330</b>	<b>449</b>	<b>385</b>
<b>Non-hazardous</b>			
Recycling	1,088	1,171	902
Composting	43	35	89
Recovery	0	0	0
Incineration	196	474	68
Landfill	25	24	28
On-site storage	5	16	1
<b>Total</b>	<b>1,358</b>	<b>1,720</b>	<b>1,088</b>

The waste disposal method is determined based on information provided by the waste disposal contractor.

Re-use is not significant in Neles' operations. The hazardous landfill waste includes stripping waste. It is handled appropriately at the landfill sites.

#### Significant spills (306-3)

	2020	2019	2018
Spills	0	0	0

**GRI 401: EMPLOYMENT**

## Employment 2020

Category	Indicator	Number of new hires	% of total no. of new hires	New hire rate %
New hires by age group	<30	179	56%	46%
	30–50	123	38%	7%
	>50	20	6%	3%
New hires by gender	Female	95	30%	15%
	Male	227	70%	10%
New hires by region	EMEIA	219	68%	13%
	North America	26	8%	5%
	South and Central America	43	13%	28%
	Asia Pacific	34	11%	7%
<b>Total new hires</b>	<b>Total</b>	322	100%	11%

Category	Indicator	Number of leavers	% of total no. of leavers	Turnover rate %
Leavers by age group	<30	40	24%	10%
	30–50	94	55%	14%
	>50	35	21%	2%
Leavers by gender	Female	32	19%	5%
	Male	137	81%	6%
Leavers by region	EMEIA	68	40%	4%
	North America	50	30%	10%
	South and Central America	3	2%	2%
	Asia Pacific	48	28%	10%
<b>Total leavers</b>	<b>Total</b>	169	100%	6%

Total number and rate of new employee hires during the reporting period, by age group, gender and region.

Total number and rate of employee turnover during the reporting period, by age group, gender and region.

**GRI 402: LABOR/MANAGEMENT RELATIONS****Minimum notice periods for operational changes**

Notice periods and the period for the consultation process related to operational changes varies by country and region.

Minimum notice periods are based on the local labor legislation of each country in which we operate.

**GRI 403: OCCUPATIONAL HEALTH AND SAFETY****occupational health and safety management system (403-1)**

Neles has a HSEQ management system, an integrated quality, health, safety and environmental management system. The HSEQ management system is audited by internal and external auditors. Neles' HSEQ management system has global multi-site certificates according to the ISO 9001, ISO 14001 and ISO 45001 standards.

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

Risks relating to HSE performance are identified and assessed, and then controlled in accordance with the severity of the hazard. Neles follows legal, contractual and internal risk management requirements. The hazard identification and risk assessment process covers:

- Identification of hazards, health and safety as well as environmental.
- Assessment of related risk
- Prevention of unwanted events related to a risk
- Prevention of reoccurrence through investigation
- Input for training, job descriptions and work instructions to be able to perform our job in a safe way
- A safe working environment and an environmentally friendly company

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, and always in the event of significant changes, as well as after injuries and serious near misses have occurred.

Everyone working for Neles or in a workplace controlled by Neles 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 HSE24. Managers are responsible for incident investigations, including root cause analysis and corrective actions, all of which are documented in the reporting system. Workers and their representatives participate in and support the investigation and corrective actions. HSE alerts are produced for all recordable and high-potential near misses and shared globally in monthly reporting.

All workers have the right to refuse unsafe work and will inform their manager or site contact immediately of all concerns.

### Occupational health services (403-3)

Neles 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. In Vantaa these services are available at the location.

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

As stated in Neles HSE policy, we facilitate the participation and consultation of our employees and partners in HSE activities and practices. The backbone of Neles 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. The committees have elected worker representatives, establish annual budgets and action plans, and follow standard agenda items covering all aspects of the development, implementation and evaluation of the local HSE management system.

In addition, Neles deploys a variety of other methods, including making HSE a routine meeting item in team meetings, townhalls and one-on-one discussions, toolbox talk practices, management safety walks and safety conversations, elected worker safety representatives, employee surveys, employee participation in risk assessments and pre-task safety discussions, HSE information on noticeboards and intranet communications.

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

Neles has designed its HSE training framework based on both local and global regulations, industry standards and best practices as well requirements of its employees, contractors and customers. Neles HSE training framework covers training ranging from basic safety awareness during onboarding to job specific training. All HSE training is provided free of charge and during paid workhours. Training effectiveness is evaluated through competency tests during the training session. Job 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 Neles minimum safety standards. Training on Neles minimum safety standard and the "safety excellence" training are mandatory for all employees to undergo. Apart from these, specific training on risk observation and assessment, incident investigation, emergency preparedness including first aid and training on standard operating procedures is covered locally through internal/external qualified trainers and through our HSE e-learning modules delivered through our learning management system.

### Promotion of worker health (403-6)

Neles facilitates employees' access to non-medical and healthcare services through a country-based approach utilizing a mix of mechanisms such as preventive health checks,

health insurance, company clinics and financial contributions. Further many local well-being initiatives for employee health are undertaken in terms of fitness challenges & health counselling. For workers who are not employees, the employer of those workers facilitates their access to these services.

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

A value chain perspective is embedded in Neles' global HSEQ management system and health and safety objectives, actions and routines.

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

All employees and external workers are covered by HSEQ management system, an integrated quality, health, safety and environmental management system. The HSEQ management system is audited through internal and external audits. Neles' HSEQ management system has global multi-site certificates according to the ISO 9001, ISO 14001 and ISO 45001 standards. 99% of employees are working in ISO 9001 certified location, 75% of employees are working in ISO 14001 and ISO 45001 certified location. Additionally, European plants Helsinki and Horgau have ISO 50001 Energy Management System Certificates.

### Work-related injuries (GRI 403-9)

Based on an analysis of injuries, near misses and risk observations, Neles has identified nine main hazards that pose a risk of high-consequence injury and defined them for each Minimum Safety Standard. Neles' minimum safety standards include:

1. Lifting
2. Lock Out, Tag Out, Try Out (LOTOTO)
3. Working at height
4. Operating tools, equipment and machinery
5. Working with hazardous substances
6. Personal Protective Equipment (PPE)
7. Maintaining good order
8. Road travel
9. Confined spaces

These standards are designed to ensure the hierarchy of controls is implemented in all operations to eliminate hazards and minimize risks. Neles' operations continuously implement injury prevention actions as part of annual improvement plans.

**Neles' own employees**

		2020	2019	2018
<b>Fatalities</b>	Number of fatalities	0	0	0
		2020	2019	2018
<b>High-consequence injury rate</b>				
<b>By region</b>	EMEIA	0.0	0.0	0.0
	North America	0.0	0.0	0.0
	South and Central America	0.0	0.0	0.0
	Asia Pacific	0.0	0.0	0.0
	<b>Total</b>	0.0	0.0	0.0

The high-consequence injury rate reflects the number of high-consequence injuries per million hours worked. High-consequence injuries exclude fatalities but include injuries from which the worker cannot recover or does not or is not expected to recover fully to pre-injury health status within 6 months.

Based on the history of high-consequence injuries, hazards that pose a risk of high-consequence injury include contact with moving machinery, handling of heavy objects, falls from heights, exposure to hot material and road travel.

Actions taken to minimize related risks include observing installing guarding on machinery, designing improved lifting tools, installing railings on working platforms, improved vehicle safety, and training employees in safe working methods.

		2020	2019	2018
<b>Lost time incident frequency</b>				
<b>By region</b>	EMEIA	1.5	1.9	1.2
	North America	2.0	1.9	3.0
	South and Central America	0.0	0.0	0.0
	Asia Pacific	0.0	0.0	4.1
	<b>Total</b>	1.3	1.5	2.1

		2020	2019	2018
<b>Lost time incident frequency</b>				
<b>Neles</b>				
	<b>Total</b>	1.3	1.5	2.1

Lost time incident frequency (LTIF) reflects the number of injuries resulting in an absence of at least one workday per million hours worked.

		2020	2019	2018
<b>Recordable injury rate</b>				
<b>By region</b>	EMEIA	4.3	4.5	5.3
	North America	7.2	4.9	7.9
	South and Central America	0.0	0.0	0.0
	Asia Pacific	5.0	6.6	6.1
	<b>Total</b>	4.7	4.8	5.8

Includes lost time, restricted work, and medical treatment incidents.



		2020	2019	2018
<b>Injury rate</b>				
<b>By region</b>	EMEIA	10.8	20.8	14.5
	North America	11.2	4.9	8.9
	South and Central America	0.0	4.4	4.3
	Asia Pacific	30.8	31.8	21.5
	<b>Total</b>	14.0	19.3	14.3

Includes lost time, restricted work, medical treatment and first aid incidents.

Actions taken to minimize risks of hazards related to other than high-consequence injuries include introductions of safer tools, work methods, additional training, and improved personal protective equipment.

		2020	2019	2018
<b>Types of Injury</b>	Superficial injuries and open wounds	84%	70%	70%
	Dislocations, sprains and strains	2%	11%	4%
	Burns, corruptions, scalds and frostbite	2%	3%	1%
	Fractures	0%	3%	11%
	Concussion and internal injuries	2%	1%	3%
	Traumatic amputations	0%	1%	0%
	Acute poisonings and infections	2%	2%	2%
	Other specified types of injury	0%	3%	2%
	Unspecified	7%	6%	7%
	<b>Total</b>	100%	100%	100%

According to International Labour Organisation's (ILO) classification, % of total injuries.

		2020	2019	2018
<b>Risk observation frequency</b>				
<b>By region</b>	EMEIA	1,233	1,152	719
	North America	1,053	1,276	696
	South and Central America	3,440	2,805	2,286
	Asia Pacific	2,056	1,686	1,115
	<b>Total</b>	1,455	1,349	874

Includes risk observations.

## Non-Neles employees – contractors and supervised workers

		2020	2019	2018
<b>Fatalities</b>	Number of fatalities	0	0	0

		2020	2019	2018
<b>High consequence injury rate</b>				
<b>By region</b>	EMEIA	0.0	0.0	0.0
	North America	0.0	0.0	0.0
	South and Central America	0.0	0.0	0.0
	Asia Pacific	0.0	0.0	0.0
	<b>Total</b>	0.0	0.0	0.0

The high-consequence injury rate reflects the number of high-consequence injuries per million hours worked.

High-consequence injuries exclude fatalities but include injuries from which the worker cannot recover, or does not or is not expected to recover fully to pre-injury health status within 6 months.

		2020	2019	2018
<b>Lost time incident frequency</b>				
<b>By region</b>	EMEIA	0.0	0.0	29.2
	North America	0.0	0.0	0.0
	South and Central America	0.0	0.0	0.0
	Asia Pacific	0.0	0.0	0.0
	<b>Total</b>	0.0	0.0	5.6

Lost time incident frequency (LTIF) reflects the number of injuries resulting in an absence of at least one workday per million hours worked.

		2020	2019	2018
<b>Recordable injury rate</b>				
<b>By region</b>	EMEIA	3.3	2.0	36.5
	North America	0.0	0.0	0.0
	South and Central America	0.0	0.0	0.0
	Asia Pacific	0.0	0.0	19.5
	<b>Total</b>	1.9	0.9	8.4

Includes lost time, restricted work, and medical treatment incidents.

		2020	2019	2018
<b>Injury rate</b>				
<b>By region</b>	EMEIA	16.7	7.8	80.3
	North America	0.0	0.0	0.0
	South and Central America	75.6	23.2	0.0
	Asia Pacific	0.0	0.0	39.0
	<b>Total</b>	<b>11.2</b>	<b>4.3</b>	<b>18.2</b>

Includes lost time, restricted work, medical treatment and first aid incidents.

		2020	2019	2018
<b>Types of Injury</b>	Superficial injuries and open wounds	63%	73%	76%
	Dislocations, sprains and strains	0%	0%	8%
	Burns, corrosions, scalds and frostbite	13%	0%	0%
	Fractures	0%	13%	4%
	Concussion and internal injuries	0%	0%	4%
	Traumatic amputations	0%	0%	0%
	Acute poisonings and infections	0%	0%	0%
	Other specified types of injury	0%	0%	0%
	Unspecified	25%	13%	8%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

According to International Labour Organisation's (ILO) classification, % of total injuries.

Data presented in the above tables covers all Neles operations, including employees and other workers whose work or workplace is controlled by Neles. Newly acquired operations are integrated with reporting within a year of the date acquired. Rates for employees have been calculated based on estimated hours worked. Rates for non-employee workers have been calculated based on monitored hours worked. Rates have been calculated per million hours worked.

Omissions: The number of injuries is not reported where a rate is used. Hours are not reported.

### Work-related ill health (GRI 403-10)

Neles 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 service 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, zero cases were diagnosed by local social insurance and workers' compensation authorities.

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

	2020	2019	2018
Employees	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### GRI 404: TRAINING AND EDUCATION

#### Training and education (404-3)

Percentage of employees receiving regular performance and career development reviews: 97%

The completion rate includes employees who are expected to complete performance and career development reviews.

**GRI 405: DIVERSITY AND EQUAL OPPORTUNITY****Diversity of governance bodies and employees (405-1)**

## Diversity of governance bodies

	Indicator	2020 H1	2020 H2	2019	2019
<b>Board of Directors</b>	<b>By gender</b>				
	Female	38%	14%	14%	25%
	Male	62%	86%	86%	75%
	<b>By age group</b>				
	<30	0%	0%	0%	0%
	30–50	25%	14%	14%	12%
>50	75%	86%	86%	88%	
<b>Executive Team</b>	<b>By gender</b>				
	Female	17%	10%	20%	20%
	Male	83%	90%	80%	80%
	<b>By age group</b>				
	<30			0%	0%
	30–50	50%	40%	40%	40%
>50	50%	60%	60%	60%	

## Diversity of employees

Employee category	Indicator	2020	
		White-collar	Blue-collar
<b>By gender</b>			
	Female	19%	4%
	Male	46%	31%
<b>By age group</b>			
	<30	9%	5%
	30–50	41%	21%
	>50	14%	10%
<b>Total</b>		65%	35%

**GRI 406: NON-DISCRIMINATION****Incidents of discrimination and corrective actions taken (406-1)**

No incidents of discrimination were reported in 2020.

**GRI 412: HUMAN RIGHTS ASSESSMENT****Employee training in human rights policies or procedures (412-2)**

All employees must complete Code of Conduct training every two years. Training is also mandatory for all new employees as part of their onboarding. Human rights are an important part of the training. In December 2020, after the partial demerger of Metso, Neles launched a new Code of Conduct training program. Prior to that, while still part of Metso, Code of Conduct training was organized in 2019 and 2017.

By the timelimit given 88% of Neles employees carried out the new Code of Conduct training.

**NELES INDICATORS****Neles indicator: Supplier sustainability audits**

Number of Supplier sustainability audits

	2020	2019	2018
<b>Total</b>	12	10	7

In addition to one third-party supplier sustainability audit, Neles conducted 11 internal supplier sustainability audits in 2020.

**Neles indicator: Sustainability targets set in R&D projects**

R&amp;D projects with sustainability targets

	2020	2019	2018
<b>Total</b>	100%	80%	75%

Most Neles' R&D projects started 2019 or later have sustainability targets concerning environmental efficiency and/or product safety innovation. All active projects and project closed in 2018–2020 are included.

**Neles topic: Community engagement**

Support for non-profit organizations (EUR)

	2020
Science, research and education	9,000
Environmental protection and conservation	10,000
Health and social programs	10,000
Universities or foundations	
Natural disasters	
Other	3,000



# GRI Content Index

## Abbreviations

**AR** Annual Report 2020

**GRI** GRI Supplement

## Abbreviations

**UNGC** United Nations Global Compact

**SDG** Sustainable Development Goals

**KPI** Key performance indicators section

## General Disclosures

1. Organizational profile				Cross-reference: UNGC SDG
Disclosure number	Disclosure title	Page number	Additional information	
102-1	Name of the organization	AR, Basic information, p. 48	Neles Corporation	
102-2	Activities, brands, products, and services	AR, In brief, p. 3 AR, Neles valves facts, p. 9		
102-3	Location of headquarters	AR, Basic information, p. 48	Vantaa, Finland	
102-4	Location of operations	AR, We are a global company close to our customers, p. 13 GRI, Key performance indicators, p. 6		
102-5	Ownership and legal form		Neles Corporation is a public company and its shares are listed on the Nasdaq Helsinki	
102-6	Markets served	AR, In brief, p. 3 AR, Creating value, p. 14		
102-7	Scale of the organization	AR, In brief, p. 3 AR, Neles' business model, p. 31 AR, Creating value, p. 14		
102-8	Information on employees and other workers	GRI, Key performance indicators, p. 6 AR, Personnel, social matters and respect for human rights, p. 32		UNGC Principle 6 SDG 8
102-9	Supply chain	AR, Creating value, p. 14 AR, Responsible procurement, p. 25, p. 133		
102-10	Significant changes to the organization and its supply chain	AR, In brief, p. 3		
102-11	Precautionary Principle or approach	AR, Main features of the internal control and risk management systems, p. 116		
102-12	External initiatives	GRI, External initiatives, p. 6		
102-13	Membership of associations	GRI, Membership in associations, p. 6		
2. Strategy				
Disclosure number	Disclosure title	Page number	Additional information	
102-14	Statement from senior decision-maker	AR, Developing sustainable operations and offering, p. 5		
102-15	Key impacts, risks, and opportunities	AR, Responding to megatrends, p.15 AR, Creating value, p. 14 AR, Short term business risks and market uncertainties, p. 30 AR, Non-financial information, p. 31–33		

### 3. Ethics and integrity

Disclosure number	Disclosure title	Page number	Additional information	Cross-reference: UNGC SDG
102-16	Values, principles, standards, and norms of behavior	AR, Our people and culture, p. 11 AR, Close to our customers all over the world, p. 12, AR, Anti-corruption, p. 33 AR, Living by the code, p. 132		UNGC Principle 10 SDG 16
102-17	Mechanisms for advice and concerns about ethics	AR, Anti-corruption, p. 33 AR, Living by the code, p. 132		UNGC Principle 10 SDG 16

### 4. Governance

Disclosure number	Disclosure title	Page number	Additional information
102-18	Governance structure	AR, Governance Structure, p. 109 GRI, Sustainability governance, p. 4	

### 5. Stakeholder engagement

Disclosure number	Disclosure title	Page number	Additional information
102-40	List of stakeholder groups	GRI, Neles' stakeholders, p. 5	
102-41	Collective bargaining agreements	GRI, Key performance indicators, p. 6	
102-42	Identifying and selecting stakeholders	AR, Sustainability agenda at Neles, p. 125 GRI, Neles' stakeholders, p. 5	
102-43	Approach to stakeholder engagement	AR, Sustainable solutions for reliable customer experience, p. 127 GRI, Neles' stakeholders, p. 5	
102-44	Key topics and concerns raised	GRI, Neles' stakeholders, p. 5	

### 6. Reporting practice

Disclosure number	Disclosure title	Page number	Additional information
102-45	Entities included in the consolidated financial statements	AR, Basic information, p. 48	All Group companies are included in the reporting.
102-46	Defining report content and topic boundaries	GRI, About this GRI Supplement, p. 3	
102-47	List of material topics	AR, Sustainability agenda at Neles, p. 125 GRI, Management Approach Disclosures, p. 22–23	
102-48	Restatements of information		No restated figures
102-49	Changes in reporting		No changes.
102-50	Reporting period		January 1, 2020 – December 31, 2020
102-51	Date of most recent report		Metso's GRI Supplement 2019 was published in March 2020.
102-52	Reporting cycle		Annual
102-53	Contact point for questions regarding the report		<a href="mailto:aniitta.seppanen@neles.com">aniitta.seppanen@neles.com</a> <a href="mailto:annina.kokkonen@neles.com">annina.kokkonen@neles.com</a> <a href="mailto:cecilia.mickos@neles.com">cecilia.mickos@neles.com</a>
102-54	Claims of reporting in accordance with the GRI Standards	GRI, About this GRI Supplement, p. 3	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI Content Index	GRI, GRI Content Index, p. 17–23	
102-56	External assurance	GRI, About this GRI Supplement, p. 3 GRI, Assurance Statement, p. 24–25	This report has been externally assured by DNV GL.

## Topic-specific Disclosures

### GRI 200: Economic Standard Series

GRI Material Topic	Disclosure number	Disclosure title	Page number	Omission/Additional information	Cross-reference: UNGC SDG
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	GRI, Key performance indicators, p. 7		SDG 2, 5, 7, 8, 9
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	GRI, Key performance indicators, p. 7		SDG 12
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	AR, Main features of the internal control and risk management systems, p. 116 GRI, Key performance indicators, p. 7		UNGC Principle 10 SDG 16

### GRI 300 Environmental Standard Series

GRI Material Topic	Disclosure number	Disclosure title	Page number	Omission/Additional information	Cross-reference: UNGC SDG
GRI 302: Energy 2016	302-1	Energy consumption within the organization	AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 8		UNGC Principle 7 SDG 7, 8, 12, 13
	302-4	Reduction of energy consumption	AR, Sustainability and HSEQ targets, p. 126 GRI, Key performance indicators, p. 8		UNGC Principles 7, 9 SDG 7, 8, 12, 13
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource		Neles does not have operation in water stress area. Neles has set the goal of reducing water consumption at sites 20% by 2030.	UNGC Principles 7, 9 SDG 6
	303-2	Management of water discharge-related impacts		Neles follows local discharge permits and requirements. Neles' water withdrawal from areas with water stress is not significant and is not material.	UNGC Principles 7, 9 SDG 6
	303-3	Water withdrawal by source	AR, Sustainability and HSEQ targets, p. 126 AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 8		UNGC Principles 7, 9 SDG 6
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	AR, Sustainability and HSEQ targets, p. 126 AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 8		UNGC Principle 7 SDG 3, 12, 13, 14, 15
	305-2	Energy indirect (Scope 2) GHG emissions	AR, Sustainability and HSEQ targets, p. 126 AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 8		UNGC Principle 7 SDG 3, 12, 13, 14, 15
	305-3	Other indirect (Scope 3) GHG emissions	AR, Sustainability and HSEQ targets, p. 126 AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 8		UNGC Principle 7 SDG 3, 12, 13, 14, 15
	305-5	Reduction of GHG emissions	AR, Sustainability and HSEQ targets, p. 126 AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 9		UNGC Principles 7, 9 SDG 13, 14, 15
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	AR, Sustainability and HSEQ targets, p. 126 AR, Minimizing the environmental load, p. 130 GRI, Key performance indicators, p. 9		UNGC Principle 7 SDG 3, 6, 12
	306-3	Significant spills	GRI, Key performance indicators, p. 9	No significant spills during the 2020 reporting period.	UNGC Principle 7 SDG 3, 6, 12, 14, 15

## GRI 400: Social Standard Series

GRI Material Topic	Disclosure number	Disclosure title	Page number	Omission/Additional information	Cross-reference: UNGC SDG
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	GRI, Key performance indicators, p. 10		UNGC Principles 3, 6 SDG 5, 8
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	GRI, Key performance indicators, p. 10		UNGC Principles 3, 6 SDG 8
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	GRI, Key performance indicators, p. 10		
	403-2	Hazard identification, risk assessment, and incident investigation	GRI, Key performance indicators, p. 10		
	403-3	Occupational health services	GRI, Key performance indicators, p. 10		
	403-4	Worker participation, consultation, and communication on occupational health and safety	GRI, Key performance indicators, p. 11		
	403-5	Worker training on occupational health and safety	GRI, Key performance indicators, p. 11		
	403-6	Promotion of worker health	GRI, Key performance indicators, p. 11		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GRI, Key performance indicators, p. 11		
	403-8	Workers covered by an occupational health and safety management system	GRI, Key performance indicators, p. 11		
	403-9	Work-related injuries	AR, Building a solid safety culture towards zero harm, p. 128-129 GRI, Key performance indicators, p. 11-14		UNGC Principle 6 SDG 3, 8
	403-10	Work related ill health	GRI, Key performance indicators, p. 14		
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	GRI, Key performance indicators, p. 14	Not reported by gender or employee category.	UNGC Principle 6 SDG 5, 8
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	GRI, Key performance indicators, p. 15		UNGC Principle 6 SDG 5, 8
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	GRI, Key performance indicators, p. 15		UNGC Principles 1, 2, 6 SDG 5, 16
GRI 412: Human Rights Assessment	412-2	Employee training on human rights policies or procedures	AR, Personnel, social matters and respect of human rights, p. 32 AR, Making our mark in communities, p.132 GRI, Key performance indicators, p. 15		UNGC Principle 1



Neles topics		
Material Topic	Disclosure title	Page number
Neles topic: Sustainability targets set in R&D projects	Percentage of R&D projects that include a sustainability target	GRI, Key performance indicators, p. 16
Neles topic: Sustainability supplier audits	Number of supplier sustainability audits	GRI, Key performance indicators, p. 16
Neles topic: Community engagement	Support for non-profit organization (EUR)	GRI, Key performance indicators, p. 16

## Management Approach Disclosures

### Management Approach Disclosure

Economic	
	Description/Reference
GRI Material Topic	GRI 201: Economic performance 2016, GRI 204: Procurement Practices 2016, GRI 205: Anti-corruption 2016
Key topics for our management approach	Value creation, Sustainable productivity, R&D, innovation, Customer engagement, Responsible business practices, Responsible procurement
Targets	AR, Sustainability and HSEQ targets, p. 126 AR, Responsible procurement, p. 133
Policies, processes, management model	Neles Code of Conduct, Supplier Code of Conduct, Anti-corruption Policy, Misconduct Policy, Intellectual Property Policy, Brand Policy
Monitoring the effectiveness of our approach – Specific actions and results	AR, Sustainability and HSEQ targets, p. 126 AR, Sustainable solutions for reliable customer experience, p. 127 AR, Responsible procurement, p. 133 GRI, Neles' stakeholders, p. 5
Disclosures	201-1, 204-1, Neles indicator: Supplier sustainability audits; Neles indicator: Sustainability targets set in R&D projects
Topic boundary	External impacts within our value chain, Neles indicator. Internal and external impacts within our value chain Relevant entities: customers, communities, authorities, suppliers and NGOs.
Environmental	
	Description/Reference
GRI Material Topic	GRI 302: Energy 2016, GRI 303: Water and Effluents 2018, GRI 305: Emissions 2016, GRI 306: Effluents and Waste 2016
Key topics for our management approach	Environmental efficiency of Neles's operations
Targets	AR, Sustainability and HSEQ targets, p. 126
Policies, processes, management model	AR, Non-financial information, p. 25
Monitoring the effectiveness of our approach – Specific actions and results	AR, Sustainability and HSEQ targets, p. 126 AR, Sustainable solutions for reliable customer experience, p. 127
Disclosures	302-1, 302-4, 302-5, 303-3, 305-1, 305-2, 305-3, 305-5, 306-2, 306-3
Topic boundary	Internal impacts in our own operations. 302-5, 305-3, external impacts within our value chain. Relevant entities: customers, communities, authorities, suppliers and NGOs
Labor practices and decent work	
	Description/Reference
GRI Material Topic	GRI 401: Employment 2016, GRI 402: Labor/Management Relations 2016, GRI 403: Occupational Health and Safety 2018, GRI 404: Training and Education 2016, GRI 405: Diversity and Equal Opportunity 2016, GRI 412: Human Rights Assessment 2016
Key topics for our management approach	Neles Code of Conduct, Human Rights in the value chain, Safe working environment, Responsible procurement
Targets	AR, Sustainable solutions for reliable customer experience, p. 127
Policies, processes, management model	AR, Non-financial information, p. 31-33 AR, Living by the code, p.132 Neles Code of Conduct, HSE Policy, HSE Management, Neles Supplier Code of Conduct
Monitoring the effectiveness of our approach – Specific actions and results	AR, Learning and development, p. 132 GRI, key performance indicators, p. 10-15
Disclosures	401-1, 402-1, 403-9, 404-3, 405-1, 412-2, Neles indicator: Supplier sustainability audits
Topic boundary	Internal impacts Relevant external entities: suppliers, contractors, communities, government, NGOs and customers.

## Human rights

	Description/Reference
GRI Material Topic	GRI 406: Non-discrimination 2016, GRI 412: Human Rights Assessment 2016
Key topics for our management approach	Neles Code of Conduct, Human rights in the value chain, Responsible procurement
Targets	AR, Sustainable solutions for reliable customer experience, p. 127
Policies, processes, management model	AR, Personnel, social matters and respect of human rights, p. 32-33 AR, Living by the code p.132 Neles Supplier Code of Conduct
Monitoring the effectiveness of our approach – Specific actions and results	GRI, Key performance indicators, p. 15-16
Disclosures	412-2
Topic boundary	Internal impacts within our operations Relevant external entities: suppliers, contractors, communities, government and NGOs.

## Society

	Description/Reference
GRI Material Topic	GRI 205: Anti-corruption 2016
Key topics for our management approach	Neles Code of Conduct, Anti-corruption
Targets	AR, Sustainability and HSEQ targets, p. 126 AR, Personnel, social matters and respect of human rights, p. 32 AR, Anti-corruption, p. 33 AR, Living by the code p. 132
Policies, processes, management model	Code of Conduct, Anti-corruption Policy, Neles Code of Conduct
Monitoring the effectiveness of our approach – Specific actions and results	GRI, Key performance indicators, p. 7
Disclosures	205-1, Neles indicator: Supplier sustainability audits
Topic boundary	Internal impacts within our operations Relevant external entities: communities, employees and government.

## Sustainable productivity

	Description/Reference
GRI Material Topic	
Key topics for our management approach	AR, Sustainable solutions for reliable customer experience, p. 127
Targets	AR, Sustainability and HSEQ targets, p. 126 AR, Sustainable solutions for reliable customer experience, p. 127
Policies, processes, management model	AR, Personnel, social matters and respect of human rights, p. 32-33 AR, Living by the code p.132; Neles Code of Conduct, HSE Policy, HSE Management
Monitoring the effectiveness of our approach – Specific actions and results	All new R&D projects have to set environmental efficiency and product safety innovation targets (if applicable).
Disclosures	Neles indicator: Sustainability targets set in R&D projects
Topic boundary	External impacts within our value chain. Relevant external entities: customers, suppliers.

# Independent Limited Assurance Report to the Management of Neles Corporation

## Scope of Engagement

**Neles Corporation** (“Neles”) commissioned **DNV GL Business Assurance Finland OY/AB** (“DNV GL”) to conduct a limited assurance engagement over selected sustainability disclosures presented in the GRI Supplement of Neles Annual Report 2020 (“Report”) for the period 1st January to 31st December 2020.

## Selected Information

The scope and boundary of our work is restricted to the General and Topic-specific GRI disclosures (the “Selected Information”). The location of Selected Information in the Report is specified in the “GRI Content Index”.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Global Reporting Initiative’s GRI Standards (2016, 2018) and Neles’ internal reporting instructions (the “Criteria”).

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 Neles’ website for the current reporting period.

## Our conclusions

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. We believe that the Report is in line with the “Core” requirements of the GRI Standards.

This conclusion relates only to the Selected Information and is to be read in the context of this Assurance Report, in particular with 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 that we 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 17021:2011 – 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, 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 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 Neles’ responsible persons to obtain an understanding of the data management systems and processes used to generate, aggregate and report the Selected Information;
- Conducting one on-site and two remote site audits to review processes and systems for preparing site-level data consolidated at Head Office. The site visits were conducted at:
  - Neles Shanghai Factory in China,
  - Neles Shrewsbury Factory in the USA and
  - Neles Vantaa Factory in Finland.

DNV GL was free to choose the sites on the basis of materiality;

- 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;
- Reviewing the Report and narrative accompanying the Selected Information in the Report with regard to the Criteria;
- Evaluation of the disclosed information in the Report against the requirements for “in accordance with the GRI Standards: Core option”.

### Inherent limitations

Our assurance relies on the premise that the data and information provided to us by Neles 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 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's established policies and procedures are designed to ensure that DNV GL, its personnel and – where applicable – others 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; the members of that team 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 Neles and DNV GL

The Management of Neles has 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 Neles 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

**8th 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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# NELES

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