Valmet Corporation is a leading global developer and supplier of services and technologies for the pulp, paper and energy industries. Our 11,000 professionals around the world work close to our customers and are committed to moving our customers’ performance forward – every day.

Valmet’s services cover everything from maintenance outsourcing to mill and plant improvements and spare parts. Our strong technology offering includes entire pulp mills, tissue, board and paper production lines, as well as power plants for bio-energy production.

The company has over 200 years of industrial history and was reborn through the demerger of the pulp, paper and power businesses from Metso Group in December 2013. Valmet’s net sales in 2013 were approximately EUR 2.6 billion. Valmet’s objective is to become the global champion in serving its customers.

Valmet’s head office is in Espoo, Finland and its shares are listed on the NASDAQ OMX Helsinki Ltd.
# 2013 IN FIGURES

## Orders received by business line, %

- Services 48%
- Pulp and Energy 31%
- Paper 21%

## Orders received by area, %

- North America 17%
- South America 26%
- EMEA 37%
- China 11%
- Asia-Pacific 9%

## Net sales by business line, %

- Services 39%
- Pulp and Energy 35%
- Paper 26%

## Net sales by area, %

- North America 15%
- South America 17%
- EMEA 42%
- China 15%
- Asia-Pacific 11%

## Key figures

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>2,182</td>
<td>2,445</td>
<td>-11%</td>
</tr>
<tr>
<td>Order backlog, December 31</td>
<td>1,398</td>
<td>2,249</td>
<td>-38%</td>
</tr>
<tr>
<td>Net sales</td>
<td>2,613</td>
<td>3,014</td>
<td>-13%</td>
</tr>
<tr>
<td>Earnings before interest, tax and amortization (EBITA) and non-recurring items</td>
<td>54</td>
<td>192</td>
<td>-72%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>2.1%</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>EBITA</td>
<td>-32</td>
<td>168</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>-59</td>
<td>138</td>
<td></td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>-0.42</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>Dividend per share, EUR</td>
<td>0.15</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>Return on capital employed (ROCE) before taxes, %</td>
<td>-4%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Gearing at the end of period, %</td>
<td>0%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Operational cash flow</td>
<td>-43</td>
<td>-53</td>
<td></td>
</tr>
<tr>
<td>Cash flow after investments</td>
<td>-97</td>
<td>-106</td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>60</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>% of net sales</td>
<td>2.3%</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>Personnel, December 31</td>
<td>11,765</td>
<td>12,547</td>
<td>-6%</td>
</tr>
<tr>
<td>Lost time incident frequency (LTIF)</td>
<td>6.5</td>
<td>8.2</td>
<td>-21%</td>
</tr>
<tr>
<td>Support for non-profit organizations</td>
<td>0.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon dioxide emissions, 1,000t</td>
<td>97</td>
<td>106</td>
<td>-8%</td>
</tr>
<tr>
<td>Energy consumption, TJ</td>
<td>1,333</td>
<td>1,458</td>
<td>-9%</td>
</tr>
<tr>
<td>Water consumption, 1,000m³</td>
<td>539</td>
<td>751</td>
<td>-28%</td>
</tr>
</tbody>
</table>

1. The balance sheet and its related key figures on December 31, 2013 are based on actual figures, while the income statement, cash flow and comparison figures are based on financial carve-out data.
2. Includes cancelled Fibria order (331 MEUR)
3. Board of Directors’ proposal
4. In calculating these key ratios, an adjustment of EUR 468 million has been made from ‘Long-term debt, Metso Group’ to ‘equity’ in order to reflect the conversion of Metso Svenska AB’s long term debt to Metso Group which took place in January 2013.
New Valmet is ready to serve!
For Valmet, 2013 was a historical, challenging and future-oriented year. Valmet’s demerger from the Metso Group was finalized at the end of December, and the trading with Valmet’s stock began in the OMX Helsinki Stock Exchange Ltd on January 2nd 2014. We also carried out a restructuring program with a 100 million euro cost savings target in order to adapt to the market changes in the paper and energy industry sectors. Both change processes have laid a solid foundation for Valmet’s future competitiveness.

Long industrial history
Valmet has 200 years of industrial history. During the years the company’s competences have been built through several important mergers and acquisitions. The time spent as part of the Metso Group (1999-2013) gave both Metso and Valmet a good platform to start their lives as independent companies. Today, Valmet is a unique combination of technologies, project deliveries and services offered globally. Valmet is also an established market leader with number 1-2 market positions in all its businesses.

As part of the new era as an independent company, Valmet has introduced its new corporate identity, which is designed to reflect a solid, customer-focused and forward-looking company with sustainability as a success factor. Valmet is now ready and aiming to become the global champion in serving its customers.

Committed to our customers’ success
Valmet’s mission is to convert renewable resources into sustainable results. Our strategy builds on developing and delivering competitive technologies and services to pulp, paper and energy industries – industries that are utilizing biomass as their primary raw material. Our 11,000 professionals around the world are committed to moving our customers’ performance forward every day. Our customer promise sums up our approach: “Forward”.

An important indication of our customers’ trust in us was the contract to supply a pulp mill to CMPC in Brazil in June 2013. Our advanced tissue production technologies were also welcomed by our customers, leading to several new tissue line delivery contracts. Although the bio-energy market continued to weaken, we were able to secure a number of new biomass-based power plant delivery contracts during the first half of the year.

Our business contributes to sustainable development
Sustainability is the cornerstone of our operations. Our service and technology offering enables our customers to produce recyclable products from renewable resources and to improve the energy and raw material efficiency of their production processes. Currently, 80 per cent of our own operations are ISO 14001 certified and our Code of Conduct as well as our Health, Safety and Environment Policy (HSE) form the backbone of our operations and guide our suppliers.

New technologies and services for customers’ success
Our innovation base is strong and we will focus on even more rapid commercialization of our innovations in the future. Valmet has an extensive immaterial rights portfolio and we have launched over 70 new products annually. Some of the latest achievements are our first commercial installation of Lignoboost lignin recovery in Domtar, U.S.A., the first industrial scale integrated pyrolysis unit in Joensuu, Finland, the world’s largest waste-to-energy gasification plant in Lahti, Finland, our OptiConcept M – midsized and modular board and paper machine, and our Advantage NTT tissue machine, which creates softer paper with less energy than traditional tissue machines.
Global trends create future potential
The global demand for traditional printing and writing papers, and newsprint is declining due to the arrival of the digitalized world. This has also reduced the demand for related production technologies. However, rising living standards and packaging needs are creating more demand for tissue papers, packaging board and pulp. Valmet is ensuring its competitiveness in these areas by developing advanced and modular technologies and solutions for sustainable tissue, board and pulp production. Our global presence enables us to utilize growth opportunities both in the advanced and emerging markets.

Valmet's know-how and market position in bioenergy technologies are strong. However, the recent decline in bioenergy markets has reduced the demand for related technologies. In the long run, we believe that the bioenergy market will grow stronger. We also believe that new biomass conversion technologies create future business opportunities for us. Our customers have shown a lot of interest towards our innovations in the area.

Valmet forward!
During the year I have witnessed the exceptional commitment and spirit of all Valmet's employees, building the future success of the company and its customers. I would like to warmly thank all our customers, partners and Valmet personnel for the cooperation during the year.

Let's step forward together!

Pasi Laine
President and CEO
Our strategy defines the focus of our business and reflects our ambition for benchmark performance.

Valmet focuses on delivering technology and services globally to industries that use bio-based raw materials. Our 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 profit responsibly.

Our strategy emphasizes competitive services and technologies, and strong commitment to serving our customers. The key requirement for our future success is the ability to adapt to the volatile market environment and to develop new solutions to respond to the changing needs in the market. In order to achieve our strategic goals, we have defined four Must-Wins. These Must-Wins identify the most important areas and mobilize us to successful execution to reach out performance targets.

Our main customer industries are pulp, paper, and energy. All of these are major global industries that offer growth potential for the future. We complement our core business by applying our technology and know-how to industries beyond biomass, particularly in the energy sector. In addition, we leverage our technology know-how in developing new biomass conversion technologies both for producing renewable energy and raw materials.

Our vision is to become the global champion in serving our customers. Our extensive service offering with a global service network and large installed base enables us to work close to our customers and contribute to their success. We will further enhance our local, customer-oriented operations in the future. In particular, we will continue to expand our services business by reinforcing local capabilities and our service offering. We want our customers to view us as a trusted partner with whom they want to commit to a long-term partnership.
Valmet’s way forward

Converting renewable resources into sustainable results.

Valmet develops and supplies competitive technology and services to the pulp, paper and energy industries.

We are committed to moving our customers’ performance forward.

· Customer excellence
· Leader in technology and innovation
· Excellence in processes
· Winning team

To become the global champion in serving our customers.

Must-Wins

Customer excellence
- Strengthen our presence close to customers and in growth markets
- Strengthen Key Account Management to enhance growth at the customer
- Drive service growth through long-term agreements and expanded customer base

Leader in technology and innovation
- Develop more cost competitive and less capital intensive products
- Create new revenue from biotechnology solutions and new offering

Excellence in processes
- Reduce quality costs
- Savings in procurement
- Reduction in lead times
- Improve health and safety
- Improve project and service margin
- Implement cost competitiveness program to reach EUR 100 million cost savings

Winning team
- Strengthen high-performance culture
- Continue further globalization of our capabilities to be closer to customers
Valmet’s main customers are pulp, paper and energy producers. Thus, the demand for Valmet’s technology and service offering is directly linked to the consumption of pulp, board, paper, tissue and energy in the global markets.

The demand for board and tissue, and thus for related technologies and services, will continue to grow in the long term driven by the increase in packaging and standards of living. In turn, the demand for pulp and related pulping technologies is being driven by increasing board and tissue production. Pulp producers continued to prepare capacity additions, including new large pulp mills in South America and Asia, in 2013.

In the paper and board machine segment, overcapacity in China and customer preferences shifting to medium-sized machines led to a significant decline in demand in 2013. The demand for printing and writing (P&W) grades, and newsprint is being negatively impacted by the gradual shift to non-print media.

In the energy sector, the regained competitiveness of coal-based power generation, an uncertain CO₂ regulatory environment and the low price of gas in North America have reduced the investments in biomass power generation. On the other hand, new biomass conversion technologies are gaining strong customer interest.

The demand for services related to pulp, paper and power production is being positively affected by increased production volumes, the need for lower energy and raw material consumption and increased outsourcing. In the emerging markets, the favorable underlying demand drivers for services are increased installed capacity, higher volumes and an aging installed base.

Global growth potential in services business and pulp, energy, tissue, and packaging board technologies.

* Market size is defined as Valmet’s target market, meaning those product segments, customer industries and geographical markets where Valmet is currently competing or aiming to compete.
## Valmet market environment

<table>
<thead>
<tr>
<th>Market drivers</th>
<th>Pulp</th>
<th>Energy</th>
<th>Board and Paper</th>
<th>Tissue</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market growth</td>
<td>• Global paper, board and tissue consumption</td>
<td>• Energy consumption</td>
<td>• GDP growth, world trade, industrial manufacturing, retail sales and e-commerce drive packaging and demand for boards</td>
<td>• Consumption growth potential in emerging markets driven by a rise in purchasing power and living standards</td>
<td>• Increase of global pulp, paper and energy installed base</td>
</tr>
<tr>
<td></td>
<td>• Recycling rate development</td>
<td>• Demand for sustainable energy</td>
<td>• Incentives and regulations for different sources of energy</td>
<td>• New products and consumption models based on tissue in developed markets</td>
<td>• Capacity utilization rates</td>
</tr>
<tr>
<td></td>
<td>• Growth in pulping in Asia and South America</td>
<td>• Incentives and regulations for different sources of energy</td>
<td>• Shift from plastic packaging to renewable materials</td>
<td>• Outsourcing of non-core operations</td>
<td>• Steady demand for process improvements, spares and wears, outage &amp; maintenance services</td>
</tr>
<tr>
<td></td>
<td>• Efficiency and increased size of pulp lines and mills</td>
<td>• Competitiveness of alternative sources of energy (e.g. decreased price of fossil fuels due to shale gas)</td>
<td>• Increasing role of digital media decreases demand for printing and writing papers</td>
<td>• Possible growth in emerging markets in Printing &amp; Writing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Refurbishment of aging plants</td>
<td>• Possible growth in emerging markets in Printing &amp; Writing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valmet position</td>
<td>1-2% growth p.a.</td>
<td>1% growth p.a.</td>
<td>Board 3% growth p.a.</td>
<td>Tissue 3% growth p.a.</td>
<td>2% growth p.a.</td>
</tr>
<tr>
<td></td>
<td>100 wood-handling systems</td>
<td></td>
<td>Paper -1% growth p.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>470 cooking systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>300 complete fiber lines</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>400 evaporation systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>350 recovery islands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>200 mechanical pulping lines</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>#1-2</td>
<td>#1-2</td>
<td>#1-2</td>
<td>#1</td>
<td>#1-2</td>
</tr>
<tr>
<td></td>
<td>270 fluidized bed boilers</td>
<td>700 board machines</td>
<td>700 board machines</td>
<td>200 tissue machines</td>
<td>Over 50% of the world’s 3,800 pulp and paper mills purchase services from Valmet</td>
</tr>
<tr>
<td></td>
<td>120 BioGrate boilers</td>
<td>900 paper machines</td>
<td>900 paper machines</td>
<td></td>
<td>In energy services, Valmet has strong position in its niche (own technology)</td>
</tr>
<tr>
<td></td>
<td>400 environmental protection systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Leading consulting firms, RISI, management estimates
Valmet’s service and technology offerings range from spare part deliveries to long-term full maintenance outsourcing solutions and complete plant deliveries, and are organized around three business lines which are Services, Pulp and Energy, and Paper.

**Services**
Services is a stable, growing and profitable business, with about EUR 1 billion in annual net sales. Services are an important part of promoting the reliability, cost-efficiency, capacity and quality of the operations of pulp, paper and energy companies. Services also includes offerings aimed at increasing energy, water and raw material efficiency, reducing emissions and promoting operational safety and reliability. The type, scope and duration of services activities are broad and range from spare part deliveries to long-term full maintenance outsourcing solutions.

Customers of the Services business line include companies mainly in the pulp, paper and power generation industries. Our comprehensive service offering includes mill, plant and boiler improvements, roll and work-shop services, spare parts, fabrics, and lifecycle services.

**Pulp and Energy**
Pulp is mainly used as a raw material to manufacture various paper grades, including board, tissue and printing paper. It is also used for other applications such as viscose and hygiene products. Our solutions range from entire pulping lines to individual production machines and equipment for chemical and mechanical pulp production.

The energy business offers us new possibilities. We are a leading global supplier of biomass-based heat and power generation solutions. We also pioneer in fluidized bed boilers for power plants, primarily for the combustion of biomass and also selectively, coal and other fuels.

Our energy products include boilers, environmental protection systems and rebuilds. Boiler solutions range from fluidized bed boilers to boiler plants for the combustion of biomass, sorted waste, recycled fuel and coal.

Biomass is becoming increasingly important as a raw material across several industry sectors. We have a long track record in
converting biomass into renewable energy and recyclable products, such as paper, pulp, board and tissue. The development and commercialization of new biomass conversion technologies are expected to offer new growth opportunities for us and our customers.

**Paper**

There is growth potential in tissue and board technologies. We supply board, tissue and paper machinery and equipment, and machine rebuilds for the board, tissue and paper industries. Board, tissue and paper are used in a number of end products such as packaging, handkerchiefs, toilet paper and hand towels as well as printing and writing papers.

The lifetime of a paper machine is several decades. We deliver fit-for-purpose, high-efficiency machines paying particular attention to flexibility. This allows customers to alter production quickly and focus on producing the products with the highest demand and prices.

Gasification is a rapidly developing technology for effectively converting biomass, recycled material and waste into a usable form of energy. In addition to utilizing gasification in new power boilers, existing boilers can easily be modified for the gasification process. The CFB (circulating fluidized bed) gasification process converts biomass or other fuels to gas at high temperatures by using a controlled amount of oxygen.

The world’s biggest CFB gasification plant was built by Valmet at the Vaskiluodon Voima combined heat and power plant in Vaasa, Finland. The inauguration of the new gasification plant was in March 2013. The gasifier was integrated with the existing coal-fired plant. The gasification solution makes it possible to replace 25–40 percent of the coal with local biomass, mainly forest residues. This has resulted in a reduction of about 230,000 tons of carbon dioxide emissions annually and has also boosted the local economy with new local fuel procurement.
Valmet is an established market leader and has a strong market position in all its businesses with operations in 30 countries around the world, and a diversified global customer base. Our area organizations are responsible for sales, services and support of project deliveries in their respective regions, which are North America, South America, EMEA (Europe, Middle East and Africa), China and Asia-Pacific.

Europe and North America have a wide, existing installed equipment base and are an important market for our services business. Asia Pacific, China, and South America are seen as growing markets both for service and technology businesses, due to the increasing installed base. To best serve our current and potential customers, we want to enhance our proximity to our customers in the existing and emerging markets, and increase our abilities to meet the respective local needs.

We have constantly expanded our service network and offering through organic growth and acquisitions, which has allowed us to strengthen our local foothold and bring our offering closer to our customers. Services are offered globally through our 70 local service units, and our 5,000 service professionals work to ensure smooth operation at our customer sites. We currently service over half of the world’s 3,800 pulp and paper mills, and serve another 400 customers in other industries.

**We are committed to moving our customers’ performance forward**

We want to be a preferred partner for our customers in all the phases of their products’ lifecycles. In order to maximize our customers’ return on their assets, enhance their processes, and support sustainable development, we focus on finding the right combination of technology and service elements for each of our customers in a particular situation.

We provide services aimed at improving the results of our customers’ operations. We also deliver asset upgrades and rebuilds to modify existing machines to meet evolving market demands. Finally, we deliver new technology and solutions to optimize sustainability and the costs of processes, as well as to change the product mix.

We are committed to taking our customers’ performance forward by offering technology and service know-how that best supports our customers’ businesses, and through long-term commitment to our customers.

**READY TO SERVE**
Global network

- 70 service centers
- 50 sales offices
- 30 production units
- 14 technology centers

University cooperation for mutual benefit

To support innovation and to motivate talented students to enter the field of pulp and paper, and energy and mechanical engineering, Valmet cooperates with local universities. In China, Valmet has had a special scholarship program for several years for undergraduate students in two universities, Shaanxi University of Science and Technology and Nanjin Forest University. Each year a number of graduates from these universities go on to work for pulp and paper companies.

The scholarships are monetary contributions to support students in the fields of pulp and paper and energy and mechanical engineering. In addition to the scholarships Valmet has the opportunity to inform the students about current industry trends and the latest technology, and strengthen the information exchange with professors. This cooperation helps Valmet to recruit the best talents.
Through our over 200 years of industrial history, we have developed extensive know-how and expertise in the technologies for the pulp, paper and energy industries. We currently have 1,700 protected innovations, which highlights our long track record of innovations and proves our dedication to continuous technology development. We launch around 70 new products across our businesses every year.

The focus of our research and technology development work is on modularized and standardized solutions, and biomass conversion technologies. We also continuously develop new ways to serve our customers with technical solutions to improve the performance and competitiveness of their existing production facilities throughout their lifecycle. In research and technology development we cooperate with our customers and a network of research institutes and universities.

Our innovations are built on extensive know-how, a set of technology centers and advanced pilot facilities.

Our modularized solutions offer cost-effective ways to improve profitability and sustainability by improving raw material and energy efficiency. Recent examples of these solutions are the Opti-Concept M paper and board machines.

Our new biomass conversion technologies focus on the use of biomass in energy production and as a raw material for end products. During the past few years we have introduced several new technologies to the market, including LignoBoost for lignin separation, a pyrolysis solution for bio oil production, and a gasifier for solid biomass and waste-based energy production. We have applied our existing technology for the prehydrolysis processes in second-generation bio ethanol production.
OptiConcept M – Modular paper and board machine

OptiConcept M is a new, modular way to design and build a paper machine. It is a concept for cost-efficient paper and board making by increasing energy, raw material and chemicals efficiency. The modular approach enables short delivery times, quick startup and low project costs. The first OptiConcept M production line, a recycled fluting production line, was successfully started up for Liansheng Paper Industry in China in December, 2012. Four more machines were sold by the end of 2013.

ServoNavitas – Optimizing operational costs and quality

ServoNavitas is a service concept that combines a number of Valmet’s tools for mechanical pulping and fiberboard refining processes. The concept has been developed to decrease energy consumption of the desired fiber quality and to increase refiner segment lifetime. The concept utilizes patented features and innovations, which are tailored to each refiner. As in many service solutions, an active and open cooperation between our experts and our customers ensures the maximum benefits.

Advantage NTT Tissue Machine – High bulk with less energy

The Advantage NTT concept is Valmet’s technology for producing premium quality textured tissue with high bulk and softness using less energy and fiber. Its unique flexibility makes it possible to easily switch from production of high quality conventional tissue to premium quality textured tissue. World’s first Advantage NTT tissue line was started up in Fabrika de Papel San Francisco’s mill in Mexicali, Mexico in 2013.

LignoBoost - Lignin extraction

The LignoBoost plant is integrated into a pulp mill to separate and collect lignin from the black liquor. Lignin has high heat value and can be used as a fuel in boilers. It can also be processed further into base chemicals. The first LignoBoost plant delivered by Valmet was started up at Domtar Corporation’s Plymouth pulp and paper mill in North Carolina in 2013. A second project at Stora Enso’s Sunila pulp mill in Kotka, Finland is planned to start up in 2015.

Pyrolysis – Bio oil production

In the fast pyrolysis process wood is decomposed in an oxygen-free atmosphere by means of heat. The resulting bio oil can be used to replace heavy fuel oil in power plants, for example. The technology has been developed in cooperation between Valmet, UPM, Fortum and VTT Technical Research Centre of Finland. The first industrial-scale bio oil production plant was commissioned at Fortum’s combined heat and power (CHP) -plant in Joensuu, Finland in 2013.
SUSTAINABILITY

Our mission is to convert renewable resources into sustainable results. Our technological solutions enable our customers to improve their sustainability performance by increasing the energy and materials efficiency of their industrial processes and reducing emissions and waste, and water consumption. Our services business helps to extend the life pan of our customers’ production equipment.

Sustainability is founded on our business strategy and Must-Wins, a Code of Conduct and Heath, Safety and Environment (HSE) Policy, and on selected, globally acknowledged guidelines and principles. These form our general operating principles. We also have sustainability criteria for our suppliers to integrate sustainability throughout the entire value chain.

We consider development of innovative and sustainable technology, active value chain management, promotion of a good health and safety culture, and management of environmental issues important matters in enhancing our sustainability performance. We also work to increase the awareness of our offering and to improve the understanding of our customers’ needs in order to improve the sustainability of our customers’ businesses.

The safety and health of our people and our partners is core to every aspect of our services and operations. We are committed to achieving sustainable results in high-quality health and safety performance wherever we operate. Our aim is zero incidents.

Responsible environmental management of our services and operations is an integral part of our business processes. We are committed to achieving sustainable results in minimizing our environmental footprint. Compliance with applicable laws and regulations is only a minimum requirement.

We promote equal opportunities and non-discrimination, and value diversity in all of our operations. We use the UN Global Compact as a common reference and guidance describing the set of universal issues we respect and wish to promote. We also respect and follow the principles described in the OECD Guidelines for Multinational Enterprises, the International Labor Organization’s (ILO) Declaration of Fundamental Principles and Rights at Work.
In April 2011, Valmet agreed on one of its largest-ever pulp mill projects with a long-standing customer Suzano in the Maranhão area in Brazil. Due to the scale of the agreement, it was obvious that the project would have an impact on the surrounding community. As a new local corporate citizen, Valmet entered into an agreement with two recognized non-profit organizations to carry out social and environmental programs in the area. One of the main targets is to support the development of local social services in the field of basic, advanced and technical education, and of schools and libraries. In 2013 about 6,000 students from 220 classes took part in the project.
In 2013 we announced the new name for our company. Our teams around the world reacted positively to the choice – Valmet, a strong name with a rich heritage and promising future.

**Winning team**

Our focus and a Must-Win for Valmet is to work as a winning team. Working as a winning team is about strengthening our high performance culture and continuing the further globalization of our capabilities to be closer to customers. Building on our current processes and tools, we will concentrate on supporting individuals to increase achievement levels and building a common foundation for Valmet. Efficiency and engagement will drive our high performance culture.

Leadership will be key to delivering our winning team Must-Win. Leadership at Valmet is based on four principles: *Lead the way forward, Build inspiration and trust, Coach for customer success, and Drive high performance culture*. In recent years we have developed our leadership capabilities significantly. We have added multiple new training programs and development initiatives for our leaders, like the 360-feedback, Leadership Essentials and Compass and Navigator programs, which challenge and motivate our leaders from all angles. These programs reinforce leadership skills but also provide the opportunity for self-reflection, peer feedback and networking.

Our learning does not stop with leadership. We have solid processes in place to review and plan individual development on an annual basis, focusing on competence development, wellbeing and opportunities for internal mobility. Moving forward, Valmet will look to develop training programs to support business needs, such as improving customer centricity, expanding skills and competences, and finding new ways to make sustainability an even bigger part of our daily business.

At Valmet we believe success starts with people – a strong team forms the foundation for strong performance.
As we settle into our new community and start to live and work as Valmet, we define our value base. We will actively engage teams from all corners of Valmet in this process. Only by involving our people and getting to the heart of our business, can we bring together a set of values that not only builds on our heritage and is meaningful to our wider Valmet community but also energizes and inspires us.

The values we come away with will form the foundation for the way we work with each other, our customers and the community. The new Valmet value base will also guide us, as we live our Must-Wins and work towards our vision of being the global champion in serving our customers.

The Leadership Essentials program was introduced in 2012 as part of our growing commitment to develop leadership capabilities across the business. I’ve been with the Leadership Essentials program since it started two years ago, initially with the pilot and then as a Leadership Ambassador. The program brings people from different locations, backgrounds and roles together for two very intense days. People learn what it means to lead at Valmet, develop good leadership practices and share experiences with ambassadors and colleagues.

The real value of the program lies in the fact that it gets practical very quickly. It focuses on individual development, but with all the benefits of a group setting. Participants start by getting feedback from all angles, peers, employees and managers – and then use role play and peer feedback to challenge themselves to think and act differently. The group comes away with the tools to build good leadership practices and a clear understanding of our Leadership Principles.

– Sanna Röyskö, Sales Director, Papermills business unit
Valmet's decision making and administration is governed by the Finnish Companies Act, the Finnish Securities Markets Act, the rules issued by the Helsinki Stock Exchange, Valmet's Articles of Association, and the Finnish Corporate Governance Code.

Valmet's control and governance is divided among the shareholders represented at the General Meeting of Shareholders, the Board of Directors and the President and CEO. The President and CEO is assisted by the Valmet Executive Team.

The Annual General Meeting is the supreme decision-making body of Valmet. The Annual General Meeting of Shareholders is held once a year before the end of June. It decides on the matters stipulated in the Finnish Companies Act and the Articles of Association.

The Board oversees the management and operations of Valmet. It also decides on significant matters related to strategy, investments, organization and finances. The Board has two permanent committees, the Audit Committee and the Remuneration and HR Committee.

The internal control mechanism seeks to ensure the company's compliance with applicable EU laws, regulations and our operating principles as well as the reliability of financial and operational reporting.

The demerger of Metso and the incorporation of Valmet became effective on December 31st 2013. The governance principles and processes were set up for Valmet after the Extraordinary General Meeting, held on October 1st 2013, had approved the demerger.

More information about our corporate governance can be found from Financial Statements and valmet.com.
Board of Directors

**Jukka Viinanen** born 1948
Chairman of the Board.
Chairman of the Board’s Remuneration and HR Committee.
Independent of the company and independent of significant shareholders.
M.Sc. Chemical Engineering.
Main occupation: Chairman of the Board.

**Mikael von Frenckell** born 1947
Vice Chairman of the Board.
Member of the Board’s Remuneration and HR Committee.
Independent of the company and independent of significant shareholders.
M.Sc. (Soc.)

**Friederike Helfer** born 1976
Member of the Board’s Audit Committee.
Independent of the company and not independent of a significant shareholder.
M.Sc. Real Estate Development, Diplom-Ingenieur in Urban Planning, CFA charterholder
Main occupation: Partner at Cevian Capital

**Pekka Lundmark** born 1963
Member of the Board’s Remuneration and HR Committee.
Independent of the company and independent of significant shareholders.
M.Sc. Engineering
Main occupation: President and CEO of Konecranes

**Erkki Pehu-Lehtonen** born 1950
Member of the Board’s Audit Committee.
Independent of the company and independent of significant shareholders.
M.Sc. (Mechanical Engineering)

**Pia Rudengren** born 1965
Chairman of the Board’s Audit Committee.
Independent of the company and independent of significant shareholders.
M.Sc. (Business Administration and Economics)
Main occupation: Board professional

**Rogério Ziviani** born 1956
Independent of the company and independent of significant shareholders.
BSc in Business Management, MBA.
Main occupation: Board professional

Valmet Executive Team

**Pasi Laine**
President and CEO

**Jukka Tiitinen**
Services

**Jyrki Holmala**
Pulp and Energy

**Jari Vähäpesola**
Paper

**Bill Bohn**
North America

**Celso Tacla**
South America

**Hannu Mälkiä**
EMEA

**Aki Niemi**
China

**Hannu T Pietilä**
Asia Pacific

**Markku Honkasalo**
CFO

**Kari Saarinen**
Strategy and Operational Development

**Julia Macharey**
Human Resources

**Anu Salonsaari-Posti**
Marketing and Communications

Current information on Board of Directors and Executive Team: [www.valmet.com/management](http://www.valmet.com/management)
The purpose of our risk management is to identify and manage risks in order to strengthen our business.

We use risk management to support the achievement of our strategic and business goals, and to ensure the continuity of operations also in changing circumstances. We believe that the ability to take risks and manage them effectively is an essential element of business success and shareholder value creation.

We define risks as uncertainties, which, if they materialize, can either positively or negatively impact our chances of achieving our goals. Risks are identified, analyzed and evaluated, and the risk management response is defined in the annual risk assessment process.

Our comprehensive risk management approach emphasizes anticipation of risks and proactive actions, and strives for a systematic, structured and timely approach. Our risk management is established on the requirements of the ISO 31000 standard.

Most significant risks
In 2013 we set up the risk management procedures for Valmet, building on the Metso practices. In our annual risk management evaluation audit we identified the most significant threats and opportunities being global economic cycles, company’s business management capability and project business profitability risks.

You can find Valmet’s risk profile, including risk assessment, guidelines and responsibilities at valmet.com.
Contacts

Visiting address:
Keilasatama 5, 02150 Espoo, Finland

Postal address:
P.O. Box 11, 02151 Espoo, Finland
Tel. +358 (0)10 672 0000
firstname.lastname@valmet.com

Investor relations
ir@valmet.com

Media contacts
valmet.media@valmet.com

Follow Valmet in Twitter or YouTube and join us in LinkedIn and Facebook.

Twitter.com/valmetglobal
Youtube.com/valmetglobal
LinkedIn.com/company/valmet
Facebook.com/valmetcorporation

www.valmet.com

About this report

Concept, design and production
Milton Oy

Paper
MultiArt Silk 300 g
MultiArt Silk 150 g

Printing
Erweko

The paper, and the pulp used in making the paper, was produced with machines and equipment manufactured by Valmet. The report is printed on MultiArt Silk, which is PEFC-certified and meets the environmental criteria for the Swan ecolabel. PEFC certification confirms that the forests are being sustainably managed. The printing inks and chemicals used in printing comply with the requirements for the Swan ecolabel. The printing ink is plant oil-based, and the other materials used are recyclable and ecofriendly. The operations of the Erweko printing house are ISO 9001 and ISO 14001 certified.
Committed to moving our customers’ performance forward