

Sustainable supply chain policy

Sustainability is at the core of Valmet's strategy and business operations. Valmet promotes sustainable development and strives to address sustainability throughout its value chain and expects its suppliers to operate in the same manner. For this reason suppliers are a vital part of Valmet's sustainability strategy.

The supplier shall ensure that all its personnel, as well as all persons working temporarily at the supplier's premises, have been instructed of sustainable way of operations. The supplier shall dedicate a person within its company to be responsible for following and developing the principles set forth below.

Valmet also encourages its suppliers for collaboration towards more sustainable operations. Valmet is prepared to support its business partners in their efforts in sustainability work by sharing its own experiences and views with them. The general aim for this co-operation is to reduce the risks associated with the partnerships and to strengthen the reputation of and the trust in the industry.

Valmet expects that all its suppliers comply with the following sustainable principles. This is the starting point for entering into and maintaining all business relationships with Valmet.

Valmet has a process in place to follow-up the compliance of supplier's sustainability.

1. BUSINESS ETHICS

Integrity

Integrity is fundamental to all our dealings and statements, and is an essential aspect of sustainable operations.

Transparency and openness

When requested, the supplier shall provide information concerning the principles in Valmet's Sustainable Supply Chain policy and about their business with Valmet. The supplier shall also report actively any deficiencies that may appear in the information they provide.

Rejection of corruption and bribery

The supplier is required to have zero-tolerance for corruption, bribery and money laundering. The supplier is required to comply fully with all applicable laws and regulations regarding corruption, bribery and money laundering. The supplier must not become involved in business relationships that may lead to conflicts of interest. The supplier must not pay bribes or other illegal payments to obtain or retain business or to facilitate favorable decisions or services. The supplier must not participate in or support money laundering under any circumstances

Gifts, entertainment and hospitality

The supplier shall refrain from presenting any lavish or excessive gifts, entertainment or invitations to Valmet's employees. Any gifts, entertainment and/or hospitality must be reasonable and suitable and reflect the ordinary local legislation and business custom. Personnel may not directly or indirectly provide, or accept, gifts in the form of cash or cash equivalent.

2. COMPLIANCE

Compliance with laws and regulations

The supplier is required to comply with all applicable national and international laws, regulations, and generally accepted practices. The supplier shall also show good corporate citizenship in areas of operations, e.g. corporate governance, occupational health and safety, employee rights, environmental management, financial disclosures and taxation.

Fair competition and compliance with anti-trust legislation

The suppliers shall comply with the competition legislation of the countries where they operate.

3. HUMAN RIGHTS AND LABOR RIGHTS

The supplier is required to respect the protection of human rights and comply with the principles of the UN Declaration of Human Rights (www.un.org/Overview/rights.html) and accept and support the basic labor rights stated by the International Labour Organization (ILO) (<http://www.ilo.org/declaration/lang--en/index.htm>) These include the freedom of association, the

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effective recognition of the right to collective bargaining, the abolition of forced labor, and equality of opportunity and treatment.

Remuneration and working times

The supplier shall pay at least the minimum required by the local law for regular working hours, overtime hours and overtime differentials.

Child labor, forced labor

The supplier is required to prohibit and refrain of the use of child labor or forced labor in any form or engage subcontractors or suppliers that do so.

Discrimination

The supplier is required to prohibit and refrain to engage in or support discrimination in hiring, compensation, training opportunities, promotion, termination of employment, or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or other comparable reasons.

4. OCCUPATIONAL HEALTH AND SAFETY

The supplier is required to provide a safe, healthy, and well-managed working environment and prevent incidents and injuries. Valmet encourages the application of third party certified management system, such as the Occupational Health and Safety management system, OHSAS18001.

1. The supplier shall follow and comply with local occupational health and safety legislation and official regulations, as well as anticipate changes in them.
2. The supplier shall recognize Valmet's Health, Safety and Environment Policy.
3. The supplier shall have a process to recognize work-related risks and hazards and create an action plan for risk management. The whole personnel shall be informed of the action plan.
4. The personnel shall be provided with clean and safe working conditions and adequate and fully operational personal safety equipment. The personnel shall be instructed of safe working methods and any causes of hazards at the workplace.

5. The personnel shall be provided with appropriate occupational health services and training according to the legislation and common practice of the country of operations.

6. The supplier shall monitor and have a process for investigation in place for any accidents and occupational injuries.

7. The personnel shall be provided with the statutory insurance coverage of the country of operations to ensure social welfare in cases of accident or injury.

5. ENVIRONMENTAL MANAGEMENT

The supplier is required to provide resource efficient, clean and well-managed operations and prevent environmental incidents and damage. Valmet encourages the application of third party certified management system, such as the Environmental management system, ISO14001.

1. The supplier shall follow and comply with local environmental legislation and official regulations, as well as anticipate changes in them.
2. The supplier shall recognize Valmet's Health, Safety and Environment Policy.
3. The supplier shall have a process to recognize the environmental impacts and risks related to its operation and create an action plan for managing risks and reducing adverse environmental impacts.
4. The supplier shall ensure that its waste is appropriately sorted and forwarded on, according to local legislation, to be utilized or recycled to minimize the environmental impacts and risks. Toxic waste shall be forwarded to appropriate processing.
5. Substances hazardous to the environment or health shall be identified, and it shall be ensured that their use, storage, and disposal are performed in a safe and controlled way. Safety data sheets and instructions for eventual accidents shall be up to date.

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6. Emergency action plans shall be maintained to ensure of environmental accidents are managed to minimize consequences.

7. The supplier shall strive towards continually reducing the use of energy, raw materials and water as well as minimizing waste and emissions to air, water and the ground in its operations.

8. The supplier shall ensure that all environmental permits required by the operations are up to date and that the operational and reporting requirements included in them are observed.

9. The supplier shall not use any restricted materials in its supply to Valmet and is required to comply with the substance restrictions defined by the European Union RoHS directive (Restriction of the uses of certain Hazardous Substances) or by the REACH directive (Registration, Evaluation, Authorization and Restriction of Chemicals) or other similar directives in other countries, when applicable, in the subject industry. (European Chemicals Agency. 2015. Guidance on requirements for substances in articles, version 3. Available:

https://echa.europa.eu/documents/10162/23036412/articles_en.pdf)

6. PRODUCTS AND SERVICES

Quality and excellence

Valmet encourages the application of third party certified management system, such as the Quality management system, ISO9001. The supplier shall allocate adequate resources and the required competence for reaching the level of quality Valmet expects and for ensuring both cost-efficiency and the continuous improvement of quality.

Intellectual property and company assets

The supplier shall safeguard Valmet's intellectual property and confidential information, and must not allow access to them by outsiders. The supplier shall also respect the intellectual property rights of other parties.

Restricted materials

The supplier is required to comply with the substance restrictions defined in this policy,

section 5.Environmental management, item 9.

The supplier shall also be committed to ensure that minerals contained in suppliers' products are sourced with due respect for human rights, the need to avoid contributing to conflict, and the desire to support development through our supply chain practices.

ENFORCEMENT OF PRINCIPLES IN VALMET'S SUSTAINABLE SUPPLY CHAIN POLICY

Valmet is following and evaluating its supplier's compliance with sustainability actively and will ask its suppliers to complete a self-assessment annually.

If the supplier is not compliant with Valmet's Sustainable Supply Chain policy Valmet will:

- Start a discussion with the Supplier regarding a correction process and will provide guidance for improvement.
- Execute an external audit (pre-announced and/or unannounced) after correction process is finished.
- If the requirements of Valmet's Sustainable Supply Chain policy are yet not followed, Valmet reserves the right to terminate the contract with supplier without prejudice to any other rights, whether under contract or at general law, including already placed and future orders.

More information of Valmet's values, Code of Conduct, Health, Safety and Environment Policy and sustainability strategy can be found at www.valmet.com

Valmet's Sustainable Supply Chain policy is annually reviewed and approved by Valmet's Management Team.

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